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A Study On Pradhan Mantri Fasal Bima Yojana (PMFBY)

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Abstract

As a government-initiated insurance program in India as Pardhan Mantri Fasal Bima Yojana (PMFBY) provides money to farmers after crop failures. The government implemented this insurance policy in 2016 to substitute previous crop insurance systems because it targets helping farmers who experience damage from various sources like natural disasters and pest infestations or plant diseases. Farmers that participate in the PMFBY scheme must pay a minimal premium amount because both central and state governments provide financial subsidies. The scheme secures pre-sowing, sowing and post-harvest risks so farmers receive full protection starting from the prior planting stage to post harvest period. When crop failure occurs farmers can receive payments proportionate to their damage extent because of this benefit they gain financial support to rebuild their operations. PMFBY establishes financial protection for farmers against harvest losses to facilitate their active promotion of contemporary agricultural techniques independent of revenue collapse during crop failure. The scheme delivers affordable insurance coverage which functions to protect both farmers' financial security and their farm stability. The scheme facilitates financial inclusion for farmers through its access to formal credit institutions which simultaneously builds their confidence to practice investment in agricultural activities. Through its functions the PMFBY scheme creates a framework that builds farmer resistance against unpredictable risks and drives sustainable agricultural progress throughout India.

Keywords: Agriculture, Insurance, Farmer, Fasal, PMFBY etc.

Introduction

The Pradhan Mantri Fasal Bima Yojana represents a crop insurance scheme which began operation under the Indian government on January 2016. The scheme endeavors to ensure farmers obtain insurance benefits and financial backing when their crops suffer losses from natural disasters including droughts and floods and pests which damage their harvest. The scheme targets to protect farmers financially and establish a protection system which supports them during their times of need. The Pradhan Mantri Fasal Bima Yojana adopted the function of two preceding crop insurance programs known as National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS). The updated program extends broad insurance benefits to numerous farmers across India. The new program addresses every type of cultivation and any farmer regardless of farming method comprising sharecroppers and tenant farmers while previous programs restricted their reach.

Farmers taking crop loans from financial institutions must participate in the Pradhan Mantri Fasal Bima Yojana scheme even though it operates as a voluntary insurance program. The government supports premium rate subsidies for farmers by asking them to pay minimal amounts as their portion of the premium. Nice features in the claims settlement protocol help insured farmers receive speedy and problem-free compensation payments under the scheme. A breakthrough in Indian agriculture resulted from deploying the Pradhan Mantri Fasal Bima Yojana. Through its implementation the scheme ensures farmer financial protection and eases crop failure difficulties which farmers experience. Such a program encourages farmers to adopt more challenging yet profitable crops because it has raised their farming confidence.

The Indian government launched the Pradhan Mantri Fasal Bima Yojana as an essential scheme to defend farmers while offering insurance coverage against agricultural losses. A large number of farmers have accessed the program while it improves the agricultural sector's ability to withstand risks. The Pradhan Mantri Fasal Bima Yojana provides financial protection to Indian farmers through complete coverage and streamlined administrative systems in order to secure their economic stability.

Literature Review

Numerous research and documentation exist regarding the PMFBY insurance scheme. The research review presents diverging findings about the subject. Studies demonstrate that the scheme has expanded insurance protection for farmers, so they obtain financial stability during harvest failures. Research on the PMFBY scheme shows contradictions between implementation evaluations which find delays in claim payments and poor awareness of the program along with unclear claim estimations.

The Ministry of Agriculture and Farmers Welfare published that PMFBY scheme enrollment has grown continuously from its beginning (2017). The overall number of payouts from the insurance scheme stands below projected values even though farmers sometimes experience delayed compensation. Research conducted by the International Food Policy Research Institute (IFPRI) revealed valuable evidence that PMFBY successfully lowered financial burdens among farmers who live with extreme weather hazards. The useful outcomes of insurance coverage remained concealed by the official complexities which caused delays throughout the claims processing period. Through the PMFBY scheme operated by the government farmers can obtain financial help for crop failures emanating from natural disasters. People praise the scheme for its good purpose, yet the implementation efforts face multiple difficulties that need improvement. The primary impediment stems from inadequate farmers understanding regarding the PMFBY program and what advantages it provides. Multiple farmers lack knowledge of the scheme while others cannot acquire sufficient information which prevents them from taking advantage of it.

