



Policy Brief 5

Crop Insurance for Sustaining Agricultural Production



Agricultural activities in Nattrampalli and Thirumangalam location–Rainfed theme

Executive Summary

Indian Agriculture depends mostly on monsoons. The erratic and uneven distribution of monsoons has a direct bearing on agriculture. In this scenario of high risk and uncertainty of rainfed agriculture, mitigating the risk of the farmers is an aspect, which the decision makers have to handle with care. This indicates a need for contingent plans that will help to improve handling of risky outcomes across individuals.

The various kinds of risk faced by farmers are human or personal risks, asset risks, production or yield risks, price risks, institutional risks and financial risks. In India, traditionally risk would be managed either privately or through implicit contracts within family or network. Another form of risk coping strategy among farmers is income diversification/crop diversification that will reduce their income variation.