

A COMPARATIVE STUDY OF INSURANCE OF SELECTED GENERAL INSURANCE COMPANIES IN AMRAVATI REGION

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Abstract

The present study analyzed the experiences of 30 farmers in Amravati, Maharashtra, primarily cultivates crops such as pulses, cotton, soybeans, and gram. Farmers in this region face significant challenges due to unpredictable weather patterns, pest infestations, and market price volatility, which can lead to substantial economic losses. To mitigate these risks, crop insurance schemes like the Pradhan Mantri Fasal Bima Yojana (PMFBY) have been introduced, providing financial protection against crop failures and natural calamities. This study conducts a comparative analysis of the PMFBY implementations by two key insurance providers in the Amravati region: Reliance General Insurance and IFFCO-Tokio General Insurance. Both companies offer comprehensive coverage under the PMFBY, addressing various risks associated with crop production. The analysis focuses on their coverage options, claim settlement processes, and overall effectiveness in safeguarding farmers' interests in Amravati. Understanding the nuances of these implementations is crucial for enhancing the financial stability of farmers, ensuring food security, and promoting sustainable agricultural practices in the region.

Keywords: *Unpredictable Weather, Pest Infestation, claim settlement, Risk mitigation.*

Introduction

Amravati Region, located in the heart of Maharashtra, India, plays a critical role in the agricultural landscape of the region. With a predominantly agrarian economy, farmers in Amravati rely heavily on the cultivation of various crops, including pulses, cotton, and soybeans, and gram. However, the unpredictability of weather patterns, along with other factors like pest infestations and price fluctuations in the emerged as a vital financial tool, designed to protect farmers from potential losses stemming from adverse conditions. The agriculture industry is known to operate in the most volatile environment. Despite the volatility, agriculture continues to be one of the largest employment generating sectors in India. However, the sector is constantly subjected to vagaries of nature such as floods, landslides, cyclones, etc. severely affecting crop output and farm income. Such risks not only impact farmers but the entire supply chain including the food industry. In line with the Pradhan Mantri Fasal Bima Yojana (PMFBY), Reliance General Insurance (RGI) provides crop insurance schemes protecting farmers against financial losses due to unforeseen crop losses. (Mishra 2019)

Introduction to Reliance General Insurance & IFFCO-Tokio General Insurance:

1) Reliance General Insurance

Reliance General Insurance is one of the private

insurers offering crop insurance under government schemes and individual policies and is part of Reliance Anil Dhirubhai Ambani Group, wholly owned through Reliance Capital. (Source: Reliance General Insurance websites)

2) IFFCO-Tokio General Insurance

IFFCO-Tokio General Insurance Co. Ltd. is a joint venture between Indian Farmers Fertilizers Cooperative Limited (IFFCO), and Tokio Marine and Fire Insurance Co Ltd., Japan. IFFCO is one of the largest fertilizer cooperatives in the world with a membership of around 40,000 Indian cooperative societies. IFFCO takes proactive steps in improving the overall well-being of the farmers in particular and of the agrarian sector in general through various farmer development programmes. (Farming, IFFCO-Tokio, Jan 2017)

Review of Literature

1. **Mishra (2019)**, crop insurance schemes like the Pradhan Mantri Fasal Bima Yojana (PMFBY) have played a crucial role in stabilizing farmers' incomes and reducing their vulnerability to climatic risks. The study emphasized the need for greater awareness and streamlined claim processes to enhance farmers' participation in such schemes
2. **Gupta and Joshi (2019)**; IFFCO Tokio has a strong focus on rural outreach through its collaborations with agricultural cooperatives. This partnership is instrumental in expanding crop insurance coverage to smallholder

farmers. This study of **Gupta and Joshi (2019)** underscores that IFFCO-Tokio approach has significantly increased crop insurance adoption, particularly in regions with high cooperative membership

3. **Gurdev Singh (2010)** This paper examines the challenges faced by Indian farmers due to unpredictable rainfall and other risks related to crop production and marketing. It highlights how these risks vary across different types of crops and Agro-climatic regions. The paper emphasizes the importance of crop insurance as a way to manage production risks effectively. It provides a historical overview of crop insurance in India, discussing various products introduced over time and their performance. The paper then explores the current crop insurance schemes available for specific crops and regions. It focuses in detail on two major insurance schemes: the National Agricultural Insurance Scheme (NAIS) and the Weather-Based Insurance Scheme (WBCIS), explaining how they work and their significance. Finally, it identifies some shortcomings in these schemes and discusses areas that need improvement.

