

Analysis of the Nigerian Agricultural Insurance Corporation's Impact on Students' Attitudes Toward Self-Reliance from Conceptual Point of View

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DOI: <https://doi.org/10.37745/gjar.2013/vol11n119>

Published: 21st January 2023

Citation: Aliyu M.S., Dawa U.S. and Muhammad D.A. (2023) Analysis of the Nigerian Agricultural Insurance Corporation's Impact on Students' Attitudes Toward Self-Reliance from Conceptual Point of View, *Global Journal of Agricultural Research*, Vol.11, No.1, pp.1-9

ABSTRACT: *The study aimed at assessing the impact of Nigerian agricultural insurance corporation among students of vocational and technical education towards self-reliance on agricultural production. The study identified the impact of the scheme among the vocational and technical education students and determined the level of awareness among vocational and technical education students. At this time, the agricultural sector has seen a variety of losses, including persistent flooding and herders-farmers' clashes, among others. It is therefore necessary to insure farmers (students) to reduce the shock of losing their investment at any stage of production and to become financially independent after school life. However, inadequate execution of agriculture insurance policy has also contributed to the sector's low investor influx, this might be attributable to high loan default rates and significant administrative costs associated with managing small-scale agricultural transactions. It is consequently imperative for the government to intervene in this sectorial investment, especially given the need of diversifying Nigeria's oil-based economy. At this time, it is essential to Make the NAIC mode highly accessible to students in rural regions. Unfortunately, due to their subsistence operation, the majority of these students found it impossible to satisfy the scheme's standards. Furthermore, students must be encouraged to organize themselves into a powerful organization (farmer's cooperative) in order to increase their access to land.*

KEYWORD: agricultural, insurance, vocational, technical education, and self-reliance

INTRODUCTION

Most occupations have always been in the agricultural sector, especially in rural areas. The involvement of farmers in the industry is essential for the supply and accessibility of food. Actually, agriculture is the art and science of cultivating crops and producing livestock. When used broadly, the term "agriculture" refers to the entire range of technologies used to generate usable items from plants and animals, including soil cultivation, crop and livestock management, as well as the activities of processing and marketing (Omelu, et al., 2022). Climate change, drought, flooding, human activity, pests, and diseases all offer serious risks to this sector, which has repeatedly deterred investors from making investments in agriculture. In order to ensure a consistent supply of food for the world's rising population, there is a risk of agricultural production loss as a result of these uncertainties, which calls for prompt response. numerous additional issues that demand addressed.

Nigeria must therefore boost the number of agricultural insurance packages, as evidenced by this (Johnson, 2022). Eze & James (2021) claim that the Central Bank of Nigeria (CBN) and other relevant agencies' desire for crop loss insurance coverage will encourage both the public and private sectors to engage in agriculture. The motivation for various types of agriculture insurance is the worry about hazards that deter investment and enhance the vulnerability of rural poor. In 2014, the Nigerian Agricultural Insurance Corporation (NAIC) was reorganized by the Federal Ministry of Agriculture and Rural Development (FMARD) to manage the risk present in the agricultural industry and to address the problems of production loss that have a negative impact on farmers' morale in the adoption and growth of agricultural technology for food production and supply.

The act of providing farmers with protective cover to withstand the shock and risk connected with agricultural losses, according to Olumfuwa (2020), is referred to as agriculture insurance. According to Bonny et al. (2021), the goal of agricultural insurance is to support farmers in building resilience to the industry's diverse production hazards. Additionally, it will help farmers quickly recover from any dejection they may feel in the aftermath of a calamity. If it is successful, farmers will rely more on this insurance coverage than the support they received during the post-disaster payout. Therefore, agricultural insurance should be affordable for farmers of all sizes, including small, medium, and big farms. This claim, however, does not eliminate the necessity of verifying a farmer's claim in order to prevent unfair benefit (Eze & James, 2021). Farmers can choose from a variety of insurance packages, including yield index, weather and/or drought index, surface insurance dependent index, price and market index, and transportation index, to mention a few, according to Sunday et al. (2021). This trend affects students in vocational and technical schools as well, thus the majority of them turn to subsistence farming as a source of income.

LITERATURE REVIEW

The Idea of Agricultural Insurance

The act of providing farmers with protective cover to withstand the shock and danger associated with agricultural losses, according to Gary (2015), is known as agriculture insurance. This insurance is provided by a business that is willing to provide insurance coverage in exchange for payment (or premium). The recently introduced index-based crop insurance in Nigeria covers a certain claim during a specific term. Aggarwal et al. (2016) list a few insurance solutions for agricultural, among them yield index, weather and/or drought index, surface insurance dependent index, price and market index, and transportation index. If not This insurance is provided by a company. The farmers' risk aversion will be less of a concern if the agreement isn't constructed, and the indemnification claim would never end (Elabed and Carter, 2014).

