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### Improving agricultural resilience: A review of Pradhan Mantri Fasal Bima Yojana

<sup>1</sup>Usha Kumari and <sup>2</sup>Dr.Aarti Singh

<sup>1</sup>Department of Extension Education and Communication Management, Ethelind College of Community Science, Sam Higginbottom University of Agriculture Technology and Sciences, Prayagraj, Uttar Pradesh, India

<sup>2</sup>Department of Extension Education and Communication Management, Sam Higginbottom University of Agriculture Technology and Sciences, Prayagraj, Uttar Pradesh, India

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Corresponding Author: Usha Kumari

#### Abstract

Pradhan Mantri Fasal Bima Yojana (PMFBY) is a key crop insurance scheme introduced by the Government of India in 2016 to provide financial security to farmers against crop losses caused by natural calamities, pests, and diseases. This paper reviews the scheme's objectives, key features, implementation, challenges, and impact on agricultural resilience. Additionally, it provides a detailed literature review on agricultural insurance policies, risk mitigation, and farmer adoption trends. The findings suggest that while PMFBY has improved risk coverage for farmers, challenges such as claim settlement delays, policy awareness, and private sector involvement need further policy refinements.

**Keywords:** Pradhan Mantri Fasal Bima Yojana (PMFBY), crop insurance, agricultural resilience

#### Introduction

Agriculture is the backbone of the Indian economy, providing employment and livelihood to a significant portion of the population. However, agricultural productivity is highly susceptible to climatic variability, pest infestations, and other natural calamities. To address these risks, the Government of India launched the Pradhan Mantri Fasal Bima Yojana (PMFBY) in 2016. The scheme aims to stabilize farmers' incomes, encourage investment in agriculture, and improve agricultural resilience. Mishra *et al.* (2018) <sup>[1]</sup> studied the role of crop insurance in India and found that while schemes like PMFBY have improved insurance penetration, procedural inefficiencies in claim settlement remain a challenge. Chand and Srivastava (2019) <sup>[2]</sup> analysed the effectiveness of PMFBY and highlighted the need for better awareness campaigns to educate farmers about their insurance benefits. Kumar and Joshi (2020) <sup>[3]</sup> compared PMFBY with earlier schemes and concluded that while it offers better coverage, issues related to private insurer profitability and claim disbursement delays affect farmer confidence. Patil *et al.* (2021) <sup>[5]</sup> discussed how technology-driven assessment methods such as satellite imagery and remote sensing could improve the accuracy of loss evaluation and speed up compensation. Kumar and Rani (2023) <sup>[4]</sup> assessed the performance of PMFBY in India, highlighting that while the scheme has increased insurance coverage, challenges such as delayed claim settlements and low awareness among farmers persist. Sarwate and Suryawanshi (2023) <sup>[6]</sup> conducted a comparative analysis between PMFBY and the National Agriculture Insurance Scheme, finding that PMFBY offers

more accurate yield thresholds for crops like soybean and wheat, yet issues in implementation remain. Vaishnav *et al.* (2024) <sup>[7]</sup> explored the increasing role of women in agriculture and the perceived impact of PMFBY, revealing that while the scheme has potential benefits, its effectiveness is hindered by factors such as lack of awareness and delayed claim processes. This paper reviews PMFBY's role in agricultural risk management, evaluates its effectiveness, and presents a critical analysis based on literature.

#### Objectives of PMFBY

The primary objectives of PMFBY include:

- Providing financial protection to farmers against crop loss.
- Enhancing credit flow in the agricultural sector.
- Encouraging innovative agricultural practices.
- Ensuring affordable insurance premiums for farmers.

#### Key Features of PMFBY

- **Affordable Premiums:** Farmers pay a nominal premium—2% for Kharif crops, 1.5% for Rabi crops, and 5% for commercial/horticultural crops.
- **Comprehensive Coverage:** The scheme covers risks from pre-sowing to post-harvest losses.
- **Technology Integration:** Utilization of remote sensing and drones for loss assessment.
- **Mandatory Coverage for Loanee Farmers:** Farmers with crop loans are automatically insured, while others can opt in voluntarily.

Challenges and Limitations Despite its advantages, PMFBY faces several challenges:

- **Delayed Claim Settlement:** Inefficiencies in processing and bureaucratic delays lead to farmer dissatisfaction.
- **Low Awareness Among Farmers:** Many farmers lack knowledge about the claim process and benefits.
- **Disparities in Insurance Company Profits:** Some reports indicate that insurance companies gain more than farmers due to high government subsidies.
- **State Government Participation:** Certain states have opted out due to financial constraints, affecting nationwide coverage.

### Impact of PMFBY on Agricultural Resilience

PMFBY has positively impacted the agricultural sector by reducing economic distress among farmers. Studies indicate that insured farmers are more likely to invest in improved agricultural inputs, leading to better productivity. Additionally, by reducing dependency on informal credit sources, the scheme has contributed to financial stability in rural areas.

### Conclusion and Policy Recommendations

PMFBY is a vital step toward strengthening agricultural resilience in India. However, to enhance its effectiveness, the following recommendations are proposed:

- **Improving Claim Settlement Mechanism:** Ensuring faster and transparent claim processing through digital solutions.
- **Increasing Farmer Awareness:** Conducting nationwide awareness campaigns to educate farmers about the scheme's benefits.
- **Enhancing Technological Integration:** Expanding the use of AI and satellite technology for precise yield assessment.
- **Strengthening Public-Private Partnerships:** Encouraging balanced involvement of the government and private insurers to enhance efficiency and fairness.

With appropriate refinements, PMFBY has the potential to serve as a robust financial safety net for farmers, ultimately fostering sustainable agricultural growth in India.

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