

**AGRICULTURAL INSURANCE POLICY: EFFECTIVE TOOL FOR
AGRICULTURAL RISK MANAGEMENT AND SUSTAINABLE RURAL
DEVELOPMENT IN BENUE STATE, NIGERIA**

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ABSTRACT

The study, agricultural insurance policy: effective tool for agricultural risk management and sustainable rural development was conducted in Benue State, Nigeria. Structured questionnaire was used as a research instrument to obtain a sample size of 121 respondents. The 121 respondents were randomly selected from the three agricultural zones of the state (zones, A, B and C). Both descriptive and inferential statistics were used in analyzing the generated data. Specifically, tables, frequencies and percentages were used in case of descriptive statistics while Chi-square was used in the case of inferential statistics. The results of the research show that more of the male respondents (68%) were involved in the study than their female counterparts, 73.6% of the respondents within between the ages of 18 and 44 fell within the active age bracket, 85.1% of them had sound education (secondary and tertiary), 62% married and 67% cultivated between 1 and 4 hectares of land. The results also show that majority (79%) of the respondents were aware of agricultural insurance policy, 43% of them got their information on agricultural insurance policy from radio, 33.9% used insurance cover as a risk management practice. It was, therefore, recommended that more farmers should take agricultural insurance policy for effective risk management and sustainable rural development.

Keywords: Agriculture, effective tool, risk management, sustainability and rural development.

INTRODUCTION

It is worthy of note that prior to Nigerian independence in 1960, agriculture was the mainstay of the economy, as many people took farming as an occupation, it has gained acceptance among the

citizens of almost all the regions in Nigeria due to the prolific instincts and short term rate of returns in forms of cash and kind benefits (Dahiru, 2015). According to Njoku (2005), agriculture has remained the backbone of the Nigerian economy, employing over 60 percent of the national gross domestic product.

Small and medium scale farming is the leading enterprise in Nigeria agricultural sector with food production decision mainly made by the small scale farmers who face a number of risks which include droughts, flood, diseases, pest, windstorm, accident ,fire, theft, damages, and several other unplanned events whose occurrence cannot be readily predicted (Dahiru, 2015). This scenario, therefore, calls for effective risk management in the agricultural sector on several grounds; even if reducing farming risk does not always improve farmers` welfare, failure to manage risk has direct repercussions on farmers` incomes, market stability and potentially food security. It is in realization of this reality that the Federal Government of Nigeria launched the Nigeria Agricultural Insurance Scheme (NAIS) on the 15th December,1987 to provide relief to farmers in the event of crop or livestock losses resulting from national disasters among many other things (Eleri et al, 2012).

Despite all these concerted efforts by the Federal Government of Nigeria to reduce the sufferings of poor rural farmers ,the local farmers continue to encounter unfavourable climatic challenges. This unfortunate situation will be better contained if rural farmers are properly educated to embrace agricultural insurance policy as an effective tool for risk management and sustainable rural development, hence the need for this study. The objectives of the study therefore, are to:

- i. Identify the socio- economic characteristics of small and medium scale farmers in the study area,
- ii. examine the level of awareness of agricultural insurance policy among the respondents,
- iii. ascertain the various media used in creating insurance policy awareness to the respondents,
- iv. assess the tools used in risk management practices by the respondents.

Ho: there is no significant difference between the proportion of farmers who are aware of agricultural insurance policy and those who are not.

METHODOLOGY

The study was carried out in Benue State, Nigeria. The state is found in the middle belt region, North central geo political zone of Nigeria. Benue State lies on longitude 6° 35'E to 10E and latitude 60° 30'N to 8° 10N of the equator (Anonguku et al, 2008; Anonguku et al, 2015). The state has a population of 4.2 million people (NPC, 2006). Administratively, the state is divided

into twenty three (23) local government areas and has its Headquarters at Makurdi, a town on the bank of River Benue.

The fertile soil in the state permits the cultivation of a wide range of crops and rearing of animals. Some of the crops produced in the state include, yam, cassava, maize, soya bean, sweetpotato, rice, sorghum, millet, groundnut, citrus, beniseed, wateryam, pepper, garden eggs among others. The wide varieties of crops and abundant production give the state the name 'Food Basket of the Nation'. Various species of animals are reared in the state which include, cattle, sheep, goat, rabbits, and mice inter alia.

The population of study comprised all small and medium scale farmers in the state. One hundred fifty (150) respondents were randomly selected from the three agricultural zones of the state. Structured questionnaire was used as research instrument to generate data. However, only 121 out of the 150 questionnaire distributed were valid and used for the analysis. Both descriptive and inferential statistics were used to analyse the generated data.

RESULTS AND DISCUSSION

Table 1 results show that more of the male respondents (68%) were involved in the study than their female counterparts. This implies that the males are more engaged in carrying out agricultural activities than the females. This finding agrees with Anonguku (2014) who reported that males are more actively involved in agricultural activities than females.

