

Research Paper



PRADHAN MANTRI FASAL BIMA YOJANA (PMFBY) AN AWARENESS AND IN CHAMARAJANAGARA DISTRICT

Ashalatha. G.S¹

¹Research Scholar, Commerce Discipline, J.S.S. Research Foundation,
JSSTI Campus, Mysore-6, Karnataka, India

Dr. M. Prabhu²

²Assistant Professor, J.S.S. College for Women, Kollegala, Karnataka,
India

ABSTRACT

The study aims to understand the knowledge of farmers regarding the PMFBY, crop insurance prior to that, difficulties faced at the time of on line registration and the assessment of risk. The study is conducted based on both primary and secondary data. The secondary data regarding the total number of farmers, crop insured, etc. has been collected from both agricultural and horticultural office of the district. The opinion of the farmers is elicited from the questionnaire survey. 10% of respondents from each taluk of the district are interviewed using convenient sampling. The study identifies the two major problems and they are on line registration and assessment of risk /settling of claims. Due to lack of awareness among the farmers the facility given by the government of India with a sole objective of supporting sustainable production in agriculture sector by providing financial support to farmers suffering crop loss due to any natural calamities will not be achieved. The finding shows that the PMFBY will not be successful unless the policy makers change the method of settling the claims. The study concludes with the statement that the poverty and indebtedness of the farmers of the district can be eradicated through this scheme by inducing the growth of agriculture if the scheme is properly implemented.

KEY WORDS: PMFBY, Farmers, Crops, Awareness.

INTRODUCTION

Pradhan Mantri Fasal Bima Yojana, was started on 13th January 2016 by the Modi government, a crop insurance scheme for the farmers who are the backbones of the nation with a sole objective of supporting sustainable production in agriculture sector by providing financial support to farmers suffering crop loss due to any natural calamities. It is a very low premium and replaces the entire existing crop insurance scheme with a budget amount of rupees 17,600 cores. Farmers who are large, marginal or any other can avail facility under this scheme with online registration. In Karnataka to out of 30 districts totally 955060 farmers enrolled their name under this scheme of which Kalaburgi stands first and Bangalore records least. The study area Chamarajanagara stands 15th under this scheme.

REVIEW OF LITERATURE

Skees, Varangis and Larson (2001) studied the development of weather contracts based on rainfall to insure against drought in four Mexican states. The study assed on two main components. First, it examined the correlation between rainfall and yields to determine the loss due to lack

of rain. Second, it designed a prototype rainfall contract and examined how this contract affects the variance of revenues from these crops. The study concludes that weather contracts are feasible in about 40% of the planted area in these four states where the correlation between rainfall and yields is around 60-80%. Also, rainfall contracts could reduce the relatively risk by up to 30%. Stoppa and Hess (2003) studied the structure of the rainfall insurance programme which was developed in analogy to a European put option where the option price is the cost of the coverage and the strike is the rainfall threshold below which an indemnity is triggered. Amarender Reddy.A (2004) observed that for those who depend on distribution of monsoon rain in India. The ongoing National Agricultural Insurance Scheme is a good step far ward to insure risk of millions of farmers. With this background he suggested that the innovative techniques in agricultural/rural insurance, which overcome some of the disadvantages of yield, based group insurance and suggests rainfall (weather) index insurance as a better alternative/ complement to the existing agricultural insurance scheme. Mills (2005) suggested that, the insurance modeling has essentially been backward-looking with a focus on historical trends in



