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Pradhan Mantri Fasal Bima Yojana (PMFBY)

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Pradhan Mantri Fasal Bima Yojana (PMFBY)

A hailstorm wrecks a standing crop. A cyclone soaks grain that was already cut and drying in the field. These are two different kinds of loss. Pradhan Mantri Fasal Bima Yojana insures both, under one scheme.

Must know: cover and cost

1 What does PMFBY insure, from planting to harvest?

PMFBY is India’s flagship crop insurance scheme. The Ministry of Agriculture and Farmers Welfare runs it. It protects farmers against crop loss from natural events that no farmer can prevent. A payout lets a farmer recover and plant again after a bad season.



Preparing a wheat field in Punjab, India. Photo: CIAT, Neil Palmer, CC BY-SA 2.0, via Wikimedia Commons.

Which stages of a crop does it cover?

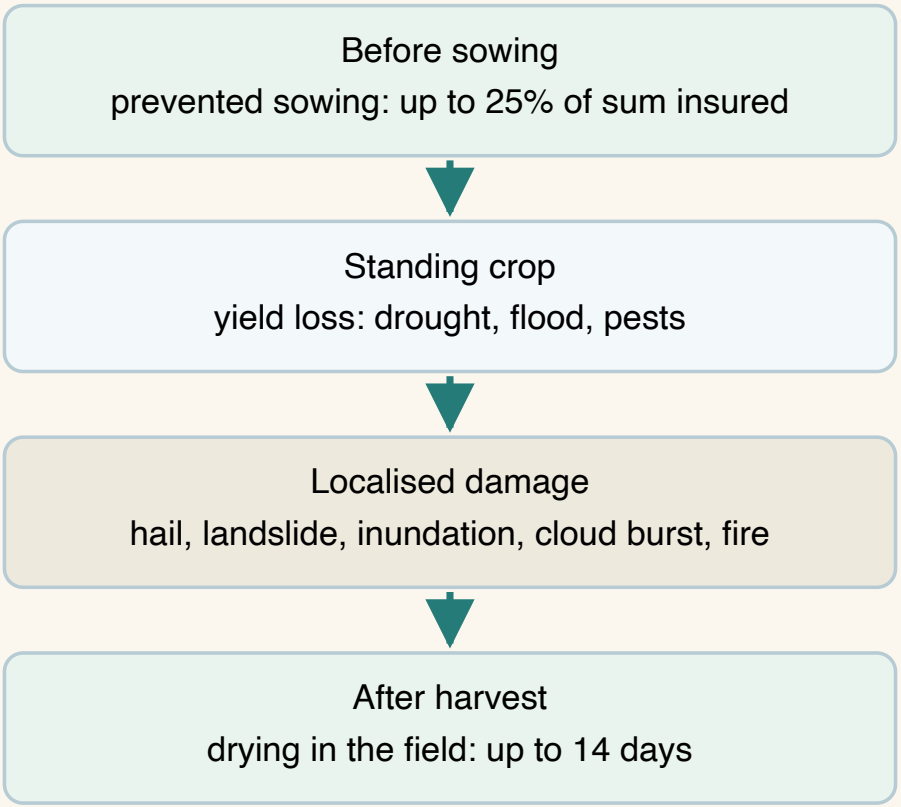
- **Standing crop:** yield loss from drought, flood, pests and similar risks. This is the base cover, assessed for a whole notified area.
- **Prevented sowing:** a farmer who spent money but could not sow because of bad weather can claim up to 25 percent of the sum insured.
- **Localised damage:** hailstorm, landslide, inundation, cloud burst and natural fire are assessed farm by farm.
- **Post-harvest:** crops cut and left to dry in the field are covered for up to 14 days. The risks are cyclone, cyclonic rain, unseasonal rain and hailstorm.

Does every state offer every layer?

No. Since 2020, a state may pick which add-on covers to offer. The base cover is yield loss on the standing crop. A farmer should check what the state has notified.

What is not covered?

PIB lists war, nuclear risks, riots, theft and other preventable risks as exclusions. Losses outside the crop cycle are also excluded.



Four stages of cover, from sowing to the drying yard. Original explanatory diagram.

Sources: pib.gov.in; pmfby.gov.in

2 How much does a farmer actually pay?

The farmer's premium under PMFBY is capped, not flat. The cap depends on the season and the crop type. The government pays the rest of the actuarial or bid premium.

