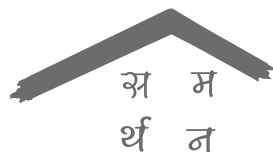


Prime Minister Fasal Suraksha Bima Yojna

A Closer look from the Farmer's Perspective



Samarthan
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1. Introduction

The Pradhan Mantri Fasal Bima Yojana (PMFBY), launched in 2016 by the Ministry of Agriculture and Farmers' Welfare, provides comprehensive insurance coverage against crop losses due to natural calamities. The scheme aims to stabilize farmers' income, encourage the adoption of innovative farming practices, and protect farmers in times of unforeseen crises. In Madhya Pradesh (MP), while the scheme has been widely adopted, challenges persist. Given below are findings from a closer examination of the scheme undertaken with an objective of enhancing implementation of the scheme from the perspective of the farmers. The research comprised of both secondary data, primary interviews and Focussed Group Discussion (FGD) with the farmers.



**100 farmers, 10 Patwaris,
10 Gram Panchayats, and
5 banks officials, and
3 Insurance company
representatives.**

The survey on structured schedule complemented with focussed Group discussion with farmers was conducted across 10 districts (Badwani, Dhar, Sehore, Panna, Chattarpur, Mahoba, Tikamgarh, Mandla, Dindori and Umariya) of MP, Each district had two FGDs while structured survey was conducted with 100 farmers, 10 Patwaris, 10 Gram Panchayats, and 5 banks officials, and 3 Insurance company representatives. The sample included farmers from varied socio-economic backgrounds, ranging from large to small-scale farmers. Additionally secondary documents, government websites and portals were looked at to understand the implementation process, identify the bottlenecks and identify issues for improvement. The research revealed crucial insights for improving the implementation of the scheme.

Summary of the findings

- 5.2 million farmers were insured under PMFBY, which accounts for approximately 30% of the total farmers in the state (Source: Agriculture Department, Government of Madhya Pradesh and Ministry of Agriculture).
- The total premium collected was ₹4,000 crore, with claims paid amounting to ₹3,200 crore (Source: [Agriculture Insurance Company of India](#)).
- Only about 20% of the farmers who applied for compensation received it, highlighting a gap in the scheme's delivery (Source: [Comptroller and Auditor General \(CAG\) Report on PMFBY, 2023](#)). 86% farmers reported crop losses in Primary survey. Also highlighting that very small fraction of farmers mopped most of the support from the scheme.
- According to the 59th round of NSSO, 36% of tenant farmers are landless, and 56% are marginal farmers. Since PMFBY primarily targets landowners, tenant farmers are not eligible despite bearing the risks.
- Tenant farmers and marginal farmers without KCC are generally excluded from the scheme
- Instead of being demand driven, the scheme is largely supply driven, as banks drive the scheme to loaned farmers, deducting the premium from loans and repayments. There is no explicit consent from the farmers to participate or opt out of the scheme.
- Farmer's knowledge on scheme is limited. 50% of surveyed farmers were clueless if they had or not a registration in the scheme.
- Of those who knew, the knowledge was limited to premium deduction. Rarely do farmers have detailed knowledge on scheme, like notified crop of the district, which of their crop is insured, if and how to change a crop in insurance papers, where to register complaints, portal for PMFBY etc.
- Likelihood of Incorrect Crop Information in Registration Loans are often taken before sowing, and crop details from the previous year are carried over to insurance records, resulting in possible discrepancies between the actual crop sown and the crop mentioned in insurance documents.
- There is missing single window for scheme implementation. The



Banks, cooperatives and institutions responsible for collecting premium do not play any role in claim settlement.

The insurance companies are unknown, and invisible to farmers

- The key problem is in registering a crop loss complaint. Poorly established mechanism for claim registration. There are multiple points where farmers try to register a crop loss compensation, the most common point is Patwari. Of those registered in the scheme, only 12% have successfully registered a crop loss complaint- 2% of the surveyed farmers
- Premium and insured amount in different state vary considerably. A farmer in Mahoba and Jhansi ends up paying far less premium and may get higher claim than neighbouring Datia or Tikamgarh. The reason being two different states here have different premium calculation.

- The toll free number for claim registration, and grievance registration is rarely responsive. More often than not calls are not responded

