

PMFBY: A Boon for Farmer During Natural Calamity

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Introduction:

Agriculture in India is dependent on monsoon rains which makes it an uncertain field to play in, despite the prevalent situation of uncertainties the farmers takes the risk of cultivating the crops in his field and risking in his months of hard work in hope of getting good yield so that he can fulfill the socio-economic needs including food, cloth, shelter, health and education of his family member but sometimes the situation worsen off due to weather vagaries resulting in huge loss for the farmers. To prevent farmers from these unforeseen situations CCIS (Comprehensive Crop Insurance scheme) was launched in 1985 which was replaced by NAIS (National agriculture insurance scheme) in 1999 but these schemes where not able to provide over-all coverage to the farmers henceforth to protect farmers Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched from Kharif 2016.

Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched aiming to enhance agricultural production by providing cheaper crop insurance product ensuring risk coverage for crops of farmers against weather uncertainties starting from germination of crops to post harvesting of crops. Across various States/Union Territories (UTs) PMFBY is being implemented for the past 13 Cropping Seasons. The various objectives of PMFBY are

- To provide financial help to farmers who are affected by crop loss/ damage due to unforeseen events
- Stabilizing income for farmers so that they don't leave the noble field of farming.
- Inculcating adoption behavior in farmers in perspective of modern agricultural practices
- Ensuring credit worthiness of the farmers, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting the farmers from production risks.

Insurance premium:

www.justagriculture.in

The rate of insurance premium for farmers is 2 per cent for notified crops of notified areas in Kharif Season, 1.5 per cent for notified crops of notified areas in Rabi Seasons and 5 per cent for commercial & horticultural crops.

Implementing Agency:

PMFBY is implemented by Insurance companies. The district administration opens a tender and who so ever is the L1 Bidder in the tender i.e. who so ever bids lowest amount is given the tender for doing insurance for notified crops of that district.



Coverage of Farmers:

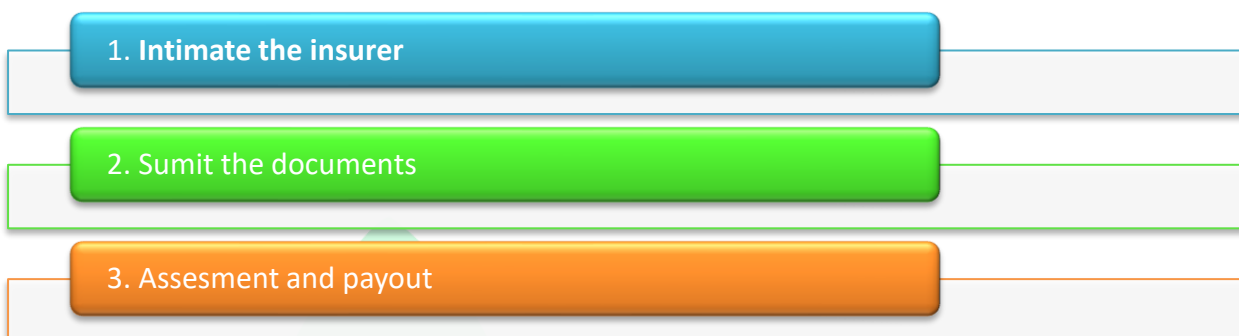
Every producer whether he is tenant, share cropper, loanee or non-loanee are eligible for coverage under PMFBY provided they are growing notified crops in the notified areas. Earlier it was compulsory for farmers availing crop loans to get themselves registered under PFMBY but now this compulsion is abolished instead it has become optional for farmers. In case a loanee farmer opts out of PMFBY Scheme then he must inform bank one week prior to the cutoff date for premium deduction which is 15th July of every year for Kharif and 1st December for Rabi that he doesn't want to insure his crop for the current season.

Coverage of Risks:

The scheme covers losses in yield of standing crop on area-approach basis due to unforeseen events such as drought, dry spells, flood, disease and pest attack, inundation, landslides, natural fire due to lightening, storm, hailstorm, and cyclone. Apart from that it also provides insurance coverage in case of prevented sowing or germinating risk, mid-season-adversity, PHL (Post Harvest Losses), Localized calamities such as cyclone, hailstorms, cyclonic rains etc. The losses which occur due to those events which are artificial, man-made

and which can be prevented such as nuclear-risk, war and malicious damage are excluded and are not covered under losses in PMFBY.

Steps to claim under PMFBY:



Issues in PMFBY:

- ✓ **Claim Settlement Issues-** Many farmers are dissatisfied with both the level of compensation and delays in settlement.
- ✓ **Implementation Issues-** Insurance companies have shown no interest in bidding for clusters that are prone to crop loss.
- ✓ **Financial Constraints of States-** States are unable to deal with a situation where insurance companies compensate farmers less than the premium, they have collected from them and the Centre. Also, State governments failed to release funds on time leading to delays in releasing insurance compensation.
- ✓ **Identification Issues-** Currently the PMFBY scheme doesn't distinguish between large and small farmers and thus raises the issue of identification.

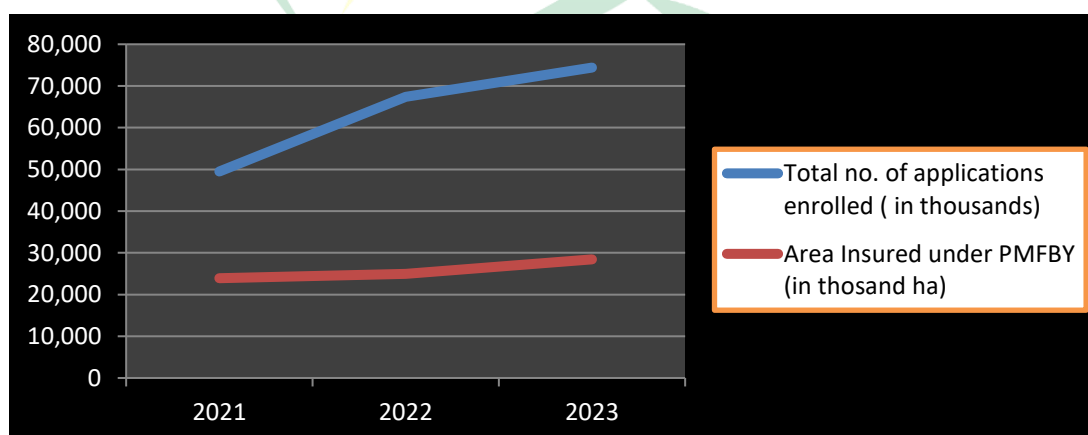


Fig: This graph representing the increasing trend of involvement of farmers in PMFBY

Advantages of Pradhan Mantri Fasal Bima Yojana (PMFBY):

- ✓ Affordable premiums
- ✓ Wide coverage
- ✓ Quick claim settlement
- ✓ Use of technology
- ✓ Risk management

Conclusions:

PMFBY certainly plays a significant role in preventing the farmers from the vagaries of the monsoon which is depicted by increasing number of farmers under PMFBY. Therefore a scheme such as PMFBY is an essential tool to protect, prevent and safeguard the farming community which makes the back bone of our economy.

