

Pradhan Mantri Fasal Bima Yojana and Its Effectiveness in Assam: An Overview

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INTRODUCTION:

Indian economy is mostly an agrarian economy and the state of Assam, a major North-Eastern state of the country also an agricultural based economy. The growth rate of other sector of India as well as the state of Assam basically depends on Agricultural sector which provides employment to about half of the workforce of the country directly or indirectly and accounts approximately 16% of India's Gross Domestic Product (GDP)¹. Multiple hazards in agricultural sector globally leading to frequent crop failure and its impact on global food grains supply chain. Like global scenario, Indian Agricultural sector also facing manifold problems and uncertainty such as rainfall irregularity, temperature fluctuations, snowfall, storm, flood, drought and crop failure, non-remunerative prices for crops, poor yield, new challenges brought by liberalized economic policy etc. Such problems and uncertainty of Indian agricultural sector jeopardize Indian farmers' livelihood and destabilize the sector as a whole. To minimize the risk of such hazardous problems of Indian agricultural sector and realizing its importance in country's economy various schemes have been launched by central as well as state Govt. in different time. Disaster management department of Govt. of India and as well as state Govt. of Assam have taken some measures to compensate the farmers affected by natural calamities, but such measures are only a temporary relief to the farmers. Again Minimum Support Price (MSP) policy taken by Indian Govt. on agricultural product has not shown effective result in protecting poor farmers from agricultural risk. Crop insurance is the most important tool to stabilize the income of Indian farmers. According to Agriculture Insurance Company of India (AIC), 2008 "Agricultural insurance is a means of protecting the agriculture against financial losses due to uncertainties that may arise agricultural losses arising from named or all unforeseen perils beyond their control".

Since independence of India, the Pradhan Mantri Fasal Bima Yojana (PMFBY) is one of the major agricultural policy implications to mitigate agriculture risk to greater extend and regarded as an essential part of well-established different agriculture program as it designed as an improvement on its previous predecessor agricultural insurance schemes without logistical, structural and financial hindrances. The PMFBY provides protection to farmers against physical crop failures due to weather and other unavoidable natural hazards and may become the permanent solution to eliminate the suicidal case of farmers in national as well as state level and it will enhance innovations and investment in the farm sector.

¹ Singh, A.K. & Singh, A. (2019); Pradhan Mantri Fasal Bima Yojna (PMFBY): A Bunch of Benefits, RESEARCH REVIEW International Journal of Multidisciplinary, Vol. 04, Issue. 06, June -2019.

Objectives: The main objectives of the study are_

- (a) to make aware the farmers about the benefits of Pradhan Mantri Fasal Bima Yojana (PMFBY) to minimize their risk.
- (b) to analyze the level and magnitude of PMFBY in Assam and its effectiveness.
- (c) to suggest policy measures for effective implementation of PMFBY in the state of Assam.

METHODOLOGY:

Descriptive methodology based on secondary data has been used in this paper. The necessary statistical tools and techniques have been used to presenting and analyze the secondary data.

Significance of the Study:

As agriculture is the main source of livelihood of Assamese people and it is known as lifeline of Assamese society since time immemorial. For robust growth of Assam economy and socio-economic development of Assamese society proper policy implications on agricultural sector is very urgent and critical evaluation on effectiveness of such policies are also time bound demand. The Pradhan Mantri Fasal Bima Yojana (PMFBY) is one of the technologically updated area yield index agricultural insurance policy since independence of India with improved features to compensate for multiple risks during the entire life cycle of the crop season and effective implications of such policy in India as well as the state of Assam would revolutionize the agricultural sector by minimizing the risk involve in it. So, this study is a footstep to analyze the effectiveness of PMFBY in Assam and its impact on Assam economy. This work may be a source of information to the policy maker, Govt. officials for proper implementation of PMFBY and for scholar's to further study on this scheme.

Review of Literature:

The work done by Singh & Singh (2019) "Pradhan Mantri Fasal Bima Yojna (PMFBY): A Bunch of Benefits" is a valuable work on crop insurance in India. They have emphasized with the comprehend specialties of PMFBY and made a comparative study of PMFBY with previous crop insurance policy of India. They suggested some feasible measures for structural improvement of PMFBY and proper implementation of the scheme.

