

ANALYSIS OF A PERTINENT INSURANCE SCHEME FOR MAIZE CULTIVATION, UNDER THE “4P” CONCEPT IN AGRIBUSINESSES

W.D.J.Kavindya¹, G.A.S.Ginigaddara¹ and Yasantha Mapatuna²

¹Department of Agricultural Systems, Faculty of Agriculture, Rajarata University, Sri Lanka, Puliyankulama, Anuradhapura

²National Agribusiness Development Programme, Development and Special Projects, Presidential Secretariat, Colombo, Sri Lanka

Though insurance plays a vibrant role in risk management in agribusiness, there is a remarkable reluctance of insurance companies, on agriculture insurance with the insight of non- profitability. Suggesting a pertinent insurance scheme has been identified for the survival and expansion of maize cultivation. This study was conducted to suggest a pertinent insurance mechanism for CIC Maize value chain, endured by National Agribusiness Development Programme, which gears the Public-Private- Producer-Partnership (4P) concept in Sri Lankan Agribusiness. Conducting value chain analysis, identification of triggering points for leveraging the benefits to producers, studying on the existing insurance schemes and their limitations for the identified bottle necks and proposing a suitable insurance mechanism and attributes for the maize cultivation were the specific objectives of this study. Forty beneficiary producers were interviewed selecting through random sampling from Mihinthale and Kahatagasdigiliya divisional secretariat divisions, while conducting key personal interviews for other stakeholders. Descriptive and cluster analysis were conducted. Results revealed that though 100% of producers own an insurance product, they are dissatisfied with it due to “inadequate or no” claim supplied to severe damages caused in previous season. Production risk was the main risk in the sector followed by price, financial, asset, institutional, and personal risks respectively. According to cluster analysis, similarity of correlations of the attributes was significantly highest (87.68) in both dynamic and intermediate price fluctuation coverages. Second significantly highest value (70.72) was with deficit water born crop failure coverage, emergency withdrawal and waiver of premiums. Identified overall crucial bottleneck was the complete dependency of farmers on rain fed cultivations. Rather than providing drought coverage, offering financial sustenance to establish a lift or alternative irrigation method, could be suggested as the best implication followed by emergency withdrawal of premium in critical un-expectations and establishment of a beneficial asset cover as respective implications for identified bottlenecks. Poor awareness of producers on agricultural insurance, lesser knowledge of companies on index based assessment and reinsurance and poor linkages among government-private sector are the main limitations of existing agricultural insurance schemes as sorted out.

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