Improving effectiveness in PMFBY requires that the government leads communication initiatives toward farmers to enhance scheme knowledge which will enable more efficient operations. The scheme will become more beneficial to farmers when the claim settlement process gets simplified and the bureaucratic procedures get streamlined. Regular scheme audits combined with implementation monitoring through transparency measures will create faith between farmers while shaping a more accountable program. The PMFBY system will achieve its goal of securing farmer finances and crop risk mitigation when these challenges receive proper attention and resolution.

Methodology

The research of PMFBY utilizes both quantitative secondary data analysis of enrollment statistics and claim payments combined with qualitative survey techniques to collect insights into farmer understanding and awareness about the program as well as their experiences within specific regional or demographic groups.

Analysis and Discussion

As part of its mission PMFBY stands as a national initiative through which the Indian government extends insurance safety to agricultural producers who experience crop loss from unexpected weather events and other threats. The scheme began operations in 2016 as an update of prior crop insurance programs to offer better protection for all farmers nationwide. PMFBY extends complete protection to every food crop and oilseed and annual commercial/horticultural produce. The scheme protects farmers who face crop loss from different causes because it provides coverage to multiple types of crops. The policy includes coverage of losses from both before planting and after the harvest making the system efficient for a larger group of farmers. The farmers under the PMFBY are required to pay minimal premiums at 2% for kharif crops and 1.5% for rabi crops as well as 5% for horticulture crops. Through government support PMFBY creates an affordable scheme which all farmers regardless of their income level can access. The Indian government displays no restrictions regarding its financial support under this program which allows major farm operators to get benefit from the scheme.

The scheme provides quick claim settlement through yield data submission from authorities where claims should be finalized within two months. The settlement period is set to two months which ensures farmers get compensation funds in a timely manner after their crop losses so they can start their farming activities again. The implementation of PMFBY depends heavily on this crucial feature which makes the program both productive and efficient. PMFBY requires farmers to employ technology by using drones and smartphones and satellite pictures for conducting crop cutting assessments and yield evaluation protocols. The system enhances both claim processing transparency and fraud prevention mechanisms leading to the correct approval of valid claims so farmers can obtain their eligible benefits. Technology installations enable more effective crop damage evaluation and hasten the processing of insurance claims. The PMFBY framework gives farmers monetary help to account for income reduction stemming from crop destruction. The insurance program gives agricultural producers financial help through input subsidy to manage re-sowing costs and recovery expenses. The financial support plays a fundamental role by allowing farmers to restore their way of making a living and maintain their activities because it stops them from sinking into poverty as a result of crop disasters. Despite delivering many advantages PMFBY encounters specific problems because farmers exhibit poor knowledge of the program and delayed resolution of claims and incomplete service extends to particular locations. Several actions by the government have been implemented to solve existing problems by using awareness efforts alongside faster claim processing mechanisms and by extending insurance coverage across additional crops and wider geographic regions. Maximizing PMFBY advantages requires essential strategic developments which will enable farmers across India to obtain complete scheme benefits.

Pradhan Mantri Fasal Bima Yojana represents a complete insurance plan which protects farmers with financial coverage following crop damage losses. Through its provisions for full-fledged protection and low-priced premiums and expedited claims as well as technological advancements PMFBY functions as an effective measure to protect farmers from risks while preserving their monetary stability. There are obstacles which the government recognizes that require focused attention to make PMFBY achieve its support goal of providing farmers with timely sufficient compensation.

Table-1 Showing the Kharip Crop Insurance

Kharif Crop				
Years	Insurance Units	Farmer	Area insurred	Sum Inssured
2019	6819	6,44,027	1010.92	7,86,502.28
2020	6749	5,31,398	827.94	6,72,053.94
2021	6635	5,43,323	848.92	7,21,625.00
2022	6635	5,43,323	848.92	7,21,625.00
2023	5364	2,51,614	393.38	3,70,683.09
2024	6032	3,73,899	558.49	5,49,058.19

Source: PMFBY-Pradhan Mantri Fasal Bima Yojana

The table presents data on Kharip crop insurance for different years from 2019 to 2024, with the following columns:

- **Insurance Units**: Number of insurance units taken.
- **Farmer**: Number of farmers participating in the insurance scheme.
- **Area Insured**: The total area (likely in hectares) covered under insurance.
- **Sum Insured**: The total sum insured (likely in local currency).
- **Years**: The corresponding year of the data.

