

Prospects of Pradhan Mantri Fasal Bima Yojana (PMFBY); A Step towards Sustaining Farmer's Income

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Abstract

As we know the farmers livelihood totally depend on agriculture and agriculture is totally depend on climate, but when we come on the point of climate it can be said that the climatic condition is totally unpredictable in the context of India. It is due to it's Geographical Location. As we set up a well-known machinery to predict the climatic condition but it can't predict with accuracy. Farmers are the part and parcel of our economy. Given importance to this sector, our govt. has taken several steps for its sustainability, from that several steps here author focused on study the status of the government initiative Pradhan Mantri Fasal Bima Yojana (PMFBY).

This Paper is a conceptual paper. A systematic approach has made in this paper to capture the status of Pradhan Mantri Fasal Bima Yojana in India. Study based on secondary sources such as the periodicals, journal articles, and reports (Government Report and Non-Government report.) etc.

After doing the review of many literatures it has found that there is not as such issue in this scheme there is only issue of management and implementation. As many of the farmers is not aware and which one is aware about this, they didn't able to get benefited from the scheme as much as they should have to be.

Keywords: Crop Insurance Scheme, PMFBY (Pradhan Mantari fasal Bima Yojana), Government Scheme, Sustainable Income, Agriculture Sector, Welfare Scheme

Introduction

In a predominantly 'rural oriented' country like India, more than three fourths of its population live in villages and a majority of the rural population depend on agricultures for their livelihood. As we all know that our farmers are the backbone of Indian economy and play a very important role for national economy, but in our country the condition of farmers are very pathetic.

A person who completely dedicates his whole life into fulfilling others stomachs is our Indian farmer. As per NSSO data (2011-12) one fifth of rural household who fit into the definition of farmers with self - employed in agriculture as their principal occupation were having less than poverty line.

In India 54.6% of the population is engaged in agriculture (census 2011) and it contribute only 17% to the country's gross value added (GVA). (INDIA, 2018. p.n. 49.). it indicates a big disparity between agricultural and non - agricultural sector. This disparity put down farmers below the poverty line. Day by day increasing variation of inequality in earning money between a farmer and non - agricultural worker constitutes an important component for the emergence of distress and suicides.

So many times, farmers feel so hopeless about their life, their future due to their less income. There have been so many problems and those problems are a bigger obstacle for their good incomes. Farmers face floods, drought, pests, disease, and a plethora of other natural disasters. The weather is their greatest adversary, something that can never be controlled by human.

Farmers are the part and parcel of our economy. Given importance to this sector, our govt. has taken several steps for its sustainability, for improving soil fertility on a sustainable basis through soil health card scheme, access to irrigation and enhanced water efficiency

through Pradhan Mantri Krishi Sinchai Yojana (PMKSY), supporting organic farming through Paramparagat Krishi Vikas Yojana (PMKVY), for boosting the income of farmers supporting for creation of unified agricultural market e-NAM. Further for mitigating risk a new scheme Pradhan Mantri Fasal Bima Yojana (PMFBY).

Indian climate is totally unpredictable and complex due to its geographical location. In this situation provision of crop insurance under PMFBY is a very important steps taken out by Govt.

In India agriculture sector faces various risk like yield risk or price risk. yield risk, specifically weather-related risks, are critical and account for nearly 60% of variation in crop yield. (Pullamvilavil. 2018). Weather shocks can create health and nutrition problem that undermine long – term earning capacity. PMFBY is a risk mitigation mechanism which plays a critical role in this sector. Crop insurance is a tool that farmers can use in today's agricultural world. For a premium, farmers can pass their weather-related risk onto a third party.

In This present study, researcher has tried to focus on Pradhan Mantri Fasal Bima Yojana (PMFBY) with broadly exploration of their obstacles in implementation and it's awareness among farmers.

At this stage, when we talk about various developments and the welfare of India, there should be given little attention towards the troubles of farmers, promote farmer's welfare and take a step for the farmer's incomes.

Statement of the Problem

PMFBY is designed to cover comprehensive risk insurance on yield losses due to non-preventable risks, such as Natural Fire and Lightning, Storm, Hailstorm, Cyclone etc. (C. Deepak. 2017). In cases where the majority of the insured farmers of a notified area, having an intent to sow and incurred expenditure for the purpose, are prevented from sowing the insured crop due to adverse weather conditions, shall be eligible for indemnity claims up to a maximum of 25 percent of the sum-insured. (C. Deepak. 2017). and in post-harvest losses, coverage will be available up to a maximum period of 14 days from harvesting for those crops which are kept in "cut & spread" condition to dry in the field (MOA & FW, 2017). Problem is that there is inordinate delay in insurance claim settlement, whereas farmers loss their crop due to uncertainty and they have no crop to sell so, They are Invariably forced to go to the moneylender And at this juncture they compel to trap in the vicious cycle of loan.

