

ANALYSIS OF FARMERS' RESPONSE TO THE RICE FARM INSURANCE PROGRAM (AUTP)

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ABSTRACT

Rice farming experiences uncertainty and is a business that is very vulnerable to climate change such as natural disasters, floods and droughts, and is inseparable from attacks by plant-disturbing organisms (OPT), which result in decreased production and income of rice farmers. Agricultural Insurance is a transfer of risk that can provide compensation for losses due to farming so that the sustainability of farming can be guaranteed. This study aims to: 1) Know the response of farmers to the rice farming insurance program plan. 2) Knowing the response of farmers to the implementation of the rice farming insurance program and 3) Knowing the response of farmers to the impact of the farming insurance program. This study uses descriptive quantitative research methods with survey research techniques. Respondents consisted of the number of farmers who took part in the rice farming insurance program at least 2 times using the census technique with a total sample of 29 people. Data analysis technique using descriptive quantitative analysis. The results showed that: 1) The response of farmers to the planned rice farming insurance program in Gapoktan, Patalagan Village, Pancalang District, Kuningan Regency was very good. 2) The response of farmers to the implementation of the rice farming insurance program in Patalagan Village is good. 3) The response of farmers to the impact of the rice farming insurance program in Patalagan Village, Pancalang District, Kuningan Regency is Good.

KEYWORDS Rice Farming Insurance; Response; Farming



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INTRODUCTION

The agricultural sector is a sector that has a strategic role in the structure of national economic development (Aisyah et al., 2023). Until now, Indonesia's agricultural development journey has not been able to show maximum results

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when viewed from the level of welfare of farmers and their contribution to national income (Martauli, 2021). However, agricultural development in Indonesia cannot be separated from the many challenges and problems in the development of the agricultural sector, not only in the context of inter-sectoral policies, the problem of the long chain of distribution of agricultural products from producers to final consumers but also the challenge of how to create sustainable agriculture.

Farming in Indonesia has a very important role so that in every stage of national economic development the farming sector (agriculture) remains a priority for Indonesia's development. The important role of farming is not only as a producer of food to meet the needs of the population but also plays an important role as a foreign exchange earner for the country, a producer of raw materials for the industrial sector, and as a place for the workforce to earn income (Andrianto, 2014). Efforts to increase production are also continuously strengthened through technological innovation and implementation of farming management improvement programs. This is very closely related to efforts to meet the need for rice as a staple food for the majority of the Indonesian people. One of the activities in the agricultural sector that receives the impact of a high risk of uncertainty is food crops, especially rice, which are vulnerable to climate change (Sri et.al., 2023).

To overcome farmers' losses regarding the risk of uncertainty as a result of the negative impacts of climate change, the government is helping to protect farming businesses in the form of rice farming insurance (AUTP). This is supported because rice farming is a production activity that is vulnerable to climate change and has a high degree of dependence on climate and weather conditions. The recent climate change has increased the intensity of extreme events such as floods, droughts and attacks by pests and diseases that can cause crop failure in rice farming. In addition to having an impact on the rice crop production system, this will also have an impact on the livelihoods of farmers and farm laborers as well as food security (Rasmikayati et.al, 2020).

Agricultural insurance is an important method of managing risk and uncertainty, where farmers can share or transfer the risks and uncertainties they face to insurance companies (Abdullah et al., 2014). Agricultural insurance is very important to protect farmers from large losses and ensure that farmers will have sufficient working capital to finance their rice farming in the following season which is obtained by insuring their farming (Central Bureau of Statistics for Kuningan Regency, 2016).

