

**PERCEIVED EFFECTIVENESS OF INSURANCE SERVICES
OF DIFFERENT DAIRY SERVICE DELIVERY SYSTEMS IN
NAMAKKAL DISTRICT OF TAMIL NADU**

S. Karthikeyan

*Department of Veterinary and Animal Husbandry Extension Education
Veterinary College and Research Institute
Tamil Nadu Veterinary and Animal Sciences University
Namakkal - 637 002*

ABSTRACT

The present study was conducted in Namakkal District of Tamil Nadu to explore the perceived effectiveness of insurance services offered by different dairy service delivery systems. A total of 120 respondents were selected for the study by stratified proportionate random sampling method and the data were collected by personal interview method using pre-tested interview schedule. The respondents predominantly availed the insurance facilities from dairy cooperatives (56.67%), followed by public departments (21.67%) while meagre percentage of the respondents received the insurance services benefit from private integrators (8.33%). Based on the mean weighted score, the dairy farmers perceived the insurance services of dairy cooperatives and state animal husbandry departments were equally effective in terms of their accessibility, coverage, premium charges, administrative procedure and claiming.

Keywords: Dairy, Insurance, Service, Banks, Cooperatives, .

Received : 07.10.2025

Revised : 07.04.2026

Accepted : 13.04.2026

INTRODUCTION

Dairy farming occupies a prominent position in the rural economy of India by ensuring nutritional security, employment and income stability to millions of small and marginal farmers. Tamil Nadu has established itself as one of the leading milk-producing regions, supported by strong cooperative networks, public departments and emerging private players. Despite the sector's contribution, dairy farmers remain vulnerable to uncertainties associated with

animal health, productivity fluctuations, and mortality. The loss of a dairy animal often translates into severe financial distress, especially for resource-poor households, as animals represent both a productive asset and a source of livelihood. In this context, livestock insurance emerges as a critical risk management tool to safeguard farmers from economic losses due to unforeseen mortality of dairy animals.

The Government of India, along with state governments, has recognized

¹Assistant Professor, *Corresponding author e-mail: drkarthiknkl@gmail.com

the significance of livestock insurance and introduced various schemes and subsidies to enhance its adoption. Cooperative institutions such as District Cooperative Milk Producers' Unions and state animal husbandry departments have traditionally been at the forefront of delivering such services. These institutions are uniquely positioned to reach farmers effectively due to their established networks and credibility. Alongside, private integrators and vendors are also entering the service delivery space, though their reach and effectiveness remain relatively limited. The effectiveness of insurance services, however, depends not merely on their availability but also on farmers' perceptions of accessibility, coverage, premium charges, administrative procedures, and claim settlement processes.

Against this backdrop, the present study was undertaken in Namakkal district of Tamil Nadu to analyze the perceived effectiveness of insurance services offered by different dairy service delivery systems. By examining farmers' experiences and perceptions across different dairy service providers, the study seeks to provide insights into the strengths, gaps, and opportunities for improving livestock insurance as a sustainable livelihood security measure.

MATERIALS AND METHODS

The study was undertaken in Namakkal district of Tamil Nadu state under the Salem District Co-operative Milk Producers Union, which is one of the largest milk procuring union of Tamil Nadu

Cooperative Milk Producers Federation. Apart from cooperatives, various private dairies, vendors and cream separation units are also procuring milk from the farmers and offering dairy related services to them. All the four taluks of Namakkal district were purposively included for the study. For each taluk, the revenue villages which are having a female bovine population of above 1000 animals were listed out. From this list, one village from each taluk was randomly selected for the research study. Respondents were selected based on the criteria that the farmers should have milch animal either a cow or a buffalo in milking condition and availing services from different dairy service delivery systems aforementioned. A total of 30 respondents from each village were selected by using stratified proportionate random sampling method. Thus, a total of 120 respondents were selected for the study. The data were collected by personal interview method using a pre-tested interview schedule. The perceived effectiveness of different dairy service delivery systems for insurance services was ascertained in terms of accessibility, coverage, premium charges, administrative procedure and claiming. The scores were assigned on a three - point continuum for the indicators in order to analyze their perceived effectiveness. Weighted score for each dairy service delivery system was calculated by assigning 3 for 'good', 2 for 'average' and 1 for 'poor' then multiply the per cent of observation by the respective score and finally adding the total observation.

