

# Pradhan Mantri Fasal Bima Yojana: Two-Year Analysis for Madhya Pradesh

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**Abstract:** India is an agricultural country. Sixty percent of the population of India is engaged in agriculture which contributes around nineteen percent to the GDP (Aprajita Minhas, Statista). Agriculture depends on the vagaries of monsoon and thus leading to crop failures. The Government of India launched Pradhan Mantri Fasal Bima Yojana in 2016 to mitigate the farmers' losses. This paper focuses on the scheme implementation in the state of Madhya Pradesh. It evaluates each district based on the number of farmers enrolled in the scheme, the amount of premium collected, and the number of farmers who benefitted from the scheme.

**Keywords:** Pradhan Mantri Fasal Bima Yojana, Madhya Pradesh, Agriculture, Insurance Premium, Agriculture Insurance

## 1. Introduction

Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched in February 2016 and implemented from Kharif 2016 replacing older prevailing crop insurance schemes. Along with PMFBY, Weather Based Crop Insurance Schemes (WBCIS) were also revised and relaunched based on the inputs received from the earlier ongoing scheme. Both schemes were a major step forward in mitigating farmers' losses resulting from unforeseen events that cannot be controlled. And also to maintain the flow of credit in the agriculture sector to maintain food security, crop diversification, and enhance growth. PMFBY is focused on increasing the number of farmers who opt for insurance for their crops voluntarily.

Madhya Pradesh (MP) is the second-largest state by area and the fifth-largest state by population – 72.59 million (census 2011). Madhya Pradesh is an agricultural state, with 55% of the population engaged in farming. As per the Lok Sabha session held on 20<sup>th</sup> March 2018, MP has witnessed an increase in the number of farmers' suicide between 2014 & 2016, from 1090 to 1321 farmers, respectively, while other states have shown a decline. MP has the third highest number of farmers' suicide after Maharashtra and Karnataka.

Madhya Pradesh is also the third state with the most insured farmers under the scheme. In Kharif 2016, in India, the total number of farmers insured under PMFBY was 4, 02, 58, 737, of which 27.3% were from Maharashtra, 15.5% from Rajasthan, and 10.1% from Madhya Pradesh. In Rabi 2016-17, Madhya Pradesh had the highest number of farmers insured their crops under the scheme; for India, the number of farmers insured was 1, 70, 56, 916, for which 18.2% of farmers represented MP, 17.2% represented Rajasthan while only 5.9% represented Maharashtra. Kharif 2017 witnessed a decline in the number of farmers insured in India by 54, 82, 682. Out of the total farmers enrolled under the scheme, the representation from Maharashtra, Rajasthan, and MP stood at 25.2%, 15.6% & 10.3%, respectively.

**Table 1:** Total number of farmers who insured their crop

Season	Maharashtra	Rajasthan	Madhya Pradesh	India
Kharif 2016	10997398	6231514	4071974	40258737
Rabi 2016-17	1008532	2938246	3109268	17056916
Kharif 2017	8768211	5417614	3584684	34776055

(Source: www.pmfby. gov. in)

### Kharif 2016

For the season, the gross premium collected under the scheme amounted to ₹163.17 billion, and the claims paid were worth ₹104.96 billion at the country level. Out of which, 25.3% premium was collected from Maharashtra, 12.1% from Rajasthan, and 16.4% from MP, the states with the most significant number of farmers where insurance is being done for crops, the share of claims was 19.8%, 15.6%, and 17.6% respectively. Around one crore, seven lakh farmers were the beneficiaries around the country, amongst which 26.1% were from Maharashtra, 23.8% from Rajasthan, and 10.4% from MP. At the country level, the claim paid to farmers was sixty-four percent of the premium collected. Similarly, in Maharashtra, it was fifty percent; in Rajasthan, eighty-two percent; and in MP, it was sixty-nine percent.

**Table 2:** Premium collected and claims paid in the top three states and India.

Parameters	Maharashtra	Rajasthan	Madhya Pradesh	India
Gross Premium (₹ cr)	4123.3	1977.7	2672.79	16317.79
Claim Paid (₹ cr)	2079.9	1635.68	1846.3	10496.34
Farmers Benefitted No.	2795624	2552188	1110181	10725511
Benefitted/ Insured (%)	25.42	40.96	27.26	26.64

(Source: www.pmfby. gov. in)

In Kharif 2016, in terms of number, the highest was reported in Khargone, which is 2, 37, 185 farmers were insured; afterward, Ujjain (1, 64, 328 insured farmers) & Dewas (1, 58, 758 insured farmers) also witnessed the highest number of loanee farmers. But Vidisha registered the highest number of farmers in terms of percentage out of the total farmers in the district, 40%, followed by Sehore (37%) and Raisen

(36%). Although the highest number of farmers are in the Dhar district, only 19% are insured. Though Jhabua is a tribal district, it had the third-highest number of non-loanee farmers after Chhindwara and Vidisha. Most farmers who were the scheme's beneficiaries were from Vidisha, Sagar, and Guna afterward. The percentage of the farmers who were the benefactor of the scheme out of the total farmers who were enrolled in each district, the highest three were ninety-nine percent, ninety-four percent, and ninety-four percent in Vidisha, Ashoknagar, and Sagar districts, respectively.

