

# AGRICULTURE INSURANCE IN INDIA

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## Abstract:

Farmers in India are presented to enormous agriculture risk because changes of nature. One of the best components to relieve agrarian dangers is to have a powerful insurance framework. Despite the fact that crop insurance has been in the nation since 1972, yet it has been assailed with a few issues, for example, absence of straightforwardness, high premium, delay in directing yield cutting trials and non-installment/postponed installment of cases to farmers. Understanding the restrictions of existing arrangement of harvest insurance, another yield insurance plot was dispatched on Baisakhi day, Pradhan Mantri Fasal Bima Yojana (PMFBY), from Kharif 2016. Despite the fact that the general territory insured has expanded by a humble 6.5 percent (from 53.7 million ha in 2015-16 to 57.2 million ha in 2016-17), the quantity of farmers insured has expanded by 20.4 percent (from 47.5 million to 57.2 million), the entirety insured has expanded by 74 percent (from Rs 115432.4 crore to 200618.9 crore), and premium paid has expanded by 298 percent (from Rs 5491.3 crore to Rs 21882 crore) over a similar period.

## Introduction:

Agriculture production and farm incomes in India are frequently affected by natural disasters such as droughts, floods, cyclones, storms, landslides and earthquakes. Susceptibility of agriculture to these disasters is compounded by the outbreak of epidemics and man-made disasters such as fire, sale of spurious seeds, fertilizers and pesticides, price crashes etc. All these events severely affect farmers through loss in production and farm income, and they are beyond the control of the farmers. With the developing commercialization of agriculture, the extent of misfortune because of negative inevitabilities is expanding. The inquiry is the way to ensure farmers by limiting such losses. For a segment of cultivating network, the base help costs for specific harvests give a proportion of pay dependability.

## Objectives of the Study:

1. To examine the performance of the existing and earlier Agricultural insurance schemes implemented in India.
2. To know the average of farmers insured into various schemes.
3. To know the Farmers benefitted in each scheme in different zone.

## Need of the Study:

Crop insurance is a financial mechanism to minimize the impact of loss in farm income by factoring in a large number of uncertainties which affect the crop yield. As such it is a risk management alternative where production risk is transferred to another party at a cost called premium. Farmers get on actuarially fair insurance with swift payments at little administrative cost to the government. There are two approaches to crop insurance, namely, individual approach where yield loss on individual farm forms the basis for indemnity payment, and homogeneous area approach where a homogeneous crop area is taken as a unit for assessment of yield and payment of indemnity.

## Scope of the Study:

The typical scope of the study is limited to growth and performance of National Agriculture Insurance scheme, Modified National Agriculture Insurance Scheme, Weather Based Crop Insurance scheme, Restructured Weather Based Crop Insurance Scheme and Pradhan Mantri Fasal Bhima Yojana

## Limitations:

1. Comparison of the study is based only on two parameters i.e. Farmers Insured and Farmers benefited from selected scheme.
2. This study is performed under selected scheme i.e. NAIS, MNAIS, WBCIS and PMFBY.
3. This study is based on limited data provided by Schemes official Reports.

## Research Methodology:

The present study was mainly based on secondary data. This was collected from the various sources available like website, journals, articles, Newspapers. The present study made an attempt to analyse the growth and performance of 5 insurance schemes in various zone in India. Respecting crop Insurance Scheme of Rabi Season and Kharif season from year 1999 to 2019. Used Table comprising of Average farmers benefitted and Average of amount claimed through insurance coverage. Representing through Bar charts with the help of Average formula.

## REVIEW OF LITERATURE

**Kuldip Chhikara et al (2016)** they have surveyed the different agriculture insurance schemes of India, and the track on the patterns in development of NAIS, to look at the operational presentation of NAIS, to inspect the effect of farmers' schooling level on the NAIS. The investigation uncovers that Low awareness, don't care for absence of offices and can't pay premium are the fundamental difficulties in crop insurance scheme.

