Pradhan Mantri Fasal Bima Yojana-An Analysis in Haryana

Menka Rani "Assistant Professor of Economics Govt. P.G College Hisar

ISSN 2454-308X

Abstract: The findings highlight that more than 2/3rd of farmers were aware on general information as well as premium related information followed by seasonality discipline (40.23%) and risks coverage 34.43 percent only. A vast majority (93.33%) of farmers adopted the compulsory proposal for loanee farmers while 6.67 per cent adopted it voluntarily. It implies that to get wider voluntary adoption by farmers, active participation of stakeholders along with the service provider is very much essential for public awareness and capacity building campaign for farmers through bank personnel, agricultural department and village panchayats to convince farmers for voluntary adoption of such risk mitigating scheme.

Keywords: PMFBY, risk coverage and insurance proposals, farmer lone

Introduction: Central government has launched Pradhan Mantri Fasal Bima Yojana (PMFBY) with the aim of providing financial support to the farmers suffering from crop loss and encouraging farmers to adopt innovative and modern agricultural practices. The Pradhan Mantri Fasal Bima Yojana (PMFBY) will replace the existing two schemes National Agricultural Insurance Scheme as well as the Modified NAIS. Applications for Pradhan Mantri Fasal Bima Yojana (PMFBY) are being invited by the center govt through online mode only. Farmers can apply online for this scheme by visiting the official website agri-insurance.gov.in.

Under this scheme, farmers will get full sum of their insured money without any reduction and will ensure the flow of credit to the agriculture sector. This scheme will cover risks of prevention of pre-planting/sowing, post-harvesting, standing crops and localized calamities.

Objective of the PMFBY:

1. Providing financial support to the farmers suffering from crop loss/damage arising out of unforeseen events.
2. Encouraging farmers to adopt innovative and modern agricultural practices.
3. Stabilizing the income of farmers to ensure their continuance in farming.
4. Ensuring flow of credit to the agriculture sector which will contribute to food security and crop diversification.
5. Enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.

Crops Covered under Pradhan Mantri Fasal Bima Yojana (PMFBY): -

- Food crops like Cereals, Millets and Pulses.
- Oilseeds
- Annual Commercial/Horticultural crops

Important Features:-

- Farmers will get claim against full sum of insured money without any reduction

- 2% premium for Kharif crops and 1.5% premium for Rabi crops
- 5% premium for annual commercial and horticultural crops
- No upper limit on Government subsidy, even if balance premium is 50%, it will be borne by the government
- There will be "One Crop, One Rate"
- Smartphones will be used to capture and upload data of crop cutting to reduce delays in claim payment to farmers
- Remote Sensing will reduce the number of crop cutting experiments

Coverage of Risks under Pradhan Mantri Fasal Bima Yojana (PMFBY):-

Following stages of risks leading to crop loss are covered under the scheme:-

- Prevented Sowing /Planting due to deficit rainfall or adverse seasonal conditions.
- Risk insurance is provided to cover yield losses of standing crops due to non- preventable risks like Drought, Flood, Pests, Landslide, Natural Fire and Lightening, Storm, Hailstorm, Cyclone, Typhoon, Hurricane and Tornado.
- Crops which are allowed to dry in cut and spread condition in the field after harvesting against unseasonal rains or cyclone.
- Loss/ damage resulting from occurrence of identified localized calamities of hailstorm or landslide affecting isolated farms in the notified area.
- Losses arising out of war and nuclear risks, malicious damage and other preventable risks shall not be covered.

Comparison with Previous Schemes

Sl.No	Feature	NAIS [1999]	MNAIS [2010]	PM Crop Insurance Scheme
1	Premium rate	Low	High	Lower than even NAIS (Govt to contribute 5 times that of farmer)
2	One Season – One Premium	Yes	No	Yes
3	Insurance Amount cover	Full	Capped	Full
4	On Account Payment	No	Yes	Yes
5	Localised Risk coverage	No	Hail storm, Land slide	Hail storm, Land slide, Inundation
6	Post Harvest Losses coverage	No	Coastal areas - for cyclonic rain	All India – for cyclonic + unseasonal rain
7	Prevented Sowing coverage	No	Yes	Yes
8	Use of Technology (for quicker settlement of claims)	No	Intended	Mandatory
9	Awareness	No	No	Yes (target to double

Source: PMFBY Premium Amount Haryana – IMG Credits: dainikjagran.com

Pradhan Mantri Fasal Bima Yojana-An Analysis: An analysis of the government's flagship national agriculture insurance scheme, the Pradhan Mantri Fasal Bima Yojana (PMFBY), has suggested that while being far superior to previous such schemes, its implementation are seriously compromised.

- The report was released by New Delhi based non-profit Centre for Science and Environment. CSE's deputy director general Chandra Bhushan, said, "This assessment is based on our field study in Haryana, Tamil Nadu and Uttar Pradesh, as well as national level engagement with various stakeholders including farmer and farmers organisations, insurance companies and government departments."
- Across the world, agriculture insurance is recognised as an important part of the safety net for farmers to deal with the impacts of extreme and unseasonal weather due to climate change.