**Table 3:** Districts with the highest percentage of farmers Insured

District	Total Farmers	Total farmers insured (2016-K)	%
Vidisha	383578	153886	40.12
Sehore	413841	156450	37.8
Raisen	350871	128598	36.65

(Source: Govt. of MP and calculations by author)

**Table 4:** District with the highest number of farmers insured

District	Total Farmers	Total farmers insured (2016-K)	%
Khargone	717280	237185	33.07
Ujjain	562163	164328	29.23
Dewas	535494	158758	29.65

(Source: Govt. of MP and calculations by author)

**Table 5:** Districts with the highest number of Loanee and Non-loanee farmers

District	non-loanee farmer	District	loanee farmer
Chhindwara	38461	Khargone	228409
Vidisha	30140	Ujjain	158098
Jhabua	29318	Dewas	154782

(Source: Govt. of MP and calculations by author)

**Table 6:** Districts with the highest number of farmers benefited from insurance

District	benefited farmers	benefited/insured
VIDISHA	153440	99.71
SAGAR	130438	94.1
GUNA	57085	89.51

(Source: Govt. of MP and calculations by author)

**Table 7:** Districts with the highest percentage of farmers benefited out of insured

District	benefited farmers	benefited/insured
VIDISHA	153440	99.71
ASHOKNAGAR	38309	94.33
SAGAR	130438	94.1

(Source: Govt. of MP and calculations by author)

**Rabi 2017**

The gross premium collected for the season for the whole country stood at ₹60.27 billion, of which ninety-four percent was spent on paying off the claims. The share of the premium for the states of Madhya Pradesh, Rajasthan & Maharashtra was nineteen percent, nine percent & ten percent, respectively. Out of the total claims paid in the country, only 2.7% were for MP & 4.1% for Maharashtra and Rajasthan. Around thirty-five lakh eighty-one thousand farmers were the beneficiaries of the scheme in the country,

amongst which nine percent were from Rajasthan, five percent from MP, and three percent from Maharashtra.

**Table 8:** Premium collected and claims paid in the top three states and India

Parameters	Maharashtra	Rajasthan	Madhya Pradesh	India
Gross Premium (₹ cr)	616.37	561.81	1179.45	6027.72
Claim Paid (₹ cr)	235.62	232.08	154.19	5681.38
Farmers Benefitted No.	111518	349430	208005	3581247
Benefitted/ Insured (%)	11.06	11.89	6.69	21

(Source: www.pmfby. gov. in)

During Rabi 2017, fifty-eight percent of farmers in Vidisha insured their crop, followed by forty-eight percent in Sehore and thirty-six percent in Rajgarh. Also, the highest number of farmers insured their crops was recorded in Vidisha, preceded by Rajgarh and Sehore. The number of farmers who insured their crops in Sehore, Vidisha, and Rajgarh stood around two lacks in each district, along with the highest number loanee farmers. The highest number of farmers who opted for insurance for their crops on voluntary was recorded at eighteen thousand in the Panna district; subsequently, ten thousand in Tikamgarh and then nine thousand at Vidisha. Shajapur district had the highest number of farmers who benefitted from the scheme, but the percentage of the benefitted out of total farmers who insured their crops was sixteen percent. The Ujjain district grabbed second place, followed by Dewas regarding the number of farmers as a benefactor of the scheme. While the ratio of farmers who benefited to those insured was highest in the Jhabua district, and Bhind grabbed the third highest.

**Table 9:** Districts with the highest number of farmers Insured

District	Total Farmers	Total farmers insured	%
Vidisha	383578	222593	58.03
Rajgarh	594230	215176	36.21
Sehore	413841	202494	48.93

(Source: Govt. of MP and calculations by author)

**Table 10:** District with the highest percentage of farmers insured

District	Total Farmers	Total farmers insured	%
Vidisha	383578	222593	58.03
Sehore	413841	202494	48.93
Rajgarh	594230	215176	36.21

(Source: Govt. of MP and calculations by author)

**Table 11:** Districts with the highest number of Loanee and Non-loanee farmers

District	loanee farmer	District	non-loanee farmer
Rajgarh	215087	Panna	18717
Vidisha	212671	Tikamgarh	10536
Sehore	202360	Vidisha	9922

(Source: Govt. of MP and calculations by author)

**Table 12:** Districts with the highest number of farmers benefited from insurance

District	Benefited farmers	benefited/insured
SHAJAPUR	23, 045	16.11
UJJAIN	9, 260	4.6
Dewas	8, 696	5.09