PMFBY provides a comprehensive insurance cover against failure of the crop thus helping in 'stabilizing the income of the farmers' and encourage them for adoption of innovative practices. These schemes provide protection to the incomes of our farmers, but the existing condition is that they are not safeguarded by these. Even though if they are able to make improvement in their cropping at the same time some haphazardly calamity like flood, drought, hailstorm etc. occur and their total crop is getting destroyed whereas they didn't keep assurance under PMFBY they go in the lap of loss. In this

situation farmer again stand there where they stand before.

Objectives of the study

The present study has taken up to analysis the following research objectives.

1. To study the status of Beneficiary of PMFBY.
2. To study the trend of benefited farmers.
3. To find out the factor which caused hinderance towards the success rate.

Research Methodology

A systematic approach made in this study. In this study researcher review various literature to draw a theoretical and conceptual base about the subject matter. This study is based on secondary data. Data were collected from Government report, non-government report and Various scholarly article In this study data were analyzed using XL and percentage were used to fulfill the objective of the study.

Review of Literature

Dr. Pradeepika (2017) reviewed PMFBY in the state of Haryana by conducting survey with financial institutions, implementing agency and agricultural department who were aware of operational modalities of PMFBY scheme and observed that issues like negative publicity, lack of marketing, non-involvement of agriculture department staff and due to some operational issues in capturing crop cutting data are the major hindrances in executing PMFBY .

Amol Haridas Bobade et.al (2014), carried out their study on, "Awareness of farmers about a District (Maharashtra)", aims to examine the awareness of farmers about crop insurance scheme in study area. They find that the most of the insured as well as uninsured farmers have information about crop insurance, but few of them know the procedure of getting crop insurance, because they illiterate and implementing agency failed to advertise entire process in the simple language.

M. Shamuyarira and Graven. (2018). carried out their study on, Rural farmer awareness on crop Insurance Scheme in Pollachi Taluk (Coimbatore, Tamilnadu), they find agriculture is affected by the natural calamities like drought, flood, etc., which forms the major risk for the farmers. Theoretically the crop insurance stabilizes the farmer's income during the loss period. But in real practice it doesn't act as an instrument during the period of loss. In the mindset of the farmers the crop insurance is best suited for large scale farmers because the premium is not affording to the small & medium farmers further the extent of coverage is very low.

Pradhan Mantri Fasal Bima Yojana (PMFBY)

PMFBY is yield-based insurance that uses crop-cutting experiments (CCEs) to determine the yield lost by farmers due to natural catastrophes and adverse weather conditions. (Pullamvilavil. 2018). This scheme opens for both farmers who have taken loan as well as those who have not. PMFBY compensates farmers if any of the notified crops fail due to natural calamities, pests and diseases. Scheme has a uniform premium of 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops and 5% for horticulture and other commercial crops. The rest of

the premium is paid equally by the center and state govt. (M Saraswathy,2018). The scheme also mandates use of new technology including remote sensing and drones to measures crop yield. A total of 18 insurance companies, private and public sector have been empaneled for the scheme.(Saraswathy, 2018)

The Scheme PradhanMantriFasalBimaYojana (PMFBY) aims at supporting sustainable production in agriculture sector by way of – Providing financial support to farmers suffering crop loss/damage arising out of unforeseen events ,Stabilizing the income of farmers to ensure their continuance in farming, Encouraging farmers to adopt innovative and modern agricultural practices, Ensuring flow of credit to the agriculture sector; which will contribute to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.(Ministry Major Schemes.n.d.)

The PMFBY involves farmers, banks, state and central government, insurance companies and re-insurers. The scheme is to be implemented through a multi-agency framework under the guidance the Department of Agriculture in coordination with Cooperation & Farmers Welfare, Government of India and the concerned State in coordination with various other agencies Government Departments viz. Agriculture, Co-operation, Horticulture, Statistics, Revenue, Information/Science & Technology, Panchayati Raj etc. (Singh, 2017).

The most important role, however, is played by the state government which finalizes the insurance company for every cluster through open tenders, pays half of premium subsidy, conducts crop cutting experiments, and submits data of crop yield to the concerned insurance company. (Gulati. 2018).

Study on PMFBY in Indian context

The share of agricultural households insuring their crops in PMFBY was low. In 2016-17, 571 lakh farmers were insured under the scheme (economic survey 2018). Majority (76%) of the farmers insured had loans but coverage of farmers without loans is low (Kodidala. 2018). whereas PMFBY is mandatory for farmers with loans and optional for those without loans.

