AN ANALYSIS ON FARMERS AWARENESS AND PERCEPTION TOWARDS PRADHAN MANTRI FASAL BIMA YOJANA SCHEME IN COIMBATORE DISTRICT OF TAMIL NADU

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Abstract: Dependence on weather conditions makes agriculture extremely susceptible. To bridge the gap in farm income over the years, Government of India has taken lot of measures and one such effort is the crop insurance programme. Among the various crop insurance schemes of Government of India, Pradhan Mantri Fasal Bima Yojana (PMFBY) assumes importance. The current study was conducted in Thondamuthur Block of Coimbatore district, Tamil Nadu with the objective of finding out the awareness, adaptability and perception about this scheme among the farmers. A total of 60 farmers, 30 insured and 30 non-insured farmers were selected randomly from 3 villages of Thondamuthur Block. The results of the study have shown that non loanee farmers have obtained better awareness when compared to the loanee farmers. To find out the constraints faced by insured and non-insured farmers, Garett ranking was used. Among the constraints of crop insured farmers, delay in claim settlement has obtained rank one. The non-insured farmers ranked unawareness about the scheme as major constraint. The study has given ranks for suggestions made by farmers on crop insurance scheme. Farmers have assigned higher rank for the suggestion on prompt settlement of claims as and when yield loss notified. The study also recorded the various risk mitigation strategies adopted by non-insured farmers.

Key words: Crop insurance, Garret ranking, Risk mitigation, Pradhan Mantri Fasal Bima Yojana (PMFBY).

Cite this article

1. Introduction

In India, nearly half of the population depends on agriculture and this field contributes about 19.9 per cent of GDP [GoI (2020-21)]. According to the forecast by international agencies like UNDP, India’s population is projected to reach 1.40 billion [Elgohari (2019)]. In year 2019, India transitioned to a middle-income country [Gandroli et al. (2019)]. The country’s agricultural system has adopted only middle level output boundaries in comparison to developed nations and accounts for cultivation on an average of less than 1.45 hectares per farmer [Dansawad (2019)]. As agriculture depends on climate and subject to risk and uncertainty, any changes in agricultural production will have a say on other sectors of economy. Developing countries that have huge dependence on farm income are found to be more exposed to these climate changes [Rosenzweig and Parry (1994), Fischer et al. (2005)]. In regions of smallholder dominance like South Asia, Climatic variability and change have resulted in the reduction in yields of major cereal crops [Aryal et al. (2020)]. Adaptation is a process to deal with climatic impacts [Adger et al. (2009)]. To mitigate risk and uncertainty in agriculture, Indian Government has devised lot of risk averting mechanisms and one such mechanism is the insurance scheme for crops. Indian Government has formulated Eight Missions under the National Action Plan on Climate Change (NAPCC) and one such mission is the National Mission for Sustainable Agriculture (NMSA). Climate risk management is one
among the four focus areas of the NMSA, in which agricultural and weather insurance play an important role. Thus it helps the cultivators in overcoming production losses and took their mind away from suicides. Insurance on crops in India dates back to 1972 and the actual progress was observed from 1999, when the National Agriculture Insurance Scheme (NAIS) was started. Then crop insurance in India underwent great changes with introduction of central Government flagship scheme - Pradhan Mantri Fasal Bima Yojana (PMFBY).

PMFBY is an area-based yield-index crop insurance scheme in India, implemented by both central and state government agencies. It provide coverage against yield loss for all the food crops, oilseeds and annual commercial and horticultural crops grown in the rabi (winter) and kharif (summer or monsoon) seasons. From kharif season 2020, the scheme is voluntary for every loanee and non loanee farmers.

Performance of any crop insurance scheme depends on many factors and one important factor is the fixation of premium amount. As per the World Bank report on crop insurance in 65 countries, premium subsidies given by the government was found to be the key factor in support for agricultural insurance among farmers. Understanding the importance of premium fixation, Government of India has fixed a premium of only 2% for all Kharif crops, 1.5% for all Rabi crops and 5% for all the annual commercial and horticultural crops. During natural calamities, the remaining premium will be paid by the Government to the insurance agency so that full insured amount is given to the farmers against crop loss.

Many studies supports the fact that crop insurances are needed for overcoming climate related risks. Crop insurance provides monetary support to the farmers when crop loss occurred and make them credit worthy for the next crop season [Reddy and Narasaiah (1998)]. With this background, current research was conducted with the following objectives:

1. To understand the awareness level of farmers on PMFBY scheme
2. To identify the constraints faced by farmers in the scheme.
3. To list the suggestions given by farmers towards the improvement of the scheme.
4. To find out the several risk mitigation strategies adopted by non-insured farmers.

2. Methodology

To study the awareness and adaptability of Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme in Coimbatore district, Thondamuthur Block was selected purposively. The study was conducted during 2020. A total of 60 farmers, 30 crop insured farmers and 30 non-crop insured farmers were selected randomly from 3 villages of Thondamuthur Block namely Thaliyur, Kulathuppalayam and Thennamanallur. Among the 30 insured farmers, 15 loanee and 15 non loanee farmers were selected. The study has considered seven parameters for analysing the awareness level of crop insurance among farmers viz., name of the crop insurance scheme, objective of crop insurance scheme, application process, number of calamities covered, amount of premium paid, sum insured, claim settlement process, and knowledge about insurance provider. To analyse the restrictions faced by farmers and suggestions towards the scheme, Garret ranking technique was employed.

