



A SYNOPSIS OF THE PRADHAN MANTRI FASAL BIMA YOJANA (PMFBY)

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INTRODUCTION

The Pradhan Mantri Fasal Bima Yojana (PMFBY) is a government-sponsored crop insurance scheme launched by the Government of India on February 18, 2016. Since its launch in February 2016, the Pradhan Mantri Fasal Bima Yojana (PMFBY) has become one of the largest crop insurance schemes in the world. It aims to provide financial support to farmers in the event of crop failure due to natural calamities, pests, and diseases. The scheme seeks to stabilize farmers' incomes, ensure the flow of credit to the agriculture sector, and encourage farmers to adopt innovative and modern agricultural practices.

OBJECTIVES

1. Provide Financial Support: To support farmers suffering from crop loss/damage arising out of unforeseen events.
2. Stabilize Farm Incomes: To ensure farmers' income stability by providing insurance coverage for crops.
3. Encourage Adoption of Innovative Practices: To promote the adoption of progressive farming practices, high-value crops, and better technology.
4. Ensure Flow of Credit: To ensure the availability of credit to the agriculture sector by providing insurance against crop loss.

KEY FEATURES

1. Coverage: The scheme covers all food & oilseed crops and annual commercial/horticultural crops for which past yield data is available. Coverage is provided against non-preventable risks such as drought, floods, hailstorms, cyclones, pests, diseases, and more.

2. Premium Rates: Kharif crops: 2% of the sum insured by the farmer. Rabi crops: 1.5% of the sum insured by the farmer. Annual commercial and horticultural crops: 5% of the sum insured by the farmer. The remaining premium is subsidized by the government (both Central and State).

3. Sum Insured: The sum insured per hectare for each crop is calculated on the basis of Scale of Finance, as decided by the State Level Technical Committee (SLTC).

4. Assessment of Loss: Localized Risks: Losses due to localized calamities such as hailstorms, landslides, and inundation are assessed and claims are settled at the individual farm level. Post-Harvest Losses: Coverage is also provided for post-harvest losses due to cyclones and unseasonal rains for a maximum period of two weeks.

5. Use of Technology: Encourages the use of technology like smartphones, remote sensing, drones, and GPS for quick and accurate loss assessment. Provides for the mandatory use of

the National Crop Insurance Portal to ensure transparency and prompt processing of claims.

6. Claims Process: Simplified claims process with provision for interim relief measures and faster settlement of claims. Direct transfer of claim amounts into the insured farmer's bank account through electronic transfer.

IMPLEMENTATION AND PARTICIPATION

Nodal Agencies: The scheme is implemented by empaneled general insurance companies under the guidance and coordination of the Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW), and respective State Governments.

Participation: The scheme is voluntary for farmers; however, it is mandatory for farmers availing Seasonal Agricultural Operations (SAO) loans from financial institutions.

Awareness Campaigns: Extensive awareness campaigns are conducted to educate farmers about the benefits and procedures of the scheme through various media channels, workshops, and training programs.

STATUS OF PMFBY

As of the 2021-22 crop year, over 50 million farmers were enrolled in the PMFBY. The scheme has seen steady growth in the number of farmers covered, indicating increasing acceptance and reliance on crop insurance. Approximately 30 million hectares of crop area were insured under PMFBY during the 2021-22 crop year. The scheme has covered a wide variety of crops, including cereals, oilseeds, and horticultural crops.

The total premium collected under the scheme has exceeded ₹35,000 crores since its inception. Farmers contribute a small portion of the premium, with the remaining amount

subsidized by the Central and State Governments. The government has provided substantial subsidies to support the scheme. For instance, in the 2020-21 crop year, the government subsidy amounted to approximately ₹16,000 crores.

As of 2021, over ₹95,000 crores have been paid out as claims to farmers since the scheme's inception. The claim settlement process has been streamlined to ensure timely payments to farmers. The average claim ratio (claims paid as a percentage of total premiums collected) under PMFBY has been around 80% since its launch. This indicates that a significant portion of the premiums collected are being returned to farmers in the form of compensation.

PMFBY has integrated advanced technologies like remote sensing, drones, and satellite imagery for accurate and timely assessment of crop losses. The National Crop Insurance Portal and mobile apps have been developed to facilitate easier enrollment and claim processing.

CHALLENGES AND IMPROVEMENTS

- **Awareness and Enrollment:** Increasing awareness and enrollment among farmers, especially small and marginal farmers, remains a challenge.
- **Timely Settlement of Claims:** Ensuring the timely settlement of claims to build trust and reliability in the scheme.
- **Technological Integration:** Improving technological integration for accurate and quick assessment of losses.
- **Addressing Regional Disparities:** Ensuring uniform implementation across different states and regions, considering the diversity in agricultural practices and risks.

RECENT DEVELOPMENTS

The government continues to refine the PMFBY scheme to address challenges and enhance its effectiveness. Recent developments include:

- Introduction of voluntary participation for all farmers starting from the 2020-21 season.
- Increased focus on the use of advanced technologies for accurate and timely assessment of crop losses.
- Streamlining administrative processes to reduce delays in claim settlements and improve overall efficiency.
- States like Maharashtra, Madhya Pradesh, Rajasthan, Uttar Pradesh, and Karnataka have seen high enrollment rates.
- Efforts are ongoing to increase coverage in states with lower enrollment, particularly in the northeastern and hilly regions.
- The scheme has introduced features such as a single mobile app for registration and claims, and the use of blockchain technology for better transparency and security of data

IMPACT AND BENEFITS

The scheme has significantly reduced the financial risk for farmers by providing a safety net against crop losses due to natural calamities. It has encouraged farmers to adopt better agricultural practices and invest in quality inputs, knowing that their risks are covered. PMFBY has improved the flow of credit to the agricultural sector, as banks and financial institutions are more willing to lend to insured farmers. The scheme has contributed to increased agricultural productivity and stability in farmers' incomes.

CONCLUSION

The Pradhan Mantri Fasal Bima Yojana (PMFBY) is a critical initiative aimed at protecting farmers from the financial losses associated with crop failures. By providing comprehensive insurance coverage, promoting the use of modern agricultural practices, and ensuring the stability of farmers' incomes, the scheme plays a vital role in sustaining India's agricultural sector and enhancing the livelihoods of millions of farmers across the country. Continued efforts to improve the scheme's implementation and address existing challenges will be essential in achieving its objectives fully. The Pradhan Mantri Fasal Bima Yojana (PMFBY) has made significant strides in providing crop insurance to millions of farmers across India. With continuous improvements and a focus on leveraging technology, the scheme aims to further enhance its reach and effectiveness, ultimately contributing to the resilience and prosperity of the agricultural sector.