



ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 5.2
IJAR 2020; 6(6): 269-271
www.allresearchjournal.com
Received: 03-03-2020
Accepted: 10-04-2020

Dr. Seema Rathee
Assistant Professor
Department of Commerce
Maharshi Dayanand
University, Rohtak, Haryana,
India

Dr. Ankita Gupta
Research Associate
Department of Commerce
Maharshi Dayanand
University, Rohtak, Haryana,
India

Corresponding Author:
Dr. Seema Rathee
Assistant Professor
Department of Commerce
Maharshi Dayanand
University, Rohtak, Haryana,
India

Problems in penetration of crop insurance in India: A conceptual study

Dr. Seema Rathee and Dr. Ankita Gupta

Abstract

India has the second largest population in the world and food requirement is very high in India because of the increasing population. In India more than half population depends on agriculture for their livelihood. Crop insurance is protecting farmers from the natural calamities and market risk. In India mainly crops are divided into mainly two types according to the weather condition named as *Kharif* and *Rabi*. Crop Insurance is available in India for more than 100 commodities. In India more than 50 years have been passed when first insurance scheme was launched in India, but still farmers not like to purchase crop insurance. In India mainly two types of crop insurance scheme running currently that named as Pradhan Mantri Fasal Bima Yojana (PMFBY) and Weather Based Crop Insurance Scheme (WBCIS). Mainly two type of crop insurance is available in India they are crop yield insurance and crop revenue insurance. The main objective of the paper is to find out the problems coming in the way of penetration of the crop insurance in India. This paper is descriptive in nature and used secondary method of data collection. Main reason in the study which come out from the study for the less penetration of the crop insurance in India is less transparency, illiteracy among the farmers, less knowledge, procedure difficulty, less compensation, delay in compensation, covers only risk (not investment), bad behavior of bank officials, technical difficulty, implementation problem, not inclusion of the all type of crops etc. Some recommendation for the better implementation and penetration of crop insurance in India is also suggested in this paper.

Keywords: Crop, insurance, penetration, compensation, problem etc.

Introduction

In India more than half of the population depends upon the agriculture for the living. Agriculture also contributes more than 15% in India GDP. Crop Insurance is the insurance for the farmers to protect them from losses due to the natural calamities and market risk. Natural calamities are weather change, monsoon, heavy or no rain fall, pests, droughts, floods, cyclone, landslides, earthquake etc. Market risk is reduction in the price of the crops. Insurance divided the risk from one to many. Crop Success mainly depends upon the four factors they are named as water, sunlight, air and soil. Perfect combination of the all factors is necessary crop success. India has the 2nd largest population of the world, so the demand for the food is extremely high. Crop success is extremely important for the India not only for the farmers but also for the common people. In India mainly 3 types of Crops exists:

There are mainly two types of Crop Insurance in India that are named as Crop Yield Insurance and Crop Revenue Insurance. In India First Crop Insurance scheme was launched in the year 1972. In India mainly two schemes are running currently they are Pradhan Mantri Fasal Bima Yojana (PMFBY) and Weather Based Crop Insurance Scheme (WBCIS). Pradhan Mantri Fasal Bima Yojana was started in the year 2016 in whole India and most popular scheme of crop insurance. Main feature of the scheme is very less premium, only 2% premium is on Kharif Crop and 1.5% premium is on Rabi Crop is collected from the farmers. Rest amount in the PMFBY is contributed by the central and state government in equal proportion.

Review of Literature

This review of literature represents the problems of penetration in crop insurance in India study by the different authors. Review of literature of the study is following:

| | | | | etc. |
|---|------|-------------------|--|---|
| 7 | 2018 | Hulagur | Performance of Pradhan Mantri Fasal Bima Yojana in Hyderabad- Karnataka (H-K) Region | High premium, difficult procedure, lack of communication etc. |
| 8 | 2018 | Hazarika & Yasmin | Adaptability of Crop Insurance as a Risk Mitigation Mechanism by the Farmers of Assam- An Analytical of Modified National Agriculture Insurance Scheme | Communication issue, illiteracy, lack of transparency, less settlement of claims, no uniformity in the premium rate etc. |
| 9 | 2019 | Jamanal | Constraints and Suggestions Expressed by the Farmers in Availing Crop Insurance Schemes in Northern Karnataka | Lack of compensation, difficult procedure, poor awareness level, not inclusion of important crops, location of banks, bank official's behavior etc. |

