Pradhan Mantri Fasal Bima Yojana (PMFBY)

There has been a decline in number of beneficiaries under PMFBY in 2017-18 from 2016-17.

- The decline in coverage of farmer applicants is mainly due to factors like:
  - announcement of Debt Waiver Scheme in Maharashtra and Uttar Pradesh,
  - farmer's perception of mitigated risk in 2017-18, which was a good monsoon year, and
  - de-duplication due to Aadhaar being made mandatory for coverage etc.
- In a recent report on Risk Management in Agriculture - the committee on doubling farmers' too observed that the coverage of farmers under the scheme who do not avail crop loans (non-loanee farmers) has been low. Other observations by the Committee:
  - The number of bidders in the drought-prone rain-fed areas is relatively less resulting in high (actuarial) premium rates of up to 25%.
  - Fewer insurance companies bidding in rain-fed areas also imply that they may be cherry-picking low risk areas leaving out high-risk districts where farmers are more vulnerable.
  - Delayed settlement of claims could be one reason why farmers are losing interest in PMFBY.

Steps to Increase Coverage

- Though the scheme is optional for States, the Government has been urging the States to bring more areas and crops under the scheme so that maximum farmers may be covered under the scheme.
- The Government is also seeking active involvement of all stakeholders especially States and implementing insurance companies for conduct of publicity campaign/awareness programmes in the rural areas to build farmer awareness about crop insurance schemes.

- Other measures include:
    - release of advertisements on regular basis in leading national/local newspapers,
    - telecast through audio-visual media,
    - distribution of pamphlets in local languages, participation in agriculture fairs / mela,
    - dissemination of SMS and
    - conduct of workshops/ trainings of officials of State Governments and financial institutions and farmers
- Moreover, insurance companies have been asked to utilize 0.5% of gross premium collected by them for publicity and awareness generation.

- PMFBY, launched in 2016, is designed to reduce the burden of crop insurance on farmers.
- It replaced the National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS).
- PMFBY- is in line with One Nation – One Scheme theme.

Key Features

- PMFBY fixes a uniform premium of 2 per cent of the value of sum insured to be paid by farmers for all kharif crops.
- 1.5 per cent of sum insured for all rabi crops, 5 per cent of sum insured for annual commercial and horticultural crops or actuarial rate, whichever is less.

(Actuarial rate is an estimate of the expected value of future loss. Usually, the future loss experience is predicted on the basis of historical loss experience and the consideration of the risk involved.)

- The balance premium will be paid by the government to provide the complete insured amount to farmers against crop loss on account of natural calamities.
- The subsidy is divided equally between the state and Central government.
- There is no upper limit on government subsidy for actuarial premium.
- 25 per cent of the likely claim will be settled directly on farmers account.
- There will be one insurance company for the entire state.
- The scheme also provides for coverage of post-harvest losses.
- The scheme will also cover localised crop losses like hailstones.
- The use of technology like smart phones will be used to capture and upload data of crop cutting to reduce the delays in claim payment to farmers.
- Remote sensing will be used to reduce the number of crop cutting experiments.

- The scheme covers loanee farmers (those who have availed of institutional loans through Kisan Credit Cards etc.), non-loanee farmers (those who avail of insurance cover on a voluntary basis), sharecroppers and tenant farmers (those who farm on rented land).
  PMFBY is compulsory for loanee farmers.