The work done by Kumar (2020) entitled "Pradhan Mantri Fasal Bima Yojana (PMFBY): A Tool for Agricultural Risk Management" is a masterpiece of work on PMFBY. He has evaluated different crop insurance policy in India since Independence very deeply. He also discussed about the basic objectives of PMFBY and gave suggestions for proper implementation of the policy.

The work entitled "A Critical Appraisal of Pradhan Mantri Fasal Bima Yojana" done by Sharma (2021) is an attempt to study the conceptual framework of the PMFBY and highlighted the problems related to proper implementation of it. He has very distinctly highlighted the political conflict between center and state governments in implementation of PMFBY in the aspects of party politics. He has also been forwarded some suggestive measures for proper implementation of it.

Poonam (2022) in her work “Pradhan Mantri Fasal Bima Yojana: An assessment of India’s Crop insurance scheme” has been deeply examined the performance of the PMFBY in terms of adaptability and the achievement of the objective of one nation, one scheme since its inception. She has comparatively analyzed the PMFBY with other previous insurance schemes of India. She also forwarded some recommendations in different domains for effective implementation of PMFBY.

The work entitled “A Socio-Economic study on Pradhan Mantri Fasal Bima Yojana with special reference to Haryana state” done by Charan & Priya (2023) is an in-depth study on effective implementations of PMFBY in Haryana state in region wise. They have highlighted the major problems faced by the farmers and problems related to availing benefits of Pradhan Mantri Fasal Bima Yojana (PMFBY) in Haryana. In their study, they have very distinctly focused on the objectives of PMFBY and its present level and magnitude.

The Economy of Assam:

Agriculture is the main source of livelihood in the state and also there are several large, medium and small scale industries based on the resources like agriculture, forest, and mineral. Two main large scale industries are OIL and Natural Gas which make up 50% of India’s on-shore production and tea which make up 53% of all India tea production. Papers, Cement, Petrochemicals are some other major industries in Assam. In spite of being richly endowed with natural resources, the State lags behind the rest of India especially in the agricultural sector due to multiple hazardous created by natural calamities. Recurrent flood is one of the big challenges for Assam economy as majority of the population depends on agriculture. Again, Assam has been a victim of large scale immigration from neighboring countries basically from Bangladesh and Nepal which is a major cause of growing unemployment in the state.

The Agricultural Sector of Assam:

Agriculture and allied activities are very deeply interrelated with the civilization of Brahmaputra and Barak valley of Assam by touching the daily life of about 315 lakh people and 27.20 lakh farm families and the sector is known as life thread of the State economy. As like the country’s GDP the share of agriculture and allied activities in the Assam SGDP also significant, but declining gradually. In country’s GDP the contribution of agricultural sector declines from 54 percent in 1950-51 to 19.9 percent in 2020-21(Economic Survey, 2020-21) and similar trend also seen in the Assam GSDP which declines to 21.94 percent in the year 2021-22 from 60 % in 1950-51. But still it supports more than 70 percent rural population of the state directly or indirectly and consumes more than half of the state working population. So, for rapid economic development of Assam, Government should focus on agricultural sector by adopting crop insurance policies like PMFBY to minimize the covariate risk of farmers which would help to increase investment and innovations in the sector and may contribute significantly to achieve the targeted goal of India’s Act East Policy. But it is noteworthy to mention that still the agricultural sector of Assam depends on nature and called as gamble play of Monsoon. Again the recurrent flood of rivers Brahmaputra and Barak creates more pathetic situations to farmers by increasing their risk in cultivation. To robust growth of agricultural sector of Assam, enhance farmer’s income and stabilize the sector as a whole proper implementation of policy like PMFBY is very important.

The Pradhan Mantri Fasal Bima Yojna (PMFBY):

In India first crop insurance models put in place so far since 1970s have met with limited or no success. The Rajiv Gandhi government in 1985 had first launched a crop insurance scheme practically in the country called Comprehensive Crop Insurance scheme (CCIS). Again in 1997, an Experimental Crop Scheme was launched which lasted only for a year. Then NDA government launched National Agricultural Insurance Scheme (NAIS) in 1999 to protect the farmers against losses suffered by them due to crop failures on account of natural calamities like; floods, drought, hailstorms, cyclone, pests etc. Due to different loopholes of crop insurance policy till date, unable to minimize the risk of farmers' in expected level and masses of the farmers remains uncovered. So, UPA Government modified the NAIS and renamed it Modified NAIS or M-NAIS. Despite this scheme have modified version of previous crop insurance policy, but still unable to reach actual tiller with widespread coverage. So, Hon'ble Prime Minister of India, Shri Narendra Modi launched the new scheme Pradhan Mantri Fasal Bima Yojana (PMFBY) on 13th January, 2016 from Kharif crops as an widespread coverage and farmers friendly insurance scheme by replacing earlier two schemes National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS) with the tag line of "One nation-One scheme" to stabilizing the income of the insured farmers and minimize their covariate risks.

