

Investigating the Impacts of Crop Insurance on Production Efficiency and Risk Management on Reconstructed Rice Farms Case Study: Lahijan City

M. Farrokhnejad* & Dr. H. Mehrabi Boshrabadi**

Abstract

Agricultural sector is constantly faced with the risk in production and selling. One common approach in risk management is using the insurance. The aim of this study is estimating the effect of crop insurance on risk management and production efficiency on reconstructed rice farms of Lahijan city. Data was obtained using two-stage classified sampling method in Lahijan city for the years 2009-10. Efficiency of inputs was estimated by using the stochastic frontier production function. Efficiency of farmers were calculated and compared in insured and uninsured farms. Exploitation of insurance demand function was estimated using the method of Goodwin and its determinants were analyzed. The results showed that average technical efficiency of insured rice farms was more, but this amount was not significant. Also, the most important factor affecting the demand insurance was farm size. According to the results it appeared that for reducing the difference of efficiency between the farmers, the training programs and increasing the knowledge of farmers and extension are important. Also, farmers should be encouraged to insure their products to reduce the risk and so increase their financial abilities.

Key words:

Efficiency, Risk Management, Insurance, Rice, Lahijan city.

فصلنامه
پژوهشی



* M.Sc. of Agricultural Economics, Shahid Bahonar University of Kerman

**Associate Professor of Agricultural Economics. Shahid Bahonar University of Kerman