PM Fasal Bima Yojana

Why in News?

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CAG in its recent report has spotted huge gaps in Pradhan Mantri Fasal Bima Yojana and other crop insurance schemes.

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What are the shortcomings in implementation?

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- While PMFBY's success is due to the very low premium the farmer pays, the problem lies in the fact that the **assessment methods** haven't really changed.
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- Due to **poor implementation** of the crop insurance scheme from the period 2011 to 2016, a huge sum was released to private insurers without proper verification of the beneficiaries.
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- Insurance companies raked in a huge profit due to **low claim** reported in relation to the premium charged.
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- One of the reasons for low claim settlement in relation to premium collected is **delay** in states releasing their share of the subsidy.
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- Claims must be paid to farmers within three weeks of yield data by insurance companies, while on ground, claims made for Kharif 2016 were still not fully settled.
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- Claim settlement is delayed when states don't share their portion of subsidy or don't complete crop cutting exercises (CCE), or Centre doesn't release its share of subsidy.
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- The **value of the crop** is based on the average yields of the last three years—to that extent, in an area where yields are growing, or for farmers who have higher yields, the sum insured doesn't represent the real value.
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- Most districts tend to have just one or two notified crops, so most vegetables/fruit tend to be uninsured if they are not the major crop of the district.
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What is the way forward?

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- PMFBY is a success given how the number of farmers covered is up by 1 crore and the amount insured nearly doubled in the latest season.
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- It is important to use technology to reap its benefits.
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- Latest CAG report has highlighted delays in processing claims. Moving to modern methods like drones, satellite imagery and water-logging stations is required.
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Quick Fact

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Pradhan Mantri Fasal Bima Yojana

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- The Pradhan Mantri Fasal Bima Yojana (Prime Minister's Crop Insurance Scheme) was launched in 2016.
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- It envisages a uniform premium of only 2 per cent to be paid by farmers for Kharif crops and 1.5 per cent for Rabi crops. The premium for annual commercial and horticultural crops will be 5 per cent.
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Source: Financial Express, Business Standard

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