RESULTS AND DISCUSSION

A. Livestock insurance services availed from different dairy service delivery systems

It could be inferred from Table 1 that insurance services offered by various dairy service delivery systems were not used extensively by the dairy farmers in the study area. The dairy farmers in the Namakkal district had availed the insurance services primarily from only three dairy service providers viz., dairy cooperatives, private integrators and public departments. Similar findings were also reported by Manjunatha (2022) who found that implementation of livestock insurance in Karnataka was undertaken through four facilitators namely, Department of Animal Husbandry and Veterinary Services, District Cooperative Milk Producers' Unions, Karnataka Sheep and Wool Development Corporation (KSWDC) and Public and Private Banks funding livestock purchases. It was noted that none of the insurance companies provided livestock insurance when approached directly by the livestock farmer.

More than half of the respondents (56.67%) have received the insurance services provided by dairy cooperatives to their member farmers. The insurance facility was arranged by the dairy cooperatives and the premium charges were deducted from the milk price paid weekly by the cooperative society. Some of the dairy farmers also stated that they had availed insurance services of dairy cooperatives in combination with the credit services offered for purchase of new dairy animals wherein insuring the dairy

animals is mandatory till the repayment of loan. Acharya *et al.*, (2024) reported that more than half of the respondents (61%) had adopted the livestock insurance. Among the non-adopters, 26% were not aware while 74% were aware of the livestock insurance scheme mainly due to difference in active mobilization of cooperatives in disseminating the information about insurance in different wards of local government.

Government of Tamil Nadu has implemented the comprehensive Livestock Insurance Scheme to protect dairy farmers from financial loss due to animal death and the scheme was implemented with a 50% subsidy from the central government on the premium charges for insuring their high-yielding crossbred cattle and buffaloes. Only a small percentage of the dairy farmers (21.67 %) stated that they had received the insurance services offered by the Tamil Nadu State Animal Husbandry Department. Subash *et. al.*, (2021) also reported that 36.50% of the dairy farmers reported that Karnataka State Department of Animal Husbandry and Veterinary Services had provided the necessary guidance about the livestock insurance facilities.

B. Perceived effectiveness of livestock insurance service offered by different dairy service delivery systems

Only two service providers i.e., dairy co-operatives and Public departments were considered for the comparison and the results are presented in Table 2. Since the number of observation for the private integrators was less, it was not included for

analyzing their perceived effectiveness of insurance services.

I. Dairy Cooperatives

It is evident for the Table 2 that the dairy farmers in Namakkal district perceived the insurance facilities from dairy cooperatives as effective in terms of their accessibility, coverage, premium charges, administrative procedure and their claiming. Farmers perceived that the cooperatives were offering insurance facilities covering all the dairy animals which were easily accessed by all its member farmers. They also felt that the premium charges were also considerably nominal when compared to the private insurance companies. Also, they opined that the administrative procedure to apply insurance, getting health certificate and other modalities were very easy. The claiming procedure in the event of any mortality also was not that cumbersome as all the procedures were administered by the veterinarians of the district milk cooperative union.

Hosure *et al.*, (2020) reported that majority of the livestock farmers perceived the insurance services of Kerala regional cooperative milk producers' union as excellent (53.34%) and majority (60.00%) of them were satisfied with it. However, Rathod *et al.*, (2012) reported that complex procedure for getting insurance was the major constraint experienced by majority of the farmers of dairy cooperatives in Maharashtra. The researchers reported that dairy cooperatives in Maharashtra neither offered subsidy on insurance premium charges nor covered local dairy breeds.

II. Public Departments

Based on the calculated weighted scores, it is evident that the dairy farmers perceived the insurance services of public departments were also equally effective in terms of their accessibility, coverage, premium charges, administrative procedure and their claiming when compared to dairy cooperatives. The farmers reported that the insurance services were offered by the state animal husbandry departments through the veterinary dispensaries to all the farmers in their jurisdiction covering all the dairy cows and buffaloes in the milking conditions. The state government along with the central government has implemented a Livestock Insurance Scheme in the study area which offered subsidy on premium charges and the administrative procedures like health certificate, valuation certificate, etc. were also taken care of by the veterinarians from the public departments. The dairy farmers also expressed that in the event of any mortality of the insured animals, veterinarians of the public departments themselves had conducted post mortem, issued death certificate and assisted them in claiming process too.

Kumar *et al.*, (2017) also found that the dairy farmers in Mathura region of Uttar Pradesh opined that attitude of insurance specialists; quickness of payment after claim of insured animal; flexibility provided by the insurance and its coverage of risks were primary reasons for their satisfaction with the insurance services. However, they are not satisfied with the premium rates for the livestock insurance. Adhikari

and Bidari (2018) also reported that 90% of the respondents perceived the process of insuring their animals and claim for compensation is easy due to the availability of local technical persons and agents. They also found that 68% of the responding farmers were highly satisfied with the livestock insurance services including the types of services available, service delivery mechanism, responsiveness, trust, cost and benefits and customer behaviour.