order to price and offer short-term contracts; on the other hand, modeling by the climate change community is looking into long future time horizons and has not been directly amenable to decision support input for the insurance industry. Gay, Estrada et al. (2006) studied the changes in climatic variables expected for year 2020 and made observation that it could make coffee production not economically viable for producers. The model reveals that present temperature is already slightly higher than the optimum value for coffee production. Gunnar Breustedt et al (2007) evaluated yield risk reduction through weather index, area yield index and farm yield insurance contracts for wheat farms in Kazakhstan by employing data from 1980 to 2002. They use the usual mean variance (MV) approach and also a second-degree stochastic dominance (SSD) criterion. Barnett and Mahul (2008) made observation regarding the effective mechanisms for transferring risk. Weather index insurance is a relatively simple concept that, under certain circumstances, can effectively transfer spatially covariate weather risks as operating costs are generally lower for weather index insurance than for traditional insurance products. Hellmuth, Osgood, Hess, et al., (2009) suggested the risk transfer approaches as insurance has played a role in mitigating climate risk in many parts of the world. A new type of insurance – index insurance – offers new opportunities for managing climate risk in developing countries. Jacqueline Diaz Nietol et al (2010) found out the sustainable formal insurance for droughts in developing countries captures the attention of many in the development community for good reason. He first examines the problems associated with traditional approaches to formal drought insurance and goes on to examine the potential of index insurance that is event-driven. A combined weather-generation and crop simulation modelling approach is used to estimate site-specific risks. The method is demonstrated in a case study for dry bean production in Honduras. Daniel J. Clarke et al (2012) they provided a critical overview of weather index insurance market including a review of indices used for insurance purposes and a description and analysis of common approaches to design and ratemaking. Janani Akhilandeswari Ramasubramanian (2012) opined that Microinsurance is potentially a useful tool that facilitates low-income households' transition out of poverty. However, the uptake of micro insurance products is low and this is a phenomenon that is not specific to any country or continent. He employed a contingent valuation model to study the demand for rainfall index based micro insurance programmes among 400 small and marginal turmeric farmers in Tamil Nadu, India. Using an open-ended interactive bidding process, Emily Black et al (2016) suggested that remotely sensed rainfall is increasingly being used to manage climate-related risk in gauge sparse regions. Applications based on such data must make maximal use of the skill of the methodology in order to avoid doing harm by providing misleading information. These methodological principles for application design are widely applicable in Africa and elsewhere.

RESEARCH GAP/ STATEMENT OF THE PROBLEM

Current research in the area of PMFBY is a piloted research as it is a newly introduced scheme which replaces all the existing crop insurance.

The major issues in the study are:-

- (1) No comprehensive study has been conducted so far
- (2) Collection of data
- (3) Farmers are fails to give proper response as it is newly introduced scheme

OBJECTIVES

The main objectives of the study are:-

- To study the general scenario of the scheme in the district.
- To examine and to create the awareness of the scheme among the farmers of the district.
- To explore the opinion of the farmers with respect to the PMFBY in the district.

HYPOTHESES OF THE STUDY

1. "The farmers are well aware of the PMFBY across the district
2. "The Visual media is more power full in publicity rather than the other media.
3. "The farmers are fails to understand the procedure adapted for paying premium and for getting the risk amount.

Research methodology:- As stated rightly by Miller (1983). It is a body of knowledge that enables researchers to explain and analyze methods – indicating their limitations and resources. The present study is a composition of both primary and secondary data

a) Primary data

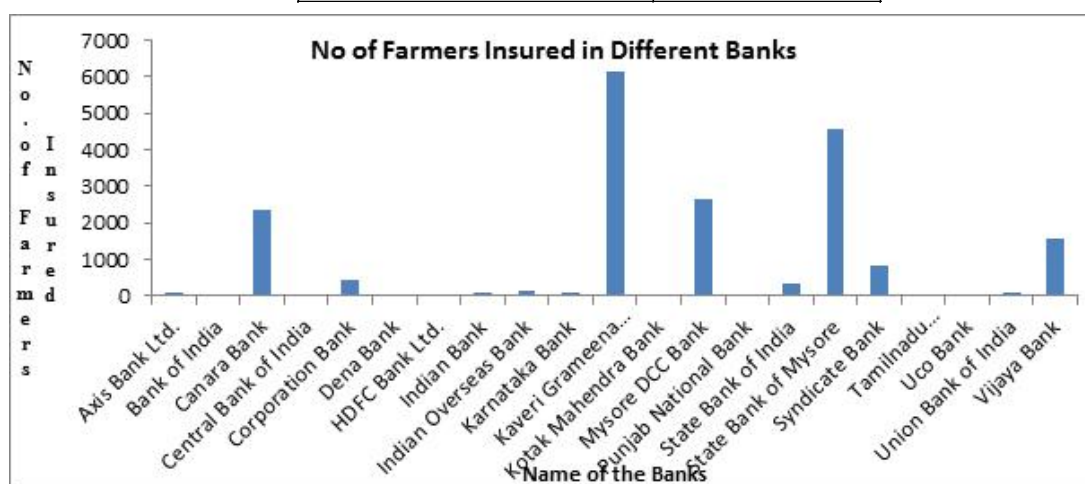
The primary data on 50 responses were collected from targeted group in Chamarajanagara District using the simple questionnaire as a research instrument. The data collected is processed and represented in the form of table and graphs which helped in testing hypotheses

