

PM Fasal Bima Yojana

September 19, 2020

Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched from Kharif 2016 with aim to **support production in agriculture by providing an affordable crop insurance product to ensure comprehensive risk cover** for crops of farmers against all non-preventable natural risks from pre-sowing to post-harvest stage. The Scheme has completed 8 crop seasons and is being implemented across States/ UTs.

Highlights of the Scheme

- 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%**.
- Earlier, there was a provision of **capping the premium rate** which resulted in low claims being paid to farmers. This capping was done to limit Government outgo on the premium subsidy and it **has now been removed** and farmers will get the **claim against full sum insured without any reduction**.
- **Smartphones** 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.
- **12% interest rate** to be paid by the insurance company to farmers for **delay in settlement claims** beyond two months of prescribed cut off date. Similarly, the State government has to pay 12% interest rate for delay in release of State share of subsidy beyond three months of prescribed cut off date.
- **Coverage for crop loss due to attack of wild animals** has been initiated on pilot basis with the additional financial liabilities of this provision to be borne by

the concerned State government.

Risks Covered

- Comprehensive risk insurance is provided to cover **yield losses due to non-preventable risks**, such as natural fire, lightning, etc.
- In cases where the majority of the insured farmers of a notified area, having intent to sow and incurred expenditure for the purpose, are **prevented from sowing** the insured crop due to adverse weather conditions, shall be eligible for indemnity claims upto a maximum of **25% of the sum-insured**.
- In **post harvest losses**, coverage will be available up to a **maximum period of 14 days** from harvesting for those crops which are kept in cut & spread condition to dry in the field.
- For certain localized problems, loss/ damage resulting from occurrence of **identified localized risks**, affecting isolated farms in the notified area would also be covered.

Unit of Insurance

- The Scheme shall be implemented on an **'Area Approach Basis'**.
- Defined area (unit area of insurance) is **village/ village panchayat level**.
- In due course of time, the unit of insurance can be a geo-fenced/ geo-mapped region having homogenous risk profile for the notified crop.
- It is assumed that in a defined area, for each notified crop, the insured farmers will face similar risk exposures.