

# Prime Minister's Fasal Bima Yojana (PMFBY): A Case of Its Implementation in Datia District of Madhya Pradesh

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## ABSTRACT

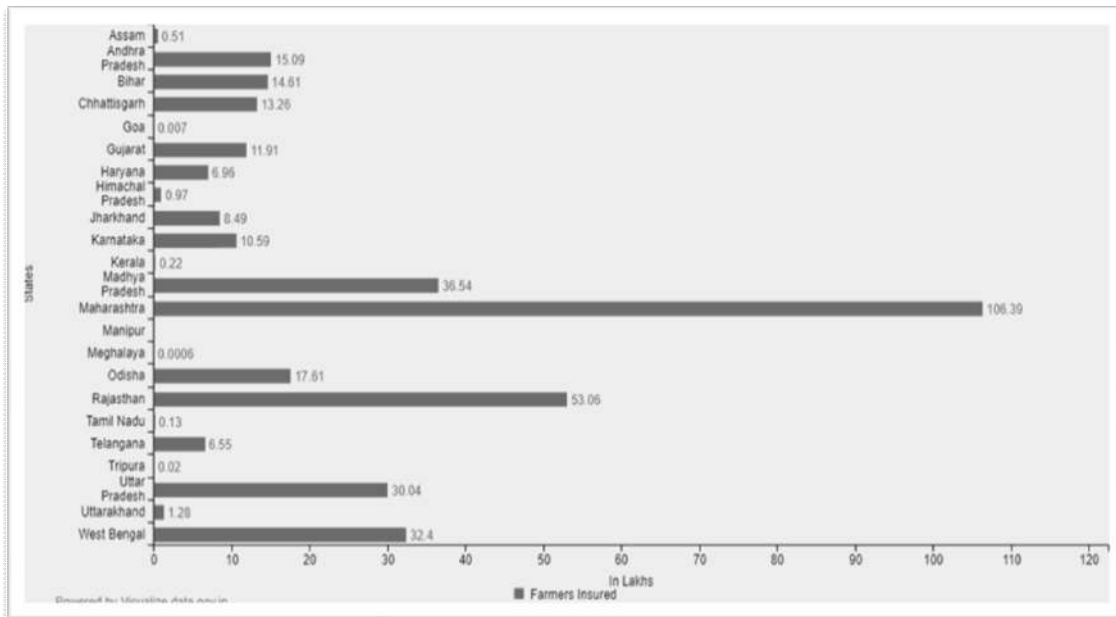
Agriculture is the source of livelihood of the majority of its population and being one of the most disaster prone countries, crop insurance occupies an important place in India. Hence, an attempt has been made to understand and assess the successful implementation of Prime Minister Fasal Bima Yojana (PMFBY) in Datia district of 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 Datia district of 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), Implementation, Impact

## 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.



**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**

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.

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.

### **OBJECTIVE OF THE STUDY**

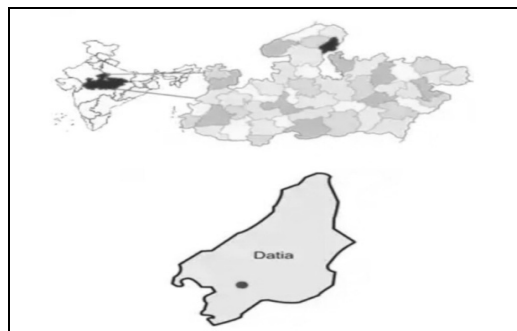
On this context, it has come to notice that very good work has been done in Datia district of Madhya Pradesh during the year 2016-17 in popularising PMFBY and also became first district to provide Mid Adversity crop insurance benefit to farmers within stipulated time. Hence, an attempt has been made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

### **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.

### **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.



**Map 1: Location map of Datia district of Madhya Pradesh**

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 capita 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.

### 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 formers as of their previous experiances 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.

### FLOW OF THE IMPLEMENTATION PROCESS OF PMFBY

It was decided to cover 100% farmers in the PMFBY. So to create the awareness about the scheme gram Sabha were organised along with the Ratananandita Abhiyan\* during 2016. In order to increase the outreach of the programme Farmers choupal was targeted. About 26% farmers were insured their crops as target of scheme is 50% farmers have to be cover under the scheme in next 4 years.