2.1 Henry Garrett’s ranking technique

The study utilised Garrett ranking technique to evaluate the various constrictions and suggestions given by farmers on PMFBY scheme. Farmers were asked to allot the rank for all constraints/suggestions on crop insurance and then those ranking have been changed into percent position with the aid of the formula:

\[
\text{percent position} = 100 \left( \frac{R_{ij} - 0.5}{N_j} \right)
\]

where, \( R_{ij} \) = Rank given for the \( i \)th constraint/suggestion by \( j \)th farmer

\( N_j \) = Number of constraint/suggestion ranked by \( j \)th farmer

Using Garrett’s Table, the percent position valued is then changed into scores. Then for each constraint/suggestions, individual farmer’s scores were totalled and with that, total value of scores and mean values of scores were found out. The constraints/suggestions having maximum mean value is considered to be the most important one.

3. Results and Discussion

3.1 Awareness towards PMFBY scheme

One of the main problem with crop insurance, which is external to the design of the product, is the dearth of awareness among farmers. Lack of knowledge or understanding about insurance forms the main cause
for the low enrolment among non-borrowing farmers [Gine et al. (2008)]. Risk overcoming methods were known to many farmers, but only 50% of the farmers were found to be aware about the crop insurance schemes [Suresh et al. (2011)]. Report of Comptroller and Auditor General of India (2017) highlighted the fact that publicity about crop insurance schemes was not adequate or effective. Out of 5,993 farmers surveyed, only 37% were aware of the schemes and knew about the rates of premium, risk covered, claims, loss suffered, etc., and the remaining 63 percent farmers had no knowledge of insurance schemes. The Economic Survey of the Government of India has set the priority on creating awareness for higher coverage of crop insurance [GoI (2018-19)].

In this study, the awareness level on various parameters of PMFBY was studied for both loanee and non loanee farmers (Table 1).

3.2 Constraints faced by the farmers in the scheme

The results indicated that of all the parameters listed, the objective of availing crop insurance scheme was known by all the farmers. The parameter, which was lesser known by the farmers was the knowledge about the insurance company which provides PMFBY. The details about insurance company was known by only 13% of the farmers in loanee category and 33% of the farmers in non loanee category. In all the parameters, the non loanee farmers has better awareness when compared to loanee farmers.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Loanee farmers</th>
<th>Non loanee farmers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical aspects of the scheme</td>
<td>27</td>
<td>87</td>
</tr>
<tr>
<td>Calamities covered under the scheme</td>
<td>60</td>
<td>93</td>
</tr>
<tr>
<td>Claim settlement process</td>
<td>47</td>
<td>80</td>
</tr>
<tr>
<td>Application process</td>
<td>67</td>
<td>100</td>
</tr>
<tr>
<td>Amount of premium paid</td>
<td>47</td>
<td>100</td>
</tr>
<tr>
<td>Objective of availing crop insurance</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Knowledge regarding insurance company</td>
<td>13</td>
<td>33</td>
</tr>
<tr>
<td>Name of the crop insurance scheme</td>
<td>27</td>
<td>87</td>
</tr>
</tbody>
</table>

Among the constraints faced by the insured farmers (Table 2), delay in claims settlement by the insurance agency was ranked first followed by high premium rate fixed for the crops and no clear information about crop insurance company. Non-insured farmers expressed about non-awareness about the scheme as major constraint (Table 3), followed by constraints like yield loss estimation based on area level, crops grown by them not covered under the scheme and not interested in the scheme.

3.3 Suggestions given by farmers on PMFBY implementation

In order to suit their needs, farmers in the study area has indicated certain suggestions in the implementation of PMFBY (Table 4). Most of the farmers has suggested for quick settlement of claims. Rank 2 was assigned for individual yield loss assessment instead of area based loss assessment. Farmers given rank 3 for inclusion of more notified crops under the scheme. Rank four was given for the suggestion to raise the insurance claim amount.

3.4 Risk mitigation strategies adopted by non-insured farmers

Unawareness about the benefits of crop insurance among farmer’s results in preference towards other cash reserves and savings when compared to insurance, as the farmers often feel this is the safer choice [Soni and Trivedi (2013)]. In the study area also, many non-insured farmers preferred various risk mitigation strategies. These strategies were analysed and presented in Table 5.

The non-insured farmers adopted crop diversification as the major risk mitigation strategy (27 per cent), followed by investment in water saving structures like drip irrigation, farm pond etc. (26 per cent). Integrated farming (21 per cent), sale of assets
or livestock, hypothecation of jewels, loan from friends or relatives and loan from non-banking institutions were also adopted by non-insured farmers for mitigating weather based risk in farming.

4. Conclusion

It has been found out from the study that the awareness level of PMFBY scheme was different for loanee and non loanee farmers. The non loanee farmers were better understanding about various parameters of the scheme when compared to loanee farmers since non loanee farmers joined the scheme out of their own interest after observing various feed backs about the scheme. The study has indicated that the awareness towards the insurance company which was responsible for carrying out the scheme in the selected area was less among both the category of farmers. Among the constraints listed out by the insured farmers, delay in settlement of claims by the insurance agency was ranked first. In case of non-insured farmers, non-awareness about the scheme was the major constraint.

Many farmers has suggested for the prompt settlement of claims after the yield loss notified to the authorities. Suggestions like individual yield loss assessment and coverage of more crops in the notified area was also cited by many farmers. The study also attempted to find out the risk mitigation strategies followed by non-insured farmers. Among the various strategies, crop diversification, investment in water saving structures and integrated farming are adopted by many non-insured farmers at the rate of 27, 26 and 21 per cent, respectively. The study has noticed that though Government has taken lot of efforts in creating awareness on crop insurance scheme, still many farmers were insurance illiterate, hence creating community awareness about the crop insurance scheme is the timely need so as to make the scheme a real farmers welfare scheme during their toughest times.

Conflict of interest

Authors of this article have declared that there is absolutely no conflict of interest between them and the respondents of the survey.

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References


