

Objectives and Importance of Pradhan Mantri Fasal Bima Yojana

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Introduction:

Agriculture in India is wholly dependent on nature. Crop insurance scheme has been implemented to protect the farmers from perils of nature. The central Govt. has announced a new format of crop insurance in name of “Pradhan Mantri Fasal Bima Yojana (PMFBY)”, to be implemented from 1st April 2016.

PMFBY will provide a comprehensive insurance cover against failure of the crop thus helping in stabilizing the income of the farmers and encourage them for adoption of innovative practices.

PMFBY is a large-scale crop subsidy insurance scheme that was aimed to safeguard farmers. This flagship scheme was designed in line with the One Nation–One Scheme and replaces three older initiatives—Modified National Agricultural Insurance Scheme (MNAIS), Weather-based Crop Insurance Scheme and the National Agricultural Insurance Scheme (NAIS)—by incorporating their best features and removing inherent shortcomings to improve insurance services

available to farmers. This scheme is being administered by the Department of Agriculture, Cooperation and Farmers’ Welfare under the Ministry of Agriculture, along with empanelled general insurance companies.

The scheme provides coverage for the entire cropping cycle from pre-sowing to post-harvest and midseason adversities. It extends coverage against financial losses incurred by farmers due to unforeseeable events such as crop failure due to localised risk, post-harvest losses, natural calamities, unseasonal rainfall, crop diseases and pest infestations. The primary goal of the initiative is to reduce the burden of insurance premiums on farmers and ensure early settlement of claims.

The PM Fasal Bima Yojana operates under the ‘One Nation, One Crop, One Premium’ motto and aims to achieve the following goals:

- ✚ Provide affordable comprehensive insurance cover against crop failure, damage, and loss.

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- ✚ Expand penetration of crop insurance with a primary focus on covering the total sown area.
- ✚ Stabilise farmer incomes and ensure sustainability in agricultural production.
- ✚ Ensure flow of credit to the agriculture sector.
- ✚ Encourage farmers to adopt innovative and modern agricultural practices.
- ✚ Stimulate competition in the agriculture sector.
- ✚ Protect farmers from production risks.
- ✚ Offer goods and services tax exemption to farmers.

The eligible farmers can be broadly classified into two categories:

Categories	Description
(a)Loanee Farmers	<p>All farmers who have been sanctioned loans from financial institutions (FIs) for seasonal agricultural operations (SAO)</p> <p>Insurance premiums to be paid by farmers are deducted from SAO crop loans</p> <p>Crop loans sanctioned against other collateral securities, such as fixed deposits, gold or jewel loans and mortgage loans, which do not include insurable interest on the insurable land are not covered</p> <p>All loanee farmers are required to enrol under the PMFBY</p>
(b)Non-Loanee Farmers	<p>All farmers who have opted for non-standard Kisan Credit Card (KCC) scheme-linked crop loans</p> <p>All farmers who have not taken any crop loans</p> <p>All loanee farmers can voluntarily enrol under the PMFBY to mitigate risk and claim insurance benefits</p>

PREMIUM RATES			
S. No.	Season	Crop	Premium rate
1	Kharif	Food and oil seed crops (all cereals, millets, pulses) & oilseeds.	2.0% of SI or Actuarial rate, which ever is less
2	Rabi	Food and oil seed crops (all cereals, millets, pulses) & oilseeds	1.5% of SI or Actuarial rate, which ever is less
3	Kharif and Rabi	Annual commercial or Horticultural crops	5.0% of SI or Actuarial rate, which ever is less

Beneficiaries of the PMFBY scheme

According to the government, under this scheme, all farmers (including sharecroppers and tenant farmers) growing notified crops in the notified areas are eligible for coverage, if they have insurable interest for the insured crops.

When the scheme was launched in 2016, a total of 5.8 crore farmers were insured, wherein 75% farmers received mandatory coverage as per the SAO loan allocations and 25% farmers voluntarily opted for insurance.

The table provides details of the number of farmers enrolled for insurance, the total crop sown area covered under insurance and the number of farmers who benefitted from the insurance programme.

Financial year	Farmers insured (in lakh)	Farmers Benefitted (in lakh)
2016-17	583.7	156.4
2017-18	533.0	170.4
2018-19	576.9	220.5
2019-20	422.0	184.9

artificial intelligence, and machine learning to predict challenges that disrupt crop yields.

The way forward

Overall, the PMFBY scheme is a milestone initiative to provide a comprehensive risk solution with low, uniform premium rates to farmers across the country. Between 2016 and 2020, the Ministry of Agriculture & Farmers' Welfare worked extensively to revise the PMFBY scheme by engaging with stakeholders and addressing their challenges. Following this, the ministry released the revised operational guidelines for the PMFBY with the Rabi 2019 crop cycle.

As of 2021-22, the PMFBY is deemed to be the largest crop insurance scheme in the world in terms of farmer enrolments; and the third-largest scheme in terms of insurance premiums. Under the FY 2021–22 budget, the Union Government allocated Rs. 16,000 crore for the PMFBY initiative. This represented a budgetary increase of Rs. 305 crore compared with the previous fiscal year. In the coming years, the government plans to leverage technology to improve crop outcomes for farmers with solutions such as satellite imagery, remote-sensing systems, drones,