

## Perception of Farmers Towards Pradhan Mantri Crop Insurance Scheme

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### ABSTRACT

*Looking to the importance of insurance scheme, the present study entitled “Perception of Farmers towards Pradhan Mantri Crop Insurance Scheme in Udaipur district of Rajasthan” was conducted in the purposely selected Salumber and Sarada tehsils of Udaipur district of Rajasthan. Five villages from each selected tehsils were taken on the basis of maximum number of beneficiary farmers. Thus, total ten villages were selected for the study. Out of the prepared list, 10 farmers were selected from each village on the basis of random sampling technique. Thus, total 100 farmers were selected for present investigation. Data were collected through pre structured interview schedule. The study indicated that majority of respondents fell in medium level constraint group. The study revealed that illiteracy of farmers was most severe constraints by majority of the insured famers and strongly suggested that unit area may be of individual or village level.*

**Key words:** Pradhan Mantri Crop Insurance Scheme; Beneficiary; Constraints; Suggestion;

Crop insurance initially evolved and implemented in Mexico, Japan, Australia, United States and Brazil. These experiences and those of other countries provide lessons, the design and management of agricultural insurance programmes about the role of crop insurance as a public risk management policy. Countries such as the United States, Japan, Brazil, Sri Lanka, Mauritius and Mexico have several decades’ experiences with publicly supported crop insurance programmes. The U.S. government involved in crop insurance in 1938 after several attempts in the private sector and failed to provide multiple-peril crop insurance.

The agricultural sector privilege crop insurance schemes - Scheme based on ‘Individual’ approach, 1972-1978, Pilot Crop Insurance Scheme (PCIS), 1979-1984, Comprehensive Crop Insurance Scheme (CCIS), 1985-1999, Experimental Crop Insurance Scheme, (ECIS), 1997-98, National Agricultural Insurance Scheme (NAIS), 1999 in India has been accorded top priority since independence. A cursory look at the growth of agriculture in the past five decades indicates that agricultural production has reached comfortable heights

especially after the Green Revolution.

Pradhan Mantri Crop Insurance Scheme was announced by the Government of India on 13<sup>th</sup> January 2016. It envisages a uniform premium of only 2 per cent to be paid by farmers for *Kharif* crops and 1.5 per cent for Rabi crops. The premium for annual commercial and horticultural crops is 5 per cent. This scheme allowed the farmers to pay a very low premium to insure their crops. The difference between the premium paid by the farmers and the premium fixed by the insurance companies is subsidized and there is no cap on the maximum subsidy to be paid by the Government.

### METHODOLOGY

The present study was conducted in the purposely selected Salumber and Sarada tehsils of Udaipur district of Rajasthan. Five villages from each selected tehsils were taken on the basis of maximum number of beneficiary farmers. Thus, total ten villages were selected for the study. Out of the prepared list, 10 farmers were selected from each village on the basis of random sampling technique. Thus, total 100 farmers

were selected for present investigation. Data were collected through pre structured interview schedule. Thereafter, data were analyzed and results were interpreted as given below:

*Perception of the respondents regarding constraints in adoption of Pradhan Mantri Crop Insurance Scheme* : In the present context, the term constraint means all those barriers or obstacles, which were perceived by the insured farmers in acceptance of Pradhan Mantri Crop Insurance Scheme. It is needless to mention that the pace of adoption can be augmented by overcoming the perceived constraints. So it was felt necessary to find out the constraints as perceived by the insured farmers about Pradhan Mantri Crop Insurance Scheme. The constraints perceived by the insured farmers in adoption of insurance scheme were identified and the same have been presented in subsequent tables:

*Distribution of respondents according to their constraint level in adoption of PMICIS*: To get an overview of constraint level, the respondents were divided into three groups viz., low level constraint (<28.14 score), medium level constraint (28.14 to 48.35 score) and high level constraint (> 48.35 score). The groups were formulated on the basis of calculated mean and standard deviation of the constraints score obtained by the respondents. The results are presented in the Table 1.

The data in Table 1 reveals that out of 100 respondents, majority of respondents (64.00%) were in medium level of constraint group whereas, 22.00 per cent respondents possessed low level of constraint and remaining 14.00 per cent insured farmers were observed in the high level of constraint group in adoption of Pradhan Mantri Crop Insurance Scheme.

