



## An Overview of Crop Insurance in Maharashtra

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### INTRODUCTION

**Define Insurance:** Insurance is a mechanism that protects you from a slight chance of suffering a huge, unexpected loss. It is a method of transferring and sharing risk in which losses sustained by a few are covered by funds acquired via tiny contributions made by many others who are exposed to similar risks. Insurance is not a means of making money; rather, it is a means of compensating an individual or corporation for unforeseen losses that could otherwise result in financial ruin.

**1 Wikipedia:** Crop insurance protects farmers against losing their crops due to natural disasters such as hailstorms, droughts, and floods, as well as revenue loss owing to lower agricultural commodity prices.

**2.** Crop insurance is the most effective way to safeguard against crop losses and uncertainties in the agriculture business. It also boosts farmers' confidence in adopting new, high-cost technology.

**3. Alak Ghosh:** Agriculture insurance is a method of protecting individual farmers against natural disasters such as droughts, floods, fires, and unseasonably wet seasons, as well as insect assaults.

**4. According to PMFBY:** Crop insurance protects farmers from financial losses resulting from crop failures or losses caused by identified or unspecified risks beyond their control.

### Significance of Crop insurance:

Agriculture is considered to be the most important economic sector in many developing countries today. It is still the key source of employment and accounts for a large portion of the gross national GDP. Agricultural items are also frequently used as a source of export revenue. In the majority of emerging countries, increased agricultural productivity is required for self-sustaining economic development.

Despite the importance of agriculture in developing countries, many development projects have failed to yield full benefits. In many nations, agricultural production is still characterised by low-income levels, low capital-labor proportions, and general precariousness. There is frequently a divide between both the urban and rural economies, not just in terms of technology, but also in terms of access to activities such as transportation, health and educational amenities, even credit and insurance.

Agriculture always has been a perilous business since the dawn of time. It is susceptible to the whims of Mother Nature. Farmers are unable to properly accommodate the fluctuations in productivity caused by nature. Crop rotation and diversification, intercropping, the use of low yield but hardy variants, tillage systems, share tenancy, contract terms interlinking, the development of non-farm sources of income such as handicraft items and handlooms, socio-cultural methods that allocate risks within the wider family, as well as informal financial arrangements have all been devised by farmers since the dawn of time.

While these safeguards continue to be beneficial, the problem of some types of dangers persists. Farmers are also exposed to the shared risk of a disaster, and the overall group risk has yet to be addressed. The efficacy of standard measures is harmed by the risk coverability. The modern insurance business may play a significant part in this, significantly increasing the security of farmers.

Moneylenders and traders continue to provide credit to rural communities in various countries, frequently at varying interest rates. Such revenues are insufficient to fund agricultural growth. The following importance are in each country.

1) In addition to heavy rains and droughts, various calamities like as storms, locusts, and agricultural pests, lower farmers revenue and force them to face significant financial losses; therefore, crop insurance may protect farmers while also improving their confidence and morale.

2) Since Indian agriculture is completely reliant on rainy season, there is a huge risk of crop destruction, making Indian agriculture a monsoon gamble. Crop insurance is essential for avoiding such losses.

3) Due to a shortage of water supply throughout most agricultural fields, crop health is reliant on rainwater, resulting in significant losses for farmers. Crop insurance can help to cover such losses and stabilize their income.

4) Each family's standard of life is determined by the buying power available to that family, which is determined by the family's income. The crop insurance program would remove the farmer's financial uncertainties, and his income never would be falling below a specified level, allowing him to receive compensation.

5) Most of the small farmers in the country are in debt, crop insurance is critical in assisting them in getting out of debt and poverty.

6) Traditional farming methods are used by Indian farmers. Farmers will employ modern, high-cost technology in their farming because the vagaries of nature produce unpredictability in agricultural yields. If there is a facility to defend against such uncertainty, farmers will adopt modern, high-cost technology.

#### **Need of Crop Insurance in Agriculture sectors:**

Agriculture sectors is always risky and uncertainty, risk management is an essential aspects of agriculture sector recently times crop insurance is part of the overall risk management and strategy, every country's economy, manufacturing, and marketing are vital sectors. Internal events, change, natural disasters, conflicts, and other factors all contribute to uncertainties in these three domains, particularly in agriculture.

Standing crops are destroyed by floods, droughts, and a variety of other factors. Farmers suffer significant losses because of this. In India, the issue of agricultural loss is quite important.

In this instance, the farmer not only loses money, but he also lacks the mental stamina to reproduce because he is unsure whether re-sowing will provide a crop. As a result, the idea of crop insurance was developed to solve these challenges.

The contribution of agricultural and allied industries to the country's gross value added (GVA) at current market prices is 17.8% for the year 2019-20, according to the CSO's provisional national income estimates announced on May 29, 2020. Agriculture and related sectors' GVA and contribution to the country's GVA at current prices.

