

An Analysis of the Challenges Faced by PMFBY Beneficiaries in Khurda District, Odisha

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ABSTRACT: Agriculture is the cornerstone of India's economy, yet it remains vulnerable to risks like adverse weather, pest infestations, and crop failures. To address these challenges, the Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched in 2016, providing financial protection against crop losses due to natural calamities and other risks. This study identified and described constraints in implementation of PMFBY in Khurda district, Odisha, a region prone to extreme weather events. Employing an ex-post facto research design, data were collected from 120 farmers across eight villages using structured interviews and questionnaires. Findings revealed key challenges such as, unfavorable attitudes toward the scheme, lengthy documentation processes, insufficient training programs and limited insurance service providers under social, financial, promotional, and operational constraints respectively. The analysis highlighted the need for enhanced communication, streamlined processes, robust training programs, and increased competition among insurers. Addressing these gaps can improve scheme accessibility, foster trust among beneficiaries, and maximize its potential to mitigate agricultural risks.

Keywords : Constraints, Insurance, Scheme, Risk, Unfavourable attitude.

INTRODUCTION

Agriculture in India is often described as a gamble on the monsoon. In fact, the 2011 Socioeconomic and Caste Census revealed that 75% of rural households earn less than Rs. 5,000 per month (Nagesh *et al.*, 2022). This highlights the precarious nature of rural livelihoods dependent on farming. Despite its significance, the sector faces numerous challenges, including unpredictable weather conditions, pest infestations, and crop failures, which adversely impact the incomes and well-being of farmers. In response to these vulnerabilities, the Indian government launched the Pradhan Mantri Fasal Bima Yojana (PMFBY) in 2016, a comprehensive crop insurance scheme aims to provide financial protection to farmers against crop loss due to natural calamities, pests, and diseases. The scheme is part of the broader agricultural insurance framework intended to improve farmers' resilience, reduce their vulnerability, and promote a sustainable agricultural economy (Ministry of Agriculture & Farmers Welfare, 2016). The Pradhan Mantri Fasal Bima Yojana (PMFBY) operates based on an area approach, where specific regions are designated for each notified crop and the prevalent calamities in those areas (AIC, 2021; PMFBY, 2021). The scheme aims to

extend crop insurance coverage to 50% of India's farmers, addressing the challenges and distress in the agriculture sector (Nair, 2018). It provides protection for cereals, millets, pulses, and oilseeds during both the kharif and rabi seasons. Notified crops covered in the kharif season include paddy, groundnut, cotton, ginger, turmeric, maize, red gram, and ragi, while crops like paddy, mustard, groundnut, black gram, green gram, potato, onion, sunflower, and sugarcane are covered in the rabi season.

Despite its noble objectives, the implementation of PMFBY has faced numerous challenges, with farmers often encountering difficulties in accessing the benefits, understanding the process, and receiving timely compensation (Jha and Bhat 2020). Khurda district, located in the state of Odisha, serves as a representative region for studying these challenges. Odisha is frequently impacted by extreme weather conditions such as cyclones, floods, and droughts, making crop insurance essential for its farming community. However, the success of PMFBY in this district has been mixed, with reports indicating significant gaps in coverage and delayed claims (Mishra and Sahu 2021). These issues underscore the need for a detailed analysis of the beneficiaries' experiences, the implementation

process, and the impact of the scheme in this specific context.

This study aims to examine the challenges faced by PMFBY beneficiaries in Khurda district, Odisha, focusing on the obstacles encountered during the implementation and the subsequent impact on the farmers' socioeconomic conditions. By analyzing both the structural issues within the scheme and the practical difficulties at the grassroots level, the research seeks to provide insights that can contribute to improving the effectiveness of PMFBY and inform policy recommendations for better agricultural insurance delivery.

MATERIALS AND METHODS

The research design serves as a systematic plan guiding the collection, analysis, and interpretation of data to draw meaningful conclusions. This study, adopts an *ex-post facto* research approach. The research was conducted in two blocks of Khurda district, Odisha. Within these blocks, two gram panchayats were selected from each block, and two villages from each gram panchayat were purposively chosen. The sampling process involved a combination of purposive and random sampling techniques. Fifteen farmers were randomly selected from each village, resulting in a total sample size of 120 respondents. The sample focused exclusively on farmers benefiting from the PMFBY scheme. To ensure the suitability of variables and interview schedules, all eight villages across four gram panchayats within the two blocks were visited and had extensive interactions with agriculture officials, insurance agents, bank personnel, cooperative staff, and scheme beneficiaries. Feedback led to modifications such as the addition, removal, or re-sequencing of questions, ensuring the instrument's clarity and robustness before data collection. Primary data were gathered through face-to-face interviews, preceded by informal conversations to build rapport. Secondary data were collected from village-level workers, local officials, youth leaders, banks, and cooperatives to supplement the primary data. The data were systematically tabulated for empirical analysis, facilitating statistical examination of the socioeconomic benefits of the PMFBY scheme. Insights from stakeholder interactions enriched the analysis, providing a comprehensive view of the scheme's impact. The constraints are any factors or barriers that limit the full realization of PMFBY scheme's objectives, thereby hindering farmers from effectively accessing or benefiting from its provisions. It was studied with structured and open-ended questions. Structured questionnaires were administered to the respondents and scores on different categories of constraints such as social constraints, financial constraints, promotional constraints and operational constraints were obtained. The responses were obtained on a three point continuum of agree, undecided and disagree with scores 3, 2 and 1 respectively. Later on, scores for each problem were aggregated and mean score was calculated. Higher the mean value for the problem showed its importance.

