

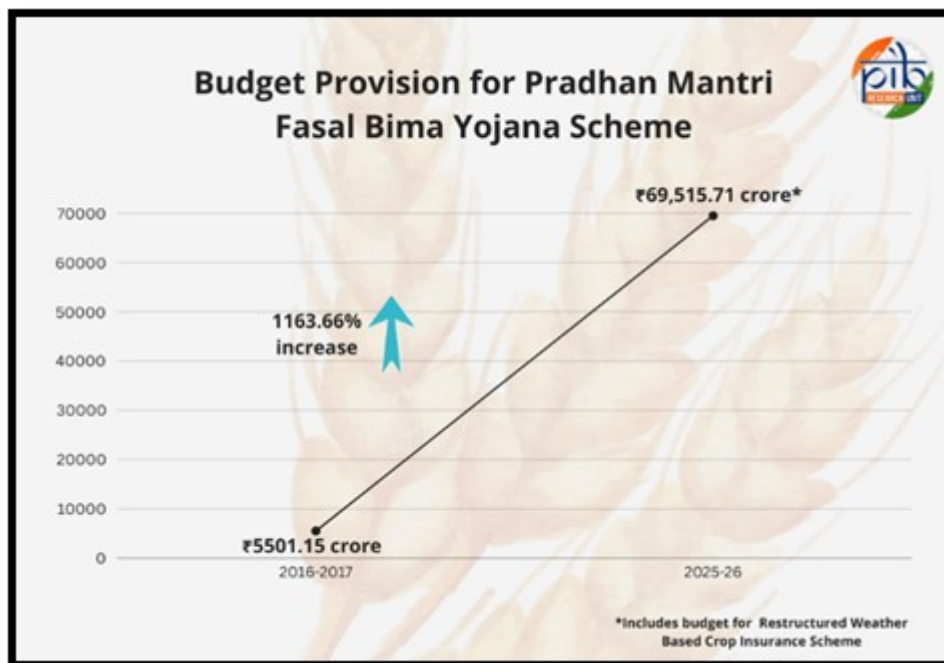
## 9 YEARS OF PRADHAN MANTRI FASAL BIMA YOJANA - ECONOMY

**NEWS:** *The Pradhan Mantri Fasal Bima Yojana (PMFBY) recently celebrated its ninth anniversary, marking nearly a decade of empowering Indian farmers with comprehensive crop insurance.*

### WHAT'S IN THE NEWS?

#### About PMFBY

- **Launch:** 2016 by the Ministry of Agriculture & Farmers Welfare.
- **Coverage:** All farmers, including sharecroppers and tenant farmers, growing notified crops in designated areas.
- **Crops Covered:**
  - Food Crops (Cereals, Millets & Pulses)
  - Oilseeds
  - Annual Commercial & Horticultural Crops



### Yield Losses (Standing Crops)

Farmers suffer losses due to unavoidable and natural risks such as droughts, floods, pest infestations, and crop diseases, which significantly impact agricultural productivity and income.

### Prevented Sowing

When adverse weather conditions, such as excessive rainfall, drought, or other climatic extremes, prevent farmers from sowing their crops, they are eligible for compensation under the scheme, ensuring financial support despite failed sowing attempts.

## **Post-Harvest Losses**

Crops that have been harvested but remain in the field for drying purposes are covered under the scheme for up to 14 days. Losses due to natural calamities such as cyclones, floods, and unseasonal rains during this period are compensated.

## **Localized Calamities**

Farmers who face damage due to region-specific calamities, including hailstorms, landslides, cloudbursts, and other extreme weather events, are provided financial assistance to help them recover their losses.

## **Implementation & Coverage Growth (2016–2024)**

### **Farmer Enrollment**

Since the inception of the scheme, over 40 crore farmer applications have been registered, indicating significant participation and trust in the initiative.

### **Land Coverage**

More than 30 crore hectares of farmland have been insured under the scheme, demonstrating its extensive reach in safeguarding agricultural livelihoods across India.

### **Affordable Premium & High Claims Settled**

Farmers have collectively paid over ₹29,000 crore as insurance premiums under the scheme. In return, more than ₹1.50 lakh crore has been disbursed as claims, highlighting the scheme's pro-farmer approach and financial viability.

