

INSIGHTS INTO AGRICULTURAL RISK MANAGEMENT: ANALYZING FARMERS' AWARENESS AND CHALLENGES IN IMPLEMENTING THE PMFBY SCHEME

Bijin Philip

Research Scholar, Department of Commerce, Imayam Arts and Science College, Vadakkuveli, Kannanur, Thuraiyur, Tiruchirappalli - 621206, Affiliated to Bharathidasan University, Tamilnadu, India, Bijinphilip111@gmail.com

Dr. Suresh. G

Assistant professor in Commerce & Research Guide, Department of Commerce, Imayam Arts and Science College, Vadakkuveli, Kannanur, Thuraiyur, Tiruchirappalli - 621206, Affiliated to Bharathidasan University, Tamilnadu, India, drsureshgphd@gmail.com

Abstract

The plight of farmers in India is exacerbated by systemic neglect, pushing them to the margins of society. Crop failures resulting from natural disasters and adverse weather conditions add to their hardships, often leading to extreme despondency and tragically, suicides. This article delves into the awareness levels of farmers regarding the Pradhan Mantri Fasal Bima Yojana (PMFBY). There exists a noticeable disparity in awareness across states, with farmers generally having a rudimentary understanding of the scheme. However, a significant lack of clarity prevails, particularly concerning crucial aspects of crop insurance. Farmers struggle to grasp details related to features, loss evaluation intricacies, indemnity coverage, committee assessments, localized calamities, yield data submission deadlines, and the various timelines involved in claims processing, approval, and payments.

The PMFBY grapples with challenges such as insufficient state support, an unsustainable subsidy model, delayed claim settlements, and an uneven distribution of benefits. A recommended strategy for enhancing its effectiveness involves adopting a technology-enabled, demand-driven approach. Additionally, advocating for the depoliticization of crop insurance is proposed to mitigate undue influences. By infusing elements of velocity, variety, and verifiability into the PMFBY, the crop insurance scheme can be optimized to genuinely serve the interests of farmers, prioritizing their well-being over the interests of insurers, administrators, and politicians.

Keywords: *PMFBY, Agriculture Insurance, Farmers*

Introduction

In the 2020 Global Hunger Index (GHI) study, India came in at position 94 out of 107 nations. The GHI provides an overall view of a nation's hunger condition by accounting for factors like undernourishment, child stunting, child wasting, and child mortality y (**Global Hunger Index**

2020). The inherent instability in production and the associated market risks render agriculture a precarious venture, directly impacting farmers' income levels (**Gulati et al., 2018**).

Agriculture stands as a cornerstone of the Indian economy, contributing not only around 17% to the GDP but also serving as a livelihood for a substantial 53% of the population. India's identity is deeply rooted in its agricultural landscape, with farming and associated activities forming the primary source of livelihood for the majority of the rural population. Beyond its role in sustaining rural communities, agriculture plays a pivotal and effective role in propelling the economic growth of India. It is rightfully regarded as a significant powerhouse within the broader economic framework of the country. Given the vital role of agriculture in India, there are ongoing efforts to enhance productivity, introduce technological advancements, improve infrastructure, and implement policies that support the well-being of farmers and the sustainability of the sector. The government, as well as various stakeholders, recognize the importance of strengthening agriculture to ensure the overall prosperity of the nation.

Considering the prevailing circumstances, the Indian government took a significant step by introducing the Pradhan Mantri Fasal Bima Yojana (PMFBY) on February 18, 2016. This initiative aims to mitigate agricultural risks and uncertainties, providing a stabilizing influence on farmers' incomes. Positioned as the government's flagship scheme for agricultural insurance in India, the PMFBY aligns with the overarching theme of "one nation, one scheme." Farmers who received loans from any financial institution were required to participate in the Pradhan Mantri Fasal Bima Yojana (PMFBY) at first, while farmers who did not get loans were free to sign up on their own. But beginning with the 2020 kharif season, even loanee farmers may no longer participate in the program (**Tiwari et al., 2020**). Under the general supervision of the Ministry of Agriculture and Farmers' Welfare, Government of India, both public and private insurance companies implemented the initiative.

Objectives

- To study the awareness of farmers on the PMFBY scheme.

Methodology

A comprehensive literature review was undertaken across major databases such as Scopus, Web of Science, ProQuest, AGRICOLA, AGRIS, and Google search engines. Additionally, information was sourced from the annual reports of the Ministry of Agriculture and Farmers Welfare, Government of India. The search employed keywords like "Crop Insurance," "Agriculture Loans," "National Agriculture Schemes," and "India" to ensure relevance to the Indian context. The identified articles were meticulously gathered, excluding duplicates. Rigorous quality control measures were implemented, with two researchers independently reviewing the selected articles. Critical insights were also extracted from government ministry websites and annual reports, forming the basis for the findings presented in the results and discussion section.

