



CROP INSURANCE AND RISK MANAGEMENT IN INDIAN AGRICULTURE

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ABSTRACT

In India nearly 70% of the population depended on agriculture to earn their livelihood. It still provides livelihood to the people in our country. India's geographical condition is unique for agriculture because it provides many favourable conditions. There are plain areas, fertile soil, long growing season and wide variation in climatic conditions. Most parts of India has subsistence agriculture and it is moving a fast from it into various new forms of agriculture. However in India, majority of farmer owns a small piece of land, grows crops with the help of his family members and consumes almost the entire farm produce with little surplus to sell in the market. This type of agriculture has been practised in India for the last several hundreds of years and still prevails in spite of the large scale changes in agricultural practices after Independence, followed by different revolutions in agricultural sector. Agriculture still holds the key of economic life in most of the developing countries of the world. Even in developed countries the importance of agriculture cannot be underestimated, because it not only provides food and raw material for many industries but also plays an important role in internal trade. Agricultural sector contributed only 5 per cent of the global Gross Domestic Product (GDP). But its contribution is 14 per cent in developing countries. There are countries in which agricultural sector's contribution to GDP is much higher, for example, it is 67 per cent in Georgia, 58 per cent in Tanzania and 21 per cent in China. In India, with 70% population is dependent on agriculture and contributing only 29 per cent to GDP. The agriculture sector in India is facing many risks like crop failure, lack of proper price and suitable markets and unprecedented losses. Agriculture in India is subject to risks like droughts and floods and other aspects. The Government of India introduced many agricultural schemes throughout the country in order to protect the farmers from natural calamities. Through various agricultural insurance schemes are implemented ever since the first agriculture insurance project in 1972, the coverage and scope of agriculture insurance lags behind and remains far from adequate. The present paper discusses about the need for various forms of agriculture insurance that required for changing scenarios in Indian agriculture. The paper suggests some of agriculture insurance schemes as suggested by the farmers and the scope for expansion to ensure effective coverage of risks in agriculture.

KEYWORDS: *Agriculture Sector, Crops, Farmer, Oils Seeds, Agrarian Economy, Agricultural Growth*