### **Customized Insurance Plans**

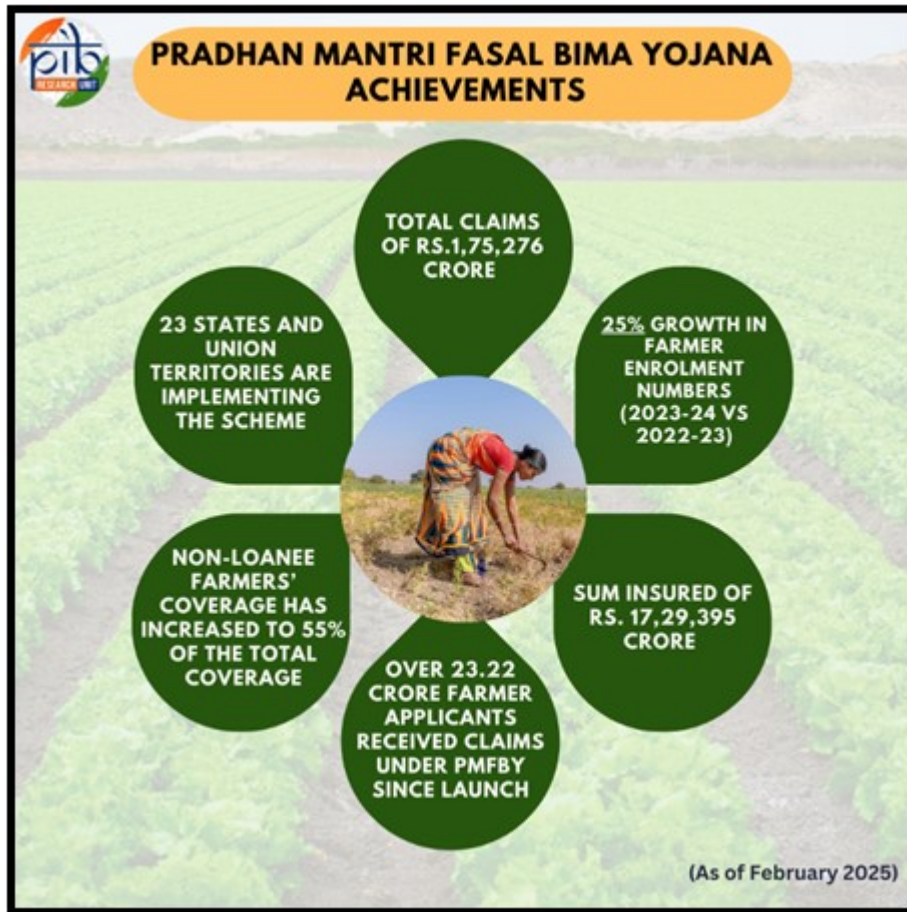
To enhance efficiency and effectiveness, state-specific schemes and cluster-based models have been introduced, allowing insurance coverage to be tailored to regional agricultural and climatic conditions.

### **Inclusive Growth**

More than 70% of the scheme's beneficiaries are small and marginal farmers, ensuring that those most vulnerable to climate risks and economic instability receive the necessary financial protection.

### **Climate Risk Mitigation**

The scheme actively addresses challenges posed by erratic monsoons, prolonged droughts, frequent floods, and unseasonal rains, thereby helping farmers build resilience against climate change.



## Technological Advancements

### AI & Geo-Tagging

Artificial Intelligence (AI) and geo-tagging technologies enhance the accuracy of crop loss assessments by enabling precise damage verification and real-time yield estimation.

### CCE-Agri App & YES-TECH

Mobile-based applications like the CCE-Agri App and YES-TECH assist in recording Crop Cutting Experiments (CCEs) efficiently, helping in faster and more reliable yield estimations for insurance claims.

### National Crop Insurance Portal (NCIP)

A centralized online platform has been developed to facilitate real-time monitoring, claim processing, and data-driven decision-making, streamlining the entire crop insurance process.

### Digital Claim Settlement

The use of mobile applications and online platforms for digital claim settlement has significantly reduced the time taken for payouts, ensuring that farmers receive compensation in a timely manner.

## **Major Challenges**

### **Delays in Claim Settlement**

Bureaucratic inefficiencies and disputes between insurance companies and state governments often lead to delays in claim settlements, causing financial distress to farmers.

