

A Study of the Government Flagship Programme: The Pradhan Mantri Fasal Bima Yojana

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Abstract – An Analysis of the administration's lead national agribusiness protection plot, the Pradhan Mantri Fasal Bima Yojana (PMFBY), has recommended that while being far better than past such plans, its execution is truly traded off. The report was discharged by New Delhi based non-benefit Center for Science and Environment. CSE's delegate chief general Chandra Bhushan, stated, "This appraisal depends on our field examine in Haryana, Tamil Nadu and Uttar Pradesh, and in addition national level engagement with different partners including rancher and agriculturists associations, insurance agencies and government divisions." Over the world, agribusiness protection is perceived as a critical piece of the wellbeing net for agriculturists to manage the effects of outrageous and unseasonal climate because of environmental change.

Keywords: Pradhan Mantri Fasal Bima Yojana

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INTRODUCTION

Pradhan Mantri Fasal Bima Yojana (PMFBY) is the new harvest protection conspire propelled by Central Government in January 2016 to supplant the current two plans National Agricultural Insurance Scheme (NAIS) and Modified NAIS which have had some inborn downsides.

Pradhan Mantri Fasal Bima Yojana plan will be actualized in each province of India, with relationship with the individual State Governments. This yield protection plan will be directed under the Ministry of Agriculture and Farmers' Welfare, Government of India.

Past Crop Insurance Schemes

1985-Comprehensive Crop Insurance plot

1999-National Agricultural Insurance Scheme

2007-Weather based product protection conspire

2010-Modified National Agricultural Insurance Scheme

REQUIREMENT FOR PMFBY

Indian horticulture is reeling at the danger of twin dry spells following El-Nino wonder and less than ideal Rabi season downpours and hailstorms. It is against this background, a yield protection plan to manage

dangers related with climate variance is basic for easing the trouble caused to the agriculturists.

Additionally, at present, just 23 % of trimmed territory in India approaches protection. As indicated by sources, Pradhan Mantri Fasal Bima Yojana will expand the protection scope to 50 for every penny of the aggregate harvest territory of 194.40 million hectare from the current level of around 25—27 for each penny trim region. The use is relied upon to associate with Rs 9,500 crore.

FEATURES OF PMFBY

- The scheme covers kharif, rabi crops and commercial and horticultural crops as well.
- The premium charged for kharif crops would be up to 2% of the sum insured and for rabi crops it would be up to 1.5% of the sum assured.
- For annual commercial and horticultural crops, the premium would be 5 per cent.
- To provide insurance to the farmers at a subsidized rate of premium, the remaining share will be borne equally by the central and respective state governments.
- This scheme will cover post-harvest losses also and provide farm level assessment for

localised calamities including hailstorms, unseasonal rains, landslides and inundation.

- To fasten the process of claims, the scheme proposes mandatory use of remote sensing, smart phones and drones for quick damage assessment.

Objectives of Pradhan Mantri Fasal Bima Yojana

- To provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases.
- To stabilize the income of farmers to ensure their continuance in farming.
- To encourage farmers to adopt innovative and modern agricultural practices.
- To ensure flow of credit to the agriculture sector.

Problems with NAIS and MNAIS

The NAIS and the MNAIS were not serving the farmers' interests well and suffered from following lacunae:

- The sum insured under MNAIS, particularly for risky crops and districts, was meager and was based either on the quantum of crop loans or on the capping of the sum insured.
- The crop damage assessment method based on crop cutting experiments was very slow and time-consuming.
- The time taken for compensation to reach the farmers often ran into several months.

Improvements via PMFBY

To conquer the issues and the shortcomings of the NAIS and MNAIS, the administration chose to fuse following basic components in the new plan:

- A specialized board of trustees was proposed to be set up in each locale to choose the size of back for the total protected.
- The premiums are to be settled on an actuarial premise which would offer validity to the way toward setting premiums.
- Bids are welcomed from open and private insurance agencies to choose the premiums, consequently including a component of rivalry which would work in the support of the agriculturists.

The ranchers were required to pay the premiums at a sponsored rate and rest is paid by the administration as specified previously.

Utilization of innovation, for example, advanced mobile phones, GPS, automatons and satellites to guarantee precision, straightforwardness, and quicker evaluation of harms and settling claims.