RESULTS AND DISCUSSIONS

A. Social Constraints

The data revealed that an unfavorable attitude towards the Pradhan Mantri Fasal Bima Yojana (PMFBY) as a key social barrier to its success. Farmers' dissatisfaction arises from delayed compensation, lack of transparency in claim settlements, and inadequate coverage. Poor awareness about the scheme's provisions and benefits, coupled with unclear communication, further fuels mistrust. Misconceptions and peer influence amplify negative perceptions, discouraging participation. Addressing these issues through awareness campaigns, improved transparency, and timely claim settlements is crucial for building trust and enhancing adoption of the scheme.

B. Financial Constraints

The lengthy documentation process associated with the Pradhan Mantri Fasal Bima Yojana (PMFBY) emerges as a critical financial constraint, deterring farmers from availing its benefits. The cumbersome paperwork, coupled with complex procedural requirements, often overwhelms small and marginal farmers who may lack the literacy or resources to complete the formalities. This administrative burden not only delays the timely submission of applications but also discourages enrollment, leaving vulnerable farmers without essential financial protection against crop losses. Simplification of these processes and improved support mechanisms are crucial to enhancing accessibility and ensuring broader participation in the scheme.

C. Promotional constraints

The lack of adequate training programs under the Pradhan Mantri Fasal Bima Yojana (PMFBY) poses a significant promotional constraint, limiting its effectiveness and outreach. Farmers often lack awareness and understanding of the scheme's objectives, benefits, claim procedures, and eligibility criteria, leading to misinformation and low participation rates. Without proper training, beneficiaries face challenges in navigating the enrollment process, comprehending premium structures, and utilizing the scheme effectively during crop losses. This gap highlights the need for targeted capacity-building initiatives, including workshops, demonstrations, and personalized guidance, to enhance farmers' confidence and engagement with the scheme. Addressing this constraint is essential for ensuring informed decision-making, increasing adoption rates, and improving overall scheme performance.

D. Operational Constraints

The limited number of insurance companies participating in the Pradhan Mantri Fasal Bima Yojana (PMFBY) emerges as a critical operational constraint, impacting the scheme's accessibility and efficiency. With fewer providers, competition is reduced, potentially leading to monopolistic practices, delays in claim processing, and limited customization of insurance products to meet diverse regional needs. This constraint also restricts farmers' choices, thereby reducing trust and confidence in the scheme. Moreover,

the lack of sufficient insurers may result in inadequate coverage in remote areas, leaving vulnerable farmers without effective risk mitigation options. Addressing

this issue is essential to enhance the scheme's operational effectiveness and improve farmer satisfaction.

Table : Constraints faced by the beneficiaries in availing facilities under PMFBY.

Sr. No.	Constraints		Mean Score	Rank
1.	Social constraints	Unfavourable attitude towards PMFBY	1.91	I
		Lack of trust	1.36	II
2.	Financial constraints	High premium rate	2.30	II
		Less premium paid by the government	2.16	IV
		Minimum amount of insurance is not fixed	1.83	V
		Less compensation	2.25	III
		Lengthy documentation process	2.52	I
3.	Promotional Constraints	No information regarding PMFBY	1.06	V
		Insufficient training program	2.46	I
		Absence or shortage of insurance agents	2.36	II
		Lack of information through public extension system	1.16	IV
		Lack of mass awareness program	2.20	III
4.	Operational Constraints	Lack of beneficiary involvement at assessment stage	2.16	V
		More time needed for getting compensation	2.53	II
		Lack of mass awareness program	2.20	III
		Lack of knowledge about placing claims with insurance agencies	2.26	IV
		Limited number of insurance companies	2.60	I
		Lack of involvement of cooperatives	1.46	VI

CONCLUSIONS

Six years after the implementation of the Pradhan Mantri Fasal Bima Yojana (PMFBY), notable gaps persist in farmers' awareness and access to its benefits. While the scheme holds considerable potential to mitigate crop losses and bolster agricultural resilience, its effectiveness is hindered by several challenges, including unfavorable attitudes, lengthy documentation requirements, inadequate training programs, and a limited number of insurance service providers. Under social, financial, promotional, and operational constraints respectively. To enhance the scheme's effectiveness, it is crucial for policymakers to implement targeted reforms that streamline processes, broaden awareness initiatives, and expand the network of insurance providers. Strengthening transparency, accountability, and farmer-centric reforms will foster greater trust, improve adoption, and ultimately ensure that PMFBY fulfills its objective of safeguarding farmers and promoting sustainable agricultural practices.

FUTURE SCOPE

Research findings are of paramount importance for policy makers as they serve as crucial inputs for their decision-making processes. By comprehending the

challenges encountered by farmers are better equipped to devise effective strategies that address and overcome these constraints.

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