

# A Socio-Economic study on Pradhan Mantri Fasal Bima Yojana with special reference to Haryana state

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## INTRODUCTION

The first agricultural insurance scheme was started in the financial year 1972-73 when the general insurance corporation of India introduced a crop insurance scheme on H-4 cotton and later included groundnut, wheat and potato. This scheme was based on individual approach and implemented in six states on voluntary basis. This scheme was continued till 1978.

Indian economy is primarily depends on Agriculture sector, its around two third population of India is dependent on agriculture and its dependency continuous incessant. Agriculture is a highly risky venture due to both uncertainty in crop production and volatility in prices. Production of agriculture depends on various climatic parameters like temperature, rainfall, sunshine and humidity; this causes a major problem for producers and consumers as well. Agricultural production is a kind of risk business and farmers face many risks. Being the base of most of the developing economies around the world, agriculture of risk possesses considerable threat to the income and general price stability of those countries. This unexpected risk of agriculture cannot be alleviated fully but it can be reduced to certain per cent with the help of insurance. Thus insurance is the phenomenon to control the risk in agriculture particularly to safeguards farm income losses under unfavorable weather condition. Crop insurance tends to protect the farmers against such misfortunes by covering risks in agriculture. To provide financial support and reducing crop loss government has launched various crop insurance schemes in India.

In 1979 pilot crop insurance scheme was launched and based on area approach for providing insurance cover. The scheme covered cereals, millets, oilseeds, cotton, potato and chickpea and it was confined to loanee farmers of institutional sources on voluntary basis but due to many small and marginal farmers could not participate in this crop insurance scheme because majority of farmers had poor access to institution credit therefore this scheme has continued till 1985.

The central government introduced them. Comprehensive crop insurance scheme during the year 1985-86. Till Kharif 1999, the scheme was adopted by 15 states and 2 union territories. During 1997-1998 Experimental crop insurance scheme was introduced in 14 districts of 5 states. The scheme was similar to comprehensive crop insurance scheme, except that it was meant only for small/ marginal farmers with 100 percent subsidy on premium. Both pilot crop insurance scheme and Comprehensive crop insurance scheme were confined only to farmers who had borrowed seasonal agricultural loans from financial institutions. The main distinguishing features of the two schemes were that comprehensive crop insurance scheme was compulsory for loanee farmers.

National Agriculture Insurance scheme is the government sponsored crop insurance scheme and was started from Rabi session of 1999-2000. Initially The General Insurance Company of India was the implementing agency of the scheme but after April 2003, Agriculture Insurance Company Of India Limited (AIC) which was incorporated in December, 2002 and had begun functioning in 2003 took over the implementation of National Agricultural Insurance Scheme. National Agricultural Insurance Scheme is the world's largest area yield index insurance programme. In Haryana, crop insurance was introduced in Kharif 2004 through agriculture insurance company. Government of Haryana adopted National Agriculture Insurance scheme with the collaboration of Government of India. Arhar, Bajra, cotton, maize crops during Kharif and Mustard, Barley and Gram were covered under this scheme.

Modified National Agricultural Insurance Scheme will be implemented on a pilot basis in 50 districts starting from the Rabi season of 2010-11. It is a centrally sponsored scheme which was launched after a lot of modification in National Agricultural Insurance Scheme. In Haryana, Modified National Agriculture Insurance Scheme was started in Karnal and Kaithal for Paddy crop on experiment basis. The financial performance of Modified National Agricultural Insurance Scheme was evaluated using the financial variables like total farmer covered, area covered sum insured, total premium, number of beneficiaries and claim paid were estimated of Haryana.

A new scheme was launched by government of India named „Pradhan Mantri Fasal Bima Yojana“ in 2016. It was started in Kharif season of year 2016 and implemented among all the states and union territories of India. Pradhan Mantri Fasal Bima Yojana was formulated in line with one nation-one scheme then by replacing previously known as

„National Agriculture Insurance Scheme and modified National Agriculture Insurance Scheme. Pradhan Mantri Fasal Bima Yojana is compulsory for loanee farmers availing crop loan/KCC account for notified crops and voluntary for others. Pradhan Mantri Fasal Bima Yojana overtook almost earlier schemes which were already providing some of comprehensive risk coverage from sowing to harvesting losses. Pradhan Mantri Fasal Bima Yojana provides a comprehensive insurance cover against failure of the crop thus help in stabilizing the income of the farmers. The scheme covers all foods and annual commercials and Pradhan Mantri Fasal Bima Yojana is basically an auction premium type scheme, under which subsidy is provided by both, state and central government in the ratio 50:50 respectively. While fund allocation is from central government.