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## **FINDINGS**

### **Present Status of Agriculture in Maharashtra**

Maharashtra is a state in India that is situated in the west and central parts of the country. On May 1, 1960, the state was formed. Maharashtra boasts a 720-kilometer natural coastline along the Arabian Sea. Maharashtra is protected by the Sahyadri and Satpuda hills, which are naturally powerful. It is organised into 36 revenue divisions and 36 districts. Aurangabad, Nagpur, Pune, Nashik, Amravati, and Kokan are just a few examples. According to the census of 2011,

Maharashtra has a total population of 11.24 million people and covers 3.08 million square kilometres. It is India's second-largest city by population and third largest by area. Maharashtra is India's most urbanised state. Maharashtra is defined not just by its physical location, but also by the people that live there. Various cultures and traditions coexist in Maharashtra in peace and love.

The state is known for its wide range of artistic expressions (music, dance, povada, bharud, gondhal and lavani are prominent in the folk music of the state). In Maharashtra, all important religious holidays are observed in peace and cooperation. As a result, Maharashtra has a significant social, economic, and political influence.

The state has a long history of having a statutory agency in charge of district development and planning. To organise local development in the hot summer, the state has 33 Zilla Parishads, 335 Panchayat Samiti, and 27993 Gram Panchayats.

For the development of urban regions, there are 33 Municipality Corporations, 222 Municipal Councils, 4 Nagar Panchayats, and 7 Cantonments. Mumbai is the state capital of Maharashtra and India's financial hub. Most financial institutions and corporations have their headquarters here.

During the kharif and rabi seasons in Maharashtra, the following crops are harvested: Rice, wheat, jowar, bajra, groundnut, all cereals, all pulses, all food grains, sugarcane, cotton, and other agricultural products Maharashtra's GSDP contribution to the Indian economy is 26.62 percent in 2020-21, while its NSDP contribution is 24.8 percent.

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## **CONCLUSIONS**

### **Agricultural Production prospects 2020-21 of Maharashtra**

**Kharif Crops:** Sowing was completed on 156.89 lakh hectares during the kharif season 2020-21, compared to 152.88 hectares the previous year. Cereals, pulses, oilseeds, and sugarcane are likely to cover less land this year than previous.

Cereals, legumes, oilseeds, sugarcane, and cotton production are predicted to improve this year compared to previous. The following table shows the area of detail for the kharif crop and production.

**Area and production of principal kharif crops**

Crop	Area ('000 ha.)			Production ('000 MT)		
	2019-20	2020-21 (Tentative)	Percentage Change	2019-20	2020-21 (Tentative)	Percentage Change
Rice	1478	1547	5	2702	3137	16
Jowar	390	275	(-) 29	273	296	8
Bajra	673	637	(-) 5	512	829	62
Ragi	82	74	(-) 10	87	107	23
Maize	772	908	18	1052	3062	191
Other cereals	41	37	(-) 10	22	16	(-) 25
<b>Total cereals</b>	<b>3436</b>	<b>3478</b>	<b>1</b>	<b>4648</b>	<b>7448</b>	<b>60</b>
Tur (Red Gram)	1319	1236	(-) 6	1197	1178	(-) 2
Moong (Green gram)	387	430	11	151	227	51
Urid (Black gram)	341	390	14	151	258	71
Other pulses	89	123	39	39	90	133
<b>Total Pulses</b>	<b>2135</b>	<b>2179</b>	<b>2</b>	<b>1537</b>	<b>1754</b>	<b>14</b>
<b>Total food grains</b>	<b>5571</b>	<b>5657</b>	<b>2</b>	<b>6185</b>	<b>9202</b>	<b>49</b>
Soyabean	4124	4357	6	4826	6203	29
Groundnut	221	205	(-) 7	191	243	27
Sesamum	20	10	(-) 53	4	2	(-) 45
Niger seed	8	8	(-) 6	2	1	(-) 8
Sunflower	19	15	(-) 21	7	9	36
Other oilseeds	11	10	(-) 3	3	4	34
<b>Total oilseeds</b>	<b>4403</b>	<b>4604</b>	<b>5</b>	<b>5032</b>	<b>6463</b>	<b>28</b>
Cotton (Lint's)	4491	4286	(-) 5	6639	8822	33
Sugarcane	822	1142	39	69313	97268	40
<b>Total</b>	<b>15288</b>	<b>15689</b>	<b>2.63</b>	-	-	-

(Source: Production of cotton in '000 bales of 170 kg each \*\* Harvested area # Calculated based on actual figures Note: Figures for 2019-20 are based on final estimates & for 2020-21 are based on second advance estimates Source: Commissioner of Agriculture, GoM)

**Rabi Crops:** Sowing was finished on 53.64 lakh hectares during Rabi season 2020-21 by the start of December, which is 3% much less than the period previous year. In comparison to the previous year, the area under cereals is predicted to expand, while the area of cereals and oilseeds is reduced as a result. In comparison to the previous year, grain and pulse output is expected to grow, while oilseed production is expected to drop.

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