



## PMFBY - The Implementation Challenges

### What is the issue?

\n\n

\n

- PM Fasal Bima Yojana (PMFBY) is an all encompassing crop insurance scheme that was touted relieve farmers of their uncertainties.
- But its implementation has been patchy and widespread delays in payment have been defeating the very purpose of the scheme.

\n

\n\n

### What are the statistics?

\n\n

\n

- PMFBY crop insurance covers losses at every stage, “from sowing to post-harvest” and was intended to insulate farmers from the strain of crop failures.
- PMFBY insures for production costs for various crops, and farmers having to pay about 2% of total estimated production value as insurance premium.
- An additional amount is pitched by the government (subsidy) for every policy to make the scheme financially viable for insurance companies.
- The amount to be paid by the government is decided based on the risk assessment done for various crops and regions - which presently accounts for approximately 50% of the total.
- **The Numbers** - Insurance companies collected premiums of Rs 22,180 crore in 2016-17 and Rs 24,454 crore in 2017-18 under PMFBY.
- But they disbursed only Rs 12,959 crore in claims for 2016-17 and have paid

out just over Rs 400 crore for the last crop year so far.

\n

- There is an argument that 2016 and 2017 were normal monsoon years (thereby resulting in lower payouts), and that claims might go up in calamitous years.

\n

- However, this assertion doesn't correlate with the field reports, and it appears that PMFBY is faltering to delivering what was promised.

\n

\n\n

## **What are the teething troubles?**

\n\n

\n

- The 2017 kharif crop's harvesting was over by December, but farmers have thus far got only Rs 402 crore of payments.

\n

- This is against the estimated claims of Rs 13,655 crore by state government and Rs 1,759 crore approved by insurance companies.

\n

- Even for the 2016-17 crop year, there is a difference of Rs 1,474 crore between the payments approved and actually made.

\n

- The delay in payments is defeating the very purpose of the scheme, which is to reduce the financial distress and save them from the crutches of moneylender.

\n

- Timely payments are critical to enable farmers settle previous borrowings and access formal credit for the next sowing.

\n

\n\n

## **What is the way forward?**

\n\n

\n

- 50% of the PMFBY premium subsidy is borne by the state governments that are also responsible for determining yield losses.

\n

- As insurance deserves higher priority than fertilizer and other agri-support, it makes sense for the centre to fund the entire subsidy amount.

\n

- This will provide for better coordination in subsidy transfer to the insurers

and also make claim disposals swift.

\n

- The Centre can further link release of subsidy to the states adhering to prescribed operational schedules for assessing the extent of crop failure.
- Also, extensive employment of remote-sensing technology for sampling of fields and capturing survey data with time and date stamping is required.

\n

\n\n

\n\n

**Source: Indian Express**

\n



**IAS PARLIAMENT**  
*Information is Empowering*  
A Shankar IAS Academy Initiative