What are the three caps?

- **Kharif food and oilseed crops:** at most 2 percent of the sum insured.
- **Rabi food and oilseed crops:** at most 1.5 percent.
- **Annual commercial and horticultural crops:** at most 5 percent.

Is the premium really uniform?

Not across crops. The 2016 Cabinet note called it uniform within each group. The cap is still different for Kharif, Rabi and commercial crops. That is the trap in many exam questions.

Why did the government remove the old capping?

Older schemes capped the premium rate. That kept claims low, so farmers received less than the full sum insured. The 2016 scheme removed the capping. Farmers now claim against the full sum insured.

> **Quick check 1.** Under PMFBY, every farmer pays a uniform 2 percent premium for any crop in any season. *(True or False?)*
>
> See answer ↓

Kharif food and oilseed crops
farmer pays at most 2%

Rabi food and oilseed crops
farmer pays at most 1.5%

Commercial and horticultural
farmer pays at most 5%

The rest
paid by the Government as subsidy

Three caps, one for each crop group. Original explanatory diagram.

Sources: pib.gov.in

Good to know: history, rules and subsidy

3 Why did PMFBY replace the older insurance schemes?

Two schemes came before it. The National Agricultural Insurance Scheme began in 1999. The Modified NAIS followed in 2010. The Cabinet approved PMFBY on 13 January 2016 for use from the Kharif 2016 season. It was launched on 18 February 2016.

What was wrong with the earlier schemes?

A Lok Sabha reply of 19 July 2016 lists the problems the Government found.

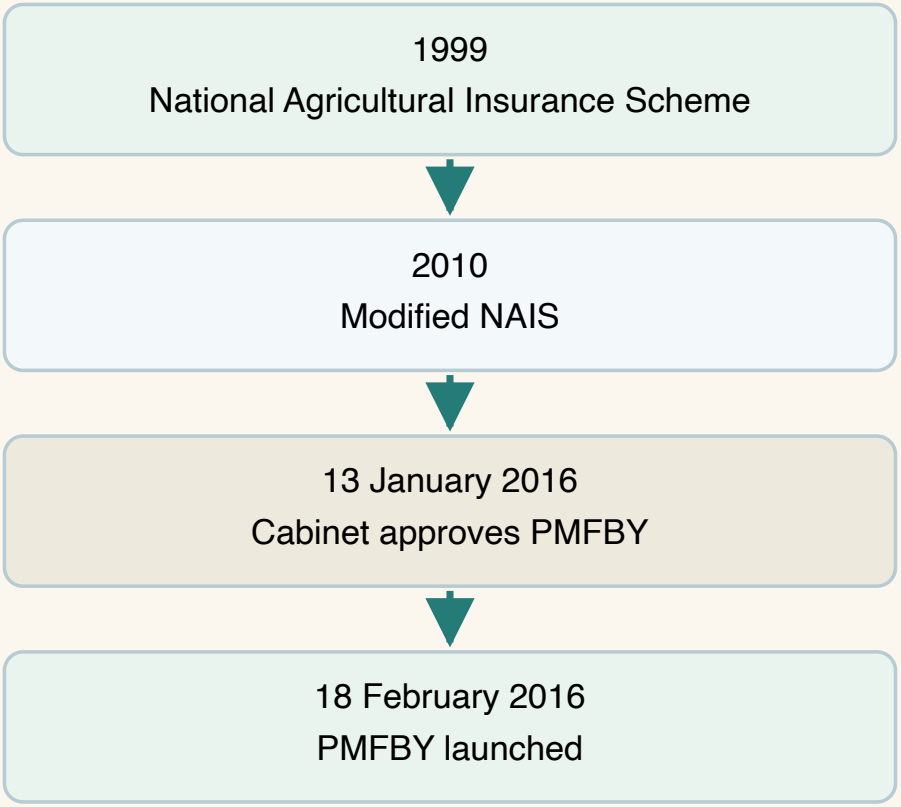
- Farmers paid high premium rates, and neighbouring districts paid different rates.
- Capping on premium cut the sum insured, so claims were lower.
- Claim settlement was delayed.
- Improved technology was little used.

The Cabinet note of 13 January 2016 adds a comparison table.

- NAIS had no cover for localised risks, post-harvest loss or prevented sowing.
- MNAIS had higher premium rates and a capped sum insured.
- Neither made technology mandatory for quick claim settlement.