In AUTP, the sum insured is set at Rp. 6,000,000 per hectare per planting season. The sum insured is the basis for calculating the premium and the maximum compensation limit. Insurance premium is an amount of money paid as a fee to get insurance protection. The total insurance premium is IDR 180,000/ha/MT. The amount of premium assistance from the government is IDR 144,000/ha/MT and the rest is IDR 36,000/ha/MT. If the area of land insured is less or more than 1 (one) ha, then the premium (and compensation) is calculated proportionally. The insurance policy is issued for one growing season with the coverage period starting on the estimated planting date and

ending on the estimated harvest date (Central Bureau of Statistics for Kuningan Regency, 2018).

Kuningan Regency is one of the rice production producing districts in Indonesia. Based on the 2013 agricultural census, Kuningan Regency experienced a decrease in 2013 by 37.98% with a total of 166,527 agricultural households. Compared to 2003, the number of households was 268,516. In detail, the highest agricultural households in 2003 were Pancalang District with a total of 15,095 and in 2013 namely Gantar District of 10,473. a decrease of 48.92%. Meanwhile, the Pasekan District experienced at least a decrease in agricultural business households by 83 households or 3.15% (Central Bureau of Statistics for Kuningan Regency, 2018).

In contrast to agricultural business households in 2013, Pancalang District experienced an increase and showed positive growth in the agricultural sector. The leading sector in Pancalang District is the agricultural sector, in 2013 it was 392,513.94 in 2014 amounted to 440,906.58 and in 2015 amounted to 468,386.91. If in detail the biggest contributor in the agricultural sector is food crops that generate a gross value of 352,468.41 million rupiah in 2013, in 2014 it was 399,920.03 and in 2015 it was 424,119.87 (Central Bureau of Statistics for Kuningan Regency, 2018). Based on the description above, it is important to know the response of farmers to the plans, implementation and impact of the rice farming insurance program (AOTP) in Pancalang District as insurance for every risk faced by rice farmers. This study aims to: 1) Know the response of farmers to the rice farming insurance program plan. 2) Knowing the response of farmers to the implementation of the rice farming insurance program and 3) Knowing the response of farmers to the impact of the farming insurance program.

RESEARCH METHOD

This research was conducted at the Budi Mekar Farmers Group, Patalagan Village, Pancalang District, Kuningan Regency. This research was conducted from March to April 2023. Respondents in this study were farmers who took part in the rice farming insurance program (AOTP) in Patalagan Village with a total of 29 people. The sampling technique in this study is saturated or census sampling, where all members of the population are sampled and the sampling area is taken deliberately by considering certain reasons in accordance with the research objectives (Sugiyono, 2018).

The method used in this research is descriptive quantitative research method with survey research techniques. The descriptive survey method seeks to explain or record conditions or attitudes to explain what currently exists (Morrissan, 2012). The data analysis technique in this study is descriptive analysis with a measurement scale using a Likert scale to measure attitudes, opinions and perceptions of a person or group about events or social phenomena (Arikunto, 2016). Data analysis testing in this study used Microsoft Excel.

RESULT AND DISCUSSION

Farmers' response to the planned rice farming insurance program

The response of farmers to the planned rice farming insurance program (AOTP) in the Budi Mekar Farmer Group, Patalagan Village, Pancalang District, Kuningan Regency using the indicator that the AOTP program provides protection to farmers and transfers losses has a very good category with a total acquisition score of 1,249. The response of farmers to the rice farming insurance program that provides protection to farmers is very good, with an acquisition score of 649 or 89.51% of the ideal score of 725. Meanwhile, the response of farmers to the rice farming insurance program which provides transfer of losses or risks is very good, with the acquisition score is 600 or 82.75% of the ideal score of 725. The results of calculating farmers' responses to the rice farming insurance program plan (AOTP) can be seen in Table 1.