**Table 1. Distribution of respondents according to their perceived constraint level in adoption of Pradhan Mantri Crop Insurance Scheme (N= 100)**

| Constraint Level        | Salumber |         | Sarada |         | Total |         |
|-------------------------|----------|---------|--------|---------|-------|---------|
|                         | No.      | %       | No.    | %       | No.   | %       |
| Low (<28.14 score)      | 12       | 54.55*  | 10     | 45.45*  | 22    | 100.00* |
|                         |          | 24.00** |        | 20.00** |       | 22.00** |
| Medium (28.14 to 48.35) | 33       | 51.57*  | 31     | 48.43*  | 64    | 100.00* |
|                         |          | 66.00** |        | 62.00** |       | 64.00** |
| High (>48.35 score)     | 05       | 35.72*  | 09     | 64.28*  | 14    | 100.00* |
|                         |          | 10.00** |        | 18.00** |       | 14.00** |
| Total                   | 50       | 100     | 50     | 100     | 100   | 100.0   |

Analysis of table further reveals that 12.00 and 10.00 per cent respondents observed in low constraints group belonged to Salumber and Sarada tehsil, respectively. About 66.00 and 62.00 per cent respondents observed in medium constraints group were from Salumber and Sarada tehsil, respectively, while 5.00 and 9.00 per cent respondents observed in high constraints group were resident of Salumber and Sarada tehsil, respectively.

*Aspect-wise constraints perceived by the insured farmers* : For working out constraints perceived by the insured farmers in adoption of Pradhan Mantri Crop Insurance Scheme, in all 31 major constraints in adoption of PMICIS were included. The mean per cent score (MPS) was calculated for each statement and rank was assigned accordingly. The results of constraints in adoption of PMICIS have been presented in Table 2.

All the constraints were grouped into five categories i.e. general, administrative, financial, social and technical constraints. The data of Table 2 indicates that in case of general constraints illiteracy among farmers was the most severe constraint encountered by majority of the insured farmers with MPS 73.00 and was ranked first. Besides, bank far away from residence was also a severe constraint perceived by the insured farmers with MPS 66.60 and was ranked second by insured farmers. The next most important problem faced by insured farmers was lack of communication with other with 62.60 MPS and was ranked third by the insured farmers. Unavailability of insurance agent was another serious constraint with 60.20 MPS and was ranked fourth by the insured farmers, followed by unawareness about PMICIS with 58.60 MPS and was ranked fifth by the insured farmers. Table further shows that unawareness about other government scheme with 55.00 MPS was ranked sixth by the insured farmers.

In case of administrative constraints, it was observed that unavailability of surveyor at crop loss time was the most severe constraint encountered by majority of the insured farmers with MPS 68.00 and was ranked first. Besides, insufficient coordination and linkage between banks and farmers was also a severe constraint perceived by the insured farmers with MPS 66.20 and was ranked second. The next important problem faced by insured farmers was negative attitude of the government staff towards beneficiaries with 64.20 MPS and was ranked third by the insured farmers.

**Table 2. Aspect-wise constraints perceived by the insured farmers in adoption of PMICIS (N= 100)**

| Constraint  | MPS   | Rank |
|---|-------|------|
| <i>General constraint</i>   |       |      |
| Illiterate farmers  | 73.00 | I    |
| Low awareness about PMICIS  | 58.60 | V    |
| Lack of awareness about related scheme  | 55.00 | VI   |
| Lack of communication with other  | 62.60 | III  |
| Banks far away from residence   | 66.60 | II   |
| Unavailability of insurance agent   | 60.20 | IV   |
| <i>Administrative constraints</i>   |       |      |
| Local govt. staff not popularizing scheme                                       | 52.00 | VII  |
| Employee do not talk directly to the farmers.                                   | 62.20 | IV   |
| Negative attitude of the staff towards beneficiaries                            | 64.20 | III  |
| Insufficient coordination and linkage between banks and farmers                 | 66.20 | II   |
| Problem of improper reporting in case of losses                                 | 60.20 | V    |
| Un available of surveyor at crop loss time                                      | 68.00 | I    |
| Unavailability of source for details of scheme                                  | 52.20 | VI   |
| Non availability of source for doubt clarification                              | 49.60 | VIII |
| <i>Financial constraints</i>  |       |      |
| Funds unavailable at premium payment time                                       | 71.20 | I    |
| Economic status is very low   | 59.00 | IV   |
| Delay in payment of insurance claims  | 53.40 | V    |
| Rate of premium is very high  | 68.00 | II   |
| Rate of premium is not universal for all crops                                  | 64.40 | III  |
| <i>Social constraints</i>   |       |      |
| Undesirable behavior of other farmers who were non-beneficiaries of this scheme | 53.60 | V    |
| Interpersonal relations among members of society were adversely affected        | 58.00 | IV   |
| Negative attitude of farmers about this scheme                                  | 62.00 | III  |
| Family members do not believe in this scheme                                    | 70.60 | I    |
| Social stigma in getting crop insurance   | 65.20 | II   |
| <i>Technical constraints</i>  |       |      |
| Lack of knowledge about the PMICIS  | 57.80 | VI   |
| Criteria not known to become a beneficiary of PMICIS                            | 56.80 | VII  |
| How to measure/ assess loss   | 61.40 | IV   |
| Experts unavailable for assessment of loss                                      | 66.40 | II   |
| Assessment not made at right stage of loss                                      | 70.20 | I    |
| Unavailability of reporting authority at the time of loss                       | 62.80 | III  |
| Lack of information when to get crop insured                                    | 60.80 | V    |
| Total average MPS   | 61.87 |      |