Problem Definition

Agriculture is the backbone of India's economy, with a significant portion of the population relying on farming for livelihood. However, farmers face various risks, including unpredictable weather, pests, diseases, and market fluctuations. Crop insurance is a critical financial instrument that provides farmers with a safety net against these risks.

Despite the availability of crop insurance through government-backed schemes and private companies, its penetration among farmers remains low, and satisfaction with services varies. Companies like Reliance General Insurance and IFFCO-Tokio General Insurance play a pivotal role in implementing crop insurance schemes, but their effectiveness and farmer perceptions have not been adequately studied.

Objectives of the Study

1. To analysis the types of crop insurance scheme and their risk.
2. To Identify common challenges and issues faced by farmers in obtaining and utilizing crop insurance.
3. To Identify gaps in service delivery, and suggest improvements to enhance farmer

benefits.

Research Methodology

A) Research Design

- Descriptive research

B) Sampling Design:

- **Target:** Farmers in the Amravati region have registered under crop insurance schemes offered by both companies.
- **Techniques:** Convenience Sampling (Farmers)
- **Universe:** Farmers in the Amravati region have registered under crop insurance schemes offered by both companies
- **Population:** Farmers in Amravati region, who are enrolled in crop insurance schemes selected by both companies.
- **Unit:** Individuals' farmers in the Amravati region engaged in agriculture and covered by crop insurance.
- **Sample Size:** 30 respondents.

C) Data collection:

- **Primary:**
 - Data were collected through a structured questionnaire. Farmers experiences with the scheme, including enrolment, claims and benefits.
- **Secondary**
 - Secondary data from insurance company reports, govt. publications, textbook, research Papers about crop insurance schemes.

D) Data Analysis:

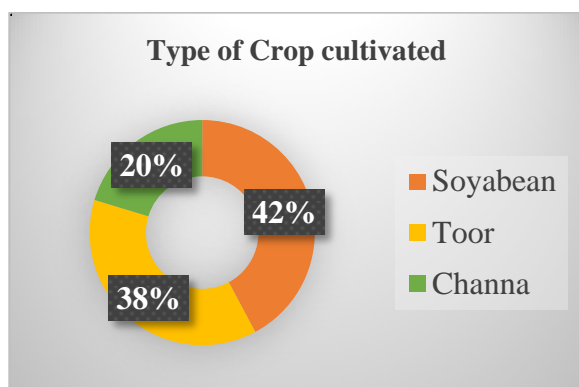
- **Comparative Analysis:** To compare premium rates, coverage, claim processes, and satisfaction level across the two companies.
- **Chi-square Test:** To determine the statical significance of relationship between variables like claim settlement efficiency and farmer satisfaction

Data Analysis and Interpretation

Table No 1:

Sq. No	Type of cultivated	No. of Farmers
1	Soyabean	42
2	Toor	38
3	Channa	20

Graph No-1



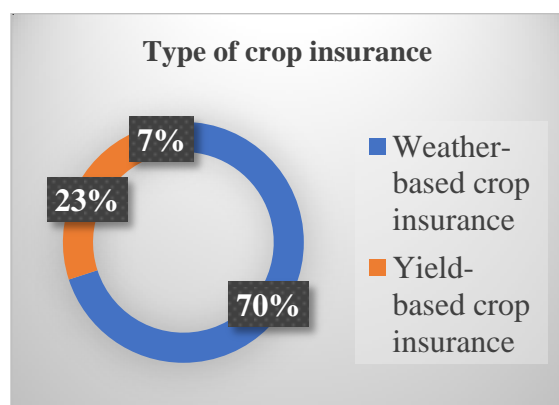
Type of crop cultivated

According to Graph analysis the Soyabean holds the largest share (42%), indicating its high demand, profitability, and suitability for cultivation. Toor follows closely at 38%, highlighting its economic value and significant role in agriculture. Channa, with the smallest share (20%), is cultivated on a smaller scale, possibly due to lower profitability, specific climatic needs, or market factors.