**Santoshdevi Samota et al (2016)** their paper primarily examined the awareness level about NAIS and WIBCIS for wheat cultivation in southern Rajasthan, Udaipur 25 region with field review of guaranteed loanee farmers. Their investigation uncovered that farmers have lower level of awareness about NAIS and WIBCIS for the crops they safeguarded in Udaipur area. In finishing up comments says that the awareness level about crop insurance items isn't the equivalent in the examination zone. Farmers have low degree of information about crop insurance scheme.

**Suresh (2015)** they have brought up that agriculture creation is influenced by adverse weather conditions this leads farmers to weak circumstances. The current examination fundamentally centered around the presentation of different crop insurance schemes in downpour took care of districts of Maharashtra state.

**Ram Prakash et al (2014)** their examination of the investigation investigates the crop insurance schemes beginning from singular crop insurance scheme to work weather based crop insurance scheme and NAIS scheme specifically. Furthermore, toward the end recommends that, utilization of current innovation, separate administrative component like extra security, proposed to present new scheme for the nature of crop item dependent on advance record of crop quality.

## INDUSTRY PROFILE

**Introduction:** Agriculture and industry have customarily been seen as two separate areas both as far as their qualities and their function in economic growth. Agriculture has been viewed as the sign of the principal phase of advancement, while the level of industrialization has been taken to be the most significant pointer of a nation's advancement along the improvement way. Besides, the best possible procedure for growth has regularly been considered as one of a pretty much progressive move from agriculture to industry, with the onus on agriculture to fund the move in the principal stage.

## COMPANY PROFILE

**Introduction:** This part contains the public area insurance organizations and private area insurance organizations. The principle accentuation of this section is general insurance and agriculture insurance. This Chapter targets presenting the organizations their country insurance thought processes, which is utilized for information investigation and accordingly the end drawn from the optional information. The vision and methodologies of the organizations are additionally viewed as significant with respect to rustic insurance.

## DATA ANALYSIS

### Comparison of exiting and earlier agriculture insurance schemes:

#### 1) First ever-individual Approach Scheme

In 1972-73, the overall insurance branch of LIC presented a crop insurance plot on exploratory bases on H-4 cotton. It depended on singular methodology. Later in 1972,

## 2) Pilot Crop Insurance Scheme (PCIS)

Out of sight and experience of the previously mentioned test conspire for crop insurance, an examination was authorized by GIC and entrusted a famous agrarian economist, V.M. Dandekar. The plan was accessible to loanee farmers just and on deliberate premise.

## 5) National Agricultural Insurance Scheme (NAIS)

The National Agricultural Insurance Scheme (NAIS), with the plan to build inclusion of farmers, crops and risk commitment, was presented in the nation from Rabi 1999-2000 supplanting the recent Comprehensive Crop Insurance Scheme (CCIS).

## 6) Modified National Agricultural Insurance Scheme (MNAIS)

To improve further and make the Scheme simpler and more farmer agreeable, a proposition on Modified National Agricultural Insurance Scheme (MNAIS) was arranged and was endorsed by Government of India for usage on pilot premise in 50 areas from Rabi 2010-11 season<sup>6</sup>.

## 7) Pilot Weather Based Crops Insurance Scheme (WBCIS)

With the goal to bring more farmers under the overlap of Crop Insurance, a Pilot Weather Based Crop Insurance Scheme (WBCIS) was launched in 20 States in 2007.

## 8) Pradhan Mantri Fasal Bima Yojana (PMFBY)

The Department in their Background note submitted to the Committee has referenced that Pradhan Mantri Fasal Bima Yojana (PMFBY) launched from 1.04.2016 in the wake of moving back prior schemes NAIS, MNAIS, WBCIS.