b) Secondary data

The data regarding the premium of insurance, insurance agencies, etc. for the present year were collected from department of Agriculture and Horticulture of Chamarajanagara district.

Implementing agency (IA): -The Scheme shall be implemented through a multi-agency framework by selected insurance companies under the overall guidance & control of the Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW), Ministry of Agriculture & Farmers Welfare (MoA&FW), Government of India (GOI) and the concerned State in co-ordination with various other agencies; viz Financial Institutions like Commercial Banks, Co-operative Banks, Regional Rural Banks and their regulatory bodies, Government Departments viz. Agriculture, Cooperation, Horticulture, Statistics, Revenue, Information/ Science & Technology, Panchayati Raj etc. DAC&FW has designated/empanelled Agriculture Insurance Company of India (AIC) and some private insurance companies presently to participate in the Government sponsored agriculture /crop insurance schemes based on their financial strength, infrastructure, manpower and expertise etc. The empanelled private insurance companies at present in Chamarajanagara district are listed below with the number of farmers who have insured their crops in the respective banks

Name of the Bank	No of farmers Insured
Axis Bank Ltd.	90
Bank of India	38
Canara Bank	2353
Central Bank of India	24
Corporation Bank	463
Dena Bank	34
HDFC Bank Ltd.	12
Indian Bank	75
Indian Overseas Bank	164
Karnataka Bank	108
Kaveri Grammeena Bank	6135
Kotak Mahendra Bank	10
Mysore DCC Bank	2634
Punjab National Bank	02
State Bank of India	325
State Bank of Mysore	4587
Syndicate Bank	841
Tamilnadu Merchant Bank	17
Uco Bank	37
Union Bank of India	120
Vijaya Bank	1586
Total	18735



Totally 18735 farmers have insured their crops in different 21 banks out of which least of 02 have insured in Punjab National bank where as highest of 6135 farmers insured their crops in Kaveri Grammeena bank of the district. The selection of insurance company from amongst the empanelled insurance companies shall be done from amongst the designated / empanelled companies which shall be initially pre-qualified, strictly on the basis of, experience, existence of infrastructure in the area and quality of services like coverage of farmers & area, pay-outs in terms of quantum & timely settlement thereof, willingness to do publicity & awareness campaigns etc. The final selection of IA from amongst the pre-qualified insurance companies shall be done based on the

lowest weighted premium quoted by a pre-qualified company for all notified crops within the cluster of districts

RESULTS AND DISCUSSION

Overview of the Chamarajanagara District:-

In Chamarajanagar district under PMFBY 1.96% (18,735) of the state (955060) farmers are enrolled for various 22 crops. The main crops insured are Jowar, Green gram, Black gram, Groundnut, Sunflower Cotton and Maize etc cultivated in an area of 41,000 hectare in Universal Somepe Insurance Company from various banks. The following table clearly shows the talukwise farmers who have insured their crops in the district

Taluks	No of Farmers Insured
C.H. Nagara	9733
Gundelpet	6508
Hannur	504
Kollegala	1575
Yellendur	415
Total	18735