Table 1. Results of farmers' responses to the planned AOTP program

No	Components of the Rice Farming Insurance Program Plan (AOTP)	Score		Percentage (%)	Category
		Ideal	Acquisition		
1.	Provide protection to farmers	725	649	89.51	Very good
2.	Transferring losses	725	600	82.75	Very good
Response to the Planned Rice Farming Insurance Program (AOTP)		1,450	1,249	86,13	Very good

Source: Primary Data Analysis (2023)

Based on data analysis, farmers' response to the AOTP program plan obtained a score of 1,249 or 86% of the ideal score, which was 1,450, indicating that the farmer's response to the AOTP program plan was included in the "Very Good" category. The results of the scores obtained by farmers' responses to the AOTP program plan can be seen in Figure 1.

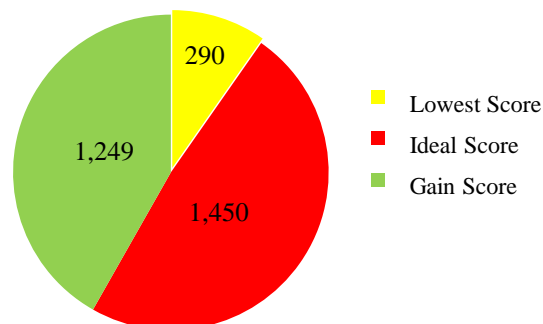


Figure 1. Farmer response score diagram for the AOTP program plan

Farmers' response was very good towards the planned rice farming insurance program (AOTP), because the AOTP program was considered

capable of solving problems for farmers. The phenomenon of crop failure that is often experienced by farmers results in a decrease in rice productivity which causes financial losses and will have an impact on the welfare of farmers. This is in line with *Dwi and Farah (2016)* that majority of farmers in Kepajenan District stated that they were interested in the planned AOTP program by 68.57% while 31.43 stated that they were not interested, and 0% stated that they were not interested.

The positive response shown by farmers towards the AOTP Program plan can be interpreted as a response that shows, accepts, believes in and implements the norms that apply where the individual is located (*Khasanah et al., 2020*). This also refers to the AOTP program which aims to maintain national rice production and help farmers from a productive and financial standpoint to alleviate the losses suffered by farmers. Thus that with the existence of a rice farming insurance program, farmers feel safe because they get guarantees and get certainty if there is damage or crop failure in rice farming (*Sri et.al, 2023*).

Farmers' Responses to the Implementation of the Rice Farming Insurance Program

Farmers' response to the implementation of the rice farming insurance program (AOTP) in The Budi Mekar Farmer Group, Patalagan Village, Pancalang District, Kuningan Regency, using implementation indicators including participant criteria, location, guaranteed risk, compensation, sum insured, premium and term has a good category with a total score of 2,999.

The farmer's highest response to the rice farming insurance program was found in the guaranteed risk indicator in the very good category with a score percentage of 86.2 percent, while the lowest response was in the compensation indicator with a score of 56.2 percent in the fairly good category. The results of calculating farmers' responses to the implementation of the rice farming insurance program (AOTP) can be seen in Table 2.

Table 2. Results of farmers' responses to the implementation of the rice farming insurance program (AOTP)

No	Implementation Components of the Rice Farming Insurance Program (AOTP)	Score		Percentage (%)	Category
		Ideal	Acquisition		
1.	Criteria for selecting potential participants	580	428	73,79	Good
2.	Location criteria	580	445	78,44	Good
3.	Guaranteed risk	725	625	86,2	Very good
4.	Compensation	870	489	56,2	Pretty good
5.	Coverage price	580	440	75,86	Good
6.	Premium	580	465	80,17	Very good
7.	Time period	145	107	73,79	Good
Response to the Implementation of the Rice Farming Insurance Program (AOTP)		4060	2999	73,86	Good

Source: Primary Data Analysis (2023)

Based on data analysis, the response of farmers to the implementation of the AUTP program obtained a score of 2,999 or 73.8 percent of the ideal score of 4,060, this means that the response of farmers to the implementation of the AUTP program is in the "Good" category. The results of the scores obtained by farmers' responses to the implementation of the AUTP program can be seen in Figure 2.

