

Farmers' Perception, Awareness and Influential Factors towards Insurance of Paddy Cultivation

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Crop insurance (CI) is an efficient risk management tool in agriculture which secures the socio-economic situation of the farmers. The prime objective of the CI is to protect farmers against the risk of crop failure through the process of indemnifying. It contributes to self-reliance and self-respect among farmers and also helps to stabilize farmers' income, encourage farmers to adopt improved technologies and increase the flow of credit to the farmers by reducing the risk for the credit agencies. The benefits of CI are well-known, but there is a huge lack in voluntary participation of farmers in the scheme. This study was aimed to assess farmers' perception, awareness and influential factors towards purchasing of a CI as well as to identify the way of revamp crop insurance schemes in Sri Lanka. A randomly selected sample of 60 farmers both insured and non-insured category in the Kurunegala district was used to collect the data. The results show that the majority of the farmers are willing to join for CI and satisfaction over the prevailing crop insurance schemes among farmers is very low. Further, the results revealed, farmers' satisfaction towards CI scheme, obtaining crop loans, social participation of farmers and their affordability to premium rate positively impact on their willingness towards CI while farmers' capacity to manage with own resource impact negatively. It is necessary to implement the awareness programs about benefits and importance of CI to enhance the adoption of crop insurance schemes in Sri Lanka.

Keywords: Crop Insurance; Risk Management; Insurance Industry in Sri Lanka