### No. of farmers insured and benefited:

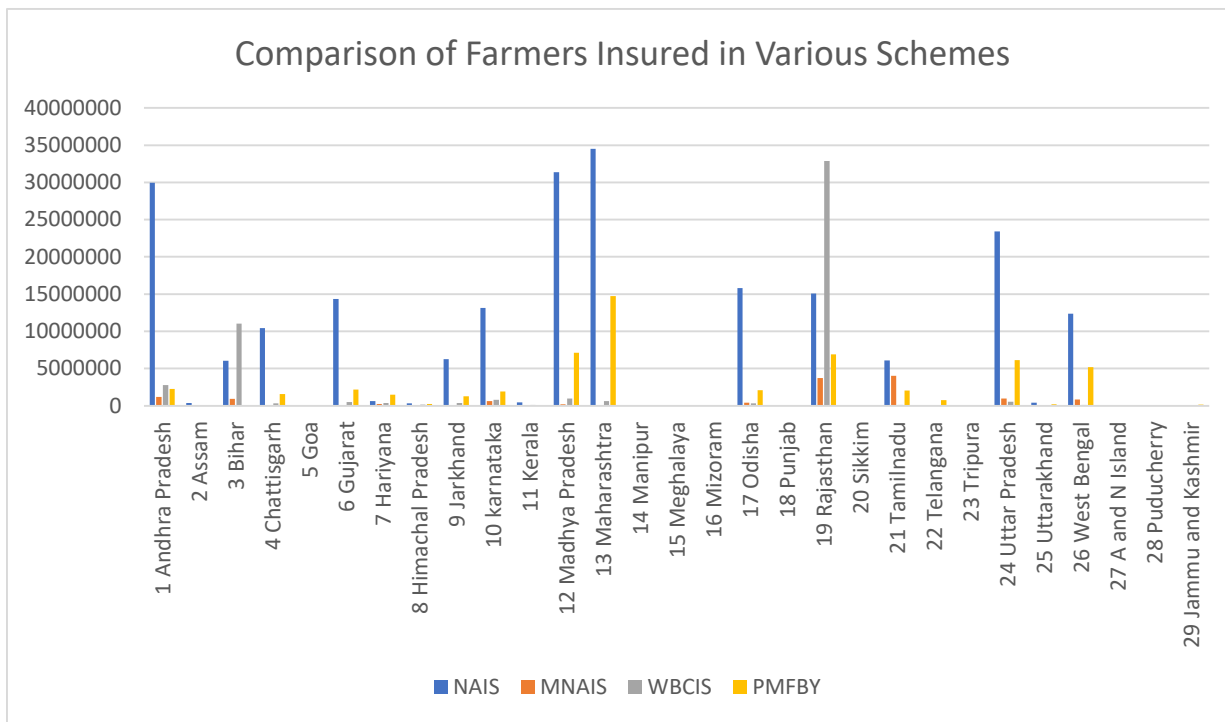
**Table No.1** Comparison of No. of farmer insured

Sno.	States	NAIS	MNAIS	WBCIS	PMFBY
1	Andhra Pradesh	29952383	1178029	2789628	2262313
2	Assam	393804	20062	859	72700
3	Bihar	6036983	932484	11039526	0
4	Chattisgarh	10425148	18	312875	1570841
5	Goa	8211	0	0	344
6	Gujarat	14331156	432	497661	2171027
7	Haryana	635778	259514	359343	1480737
8	Himachal Pradesh	313547	0	152419	262234
9	Jharkhand	6276742	82142	362907	1289033
10	Karnataka	13149945	627114	819520	1922640

11	Kerala	461282	0	98584	57349
12	Madhya Pradesh	31361654	218418	964190	7116120
13	Maharashtra	34499406	51964	643217	14729254
14	Manipur	24659	0	0	1452
15	Meghalaya	33219	0	0	693
16	Mizoram	121	512	0	0
17	Odisha	15798182	425024	315755	2076994
18	Punjab	0	0	67	0
19	Rajasthan	15058674	3738947	32886047	6924739
20	Sikkim	1894	0	0	190
21	Tamilnadu	6079399	4011995	131558	2043485
22	Telangana	0	0	0	781187
23	Tripura	19466	0	0	607
24	Uttar Pradesh	23426012	976565	533852	6135777
25	Uttarakhand	399156	77286	88961	192106
26	West Bengal	12363618	868052	105294	5187007
27	A and N Island	3718	0	0	720
28	Puducherry	39595	0	0	10739
29	Jammu and Kashmir	49065	0	0	156639
	Grand total	221142817	9864623	52102263	56446926