government employee do not talk directly to the farmers was another serious constraint with 62.20 MPS and was ranked fourth by the insured farmers, followed by problem of improper reporting in case of losses with 60.20 MPS and was ranked fifth by the insured farmers. Table further shows unavailability of source who can give details of scheme with 52.20 MPS was ranked sixth by the insured farmers. Whereas, the last constraint in descending order of its magnitude was related to local government staff not popularizing scheme with 52.00 MPS and was ranked seventh by the insured farmers.

Among financial constraints, it was observed that farmers were unable to manage premium amount at payment time and it was measured as most severe constraint encountered by majority of the insured farmers with MPS 71.20 and accordingly it was ranked first. Besides, rate of premium is very high was also a severe constraint perceived by insured farmers with MPS 68.00 and was ranked second.

Farmers were feeling that rate of premium is not universal for all crops with 64.40 MPS and was ranked third by the insured farmers. Economic status is very low was another serious constraint with 59.00 MPS and was ranked fourth by the insured farmers, followed by delay in payment of insurance claims with 53.40 MPS was perceived as least important constraint among financial constraints and it was ranked fifth by the insured farmers.

In case of social constraints, it was observed that family members do not believe in this scheme was the most severe constraint encountered by majority of the insured farmers with MPS 70.60 and was ranked first. Besides, social stigma in getting crop insurance was second severe constraint perceived by insured farmers with MPS 65.20. The next most important problem faced by insured farmers was negative attitude of farmers about this scheme with 62.00 MPS and was ranked third by the insured farmers. Interpersonal relations among the members of society were adversely affected was another serious constraint with 58.00 MPS and was ranked fourth by the insured farmers, followed by undesirable behavior of other farmers who were non-beneficiaries of the scheme with 53.60 MPS and was ranked fifth by the insured farmers.

It is evident from the data incorporated in Table 2 that major technical constraint i.e. adequate assessment not made at right stage of loss was the most severe

constraint encountered by majority of the insured farmers with MPS 70.20 and was ranked first. Besides, experts unavailable for assessment of loss were second severe constraint perceived by insured farmers with MPS 66.40.

The next most important problem faced by insured farmers was unavailability of reporting authority at the time of loss with 62.80 MPS and was ranked third by the insured farmers. How to measure / assess loss was another serious constraint with 61.40 MPS and was ranked fourth by the insured farmers, followed by lack of information when to get crop insured with 60.80 MPS and was ranked fifth by the insured farmers. Table further shows lack of knowledge about the PMICIS with 57.80 MPS was ranked sixth by the insured farmers. Whereas, the last constraint in descending order of its magnitude was related to criteria how to become a beneficiaries of PMICIS with 56.80 MPS and was ranked seventh by the insured farmers.

Findings are in agreement with the finding of *Devi and Jain (2012)* who revealed that some major problems faced by the members in functioning of SHGs in order of merit included lack of infrastructure facility (64.34%), lack of knowledge about procedure (61.43%) and lack of training (57.41%) faced by majority of farmers. Among the social constraints, lack of education was considered to be the most important constraints as reported by 64.77 per cent of respondent. These findings were also supported by *Raju et al. (2008)*, *Athare et al (2013)* and *Bishnoi, et al (2015)*.

*Suggestions for effective implementation of scheme:* For making the Pradhan Mantri Crop Insurance Scheme more convenient and popular among farmers, they offered suggestions which have been presented in Table 18 with mean percent score and rank.

*Suggestions of farmers for effective implementation of PMICIS :* It is evident from the data incorporated in Table 3 that 'unit area may be of individual or a village' was the most suggested aspect with MPS 86.20 and was ranked first by insured farmers. Besides, 'sum insured amount be raised' was also a suggestion perceived by the insured farmers with MPS 84.20 and was ranked second by insured farmers.