PMFBY was rolled out from April 2016. By now, the scheme has been implemented in four seasons starting from kharif 2016 to Rabi 2018. (Gulati. 2018). As per Ministry of agriculture and farmers welfare's data, in 2016-17, the gross premium paid to insurance companies was Rs 22,179.82crores, out of which farmers paid Rs 4,383.3crores but the claims paid by insurance company in 2016-17 reached Rs 12,959.1crores. (Damodaran. 2018).

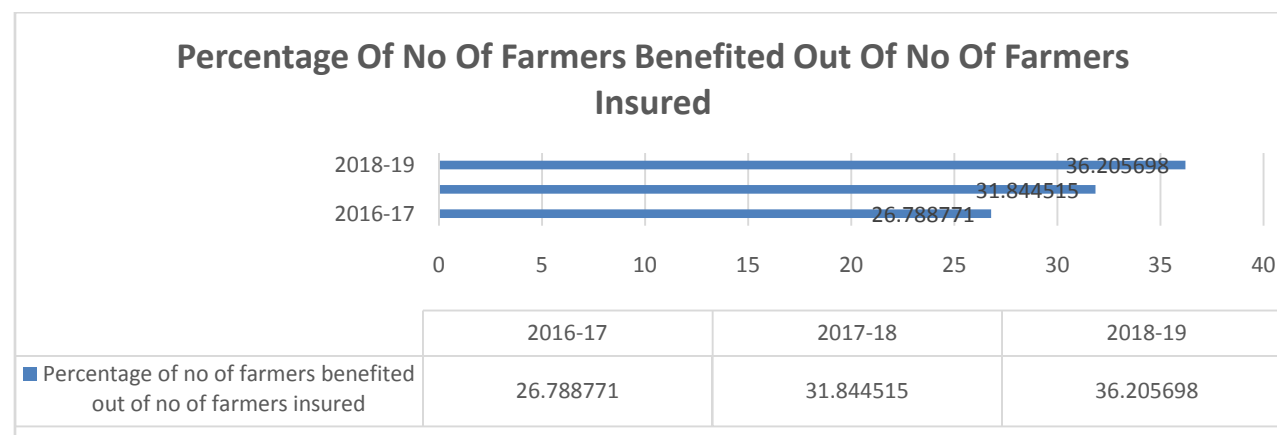
(Gulati. 2018) As per the gross premium in 2016-17 was Rs 1,252.42crore, while claims of Rs 2,724.82crores were paid to farmers. It shows that the scheme can be effective in mitigating farmers' distress, provided banks submit data to companies in time, state government's pay premium subsidy, and conduct CCEs promptly and accurately.

When we take a look on PMFBY Ministry of agriculture & farmer Welfare previous three years data from 2016 to 2019, we can see that none of the year is there in which, out of total no. of insured farmers at least 50% farmers got benefited. In the year 2016-17 Percentage is 26.78% only, in the year 2017-18 percentage is 31.84%, where as in the year 2018-19 this is 36.20% that is clearly indicates that the proportion of beneficiary is very low.A summarized table of this data as below-

Years	Number of Farmers Insured (number in Lakhs)	No. of Farmers benefitted (number in Lakhs)	Percentage of no of farmers benefitted out of no of farmers insured
2016-17	584.2	156.5	26.788771
2017-18	535.1	170.4	31.844515
2018-19	575.6	208.4	36.205698

Table 1Complied with: State wise business statistics, PMFBY Ministry of agriculture &farmer Welfare<https://pmfby.gov.in/stateWiseDataPage>

After this it can be said a scheme that looks good on paper is, now virtually flattering to deceive.



But one thing also found after studying the above data that, year by year percentage of beneficiary is increasing. It can be visualized from the above graph.

Conclusion

After studying the scholarly articles, news paper articles, government reports, non government report and state wise business statistics data on Pradhan Mantri Fasal Bima Yojana, Ministry of Agriculture and Farmers Welfare researcher came at the stage to draw some Conclusion of their research study. Here researcher concluded that PMFBY is on dearth to full fill their objective, whereas it can also be concluded that it is on the way to fulfill their objective year by year. The trend of beneficiary is going to increase. It can also be said that there are some factor which hinder the success of the scheme such as weak or poor implimentation machanisim, lack of awarness about the scheme among the farmers, lack of accountability among the implimenting agencies and the lack of attitude of our socity towards the governmental scheme.

Suggestions

On the basis of above study researcher would like suggest that it is important to take timely review says monthly or quarterly by the government to know the ongoing status of the scheme. Timely review would help government to find out the barrier on the way to full fill it's objective and for taking remedial action plan and also helps them to draw some strategic plan in within a specific period.

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Abbreviation

NSSO- National Sample Survey Office
e-NAM- Electronic National Agriculture Market
MOA & FW - Ministry of Agriculture and Farmers Welfare