



## 9th Anniversary of PMFBY

**For Prelims:** [Pradhan Mantri Fasal Bima Yojana \(PMFBY\)](#), [Kharif](#), [Oilseed Crops](#), [Rabi](#), [Horticultural Crops](#), [Restructured Weather Based Crop Insurance Scheme \(RWBCIS\)](#), [MSP](#), [FPOs](#).

**For Mains:** Key features of Pradhan Mantri Fasal Bima Yojana (PMFBY), challenges associated with PMFBY and way forward.

[Source: PIB](#)

### Why in News?

The year **2025** marks the **9<sup>th</sup>** anniversary of the [Pradhan Mantri Fasal Bima Yojana \(PMFBY\)](#) that was launched in **2016** to protect farmers from **crop losses** due to **unpredictable natural disasters**.

- The Union Cabinet approved the **continuation** of the **PMFBY** and [Restructured Weather Based Crop Insurance Scheme \(RWBCIS\)](#) till 2025-26.

### What is PMFBY?

- **About:** PMFBY is a **central sector scheme** that aims to provide **financial protection** to farmers in case of **crop failure** due to **natural disasters, pests, or diseases**.
- **Key Features:**
  - **Eligibility:** All farmers including [sharecroppers](#) and [tenant farmers](#) growing the notified crops in the notified areas are eligible for **coverage**.
    - Farmers' participation is **voluntary** and **non-loanee farmers** make up 55% of the total coverage under PMFBY.
  - **Risk Coverage:** PMFBY provides extensive coverage for various risks.
    - **Natural Calamities:** [Floods](#), [droughts](#), [cyclones](#), hailstorms, [landslides](#), and unseasonal rains.
    - **Pests and Diseases:** Pest infestations and plant diseases.
    - **Post-Harvest Losses:** Covers losses within 14 days of harvest, mainly for **crops stored in "cut and spread" conditions**.
    - **Prevented Sowing:** Farmers are eligible for **indemnity claims up to 25%** of the sum insured if sowing is prevented due to adverse weather.
  - **Affordable Premiums:** It offers affordable premiums at rates of **2% for [Kharif crops](#)**, **1.5% for [Rabi crops](#)**, and **5% for yearly commercial or [horticultural crops](#)**.
    - The government covers the **entire premium** for farmers in the North-Eastern States, Jammu & Kashmir, and Himachal Pradesh.
  - **Technological Advancements:**
    - **Satellite Imagery & Drones:** For crop area estimation, **yield disputes**, and **crop loss assessment**.
    - **Crop Cutting Experiments (CCEs):** The **CCE-Agri App** facilitates direct upload of

crop yield data to the **National Crop Insurance Portal (NCIP)**, ensuring transparency in loss assessments.

- **Timely Compensation:** PMFBY ensures claims are processed **within two months of harvest**, providing timely compensation to help farmers avoid debt traps.
- **Global Scale:** PMFBY is now the **world's largest crop insurance scheme** in terms of farmers and hectares of land covered in **2023-24**.

## PMFBY and RWBCIS

- PMFBY relies on **actual crop loss assessment** to provide **compensation to farmers** for losses due to natural calamities, pests, or diseases. In contrast, **RWBCIS** compensates farmers based on **deviations from predefined weather parameters** such as **rainfall, temperature, humidity, and wind speed**.
  - RWBCIS uses these weather parameters as a **proxy for crop yields** to estimate and compensate for deemed crop losses, **without requiring direct field-level assessment**.

## What are the Challenges in Implementation of PMFBY?

- **Delayed Claim Settlement:** The claims settlement process is **slow, lacks transparency**, and leads to ongoing **disputes over damage calculation** and yield loss estimation.
- **Geographical Disparities:** States like **Gujarat, Maharashtra, Andhra Pradesh, and Madhya Pradesh** account for the **majority of crop insurance claims**, while states like **Bihar, Assam**, and the northeastern regions have seen **low participation**.
- **Challenges in Premiums Subsidies:** Delays in the release of subsidy payments have resulted in claims being pending for **extended periods (12-18 months)**, affecting the credibility of the scheme.
- **Post-Harvest Loss Issues:** Post-harvest losses under PMFBY cover **only physical damage (quantity)**, not quality losses like **discoloration or rotting**.
  - Post-harvest loss coverage lasts **up to 14 days**. This short period complicates **loss calculation and compensation**.
- **Data Constraints:** The absence of reliable data on **farm gate prices and yield estimation**, along with **inaccurate land records of tenant farmers**, complicates damage calculations and scheme implementation.
- **Segregation of Insurance and Disaster Relief:** A key issue is **separating insurance from disaster relief** as insurance manages commercial risks while disaster relief serves as a safety net.
  - This is especially challenging for **high-value crops** like **horticultural products** outside the **MSP regime**.

## Way Forward

- **Improving Claim Settlement:** The government must ensure that **insurers** are fulfilling their obligations **efficiently** and are not simply using **government-subsidized schemes** to secure **reinsurance commissions**.
  - A monitoring system should be established to ensure **fair and timely claims processing**.
- **Addressing Small and Marginal Farmers:** Encouraging **community-based insurance models** and **FPOs** could cover **small and marginal farmers**, reduce transaction costs, and provide a legal framework for resolving disputes.
- **Addressing Low Penetration:** The **private sector, banks, and insurers** can play a vital role in disseminating information about PMFBY, using **agents and business correspondents (BCs)**.
- **Incorporating New Risks:** Insurance schemes should expand to cover risks like **damage from wild animals**. Farmers avoid growing crops such as **pulses** in regions where animals like **Nilgai and elephants** pose a threat.

**Drishti Mains Question:**

Discuss the major challenges facing the Pradhan Mantri Fasal Bima Yojana (PMFBY) and suggest measures to improve the scheme's coverage and efficiency.

**UPSC Civil Services Examination Previous Year Question (PYQ)**

**Prelims**

**Q. With reference to 'Pradhan Mantri Fasal Bima Yojana', consider the following statements: (2016)**

1. Under this scheme, farmers will have to pay a uniform premium of two percent for any crop they cultivate in any season of the year.
2. This scheme covers post-harvest losses arising out of cyclones and unseasonal rains.

**Which of the statements given above is/are correct?**

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

**Ans: (b)**

**Mains**

**Q. Given the vulnerability of Indian agriculture to vagaries of nature, discuss the need for crop insurance and bring out the salient features of the Pradhan Mantri Fasal Bima Yojana (PMFBY). (2016)**