

Survey the Effect of Premium Rate Increase on Cropping Pattern and Farmer's Gross Margin in Zabol City

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Abstract

Agriculture is a risky activity. In this field, all types of natural, economical and intentional risks work together to provide a fragile and susceptible situation for the producers. Supporting the producers in agriculture sector against revenue fluctuations plays an important role in increasing motivation and production. The government develops schemes and policies to support the producers in this sector, where insurance is one of them. Agricultural crops' insurance supports the crops against the loss that damages the farmer and prevents the farmers' revenue fluctuations. In this research, using Positive Mathematical Programming, the farmers' behavior to participate in wheat crop insurance and evaluating the consequence of this participation was studied. The data related to the farm was collected from the farmers of Shib-Aab and Posht-Aab in Zabol County. Based on the results of this study, all of the representative farms in insurance scheme participated in introducing wheat crop insurance to the farmers. Enhance in under-cultivation wheat farms and their gross margin, was the result of this participation. The results showed that some of the farmers continue to participating in the project until the government reduces its support from insurance to 50 percent. Increasing the insurance premium or decreasing the government's support from the insurance, had a significant and negative effect on under-cultivation wheat farms and their gross margins.

Keyword:

Premium, Wheat, Positive Mathematical Programming, Gross Margin, Zabol City.

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