PMFBY main motto is to provide affordable crop insurance to farmers. The stakeholders of the scheme are Central Government, State Governments, Banks, CSCs, Insurance Companies and Farmers. It is expected that PMFBY would cover masses of the farmers with its low premiums i.e., 1.5% for Rabi crops, 2.1% for kharif crops and 5% for horticulture crops and technically updated farmers' friendly approach. PMFBY is the largest crop insurance scheme in the history of independent India and globally, the third largest scheme in terms of premium. The basic objectives of the PMFBY are_

- (i) 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.
- (ii) to stabiles the income of farmers to ensure their continuous process in farming.
- (iii) to encourage farmers to adopt innovative and modern agricultural practices.
- (iv) to ensure flow of credit to the agriculture sector.

Present Scenario of PMFBY in Assam and the country:

In the country total 29.19 crore farmer applications have insured their crops under the PMFBY since 2016. More than Rs 95,000 crore worth of claims have been provided to farmers since the launch of the scheme in the year 2016, against the total premium of Rs 17,000 crore paid by them. The budget allocations of Indian Govt. to the PMFBY are ₹13,240 crore in 2016– 17, ₹9,000 crore in 2017–18, ₹15695 crore in 2020-21, ₹ 16000 crores in 2021-22 accordingly. The coverage of the non-loanee farmers has increased from 5% in 2015-16 to 42% during kharif 2019, which shows the acceptability and progress of the scheme on voluntary basis by the non-loanee farmers also.

Assam an underdeveloped state of India located far from its capital region has faced multiple hazards in agricultural sector. Recurrent floods and attacks of pest and diseases on crop are the two main reason of crop failure in the state. As PMFBY facilitates subsidies premium of Crop insurance which is affordable to poor farmers of the state of Assam would enhance their income levels and accelerate the growth of agricultural sector of the state. In case of other states and union territories

the share of subsidies premium is 50:50 in between central and state Government, whereas it is 90:10 in case of North Eastern states. The total amount of Rs 7,54,08,816.00 had released to 9 different Insurance Companies during for the financial year 2016-17 as a State Share of Premium subsidy under PMFBY. The Implementing agency National Insurance Company (NIC) was the only company which was selected through bidding process during Rabi 2016-17 seasons. During Rabi 2016-17 Season total 8,104 nos. farmers and 4,140 hector area covered with an total premium of Rs.1,68,21,262.00. In the financial year 2017-18 an amount of Rs 382.50 lakhs has been allotted for the PMFBY. In the year 2022 total 2,62,805 farmers of Assam have insured their crops with the value of 14,176.9 crore covering 1,63,000 hectare lands and total 764.6 crore premium paid to the insurance company. Unfortunately in comparison to this huge number of insured farmers the percentage of claims is reported very low in the state like Assam where crop failure is a common phenomenon due to recurrent flood and other natural calamities. The process of procurement of Smart Phones has already started in Assam and will be used for CCE Agriculture App by adopting “Yield Estimation System based on Technology (YES-TECH)” in implementation of PMFBY.

In the following Table-1, the State-wise progress under Pradhan Mantri Fasal Bima Yojana (PMFBY) & Restructured Weather Based Insurance Scheme (RWBCIS) have been presented from 2016-17 to 2022-23. In the above table it has seen that in the country total 45.13 crore farmers’ applications have been received in the period of 2016-17 to 2022-23 jointly for the Pradhan Mantri Fasal Bima Yojana (PMFBY) & Restructured Weather Based Insurance Scheme (RWBCIS) by covering 33.71 crore hectares land and total sum of Rs.13.77 lakh crore have been insured. Out of total 1.97 lakh crore insurance premium farmers share was 28.13 crore. During this period total claim was Rs.1,35,480.72 crore, Rs.1,32,450.30 crore has been paid by the insurance company to the farmers and Rs.38,58.28

