

A Study on Impact of Prime Minister's Fasal Bima Yojana (PMFBY) in Madhya Pradesh

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Abstract: *Agriculture is the source of livelihood of the majority of its population and being one of the most disaster prone countries, crop insurance occupies an important place in India. Hence, an attempt has been made to understand and assess the successful implementation of Prime Minister Fasal Bima Yojana (PMFBY) in Madhya Pradesh in order to propose a suitable strategy for India. The required information culled out from the Department of Agriculture, Collector office and private insurance agencies to understand the issues in implementation of the crop insurance programs. Few farmers from the districts in were interviewed to explore the perception of the farmers regarding crop insurance. It was noted that Madhya Pradesh became the first district of India to provide Mid Season Adversity benefit to 16293 Farmers of INR 9.41 crore from November 2016. Claim settlement increased by paying full insurance claim of INR. 62.37 /- crore amongst the 28739 farmers for Kharif season in 2016. Most of the surveyed farmers were aware about the relief payments and prefer relief to crop insurance. They achieved this success by developing confidence among the farmers and mobilizing the entire District Administrative functionaries.*

Keywords: Prime Minister Fasal Bima Yojana (PMFBY)

I. INTRODUCTION

Since 1985, the Central government is implementing different farm insurance schemes, to insulate farmers against agricultural risks. Crop insurance schemes have not been a hit with Indian farmers in the past. High premium, limited coverage, complicated ways of assessing losses and delayed payment of compensation have kept farmers away from them. Given the high risk of crop damage in India, with significant loss in food grain production, it has become vital to address the flaws in the existing crop insurance schemes. Out of the total farm land of 195.26 million hectares in the country, only 42.82 million hectares or 22 per cent is insured. In this backdrop the Centre has launched the Pradhan Mantri Fasal Bima Yojana (PMFBY). While the outline of the scheme looks attractive, the success of the plan lies in its implementation.

Government has introduced yield based Pradhan Mantri Fasal Bima Yojana (PMFBY) and weather index based Restructured Weather Based Crop Insurance Scheme (RWBCIS) from Kharif 2016 to provide financial support to farmers suffering crop loss/damage due to natural calamities/adverse weather conditions, to stabilize the income of farmers etc. In total there were 366.637 lakh farmers insured in India under PMFBY and RWBCIS (combined) during Kharif 2016.

The top 10 States in terms of number of farmers insured under PMFBY and RWBCIS (combined) during Kharif 2016 were: Maharashtra, Rajasthan, Madhya Pradesh, West Bengal, Uttar Pradesh, Odisha, Andhra Pradesh, Bihar, Chhattisgarh and Gujarat.

The number of farmers insured under PMFBY and RWBCIS (combined) in Maharashtra was 106.39 lakhs during Kharif 2016. It accounted for 29.02% of the total farmers insured under PMFBY and RWBCIS (combined) during Kharif 2016. The number of farmers insured under PMFBY and RWBCIS (combined) in Rajasthan was 53.06 lakhs during Kharif 2016. It accounted for 14.47% of the total farmers insured under PMFBY and RWBCIS (combined) during Kharif 2016. The number of farmers insured under PMFBY and RWBCIS (combined) in Madhya Pradesh was 36.54 lakhs during Kharif 2016. It accounted for 9.97% of the total farmers insured under PMFBY and RWBCIS (combined) during Kharif 2016. The number of farmers insured under PMFBY and RWBCIS (combined) in West Bengal was 32.4 lakhs during Kharif 2016. It accounted for 8.84% of the total farmers insured under PMFBY and RWBCIS (combined) during Kharif 2016. The number of farmers insured under PMFBY and RWBCIS (combined) in Uttar Pradesh was 30.04 lakhs during Kharif 2016. It accounted for 8.19% of the total farmers insured under PMFBY and RWBCIS (combined) during Kharif 2016. These top 5 states accounted for 70.49% of the total farmers insured under PMFBY and RWBCIS (combined) as a whole during Kharif 2016.

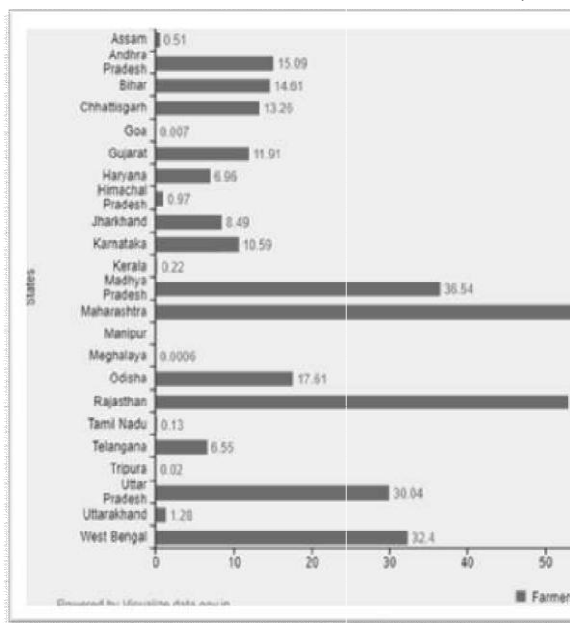


Fig.1: State-wise details of farmers covered under Pradhan Mantri Fasal Bima Yojana (PMFBY) and Restructured Weather Based Crop Insurance Scheme (RWBCIS) (combined) during Kharif 2016