What did PMFBY promise instead?

Cover from pre-sowing to post-harvest, at a low farmer premium. Smartphones would capture crop cutting data. Remote sensing would cut the number of crop cutting experiments. Quicker claim payment was a key aim.



PMFBY replaced NAIS and MNAIS from Kharif 2016. Original explanatory diagram.

Sources: sansad.in; pib.gov.in

4 Why is enrolment no longer compulsory?

Before Kharif 2020, enrolment was compulsory for any farmer with a seasonal crop loan. The Cabinet approved a revamp in February 2020. From Kharif 2020, enrolment became voluntary for every farmer, loanee or not.

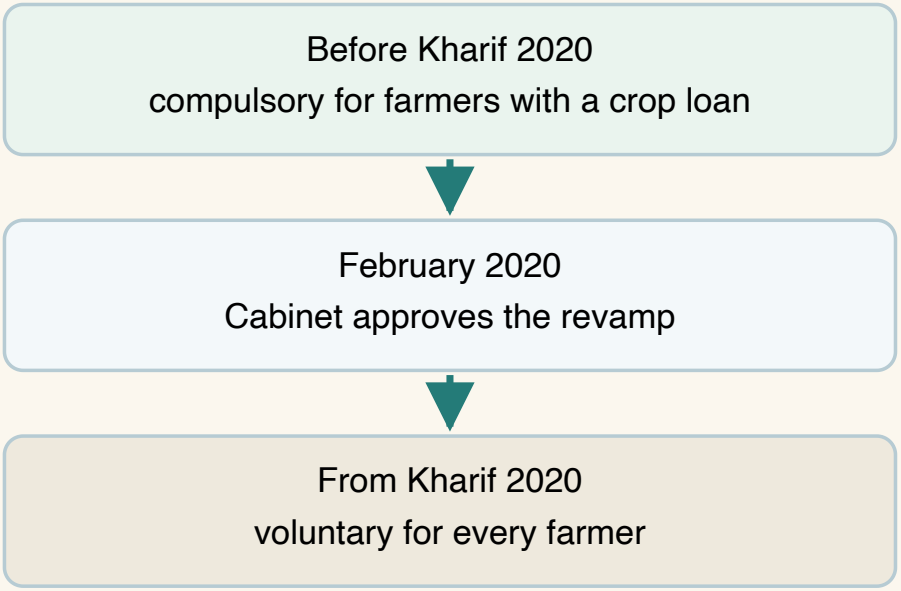
What else did the 2020 revamp change?

- Insurance companies are chosen by the State for three years, not one.
- A State may choose the notional average yield or the scale of finance as sum insured.
- A State may pick any add-on covers, such as prevented sowing or localised calamity.
- A State that delays its premium subsidy cannot join the next season.
- Administrative expenses of at least 3 percent are set aside for better delivery.
- The farmer’s share of premium did not change.

Why make it voluntary?

The Government said it answered the demand of farmers. A choice builds trust in the scheme. It also lets PMFBY reach farmers who never took a loan. PIB says about half of all farmers enrolled over ten years were non-loanee farmers.

> **Quick check 2.** Since Kharif 2020, a farmer who has taken a crop loan must still be enrolled in PMFBY. *(True or False?)* See answer ↓



The 2020 revamp gave farmers a choice. Original explanatory diagram.

Sources: pib.gov.in

5 How is the premium subsidy split between the Centre and the States?

The farmer pays only a small capped share. The rest is the premium subsidy. The Centre and the State share it.

What is the sharing ratio?

- **Most States:** 50:50 between the Centre and the State.
- **North-Eastern States:** 90:10, with the Centre bearing the larger share. This applies from Kharif 2020.
- **Himalayan States:** also 90:10, from Kharif 2023.

Why a bigger Centre share for the North East?

The Government wanted more States to notify the scheme, and existing States to notify more crops and areas. A larger Centre share lowers the cost to a small State.

