



Five Years of Pradhan Mantri Fasal Bima Yojana

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Why In News

Recently, the **flagship crop insurance scheme** of the Government of India - **the Pradhan Mantri Fasal Bima Yojana (PMFBY)** - has completed five years of its launch.

- PMFBY was launched on **13th January 2016**.
- The scheme was conceived as a milestone initiative to provide a **comprehensive risk solution** at the **lowest uniform premium** across the country for farmers.

Key Points

- **Pradhan Mantri Fasal Bima Yojana (PMFBY):**
 - It provides a **comprehensive insurance cover** against failure of the crop thus helping in stabilising the income of the farmers.
 - **Scope:** All food & oilseed crops and annual commercial/horticultural crops for which past yield data is available.
 - **Premium:** The prescribed premium is **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 is **5%**.
 - Premium cost over and above the farmer share was **equally subsidized** by States and GoI.
 - However, GoI shared **90% of the premium subsidy for North Eastern States** to promote the uptake in the region.
 - The scheme was **compulsory for loanee farmers** availing Crop Loan/**Kisan Credit Card** (KCC) account for notified crops and voluntary for others.

- **PMFBY 2.0:**
 - In order to ensure more efficient and effective implementation of the scheme, the central government **had revamped PMFBY in the 2020 Kharif season.**
 - This overhauled PMFBY is often called **PMFBY 2.0**, it has the following features:
 - **Completely Voluntary:** Enrolment 100% voluntary for all farmers from 2020 Kharif.
 - **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 unirrigated 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 ICE Activities:** Insurance companies have to now spend 0.5% of the total premium collected on information, education and communication (IEC) activities.
- **Use of Technology under PMFBY:**
 - **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.
- **Performance of the Scheme:**
 - The Scheme covers over **5.5 crore farmer applications on average per year.**
 - **Aadhar seeding** (linking Aadhaar through Internet banking portals) has helped in speedy claim settlement directly into the farmer accounts.
 - One notable example is mid-season adversity claims of nearly Rs. 30 crore in **Rajasthan** during **Rabi 2019-20 Locust attack.**

Way Forward

- **Rationalising 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.
- **Enable Timely Compensation:** There has been reports of delayed compensation by some of the states.
- **Bringing Behavioural Change:** Apart from this, a lot more needs to be done in bringing about a behavioural change regarding the cost of insurance being a necessary input and not a money-back investment.

- **Streamlining 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.
- **Proper Implementation:** 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.

Source: PIB