Table No : 2

Sq No	Type of crop insurance	No. of Farmers
1	Weather-based crop insurance	21
2	Yield-based crop insurance	7
3	Area-based crop insurance	2

Graph No-2



Type of crop insurance

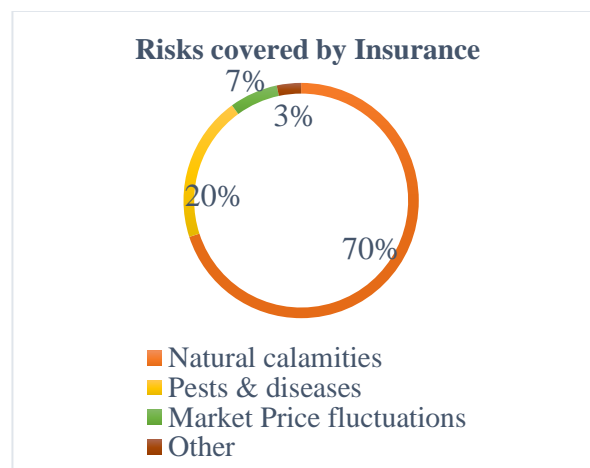
Weather-based crop insurance is the most popular, covering 70% of policies, as farmers prioritize protection against unpredictable weather conditions. Yield-based crop insurance follows with 23%, indicating moderate adoption to safeguard against lower crop production due to pests and diseases. Area-based crop insurance, at

just 7%, has the least preference, possibly due to its limited effectiveness in addressing individual farmer risks.

Table No : 3

Sq No	Risks covered by insurance	No. of Farmers
1	Natural calamities	21
2	Pests & Diseases	6
3	Market Price fluctuations	2
4	Other	1

Graph No-3



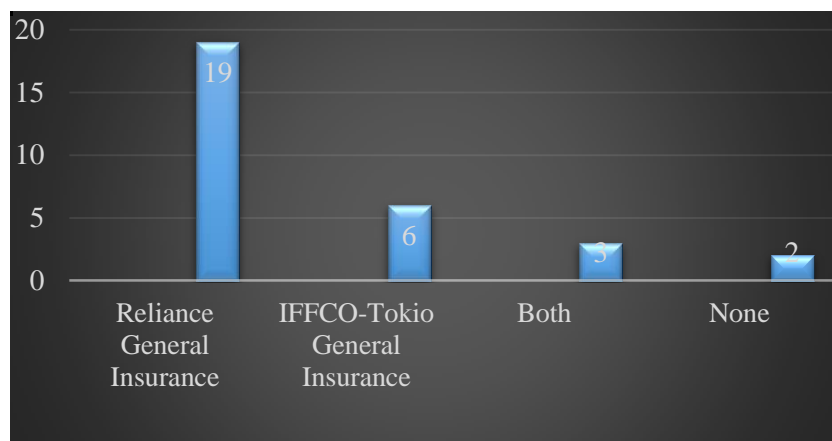
Risks covered by Insurance

Insurance coverage primarily focuses on protecting against natural calamities (70%), such as floods, droughts, and earthquakes, as they pose the highest risk to policyholders. Pests and diseases (20%) are also a major concern, especially in agriculture, where crops and livestock are vulnerable to infestations. Market price fluctuations (7%) receive limited coverage, helping businesses and farmers manage financial losses due to unstable markets. Lastly, other risks (3%), including theft and human-made disasters, are covered to a minimal extent, indicating that insurers prioritize large-scale, high-impact risks over less frequent or smaller-scale threats.

