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Pradhan Mantri Fasal Bima Yojna: A Tool of Farmer Security

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Farmer security refers to social, economic, psychological and nutritional security of farmers which ranges from self-strength to efficiency building of farmers, which can be achieved by empowering farmers to shape one's life. The ability of farmers to earn and spend their income on all basic and other development activities which are essential for decent living. Further, it refers to the ability of farmers to protect their capabilities, assets and activities which are essential for their livelihood. Farming is a uniquely challenging profession. Farmers have had to find creative solutions for farming problems to a different variety of ecological challenges. Because of this, they have become incredibly adaptable individuals over the years. On top of this, new challenges have arisen in recent years due to changes in climate conditions and the global economy. Crop insurance, also known as agricultural insurance, protects farmers from financial losses due to crop failure or reduced yields caused by various natural disasters, pests, and diseases. It provides a safety net, helping farmers recover from unforeseen events and ensuring income stability. The Pradhan Mantri fasal bima yojana (PMFBY) launched on 18 February 2016 by Prime Minister Narendra Modi is an insurance service for farmers for their yields. Launched "Pradhan Mantri Fasal Bima Yojana" is a crop insurance scheme by the Department of Agriculture, Cooperation and Farmers' Welfare, Ministry of Agriculture. PMFBY aims to provide financial protection to farmers against crop loss due to natural disasters (hail, drought, famine), pests, and diseases. PMFBY provides crop insurance at a cost-effective premium to all Indian farmers. PMFBY is an affordable crop insurance product implemented through a network of insurance companies and banks. The scheme covers over 50 crore farmers and provides insurance coverage for over 50 different crops.

Objectives

- To provide financial assistance and support to farmers suffering from crop damage or loss arising out of unforeseen events.
- To stabilise the income of farmers and ensure continuance in farming.
- To encourage the farmers to adopt modern and innovative agricultural practices.
- To ensure crop diversification, and credit-worthiness of the farmers, enhance growth and competitiveness of the agriculture sector and protect the farmers from production risks.

1. Financial Protection:

• Crop Loss Coverage:

PMFBY provides compensation for crop losses due to a wide range of natural disasters, including droughts, floods, pests, and diseases.

• Post-Harvest Losses:

It also covers post-harvest losses caused by localized risks like hailstorms and landslides for a specified period.

• Prevented Sowing/Planting:

If adverse seasonal conditions prevent sowing or planting, the scheme provides coverage.

• Localized Calamities:

Losses due to hailstorms, landslides, and inundation affecting isolated farms are also covered.

2. Income Stabilization:

- **Steady Income:** By providing compensation during crop failures, PMFBY helps farmers maintain a stable income and meet their basic needs.

3. Encourages Innovation:

- **Adopting New Technologies:** Knowing they have insurance coverage, farmers are more likely to adopt new technologies and practices without fear of financial loss.

4. Improved Creditworthiness:

- **Easier Access to Loans:** Banks are more likely to grant loans to farmers covered under PMFBY, as it reduces the risk of loan defaults.

5. Technology-Driven Implementation:

- **Accurate Claim Settlements:** The scheme utilizes technologies like satellite imagery and drones for more accurate assessment of crop losses, leading to better claim settlements.

6. Timely Compensation:

- **Faster Claim Processing:** PMFBY aims to process claims within two months of the harvest, ensuring farmers receive compensation quickly.

7. Reduced Premium Contributions:

- **Affordable Insurance:** The scheme provides for reduced premium contributions for farmers, making it more accessible.

8. Other Benefits:

- **Individual Assessment of Losses:** Claims are assessed on an individual farm basis.
- **Penalties for Delays:** Insurance companies face penalties for delayed claim settlements.
- **Potential for Expansion:** There are discussions and pilots for including perennial horticultural crops and extending coverage for wild animal attacks.

Risks Covered

- ✓ **Yield Losses (Standing Crops):** The Government provides this insurance coverage for yield losses that fall under the non-preventable risks, such as Natural Fire and Lightning; Storm, Hailstorm, Tornado etc.; Flood, Inundation and Landslide; Pests/ Diseases, etc.; Drought etc.
- ✓ **Prevented Sowing:** Cases may arise where most of the farmers (insured) of notified areas may want to plant or sow. In such cases, they have to bear the expenditure for that cause and are restricted from planting or sowing insured crops because of unfavourable weather conditions. These farmers will then become eligible for the indemnity claims of up to a maximum of 25% of the sum insured.
- ✓ **Post-harvest Losses:** The Government provides for post-harvest losses on an individual farm basis. The Government offers coverage of up to 14 days (maximum) from harvesting for crops that are stored in “cut and spread” condition. It means that the Government covers farmers who have put the crops to become sun-baked in the field after harvesting that have been destroyed due to cyclone or cyclonic rains occurred across the country.
- ✓ **Localised Calamities:** The Government provides for localised calamities on an individual farm basis. Risks such as loss or damage arising from identified localised hazards, such as hailstorms, landslides, and inundation impacting separated farmlands in the notified area comes under this coverage.

Eligibility

- All farmers, including tenant farmers and sharecroppers growing notified crops in notified areas.
- Farmers must have an insurable interest in the insured crops.
- Farmers must possess a valid and authenticated land ownership certificate or a valid land tenure agreement.
- The farmer must be a cultivator or sharecropper on the insured land.

- The farmer must apply for insurance coverage within the prescribed time frame, usually within 2 weeks of the start of the sowing season.
- Farmers must not have received compensation for the same crop loss from any other medium or sources.

Exemptions

Non-Notified Areas

PMFBY applies to notified areas, and crop losses in non-notified areas are generally not covered. Farmers in areas not designated under the scheme may not receive compensation.

Losses outside the Crop Cycle

Crop losses occurring outside the specified crop cycle are often excluded from coverage. If a loss is not directly related to the growing season, it may not be eligible for compensation.

Negligence and Non-Compliance

Losses resulting from farmer negligence, non-compliance with recommended agricultural practices, or failure to protect the crop adequately may be excluded.

Losses beyond Specified Limits

Some losses beyond specified limits or thresholds may not be covered. The scheme may have predefined criteria for determining the extent of loss that qualifies for compensation.

Non-Premium Payment

Farmers who fail to pay their premium contributions as required may not be eligible for coverage. Non-payment of premiums can result in the cancellation of insurance.

Documents Required

- ❖ Passport-sized Photograph
- ❖ Passbook
- ❖ Identity Proof (Aadhaar Card/PAN Card/Voter ID/Bank Passbook with Photo, Kisan Photo Book/NREGA Job Card)
- ❖ Address Proof (Aadhaar Card/PAN Card/Voter ID/Electricity Bill/Bank Passbook with Photo).
- ❖ Evidence of Land records, as per the State Records of Right (RoR), Land Possession Certificate (LPC), and other applicable agreements, contracts notified or permitted by the state.

The Pradhan Mantri Fasal Bima Yojana (PMFBY) is a crucial economic tool for farmers in India, providing financial support and stability in the face of crop losses due to natural calamities, pests, and diseases. It acts as a safety net, ensuring farmers' incomes are protected and encouraging them to adopt modern agricultural practices without fear of significant financial setbacks.