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RESEARCH ARTICLE

INSIGHTS INTO THE NEW CROP INSURANCE SCHEME IN HARYANA STATE.

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Abstract

Agriculture is undoubtedly risky, and the risk of a bad year discourages farmers from investing in high-yielding activities. By building resilience, agricultural insurance can help farmers improve their productivity and provide food security. The Indian government has therefore implemented a new agricultural insurance scheme, the Pradhan Mantri Fasal Bima Yojana (PMFBY). Pradhan Mantri Fasal Bima Yojana (PMFBY) is the new crop insurance scheme launched by Central Government. PMFBY will replace the existing two schemes National Agricultural Insurance Scheme as well as Modified NAIS which have had some inherent drawbacks. Pradhan Mantri Fasal Bima Yojana implemented in every state of India, with association with the respective State Governments. The present study is an attempt to understand the different issues and strategies related to implementation of Pradhan mantra fasal bima yojna in Haryana state. The study concludes with the recommendations that there is a strong need of the hour to educate rural people with regards to Insurance as a concept and as a product for effective implementation of this new crop insurance scheme.

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Introduction:-

To provide financial support to farmers suffering crop loss/damage arising out of unforeseen events, a new scheme, namely, Pradhan Mantri Fasal Bima Yojana (PMFBY) has been approved for implementation in all States and Union Territories from Kharif 2016 season in place of National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS). PMFBY is a marked improvement over the earlier schemes on several counts and comprehensive risk coverage from pre-sowing to post-harvest losses haHaryana Government has notified the areas, crops, indemnity level, sum insured, premium rates and seasonality discipline for the implementation of Pradhan Mantri Fasal Bima Yojana (PMFBY) in the State during Kharif 2016 and Rabi 2016-17. While stating this here today, an official spokesman said that the crops to be covered under the scheme included cotton, paddy, Bajra and maize during Kharif 2016 and wheat, barley, mustard and gram during Rabi 2016-17. The PMFBY will operate on the principle of area approach in the Insurance Unit, which would be the revenue estate (village). The scheme would be implemented in the entire State on cluster approach. In Cluster-I, there would be districts of Sirsa, Bhiwani, Faridabad, Kurukshetra, Kaithal, Panchkula and Rewari. Cluster-II would have districts of Hisar, Sonapat, Gurgaon, Karnal, Ambala, Jind and Mahendragarh. The Cluster-III would have districts of Fatehabad, Rohtak, Jhajjar, Mewat, Palwal, Panipat and Yamunanagar. While referring to the stages of the crop and risks leading to crop loss, he said that in case of preventing sowing or planting risk, there would be coverage of risk in case the injured area is prevented from sowing or planting due to deficit rainfall or adverse seasonal

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conditions. In case of standing Crop that is sowing to harvesting, comprehensive risk insurance will be provided to cover yield losses due to non-preventable risks, viz. Drought, dry spells, flood, inundation, pests and diseases, land slides, natural fire and lightening storm, hail-storm, cyclone, typhoon, tempest, hurricane and tornado is being provided under it.

Review of Literature:-

Bantilan (2014) studied rainfall insurance schemes and its operational modalities such as eligibility criteria, payment of premium, benefit structure and payouts, and technical hassles. It examined the hypothesis that low spread of rainfall insurance was linked with the situation where prospective buyers were unable to relate the product to their regular exposure. This study also underlines incongruity comparing the variation in longitudinal actual village data and reference weather data (mandal level3) that were used to calculate strike, exit and payouts to the farmers across six villages of semi-arid tropics (SAT) region. It identified several challenges on the ground in its capacity to cover risk among the farmers. The challenges include lack of proper awareness among farmers, absence of reliable weather datasets, misinformation on insurance contract and processes, exclusion of high risky crops from the rainfall insurance coverage. Real time calculation of risk benefits with existing policy found that existing design cannot appropriate to meet the loss, if incurred during the climate extremes. Hence, there is a need to relook at the insurance policy design in terms of efficiency. The study also argued that with continuous government support and by drawing on both quasi government and private players into the process for greater transparency and design to improve effectiveness of this initiative.

Uvaneswaran and Mohanapriya (2014) considered Agriculture is the back bone of the Indian economy. Government has launched several schemes like National Agricultural Scheme and Weather Index Based crop insurance schemes for protecting the farmers against risks in agriculture. Due to the risk of loss in agriculture the farmers are making suicide attempts, selling their properties or the properties are seized by the Bank and financial institutions for the loan availed by the farmers. This is due to lack of awareness about the risk management techniques among the farmers. The research was conducted among the 150 farmers of Erode District to assess the farmer's perception about the various facts of crop insurance schemes.

