Perceptions of Wheat Farmers Regarding Crop Insurance

Mohammad Chizari, Associate Professor, Tarbiat Modarres University, Iran
Kiyanoush Ghalavand, Graduate student, Azad Islamic University, Iran
Abbas Mokhtari, Graduate student, Azad Islamic University, Iran

Introduction

Agriculture is a vital sector of the economy of Iran. Currently, about one-fourth of the nation’s GNP, one-third of the work force, more than four-fifths of the nation’s food needs, one-third of non-oil exports, and nine-tenths of industry is dependent on agriculture (Naeemi Nezam Abadi, 1999). Among the activities of the agriculture sector, wheat has an important and special role, because of it being the main source of food of the population. In addition to its significance in the country’s economy, activities in the agriculture sector compared with other sectors are unique (Sajadi, 1998). Because of its dependence on the environment, agriculture is an inherently risky business. Agriculture producers, therefore, are continuously face with natural disasters and quite often cannot cover there farming and living expenses (Rahimi, 2000). Because of sudden changes in weather and natural disasters, crop producers face with drought, sudden rains and hail, flooding, changes in the ecosystem, and attacks by insects over which they have no control. Consequently, farmers can incur huge losses if they are not covered and/or not supported, and such losses can spell disaster for the agriculture sector and the economy of the country (Jafarzadeh 2001). Among various systems proposed by agricultural economists to cover such economic risks, crop insurance is one of the most appropriate safeguards in both developing and developed countries (Turkamani, 1998).

Purpose and Methods

The main purpose of this descriptive and correlational study was to describe the perceptions of wheat farmers regarding crop insurance in Tehran Province, Iran. Using cluster sampling 310 wheat farmers was chosen to participate in the study. The extension organization directory of the Ministry of Agriculture was used to locate the farmers in each township. The researchers verified the list before distribution of the survey. The instrument used a six point Likert-type scale (1 = strongly disagree; 2 =disagree; 3 = slightly disagree; 4 = slightly agree; 5 = agree; and 6 = strongly agree). Kolmogorov-smirnov test was utilized to assess the significance of priority of expressed.

Major points

Results show that farmers perceived that agriculture producers are continuously faced with risks and dangers and that crop insurance is beneficial to farmers. Farmers indicated that over the past four years, diseases, insects, drought were primarily responsible for damage and loss in their operations. Most farmers had positive attitude toward the insurance coverage provided by the Ministry of Agriculture.

Educational Importance

Like many countries, the policy of crop insurance to reduce production risk has gained importance in Iran in recent years. Since 1994, the Central Agriculture Bank of Iran, through branches across the country, has offered insurance to crop, livestock, fishery, and poultry producers against production losses due to natural disasters, as well as plant and animal diseases. However, because insurance is a fairly new phenomenon for producers, its adoption, like many innovation, will encounter resistance and/or non-adoption, as well as reasons for adoption of crop insurance is needed by the Extension Organization and the agents to develop a strategy for encountering producers to invest in crop insurance.