Publicity & awareness of the scheme in the district: -

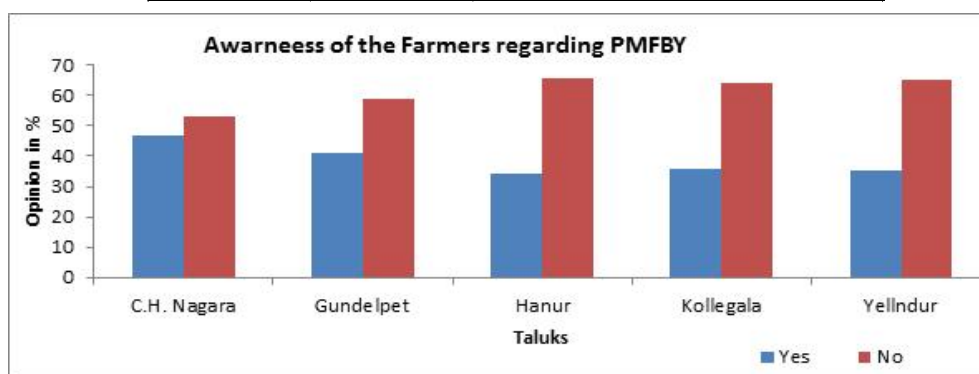
Adequate publicity needs to be given in all the villages of the notified districts/ areas. All possible means of electronic and print media, farmer’s fair, exhibitions including SMS messages, short films, and documentaries shall be utilized to create and disseminate awareness, benefits and limitations of the Scheme among the cultivators and the agencies involved in implementing the Scheme. Agriculture/Cooperation Department of the States in consultation with IA shall work out appropriate Plan for adequate awareness and publicity

three months prior to the start of coverage period. When opinion survey of 50 stake holders in each taluk regarding the publicity and awareness of the scheme is conducted the publicity and the awareness extended by the concerned department is not enough as less than 50% of the farmers are not aware of the scheme itself in almost all the taluks of the district and visual media has failed to reach the stake holder, where as it is less than 30% in all the taluks but electronic media including radio has achieved well regarding the publicity of the scheme.

H1:- “The farmers are well aware of the PMFBY across the district

SL.No.	Yes	No
C.H. Nagara M1	47	53
Gundelpet M2	41	59
Hanur M3	34	66
Kollegala M4	36	64
Yellndur M5	35	65
	38.60±5.41	61.40±5.41***

***-Extremely statistically significant



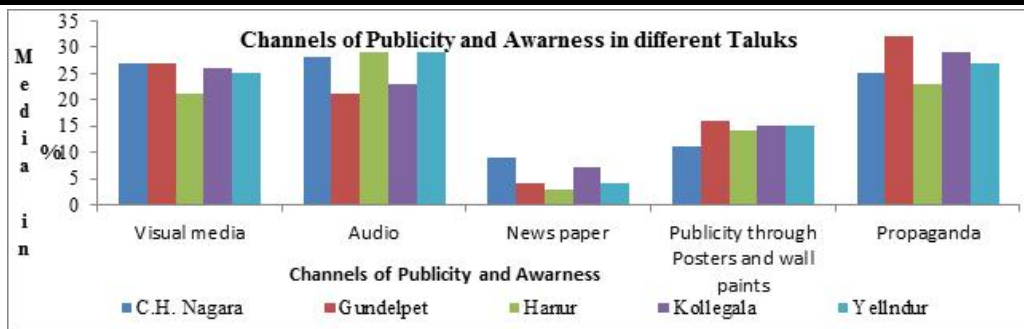
Yes
 HSD[.05]=5.38; HSD[.01]=7.09
 M1 vs M2 P<.05
 M1 vs M3 P<.01
 M1 vs M4 P<.01
 M1 vs M5 P<.01
 M2 vs M3 P<.05
 M2 vs M4 nonsignificant
 M2 vs M5 P<.05
 M3 vs M4 nonsignificant
 M3 vs M5 nonsignificant
 M4 vs M5 nonsignificant

No
 HSD[.05]=5.38; HSD[.01]=7.09
 M1 vs M2 P<.05
 M1 vs M3 P<.01
 M1 vs M4 P<.01
 M1 vs M5 P<.01
 M2 vs M3 P<.05
 M2 vs M4 nonsignificant
 M2 vs M5 P<.05
 M3 vs M4 nonsignificant
 M3 vs M5 nonsignificant
 M4 vs M5 nonsignificant

The null hypothesis is accepted and the hypothesis is rejected as the significance value is more than 0-.874

H2 :- “The Visual media is more power full in publicity rather than the other media.