The hits and misses of PMFBY:

- The PMFBY was launched by the Centre on April 1, 2016 to help farmers cope with crop losses due to unseasonal and extreme weather. It replaced the National Agricultural Insurance Scheme and the Modified National Agricultural Insurance Scheme. The Weather-Based Crop Insurance Scheme (WBCIS) remains in place, though its premium rates have been streamlined with the latest scheme.
- PMFBY was more farmer-friendly provisions than its predecessors. It reduced the burden of premium on farmers significantly and expanded coverage. It also promoted use of advanced technologies to estimate losses accurately and accelerate payments to farmers.

The positives:

- Coverage of agricultural insurance has significantly increased in kharif 2016 compared to kharif 2015 across India. The number of farmers insured crossed 4 crores during kharif 2016, a jump from 3.09 crores in kharif 2015.
- The sum insured is now closer to the cost of production than before. It has gone up from Rs 20,500 per hectare of land during kharif 2015, to Rs 34,370 in kharif 2016. This means in case of losses, farmers should theoretically get significantly higher compensation than before. However, in some states like Rajasthan, the sum insured remains very low—about one-third of the cost of production.

The negatives:

- **Gaps in assessment of crop loss:** The sample size in each village was not large enough to capture the scale and diversity of crop losses. In many cases, district or block level agricultural department officials do not conduct such sampling on ground and complete the formalities only on paper. CSE also noted lack of trained outsourced agencies, scope of corruption during implementation and the non-utilisation of technologies like smart phones and drones to improve reliability of such sampling.
- **Inadequate and delayed claim payment:** Insurance companies, in many cases, did not investigate losses due to a localised calamity and, therefore, did not pay claims. For kharif 2016, the claim payment to farmers was inordinately delayed—till April 2017; claims for kharif 2016 were not paid or were partly paid in 14 out of 21 states. Only 32 per cent of the

reported claims were paid out by insurance companies, even when in many states the governments had paid their part of premium.

- **High actuarial premium rates:** Insurance companies charged high actuarial premium rates during kharif 2016 – the all-India rate was approximately 12.6 per cent, which was highest ever. Much higher rates were charged in some states and regions. The average actuarial rate in Gujarat was 20.5 per cent, in Rajasthan 19.9 per cent, and in Maharashtra 18.9 per cent.
- **Massive profits for insurance companies:** CSE's analysis indicates that during kharif 2016, companies made close to Rs 10,000 crore as 'gross profits'.
- **Coverage only for loanee farmers:** PMFBY remains a scheme for loanee farmers – farmers who take loans from banks are mandatorily required to take insurance. The percentage of non-loanee farmers availing insurance remained less than 5 per cent during kharif 2016 and 2015. Like previous crop insurance schemes, PMFBY fails to cover sharecropper and tenant farmers.
- **Poor capacity to deliver:** There has been no concerted effort by the state government and insurance companies to build awareness of farmers on PMFBY. Insurance companies have failed to set-up infrastructure for proper implementation of PMFBY. There is still no direct linkage between insurance companies and farmers. Insured farmers receive no insurance policy document or receipt.
- The report has also identified issues like delayed notification by state governments, less number of notified crops than can avail insurance, problem with threshold yield estimation etc. that has diluted the usefulness of PMFBY.
- One of the key conclusions of the report is that PMBY is not beneficial for farmers in vulnerable regions. "For farmers in vulnerable regions such as Bundelkhand and Marathwada, factors like low indemnity levels, low threshold yields, low sum insured and default on loans make PMFBY a poor scheme to safeguard against extreme weather events. Our analysis shows that farmers in these areas might not get any claim even if more than half of their crops are damaged," adds Chandra Bhushan.

Conclusion: In an era of climate change, a universal, subsidised agriculture insurance is crucial to safeguard the lives and livelihoods of farmers. But we need a farmer-friendly, fair and transparent agriculture insurance. An agriculture insurance driven by profit-motives will do more harm than good.

Reference:

1. Mohapatra L, Dhaliwal RK. An analysis of constraints faced by the farmers in availing agricultural insurance in Punjab. Journal of Community Mobilization and Sustainable Development. 2013; 8(2):253-256

2. Nain MS, Singh Rashmi, Mishra JR. Pradhan Mantri Fasal Bima Yojana avum krishak Jagrukta: Dakshin Purvi Haryana an analytic study. Bhartiya Krishi Anushandhan Patrika. 2017; 32(1):64-70.

3. Raju SS, Chand R. A study on the performance of National Agricultural Insurance Scheme and suggestions to make it more effective. Agricultural Economics Research Review. 2008; 21:11-19.

4. Sundar J, Ramakrishna, Lalitha. A study on farmers' awareness, perception and willing to join and pay for crop insurance. International Journal of Business and Management Invention. 2013; 2(1):48-54.

5. Ashish Barua (2016), " Pradhan Mantri Fasal Bima Yojana (PMFBY): Transforming Indian Farmer " s Destiny ", Volume XIV, No.1, IRDAI Journal, January, 2016.

6. Tapas Kumar Parida (2016), " Pradhan Mantri Fasal Bima Yojana (PMFBY): Issues and Concern ", Volume XIV, No.1, IRDAI Journal, January, 2016.

7. Pooja Kansra (2016), " Awareness and Willingness of Farmers towards Crop Insurance in Punjab ", Volume XIV, No.1, IRDAI Journal, January, 2016

8. S. Subashini (2016), " Crop Insurance an Indian Perspective Outlook-A painful cryings from farmers ", Volume XIV, No.1, IRDAI Journal, January, 2016