



# AN ANALYSIS OF PRADHAN MANTRI FASAL BIMA YOJANA (PMFBY): EXPECTATION AND REALITY IN JHARKHAND

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## ABSTRACT

*Pradhan Mantri fasal Bima yojana (PMFBY) and is a scheme of central government of India. This scheme is a risky venture which is susceptible to various risks arising from weather variability, fluctuations in input and output price, difficulties in storage pest attack and diseases. Although there are many risk mitigating tools, whenever there is a crop failure, crop insurance is considered to be the effective mechanism to compensate the farmers for their losses. One of the policy interventions in recent times to minimise the risk associated with agricultural production is the introduction of Pradhan Mantri Fasal Bima Yojana (PMFBY) in 2016. The previously implemented schemes because of their lower penetration and coverage met with limited success. To protect and double farmers' income by 2022 is the major objective and a shift from increasing farm production to increasing farm income is the important policy change of this present scheme. Using secondary data, the present paper is an attempt to examine the performance of the scheme.*

**KEYWORDS:**-PMFBY, crop insurance, compensation, fluctuations.

## INTRODUCTION

Agriculture is exposed to various types of risks such as production, ecological, market. Production risks have different dimensions: 'micro' or idiosyncratic risk affecting an individual or household, covariant risk affecting groups of households (e.g. rainfall) and 'macro' or systematic risks affecting regions (e.g. Droughts). Variations in weather indicators (rainfall, humidity, temperature etc.) Affect the crop yield adversely. Again Crop yield is affected by weather induced natural disasters like droughts, flood, hurricane cyclone and hailstorm. Apart from weather risks unforeseen contingencies like infestation of plant disease and pest attack very often causes huge crop loss. In addition to production risk, there is also substantial market risk in agriculture due to wide variations in input and output prices. Crop prices are more volatile because of difficulties in storage owing to perishability of the products.

The question is how farmers can be protected from the various risks by minimizing crop losses. Crop insurance is one of the mechanisms to mitigate production and market risks which results in instability in income resulting from various uncertain events. Crop insurance is a risk transfer mechanism that transfers the production risk from the insured to the insurer and reinsurer. Though crop insurance does

not reduce the risk of crop failure and thus, is not preventive.

Two major issues have emerged in respect to pulses production in the country. First, the limited genetic potential for high yields and second their vulnerability to pests and diseases. Compared to other food grains crops, yield potential of the pulses has been rather low. Newer varieties of pulses need to be developed so that the crop cycle fits well into cropping systems that the farmer's adopt. Another important issue is limited mechanization potential, especially for planting and harvesting of the crop. Suitable plant types need to be developed for mechanical harvesting with pods above the canopy and sturdier plants.

## PRECONDITIONS FOR IMPLEMENTATION OF THE SCHEME

### Overview of Jharkhand

Issuance of Notification by State Govt. for implementation of the Scheme (PMFBY) will imply their acceptance of all provisions, modalities and guidelines of the Scheme. The main conditions relating to PMFBY which are binding on State is as follows:



- ✦ Adoption of innovative technology especially Smart phones/ hand held devices for capturing conduct of CCEs through CCE-Agri App and use of NCIP platform for flow of information and auto administration of the scheme
- ✦ State has to conduct requisite number of Crop Cutting Experiments (CCEs) at the level of notified insurance unit area;
- ✦ CCE based yield data will be uploaded on the National Crop Insurance Portal/submitted to Insurance Company within the notified cut-off date.

### Pradhan Mantri Fasal Bima Yojana (PMFBY)

After the non-satisfactory performance of the previous crop insurance programme simple mentioned in India, the NDA government introduced PMFBY in the year 2016 in order to reduce the hardship on farmers and stabilise their income. The scheme aims to support sustainable production by providing financial support to farmers suffering crop loss/damage arising from unforeseen events. The scheme also aim and encouraging farmers to adopt innovative and modern agricultural practices. Thus, PMFBY is an important and ambitious scheme aimed at ensuring stable incomes for farmers in the event of agrarian uncertainties. It is one of the largest experiments of its kind in the world given its potential to benefit millions of small and poor farmers.

### Coverage of Crops

The schemes provides coverage of the following crops:

- ❖ Food crops ( Cereals, Millets and Pulses),
- ❖ Oilseeds
- ❖ Annual commercial/ Horticultural crops

### Premium Rates

The premium rates for Food Crops and Oilseeds (FCOS) is fixed at 2 percent of the Sum Insured or Actuarial rate, whichever is less, for kharif season and 1.5 percent for rabi season. For commercial/horticulture crops, premium rate of 5 percent is fixed to be paid by the farmer. The Central

government and the State government will equally share the difference between premium rate and rate of insurance payable by farmers as premium subsidy.

### LITERATURE REVIEW

#### Suman Devi (2015)

Agriculture production and farm incomes in India are frequently altered by natural disasters such as droughts, floods, cyclones, storms, landslides, earthquakes, etc.

#### Dr. Rahul Reddy (2017)

The ongoing national agricultural scheme is a good step forward to insure risk of millions of farmers whose livelihood depends on the pattern and distribution of monsoon rain in India. Department of agriculture, cooperation and farmers welfare ministry of agriculture and farmers welfare krishi bhavan.it provides guidelines and frame work for insurance scheme and its procedure.

#### Mridusmitha choudary (2018)

This scheme will let farmers pay a very low premium to insure their crops. Farmers will have to pay premium of only 2% of the some insured for kharif crops, 1.5% for rabi crops and 5% for horticulture and cash crops

### Objective of the Scheme

Pradhan Mantri Fasal Bima Yojana (PMFBY) aims at supporting sustainable production in agriculture sector by way of

- ✦ Providing financial support to farmers suffering crop loss/damage arising out of unforeseen events
- ✦ Stabilizing the income of farmers to ensure their continuance in farming
- ✦ Encouraging farmers to adopt innovative and modern agricultural practices
- ✦ Ensuring flow of credit to the agriculture sector which will contribute to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.



## DATA INTERPRETATION

**Table no 01**  
**Crop contribution to total pulse production as on 2019-2020**  
**(Area-lakh ha, Production-lakh tons, Yield-kg/ha)**

Crop	2019-202			Contribution%	
	Area	Production	Yield	Area	Product ion
Gram	105.73	111.58	1056	36.01	45.53
Tur	44.59	41.80	937	15.19	17.06
Urd	50.31	32.84	653	17.13	13.40
Mung	40.70	19.01	467	13.86	7.76
Other Kharif Pulses	18.74	7.99	426	6.38	3.26
Other Rabi Pulses	33.53	31.83	903	11.42	12.99
Total Kharif Pulses	137.60	90.06	654	11.42	36.75
Total Rabi Pulses	156.00	155.00	654	53.13	63.25
Total	293.60	245.06	654	165	200

Source: DES, Ministry of Agri. & FW (DAC&FW), Dated on 2019-20.

On the basis of table no 01 Crop contribution to total pulse production as on 2019-20 Area 293.6, Production 245.60, Yield 654, and contribution % Areas165, Production 200.

## CONCLUSION

This study is very helpful to analyse and evaluate what is this scheme and its use for the agricultural people. Our population is increasing as well as demand will also increase which we have to resort to increase the production. It is a challenge for us to ensure supply of pulses as pulse crops are primarily taken up for cultivation under rain fed condition in poor soils and are prone to production losses due to moisture stress. State Governments will review the performance of the scheme after one year and point out corrections, if any, required in any of the provisions of the scheme to Govt. of India.

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