SOUL IS MY GOD

RENONCIATION IS MY PRAYER

AMITY IS MY DEVOTION

SELF-RESTRAINT IS MY STRENGTH

NON-VIOLENCE IS MY RELIGION

Acharya Mahpragya
Agriculture is more affected by climate change than other sectors of economies because it is intimately dependent on the sustainable use of the natural resource base. Agriculture is also a significant contributor to climate change. Climate change and variability are concerns of humankind. The recurrent droughts and floods threaten seriously the livelihood of billions of people who depend on land for most of their needs. The global economy has adversely been influenced due to droughts and floods, cold and heat waves, forest fires, landslips and mud slips, ice storms, dust storms, hailstorms, thunder clouds associated with lightning and sea level rise. The natural calamities, like earthquakes, tsunami and volcanic eruption though not related to weather disasters, may change chemical composition of the atmosphere. It will, in turn, lead to weather related disasters.

Agriculture production and farm incomes in India are frequently affected by natural disasters. Susceptibility of agriculture to these disasters is compounded by the outbreak of epidemics and man-made disasters such as fire, sale of spurious seeds, fertilizers and pesticides, price crashes etc. All these events severely affect farmers through loss in production and farm income, and they are beyond the control of the farmers. With the growing commercialization of agriculture, the magnitude of loss due to unfavorable eventualities is increasing. The question is how to protect farmers by minimizing such losses. For a section of farming community, the minimum support prices for certain crops provide a measure of income stability. But most of the crops and in most of the state’s MSP is not implemented. In recent times, mechanisms like contract farming and futures trading have been established which are expected to provide some insurance against price fluctuations directly or indirectly. But, agricultural insurance is considered an important mechanism to effectively address the risk to output and income resulting from various natural and manmade events.

Agricultural Insurance is a means of protecting the farmers against financial losses due to uncertainties that may arise agricultural losses arising from named or all unforeseen perils beyond their control. Unfortunately, agricultural insurance in India has not made much headway even though the need to protect Indian farmers
from agriculture variability has been a continuing concern of agriculture policy. According to the National Agriculture Policy 2000, “Despite technological and economic advancements, the condition of farmers continues to be unstable due to natural calamities and price fluctuations”. In some extreme cases, these unfavorable events become one of the factors leading to farmer’s suicides which are now assuming serious proportions. Agricultural insurance is one method by which farmers can stabilize farm income and investment and guard against disastrous effect of losses due to natural hazards or low market prices. Crop insurance not only stabilizes the farm income but also helps the farmers to initiate production activity after a bad agricultural year. However, one need to keep in mind that crop insurance should be part of overall risk management strategy. Insurance comes towards the end of risk management process. Insurance is redistribution of cost of losses of few among many, and cannot prevent economic loss. There are two major categories of agricultural insurance: single and multi-peril coverage. Single peril coverage offers protection from single hazard while multiple Perils provide protection from several hazards. In India, multi-peril crop insurance programme is being implemented, considering the overwhelming impact of nature on agricultural output and its disastrous consequences on the society, in general, and farmers, in particular.

Insurance can assist in managing these losses, and disaster insurance is that branch geared to covering losses from adverse weather and similar events beyond the control of growers. Agricultural insurance is one method by which farmers can stabilize farm income and investment and guard against disastrous effect of losses due to natural hazards or low market prices. It helps the farmers to initiate production activity after a bad agricultural year. It cushions the shock of crop losses by providing farmers with a minimum amount of protection. It spreads the crop losses over space and time and helps farmers make more investments in agriculture. It forms an important component of safety-net programmes. Insurance comes towards the end of risk management process. Insurance is redistribution of cost of losses of few among many, and cannot prevent economic loss.

This study looks at the genesis of agricultural insurance in India with special reference to Jammu and Kashmir, examines various agricultural insurance schemes
launched from time to time and the coverage provided by them. Major issues and problems faced in implementing agricultural insurance are studied.

Based on the past experiences gained Government of India has been revising the scheme over time. On the whole, farmers opted for insurance adopted improved economic practices, cultivated cash crops and took higher risk compared to their counter parts. Several studies also highlighted non-viability of the insurance scheme not only in India but all over the globe. Keeping in view of the difficulties faced there is need for re-structuring of existing insurance schemes. However, there are not many comprehensive studies covering views of all stake holders (government agencies, bankers, insurance companies, and farming community). Further, not many studies are conducted in Jammu and Kashmir comparing the hill agriculture and plain agriculture. The present study is an attempt to fill these gaps.

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