Lopamudra and Dhaliwal (2014) reviewed the functional agricultural insurance schemes in Punjab state microscopically and macroscopically in the country. India has administered crop insurance scheme since 1972 of which all the variants of the scheme introduced from time to time had various flaws. Nevertheless India is not alone where public crop insurance has not been successful. In both developed and developing countries such insurance schemes have incurred losses without offering an effective product. The major role player in the public sector companies offering crop insurance is Agricultural Insurance Company (AIC). The private role players are IFFCO Tokio General Insurance Company Ltd, ICICI Lombard Insurance Company Ltd. The major insurance running in the country is NAIS but was not Punjab state since the paddy – wheat crops grown in the state are less risky crop in the wake of assured irrigation and high input agriculture. Weather based insurance products have got a good scope in the state to act as a tool of risk mitigation. The post green revolution era of Punjab State needs to address the challenge of diversification. The agriculture insurance can act as a motivation for the farmers of Punjab to go for diversification by setting themselves free from the risks involved and the loss in income which they shall face.

Kiyanoush et. al. (2012) prepared the roadmap for introducing crop insurance as a risk management strategy for the farmers in Iran. The study is based on both secondary and primary data and information. Survey was the research method, and data was collected by questionnaire and different instruments, such as survey questionnaire, FGDs, interview schedule, inception workshop and roundtable discussions with stakeholders at different levels. The three survey districts were: Golestan Province (as a flash flood area, north of Iran), Khuzestan Province (as a drought area, south of Iran) and Khuzestan Province (as a cyclone and flood-prone area, south of the country). The results revealed that four independent variables explain adoption of Drought insurance. Consult with other farmers is the main independent variable.

Research Objectives:-

- To study the problems in implementing of “PMFBY” as experienced by implementing agency, financial institutions and department of agriculture.
- Suggestions and strategies to implement “PMFBY” to grass root level by implementing agency, financial institutions and department of agriculture.

Research Area:-

Cluster –II: Hisar, Sonipat, Gurgaon, Karnal, Ambala, Jind and Mahendergarh

Sample Size:-

Financial institutions: District central Co-operative Banks = 10

Nationalized banks = 10

Gramin Banks = 15

Implementing Agency: Bajaj Allianz General Insurance company Ltd. = 15

Department of Agriculture (Distt. Offices), Haryana = 50

Data Analysis:-

The survey was conducted in cluster –II of Haryana State to study the problems in implementing of PMFBY. The sample covers experts working in District Central Co-operative Banks, Nationalized Banks, Gramin Banks, Bajaj Allianz General Insurance company Ltd. and 31 Agricultural Departments (District Offices) of cluster- II Haryana state.

Table no. 1:- represents the data collection from the districts covers cluster-II

S.NO	DISTRICT	DCC BANK	NATIONALISED BANK	GRAMIN BANK	BAJAJ ALLIANJ	AGRI DEPT (Dist.)
1	Hisar	2	1	2	3	9
2	Sonipat	1	1	1	1	5
3	Gurgaon	3	4	6	6	21
4	Karnal	1	2	2	1	6
5	Ambala	1	2	2	2	2
6	Jind	1	0	1	1	3
7	Mahendergarh	1	0	1	1	4

The majority of the officers working in financial institutions, implementing agency and agricultural department (Dist offices) were well aware of the operational modalities of PMFBY.

The respondents were asked about the role played by the banks and agricultural department in creating awareness and publicity of PMFBY. The survey was conducted to investigate the response related to display scheme posters in their office premises, discussion of the scheme with the farmers when they visit the bank / office, distribution of printed handouts like brochures, pamphlets to farmers and also include discussion on features and operational modalities of PMFBY on the agenda in various meetings with the farmers. The following table no. 2 show the response of various officials from districts comes in a cluster –II.

Table No. 2: Role Of Banks In Publicity And Awareness

Response	DCC Bank	Nationalized Bank	Gramin Bank	Bajaj Allianj	Agri Dept
Display PMFBY Posters in Premises	42%	30%	50%	25%	38%
Discuss PMFBY with farmers when they visit the bank/office for loan and other purposes	20%	23%	25%	25%	21%
Handouts on PMFBY like brochures and pamphlets to farmers during their visit to the bank/office	15%	10%	3%	15%	2%
Include PMFBY as an Agenda in various meetings with farmers	23%	37%	22%	35%	39%

Officials from banks and agriculture department were asked whether servicing non-borrower farmers gives an opportunity to the bank for developing / expanding business relationship. Table no. 3 represents the response related to servicing non- loanee (insured) farmers – bankers inventions for market penetration.