Simultaneously mass media coverage was given through News paper, what's app group and SMS etc. Motorcycle rally was organised and weekly bazaars of major villages were covered. During this campaigning information about Fasal Bima Yojana was given through speeches by extension workers. Workshops for extension functionaries organised to impart the in-depth knowledge at village level extension workers. Training of farmers were organised to aware them about the process and ensure the 100 percent involvement of stakeholders. Guidelines issued in the Madhya Pradesh gazette dated April 23, 2016 and District Wise Crop Notification and District Level Monitoring Committee has also been constituted under the chairmanship of District Collector to assess the planning, implementation and Assessment of the Crop Damage. HDFC ERGO was declared an Insurance Implementation Agency.

In continuation of this notification, 6 crops i.e. black gram, green gram, sesame, groundnut, sorghum and paddy were notified for implementation of PMFBY. Datia District was insured unit for Black and Green gram, All tehsils were insured unit for Sesame, Datia tehsil was insured unit for Ground nut, Seondh tehsil was insured unit for Sorghum and 69 Patvari Halkas were insured unit for Irrigated Paddy. As soon as the information on crop damage due to disease and stagnation of water (inundation) was received from farmers and mass media sources, collector has issued the notification under the Mid Season Adversity provisions of the guidelines of the PMFBY within on 8<sup>th</sup> Sept 2016 and formed the joint team of Agriculture officer, Revenue officer and representative of HDFC ERGO for the survey. And survey was started under the Mid-season adversity to assess the tentative yield loss.

The crop loss report has been submitted by the joint committee to District collector and Chairman of DLMC. The DC called the meeting of the DLMC to assess the crop loss on the basis of report submitted by joint committee. The following crop loss report was sent on 16<sup>th</sup> Sept 2016 to the govt. of MP, dept. of farmer's welfare and agri. Development and HDFC ERGO General Insurance Company, Bhopal.

**Table 2: Details of Insured area and Farmers under PMFBY in Kharif 2016**

Parameters	Kharif 2016
A. Total number of farmers in the district	152900
B. Number of insured farmers in the district	39370
C. Percentage of insured farmers	<b>25.75%</b>
D. Number of insured non-loanee farmers in the district	1921
E. Percentage of insured non-loanee farmers out of total insured farmers	<b>4.88%</b>
F. Total Kharif crop area in the district (hectares)	112499
G. Insured Kharif crop area in the district (hectares)	60508
H. Percentage of insured Kharif crop area	<b>53.79%</b>

On the basis of yield loss report sent by the DLMC, the HDFC ERGO General Insurance Company settled the insurance claims of INR. 9.42 Crore under the Mid Season Adversity for the 16293 sesame and black gram growing farmers by the end of Kharif 2016. And the claims were distributed directly in the account of farmers from 4<sup>th</sup> November 2016 in the presence of Honourable Chief Minister, Shivrajsingh Chouhan, Govt. of MP. Datia became the first district to settle the **Mid season adversity** claims by the end of Kharif season 2016.

**Table 3: The details of surveyed villages and yield loss**

Sr. No.	Tehsil / District	No. of village surveyed	Yield loss (%)
1	Datia district	101	69.83
2	Datia tehsil	19	54.31
3	Badoni tehsil	18	50.83
4	Sevda tehsil	21	78.81
5	Indergadh tehsil	19	62.10
6	Bhander tehsil	20	52.90

After that Crop cutting Experiments reports send to the Company and Govt. for assessment the crop yield loss as compared to threshold yield. Final crop yield loss was assessed by company on the basis of yield of crop cutting experiments, conducted jointly in the presence of company representatives. And the final claims were settled and distributed from 12<sup>th</sup> May 2017 in the presence of Honourable Cabinet Minister, Dharmendra Pradhan, Govt. of India, Shri GouriShankar Bisen, Minister of Framers welfare and Agriculture Development and Dr. Narottam Mishra, MinisterWater resource dept. and Public Relation, Govt. of MP also a part of claim was distributed in the month of July 2017. In this way Datia became first District to settle and distribute the claims of INR. 62.34 Crore within one year adjusting INR. 9.42 crore under mid season adversity claims.

