

2. Pradhan Mantri Fasal Bima Yojana (PMFBY)

Prelims Level: Economics – Insurance.

Mains Level: GS-II Mechanisms, laws, institutions and Bodies constituted for the Protection and Betterment of these Vulnerable Sections.

Why in News?

- Maharashtra has become the first state in the country to integrate its land records with the web portal of the Pradhan Mantri Fasal Bima Yojana (PMFBY).
- This will help in checking the cases of “over-insurance” (insurance of more land than in possession) as well as insurance of ineligible people.

About PMFBY:

- Launched in April, 2016, after rolling back the earlier insurance schemes viz. National Agriculture Insurance Scheme (NAIS), Weather-based Crop Insurance scheme and Modified National Agricultural Insurance Scheme (MNAIS).

Premium:

- It envisages a uniform premium of only 2% to be paid by farmers for Kharif crops, and 1.5% for Rabi crops. The premium for annual commercial and horticultural crops will be 5%.

Objectives:

1. Providing financial support to farmers suffering crop loss/damage arising out of unforeseen events.
2. Stabilizing the income of farmers to ensure their continuance in farming.
3. Encouraging farmers to adopt innovative and modern agricultural practices.
4. Ensuring flow of credit to the agriculture sector which contributes to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.

Farmers to be Covered:

- All farmers growing notified crops in a notified area during the season who have insurable interest in the crop are eligible.

Compulsory Coverage:

- The enrolment under the scheme, subject to possession of insurable interest on the cultivation of the notified crop in the notified area, shall be compulsory for following categories of Farmers:

1. Farmers in the notified area who possess a Crop Loan account/KCC account (called as Loanee Farmers) to whom credit limit is sanctioned/renewed for the notified crop during the crop season. and
2. Such other farmers whom the Government may decide to include from time to time.

Voluntary Coverage:

- Voluntary coverage may be obtained by all farmers not covered above, including Crop KCC/Crop Loan Account holders whose credit limit is not renewed.

Challenges at Present:

1. **Insufficient reach and the issue of penetration.**
2. **Data Constraints:** With just around 45% of the claims made by farmers over the last three crop seasons data for the last rabi season is not available paid by the insurance companies.
3. **Low Payout of claims:** The reason for the very low payout of claims is that only few state governments are paying their share of the premiums on time and till they do, the central government doesn't pay its share either. Till they get the premium, insurance companies simply sit on the claims.
4. **Gaps in assessment of crop loss:** There is hardly any use of modern technology in assessing crop damages. There is lack of trained outsourced agencies, scope of corruption during implementation and the non-utilisation of technologies like smart phones and drones to improve reliability of such sampling.
5. **Less number of Notified Crops** than can avail insurance, Inadequate and delayed claim payment.
6. **High Actuarial Premium Rates:** Insurance companies charged high actuarial premium rates. If states delay notifications, or payment of premiums, or crop cutting data, companies cannot pay compensation to the farmers in time.
7. **Poor capacity to deliver:** There has been no concerted effort by the state government and insurance companies to build awareness of farmers on PMFBY. Insurance companies have failed to set-up infrastructure for proper Implementation of PMFBY.