(Source: Govt. of MP and calculations by author)

**Table 13:** Districts with the highest percentage of farmers benefited out of insured

District	benefited farmers	benefited/insured
JHABUA	1571	46.7
SHAJAPUR	23, 045	16.11
BHIND	3040	15.26

(Source: Govt. of MP and calculations by author)

**Kharif 2017**

The decline in the number of farmers who insured their crops was not reflected in the gross premium collection. There was a surplus of ₹92.71 billion in the total collection of the gross premium for the country. For the season, claims paid off exceeded the amount of the gross premium. The highest contribution in the collection of gross premiums was from Madhya Pradesh (20%), preceded by Maharashtra (19%) and Rajasthan (9%). The maximum amount of claims were made in Madhya Pradesh (31%), 16% in Maharashtra, and 9% in Rajasthan.

**Table 14:** Premium collected and claims paid in the top three states and India.

Parameters	Maharashtra	Rajasthan	Madhya Pradesh	India
Gross Premium (₹ cr)	3, 804	1, 832	3, 946	19, 768
Claim Paid (₹ cr)	2, 860.59	1, 576.99	5, 428.31	17, 210
Farmers Benefitted No.	49, 88, 139	24, 37, 700	18, 68, 844	13793975
Benefitted/ Insured (%)	56.89	45	52.13	39.67

(Source: www.pmfby. gov. in)

In Madhya Pradesh, seventy-two percent of the gross premium was spent to pay off the claims. For this season, the highest number of farmers who voluntarily opted for crop insurance belonged from Vidisha, followed by Ujjain and Betul. Although there was a downfall in the number of farmers compared to the last kharif season in Vidisha and Betul by seven thousand and one thousand, respectively, in the Ujjain district, there was an increase in the number of farmers by thirteen thousand. As per the compulsory component, Sehore had the highest number of farmers who had insurance coverage for the crop, and the number of farmers falling under the category for the district had increased by nineteen thousand. Even though a fall in numbers by two thousand, Dewas is in second position. The highest number of farmers enrolled under the scheme, including voluntary and compulsory components, was registered in Ujjain, preceded by Sehore and Dewas. Compared to last season, the number of farmers enrolled in Sehore increased by nineteen thousand, and the changes in the number of farmers in the other two districts were fractional. In terms of the total number of farmers enrolled in the scheme, out of the total farming population in each district, the first position was grabbed by Sehore (enrolling

forty-seven percent farmers), the second position was secured by Alirajpur (thirty-seven and a half percent of the farmers in the district) and third by Hoshangabad (thirty-seven percent of the farming population). Most insurance recipients were from Dewas, followed by Vidisha and Rajgarh. Although Rajgarh registered the third highest number of recipients of the scheme, the percentage of the recipients out of the total farmers who joined the program was highest there. Regarding percentage, Vidisha bagged second, but third was Betul district. Compared to the last kharif season, the number of beneficiaries for Vidisha decreased by fifteen thousand.

**Table 15:** Districts with the highest number of Loanee and Non-loanee farmers

District	non-loanee farmer	District	loanee farmer
Vidisha	22409	Sehore	173354
Ujjain	19577	Dewas	170290
Betul	13115	Ujjain	160323

(Source: Govt. of MP and calculations by author)

**Table 16:** Districts with the highest number of farmers Insured

District	Total Farmers	Total farmers insured	%
Ujjain	562163	179900	32
Sehore	413841	175520	42.41
Dewas	535494	172443	32.2

(Source: Govt. of MP and calculations by author)

**Table 17:** District with the highest percentage of farmers insured

District	Total Farmers	Total farmers insured	%
Sehore	413841	175520	42.41
Alirajpur	326574	122586	37.54
Hoshangabad	288756	106934	37.03

(Source: Govt. of MP and calculations by author)

**Table 18:** Districts with the highest number of farmers benefited from insurance

District	benefited farmers	benefited/insured
DEWAS	143339	90.11
VIDISHA	137883	97.78
RAJGARH	129614	98.43

(Source: Govt. of MP and calculations by author)

**Table 19:** Districts with the highest percentage of farmers benefited out of insured

District	benefited farmers	benefited/insured
RAJGARH	129614	98.43
VIDISHA	137883	97.78
BETUL	96101	95.1

(Source: Govt. of MP and calculations by author)

**2. Conclusion**

Dewas, Rajgarh, Ujjain, and Vidisha are the districts with the highest insurance coverage. As the insurance coverage was higher, the farmers who received the insurance claims were also high in these districts. In Dewas district, the number was higher because the farmers there were educated and aware about the schemes the government offers to safeguard their interests. Despite the low education level in Rajgarh, Ujjain, and Vidisha, the farmers there were well

aware of the scheme due to the marketing strategy of the government.

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