Indian Economy · GS - III

Discuss the role of the Pradhan Mantri Fasal Bima Yojana in reducing agricultural risks and improving farmers' financial security. What measures can strengthen its implementation?

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 01/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

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Answer Hint

Crop insurance; agricultural risk management; premium subsidies; tenant farmers and sharecroppers; claim settlement; awareness and transparency

Model Answer

Introduction:

Indian agriculture remains vulnerable to uncertain rainfall, floods, droughts, pests and diseases. The Pradhan Mantri Fasal Bima Yojana (PMFBY), launched in 2016, seeks to protect eligible farmers against specified crop losses.

Role and significance

- **Financial protection:** Crop insurance can compensate eligible farmers for covered losses and reduce income uncertainty.
- **Affordable premiums:** Standard farmer premium rates are 2% for Kharif food and oilseed crops, 1.5% for Rabi food and oilseed crops, and 5% for annual commercial and horticultural crops.
- **Inclusive coverage:** Eligible tenant farmers and sharecroppers can benefit when they satisfy applicable requirements.

- **Agricultural resilience:** Insurance can help farmers manage climate-related risks and support continuity of agricultural activity.
- **Policy awareness:** The ‘Meri Policy Mere Haath’ campaign improves access to policy documents and information about coverage.

Challenges and reforms

Delayed claims, difficulties in crop-loss assessment, documentation barriers and limited awareness can reduce effectiveness. Technology-enabled assessment, transparent claim tracking, timely settlement and accessible grievance-redressal mechanisms are necessary. State agencies should also improve outreach to eligible cultivators.

Conclusion

PMFBY is an important instrument of agricultural risk management. Transparent implementation, timely compensation and inclusive enrolment are essential to strengthen farmers’ confidence and financial security.

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