It is impossible to exaggerate how important agriculture insurance is given the potential impact that a sudden drop in farm productivity could have on farmers' incomes and their ability to feed their families. Elabed and Carter (2014) assert that the farmers may fall into poverty as a result of the loss. Nevertheless, Maccini and Yong (2009) contend that since there is no agricultural insurance, the farmers would develop a useful coping strategy to deal with their predicament. These strategies include overusing natural resources, selling off productive assets (Maccini and Yong, 2009; Aggarwal et al., 2016), defaulting on loans, moving, eating less healthfully, and having children stop attending school. The Nigerian Agricultural Insurance Scheme (NAIS), to put it briefly, was established in 1987 with the goals of encouraging financial institutions to offer rural credit, lowering the need for government post-disaster assistance, encouraging investment in the agricultural sector, and providing financial relief to farmers after natural hazard (World Bank, 2011). Additionally, the Nigerian Agricultural Insurance Corporation (NAIC) was established in 1993 to promote agricultural loans, assist NAIS through Public Sector Corporation, and increase production (Hansen et al., 2016). With the support of the Federal and State governments, NAIC is able to offer premium subsidies of up to 50% for a range of agricultural insurance packages in crop, livestock, poultry, and aquaculture (World Bank, 2011).

NAIC frequently gives them more attention because they are eminently avoidable in medium and large-scale farms (administrative costs, poor farmer sensitization, crowding out by post-disaster relief efforts, limited access to the reinsurance market, a lack of an insurance culture, and an inadequate regulatory environment, for example). These issues can be resolved if the government actively participates in creating the data system, public knowledge and capabilities, smart subsidies, and an enabling environment for the stakeholders (World Bank, 2011). Therefore, in order to strengthen their ability to hold onto land and attract NAIC employees, the farmers must unite to form a strong organization (the farmer's cooperative society).

Agriculture Insurance Policies

Crop Insurance Policies

- "All Risk" Insurance Policy - As its name implies, a "All Risks" policy provides coverage for any risks of crop damage or physical loss caused by the covered perils. The most frequent threats to crops include pests, fire, flood, wind, and drought. For crop insurance to be valuable to Nigerian farmers, excesses must be waived for the first ten years of coverage. Experience will then guide us as to the proper excess after that (Eze & James, 2021).

A harvest policy, according to Johnson (2022), will offer protection from loss up to the amount of the anticipated harvest. The crop's unit price is frequently represented as a percentage of the projected output. The "agreed value" policy of marine insurance, which specifies what the insurer has agreed to pay in the event of a claim under the policy, could be compared to the harvest policy. This is in contrast to the "all risks" policy, where the indemnity is proportional to the actual loss incurred by the farmer.

- Credit Policy: A crop credit insurance covers the full amount of the loan given to the farmer. Unlike the "All Risks" policy and Harvest Policy, the amount insured under the insurance is limited to the farmer's production expenses, which form the basis for the loan Abdul (2022). In contrast, the indemnity amount under the Credit Policy is determinable at the time the insurance is negotiated. Another important aspect is the fact that the credit policy is provided as a part of bigger credit programs for the expansion of agriculture.

Reducing the risk-amplification effects of increasing the debt-to-equity ratio is one of a crop credit program's goals. Therefore, when evaluating a crop credit insurance, the goals of the whole agricultural credit program must be taken into account, as well as its contribution to the effectiveness of the credit system. Premium pricing is expected to be determined, as is traditional, by loss experience, which is highly irregular in the case of crops. An acceptable recognized rate cannot be established until the area's climatic and meteorological data have been known for a sizable amount of time. A multi-peril insurance policy shields the insured from unanticipated losses caused by extreme weather, plant diseases, pest infestations, etc. Farming methods were created (Maccini and Yong, 2009).

Insurance plan for livestock

The primary threat to livestock is the potential for death from several diseases. Due to the loss of an entire herd of animals, epidemic infections frequently cause catastrophic losses. Millions of naira were lost in Borno State in 1984 as a result of rinderpest outbreaks on livestock. Nigeria. According to Omelu et al. (2022), losses on animals can be minimized if there is access to adequate veterinary care and nutrition. Quarantines that let afflicted people to be isolated from the general populace would also aid in slowing the spread of infectious diseases. Writing livestock insurance presents substantial difficulties. It is the insured farmer's responsibility to effectively safeguard his stock. The insured is required to keep track of his animals and routinely produce those records for verification. The owner's name and address, the animal's breed, its past, any known ailments, its

age, weight, and number, as well as any identification markings, are among the information provided. Information on the feeding procedures, breeding history, and environmental conditions is essential for insurers.

