

A Critical Appraisal of Pradhan Mantri Fasal Bima Yojana (PMFBY)

(With Special Reference to Rabi Fasal 2016-17 in Rajasthan State)



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Abstract

A new modified agriculture crop insurance scheme namely "Pradhan Mantri Fasal Bima Yojana (PMFBY)" was launched on January 13, 2016 in Cabinet meeting on the Occasion of 'Makar Sankranti' by the Hon'ble Prime Minister Shri Narendra Modi in the country. In this scheme, a lot of more benefits have been given to the farmers in comparison to past schemes like low premium rates, more government subsidiary, coverage of post harvest losses and crops damage by local calamities, fast claims to farmers, use of technology etc. Loanees farmers (share cropper and tenant farmers both) and non-loanees farmers (share cropper and tenant farmers both) can get agriculture crop insurance facility for notified crops in notified areas. The farmers get their crop insurance through agents, banks with the insurance companies.

Keywords: SLCCCI, PMFBY.

Introduction

The insurance premium and claim payment are calculated on the basis of norms and if crop damage by any one or more reasons, the claim payment are made to the farmers fast through concern agent/bank etc. by the insurance company. The existing State Level Co-ordination Committee on Crop Insurance (SLCCCI) of the concerned state is responsible for monitoring of the scheme programmes in concern state. PMFBY has been implemented all over the country. First of all, it has been implemented in Madhya Pradesh later on in Rajasthan state and in other states also.

Objectives of the Study

The main four objectives of this scheme are as follows:

1. To provide insurance coverage and financial support to the farmers, when any notified crop damage due to natural calamities.
2. To provide stability in the income of the farmers.
3. To increase modern technology in farming.
4. To provide credit facilities to the loanee and non-loanee farmers.

Review of Literature

An extensive literature related to the research topic of present study has been reviewed by the researcher, which are mentioned below :

Literature Consulted

Bindiya Kunal Soni and Jigna Trivedi (2013) 'Crop insurance: An Empirical Study on Awareness and Perceptions' Universally agriculture in perceived to be synonymous with risk and uncertainly. Crop insurance is one alternative to manage risk in yield loss by the farmers. It helps in stabilization of farm production and income of farming community.

Sundar and Lalitha Ramakrishnan (2010) 'A Study on Farmers' Awareness Perception and Willing to Join and Pay For Crop Insurance' This paper discusses the findings of the study in the area of crop insurance.

Raju, S. and Chand, R. (2008) 'Agricultural Insurance in India: Problems and Prospects' Crop insurance not only Stabilizes the firm income but also helps the farmers to initiate production activity after a bad agricultural year.

Ghosh Alok (2017) 'Indian Economy – Its Nature and Problems' The author explained the origin and development of agriculture sector during five year plans, its importance, Present Position, Problem and Suggestions in detail alongwith Industry, Trade and Transport.

Dutt Ruddar & Sundaram KPM (2018)
'Indian Economy' In this book, the author discussed various aspects of Indian Economy: Agriculture, Industry, Foreign Trade & Export Promotion, Means of Transport: Rail, Road, Air and Water with their significance, Origin and Development, Present Position, Problems and Suggestions in detail.

Research Gap Found

This review of literature shows that various studies have been taken place on agriculture crop insurance and as a whole on Indian Economy touching the aspect of agriculture sector in India and abroad. But no efforts or research have been carried out for the purpose of agriculture crop insurance Government schemes. Keeping it in view, the researcher has selected this topic to make an empirical study of "A Critical Appraisal of Pradhan Mantri Fasal Bima Yojana (PMFBY) (With Special Reference to Rajasthan State)" For research purpose, the researcher selected following five districts from Thirty Three districts of Rajasthan state through lottery system:

1. Ajmer
2. Alwar
3. Bhilwara
4. Jaipur and
5. Udaipur

The present study belongs to Rabi Fasal 2016-17 with special reference to five districts: Ajmer, Alwar, Bhilwara, Jaipur and Udaipur of Rajasthan state only upto insurance stage. Claims payments are in process still and 4% Bank charges will be paid in future by the insurance companies.