### Objective of the Scheme :

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

There are three clusters in which Haryana is divided: In Cluster one there are Districts of Sirsa, Bhiwani, Faridabad, Kurukshetra, Kaithal, Panchkula and Rewari. Cluster two contains districts of Hisar, Sonapat, Gurugram, Karnal, Ambala, Jind and Mahendragarh. In the Cluster three, there would be districts of Fatehabad, Rohtak, Jhajjar, Mewat, Palwal, Panipat, and Yamunagar. Implementing agency of cluster one, two and three is Reliance General Insurance Company Limited, Bajaj Allianz General Insurance Company Limited and ICICI Lombard General Insurance Company Limited respectively. Cotton, Paddy, Bajra and Maize during Kharif and Wheat, Barley, Gram, Mustard and Sunflower during Rabi are the crops to be covered under the scheme Pradhan Mantri Fasal Bima Yojana.

Pradhan Mantri Fasal Bima Yojana aims to reduce the premium burden on farmers and ensure early settlement of crop insurance claim for the full insured. Government mentioned Indemnity level, areas, sum insured, premium rates and seasonality discipline to get implemented under Pradhan Mantri Fasal Bima Yojana. Sum Insured per Hectare (1 hectare- 2.471 acres) in Pradhan Mantri Fasal Bima Yojana in Kharif Season for Paddy is 77800, for Cotton is 76600, for Maize is 38300 and for Bajra is 37000. In Rabi Season, Sum Insured per Hectare for Wheat is 63000, for Barley 40750, for Sunflower is 39500, for Gram 29600, and for Mustard 38500. In 2016-2017 year government allocated fund amounting rupees 11054.63 crores. On other side in 2017-18 government allocated fund amounting rupees 9419.79 crores and in year 2018-19 government sanctioned fund 13014.15 crores. Under PMFBY total farmer's applicant which are covered under this scheme all over India are 57249843 in 2016-17 and among this 1336028 are from Haryana and in 2017-18 total applicant all over the India which applied for this scheme are 48749066 and among this 1335764 are belong to Haryana. Pradhan Mantri Fasal Bima Yojana crops to be covered on the basis of area approach in the insurance unit, which would be the revenue estate. Cluster approach system is being implemented to the entire state.

### Specific Objectives of the study are follows:

1. To ascertain the awareness of Pradhan Mantri Fasal Bima Yojana among the farmers in Haryana.
2. To Study the Physical and Financial performance of Pradhan Mantri Fasal Bima Yojana in Haryana.
3. To analyze the socio-economic impact of Pradhan Mantri Fasal Bima Yojana on farmers of Haryana.
4. To analyze the major problems faced by the farmers and for availing benefits of Pradhan Mantri Fasal Bima Yojana in Haryana.

### Methodology

The study will be based on primary as well as secondary data. By using multistage sampling technique, the representative respondents will be selected from three districts among three clusters. The primary information will be collected from selected respondents with a well structured and pre tested schedule. The suitable statistical tools and technique will be used for data analysis and interpretation. The required secondary information data will be collected from various publications of government of India and Haryana, Directorate of agriculture and Farmer's welfare and concerned district level offices etc. Some other aspects of study will be covered as per availability of primary and secondary information.

### Scope of the study

The study will be gone about to assess the insurance coverage and financial support to the farmers in the event of failure of any of the notified crop. This study will focus on the socio-economic impact and financial performance of Pradhan Mantri Fasal Bima Yojana. It also focuses on awareness of the scheme among farmers. Area under this study is extensive, so this study will cover only selected districts of Haryana. Along with this, it will highlight the major problems faced by the farmers and for availing benefits of Pradhan Mantri Fasal Bima Yojana (PMFBY) in Haryana.

### Significance of the study

The need for the study entitled “Pradhan Mantri Fasal Bima Yojana in Haryana: Socio-Economic Analysis” arises from the fact that agriculture sector play a vital role in state economy and credit is a critical input to maintain growth of agriculture. Pradhan Mantri Fasal Bima Yojana was introduced to provide income stability, financial support and encourage farmers to adopt innovative and modern agricultural practices. The present study will help to analyze the financial performance of Pradhan Mantri Fasal Bima Yojana and its socio-economic Impact on farmers in Haryana. It ascertains the awareness of Pradhan Mantri Fasal Bima Yojana among farmers. This study will highlight the farmer’s problems related availing benefits of Pradhan Mantri Fasal Bima Yojana. It will also provide information about the constraints in operation of Pradhan Mantri Fasal Bima Yojana and will give important suggestions for researchers and policy makers for better policy making.

### Limitation of the study

The present study will have certain limitations. It will be based on primary and secondary data. Primary data will be collected, so possibilities of respondent biasness could be found because of financial and time constraint. It will not undertake whole universe. So it will undertake a sample of selected farmers.

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