However, Kandel and Timilsina (2018) reported that dairy farmers from Nawalparasi district in Nepal perceived that risk coverage, premium subsidy, insurance procedure of livestock were good but they were dissatisfied with claim settlement procedure and time taken to settle claim in contrast to the present study.

CONCLUSION

The present investigation highlights the pivotal role of institutional mechanisms in delivering livestock insurance services to dairy farmers in Namakkal district. The

findings substantiate that dairy cooperatives and public departments constitute the principal facilitators of livestock insurance, while private integrators have only a marginal presence. Farmers perceived both cooperatives and public departments as highly effective across the core dimensions of accessibility, coverage, affordability of premium charges, administrative procedures, and claim settlement. This convergence in perception underscores the significance of organized and institutionally supported service delivery systems in promoting risk mitigation strategies within the dairy sector. The prominence of cooperatives in mobilizing farmers and embedding insurance services within existing credit and procurement frameworks demonstrates the advantage of leveraging collective action platforms. Similarly, the contribution of public departments, reinforced by state and central government subsidies, illustrates the importance of policy-driven interventions in extending risk management services to a wider farming population.

Table.1. Livestock insurance service availed from different service delivery systems

Sl. No	Dairy service delivery systems (N = 120)	Livestock insurance service	
		Frequency*	Per cent
1	Dairy Cooperatives	68	56.67
2	Private Integrators	10	8.33
3	Pubic Departments	26	21.67

*Multiple response

Table.2. Perceived effectiveness of livestock insurance service offered by different dairy service delivery systems

Indicators	Dairy co-operatives (n=68)				Public Department (n=26)			
	Good (%)	Average (%)	Poor (%)	Weighted Score	Good (%)	Average (%)	Poor (%)	Weighted Score
Accessibility	100.00 (68)	0.00 (0)	0.00 (0)	300.00	100.00 (26)	0.00 (0)	0.00 (0)	300.00
Coverage	100.00 (68)	0.00 (0)	0.00 (0)	300.00	96.15 (25)	3.85 (1)	0.00 (0)	296.15
Premium Charges	100.00 (68)	0.00 (0)	0.00 (0)	300.00	100.00 (26)	0.00 (0)	0.00 (0)	300.00
Administrative procedure	100.00 (68)	0.00 (0)	0.00 (0)	300.00	100.00 (26)	0.00 (0)	0.00 (0)	300.00
Claiming	89.70 (61)	10.30 (7)	0.00 (0)	289.70	100.00 (26)	0.00 (0)	0.00 (0)	300.00
Overall	297.94				299.23			

REFERENCES

- Acharya, S., Tiwari, U., Kattel, R.R. and Dhakal, S.C. (2024). Willingness to pay for livestock insurance by dairy farmers in Kavrepalanchowk district, Nepal. *Cogent Food and Agriculture*, **10**(1): 1-14. <https://doi.org/10.1080/23311932.2023.2298530>
- Adhikari, R.K. and Bidari, S. (2018). Effectiveness of livestock insurance program in Dhading district of Nepal. *Acta Scientific Agriculture*, **2**(11): 116-120.
- Hosure, S., Rajeev, T.S. Jiji, R.S., George, P.R., Prasad, A. and Gleeja, V.L. (2022). Effectiveness of livestock delivery services of dairy cooperatives of Kerala State. *Journal of Veterinary and Animal Sciences*, **53**(3): 340-347. DOI: <https://doi.org/10.51966/jvas.2022.53.3.340-347>.
- Kandel, G. and Timilsina, R.H. (2018). Factors affecting the adoption of livestock insurance by dairy farmers in Nawalparasi District, Nepal. *Nepalese Journal of Agricultural Sciences*, **16**(1):59-66.
- Kumar, J., Singh, S.K. and Singh, A. (2017). Factors affecting adoption and level of satisfaction among dairy owners to-wards livestock insurance. *Agricultural Rural Development*, **04**(1): 25-28.

- Manjunatha, N. (2022). Livestock Insurance in Karnataka – A Critical Analysis. M.V.Sc. Thesis, Karnataka Veterinary, Animal and Fisheries Sciences University, Bidar, 282pp.
- Rathod, P.K., Nikam, T.R., Landge, S. and Hatey, A. (2012). Farmers' perception towards livestock marketing service delivery by gokul dairy cooperatives, Maharashtra. *Indian Journal of Dairy Science*, **65**(5):423-430.
- Subash, S., Girish, V., Devi, M.C.A. and Sivaram, M. (2021). Analysis of role performance and effectiveness of dairy extension service providers in Karnataka State. *Indian Journal of Dairy Science*, **74**(6): 533-538. <https://doi.org/10.33785/IJDS.2021.v74i06.010>