The next important suggestion perceived by insured farmers was 'procedure of the scheme should be simplified' with 83.00 MPS and was ranked third by the insured farmers. 'Claim stage should be known to farmers' was another important aspect suggested with

**Table 3. Suggestions as given by farmers for effective implementation of PMICIS (N= 100)**

| Suggestion   | MPS   | Rank  |
|--|-------|-------|
| Unit area may be of individual or a village level  | 86.20 | I     |
| Sum insured amount be raised   | 84.20 | II    |
| Procedure of the scheme should be simplified   | 83.00 | III   |
| Claim stage should be known to farmers   | 81.00 | IV    |
| Crop insurance should be made compulsory for all every farmers                           | 79.00 | V     |
| All crops including vegetables be covered  | 73.00 | VI    |
| Involvement of concerned farmer at assessment stage.                                     | 72.60 | VII   |
| Minimum level of insurance payment may be fixed according to crop                        | 72.00 | VIII  |
| Premium amount may be decreased  | 69.40 | IX    |
| More components may be covered   | 68.00 | X     |
| Provision of mobile and internet facility  | 66.00 | XI    |
| More branches of rural banks and cooperatives in the rural area be included under PMICIS | 64.00 | XII   |
| Crop insurance should be open for other companies also                                   | 61.00 | XIII  |
| Timely payment of compensation is anticipated  | 59.60 | XIV   |
| Increase the member of extension agent   | 48.60 | XIX   |
| Weather data may be available in time  | 58.20 | XV    |
| More crop cutting experiment be conducted  | 56.00 | XVI   |
| Formalities for credit may be minimized  | 51.40 | XVII  |
| Conduct awareness programmes for farmer regarding PMICIS                                 | 49.80 | XVIII |
| Availability of insurance agent in nearly area for non- loanee farmers                   | 46.00 | XX    |
| Conduct training programmes for the extension agent                                      | 45.40 | XXI   |
| Farmers may be trained for e-filing of insurance   | 45.00 | XXII  |

81.00 MPS and was ranked fourth by the insured farmers followed by 'crop insurance should be made compulsory for all farmers' with 79.00 MPS and was ranked fifth by the insured farmers. Table further shows that 'all crops including vegetables be covered' with 73.00 MPS was ranked sixth by the insured farmers, whereas, other suggestion in descending order of its magnitude was related to 'involvement of concerned farmer at assessment stage' with 72.60 MPS and was ranked seventh by the insured farmers. Insured farmers

also suggested that 'minimum level of insurance payments may be fixed according to crop' with 72.00 MPS and was ranked eighth.

Table 3 further shows that suggestion like 'premium amount may be decreased' was assigned ninth rank with 69.40 MPS by the insured farmers followed by suggestion like 'more components may be covered' with 68.00 MPS and was ranked tenth by the insured farmers. The next important suggestion perceived by insured farmers was 'provision of mobile and internet facility' which was assigned eleventh rank with 66.00 MPS. 'More branches of rural bank and cooperatives in the rural area be included' was assigned twelfth rank with 64.00 MPS.

Table further shows that suggestion like 'crop insurance should be open for other companies also' was ranked at thirteen positions with 61.00 MPS. Another suggestion which was related to the insured farmers was 'timely payment of compensation is anticipated' with 59.60 MPS and was ranked fourteen by insured farmers. The next suggestion was related to 'weather data may be available in time' with 58.20 MPS and was ranked fifteen by insured farmers. The suggestion of 'more crop cutting experiment may be conducted' was accorded sixteen rank with 56.00 MPS by the insured farmers.

The suggestion like 'formalities for credit may be minimized', 'conduct awareness programmes for farmer regarding PMICIS', 'increase the member of extension agent', 'availability of insurance agent in nearby area for non-loanee farmers' and 'conduct training programmes for the extension agent' were considered

important suggestion by the insured farmers with 51.40 MPS, 49.80 MPS, 48.60 MPS, 46.00 MPS and 45.40 MPS, respectively and accordingly ranked at seventeenth, eighteenth, nineteenth, twenty and twenty one position by insured farmers. Data also indicates that 'farmers may be trained for e-filling of insurance' with 45.00 MPS was assigned last rank i.e. twenty two by the insured farmers. These are in line with that of *Raju et al (2008)*.

## CONCLUSION

The study clearly showed that the major constraints perceived in general constraints category was illiteracy among farmers. In case of administrative constraints, it was observed that surveyor were unavailable at crop loss time was the most severe constraint encountered by majority of the insured farmers. Among financial constraints it was observed that farmers were unable to manage premium amount at payment time and it was measured as most severe financial constraint encountered by majority of the insured farmers. In case of social constraint, it was found that family members do not believe in this scheme was the most severe constraint encountered by majority of the insured farmers. Adequate assessment not made at right stage of loss was the most severe technical constraint encountered by majority of the insured farmers.

The study clearly showed that unit area may be of individual or a village was the aspect which was suggested by majority of insured farmers. Similarly, sum insured amount be raised was also an important suggestion perceived by the insured farmers.

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