

**CROP INSURANCE AND CLAIM SETTLEMENT: AN NSSO-BASED  
ANALYSIS**

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## ABSTRACT

Agriculture, despite being the engine that drives the rural economy of our country, is profoundly vulnerable to climate risk and yield fluctuations, compelling the need for a risk management system in place. While crop insurance theoretically provides a financial cushion, its practical implementation is limited due to accessibility, low awareness, and inefficient claim settlement mechanisms. As a result, a large segment of farmers remains uninsured, with only a fraction receiving timely compensation despite significant crop losses. Addressing these inefficiencies in claim settlement is thus imperative for reinforcing the credibility and impact of crop insurance.

This study employs logit and probit models to examine the socio-economic and institutional determinants influencing claim receipt and claim extent. To address potential selection bias, the Heckman Selection Model is used, offering more precise estimates of the factors affecting claims. Findings highlight that non-marginalized farmers, with credit access and without proper documentation have a higher probability of receiving claims. Additionally, it is revealed that while low-income farmers do receive some compensation, it is predominantly partial, revealing gaps in the effectiveness of the claims process.

To bridge these gaps, policies must focus on prioritizing outreach, enhancing claim processing efficiency, and ensuring fair treatment for marginalized communities. Addressing these issues can significantly improve the credibility and effectiveness of crop insurance in India.