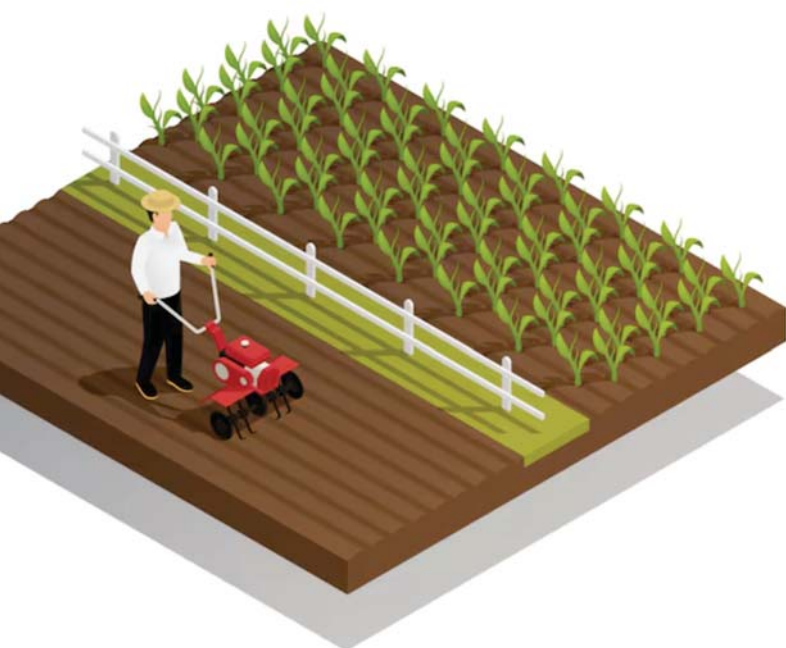
- Compensation is usually initiated by district administration, as the scheme requires large area to be marked as affected to qualify for claim compensation. Ambiguity exists where individual claims intersects with large scale surveys to assess crop losses.

- 86% of surveyed farmers reported suffering crop losses in the last decade, but only 20% received compensation. Most were unaware of the process to register a claim, leaving them dependent on Patwaris, who are often difficult to access.

- Discourages Crop Diversity - Crop change form neither known nor filled by farmers

- Practice by banks to register before sowing for the season starts. Scheme covers notified crops like wheat, paddy, and soybean etc. Farmers growing non-notified crops, such as marigold have challenges in making claims.

- The compensation is too little and too late. As compensation is calculated on the land pledged against KCC loans. While the losses are suffered on entire sown and cultivated area.



Coverage Across Crop Cycles

1

From pre-sowing to post-harvest, the scheme offers protection against various risks.

Area-Based Claim Settlement

2

Claims are settled based on damage assessment at the village or village panchayat level.

Affordable Premiums

3

Farmers pay a uniform premium of 2% for Kharif crops, 1.5% for Rabi crops, and 5% for horticultural crops, with the balance covered as a subsidy by the central and state governments.

Localized Calamity Coverage

4

Inundation, hailstorms, and landslides are covered, with provisions for individual farm-level assessments.

Electronic Claim Settlements

5

Claims are credited directly to farmers' bank accounts

Cluster Approach

6

Insurance companies are selected through competitive bidding to cover groups of districts for a 3-year period.

Mandatory Awareness

7

The scheme mandates awareness campaigns and the use of a Crop Insurance Portal for transparency.

Key Features of PMFBY

Key Action Areas

Key action areas for policy change and improvement in practises / procedures

A. Make the scheme demand driven

Need to reverse the order of the scheme, by making it lucrative and accountable to farmers. May be practice a staggered implementation where large farmers pay higher premiums and choose to enrol in the scheme. Delink the scheme with KCC and banks, instead insurance companies should take active role in scheme enrolment. Encourage insurance companies to set up local branch offices for active targeting under the scheme.

B. Single window implementation of the scheme

There is a need to set -up a single window for enrolling, complaint registration and claim settlement. It will facilitate improved engagement, better enrolment. Improved claims and improved grievance redressal.

C. Enhance Awareness and Outreach Programs

Targeted Awareness Campaigns: Develop localized awareness campaigns to educate farmers about the PMFBY scheme, including the benefits, registration process, and how to file claims. Utilize local languages and culturally relevant materials. There should be a dedicated budget and non-Government agencies should be selected to run such campaigns.

D. Training for Bank Staff and Gram Panchayats

Organize workshops for bank employees and Gram Panchayat members to ensure they can effectively inform farmers about the scheme, claim processes, and premium deductions.

E. Improve Registration and Claim Processes

Simplify Registration: Streamline the registration process by enabling online registration, increasing the online registration window, bringing it under 'Common Service centres', allowing farmers to easily check their insurance status through a mobile app or SMS service.





Transparent Claims Process: Establish clear guidelines and timelines for the claim process. Introduce a tracking system that allows farmers to monitor their claim status online.

Training and Capacity Building for Officials: Provide training for officials responsible for handling application registration, processing and grievances to ensure they are equipped to address issues fairly and effectively, emphasizing the importance of inclusivity and equity in the process.

F. Process simplification to facilitate inclusivity for crop diversification

- Implement a flexible and adaptive crop notification system that allows farmers to propose additional crops for insurance coverage
- A mobile Application and engagement of common service centres can play a critical role in bringing farmer preference in scheme registration.

G. Strengthening the Grievance Redress System

- **Establishment of a Dedicated Grievance Redress Cell:** Create a dedicated cell within the Agriculture Department/ Zilla Panchayat to handle grievances related to the PMFBY scheme. This cell should:
 - Toll Free numbers of the insurance companies to be made functional and accountable.
- **Timely Response Mechanism:** Implement a system to acknowledge grievances within 24 hours and provide a resolution within a specified timeframe (e.g., 30 days). This can be possible by adding the scheme with the CM helpline and popularised among the farmers.
- **Regular Monitoring of Claims and Grievances:** Establish a monitoring system to track the number of claims filed, accepted, and denied, as well as grievances related to crop inclusion and claim processes. This data should be publicly available to ensure accountability and transparency





If agriculture goes wrong, nothing else will have a chance to go right.



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