

## RELEVANCE OF PRADHAN MANTRI FASAL BIMA YOJANA IN RURAL INDIA

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### ABSTRACT

*In 2016, government of India launched PMFBY, an insurance scheme for farmers for their yields. The scheme subsumes earlier insurance schemes, like National Agriculture Insurance Scheme (NAIS), Weather based crop insurance scheme and Modified National Agriculture Insurance Scheme (MNAIS). Agriculture engages 58 % of the population and approximately 18 % of the GDP. But to cope with the uncertainty of nature, dependency on monsoon, low productivity and other agro problems, agriculture insurance was launched. Earlier, many insurance schemes were launched to help farmers, but their scope and implement were limited. With the launch of PMFBY government has incorporated all the best features of the earlier schemes and added new features for the welfare of the farmers. The main motto of the scheme is to provide farmers with efficient insurance support, in line with the 'One Nation One Scheme' theme. The use of modern technology like drones in assessing damage, remote sensing satellite enables its coverage to the large section of beneficiaries.*

**KEYWORDS:** *PMFBY, Insurance, Agriculture, Farmer Welfare, One Nation One Scheme, Technology Use*

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### Article History

**Received: 29 Mar 2022 | Revised: 30 Mar 2022 | Accepted: 31 Mar 2022**

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### INTRODUCTION

PMFBY was launched by Government of India in 2016 as flagship crop insurance scheme. It is a milestone initiative, a risk management tool of Agriculture insurance to provide comprehensive solution at lowest uniform premium across the country for farmers. Agriculture supports nearly 58 % of population directly or indirectly, but in India agriculture is synonymous to risk and uncertainty. Most farmers take loans for buying agricultural inputs like seeds, fertilizer, pesticides and other machinery but sometimes natural calamities or pest attacks destroy the crop. It may happen either during the time of harvest, pre harvest or post harvest. This uncertainty leads to many cases of suicide and other distressing condition for farmers. Cases of farmer suicide rose to nearly 3000 during the period 2012-2016. Farmers here depend largely on vagaries of monsoon and other natural calamities. Thus, to cope with these challenges and secure farmers income in agriculture, this insurance scheme was the need of the hour. Under PMFBY insurance scheme, premium rate will be 2 % of the actual sum assured for kharif crops and 1.5 % for rabi crop. For the commercial and horticulture crop the premium rate will be 5 %. The scheme is implemented in every state of the country with association of state government. The scheme is administered under Ministry of Agriculture and Farmers Welfare. The main motto of the scheme is to provide insurance support to the farmers of the country. PMFBY subsumes previous insurance scheme National Agriculture Insurance Scheme (NAIS), Weather based crop insurance scheme and Modified National Agriculture Insurance Scheme (MNAIS). This scheme is being implemented on an 'Area Approach basis' i.e., Defined Areas. The scheme acts as a safety shield for farmers against

the vagaries of monsoon, natural calamities like hailstorms and unseasonal rains. Agriculture insurance for farmers greatly reduces risk horizontally, i.e. across states and vertically, i.e. across big and small farmers. Through its State/District Level Grievance Committee's, the scheme enables farmers to submit their grievances at the grassroots level. This also includes acknowledging and resolving farmer grievances through IEC activities such as Crop Insurance Week which is celebrated twice bi-yearly, PMFBY Paathshala, social media campaigns, a toll-free helpline and email communication. Around 85 % of the enrolled farmers are small and marginal. In 2020, Government of India revamped the scheme and added more provision to fill in the gaps and benefit more farmers. New initiatives like use of drones, 'MERI POLICY MERE HATH' were added to make the scheme more farmers friendly. The scheme aims to ensure that all farmers are well aware and well equipped regarding policies, land records, claims and redressal mechanism.

### **OBJECTIVES OF THE STUDY**

- To understand the need of the scheme
- To know the objectives the scheme
- To understand the benefits of the schemes for the farmers
- To know the present situation of the scheme

### **OBJECTIVES OF THE SCHEME**

- To stabilise the farmers' income, ensuring their continuance in farming
- Ensure credit flow to agriculture sector
- To provide insurance coverage and financial support to farmers against natural calamities, pests and diseases.
- To encourage farmers to adopt modern and innovative agriculture practices.

### **NEED OF THE INSURANCE SCHEME**

In India, nearly 60 % of the population depends on agriculture directly or indirectly for their livelihood, which supports around 1.25 billion population but it merely contributes 17 % of the GDP. Above all, natural disasters primarily harm poor farmers in developing countries. Crop insurance protects farmers against loss of crop due to extreme weather, or revenue loss owing to price fluctuation in agricultural market.

### **BENEFICIARIES OF SCHEME**

The scheme covers all farmers growing notified crop in notified area. It is mandatory for all farmers who have taken institutional loans from banks.

Voluntary for all farmers.