SL.No.	Visual media M1	Audio M2	News paper M3	Publicity through Posters and wall paints M4	Propaganda M5
C.H. Nagara	27	28	9	11	25
Gundelpet	27	21	4	16	32
Hanur	21	29	3	14	23
Kollegala	26	23	7	15	29
Yellndur	25	29	4	15	27



The hypothesis is rejected and the null hypothesis is accepted as the value of significance is 0.984.

HSD[.05]=5.53; HSD[.01]=6.91

M1 vs M2 nonsignificant

M1 vs M3 P<.01

M1 vs M4 P<.01

M1 vs M5 nonsignificant

M2 vs M3 P<.01

M2 vs M4 P<.01

M2 vs M5 nonsignificant

M3 vs M4 P<.01

M3 vs M5 P<.01

M4 vs M5 P<.01

3) H3 “The farmers are fails to understand the procedure adapted for paying premium and for getting the risk amount.

Did you understand the PMFBY regarding the following procedure?

Yes

SL.No.	Regarding the premium	Assessment of risk	Settlement of risk
C.H. Nagara	29	16	15
Gundelpet	27	15	21
Hanur	16	13	21
Kollegal	19	17	10
Yelandur	16	12	12

No

SL.No.	Regarding the premium	Assessment of risk	Settlement of risk
C.H. Nagara	71	84	85
Gundelpet	73	85	79
Hanur	84	87	79
Kollegal	81	83	90
Yelandur	84	88	88

Regarding the premium

Yes	No
21.40±6.19	78.60±6.19***

Assessment of risk

Yes	No
14.60±2.07	85.40±2.07***

Settlement of risk

Yes	No
15.80±5.07	84.20±5.07***

The above table clearly shows the awareness of the farmers regarding the amount of premium and the settlement of risk. In almost all the taluks farmers are fails to understand the premium amount fixed by the government and the assessment of risk as well as settlement of risk. As these

procedures followed by the officials are rigid with a set of norms and rules.

The above said hypothesis is highly accepted as the significance value is 0.0231
Why did you apt PMFBY?

SL.No.	Well aware of the scheme M1	Low Premium M2	Good faith in the Government M3
C.H. Nagara	15	13	76
Gundelpet	21	17	66
Hanur	12	19	72
Kollegal	10	11	79
Yelandur	11	14	75

HSD[.05]=7.18; HSD[.01]=9.6

M1 vs M2 nonsignificant

M1 vs M3 P<.01

M2 vs M3 P<.01

In the district more than 70% of the stake holders except in Gundelpet insured their crops under PMFBY just because of having faith in the government and a few percentage of the farmers insured because of low premium and aware of the scheme.

SUGGESTION

The above study identifies the following suggestion:-

1. Proper awareness and publicity should be given to the farmers regarding the scheme.
2. Farmers should be educated properly and to brief them regarding the online registration, assessment and settlement of risk.
3. The threshold assessment or the average of last six years should be dropped in order to benefit the farmers.

CONCLUSION

The study identifies the two major problems and they are on line registration and assessment of risk /settling of claims. Due to lack of awareness among the farmers the facility given by the government of India with a sole objective of supporting sustainable production in agriculture sector by providing financial support to farmers suffering crop loss due to any natural calamities will not be achieved. The finding

shows that the PMFBY will not be successful unless the policy makers change the method of settling the claims. The study concludes with the statement that the poverty and indebtedness of the farmers of the district can be eradicated through this scheme by inducing the growth of agriculture if the scheme is properly implemented.

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