

Fasal Bima, a story of dashed hopes

Farmers, reeling under crop losses, feel the Centre's crop insurance scheme is merely helping insurance firms make profits. **Radheshyam Jadhav** reports



Farmers from Beed gather outside the office of an insurance company in Pune to demand compensation for crop loss. PRATHAMESH PATIL

After completing his graduation, Ramkisan Nirmal took up a challenge. Unlike other youths who prefer to migrate to nearby cities in search of jobs, Ramkisan dreamed of becoming a farmer and prove that with modern technology and efforts, agriculture could become a profitable venture.

In his drought-prone village of Thergaon in Aurangabad district, Ramkisan was among those farmers who celebrated when the Centre announced the Pradhan Mantri Fasal Bima Yojana (PMFBY) in 2016.

The government promised a simple and affordable crop insurance scheme to ensure comprehensive risk cover for crops against all non-preventable natural risks—from pre-sowing to post-harvest—and to provide adequate claim amount and timely settlement of claims.

The scheme announcement came as a major relief to Ramkisan and other farmers in Marathwada area, known as a 'farmer suicide zone'. Drought is perennial here and un-

seasonal showers are unpredictable.

Today, Ramkisan is a shattered man with withered dreams. "I have realised that it is a sin to take birth in a farmer's family and it is a bigger sin to become a farmer," he says in a choked voice. As he walks in an inundated field, alongside damaged pomegranate and mosambi, rotten soyabean and cotton, Ramkisan says he has no hope of help from nature or the government.

"Farmers needed a strong insurance cover in this area. We face severe drought and there is no guarantee of yield and hence we pay insurance. If not profit, we should be able to recover what we have invested. But my experience is not good," he says. This year, his crop stands destroyed because of unseasonal October showers and till date he has not got a single rupee as government help or as insurance compensation.

Last year, Ramkisan paid an instalment for insurance cover for mosambi under the PMFBY scheme. As drought destroyed the yield, he

was expecting compensation of ₹77,000 as per the calculations. He got just ₹25,000.

But Ramkisan was lucky to get the amount. A few months ago, crop insurance companies provided compensation ranging from ₹1 to ₹5 to farmers! But instead of scrutinising the companies' assessment, the Maharashtra government decided to shell out money from its coffers. The government decided to pay ₹1,000 to farmers who receive compensation of less than ₹1,000. The State issued a government resolution (GR) announcing that it would shoulder the burden of the amount paid to farmers.

Farmers sow, biz reaps

Rajan Kshirsagar of Maharashtra State Kisan Sabha alleges that insurance companies reap huge profits while farmers are left high and dry.

Kshirsagar says that in 2018-19, more than 1,237 farmers ended their lives in Marathwada and at the same time insurance companies got profit of ₹1,237 crore from this region (a fig-

ure revealed through an RTI application). "The insurance companies got ₹1 crore profit after every farmer suicide in Marathwada. There are many glitches in the scheme. The insurance companies don't even have a mechanism and manpower to assess the damage caused to the crops," he charges.

He contends that the difference between the threshold yield (average yield of the last seven years, except for two bad years) and actual yield can vary widely for a crop, depending on whether it is an irrigated or rainfed area. A low threshold yield depresses insurance payouts in an area where the likelihood of crop damage is high. Therefore, a farmer ends up getting less than the sum assured for a certain premium due to a low threshold yield. Hence, the compensation received by a soyabean farmer in rainfed areas is less than that of his counterpart in irrigated areas.

Apart from the fact that premium for a crop is quite the same across Maharashtra, farmers at times are fleeced by service centres into paying more. A uniform maximum premium of 2 per cent, 1.5 per cent and 5 per cent is to be paid by farmers for all kharif crops, rabi crops and commercial/horticultural crops, respectively.

The difference between the premium and the rate of insurance charges payable by farmers is provided as subsidy and shared equally by the Centre and State.

But Kshirsagar questions the government's intention and role in the scheme. "While announcing the insurance scheme, the Centre is less willing to officially announce drought because of pressure from insurance companies," he alleges.

"No farmer has ever got complete compensation for the crop loss. We thought the insurance scheme would benefit us, but now we don't know who it is benefiting," says Kakasaheb Thote, a farmer from Thergaon. "We are in distress. This is a question of survival that farmers are facing. The insurance companies are not responding and the government is not in existence in Maharashtra," he adds.

A group of farmers from Beed district is agitating in Pune, in front of

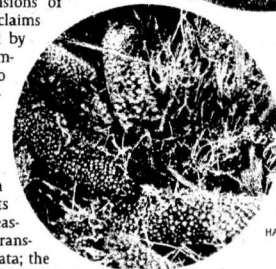
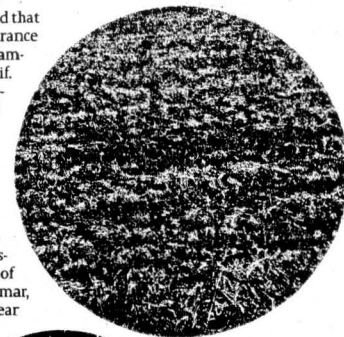
the office of an insurance company, demanding compensation. Agitating farmers said that the company has not paid insurance compensation for the crop damaged by drought in 2018 kharif. Farmers alleged that despite repeated assurances in the last six months, the company has not deposited the amount in the farmers' accounts.

Beed farmers are not the only ones to complain about the delay in receiving compensation. Thousands of farmers across States have been raising this issue. Minister of Agriculture, Narendra Singh Tomar, told the Lok Sabha in July this year that as per provisions of PMFBY, admissible claims are generally paid by the insurance companies within two months of completion of crop cutting experiments/harvesting period. "However, settlement of claims in some States gets delayed due to reasons like delayed transmission of yield data; the late release of their share in premium subsidy by some States, yield related disputes between insurance companies and States, non-receipt of account details of some farmers for transfer of claims and NEFT related issues, etc."

The Minister added, "Department is regularly monitoring the implementation of PMFBY, including timely settlement of claims. Penalty provisions for late settlement of claims by insurance companies and late release of funds by State governments have also been stipulated under the revised Operational Guidelines of the scheme which have come into effect from rabi 2018-19".

Implementation flawed

Agriculture and economy expert HM Desarda, a former member of the State Planning Commission, says insurance companies are looking at this



Crops destroyed by unseasonal rains in Paithan taluka of Aurangabad district. HABIBKHAN PATHAN

scheme as a business. "There is a nexus between insurance companies and the middlemen, and farmers are being looted. State and farmers' money is being siphoned off very smartly," he says.

But insurance industry experts say crop insurance, implemented with appropriate technology, is the key to the problem. "The revised operational guidelines have made the scheme more farmer-friendly. The key is use of technology in a big way to eliminate the difficulties encountered now due to manual procedures. What is important is to ensure that farmers get compensation quickly. The impediments to faster claim payment can be easily addressed with active collaboration of insurers and government authorities," G Srinivasan, Director, National Insurance Academy (NIA), Pune, earlier told *BusinessLine*.