Actualizing Agency (IA) of PMFBY

PMFBY will be actualized by different insurance agencies under general control of Ministry of Agriculture and Farmers Welfare.

The Ministry assigned/empanelled Agriculture Insurance Company of India (AIC) and some private insurance agencies directly to take an interest in the Government supported horticulture/edit protection plans.

The decision privately owned business is left to the states. There will be one insurance agency for the entire state.

Administration of the plan

The current State Level Co-appointment Committee on Crop Insurance (SLCCCI), Sub-Committee to SLCCCI, District Level Monitoring Committee (DLMC) as of now administering the usage and checking of the progressing crop protection plans like National Agricultural Insurance Scheme (NAIS), Weather Based Crop Insurance Scheme (WBCIS), Modified National Agricultural Insurance Scheme (MNAIS) and Coconut Palm Insurance Scheme (CPIS) should be in charge of appropriate administration of the Scheme.

Unit of Insurance

The Scheme might be executed on a 'Region Approach Basis'. For significant harvests, the Unit of Insurance should conventionally be Village/Village Panchayat level and for minor products might be at a more elevated amount contingent on the necessity.

Ranchers to be secured

All ranchers developing informed yields in an advised zone amid the season who have insurable enthusiasm for the harvest are qualified.

Mandatory Coverage

The enrolment under the Pradhan Mantri Fasal Bima Yojana conspire, subject to ownership of insurable enthusiasm on the development of the advised product in the told region, should be obligatory for following classes of ranchers:

- Farmers in the informed region who have a Crop Loan account/KCC account (called as Loanee Farmers) to whom credit restrict is authorized/restored for the advised yield amid the harvest season.
- Such different ranchers whom the Government may choose to incorporate now and again.

Premium Rates

The Actuarial Premium Rate (APR) would be charged under PMFBY by protection organizations. Govt. of India/States will screen (and not settle) the top notch rates considering

The premise of Loss Cost (LC) i.e. Claims as % of Sum Insured (SI) saw if there should arise an occurrence of the informed crop(s) in told unit region of protection amid the previous 10 comparable yield seasons (Kharif/Rabi) expenses towards administration including capital cost and back up plan's edge considering non-parametric dangers and diminishment in protection unit measure and so forth.

Comparative has been the situation amid kharif, 2016 under PMFBY. Insurance agencies in any case, have charged a high premium rate of 17 for every penny in Bihar contrasted with the all-India normal rate of 12.6 for every penny for kharif 2016. This influences the hazard to profile of Bihar like states, for example, Maharashtra".

Impact of PMFBY

To know the impact and the results achieved due to the introduction of this scheme, it is essential to know a few numbers in comparison to the erstwhile insurance schemes performance in Kharif 2013 and Kharif 2015.

Farmers Insured

The number of farmers insured under the PMFBY rose by 193% over Kharif 2013 and by 0% over Kharif 2015. The number of non-loanee farmers also increased by more than six times.

Area Covered

The area insured also increased from 16.5 million hectares (mha) in kharif 2013 and 27.2 mha in kharif 2015 to 37.5 mha under PMFBY.

Sum Insured

The sum insured has witnessed a huge rise and has gone up from Rs 34,749 crores in kharif 2013 to Rs

60,773 crores in kharif 2015, and now to Rs 1,08,055 crores under PMFBY.

Challenges faced by PMFBY

PMFBY has also had its own share of challenges and shortcomings in terms of implementation. These need to be ironed out to ensure that the scheme serves the farmers well and at a lower cost. Few of the problems faced by PMFBY have been:

SUGGESTIONS TO IMPLEMENTATION

IMPROVE

- Farmers must be educated before deducting crop protection premium. They should be given a legitimate protection strategy archive, with every single pertinent detail.
- Panchayati Raj Institutions and farmers should be included at various phases of execution.
- The protection unit (IU) must be decreased over some stretch of time. Regardless, it ought not be more than town level. In the event that the IU can't be at the individual level and is kept at town panchayat level, premium ought to likewise be gathered at the town panchayat level.
- Incentivize gatherings of little farmers or ladies agriculturists and advance gathering protection.
- Sum guaranteed ought not be not as much as size of fund and additionally cost of creation.
- PMFBY timetables from protection scope to assert installment ought to be entirely clung to.
- Robust evaluation of product misfortune ought to be done through limit working of state governments, inclusion of PRIs and ranchers in misfortune appraisal, inspecting and multi-level checking to guarantee validity of information and testing joining innovation, for example, remote detecting, rambles and online transmission of information.
- All PMFBY related information identified with agriculturists must be accessible in people in general area and imparted straightforwardly to ranchers.
- The proviso tending to averted sowing and post-reap misfortunes must be actualized

fittingly by issuing state notices preceding sowing.