### **CHALLENGES FACED DURING THE IMPLEMENTATION**

Ignorance amongst the farmers and absence of rural agents to distribute agricultural insurance was a major hindrance to penetration in rural area. Apart from this transparent assessment of crop damage within a specified time following weather shocks and the ability to adequately compensate for the losses within the shortest possible time were also challenging. The cooperative societies in the districts were completely defaulter and no crop loans could be possible to available to farmers through KCC.

### **STRATEGIES ADOPTED TO OUTREACH THE PMFBY**

Wide publicity were done through mass media and social media sources, bank personnel and village level staff of agriculture, revenue, rural development for awareness of farmers. Trainings and workshop of field staff of agriculture, revenue and panchayat raj staff at district level was organized personally on June 9, 2016. Media, elected representatives participated actively. Village level rally and Prabhat Pheri, Multimedia van were used. Village mela, Bazar were targeted and farmer's choupal was organized. The Loanee and Non Loanee farmers were assisted personally to register their complaint regarding crop damage on customer care number of HDFC ERGO. Timely identify of the problems raised by farmers during deposition of premium at bank level and immediate solution given by Collector and Deputy Director, extension workers and Farmers welfare, Datia. Also ensured the successful implementation through intense and timely monitoring.

### **THE IMPACT OF SUCCESSFUL IMPLEMENTATION OF PMFBY**

The insurance coverage and financial support was provided to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases. The ensured flow of credit to the agriculture sector was observed. It was noticed that the income of farmers was stabilised and improvement in their standard of living. The farmers were encouraged to adopt innovative and modern agricultural practices and enabled to get managed the inputs by using the money as crop insurance claims.

### **CRITICAL SUCCESS FACTORS**

Datia followed Participatory Approaches in implementation of PMFBY and used Team approaches in the Administration process. Effective decisions were made collectively with the team. The plan executed effectively through timely survey, meetings, monitoring mobilised intended group and effective decision making process. The collector took personal interest and timely notification was issued as and when the crop damage information was received and surveys were conducted immediately by the Joint Team of Agricultures Dept., Revenue Dept.

and Insurance Company. Prompt survey on crop damage and there assessment report was sent within 8 Days of notification for mid season adversity claims by District Level Monitoring Committee.

## **RESPONSE FROM COLLECTOR, EXTENSION WORKERS AND FARMERS**

### **FROM COLLECTOR'S DESK**

The district collector Shri Madan Kumar Nagargoje says, "Government has taken many initiatives to support the farmers and modernize the sector, which has led to a renewed revitalization of the Indian agriculture scenario. PMFBY introduced to help farmers insure their crops at a very low premium. We tried to execute the "Enabled Farmers, Prospers India". Now a day's the question of sustainable agriculture and social justice is becoming greater in our society. Agriculture can be integrated in to all aspects of life including who we are and how we live. Social justice demands that all people have adequate food, clothing and shelter. This includes equity for farmers, farm workers, and others in the system. Sustainability is a question of environmental integrity and economic viability, but sustainability is also a question of social justice. Agriculture should provide everyone involved with a good quality of life and contribute to food sovereignty and reduction of poverty". Further he said "We are using convergence of agricultural schemes along with Ratananandita Social Justice Abhiyanand vice versa so as to implement the schemes. The faster adoption of modern technologies to assess the damage will be crucial in implementing the scheme. The scheme is truly beneficial to farmers so we just engaged them at all the levels. Payment of premium to insurance companies by the government without delay would also ensure that money is disbursed to the farmers without hassle. He mentioned that participatory administration an effective team work collective decision making are the keys for successful implementation of PMFBY in Datia. He also says that "The majority of farming community was benefitted under this Fasal Bima scheme". This scheme became very popular in Datia district and it was a wonderful experience.

