



ISSN (E): 2277-7695
ISSN (P): 2349-8242
NAAS Rating: 5.23
TPI 2023; 12(5): 306-308
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www.thepharmajournal.com
Received: 21-02-2023
Accepted: 25-04-2023

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Identifying the constraints faced by the farmers in the adoption of Pradhan Mantri Fasal Bima Yojana (PMFBY) in Prayagraj district, Uttar Pradesh

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Abstract

The Pradhan Mantri Fasal Bima Yojana (PMFBY) is a crop insurance scheme launched by the Government of India to safeguard the interest of farmers against losses incurred due to crop damage. Despite the benefits offered by the scheme, the adoption rate among farmers has been low. This research paper explores the perception of farmers towards crop insurance schemes in Prayagraj district, Uttar Pradesh, India. The study adopted a multiple-stage stratified sampling process, and data was collected from both insured and uninsured farmers. The findings suggest that the majority of insured farmers perceive the Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme to be better than earlier crop insurance schemes. However, the high insurance premium is perceived as the most significant challenge faced by insured farmers, followed by delays in compensation and inadequate compensation. The lack of premium-paying capacity and lack of awareness of the scheme are identified as the primary reasons for not taking up crop insurance. The administrative requirements of insurance schemes need to be simplified to increase the uptake of crop insurance. The study highlights the need for further awareness and education among farmers to increase the adoption of crop insurance schemes.

Keywords: Constraints, PMFBY, farmers, natural calamities

Introduction

Agriculture is the backbone of the Indian economy, and it is the primary source of livelihood for a significant proportion of the population. However, agriculture is highly vulnerable to various natural calamities such as droughts, floods, and pests, which can lead to crop damage and financial losses for farmers. The uncertainty and increased risk of climate change make farmers, particularly those with a limited budget less keen to invest in buildings, improved quality seeds, and fertilizers, opting for a risk-averse approach.

To safeguard the interest of farmers against such losses, the Government of India launched the Pradhan Mantri Fasal Bima Yojana (PMFBY) in 2016. PMFBY is a crop insurance scheme that provides financial support to farmers in case of crop damage due to natural calamities or pest attacks.

Under the scheme, farmers have to pay a nominal premium, and the rest of the cost is borne by the government and the insurance companies. Despite the benefits offered by PMFBY, the adoption rate among farmers has been low. Although PMFBY has been a transformational scheme, its implementation has not been up to the mark with many issues at the state and district level (ORF Issue brief 296, May 2019). This research paper aims to identify the constraints faced by farmers in adopting PMFBY.

Methodology

Multiple stages of the stratified sampling process was adopted for the selection of the sample. Uttar Pradesh is made up of 75 districts. The district of Prayagraj was chosen purposely for the study because of its substantial insured and non-insured farmer population.

Out of 23 blocks in Prayagraj, Chaka block was purposefully chosen from all of the existing blocks because of the large number of farmers covered under PMFBY and the researcher's accessibility. The top five villages with the highest number of insured were selected and an equal sample of 110 insured and uninsured farmers was selected from the study area.

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Results and Discussion

The findings from Table 1 suggest that a majority of insured farmers perceive PMFBY to be better than earlier crop insurance schemes. Specifically, 65.45% of the respondents found PMFBY to be superior, indicating a significant level of satisfaction among the insured farmers. In contrast, only 23.64% of respondents reported having the same experience with PMFBY as with earlier crop insurance schemes. Additionally, 10.91% of the farmers were unsure of the scheme's performance, which could indicate the need for

further awareness and education regarding PMFBY. Furthermore, the study revealed that PMFBY has a positive impact on the economic condition of farmers. Specifically, 77.27% of the respondents agreed that PMFBY improves the economic condition of farmers. This finding is significant as it suggests that the scheme is achieving its objective of providing financial protection to farmers against crop losses, thereby reducing their economic vulnerabilities. On the other hand, 22.73% of the respondents reported that PMFBY did not improve farmers' economic conditions.