Hypothesis

At the beginning, it is assumed that the hypothesis is null and the entire research work will be critically examined fairly with the help of statistical and financial techniques. In this study, the researcher has been critically examined the following hypothesis:

1. PMFBY has been providing insurance coverage and financial support to the farmers.
2. PMFBY stabilises the income of farmers to ensure their continuous process in farming.
3. PMFBY encourages farmers to adopt innovative and modern agricultural practices.
4. PMFBY ensures flow of credit to the agriculture sector.
5. PMFBY is a beneficial scheme to Indian farmers.

Scope and Methodology

The present study is based on secondary data as well as primary data obtained from the office of (1) Ministry of Agriculture, Government of Rajasthan, Jaipur, (2) Agriculture Insurance Company of India Limited (AIC), New Delhi, its Jaipur office (3) IFFCO Tokio General Insurance Company Limited, Gurugram (Harayana), its Jaipur office (4) Cholamandalam MS General Insurance Company Limited (Chola MS) Chennai (Tamil Nadu), its Jaipur office and (5) United India Insurance Company Limited (UIIC), Chennai (Tamil Nadu) its Jaipur office. The researcher prepared a good questionnaire and took the personal interviews of Sarpanch, Panch, Farmers, Tehsildar, Girdawar and officers of (1) Ministry of Agriculture, Government of Rajasthan, Jaipur, (2) Agriculture Insurance Company

of India Limited (AIC), New Delhi, its Jaipur office (3) IFFCO Tokio General Insurance Company Limited, Gurugram (Harayana), its Jaipur office (4) Cholamandalam MS General Insurance Company Limited (Chola MS) Chennai (Tamil Nadu) its Jaipur office and (5) United India Insurance Company Limited (UIIC), Chennai (Tamil Nadu) its Jaipur office. Besides the researcher also consulted several other publications on PMFBY of central and state government, regarding its implementation and impact. Ratio analysis (Percentage Method) technique has been used to interpret and analyse the available data and information of PMFBY. In implementation of this scheme, short comings/weaknesses have been worked out and necessary suggestions have been given for its better future by the researcher.

The workings of Pradhan Mantri Fasal Bima Yojana (PMFBY) in the Rajasthan state are basically in the hands of Ministry of Agriculture, Government of Rajasthan, Jaipur. The Government of Rajasthan, Agriculture (Group-I) Department issued notification for its implementation for Rabi Fasal 2016-17 dated 07.10.2016 No.P.1(3) Agriculture-1/M.C./2016 and Amended Notification dated 04.01.2017 No.P.1(3) Agriculture-1/M.C./2016.

The Government of Rajasthan took the help of following four crop insurance companies while implementing the Rabi Fasal 2016-17 in Rajasthan state :

1. Agriculture Insurance Company of India Limited, New Delhi
2. IFFCO Tokio General Insurance Company Limited, Gurugram (Harayana)
3. Cholamandalam MS General Insurance Company Limited (Chola MS) Chennai (Tamil Nadu)
4. United India Insurance Company Ltd., Chennai (Tamil Nadu)

Above mentioned four insurance companies did Rabi Fasal 2016-17 insurance of 24.93 lakh farmers of 22.98 lakh hectare area of sum insured ₹ 5852.45 crore of loanees and non-loanees farmers of notified crops of 33 districts of Rajasthan state in PMFBY.

In consideration of Rabi Fasal 2016-17 insurance, the farmers paid total premium to four insurance companies worth ₹ 115.18 crore alongwith state share of subsidy of ₹ 153.73 crore and central share of subsidy of ₹ 153.73 crore in 33 districts in Rajasthan state. In this way, the total premium reached to four crop insurance companies of ₹ 422.61 crore in Rabi Fasal 2016-17 in Rajasthan state in PMFBY.