**Source:** Indian department of Agriculture and cooperation Annual report.

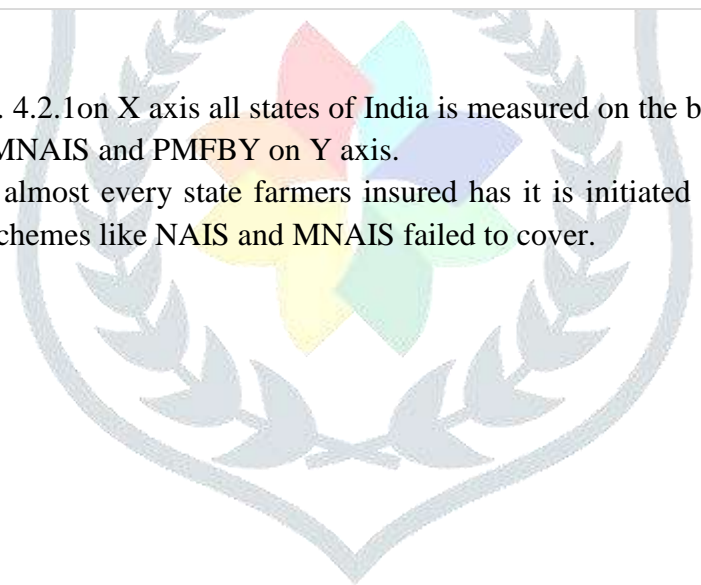
**Graph No.1** Comparison of No. Farmer Insured



**Interpretation:**

From the above Graph No. 4.2.1 on X axis all states of India is measured on the basis of Number of farmers covered under the NAIS, MNAIS and PMFBY on Y axis.

Here PMFBY as covered almost every state farmers insured has it is initiated cover the various and the facilities which the early schemes like NAIS and MNAIS failed to cover.