Conclusion

India has the 2nd largest population in the world and food demand in India is very high. Crop Success is highly important for the food requirement of the people and livelihood of farmer. In India there is more than 50 years has been passed when first insurance scheme was introduced in India, but till now there is less awareness in the farmers and there is lot misunderstanding among the farmers related to the crop insurance scheme. In many studies it is also found that the farmers who avail the crop insurance most of them found dissatisfied with the scheme. Main reason in the study which come out for the less penetration of the crop insurance in India is less transparency, illiteracy among the farmers (especially about financial matter), less knowledge, official procedure difficulty, less compensation amount, delay in compensation (even sometimes deny to give compensation because of unnecessary reason), covers only risk (not investment), bad behavior of bank officials, technical difficulty, procedural issues, implementation problem, not inclusion of the all type of crops etc.

Recommendation

It is the requirement of the time to take some important step. According to the results of the study following recommendation can be followed for the better penetration of crop insurance scheme in India:

- Make Procedure Easy to follow for the farmers can be worked to increase the penetration of the crop insurance in India.
- Transparency in the all the terms and conditions is always a major issue and it is the requirement of the time to work on to this. By making transparent and easy understandable policies the dream to insured each farmer of country could be achieved.
- One more step can be taken by the government that could be to make insurance not only risk cover but also used as investment purpose. But to follow this may be government has to increase the premium rate and it may be negatively impact the farmers.
- Spreading education and awareness could be one possible solution. Some separate recruitment could be done for this and bank officials should also instruct not to misbehave with the farmers.
- Speedily claim settlement is really effective measure that should be considered.

References

1. Bhatnagar A. Perception of Farmer's towards Agriculture Insurance Scheme. Pacific Business Review International. 2018; 10(10):53-56.
2. Cariappa AGA, Lokesh GB, Amrutha Joshi T, Reddy BS, Hulagur B. Performance of Pradhan Mantri Fasal Bima Yojana (PMFBY) in Hyderabad- Karnataka (H-K) Region, Journal Farm Science. 2018; 31(4):452-456.

3. Ghosh N, Yadav SS. Problems and Prospects of Crop Insurance: Reviewing Agricultural Risk and NAIS in India. Institute of Economic Growth of Delhi Enclave North Campus, Delhi, 2008. [http://www.iegindia.org/ardl/2008 Crop% 20Insurance](http://www.iegindia.org/ardl/2008%20Insurance), 20.
4. Gupta A. Purpose and challenges in the way of green marketing in India-A conceptual study. IJAR. 2017; 3(3):898-900.
5. Hazarika C, Yasmin S. Adaptability of Crop Insurance as a Risk Mitigation Mechanism by the Farmer's of Assam- An Analysis of Modified National Agriculture Insurance Scheme (MNAIS). Journal of Advanced Agriculture Technologies. 2018; 5(1):58-62.
6. Jamanal SK, Natikar KV, Potdar MP. Constraints and Suggestions Expressed by the Farmers in Availing Crop Insurance Schemes in Northern Karnataka. Journal of Education, Society and Behavioural Science, 2019, 1-5.
7. Kumar BR. Crop Insurance: Tribulation and Prospects of Farmer's with reference to Nuzvid, Krishna District. International Journal of Marketing Financial Services & Management Research. 2013; 2(9):171-181.
8. Nain MS, Singh R, Mishra JR. A Study of Farmer's Awareness on Agriculture Insurance Scheme in Southern Haryana. Indian Journal of Extension Education. 2017; 53(4):75-79.
9. Niranjana Babu Reddy HS. Weather index based crop insurance in Karnataka a study with special reference to food crops, 2017.
10. Sarangi SK, Panigrahi D. Crop Insurance, the Backbone of Indian Farming Community- Issues and Challenges. International Journal of Engineering Research and Application. 2016; 6(1):39-47.
11. <https://pmfby.gov.in/>
12. <http://agriculture.gov.in/>
13. https://en.wikipedia.org/wiki/Crop_insurance
14. <https://pmfby.gov.in/stateWiseDataPage>