### **COVERAGE**

It covers natural calamities like landslides, hailstorms, etc.

Calamities leading to loss of yield, like floods, dry spell, droughts, etc. Pest infestation that causes yield loss is also covered by PMFBY.

Losses that occurred after harvesting crops can also be covered under this scheme. These circumstances may befall due to cyclones, unseasonal rains, cyclonic rains, etc

It is proposed by the scheme to use remote sensing technology, mobile applications or drones to expedite crop loss estimation.

## **COMPONENTS OF SCHEME**

### **COVERAGE OF CROPS**

Food crops

oilseeds crop

commercial / horticulture crops

### **REPLACED THE EXISTING TWO SCHEMES**

- National Agricultural Insurance Scheme  
Modified National Agricultural Insurance Scheme.

### **PROVISION OF THE SCHEME**

Aims to cover 50 % of the farming households.

The prescribed premium is 2 % for all Kharif crops to be paid by farmers.

1.5 % for all Rabi crops.

For annual commercial and horticultural crops, premium is 5 %.

Premium cost over and above the farmer share was equally subsidized by States and centre.

Government of India shared 90 % of the premium subsidy for North Eastern States.

Scheme is compulsory for loanee farmers availing Crop Loan.

The crop insurance application provides easy enrolment of farmers.

Technology enables easier reporting of crop loss within 72 hours of incident occurring.

Use of modern technological tools for crop loss assessment.

Satellite imagery, remote-sensing technology, use of drones, artificial intelligence and machine learning.

For the integration of land records PMFBY portal launched.

No upper limit on government subsidies

Farm level assessment for localised calamities which includes unseasonal rains, hailstorms, etc.

Covers post harvest losses.

## IMPLEMENTATION

- Selection of the implementing agency is done by the concerned state government
- By empanelled general insurance company.

## PERFORMANCE OF THE SCHEME

The scheme covers 5.5 crore farmer application year on year. Claims of nearly 90,000 crores have been paid out under the scheme. Aadhar seeding has helped in speedy claim settlement, with over 200 million new bank account open under Pradhan Mantri Jan Dhan Yojana, claims directly transferred to the bank accounts of the beneficiaries.

## REVAMPED PMFBY / PMFBY2.0:

Government to ensure more effective and efficient administration revamped PMFBY in Kharif season 2020, new provisions of PMFBY 2.0 contains:

- **Completely Voluntary:** Enrolment made 100 % voluntary for all farmers from 2020 Kharif season.
- **Limit to Central Subsidy:** The Cabinet has decided to cap the Centre's premium subsidy under the scheme for premium rates up to 30 % for un-irrigated areas/crops and 25 % for irrigated areas/crops.
- **More Flexibility to States:** The government has given the flexibility to states/UTs to implement PMFBY and given them the option to select any number of additional risk covers/features.
- **Investing in IEC Activities:** Insurance companies have to now spend 0.5 % of the total premium collected on information, education and communication (IEC) activities.
- Central share in Premium Subsidy to be increased to 90 % for North Eastern states, earlier the sharing pattern was 50 %-50 % between centre and states.
- Doorstep distribution drive for the delivery of crop insurance policies to farmers 'MERI POLICY MERE HATH' is launched.

## CHALLENGES

Insufficient reach and issue of penetration of the benefits.

payment from the insurance companies on time is a challenge.

delay in the payment of premium by the centre and state government leads to delay in the payment from the insurance companies

lack of trained technicians to use modern technology, non utilisation of technology.

less number of notified crops

lack of awareness among farmers about benefits of insurance

lack of data availability and proper infrastructure for the implementation of the scheme.

## LIMITATIONS

PMFBY does not provide any safety against the following circumstances:

- Losses occurred due to war or similar hazardous activities.
- Loss of yield due to the act of enmity or riots.
- Yield destruction caused by domestic and/or wild animals
- Contamination due to nuclear risks.

## WAY FORWARD

- **Account for Waivers and Service Delivery:** Loan waiver schemes announced by state governments along with mandatory Aadhar linkage should be rationalised to enable PMFBY of greater coverage.
- **Work for Timely Compensation:** There have been reports of delayed compensation by some of the states.
- **Need for Behavioural Change:** Government needs to bring about a behavioural change regarding the cost of insurance being a necessary input and not a money-back investment.
- **Synchronizing with Similar Schemes:** PMFBY needs to be streamlined with state crop insurance schemes and schemes like **Restructured Weather Based Crop Insurance Scheme** to include more risk areas not covered under them.
- **Execution is Important:** Successful implementation of PMFBY is an essential benchmark in agricultural reform in India to make farmers self-sufficient in times of crisis and support the creation of an **Aatmanirbhar** Kisan.
- Recent announcement by Finance Minister of India Smt. Nirmala Sitharaman during her 2022-23 budget speech on the use of drones for crop insurance will strengthen the integration of technology for the smooth implementation of the scheme.

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