



KAMARAJ IAS ACADEMY
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Pradhan Mantri Fasal Bima Yojana

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Why is in news? Union Agriculture Ministry is open to taking pro-farmer changes in PMFBY

Union Ministry of Agriculture and Farmers Welfare is open to taking pro-farmer changes in Pradhan Mantri Fasal Bima Yojana (PMFBY) in response to the recent climate crisis and rapid technological advances.

PMFBY has been facilitating adaptation of Crop Insurance, while addressing several challenges on the way and pointed out that the major changes made in the Revamped Scheme were giving more flexibility to States for coverage of risks under the Scheme and making the Scheme Voluntary for all farmers to meet the long-standing demand of the farmers.

The **era of Rapid Innovations, Digitisation and Technology** are playing a significant role in scaling up the reach and operations of PMFBY with precision agriculture.

Union of **agri-tech and rural insurance** can be the magic formula for financial inclusion, enabling a trust in the scheme.

Recently introduced **Weather Information and Network Data Systems (WINDS), Yield Estimation System based on Technology (YES-Tech), Collection of Real Time Observations and Photographs of Crops (CROPIC)** are some of the key steps taken under the scheme to bring in more efficiency and transparency.

Pradhan Mantri Fasal Bima Yojana:

The **new Crop Insurance Scheme** is in line with **One Nation – One Scheme** theme, introduced in 2016.

It incorporates the **best features of all previous schemes** and at the same time, all previous shortcomings / weaknesses have been removed.

The PMFBY will **replace the existing two schemes** National Agricultural Insurance Scheme as well as the Modified NAIS.

Objectives:

To provide **insurance coverage and financial support** to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases.

To **stabilise the income of farmers** to ensure their continuance in farming.

To **encourage farmers to adopt innovative and modern agricultural practices**.

To **ensure flow of credit** to the agriculture sector.

Highlights of the scheme:

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

There will be a uniform premium of **only 2%** to be paid by farmers for **all Kharif crops** and **1.5% for all Rabi crops**.

In case of annual **commercial and horticultural crops**, the premium to be paid by farmers will be **only 5%**.

The premium rates to be paid by farmers are very low and balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss on account of natural calamities.

There is **no upper limit on Government subsidy**. Even if balance premium is 90%, it will be borne by the Government.

The **use of technology will be encouraged to a great extent**. 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.

PMFBY is a **replacement scheme of NAIS / MNAIS**, there will be exemption from Service Tax liability of all the services involved in the implementation of the scheme. It is estimated that the new scheme will ensure about 75-80 per cent of subsidy for the farmers in insurance premium.

During arduous seasons of 2017, 2018 and 2019 marred by weather extremities, the scheme proved to be a decisive factor in securing livelihoods of farmers wherein claims paid ratio in several states averaged more than 100 % against the gross premium collected. For example, States of Chhattisgarh (2017), Odisha (2017), Tamil Nadu (2018), Jharkhand (2019) received 384%, 222%, 163% and 159% of claims ratio against gross premium.