Table-1: State-wise progress under Pradhan Mantri Fasal Bima Yojana (PMFBY) & Restructured Weather Based Insurance Scheme (RWBCIS)- Combined from 2016-17 to 2022-23

State/UTs	Total Farmer Applications (In Lakhs)	Area Insured (In lakh hectares)	Sum Insured (In Rs. Crore)	Farmers Share in Premium (In Rs. Crore)	Gross Premium (In Rs. Crore)	Total Claims (In Rs. Crore)	Paid Claims (In Rs. Crore)	Claims Outstanding (In Rs. Crore)
A & N Islands	0.23	0.02	8.04	0.04	0.70	0.24	0.00	
Andhra Pradesh	4838.35	88.41	76.85	49159.94	710.56	4988.37	13.90	
Assam	271.00	41.64	25.45	17402.92	14.23	705.08	60.18	
Bihar	749.37	50.17	46.09	21749.10	383.92	2444.86	0.00	
Chhattisgarh	6309.56	272.35	163.83	59475.12	1161.33	7328.15	88.64	

Goa	0.03	0.01	14.73	0.18	0.21
0.14	0.14	0.00			
Gujarat	83.95	112.33	53812.10	1499.44	12045.28
5417.54	5232.62	258.87			
Haryana	101.14	130.58	87252.65	1875.65	6584.35
6057.65	5891.26	166.45			
Himachal Pradesh	19.87	77.06	4526.81	172.15	543.61
308.21	291.25	18.57			
Jammu & Kashmir	4.54	3.25	2031.93	36.71	181.14
91.85	87.98	3.86			
Jharkhand	44.62	19.40	10733.48	75.15	1236.76
572.72	98.08	797.14			
Karnataka	148.54	138.82	63746.41	1706.36	14117.05
10151.24	10123.08	153.54			
Kerala	4.94	3.08	2283.08	45.23	421.50
377.94	333.86	44.09			
Madhya Pradesh	573.80	782.35	275284.61	5179.26	34625.68
25728.01	25674.12	77.74			
Maharashtra	841.83	485.73	187318.78	5012.88	38385.61
26114.10	25849.84	483.28			
Manipur	0.28	0.36	142.40	2.61	10.01
5.24	5.24	0.00			
Meghalaya	0.05	0.03	26.37	0.79	0.99
0.51	0.51	0.00			
Odisha	364.96	91.67	57068.43	1126.11	8654.03
6232.47	6150.04	83.13			
Puducherry	0.84	0.49	307.70	0.23	22.31
29.08	15.68	17.89			
Rajasthan	1086.09	683.19	220272.99	4548.72	
31356.04	21772.25	20403.66	1408.58		
Sikkim	0.05	0.01	8.17	0.22	0.24
0.67	0.67	0.02			
Tamil Nadu	238.60	96.19	58874.52	959.94	14129.42
12758.76	12699.81	58.94			
Telangana	36.36	37.83	25529.70	652.94	2222.20
1845.78	1811.67	34.11			

Tripura		8.94	1.48	1014.55	2.64	29.75
5.14	5.13	0.00				
Uttar Pradesh		350.88	283.56	135337.93	2473.45	9614.65
4119.56	4060.10	71.79				
Uttarakhand		14.76	55.31	5904.94	186.73	791.50
500.53	487.54	13.25				
West Bengal		134.91	55.85	37345.91	305.51	2086.77
1222.83	1218.52	4.31				
Grand Total		4512.57	3370.79	1376633.30	28132.99	192526.25
135480.72	132450.30	3858.28				

Source: DA&FW

crore are remaining as pending claim. Overall in the country of India a significant numbers of farmers as well as cultivable land have been covered by the Pradhan Mantri Fasal Bima Yojana (PMFBY) & Restructured Weather Based Insurance Scheme (RWBCIS) since inception of these schemes.