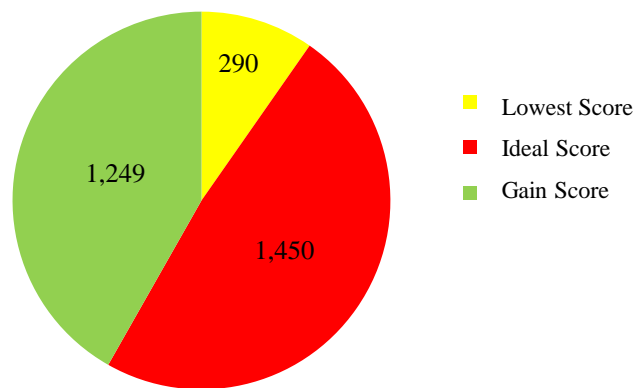


Figure 2. Score diagram of farmers' responses to the planned AUTP program

In Figure 2 above, the acquisition score obtained a score of 2,999 or 73.8 percent indicating that the response of farmers in Patalagan Village, especially those who used rice farming insurance more than 2 times, to the implementation of the rice farming insurance program was 'Good'. The good response from these farmers arose because the implementation of the AUTP program was considered to be running properly in accordance with the agreement at the beginning of the registration sheet and the AUTP policy which was agreed upon by both parties, namely or farmers and insurance parties (PT. Jasindo), the AUTP program that has been running also provides benefits for farmers who have experienced crop failure so that they get financial compensation and lighten the burden or loss experienced by farmers.

This is in line with [Amaliah et al., \(2019\)](#) that implementation of the AUTP program in Sajoanging District can be said to be accepted by farmers because farmers feel guaranteed if there is a crop failure. This is due to the fact that there are five indicators that farmers agree or consider to be good for the implementation of the AUTP program which includes program objectives, participant registration, insurance premiums, subsidies by the government, and coverage prices. Farmer satisfaction is the main key in farmer participation in implementing the program. When farmers are satisfied with the achievements, there is no doubt that farmers will voluntarily take part in the agricultural insurance program in the next period ([Rustiana, 2022](#)).

However, this good response is not without problems, farmers feel that compensation for damages is considered very burdensome, if the damage that

can be claimed is more than or equal to 75 percent of the area of damage and the intensity of the damage, farmers generally want or hope that compensation can be claimed. the damage reaches 50 percent both in terms of area of damage and intensity as well as in natural plots, if it can only be claimed for 75 percent of the damage the farmers feel disadvantaged because the damage is above 75 percent, meaning that rice cannot be harvested or no results are obtained by the farmers. The existence of a threshold for claims for damage to rice plants above 75 percent has resulted in farmers feeling disadvantaged by this regulation. [Khumaira and Puspita \(2019\)](#) also shows that 53 percent of farmers in Sukamakmur District are still dissatisfied with claims and 36 percent of farmers are dissatisfied with claims because they have never received a claim when a crop failure occurs.

Analysis of Farmers' Responses to the Impact of the Rice Farming Insurance Program (AUTP)

Farmers' response to the impact of the rice farming insurance program (AUTP) in the Budi Mekar Farmer Group, Patalagan Village, Pancalang District, Kuningan Regency using impact indicators including social and economic has a good category with a total score of 3,696. The response of farmers to the rice farming insurance program against social impacts is good, with an acquisition score of 1,925 or 82.9 percent of the ideal score of 2,320. Meanwhile, the response of farmers to the rice farming insurance program for the economic impact was good, with an acquisition score of 1,771 or 76.3 percent of the ideal score of 2,320. The results of calculating farmers' responses to the impact of the rice farming insurance program (AUTP) can be seen in Table 3.