The present research work includes the study of five districts of Rajasthan state of Rabi Fasal 2016-17 in PMFBY as table 1 shows the number of farmers, Insured area hectare, sum insured, total premium (Farmers share, State share subsidiary and central share subsidiary) to three crop insurance companies of Ajmer, Alwar, Bhilwara, Jaipur and Udaipur districts.

Table 1
District-wise Total Coverage Report of Selected Five
Districts for Rabi Fasal 2016-17 in PMFBY in Rajasthan State

S. No.	District	No. of Farmers (In Lakh)	Area Hect. (In Lakh)	Sum Insured (₹ in Cr.)	Farmers Share of Premium (₹ in Cr.)	State Share of Subsidiary (₹ in Cr.)	Central Share of Sub. (₹ in Cr.)	Total Premium (₹ in Cr.)
1.	Ajmer	1.60 (6.42)	1.31 (5.70)	293.57 (5.02)	5.13 (4.43)	11.06 (7.19)	11.06 (7.19)	27.25 (6.45)
2.	Alwar	2.84 (11.39)	1.62 (7.05)	517.38 (8.84)	7.75 (6.73)	4.48 (2.91)	4.48 (2.91)	16.72 (3.89)
3.	Bhilwara	1.04 (4.17)	0.71 (3.09)	182.28 (3.11)	2.80 (2.43)	5.83 (3.79)	5.83 (3.79)	14.46 (3.42)
4.	Jaipur	2.44 (9.79)	1.88 (8.18)	500.36 (8.55)	7.52 (6.53)	14.58 (9.48)	14.58 (9.48)	36.68 (8.68)
5.	Udaipur	0.35 (1.40)	0.29 (1.26)	69.72 (1.19)	1.05 (0.91)	0.61 (0.40)	0.61 (0.40)	2.27 (0.54)
TOTAL		8.27	5.81	1563.31	24.25	36.56	36.56	97.38
Percentage of Total 33 Districts		33.17	25.28	26.80	21.05	23.78	23.78	23.04

Source : (1) Ministry of Agriculture, Government of Rajasthan, Jaipur.
(2) Agriculture Insurance Company of India Ltd., New Delhi.
(3) Cholamandalam MS General Insurance Co. Ltd. (Chola MS) Chennai (TN)
(4) IFFCO-TOKIO General Insurance Company Ltd., Gurugram (Harayana)
(5) United India Insurance Company Ltd., Chennai (T.N.)

A critical appraisal of table 1 shows that total 1.60 lakhs loanees and non-loanees farmers applied for notified crops insurance in Ajmer district in IFFCO Tokio General Insurance Company Limited, Gurugram (Harayana) through concerned Co-operative Banks/ Commercial Banks/Regional Rural Banks (RRBs) in Rabi Fasal 2016-17 in PMFBY in Rajasthan state covering 5.70 per cent hectare area with sum assured of 5.02 percent of 33 districts. The total premium of ₹ 27.25 crore went to concerned insurance company included farmers share, state share of subsidiary and central share of subsidiary as per norms which was 6.45 percent of total premium of total 33 districts data.

Table 1 reveals that total 2.84 lakhs farmers applied for notified crops insurance in Alwar district in Agriculture Insurance Company of India Limited, New Delhi through concerned Co-operative Banks/Commercial Banks/Regional Rural Banks (RRBs) in Rabi Fasal 2016-17 in PMFBY in Rajasthan state which number 11.39 percent of total 33 districts farmers, covering 7.05 percent hectare area with sum assured of 8.84 percent of total 33 districts. The total premium of ₹ 16.72 crore reached to concerned insurance company included farmers share, state share of subsidiary and central share of subsidiary as per norms which was 3.89 percent of total premium of total 33 districts data.