In the state of Assam within the same period 41.64 lakh farmers application have been received and 25.45 lakhs hectares of land have been insured. Total sum of Rs. 17,402.92 crore have been insured and total insurance premium was Rs.705.08 crore. The total insurance premium paid by the farmers was Rs.14.23 crore. Out of total claims Rs. 271 crore, Rs.210.82 have been paid by the insurance company to the farmers and Rs. 60.18 crore are remaining as pending claim in the state of Assam during the same period. The progress of Pradhan Mantri Fasal Bima Yojana (PMFBY) & Restructured Weather Based Insurance Scheme (RWBCIS) in the state of Assam are not satisfactory in terms of coverage of total farmers and total cultivable land of the state.

Comparison between former insurance policy and PMFBY:

The PMFBY is a technologically improvised crop insurance policy over its predecessor schemes with low premium. So, it is necessary to present a comparison of PMFBY with its predecessor schemes.

Comparison of PMFBY with previous crop insurance schemes

Sl. No	Features	NAIS (1999)	MNAIS (2010)	PMFBGY (2016)
1	Premium rate	Low (1.5–3.5 per cent) and no premium subsidy for horticulture/commercial	High (up to 15 per cent) and premium subsidy for all crops	Almost equal to NAIS (1.5–5 per cent) and premium subsidy for all crops
2	Insurance unit	Village panchayat, block and taluka	Village/village panchayat for major crops	Village/village panchayat for major crops
3	Indemnity level	60, 80, 90 per cent	80, 90 per cent	70,80, 90 per cent
4	Sum insured	Loan amount/value of TY/ 150% value of AY	Sanctioned credit limit/value of TY / 150% value of AY	Equal to scale of finance
5	One season-one premium	Yes	No	Yes
6	Insurance amount cover	Full	Capped	Full
7	On-account payment	No	Yes	Yes
8	Localized risk coverage	No	Hailstorm, landslide	Hailstorm, landslide, inundation
9	Post-harvest losses coverage	No	Coastal areas—for cyclonic rain	All India—for cyclonic + unseasonal rain
10	Prevented sowing coverage	No	No	Yes
11	Use of technology (for quicker settlement of claims)	No	Intended	Mandatory
12	Claim liability	0	Government will underwrite losses beyond 500 per cent of seasonal gross premium	Government will underwrite losses beyond 350 per cent of seasonal gross premium

13	Minimum sample size for CCE	Not specified	Not specified	Not specified
14	Monitoring of scheme	0	Provision for social audit and sending list of beneficiaries to gram panchayat, 1-5 per cent of beneficiary to be crosschecked	Social audit provision removed completely, no beneficiary list will be sent to gram panchayat, 1-5 per cent of beneficiary to be crosschecked
15	Insurance companies	Only Government	Government and private both	Government and private both

Suggestions:

As agriculture is life line of Assamese people, development of agricultural sector is very important by reducing covariate risk involve in the sector for accelerating economy growth of Assam. PMFBY now become a very well known crop insurance policy with low subsidies premium which is affordable to fragmented low income farmers of Assam. Proper implementation of PMFBY in Assam may change the scenario of Assam economy as fate of other sector also mostly depends on it. For implementation of PMFBY the following measures are important_

1. Make aware farmers about the benefits of PMFBY by conducting trainings, workshops, distribution of pamphlets, road shows, advertisements using television, newspaper, radio, mobile SMS etc.
2. Farmers must be encouraged for registration in PMFBY by simplifying the App and Portal for Online registration.
3. It is very urgent to properly follow the Yield Estimation System based on Technology (YES-TECH) method for crop loss assessment in Assam.
4. Make proper arrangement for disbursement of claims on time i.e., before the next crop.
5. Proper policy implications should be there to resolve the dispute between insurance company and Govt. and provision of sufficient fund should be in the state budget for PMFBY.
6. Strict monitoring and supervision of the scheme is required for reducing flawed land, poor land records and corruption in disposal of claims.

CONCLUSION:

PMFBY is a wonderful crop insurance policy for the underdeveloped state like Assam which may increase overall yield in cultivation and raise the farmers’ standards of living and make them confident to grow better crops by providing a cushion of comfort in a situation of crisis. This scheme is definitely going to be a boon for the farming community of Assam as it has provision of subsidies low premium affordable to each and every farmer’s. Again, proper implementation of

such farmers' friendly crop insurance scheme may increase credit inflows to the farm sector, enhance the investment and innovation and eliminate suicidal case in the agricultural sector of Assam. PMFBY may become a part and parcel of India's Act East Policy by stabilizing income of the Assamese people and the sector as a whole.

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