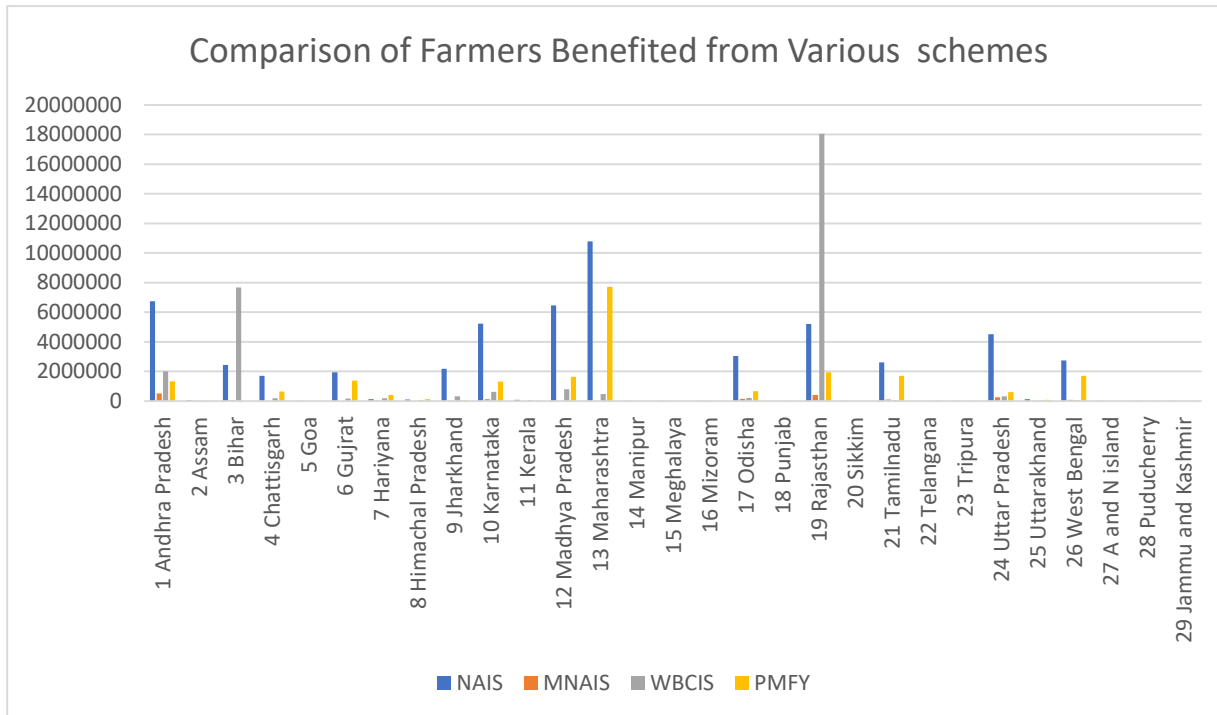




**Table No.2** Comparison of No. of Farmers Benefited  
No. of Farmers Benefited

S.no	States	NAIS	MNAIS	WBCIS	PMFY
1	Andhra Pradesh	6737689	523854	2016440	1344000
2	Assam	65486	2211	68	100
3	Bihar	2431008	62122	7679325	0
4	Chattisgarh	1706288	0	185522	654900
5	Goa	702	0	0	0
6	Gujrat	1945768	0	170576	1384700
7	Hariyana	129425	44259	201135	419600
8	Himachal Pradesh	108160	0	66723	127200
9	Jharkhand	2182887	2114	313476	58000
10	Karnataka	5223118	138746	631623	1326100
11	Kerala	85315	0	59034	39300
12	Madhya Pradesh	6459171	5080	804398	1646700
13	Maharashtra	10791895	0	476129	7715300
14	Manipur	18946	0	0	0
15	Meghalaya	2762	0	0	0
16	Mizoram	119	512	0	0
17	Odisha	3046907	147708	215814	658100
18	Punjab	0	0	50	0
19	Rajasthan	5200566	400200	18042120	1944700
20	Sikkim	86	0	0	0
21	Tamilnadu	2623905	109080	57848	1712200
22	Telangana	0	0	0	36200
23	Tripura	3432	0	0	200
24	Uttar Pradesh	4517617	255260	322346	608800
25	Uttarakhand	119370	11667	51840	84000
26	West Bengal	2741888	91446	61480	1712200
27	A and N island	944	0	0	0
28	Puducherry	7197	0	0	500
29	Jammu and Kashmir	4292	0	0	19700
	Grand total	59154942	1794251	31355947	21492500

**Source:** Ministry of Agriculture, Government of India

**Graph No.2** Comparison of No. of farmers benefited**Interpretation:**

From the above Graph No.4.2.2 on X axis all states of India is measured on the basis of Number of farmers covered under the NAIS, MNAIS and PMFBY on Y axis.

Here farmers are benefited largely from NAIS than other schemes PMFBY comes next by providing benefits to farmers in each state.

**FINDINGS:**

1. Farmers faced the problems drought, pests disease and other natural calamities when they require to manage the risk where agriculture insurance is a catalytic tool.
2. Since 1972, Govt of India tries to protect their farmers by implementing various schemes of Agriculture Insurance.
3. Among the several Agriculture Insurance Scheme NAIS was the first Scheme which was initiated on large scale.
4. PMFBY replaces the NAIS and MNAIS in 2016 as a new Insurance Scheme in India as a farmers friendly scheme.

**SUGGESTIONS:**

1. The premium rates of available Scheme ie. A PMFBY ranges between 1.5% to 5% which is to be reduces.
2. A regulatory authority is to be setup to look after the payment and claims of insured.
3. Insurance policy should be made mandatory for every Farmer to be insured under the scheme to avoid huge losses during uncertainty event.



## CONCLUSION

Agriculture insurance has a clear and definite role in the development of rural economy. This will in turn boost the National economy at the same time. The present study compares the performances of four main schemes i.e. NAIS, MNAIS, WBCIS and PMFBY and compares the performances of states on cumulative basis for these four scheme based on the data presented in 'Summary Statistics of crop insurance schemes'. These schemes are compared based on two parameters namely Framers Insured and Farmers Benefited from various schemes.

Although NAIS was first among these four schemes it seems to be more beneficial from the point of view of farmers. As premium is lowest and claims amount is relatively higher. Finally promoting and developing Agriculture insurance should not be a lonely effort as Insurance development but it has to be in the view as the development of Agricultural sector.

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