### **MESSAGE TO FARMERS AND EXTENSION WORKERS**

He urged the farmers to expose themselves to various crops which are included under PMFBY. He also requested farmers to take advantage of the scheme for enhancing their income and profitability. He directed extension workers to sensitize the farmers about PMFBY and encourage them to come forward to protect their crops from adverse weather conditions by implementation of PMFBY.

### **Experience of Deputy Director, Farmers Welfare and Agriculture Development**

**Mr. R.K. Ganeshe, Deputy Director**, said that 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.

To address these gaps, we gone through the provisions of PMFBY guideline and discussed it with district collector and planned accordingly. Everything went accordingly the plan. Timely survey, and joint planning helped us a lot. Hence we get the success to implement this scheme successful as per their provisions in datia districts and farmers got the advantage upto their satisfaction. Thus the PMFBY scheme is fully justified scheme as it has bridged all gaps in the previous crop insurance schemes. It has the provision of individual claim

settlement in clause 15 as well as pre mid and post losses also covered under the scheme. So we implemented the scheme as per their provisions of time frame.

### **FARMERS FEEDBACK**

The farmers of Datia were enrolled under the PMFBY 2016-17 for Kharif as well as Rabi crops and insured their crops. Given the continued drought in the district, the claim amount provided under PMFBY to the farmers was waived. For those farmers who had not availed any loan, this relief helped them to become selfsufficient instead of having to run to money lenders for the purchase of seeds, preparation of land, etc. A major portion of the relief amount has helped the farmers in input management for next season. Few of them also managed to repay a part of a loan they had borrowed at high interest. Rest of the amount helped them ensuring family and social expenses. They are very happy and thankful to government, district administration and extension workers for this.

#### **“The fear of grain loss is a thing of the past for me”-Savitri Singh, Datia.**

Savitri Singh is a women farmer among the farmers of Datia, who have been insured under the Fasal Bima Scheme. “This insurance is very important to us because farmers are distressed due to erratic weather and fluctuating prices,” Savitri Singh says. “Now I can peacefully sleep at night knowing that if any untoward incident occurs, I will be able to get compensation within a short span of one month because everything is computer-connected and we believe in our district administration,” she says cheerfully. Moreover, the compensation amount will directly be transferred to her bank account as per Scheme guidelines. Now, she is an evangelist for PMFBY and motivates fellow farmers to avail the benefits of this Scheme and get their crops insured.

#### **“We got big profit on small premium” - NanherajaVirendraSingh Gurjar**

Nanherajafrom Gohna village of Datia had insured his black gram crop under PMFBY. He had paid a premium of INR 14000 and received a compensation of INR82152.29 as Mid Season Adversity and INR 187452.05. A major portion of the relief amount has helped him in the timely land preparation, buying, transportation and application of farmyard manure. He also managed to repay a part of a loan he had borrowed at high interest. Rest of the amount helped in securing his daughters future. “I am really thankful to the government, district collector and administration too”, he says.

#### **“Insurance pulled me out of the pit of Despair” –Shrinivas Sharma**

Shrinivas Sharma a farmer from Semai village of Datia district says that this insurance scheme helped me to get out of the pit of despair. “This crop insurance Scheme is like ‘an oasis in the desert’ – and I no longer have to beg the money lenders for money – they fleece us all the time, more so during the adversity period,” he added. He was benefitted for sesame and black gram. Now that he is free of them and can focus on his work, the word insurance has a new meaning for him.

#### **“The scheme banishes our worries” – Ramji Patel**

Ramji Patel a farmer in Kusolli village in Datia district was full of hope and confidence. He had sown black gram, and was expecting a bumper crop. But all his hopes were shattered when the crop was hit by a disease and water logging, and he lost more than 70% of his crop. But fortunately for him, he had enrolled in the Fasal Bima



Yojana through the Punjab National Bank. He had received a compensation of INR 45,000. With this money, he could procure seeds, fertilisers, pesticides, etc. for Rabi-2016.

## CONCLUSION

According to the announcement of the honourable Prime Minister on 18<sup>th</sup> Feb, 2016 in Sherpur village of Sehore district, Madhya Pradesh, PMFBY has been implemented from the Kharif 2016 in the entire country including Datia district of 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 benefitted 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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