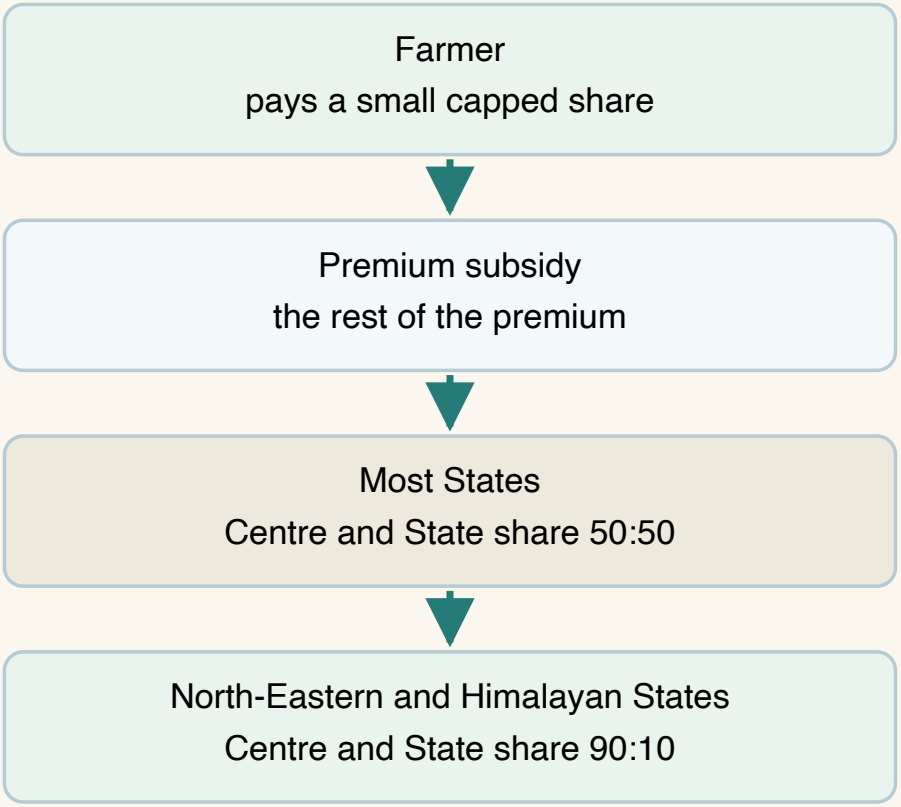
Is the Centre’s share unlimited?

No. The full Centre share applies only up to a gross premium rate of 25 percent for irrigated areas and 30 percent for unirrigated areas. Beyond that, the Centre’s share stays at those limits.

What if a State pays late?

Late State subsidy delays claims. The guidelines allow a 12 percent penal interest. A State that delays beyond the time limit cannot join the following season.

> **Quick check 3.** For most States, the Centre and the State share the PMFBY premium subsidy equally. *(True or False?)* See answer ↓



The subsidy ratio changes only for the North East. Original explanatory diagram.

Sources: pib.gov.in

Great to know: technology, news and look-alikes

6 Which technology checks the claims?

Claims depend on knowing how much a crop really yielded. Several tools now help.

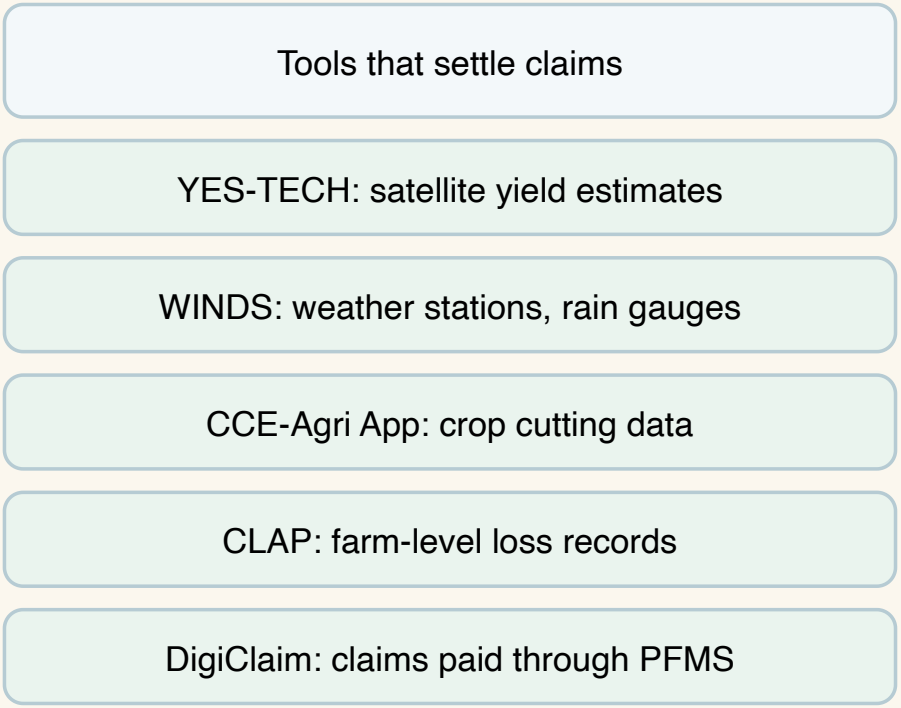
What do these tools do?