Table 1: Opinion of Sample Insured Farmers about PMFBY

Sr. No.	Particular	No. of Sample	Overall, the experience with PMFBY is				PMFBY improves the economic condition of the farmer.	
			Better than the earlier schemes	Same as any of the earlier insurance schemes	Worse than the earlier schemes	Cannot Say	Yes	No
1	Insured Farmers	110 (100)	72 (65.45)	26 (23.64)	0 (0.00)	12 (10.91)	85 (77.27)	25 (22.73)

Note: Figures in parenthesis represent the percentage to the total

Table 2 provides valuable insights into the challenges faced by insured farmers in implementing crop insurance schemes. The factors listed in the table are ranked based on their mean scores, with the highest-ranked factor being perceived as the most significant challenge.

The results suggest that insured farmers perceive the high insurance premium as the most significant challenge, indicating that they may find the cost of insurance coverage to be too expensive. This factor is followed by delays in compensation and inadequate compensation, indicating that

the compensation process needs to be more streamlined to provide farmers with timely and sufficient compensation.

Bank formalities and complicated claim procedures were also highlighted as challenges in implementing crop insurance schemes. These factors suggest that insured farmers may struggle with the administrative requirements of insurance schemes, which may need to be simplified to increase the uptake of crop insurance and also farmers perceive that crop insurance should cover losses beyond natural calamities, such as theft and market fluctuations.

Table 2: Constraints Faced by Insured Farmers

Sr. No.	Particular	Mean	Rank
1	The insurance premium is high.	2.24	I
2	Bank formalities are not easy for farmers.	1.72	V
3	There are problems faced in getting claims due to complicated procedures.	1.70	VI
4	Financial problem occurs in paying the insurance premium on time.	1.68	VII
5	Losses other than natural calamities should be included.	1.59	VIII
6	Most of the time claim is not paid in the case of crop damage.	1.84	IV
7	Compensation, if done, is not on time.	1.91	II
8	Compensation is not sufficient.	1.86	III

The data in table 3 displays the number and percentage of respondents who identified different reasons for not taking up crop insurance. The factors are ranked on the basis of the percentage of respondents who identified them as a barrier to participation.

The table highlights that the lack of premium-paying capacity is the most significant barrier to crop insurance participation, with 22.73% of respondents identifying it as a reason for not taking up the scheme. The second most significant barrier identified is a lack of awareness of the scheme, with 20% of

respondents not being aware of the scheme's existence.

Delays in the payment of claims and inadequate compensation were also identified as barriers to crop insurance participation. The table also shows that some respondents (11.82%) perceive the procedure for claiming insurance as complex, while a small percentage (9.09%) opt for loans from other sources rather than banks to pay the insurance premium. These factors suggest that the administrative requirements of insurance schemes need to be simplified to increase the uptake of crop insurance.

Table 3: Constraints faced by Non-insured Farmers in the adoption of PMFBY

Sr. No.	Particular	Number of Respondents	Rank
1	Not aware of the scheme	22 (20.00)	II
2	Lack of premium paying capacity	25 (22.73)	I
3	Complex procedure	13 (11.82)	V
4	Delay in payment of claim	21 (19.09)	III
5	The compensation given is not adequate	19 (17.27)	IV
6	A loan is taken from another source other than a bank	10 (9.09)	VI
	Total	110 (100)	

Note: Figures in parenthesis represent the percentage to the total

Conclusion

The findings of the study suggest that PMFBY has been successful in providing financial protection to farmers against crop losses and improving their economic condition. However, there is a need to address the concerns of farmers who are unsure or dissatisfied with the scheme's performance to ensure that the scheme continues to benefit all farmers.

The results suggest that farmers may find the cost of insurance coverage to be too high and that measures need to be taken to make crop insurance more affordable and accessible. Also, there is a need for better outreach and communication strategies to increase awareness of crop insurance schemes among farmers. The compensation process should be made more efficient and the amount should be enough to cover the actual loss.

The findings can be used to guide policymakers and insurance providers in addressing the challenges perceived by both insured and non-insured farmers in implementing PMFBY. By reducing these barriers, farmers may be more likely to take up crop insurance, improving their economic condition and resilience to risks in agriculture.

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