Table no. 3:- Servicing Non-Loanee (Insured) Farmers – Bankers
Intervention For Market Penetration

Response	DCC Bank	Nationalized Bank	Gramin Bank	Bajaj Allianj	Agri Dept
Yes	74%	69%	98 %	100%	100%
No	26%	31%	2%	-	-

Respondents were asked regarding their views, whether the crop insurance offers collateral security to bank portfolio. Table no. 4 represents the response related to crop insurance as a collateral security.

Table no. 4:- Crop Insurance As A Collateral Security

Response	DCC Bank	Nationalized Bank	Gramin Bank	Bajaj Allianj	Agri Dept
Yes	76%	42%	100 %	89%	86%
No	24 %	58 %	-	11%	14%

Table no. 5 represents the response related to servicing to non –loanee farmers. The responses are regarding the preference related services like rural agents at door step to facilitate insurance services, appointing rural agents at village level, the involvement of co-operative banks, regional rural bank and Self-help groups (SHGs).

Table no. 5:- Servicing To Non-Loanee (Insured) Farmers

Response	DCC Bank	Nationalized Bank	Gramin Bank	Bajaj Allianj	Agri Dept
Rural agent at door step	29%	100 %	55%	33%	43%
Rural agent at village level	16%	-	-	17%	07%
Co-operative Bank	39%	-	-	50%	14%
Regional Rural Bank	04%	-	45%	-	07%
Self Help Groups	12%	-	-	-	29%

Bank officials gave suggestions for improving implementation of PMFBY. Table no 6 shows the suggestions given by bank officials for improving implementation of PMFBY.

Table No. 6:- Suggestions For Improving Implementation Of Pmfby

Response	Percent			
	DCC Bank	Nationalized Bank	Gramin Bank	Bajaj Allianj
Cover more crops	15	-	8	15
Individual assessment	12	2	7	16
Gram Panchayat as a unit of loss assessment	7	1	4	8
Reduce premium	14	-	8	7
Quick settlement of claims	18	25	26	16
Insurance service at door step / village level	11	32	2	14
Making scheme voluntary	9	15	17	12
CCE's to be conducted in the presence of villagers / insurance company's representatives	8	8	13	8
Indemnity level from 60% to 80-90%	6	17	15	4

The agricultural department of Haryana state plays a very important role in monitoring and implementation of PMFBY. For this reason, its suggestions for improvement in PMFBY are equally important as suggestions given by banks. Table 7 represents the suggestions for improvement in implementing PMFBY.

Table 7:- Suggestions For Improvement In Pmfby

Response	Percent
Cover more crops	8
Individual assessment	16

Gram Panchayat as a unit of loss assessment	2
Reduce premium	12
Quick settlement of claims	28
Insurance service at door step / village level	9
Making scheme voluntary	13
CCE's to be conducted in the presence of villagers / insurance company's representatives	4
Indemnity level from 60% to 80-90%	8

Field Observations – Key Issues And Suggestions

The key issues and suggestions received based on personal interview have been identified from officials of district offices of agricultural department, Haryana, which are noted as follows:

Key issues:

1. Promotion:

- Negative publicity by some officials of Agriculture Department adversely impacting the participation of farmers in the scheme.
- Marketing not done properly for non-loanee farmers.

2. Process :-

- The employees of Agriculture Department are being busy in implementing varied schemes that is why they do not provide optimum time and attention for understanding the problems of the farmers in relation to the various aspects of implementation of the PMFBY.
- Non-availability of optimum man power to implement this scheme.
- Operation of the scheme is full of hassles and requires a number of documents and this becomes a hurdle for participation in the scheme by the farmers.

3. Crop cutting experiments:

- To conduct the Crop cutting experiments is an additional task and due to lack of sufficient staff, conducting Crop cutting experiments becomes problematic.
- Improper conduct of crop cutting experiments.
- Inadequate involvement of the farmers at the time of conduct of CCEs.
- Inaccurate reporting of the results of CCEs.

4. Price:

- The premium and claims are a large burden.

Suggestions:

- Periodic training programs for the farmers should be organized in various training venues such as Block Level Agricultural Offices/ Krishi Vigyan Kendra to communicate the benefits of the scheme.
- Timely conduct of crop cutting experiments as per the correct statistical procedure and accurate assessment of the yield results by the Government Officials involving the participation of concerned farmers at the time of CCEs.
- Strengthening the supervisory machineries by insurer and financial institutions.
- A comprehensive awareness programme should be launched before the commencement of the crop season to enable the farmers to plan and prepare for coverage of the crops in the scheme.
- Whatever the farmer grows on the farm, insurance should be there and not as per the notified crops.

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