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News: Farmers' Distress Index

Farmers' Distress Index

- The Central Research Institute for Dryland Agriculture (CRIDA), an institution under the Indian Council of Agricultural Research (ICAR), is developing an Early Warning System called "Farmers' Distress Index", a first of its kind for India.
- The index tries to anticipate the Agrarian distress and prevent its spread from a few farmers to the village or block level.
- It will enable various entities such as the central government, state governments, local bodies, and non-governmental agencies to receive early warnings about impending farmers' distress, thus facilitating proactive interventions.

Objective

- The index aims to minimize the agrarian distress in the form of crop loss / failure and income shock.

- Farmers' exposure to shocks has increased in the recent years, with an increase in extreme climate events as well as market and price fluctuations, many times driving them to death by suicides.

Methodology for Monitoring Distress

- The development of the index involves multiple steps.
- Local newspapers, news platforms, and social media are scoured to identify instances of farmers' distress, including debt repayment issues, suicides, pest attacks, droughts, floods, and migration.
- This information is then supplemented by telephonic interviews with small, marginal, and tenant farmers in the area.
- These interviews incorporate 21 standardized questions designed to detect early signs of distress.
- The responses are then mapped against **seven indicators**: Exposure to risks, Debt, Adaptive capacity, Landholding, Irrigation facilities, Mitigation strategies, immediate triggers and Socio-psychological factors.

Interpretation of the Index

- Based on the collected data and responses, the index will assign a value between 0 and 1 to indicate the level of distress.

- 0 to 0.5: Low distress,
- 0.5 to 0.7: Moderate" distress
- Above 0.7: Severe" distress.

- If the distress level is severe, the index identifies the specific component contributing the most to farmers' distress among the seven indicators.

Significance

- Different agencies can then carry out interventions to prevent income shocks to farmers depending on the severity of distress.
- The current solutions that are being thought upon are direct money transfer, mid-term release of claims under the government's crop insurance scheme in case of crop failures etc.
- For instance, the insurance claims under PMFBY (Pradhan Mantri Fasal Bima Yojana) are only given when a full survey is completed but, in this case, if the index suggests severe distress in the coming few weeks, then the government can provide interim relief under the scheme.

Pradhan Mantri Fasal Bima Yojana (PMFBY)

- Pradhan Mantri Fasal Bima Yojana (PMFBY) is set up under One-Nation, One-Scheme plan of Union ministry of Agriculture and Family Welfare.
- It is a comprehensive insurance cover against crop failure. (as part of Doubling Farmers Income by 2022).
- All food and oilseed crops and annual commercial/horticulture crops are eligible to get insurance.

Premium to be paid by farmer

- Kharif crops- 2%
- Rabi crops-1.5%
- Annual commercial/horticulture crops- 5%
- The Centre has decided to limit the PMFBY premium rates – against which it would bear 50% of the subsidy – to a maximum of 30% in un-irrigated and 25% in irrigated areas.
- Recently, it was decided that Centre would bear 90% of premium in North eastern states against the 50:50 in other states.

- The scheme was compulsory for loanee farmers availing Kisan Credit Card for notified crops. Moreover, the scheme is voluntarily available for all farmers.
- To address the demand of farmers, the scheme has been made voluntary for all farmers from Kharif 2020 season.
- The Scheme shall be implemented through a multi-agency framework by selected insurance companies under the overall guidance & control of the Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW), Ministry of Agriculture & Farmers Welfare (MoA&FW), Government of India (GOI) and the concerned State in co-ordination with various other agencies.
- Recently, Maharashtra became the first state to integrate its land records with the web portal of PM – FBY.
- Recently, Maharashtra has opted out of Pradhan Mantri Fasal Bima Yojana Scheme. Earlier, Andhra Pradesh, Jharkhand, Telangana, Bihar, Gujarat, Punjab and West Bengal – all predominantly agriculture states – have already opted out of the scheme.

Losses covered under PM – FBY

- Prevented Sowing/Planting/Germination Risk
- Standing Crop (Sowing to Harvesting): Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, viz. Drought, Dry

spell, Flood, Inundation, widespread Pests and Disease attack, Landslides, Fire due to natural causes ,Lightening, Storm, Hailstorm and Cyclone.

- Post-Harvest Losses.
- Localized Calamities: Loss/damage to notified insured crops resulting from occurrence of identified localized risks of Hailstorm, Landslide, Inundation, Cloud burst and Natural fire.
- Add-on coverage for crop loss due to attack by wild animals.

- Losses arising out of war and nuclear risks, malicious damage and other preventable risks shall be excluded.