The results show that 73.6% of the respondents between the ages of 18 and 44 fell within the active age bracket. This shows that there is adequate active labour force in the study area. This finding agrees with the submission of Ladele (2005) that rural population consists of adults in their productive ages whose energy could be directed into serious agricultural activities.

About education of respondents, the result shows that 53.7% and 31.4% of the respondents had both tertiary and secondary education. This implies that most of the farmers (85.1%) are educated and therefore, creating awareness about agricultural insurance policy will be much easier in the study area. This finding is in consonance with Okoye et al (2004), that education is essential in creating awareness and seeking more useful sources of information on relevant improved technologies.

The result also shows that 62% of the respondents were married. This implies that most of them have dependents, additional responsibilities and are settled for family life. This submission agrees with Anonguku (2014) that married people are stable in their development efforts.

The result indicates that 67% of the respondents cultivate between 1 and 4 hectares of land. This implies that most farmers are small scale farmers and cultivate relatively small areas of land. This is in agreement with Opadolun (2013) that peasant rural farmers make up 70-80 percent of the farming population in Nigeria.

Table 1: Socio- Economic Characteristics of Respondents

Variables	Frequency	Percentage
Sex		
Male	82	68
Female	39	32
Age (Years)		
No response	1	0.8
Below 18	5	4.1
18-29	36	29.8
30-44	53	43.8
45 and above	24	19.8
Level of Education		
Primary	4	3.3
Secondary	38	31.4
Tertiary	65	53.7
Marital Status		
No response	1	0.8
Single	39	32.2
Married	75	62.0
Divorced	6	5.0
Farming activities		
Crop	32	26.4
Livestock	38	31.4
Crop and Livestock	1	0.8
Mixed Cropping	50	41.3
Income Generating Activities		
No response	-	-
Agro.Input Dealing	8	6.6
Trade	5	4.1
Trade and Graft	38	31.4
Carpentry	4	3.2
Civil service	38	31.4

Tailoring	20	16.5
Transportation	6	5.0
Bricklaying	2	1.7
Farm Size (Hectares)		
No response	6	5.0
Less than 1	22	18.2
1-2	41	33.9
3-4	28	23.1
5-6	12	9.9
7-10	12	9.9

Source: Field Survey, 2015

Table 2 result shows that majority (79%) of the respondents were particularly aware of agricultural insurance policy. This finding is in line with the submission of Akintunde (2015) who reported high level awareness among poultry farmers in west Nigeria.

Table 2: Awareness of Agricultural Insurance Policy

Variables	Observed N	Expected N
Aware	79	50.0
Not Aware	21	50.0
Total	100	100

Source: Field Survey, 2015

Table 3 result shows that most 43%) of the respondents got their information on agricultural insurance policy from radio due to its low cost and therefore high affordability. This is in line with the submission of Global Forum Rural Advisory Services (GFRAS) (2019) that radio is one of the most popular information technologies in the developing world, partly due to its accessibility and affordability.

Table 3: Respondents According to Media Uses in Creating Awareness

Variables	Frequency	Percentage
No response	22	18.2
Radio	52	43.0
Radio and Television	3	2.5
Radio, Television & Newspaper	3	2.5
Radio/Newspaper	2	1.7
Television	23	19.0
Newspaper	12	9.9
Internet	4	3.3
Total	121	100

Source: Field Survey, 2015

Table 4 result shows that most (33.9%) respondents used insurance cover as a risk management practice. This is in consonant with the study conducted by Opadokun (2013) that insurance scheme encourages small and medium scale farmers to boost their production as well as offer guarantee in terms of risk management and claim settlements.

Table 4: Risk Management Tools Used

Variables	Frequency	Percentage
No response	16	13.2
Site selection	34	28.1
Site selection & perimeter fencing	1	0.8
Site selection fire trace	2	1.7
Soil test	8	6.6
Insurance cover	41	33.9
Insurance cover & fire traces	1	0.8
Perimeter fencing	9	7.4
Fire traces	9	7.4
Total	121	100

Source: Field Survey, 2015

Table 5 result shows that the proportion of respondents that are aware of insurance policies (79%), is statistically higher ($X=33.64$, $p=0.00$) than that of respondents who are not aware of insurance policies (21%) in the study area.

Table 5: Test of Hypothesis Using Chi- Square Table

	Awareness
Chi-square	33.640
Df	1
Asymp. Significance	0.00

CONCLUSION AND RECOMMENDATIONS

Small and medium scale farmers in Benue State particularly and Nigeria in general are faced with a number of risks and require effective risk management practices. Based on these findings, it is therefore, recommended that:

- i. Other mass media other than radio should be more actively engaged in creating awareness about agricultural insurance policies,
- ii. the use of radio as an effective tool for risk management should also be intensified,
- iii. farmers who are yet to key into the agricultural insurance policy as a risk management strategy, should do so for increased agricultural production and sustainable rural development.

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