- **YES-TECH:** the Yield Estimation System based on Technology. It uses remote sensing to estimate yield. It began in Kharif 2023 for paddy and wheat, and soybean joined in Kharif 2024.
- **WINDS:** the Weather Information Network and Data System. It sets up Automatic Weather Stations at block level and Automatic Rain Gauges at panchayat level.
- **Crop Cutting Experiments:** the ground check of actual yield. The CCE-Agri App uploads the data to the National Crop Insurance Portal.
- **CLAP:** the Crop Loss Assessment App. It records loss on an individual farm for localised calamities.
- **DigiClaim:** claims are processed on the National Crop Insurance Portal and paid through PFMS. It began in Kharif 2022.

How far has YES-TECH spread?

YES-TECH worked in 12 States across 344 districts in 2025-26. It gives at least 30 percent weightage to technology-based yield. Madhya Pradesh gives it 100 percent. WINDS has been adopted by 7 States and Union Territories.

Together, these tools make claims faster and fairer. They also make them harder to fudge.



Faster, fairer and more transparent claims. Original explanatory diagram.

Sources: pib.gov.in

7 What is new in PMFBY, and how big has it become?

The scheme keeps growing. It also keeps adding risks.

What changes from Kharif 2026?

- Crop loss from wild animal attack becomes a fifth add-on cover under localised risk. States will notify the animals and the vulnerable areas.
- Paddy inundation returns as a localised calamity. It was removed in 2018 over moral hazard and difficulty of assessing submerged crops.

- A farmer must report a wild animal loss within 72 hours. The report goes through the Crop Insurance App, with geotagged photos.

States must notify where each add-on applies. Real cover therefore still varies by State.

Did the Government stop or continue the scheme?

It continued. On 1 January 2025 the Union Cabinet approved continuation of PMFBY and RWBCIS till 2025-26. The outlay is Rs 69,515.71 crore for 2021-22 to 2025-26.

How big is it now?

- PIB reports more than 92.46 crore farmer applications insured since Kharif 2016.
- More than 26.33 crore applications received claims above Rs 2.06 lakh crore.
- The Union Budget 2026-27 allocates Rs 12,200 crore.
- In Kharif 2026, 25 States and Union Territories implement the scheme.

An application is not one farmer. A farmer who insures in every season counts again each time.

Sources: pib.gov.in

8 How is RWBCIS different from PMFBY?

RWBCIS is the Restructured Weather Based Crop Insurance Scheme. It runs beside PMFBY. It was not scrapped.

How does a weather index pay out?

PMFBY measures real yield loss. RWBCIS uses weather readings as a stand-in for damage. A payout is triggered when rainfall, temperature, humidity or wind at a notified weather station crosses a set limit.

Where does RWBCIS work best?

It is popular for fruit, vegetable and plantation crops. It charges the same low farmer premium as PMFBY, between 1.5 and 5 percent. In Kharif 2026 it covered 25.95 lakh farmer applications.

Sources: pib.gov.in

9 Which scheme fits which farm problem?

Three schemes help farmers. Each solves a different problem. Exams love to swap them.

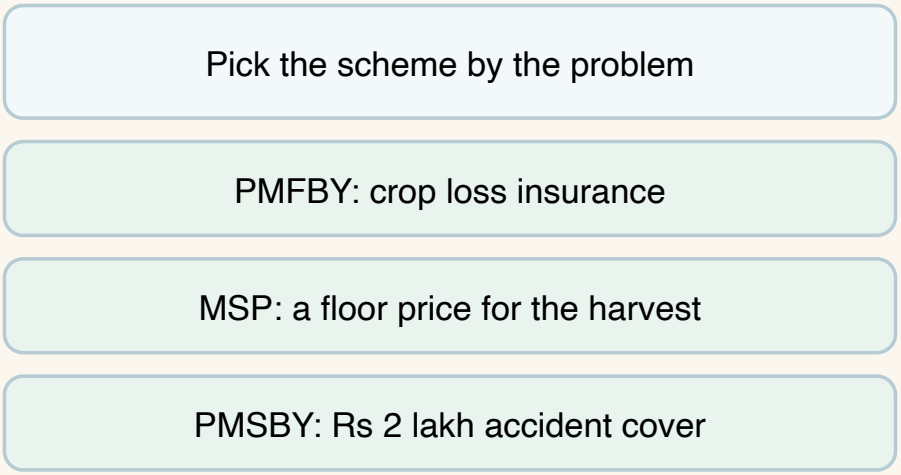
How do PMFBY, MSP and PMSBY differ?