Animals need a lot of water to survive and stay healthy, thus according to Olumfuwa (2020), insurers must have faith that there will always be a sufficient supply. Underwriting also includes acclimatization as a crucial element. The insurance company must be convinced that the animal can live in the environment in which it will be raised. Rating is based on the stock's predicted long-term revenue stream, much as crop insurance. Both claim settlement and premium adjustment are done using the same procedure that is outlined under the section on crop insurance.

Various Covers

It's necessary to have insurance for the large machinery used in contemporary agriculture. Tractors, trailers, ploughs, and other cultivation and harvesting equipment are pricey, according to Imrana (2021). Farmers need insurance coverage on them in order to meet the mortgagor's security requirements and to be protected against public liability. It is extremely possible that transferring this equipment from one place to another will cause significant damage to public highways. It's possible that the risks will be covered by auto insurance. Construction and building of strong structures are necessary for many agricultural undertakings. Among them are storage facilities for various crops and cereal silos. Uchemba, Nenna & Obianefo (2021) traditional property insurance policies must be obtained to protect the farmer from financial damages caused by damage to these structures. Public liability insurance is essential when farms are not isolated. This group of hazards covers damage done to other farmers' crops by the insured's stray livestock. In Nigeria, cattle are transported by road. Claims may be made for harm caused by the rearers' negligent handling.

Farmers' employees must have personal accident and sickness insurance. If a key worker gets harmed or becomes unwell, it will have an effect on the farm's operations and lower the amount of produce produced. The farmer's personal accident insurance may be able to cover the cost of temporarily hiring another qualified worker. A comprehensive farm insurance plan is compatible with the majority of conventional insurance policies, as was already mentioned. To be eligible for underwriting, the risks must be tied to and confined to those that farmers are exposed to (Bonny et al., 2021).

Farm Insurance Credit Program

The vast majority of farmers who get agricultural loans are industrial-scale producers of items for export. This is the case since they are often the only ones who can satisfy the requirements of the agricultural credit banks. Agricultural insurance guarantees lower operating costs for the banks and a higher loan recovery rate, enabling credit facilities to be made available to more farmers. For instance, the inability of the typical farmer in Nigeria to provide the necessary collateral for loans to be issued under the program limits the government's attempt to improve agricultural production through the Agricultural Credit Guarantee Scheme Fund (Bonny, *et al.*, 2021). Additionally, Bonny *et al.*, (2021), requirements—which were approved by the Board of the Agricultural Credit Guarantee Scheme Fund—are insufficient for the great majority of farmers.

- (a) a charge against the borrower's moveable property
- (b) a charge against any fixed assets, crops, or cattle that are present on the property;
- (c) a charge against a life insurance policy
- (d) stocks and shares
- (e) a charge against a promissory note or other negotiable security
- (e) a personal guarantee
- (f) any other type of security that the borrower may provide.

These undoubtedly difficult operations have so far limited the impact of the agricultural financing strategy. These regulations will be replaced with complete agricultural insurance that farmers will pay for in order to boost the program's success. By ensuring that such funds are not diverted to other projects, insurance inspectors ensure that bank loans secured for agricultural operations are utilized successfully for the original purpose. In this strategy, the insurers serve as auxiliary agents for the banks.

Students' economic benefits from agricultural insurance

The three distinct economic implications of agricultural insurance are on the farmer, the agricultural finance system, and the nation as a whole. The farmers, according to Abdul (2022), feel at peace knowing that he will be reimbursed, which motivates him even more to research and widen his interests, increasing the output of his agricultural activities. Farmers' credit status is greatly enhanced when they are able to pay their installments on time. It is common practice to obtain insurance under the names of the farmer and borrower. This provides the lender with a concrete guarantee that his loan will be repaid even if the crops are harmed. In addition, the bank agrees to approve higher loan limits than it otherwise would have due to an insurance policy jointly obtained by the lender and the farmer. In addition, insurance provides a guarantee that enables farmers to purchase modern equipment and other facilities that will increase output (Eze & James, 2021).