Results & Discussions

The primary challenge faced by insurance providers lies in the continuous innovation of new products that align with customer needs and adapt to changes in policyholder behavior, government interventions, competitive landscapes, distribution networks, technological advancements, service quality, and customer relationship management. The success of any insurance enterprise hinges on raising awareness of insurance products among beneficiaries. Following the introduction of the Pradhan Mantri Fasal Bima Yojana (PMFBY), there has been a significant emphasis on large-scale marketing efforts to address these challenges.

Loanee farmers' awareness of the features of the PMFBY Scheme reveals several key factors influencing their understanding. The primary factor, explaining 22.02% of the variance, is the risk coverage aspect, particularly pertaining to yield loss. The second factor, explaining 17.08% of the variance, is related to the sum insured is equal to the threshold yield or the scale of finance, whichever is higher. The third factor, accounting for 7.75% of the variance, is the use of technology in crop-cutting experiments. The fourth factor, contributing to 5.14% of the variance, emphasizes uniform seasonality and cut-off date for both loanee and non-loanee farmers. The fifth factor, explaining 4.76% of the variance, is the subsidy in premium. The sixth factor, contributing 4.43% of the variance, highlights insurance coverage for localized calamities. Finally, the seventh factor, explaining 4.23% of the variance, underscores eligibility for insurance based on insurable interest in the crop. In total, these seven factors collectively account for 65.41% of the variance in loanee farmers' awareness of the PMFBY scheme (**Santhi & Sangeetha, 2020**).

Compared to loanee farmers, non-loanee farmers have gained greater awareness. Garrett ranking was used to determine the limitations experienced by farmers who were insured and those who were not. The top ranking among the obstacles faced by farmers who insure their crops is the delay in settling claims. Farmers who were not covered by insurance cited ignorance of the program as a primary barrier. The study has ranked the recommendations provided by farmers for a crop insurance program. Farmers have given suggestions for quick claim settlement—as soon as crop loss is reported—a higher ranking (**Kavitha, & Nandhini, 2022**).

The majority of farmers were aware that natural disasters like lightning, storms, cyclones, floods, and droughts were covered under the program. Farmers are aware that the Pradhan Mantri Fasal Bima Yojana was created to assist farmers in improving productivity via the use of improved technology. Crop loans through KCC are covered under compulsory coverage. Kharif, Rabi, and Annual Horticulture Crops are covered under PMFBY (**Devi & Gupta, 2020**).

The majority of respondents (over 64%) did not know about the increased benefits for small farmers and the subsidy pattern under the PMFBY scheme. The majority of respondents (87%) believed that agricultural development plans were performing well, which is predicted by their performance. Merely 13% of the participants believed that the program's performance was subpar. Regarding PMKSY, the majority of respondents (72%) thought the program was doing well.

Approximately 50% of those surveyed said that agricultural mechanization for in-situ crop residue management was working well. Two-thirds of respondents to a survey on the promotion of Agricultural Mechanisation for In-Situ Crop Residue Management (CRM) were aware of the program, and 62% of them thought that the custom hiring center established under the program was beneficial (**Shehrawat et al., 2020**). The findings showed that 86.00% of the farmers knew about the crops covered by PMFBY, followed by 72.00% who knew about the e-NAM facility and 72.00% who knew about the premiums paid for crop insurance (Singh et al., 2020).

The reported results underscore a notable level of awareness among farmers regarding general knowledge and premium-related information about the Pradhan Mantri Fasal Bima Yojana (PMFBY), with almost 70.00 percent exhibiting familiarity in these domains. This heightened awareness is attributed to the mandatory recommendations provided to farmers obtaining loans, emphasizing the interconnected nature of financial lending and insurance participation. However, the study reveals a contrast in awareness levels for other crucial aspects, reflecting a potential gap in communication between implementing and service-providing agencies. Notably, aspects such as prevented sowing, committee assessments, localized calamities, yield data submission deadlines, claims processing, approval, payment timelines, and on-account proposal periods show considerably lower awareness, ranging from 1.66% to 5.00%. The study also sheds light on farmers' participation preferences, indicating that the plan for loanee farmers gained widespread acceptance (93.33%), primarily driven by mandatory requirements, with only 6.67 percent opting for voluntary participation. These findings underscore the need for targeted communication strategies to enhance farmers' understanding of the comprehensive aspects of the PMFBY scheme (**Ghanghas, 2018**).

According to the majority of farmers in every Andhra Pradesh district that has been observed, the PMFBY Scheme's publicity falls short of achieving its goal. Farmers who lack literacy claim that they are unable to use PMFBY's information and communication technology. Implementing organizations, including governmental and private insurance providers, are not particularly interested in covering every farmer (**Prasuna, 2019**).