- **PMFBY:** insures crop loss from natural and localised risks. It does not pay for a farmer's own death or disability.
- **MSP:** a guaranteed floor price for the harvest a farmer sells. It does not pay for crop damage.
- **PMSBY:** pays Rs 2 lakh for accidental death or full disability, and Rs 1 lakh for partial disability. It pays nothing for crop loss.

Why is PMSBY so easy to confuse?

Its full name is Pradhan Mantri Suraksha Bima Yojana. It shares the "Pradhan Mantri" and "Bima Yojana" words with PMFBY. It is a personal accident scheme for bank account holders aged 18 to 70.

Quick check 4. The Rs 2 lakh payout for accidental death or disability belongs to PMFBY. *(True or False?)* See answer ↓



Three schemes, three different problems. Original explanatory diagram.

Sources: pib.gov.in

10 Why do UPSC and CDS keep testing the same PMFBY mix-ups?

Three recent papers tested PMFBY in three ways. Each hides a different trap.

What did UPSC CSP 2016 Question 21 ask?

It asked whether farmers pay a uniform 2 percent premium on any crop, and whether PMFBY covers post-harvest loss from cyclones and unseasonal rain. The trap is the word “uniform”. The premium is capped

at 2 percent for Kharif, 1.5 percent for Rabi and 5 percent for commercial crops. The post-harvest cover is real, for up to 14 days. View this question in the full UPSC CSP 2016 paper.

What did CDS II 2025 Question 108 ask?

It asked whether the Government had discontinued PMFBY, and whether it had approved continuing RWBCIS. The first claim is false and the second is true. PMFBY runs on. RWBCIS continues beside it. View this question in the full CDS II 2025 paper.

What did CDS I 2026 Question 37 ask?

It asked whether PMFBY covers natural crop risk and credit flow, and whether it pays Rs 2 lakh for the farmer's own death or disability. The Rs 2 lakh payout belongs to PMSBY, not PMFBY. View this question in the full CDS I 2026 paper.

What should you remember?

- Launch: the Cabinet approved PMFBY on 13 January 2016.
- Premium caps: 2 percent Kharif, 1.5 percent Rabi, 5 percent commercial.
- Voluntary for all farmers from Kharif 2020.
- The Rs 2 lakh death and disability cover is PMSBY.

Sources: static.pib.gov.in; pib.gov.in

Review the feedback after each answer. The understanding-check score lasts for this page session.

Reset the checks when you want another attempt. This score is separate from the Native Practice score below.

Questions to think through

What do YES-TECH and WINDS actually check?

YES-TECH uses satellite data to estimate yield. WINDS is a network of weather stations and rain gauges. Both give claim decisions an objective base. That cuts down disputes over how much a farmer really lost.

From Kharif 2026, what new risks does PMFBY cover?

It adds wild animal attack as a localised add-on cover. Paddy inundation returns after being dropped in 2018. States must notify where each applies, so real cover still varies by State.

Why did the Government make PMFBY voluntary for loanee farmers?

Under compulsory enrolment, a farmer with a loan was covered whether or not they wanted it. A free choice makes the scheme answer to farmers. PIB says it also kept loanee farmers in the scheme in a voluntary regime.

Why are add-on covers left to the States?

Weather risks differ by place. A coastal State fears inundation and cyclones. A hill State fears landslides. The 2020 revamp let each State choose the covers that fit its farmers.

Practice MCQs

1. With reference to 'Pradhan Mantri Fasal Bima Yojana', consider the following statements:

1. Under this scheme, farmers will have to pay a uniform premium of two percent for any crop they cultivate in any season of the year.

2. This scheme covers post-harvest losses arising out of cyclones and unseasonal rains.

Which of the statements given above is/are correct?