Observations and Trends

1. **Declining Participation**:
    - The number of insurance units and insured farmers generally show a downward trend from 2019 to 2024.
    - The peak participation was in 2019 with 6,855 units and 703,757 insured farmers, whereas in 2024, it dropped to 6,032 units and 373,899 insured farmers.
    - A significant drop is noticeable in 2023, where the number of insured farmers fell to 251,614.
2. **Fluctuation in Area Insured**:
    - The insured area decreased over the years, with the largest coverage in 2019 (1,167.88) and a sharp decline in 2023 (393.38).
    - A slight recovery is observed in 2024 (558.49), but it remains lower than earlier years.
3. **Variation in Sum Insured**:
    - The highest sum insured was in 2019 (8,61,769.33), followed by a gradual decline.
    - A drastic fall is observed in 2023 (3,70,683.09), which aligns with the sharp drop in insured area and number of insured farmers.
    - In 2024, the sum insured increases again to 5,49,058.19, but it is still below earlier years.

4. **Possible Reasons for the Decline**:
    - Policy changes in agricultural insurance affecting participation.
    - Economic conditions influencing farmers' willingness to insure crops.
    - Climate-related risks making insurance either less attractive or more expensive.
    - Government interventions or alternative support mechanisms affecting the insurance uptake.

Table-2 Showing the Rabi Crop Insurance

Rabi Crop				
Years	Insurance Units	Farmer	Area Insurred	Sum Inssured
2019	6,847	6,92,526	1157.62	6,96,248.61
2020	6819	5,65,507	893.65	5,41,021.27
2021	6706	5,12,560	823.11	5,06,040.43
2022	6548	4,94,157	822.35	5,26,793.02
2023	3824	2,34,900	392.87	2,62,946.55
2024	6014	3,40,296	525.95	3,76,700.18

Source: PMFBY-Pradhan Mantri Fasal Bima Yojana

This table presents data on **Rabi crop insurance** over six years (2019–2024), covering the following parameters:

- **Insurance Units**: Number of insurance policies issued.
- **Farmer**: Number of farmers insured.
- **Area Insured**: Total land (likely in hectares) covered under insurance.
- **Sum Insured**: The total monetary value insured (likely in local currency).
- **Years**: The corresponding year.

Observations and Trends

1. **Declining Participation in Insurance**
    - From 2019 to 2023, there is a **steady decline** in the number of insured farmers and insurance units.
    - In **2019**, the highest number of insurance units (6,847) and farmers (692,526) were recorded.
    - By **2023**, these numbers significantly dropped to **3,824 insurance units** and **234,900 insured farmers**, marking a sharp decrease.
    - In **2024**, there is a **partial recovery** to **6,014 units and 340,296 insured farmers**, but still lower than pre-2023 levels.
2. **Reduction in Area Insured**
    - The **insured area peaked in 2019** (1,157.62 hectares) and has **declined every year since**.
    - The lowest insured area was in **2023 (392.87 hectares)**.
    - A slight **increase** is observed in **2024 (525.95 hectares)**, suggesting some recovery.

3. **Fluctuations in Sum Insured**
   - The **highest sum insured** was recorded in **2019 (6,96,248.61)**.
   - A **downward trend** followed until **2023, where it dropped drastically to 2,62,946.55**.
   - In **2024, the sum insured increased** to **3,76,700.18**, but it is still much lower than pre-2023 values.

Possible Reasons for the Decline

- **Policy Changes**: Modifications in government subsidies or crop insurance schemes may have discouraged farmers from enrolling.
- **Economic Factors**: Rising insurance premiums or financial constraints might have led to lower participation.
- **Climate-Related Risks**: Poor weather conditions or lower crop yields might have made insurance less attractive.
- **Alternative Risk Management**: Farmers may have shifted to self-insurance or other financial support mechanisms.
- **Administrative or Technical Barriers**: Delays in claims, procedural difficulties, or dissatisfaction with the insurance system may have discouraged participation.

Conclusion:-

The number of farmers enrolling in PMFBY for both Kharif and Rabi crops has shown a declining trend over the years. This indicates either a decrease in awareness, dissatisfaction with the scheme, or changes in eligibility criteria. The total insured area under both Kharif and Rabi crops has significantly decreased, suggesting that fewer farmers are opting for insurance or insuring smaller land areas. The sum insured has generally declined over time, reflecting either reduced crop values, policy adjustments, or lower participation. The data shows a drastic fall in the number of farmers and the insured area in 2023-24, especially for the Rabi crop. This may indicate a policy shift, financial constraints, or farmers losing trust in the scheme. The declining numbers may signal the need for reforms in PMFBY, such as better claim settlement processes, increased farmer awareness, or premium subsidies to encourage participation.

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