The Idea of Independence

It is impossible to exaggerate the importance of functional education in a growing country like Nigeria, where graduates and school dropouts have a high unemployment rate. Underemployment, or working at a low-paying job that one is competent for, arises in Africa when an employment's productive ability is not completely utilized, where it creates a significant economic risk (Eze & James, 2021). Nigerians believe that the most important weapon for advancing human progress is education. The Federal Republic of Nigeria (FRN) (2004) claims that the nation's largest investment in modernization, development, and socioeconomic progress is in its educational system. The Federal Government has made considerable investments in education at all levels in recognition of this fact. Following the implementation of the National Policy of Education (NPE) in 1981 (revised 1998 and 2004). The entire scope and content of the Secondary School were reorganized to allow for the study of both academic and practical courses. Vocational fields are prioritized in order to better prepare graduates for postsecondary study, to present work options (in the public and private sectors), and to promote self-employment (Omelu, et al., 2022).

One of the educational initiatives that equips participants for employment in TVE-related professions, independent work, and further education is technical and vocational education. At its core, vocational and technical education is based on the idea of raising the standard of living for both individual families and society as a whole. It puts a lot of emphasis on supporting family members in gaining the abilities, expertise, and information required to significantly enhance family life. The main topics of home economics study include food and nutrition. It talks about how to make meals, what foods to eat, and how these ideas can be used in real-world situations. It is a home economics subject with a strong practical component. Without using practical, it is impossible to successfully teach the science of nutrition and food. One encounters the process of learning, which has an impact on their behavior (Sunday et al., 2021).

System of Education in Nigeria

The absence of a strong socioeconomic foundation to satisfy the needs and aspirations of the colonial administrators in distant Britain was one of the most notable aspects of Nigeria's early educational development. They put their entire attention into highlighting reading and arithmetic. While the economic policy of the colonial authority. If one was established, it was done with the intention of establishing a commission to report on grant-aids or the education law. Aside from that, nothing was done to ensure that technical education met the criteria needed to have an influence on the nation's economy. These flaws persisted until Nigeria's independence in 1960. (Omelu, et al., 2022).

A Vocational and Technical Education is Essential

According to Imrana (2021), during the last 10 years, the demand for technical education in Nigeria has surged at an unprecedented rate. Each year, general enrollment is exceptionally high. Given the current resource scarcity, the government is now faced with the challenge of administering technical education properly. Three important explanations might explain the increase in demand for vocational and technical education in Nigeria. Among these, according to Sunday et al. (2021), are parents' increasing expectations for their children's education, the unexpected finding that technical education assists in economic growth and total self-sufficiency, and population expansion as a quantitative multiplier of social demand. Overall enrolment in Nigeria's educational system has increased significantly, but this expansion does not appear to be keeping up with the constantly rising social demand for technical education. For example, the supply-demand imbalance in technical education continues to grow.

CONCLUSION

This research looked at the assessing the impact of Nigerian agricultural insurance corporation among students of vocational and technical education towards self-reliance on agricultural production. At this time, the agricultural sector has seen a variety of losses, including persistent flooding and herders-farmers' clashes, among others. It is therefore necessary to insure farmers (students) to reduce the shock of losing their investment at any stage of production and to become financially independent after school life. However, inadequate execution of agriculture insurance

policy has also contributed to the sector's low investor influx. Above all, banking institutions have found it difficult to extend loans to farmers, particularly rural farmers, who account for more than 60% of the farming population (Obianefo et al., 2019), this might be attributable to high loan default rates and significant administrative costs associated with managing small-scale agricultural transactions. NPC (2006) It is consequently imperative for the government to intervene in this sectorial investment, especially given the need of diversifying Nigeria's oil-based economy. At this time, it is essential to Make the NAIC mode highly accessible to students in rural regions. Unfortunately, due to their subsistence operation, the majority of these students find it impossible to satisfy the scheme's standards. Furthermore, students must be encouraged to organize themselves into a powerful organization (farmer's cooperative) in order to increase their access to land.

Recommendations

Based on the research findings and achieved results, the main objectives of this study are to assess the impact of the scheme among vocational and technical education students in the study area, determine the level of awareness among vocational and technical education students in the study area, and identify the major constraints associated with the scheme in the study area. As a result, the researcher makes the following suggestions:

- The NAIC should inform students about the need of strengthening their insurance culture and developing the student insurance market.
- Students should receive additional education from NAIC to develop their documentation abilities, since this will make it simpler for them to defend their claims.
- There should be less red tape, especially when students need to file indemnification claims.
- Other agricultural programs could adopt similar collaborative method with NAIC in order to increase students' living conditions and bring them toward self-sufficiency.

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