CONCLUSION

The PMFBY was propelled by the Center on April 1, 2016 to enable agriculturists to adapt to trim misfortunes because of unseasonal and extraordinary climate. It supplanted the National Agricultural Insurance Scheme and the Modified National Agricultural Insurance Scheme. The Weather-Based Crop Insurance Scheme (WBCIS) stays set up, however its superior rates have been streamlined with the most recent plan.

PMFBY was more rancher cordial arrangements than its ancestors. It decreased the weight of premium on agriculturists altogether and extended scope. It likewise advanced utilization of cutting edge innovations to gauge misfortunes precisely and quicken installments to agriculturists.

THE POSITIVES:

- Coverage of agrarian protection has essentially expanded in kharif 2016 contrasted with kharif 2015 crosswise over India. The quantity of agriculturists safeguarded crossed 4 crores amid kharif 2016, a hop from 3.09 crores in kharif 2015.
- The aggregate guaranteed is currently nearer to the cost of creation than some time recently. It has gone up from Rs 20,500 for every hectare of land amid kharif 2015, to Rs 34,370 in kharif 2016. This implies in the event of misfortunes, agriculturists ought to hypothetically get altogether higher pay than some time recently. Notwithstanding, in a few states like Rajasthan, the whole protected stays low—around 33% of the cost of creation.

THE NEGATIVES:

- Gaps in appraisal of harvest misfortune: The specimen measure in every town was not sufficiently vast to catch the scale and decent variety of product misfortunes. Much of the time, area or piece level agrarian office authorities don't lead such examining on ground and finish the conventions just on paper. CSE additionally noted absence of prepared outsourced organizations, extent of debasement amid execution and the non-usage of advances like PDAs and automatons to enhance dependability of such testing.
- Inadequate and postponed assert installment: Insurance organizations, as a rule, did not examine misfortunes because of a restricted catastrophe and, thusly, did not pay claims. For kharif 2016, the claim installment to

agriculturists was unnecessarily deferred; claims for kharif 2016 were not paid or were halfway paid in 14 out of 21 states. Just 32 for every penny of the revealed claims were paid out by insurance agencies, notwithstanding when in many states the administrations had paid their piece of premium.

- High actuarial premium rates: Insurance organizations charged high actuarial premium rates amid kharif 2016 – the all-India rate was roughly 12.6 for every penny, which was most astounding ever. Substantially higher rates were charged in a few states and areas. The normal actuarial rate in Gujarat was 20.5 for each penny, in Rajasthan 19.9 for every penny, and in Maharashtra 18.9 for each penny.
- Massive benefits for insurance agencies: CSE's investigation demonstrates that amid kharif 2016, organizations made near Rs 10,000 crore as 'gross benefits'.
- Coverage just for loanee agriculturists: PMFBY remains a plan for loanee ranchers – agriculturists who take credits from banks are compulsorily required to take protection. The level of non-loanee ranchers profiting protection stayed under 5 for each penny amid kharif 2016 and 2015. Like past product protection plans, PMFBY neglects to cover tenant farmer and sharecroppers.
- Poor ability to convey: There has been no purposeful exertion by the state government and insurance agencies to assemble attention to agriculturists on PMFBY. Insurance agencies have neglected to set-up framework for legitimate usage of PMFBY. There is still no immediate linkage between insurance agencies and agriculturists. Guaranteed ranchers get no protection strategy report or receipt.

The report has likewise distinguished issues like deferred warning by state governments, less number of advised products than can profit protection, issue with limit yield estimation and so on that has weakened the helpfulness of PMFBY. One of the key finishes of the report is that PMBY isn't valuable for agriculturists in helpless locales. "For agriculturists in defenseless areas, for example, Bundelkhand and Marathwada, factors like low repayment levels, low edge yields, low total guaranteed and default on advances make PMFBY a poor plan to defend against extraordinary climate occasions. Our examination demonstrates that ranchers in these regions won't not get any claim regardless of whether the greater part of their harvests are harmed".

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