### **State Withdrawals & Implementation Issues**

Several states, including Bihar, West Bengal, Gujarat, and Andhra Pradesh, have withdrawn from the scheme due to financial concerns over premium subsidies, affecting its uniform implementation across the country.

### **Low Awareness & Farmer Participation**

A significant portion of farmers, particularly those in remote and underdeveloped areas, remain unaware of the scheme's benefits, leading to lower participation and underutilization of available support.

### **Data & Technology Gaps**

The absence of real-time weather data, coupled with delays in assessing crop losses, hampers efficient claim processing and reduces the effectiveness of the insurance mechanism.

## **Recent Reforms & Future Prospects**

### **PMFBY 2.0 – Restructured Guidelines (2020-21)**

#### **Voluntary Enrollment**

Since 2020, farmers have been given the flexibility to voluntarily enroll in the scheme, making participation more farmer-centric and need-based.

#### **State Flexibility**

States now have the autonomy to design and customize insurance products based on regional agricultural requirements and climate conditions, improving the scheme's adaptability.

#### **Alignment with Climate Resilience Policies**

The scheme has been integrated with the National Adaptation Fund for Climate Change (NAFCC), encouraging climate-resilient farming practices and long-term sustainability.

### **Restructured Weather-Based Crop Insurance Scheme (RWBCIS)**

#### **Introduction of RWBCIS**

A complementary Weather-Based Crop Insurance Scheme (RWBCIS) has been introduced alongside PMFBY, focusing on climatic conditions rather than actual yield loss.

#### **Difference from PMFBY**

Unlike PMFBY, which calculates claims based on actual crop losses, RWBCIS determines payouts based on pre-defined weather parameters such as temperature, rainfall, humidity, and wind speed.

## Way Forward

### Digitization

Expanding the use of advanced digital technologies, including satellite imagery, drones, and automated assessment tools, can further speed up claim settlements and improve accuracy.

### State Re-Engagement

Efforts should be made to re-engage states that have opted out of the scheme by addressing their financial concerns and modifying subsidy-sharing arrangements.

### Private Sector Involvement

Encouraging private insurance companies to develop region-specific solutions can enhance competition, efficiency, and accessibility of insurance products.

### Disaster Risk Reduction

A proactive approach to risk mitigation, including improved early warning systems and better adaptation strategies, can help farmers reduce their vulnerability to climate-induced disasters.

What is Pradhan Mantri Fasal Bima Yojana?

- **About:**
  - Launched in 2016 and is being **administered by the Ministry of Agriculture and Farmers Welfare.**
  - It replaced the **National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS).**
- **Eligibility:**
  - Farmers including **sharecroppers and tenant farmers** growing notified crops in the notified areas are eligible for coverage.
- **Objectives:**
  - To provide **insurance coverage and financial support to the farmers in the event of failure** of any of the notified crops as a result of natural calamities, pests & diseases.
  - To **stabilize the income of farmers** to ensure their continuance in farming.
  - To encourage farmers to adopt innovative and modern agricultural practices.
  - To ensure the flow of credit to the agriculture sector.
- **Premium:**
  - There will be a **uniform premium of only 2% to be paid by farmers** for all Kharif crops and 1.5% for all Rabi crops.
  - In the case of **annual commercial and horticultural crops**, the premium to be paid by farmers will be only 5%.

- The premium rates to be paid by farmers are very low and the balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss on account of natural calamities.
- **There is no upper limit on Government subsidies. Even if the balance premium is 90%, it will be borne by the Government.**
  - Earlier, there was a **provision of capping the premium rate** which resulted in low claims being paid to farmers.
  - This capping was done to **limit Government's outgo on the premium subsidy.**
  - This capping has now been removed and farmers will get a claim against the full sum insured without any reduction.
- **Use of Technology:**
  - **Crop Insurance App:**
    - Provides for easy enrollment of farmers.
    - Facilitate easier reporting of crop loss within 72 hours of occurrence of any event.
  - **Latest Technological Tools:** To assess crop losses, satellite imagery, remote-sensing technology, drones, artificial intelligence and machine learning are used.
  - **PMFBY Portal:** For integration of land records.

**Source:** <https://pib.gov.in/PressReleaseDetail.aspx?PRID=2104175&reg=3&lang=1>