- **A.** 1 only
- **B.** 2 only
- **C.** Both 1 and 2
- **D.** Neither 1 nor 2

See answer ↓

2. Under the Pradhan Mantri Fasal Bima Yojana (PMFBY), what is the maximum premium rate a farmer pays for a Kharif food or oilseed crop?

- **A.** 1.5%
- **B.** 5%
- **C.** 2%
- **D.** 3%

See answer ↓

3. The Pradhan Mantri Fasal Bima Yojana (PMFBY), launched in 2016, replaced which two earlier crop insurance schemes?

A. Weather Based Crop Insurance Scheme and Coconut Palm Insurance Scheme

B. Comprehensive Crop Insurance Scheme and Farm Income Insurance Scheme

C. National Agricultural Insurance Scheme (NAIS) and Modified NAIS (MNAIS)

D. Rashtriya Krishi Bima Yojana and Unified Package Insurance Scheme

See answer ↓

4. Since which cropping season has enrolment under PMFBY been voluntary for all farmers, including loanee farmers?

A. Kharif 2016

B. Kharif 2020

C. Rabi 2018

D. Kharif 2022

See answer ↓

5. Under PMFBY, what is the Centre-State sharing ratio for the premium subsidy in the case of North Eastern states?

A. 90:10

B. 75:25

C. 60:40

D. 50:50

See answer ↓

6. Consider the following statements with respect to Pradhan Mantri Fasal Bima Yojana (PMFBY):

1. PMFBY provides risk insurance to farmers against crop damage due to non-preventable natural risks.

2. PMFBY provides risk coverage of ₹2 lakh in case of death of the insured.

3. PMFBY ensures flow of credit to the agriculture sector.

4. PMFBY provides risk coverage of ₹2 lakh for complete disability of the insured.

Which of the statements given above is/are correct?

A. 1 only

B. 2 and 3

C. 1 and 3

D. 1 and 4

See answer ↓

7. Which of the following statements is/are correct?

1. The Government of India has discontinued the Pradhan Mantri Fasal Bima Yojana.

2. The Government of India has approved the continuation of the Restructured Weather Based Crop Insurance Scheme.

A. 1 only

B. 2 only

C. Both 1 and 2

D. Neither 1 nor 2

See answer ↓

Answer Key

1. **B.** Statement 1 is false. The farmer pays at most 2 percent for Kharif, 1.5 percent for Rabi and 5 percent for commercial and horticultural crops. Statement 2 is true. Crops left to dry in the field are covered for up to 14 days after harvest. ↑ Q1
2. **C.** A farmer pays at most 2 percent for Kharif food and oilseed crops. Rabi food and oilseed crops cost at most 1.5 percent. Commercial and horticultural crops cost at most 5 percent. The Government pays the rest. ↑ Q2
3. **C.** PMFBY replaced NAIS and MNAIS from the Kharif 2016 season. The Government cited high premiums, capped sums insured, delayed claims and little use of technology in the older schemes. ↑ Q3
4. **B.** Enrolment was compulsory for farmers with a seasonal crop loan until the February 2020 revamp. From Kharif 2020, it became voluntary for every farmer. The farmer's share of premium did not change. ↑ Q4
5. **A.** For North Eastern States, the Centre bears 90 percent of the premium subsidy from Kharif 2020. For most other States, the ratio stays 50:50. The change was meant to bring more States and crops into the scheme. ↑ Q5
6. **C.** Statements 1 and 3 are correct. PMFBY insures non-preventable natural risks, and its stated aims include ensuring flow of credit to agriculture. The Rs 2 lakh death and disability cover belongs to PMSBY, a personal accident scheme. ↑ Q6
7. **B.** Statement 1 is false. PMFBY has not been discontinued. The Cabinet approved continuing PMFBY and RWBCIS on 1 January 2025. In Kharif 2026, 25 States and Union Territories implement PMFBY. ↑ Q7

Quick-check answers

1. **False.** The cap is 2 percent for Kharif, 1.5 percent for Rabi and 5 percent for commercial crops. ↑ 1
2. **False.** Enrolment became voluntary for every farmer from Kharif 2020, loanee or not. ↑ 2
3. **True.** The ratio is 50:50, except 90:10 for North-Eastern and Himalayan States and UTs. ↑ 3

4. **False.** It belongs to PMSBY, a personal accident scheme. PMFBY insures crops. ↑ 4

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