Since responses are graded on a three-point Likert scale, with 1 denoting not awareness, 2 partial awareness, and 3 full awareness, the mean value of all the features falls between 1.70 and 2.05, indicating that respondents are partially aware. The premium rate charged for crop insurance has the highest mean value (2.05), followed by agrarian risk (1.92), which represents the loss that the insurance company pays to farmers. These values show that farmers have a high level of awareness regarding these two parameters when compared to the other dimensions of awareness. A low level of awareness among respondents is evident from the marginal differences in the mean scores of the statements about the clarity of crop insurance features (1.72), the last date of the crop insurance availing period (1.79), the process of loss evaluation, and the amount of loss to be covered as indemnity (1.70) (**Suneja, 2022**).

The literature suggests that there exists a variation in awareness levels among farmers regarding the Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme, with disparities observed from one state to another. While farmers generally exhibit a basic understanding of the scheme, there is a notable lack of clarity on specific aspects crucial to crop insurance. Key areas where farmers seem to lack detailed knowledge include the features of crop insurance, the intricacies of the loss evaluation process, the extent of coverage for indemnity, committee assessments, localized calamities, yield data submission deadlines, and the various timelines associated with claims processing, approval, and payments. The literature underscores the need for targeted awareness campaigns that go beyond general information, providing farmers with a comprehensive understanding of the scheme's features, processes, and timelines. Bridging this knowledge gap is essential for ensuring that farmers can make informed decisions regarding their participation in the PMFBY scheme and fully benefit from its protective measures.

Conclusion

An analysis of farmers' knowledge and opinions regarding the Pradhan Mantri Fasal Bima Yojana (PMFBY) program sheds important light on agricultural risk management. A road map for focused communication tactics is provided by the characteristics that were found to impact loanee farmers' comprehension. These factors include risk coverage, sum insured, technological integration, seasonality, subsidies, calamity coverage, and eligibility. Even while non-loanee farmers are typically more aware, issues like insured farmers' claim settlement delays and non-insured farmers' ignorance highlight the need for improved outreach and simpler procedures.

The paper highlights the significance of accessible communication channels by revealing a considerable gap in publicity effectiveness, particularly among farmers with lower literacy levels. Although there is a respectable amount of knowledge about covered crops and their ability to withstand natural disasters, a significant number of farmers still do not know important information about things like subsidies and small farmer benefits. The results highlight how financial lending and insurance participation are intertwined, especially for farmers who receive loans.

The study emphasizes the need for farmers to have a comprehensive grasp of the PMFBY system that goes beyond only the loan-related requirements and includes other important components. The mean scores indicate that farmers have a partial awareness, which points to the necessity of focused educational efforts. Since agriculture continues to be a crucial industry for economies, closing these knowledge gaps and resolving issues will greatly aid in the successful implementation of agricultural insurance programs like PMFBY, strengthening the farming community's resilience and sustainability.

Reference

- Global Hunger Index. 2020. India: Making Food a Right for All. Available online: <https://www.globalhungerindex.org/case-studies/2016-india.html> (accessed on 15 November 2023).
- Gulati, Ashok, Purna Terway, and Siraj Hussain. 2018. Crop Insurance in India: Key Issues and Way Forward. Available online: <https://www.think-asia.org/handle/11540/8052> (accessed on 15 November 2023).
- Tiwari, Rajesh, Khem Chand, and Bimal Anjum. 2020. Crop Insurance in India: A Review of Pradhan Mantri Fasal Bima Yojana (PMFBY). *FIIB Business Review* 9: 249–55. [CrossRef]
- Santhi, P., & Sangeetha, S. (2020). Prediction of Farmers' Access to Pradhan Mantri Fasal Bima Yojana (PMFBY) Scheme using Discriminant Analysis. *SDMIMD Journal of Management*, 11(2).
- Kavitha, V., & Nandhini, S. U. (2022). An Analysis On Farmer's Awareness and Perception Towards Pradhan Mantri Fasal Bima Yojana Scheme In Coimbatore District of Tamil Nadu. *International Journal of Agricultural & Statistical Sciences*, 18(2).
- Devi, K., & Gupta, S. (2020). Awareness of farmers regarding Pradhan Mantri Fasal Bima Yojana. *International Journal of Home Science*, 6(3), 340-343.
- Shehrawat, A., Sharma, N., Shehrawat, P., & Bhakar, S. (2020). Awareness and performance of agricultural development schemes in context of farmers' welfare in Haryana. *Economic Affairs*, 65(2), 167-172.
- Singh, S., Bhakar, S., & Shehrawat, P. S. (2020). Farmers' awareness and performance about agriculture development schemes in Haryana. *Intl. J. Agri. Innovations & Res*, 8(5), 495-502.
- Ghanghas, B. S. (2018). Awareness of pradhan mantri fasal bima yojana among farmers of haryana state. *Journal of pharmacognosy and phytochemistry*, 7(4), 1912-1914.
- Prasuna, C. G. (2019). Assessment of Awareness On PMFBY In4 Districts Of Andhra Pradesh. *Think India Journal*, 22(14), 1349-1355.
- Suneja, A. (2022). A Study of Farmers' Awareness towards Pradhan Mantri Fasal Bima Yojana. *Contemporary Issues in Banking, Insurance and Financial Services*, 182.