



MoU for Strategic Partnership on Agriculture, Crop Insurance and Credit

For Prelims: PMFBY scheme & Kisan Credit Card Scheme, UNDP, Aadhaar seeding.

For Mains: PMFBY scheme and its benefits, Kisan Credit Card Scheme, Crop Insurance.

Why in News?

Recently, the Ministry of Agriculture & Farmers Welfare (MoA&FW) and the [United Nations Development Programme \(UNDP\)](#) have signed a Memorandum of Understanding (MoU).

What is the Purpose of the MoU?

- UNDP will **provide technical support towards Centre's aspirational [Pradhan Mantri Fasal Bima Yojana \(PMFBY\) scheme](#) & [Kisan Credit Card Scheme](#).**
- Under the MoU, **UNDP will leverage its expertise in systems** and global know-how for supporting the Ministry of Agriculture for the implementation of combined agriculture credit and crop insurance.

What is the PMFBY scheme?

- **Pradhan Mantri Fasal Bima Yojana (PMFBY):**
 - **About:**
 - It provides a **comprehensive insurance cover against failure of the crop** thus helping in stabilising the income of the farmers.
 - The scheme was **compulsory for loanee farmers availing Crop Loan/Kisan Credit Card (KCC) account** for notified crops and voluntary for others.
 - **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 Gol.
 - However, **Gol shared 90% of the premium subsidy** for North Eastern States to promote the uptake in the region.
- **Coverage:**
 - 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](#).
- **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.

What is a Kisan Credit Card Scheme?

- **About:**
 - It was introduced in 1998 for **providing adequate and timely credit support** from the banking system under a single window with flexible and simplified procedures to the farmers for their cultivation and other needs like purchase of agriculture inputs such as seeds, fertilizers, pesticides etc. and draw cash for their production needs.
 - The scheme was further extended in the year 2004 for the investment credit requirement of farmers viz allied and non-farm activities.
- **Objectives:**
 - Kisan Credit Card is provided with the following objectives:
 - The short term credit requirements for cultivation of crops;
 - Post harvest expenses
 - Produce marketing loan; Consumption requirements of farmer household
 - Working capital for maintenance of farm assets and activities allied to agriculture, like dairy animals, inland fishery, etc.
 - Investment credit requirement for agriculture and allied activities like pumpsets, sprayers, dairy animals, etc.
 - However, this segment forms the long term credit limit portion.
- **Implementing Agency:**
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 - The Kisan Credit Card Scheme is implemented by **Commercial Banks, RRBs, Small Finance Banks and Cooperatives**.
 - The short term credit support is **not given to farmers for Purchase of combine harvesters, tractors and mini trucks and Construction of family house and setting up of village cold storage facility**.

Achievements

- As part of the Atmanirbhar Bharat Package, the Government has announced to cover 2.5 crore farmers under the Kisan Credit Card (KCC) scheme with a credit boost of Rs. 2 lakh crores through a special saturation drive.

UPSC Civil Services Examination, Previous Year's Question (PYQs)

Q. Under the Kisan Credit Card scheme, short-term credit support is given to farmers for which of the following purposes? (2020)

1. Working capital for maintenance of farm assets
2. Purchase of combine harvesters, tractors and mini trucks
3. Consumption requirements of farm households
4. Post-harvest expenses
5. Construction of family house and setting up of village cold storage facility

Select the correct answer using the code given below:

- (a) 1, 2 and 5 only
- (b) 1, 3 and 4 only
- (c) 2, 3, 4 and 5 only
- (d) 1, 2, 3, 4 and 5

Ans: (b)

[Source: PIB](#)

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