This new crop damage insurance scheme has been approved by the Union Cabinet in January 2016. The honourable Prime Minister announced Prime Minister's Fasal Bima Yojana (PMFBY) on 18th Feb, 2016 in Sherpur village of Sehore district, Madhya Pradesh. It has replaced the existing two crop insurance schemes National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS). The new scheme came into force from the Kharif season

started in June 2016. The scheme covers Kharif, Rabi as well as annual commercial and horticultural crops. Premium charges from farmers will be lowest ever i.e. 1.5% of scale of finance for Kharif Crops. The remaining share of premium will be borne equally by the central and respective state governments. Various stages of crop insurance coverage have been mentioned in the clause IV of the scheme. Different stages of the crop and risks leading to crop loss are covered under the scheme such as Prevented Sowing/ Planting Risk, Standing Crop (Sowing to Harvesting), Post- Harvest Losses and Localized Calamities. Within 2-3 years of implementation the scheme aimed to bring 50% farmers under the scheme. The settlement of claims was fastened for the full sum assured. The Provision of about 25% of the likely claim was settled directly on farmers account under Mid Season Adversity clause of Scheme. The Scheme implemented on an 'Area Approach basis' as the government wanted to enhance insurance coverage to more crop area to protect farmers from climate variations.

1.1 Objective of the Study

On this context, it has come to notice that very good work has been done in Madhya Pradesh during the year 2016-17 in popularizing PMFBY and also became first district to provide Mid Adversity crop insurance benefit to farmers within stipulated time. Hence, an attempt has been made to understand and assess the successful implementation of PMFBY in Madhya Pradesh in order to propose a suitable strategy for India.

II. METHODOLOGY

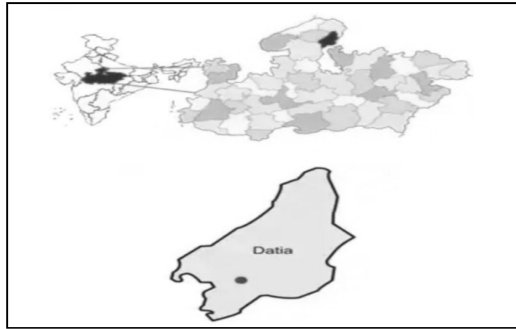
This paper primarily relies on secondary information culled out from the Department of Agriculture, Collector office and private insurance agencies to understand the issues in implementation of the crop insurance programs. Few farmers from the districts in were interviewed to explore the perception of the farmers regarding crop insurance and capture the performance made by the initiative. The performance of the scheme at has been assessed in terms of number of farmers Insured and amount claimed by farmers using simple descriptive statistics.

2.1 Datia At A Glance

Datia the smallest District, in the Gwalior region of Madhya Pradesh with its administrative headquarters located at Datia city. It forms a part of Bundelkhand region covering an area of 2959 Sq.km. The district is divided into three tehsils and three blocks of the same name i.e., Datia, Seondh and Bhandar. The district is predominantly a rural district there are 4 towns and 583 villages.

According to 2011 census, the district encompasses a geographical area of 2,902 sq km and has a population of 7,86,754. The rate of Labour Force Participation is 38.63%. Main source of income in the district is from the agriculture sector and per capital income is INR. 43,082. There are total 1,52,900 farmers in the district and majority of the farmers are growing paddy, maize, sorghum, pearl millet, red gram, green gram, black gram, soybean and sesame in Kharif while wheat, gram, peas, lentil, mustard and sugarcane in Rabi season. The major Kharif crops of the district are black

gram, Sesame and paddy which cover more than 80% of the crop area.



Map 1: Location map of Datia District of Madhya Pradesh

2.2 Issue That had to be Addressed

It was noticed that a very short insurance claim amount has been paid under National Agriculture Insurance Scheme from the year 2013-14 to 2015. The Year wise details of the distribution are as follows.

Table 1: Year wise details of the insurance scheme in Datia

Season/Year	Scheme	No. of Farmers	No. of Farmers Insured	Amount claimed by Farmers (crore)
Kharif 2013	*NAIS and Revised NAIS	1969	00	00
Kharif 2014	NAIS	1687	00	00
Kharif 2015	NAIS	6250	04	02
Kharif 2016	PMFBY (Mid Season Adversity)	39370	16293	9.41
Kharif 2016	(PMFBY) Final Insurance Claim		**28739	62.37

*NAIS - National Agricultural Insurance Scheme, PMFBY-Pradhan Mantri Fasal Bima Yojana

**** Out of 28739 beneficiaries, 85 farmers are cultivating irrigated paddy, 17780 sesame and 10874 urad growing farmers.**

The main challenges was to aware farmers and enroll them under the scheme. To gain the confidence of None loanee farmers as of their previous experiences was bitter. One more problem was bank formality and Crops registered with KCC and what they are sowing are different thus they do not have a chance to get settle down the claims.

III. CONCLUSION

According to the announcement of the honourable Prime Minister on 18th Feb, 2016 in Sherpur village of Sehore district, Madhya Pradesh, PMFBY has been implemented from the Kharif 2016 in the entire country including Madhya Pradesh. About 28739 farmers of the Datia district were benefited under the PMFBY scheme and they were paid an insurance claim of an amount of INR 62.37 crore whereas a very short insurance claim amount has been paid under National Agriculture Insurance Scheme from the year 2013-14 to 2015. Out of INR 62.37 crore INR 9.41 crore was distributed under Mid Season Adversity claims for 16293 black gram and sesame growing farmers

it means 57% of total 39370 farmers benefited under this scheme. The Premium collected by the company from farmers was 3.41 crore and after contribution of matching share of govt it was become 9.50 crore. Farmers of the district contributed only 3.41 crore as premium and got claims of INR 62.37 crore back. They achieved this success by developing confidence among the farmers and mobilizing the entire District Administrative functionaries as a team. Also timely issued notifications, survey and closely monitoring were the critical success factors.

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