Table No : 4

Sq No	General Insurance company	No. of Farmers
1	Reliance General Insurance	19
2	IFFCO-Tokio General Insurance	6
3	Both	3
4	None	2

Graph No – 4



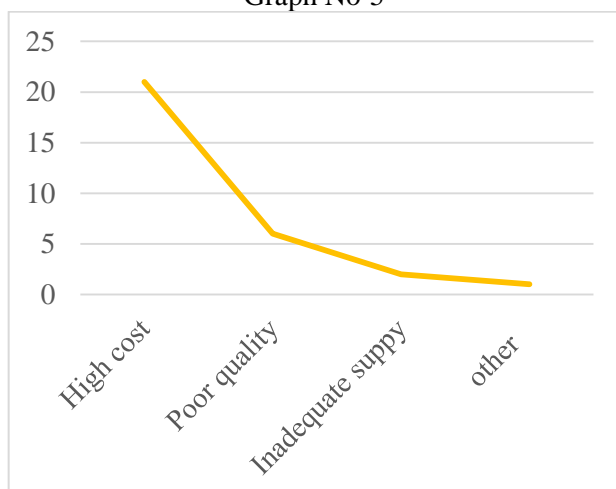
General Insurance Company

Reliance General Insurance emerged as the most preferred choice among Farmers, with 19 individuals selecting it. In contrast, IFFCO-Tokio had a significantly lower preference, with only 6 respondents choosing it. Additionally, a small overlap was observed, as 3 respondents showed interest in both companies, suggesting that a limited number of customers find value in both insurance providers.

Table No : 5

Sq No	Challenges faced in agricultural inputs e.g., seeds, Fertilizer	No. of Farmers
1	High Costs	21
2	Poor quality	6
3	Inadequate supply	2
4	other	1

Graph No-5



Challenges faced in agricultural inputs (e.g., seeds, Fertilizer)

The high cost is the major challenges in agricultural inputs like seeds, fertilizer etc., However, cost and quality should be the top priorities for improvement. By optimizing pricing and ensuring better quality, customer satisfaction and market competitiveness can be enhanced.

Finding

- Farmers prefer soybean cultivation due to its high demand, profitability, and favorable growing conditions, while Toor, though not as dominant, remains economically significant.
- In contrast, Channa is cultivated on a smaller scale due to its lower profitability and specific climatic requirements. When it comes to risk protection, most farmers opt for weather-based crop insurance to safeguard against unpredictable climate risks, whereas yield-based and area-based insurance have lower adoption rates.
- The primary focus of insurance coverage is on protecting against natural calamities, with additional provisions for pests, diseases, and market fluctuations, though financial risks receive comparatively less attention.
- Among insurance providers, Reliance General Insurance emerges as the most preferred, while IFFCO-Tokio holds a smaller market share.
- The agricultural sector continues to face challenges, particularly the high costs of essential inputs like seeds and fertilizers.
- To enhance farmer satisfaction and market competitiveness, there is a pressing need to improve the affordability and quality of these agricultural inputs.

Conclusions

- The analysis reveals that soybean cultivation dominates due to its high demand, profitability,

and favorable growing conditions, while Toor also holds significant economic value.

- However, Channa is grown on a smaller scale, likely due to its lower profitability and specific climatic requirements. Farmers predominantly choose weather-based crop insurance to safeguard against unpredictable climatic conditions, whereas yield-based and area-based insurance see comparatively lower adoption.
- The primary focus of insurance coverage is to protect against natural calamities, with additional provisions for pests, diseases, and market fluctuations, though financial risks receive relatively less attention.
- Among insurance providers, Reliance General Insurance emerges as the most preferred choice, while IFFCO-Tokio holds a smaller market share with some overlap in customer preference.
- A key challenge in the agricultural sector remains the high cost of essential inputs like seeds and fertilizers, underscoring the need for improved affordability and quality. Addressing these concerns can enhance farmer satisfaction and strengthen market competitiveness, ultimately contributing to the overall growth of the agricultural sector.

Suggestions

- Farmers should get fair prices for their produce to ensure their hard work is valued and rewarded appropriately.
- The government should strengthen the Minimum Support Price (MSP) system and expand direct procurement to eliminate middlemen and provide better earnings. Additionally, promoting digital marketplaces like e-NAM and contract farming can help farmers access competitive pricing.

- In terms of crop insurance, coverage should be increased to include more crops and unforeseen climatic risks. The claim settlement process must be streamlined using technology such as satellite-based damage assessment to ensure timely compensation. Implementing a direct benefit transfer (DBT) system can also help farmers receive their insurance payouts without delays.
- Furthermore, encouraging Farmer Producer Organizations (FPOs) will enhance collective bargaining power, allowing farmers to secure better market rates. These measures will create a more sustainable and profitable agricultural ecosystem.

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