Pradhan Mantri Fasal Bima Yojana: Safeguarding Farmers Against Crop Loss

(*Prashanth J[1], Rakesh B L[2] and Nagesh D[1])

[1]Ph.D. Scholar, Department of Agricultural Economics, University of Agricultural Sciences, Dharwad, Karnataka, India -580 005
[2]Ph.D. Scholar, University of Agricultural Sciences, Raichur, Karnataka, India
*Corresponding Author's email: prashanthj2505@gmail.com

The Pradhan Mantri Fasal Bima Yojana (PMFBY), launched by the Government of India in 2016, is a comprehensive agricultural insurance scheme designed to protect farmers from crop loss due to natural calamities, pests, and diseases. By providing financial support and stabilizing farmers' incomes, PMFBY encourages the adoption of modern agricultural practices and promotes sustainable agriculture. The scheme employs advanced technologies such as remote sensing, drones, and GPS for accurate crop damage assessment and timely claim settlements. Despite its benefits, PMFBY faces challenges including data quality, model interpretability, and scalability. Future improvements focus on enhancing data collection methods, developing interpretable models, infrastructure development, promoting collaborative research, and expanding training programs. Ultimately, PMFBY aims to ensure food security, support farmers' livelihoods, and contribute to the economic stability of India's agricultural sector.

Keywords: Insurance, Premium, PMFBY

Introduction

The Pradhan Mantri Fasal Bima Yojana (PMFBY) is the flagship agricultural insurance scheme the Government of India introduced on 13 January 2016. It offers full cover insurance and financial assistance to farmers in the case of crop failure caused by natural calamities, pests, or diseases. This scheme aims to stabilize the incomes of farmers, promote modern agriculture, and encourage sustainable agriculture, thus improving food security and the overall economic stability of the agricultural sector in India (Priyanka *et al.,* 2019). The scheme will be executed through a multi-agency framework by selected insurance companies, overseen by the Department of Agriculture, Cooperation, and Farmers Welfare (DAC&FW) and the Ministry of Agriculture and Farmers Welfare (MoA &FW), Government of India (GOI). Implementation will be carried out in collaboration with relevant state governments and various organizations, including departments of Agriculture, Horticulture, Statistics, Revenue, Information/Science & Technology, and Panchayati Raj. Additionally, financial institutions such as commercial banks, cooperative banks, regional rural banks, and their regulatory bodies will also be involved in this collaborative effort (Kumar and Babu, 2016). Recently, the Government of India (GoI) introduced several reforms in the Pradhan Mantri Fasal Bima Yojana (PMFBY). These reforms provide states and Union Territories with greater flexibility in implementing PMFBY and the Restructured Weather-Based Crop Insurance Scheme (RWBCIS). Additionally, they offer the option to select from a range of additional risk covers, including prevented sowing, localized calamities, mid-season adversities, and post-harvest losses. Notably, it is no longer mandatory for all loanee farmers to avail of insurance under this scheme (Mulay and Biradar, 2022)

Objectives and Goals

The main objectives of PMFBY are as follows:

1. **Financial Support:** To provide financial support to farmers who face crop damage or loss due to natural calamities.
2. **Stabilizing Farmer's Income:** To stabilize the farmer's income even when crop production is unstable.
3. **Promotion of Modern Practices**: To encourage modern and innovative agricultural practices by eliminating the financial risk of crop failure.
4. **Food Security**: To support the regular production of crops and food security by protecting the farmer's livelihood.

Key Features of PMFBY

1. **Uniform Premium Rates:** PMFBY offers uniform premium rates to make the scheme affordable for all farmers. The premium rates are:
   - Kharif Crops: 2% of the sum insured.
   - Rabi Crops: 1.5% of the sum insured.
   - Annual Commercial and Horticultural Crops: 5% of the sum insured.
2. **Government Subsidy:** The remaining premium is subsidized by the government so that farmers receive the full amount of insurance without any cut. Thus, the scheme becomes economically viable and reachable to all farmers.
3. **No upper limit on the subsidy for the premium**: This way, the government bears the whole premium if it exceeds 90%, thus removing the cap on premium rates prevailing earlier and making the scheme even more attractive to farmers.
4. **Technology Integration**: PMFBY uses advanced technologies like remote sensing, drones, and GPS to collect and upload crop data. This technology integration ensures on-time and accurate crop damage assessment, thereby saving time in settling claims.
5. **Single Insurance Company:** The AIC manages the insurance scheme under PMFBY. This ensures that the entire scheme is implemented and managed in a streamlined manner.
6. **Coverage**: This scheme covers all farmers; even sharecroppers and tenants in cultivable lands growing notified crops in notified areas. Therefore, the coverage for this scheme is vast since it covers all types of farmers.