Table 3. Results of farmers' responses to the impact of rice farming insurance (AUTP)

No	Impact Components of the Rice Farming Insurance Program (AUTP)	Score		Percentage (%)	Category
		Ideal	Acquisition		
1	Social	2,320	1925	82.97	Very good
2	Economy	2,320	1,771	76,33	Good
Response to the Impact of the Rice Farming Insurance Program (AUTP)		4,640	3,696	79.65	Good

Source: Primary Data Analysis (2023)

Based on the results of data analysis, the response of farmers to the impact of the AUTP program obtained a score of 3,696 or 79.6percent of the ideal score of 4,640. This means that the response of farmers to the implementation of the AUTP program is in the "Good" category. The results of the score obtained by farmers' responses to the impact of the AUTP program can be seen in Figure 3.

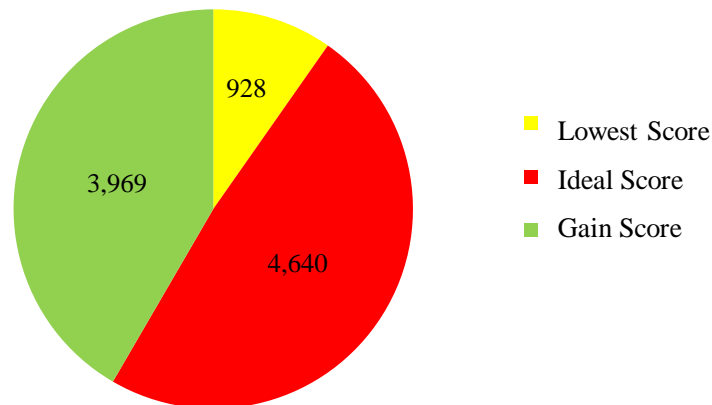


Figure 3. Figure 3. Farmer response score diagram for the impact of the AOTP program

In figure 3, the acquisition score gets a score of 3,696 or 79.6 percent indicates that the response of farmers in Patalagan Village, especially those using the AOTP program more than 2 times, to the impact of the AOTP program that has been running has been well responded by farmers.

Farmers consider the AOTP program to have a good impact, in helping farmers run their farming businesses with the aim of avoiding losses caused by plant pest attacks, floods and droughts. Farmers feel calm with the AOTP program which has fostered the enthusiasm of farmers to ensure better expectations for rice production results so that farmers' income is increased while carrying out their farming activities, and it is more stable for rice farming, if farmers get protection from crop failure and production increases then will have an impact on the welfare of farmers and the maintenance of regional and national rice stocks. In addition, farmers also feel that the AOTP program has been able to unite farmers to strengthen friendship, unite optimistic perceptions in rice farming.

Farmers in general will give an assessment of the AOTP program that has been running for 3 years. Farmers can assess the usefulness of what is seen and felt about the impact of the AOTP program in Patalagan Village, Pancalang District. This is in line with [Sayugyaningsih et al., \(2022\)](#) that farmers with longer experience will be more interested in participating in the AOTP program because they know the risk of crop failure that will occur. Farmers with longer farming experience will find it easier to implement their farming practices. [Wahyuningsih and Hasan \(2019\)](#) also shows the variable farming experience has a significant effect on farmer participation in the AOTP program with a significance value of 5 percent which indicates a significance value of 0.046 which is smaller than 0.05 ($0.046 < 0.05$). Farming experience also influences the mindset of farmers to minimize farmers' losses and maximize production.

CONCLUSION

From the results of the analysis and discussion that have been described, it can be concluded several things as follows: (1) the response of farmers to the planned rice farming insurance program (AUTP) in the Budi Mekar Farmer Group, Patalagan Village, Pancalang District, Kuningan Regency was "Very Good", (2) the response of farmers to the implementation of the rice farming insurance program (AUTP) in the Budi Mekar Farmer Group in Patalagan Village, Pancalang District, Kuningan Regency was "Good", and (3) farmers' response to the impact of the rice farming insurance program (AUTP) in the Budi Mekar Farmer Group, Patalagan Village, Pancalang District, Kuningan Regency was "Good".

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