Table 1 shows that 1.04 loanees and non-loanees farmers applied for notified crops insurance in Bhilwara district in United Insurance Company Limited Chennai (Tamil Nadu) through concerned Co-operative Banks/Commercial Banks/Regional Rural Banks (RRBs) in Rabi Fasal 2016-17 in PMFBY in Rajasthan state which number is 4.17 percent of total 33 districts farmers (24.93 lakhs farmers) covering 3.09 percent hectare area with sum assured of 3.11

percent of total 33 districts. The total premium of ₹ 14.46 crore reached to concerned insurance company included farmers share, state share of subsidiary and central share of subsidiary as per norms which is 3.42 percent of total premium of 33 districts data.

An analysis of Table 1 shows that total 2.44 lakhs loanees and non-loanees farmers applied for notified crops insurance in Jaipur district in Agriculture Insurance Company of India Limited, New Delhi through concerned Co-operative Banks/Commercial Banks/Regional Rural Banks (RRBs) in Rabi Fasal 2016-17 in PMFBY in Rajasthan state which number is 9.79 percent of total 33 districts farmers (24.93 lakhs farmers) covering 8.18 percent hectare area with sum assured of 8.55 percent of total 33 districts data. The total premium of ₹ 36.68 crore reached to concerned insurance company included farmers share, state share of subsidiary and central share of subsidiary as per norms which is 8.68 percent of total premium of 33 districts data.

Table 1 reveals that the role of Udaipur district in notified crops insurance in PMFBY has not been significant, in each component percentage varied between 0.40 and 1.40 in comparison to total 33 districts data of Rajasthan state. In Udaipur district total 0.35 lakh loanees and non-loanees farmers applied for crops insurance in IFFCO Tokio General Insurance Company Limited, Gurugram (Harayana) which number is 1.4 percent of total 33 districts of Rajasthan state data through concerned Co-operative Banks/Commercial Banks/ Regional Rural Banks (RRBs) in Rabi Fasal 2016-17 in PMFBY in Rajasthan state, covering 1.26 percent hectare area with sum insured of 1.19 percent of total 33 districts of Rajasthan state. The total premium of ₹ 2.27 crore reached to concerned insurance company included farmers share,

state share of subsidiary and central share of subsidiary as per norms which is 0.54 per cent of total premium of 33 districts data.

Assumptions & Limitations of Research Work

The present research work depends upon the following assumptions:

1. The present study depends upon secondary data as well as primary data obtained from the records of (A) Ministry of Agriculture, Government of Rajasthan, Jaipur, (B) Agriculture Insurance Company of India Ltd., New Delhi, its Jaipur office (C) Cholamandalam MS General Insurance Company Limited (Chola MS) Chennai (Tamil Nadu), its Jaipur office (D) IFFCO Tokio General Insurance Company Limited, Gurugram (Harayana) its Jaipur office and (E) United India Insurance Company Limited Chennai (Tamil Nadu) its Jaipur office.
2. The present study includes the information and data regarding notified crops of Rabi Fasal 2016-17 of five districts: Ajmer, Alwar, Bhilwara, Jaipur and Udaipur of insurance only in PMFBY in Rajasthan state.
3. The procedure of claims of Rabi Fasal 2016-17 to the farmers through Tehsil and Girdavar wise is going on still and will be completed in coming months.
4. 4 Percent bank charges on farmers share premium amount will be paid in future by the Insurance Companies to the Co-operative Banks/Commercial Banks / Regional Rural Banks (RRB's) etc.
5. The Central Government suggested to all State Governments to open its own insurance companies. Because at present all insurance companies are running in high profits in agriculture crops insurance all over the country.

Conclusion

The present research work includes the study of five districts of Rajasthan State : Ajmer, Alwar, Bhilwara, Jaipur and Udaipur. These five districts are the important districts of Rajasthan state from Rabi Fasal 2016-17 point of view. Regarding Rabi Fasal 2016-17 all components : No. of Farmers, Insured hectare area, Sum insured amount, Farmers share premium, State share of subsidiary, Central share of subsidiary and total premium varied between 21.05 percent and 33.17 percent of total 33 districts data of Rajasthan state, as shown in Table 1.

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