Benefits of PMFBY

1. **Stable Income:** It is through this scheme that PMFBY provides monetary aid to the farmers and therefore stabilizes their income despite crop failure. It thus makes them more confident about their future agriculture practices by planning for such.
2. **Promotes Modern Techniques**: The protection given to crops by the financial mechanism helps the farmer adapt to more modern agricultural practices. As a result, they gain more in productivity and sustainability.
3. **Flow of Credit:** This scheme ensures the continuous flow of credit to the agriculture sector by infusing confidence among financial institutions and other stakeholders. It allows the investment in the latest agriculture techniques and infrastructure.
4. **Fast Settlement of Claims**: PMFBY smoothens the claim settlement process, making it faster for farmers to receive compensation for the damage caused. The use of technology minimizes mistakes in damage assessment and helps speed up the claim settlement process.
5. **Enhanced Market Efficiency**: It helps farmers respond in a timely manner to changes in the market by providing them with accurate and timely crop price predictions, thus enhancing market efficiency.
6. **Informed Policymaking:** The data from PMFBY can be used by policymakers to design and implement policies that stabilize markets, support farmers, and promote sustainable agricultural practices.

Challenges and Future Directions

Despite its many advantages, the implementation of PMFBY also faces several challenges:

1. **Quality of Data:** The correct assessment of crop damage and price prediction is highly dependent on the quality and comprehensiveness of data. Inconsistent or biased data may lead to incorrect forecasts and compensation.
2. **Model Interpretability:** Complexity in the interpretation of complex ML models, especially deep learning. That might make it not easy to be understood by farmers and policymakers in the decision-making process to justify price predictions and claims.
3. **Scalability:** The benefits of deployment of an ML model at scale require quite high extents of computational resources and infrastructure. Still, the main logistical challenge would be ensuring that all farmers, even in remote areas, could benefit from PMFBY.
4. **Adoption and Awareness**: There should be training and awareness for the adoption of ML-based tools and technologies among farmers and other stakeholders. Adoption of PMFBY and its associated technologies requires education and support, which is continuous in nature.

Future Directions

These problems and issues can be further addressed to make an improvement in the impact of PMFBY through the following steps:

1. **Improving Methods of Data Collection:** Developing more robust and accurate methods of collecting and processing data can improve the accuracy of assessments of crop damage and predictions of price.
2. **Developing Interpretable Models**: More interpretable ML models will facilitate making it easier for farmers as well as policymakers to understand and trust the predictions and decisions made by the model.
3. **Infrastructure Development**: Investing in the required computational resources and infrastructure will facilitate large-scale deployment of PMFBY and its related technologies. Promotion of Collaborative Research: Collaboration between researchers, policymakers, and industry stakeholders will drive innovation and adoption of ML in agriculture. This collaborative approach can lead to the development of new tools and techniques that enhance the effectiveness of PMFBY.
4. **Expanding Training and Awareness Programs**: Expanding training and awareness programs for farmers and other stakeholders will lead to higher adoption of PMFBY and its accompanying technologies. Training and awareness programs may also help farmers better understand how to use available tools efficiently to reap benefits

Conclusions

The Pradhan Mantri Fasal Bima Yojana (PMFBY) is a crucial initiative that protects farmers from crop damage and ensures income stability. With the use of sophisticated machine learning techniques and advanced technologies, PMFBY offers accurate, real-time price predictions and timely compensation, thereby enhancing decision-making, risk management, and resource utilization. Continuous improvement and innovation in PMFBY will further transform the agricultural sector, leading to greater efficiency, stability, and profitability. Ultimately, PMFBY contributes to the nation's food security and economic growth, making it a foundation of India's agricultural policy.

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