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Farmer's Level of Risk Preference in Relation to Some of Their Personal and Situational Variables

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Modernization has been defined as the process by which individual changes from a traditional way of life to a more complex, technologically advanced and rapidly changing style of life. To achieve modernization in agriculture, is not so easy and simple as it looks like at a first glance. This is so because replacement of traditional methods by more sophisticated production techniques is influenced by interplay of several personal, psychological, social and economic factors.

Willingness to undertake risk is one of the important factors in acceptance of innovations by the farmers. Risk preference inturn depends on some of the personal and situational characteristics of the farmers. It is, therefore, important to study the relationship, if any, between some of the personal and situational characteristics of the farmers and their readiness to take risk in their occupation.

The study was carried out in Junagadh district of Gujarat State. Eighty five farmers of Balagam Village of Keshod Taluka were purposively selected. The information pertinent to the study was collected through personal interview.

The risk preference scale developed by Supe (1969) was employed to measure farmer's level of risk preference. The responses were obtained from respondents against each item included in the scale in terms of their agreement or disagreement on a five point scale—namely strongly agree, Agree, Undecided, Disagree and strongly disagree. The scoring procedure followed was five, four, three, two and one in case of positive and the reverse for the negative statements. The risk preference score of an individual respondent was the sum total of the scores of all the statements included in the scale.

To categories farmers having high and low level of risk preference, the risk preference score obtained by individual farmers was arranged in the descending order. The information gathered from sixty-eight farmers which was included in forty per cent farmers from top and bottom of the array, was analysed to determine relationship, if any, between the level of risk preference and some of the personal and situational factors included in the study.

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The data in Table 1 reveal that nearly two-third (63-33 per cent) farmers in young age group had higher risk preference score whereas 60.52 percent farmers in adult age group prefered to take lower amount of risk. Further, the relationship between the age and level of risk preference is significant at .05 probability level. This indicates that the farmers younger in age prefer to take more amount of risk than those of the adult farmers.

A large majority (72.25 per cent) of illiterate farmers had low risk preference score whereas 64.44 per cent of literate farmers had higher risk preference score. The chi-square value (11.10) showing relationship between education and risk preference is significant at .01 probability level. This leads to conclude that the literate farmers prefer to take more amount of risk than those of illiterate farmers. This might be due to the realisation of fact that higher production can only be reaped if improved practices involving some risk are put into use.

The data regarding type of family indicate that the farmers (60.00 per cent) having nuclear type of family had lower level of risk preference. Two out of three farmers having joint family, had higher risk preference score. The calculated chi-square (2.86) value indicates that the preferred level of risk preference has no significant association with the type of family.

A little more than one-half of the farmer respondents having small (59.26 per cent) and large (56.10 per cent) size of family had lower and higher level of risk preference, respectively. The calculatecd chi-square (1.54) value shows that the two variables have non-significant association between them.

Nearly equal percentage of farmers in both the categories of typology, had higher and lower level of risk preference. Non-significant relationship observed between the two variables might be due to the efforts made by the small farmers to harvest higher yield by putting the new innovations in use on their own farms.

Three out of four farmers having annual income upto Rs. 5,000 (75.68 per cent) and more than Rs. 5000/- (80.65 per cent) had lower and higher level of risk preference, respectively. The calculated chi-square (21.40) value is significant at 0.01 probability level. It, directs to infer that the farmers having higher level of annual income prefer to take more amount of risk than those having low level of income.

Farmers having irrigation facility to the extent of 72.22 per cent had low risk preference score whereas 75.00 per cent farmers having no irrigation facility preferred to take more amount of risk. The calculated chi-square (15.11) value is significant at 0.01 probability level. Preference to more amount of risk by the farmers having no irrigation facility might be due to the fact that the risk involved under rainfed conditions is relatively more as compared to that under irrigated farming.

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TABLE 1

Relationship between some personal and situational variables and farmer's level of risk preference.

Characteristics	*Level of Risk Preference* — *High* — *Frequency*		*Lower* — *Frequency*		X^2
Age :					
1. Young (Upto 30 years)	19£	(63.33)	11	(36.67)	4.89*
2. Adult (Above 30 years)	15	(39.48)	23	(60.52)	
Education :					
1. Illiterate	5	(21.74)	18.	(78.26)	11.10**
2. Literate	29	(64.44)	16	(35.56)	
Type of Family :					
1. Nuclear	16	(40.00)	24	(60.00)	2.86
2. Joint	18	(64.29)	10	(35.71)	NS
Size of Family:					
1. Small	11	(40.74)	16	(59.26)	1.54
2. Large	23	(56.10)	18	(43.90)	NS
Typology:					
1. Small	16	(51.61)	15	(48.39)	0.06
2. Large	18	(48.35)	15.	(51.35)	NS
Annual Income:					
1. Upto Rs. 5,000	9	(24.32)	28	(75.68)	21.40**
2. Above Rs. 5,000	25	(80.65)	6	(19.35)	
Irrigation					
1. Possess	10.	(27.78)	25	(72.22)	15.11**
2 Do not possess	24	(75.00)	8	(25.00)	

£=Figures in parenthesis indcatpeeircent age
*X^2=Significant at 5 per cent level
**X^2=Significant at 1 per cent level
NS=Non significant.

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