



Insuring the Blue Revolution: How PM-MKSSY Is Transforming Risk Management for India's Aquaculture Farmers

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India's aquaculture story is one of sustained growth - greater production, wider participation, and stronger market linkages. But the same factors that drive expansion also amplify risk. Disease, floods, and climatic variability can disrupt an entire aquaculture crop cycle and impose severe financial stress on farmers. PM-MKSSY's aquaculture insurance initiative responds to this reality through a structured framework of risk coverage. For it to deliver at scale, trust between farmers and insurers must be built through transparency, responsiveness, and timely settlement.

Global fisheries and aquaculture production reached a record 235 million tonnes in 2024, comprising 195 million tonnes of aquatic animals. The sector generated an estimated first-sale value of USD 565 billion, while international trade in aquatic products reached USD 186 billion. Aquaculture continued to drive growth in global aquatic food systems, while capture fisheries production remained stable at around 92 million tonnes. Inland fisheries also achieved a record output of 12.3 million tonnes, highlighting their growing importance for food security and livelihoods worldwide.

India's contribution to this global picture is both substantial and still unfolding. With an annual fish production that touched a record 19.8 million tonnes in 2024-25, India is the second-largest fish producing nation in the world (~8% share). More significantly, aquaculture, encompassing pond culture of freshwater carps, brackish water shrimp and prawn farming, cage culture, and a growing range of cold water and marine species now accounts for over ~74% of India's total fish production.

Total fish production of India increased from 9.6 million tonnes (2013-14) to 19.8 million tonnes (2024-25), while inland production reached 14.74 million tonnes (2024-25) from 6.1 million tonnes in 2013-14, representing a transformation that few sectors can rival. The export story is equally compelling. India is among the world's leading exporters of seafood, with frozen shrimp alone accounting for nearly 66% of total seafood export earnings. India's marine product exports have witnessed substantial growth over the past decade, increasing from USD 5.08 billion in 2013-14 to USD 8.46 billion in 2025-26, reflecting the sector's growing competitiveness in global markets. In 2025-26, India recorded seafood exports worth USD 8.46 billion to markets across the globe.

The fisheries sector provides livelihoods to over 30 million people that includes fishers, fish farmers, traders, processors, and transporters, the majority drawn from India's coastal, tribal, and economically marginal communities. In a country where agricultural distress remains a persistent challenge, the fisheries sector has been a quiet engine of rural economic mobility led by its aquaculture production.

India's aquaculture sector has grown substantially, reflecting sustained progress in recent years, while still offering scope for further expansion. The country is endowed with 1.95 lakh km of rivers and canals, 31.5 lakh hectares of reservoirs, 22.1 lakh hectares of ponds and tanks, and 14.1 lakh hectares of brackish water area of which only about 17% has been developed for aquaculture. Fish production has grown by over 106% from 9.6 million tonnes in 2013-14 to 19.8 million tonnes in 2024-25, with average aquaculture productivity rising to 4.77 tonnes per hectare against a government target of 5 tonnes per hectare under PMMSY. This is a market simultaneously vast in its untapped reserves and accelerating in its current growth and a market of this scale carries financial risk that no individual farmer can absorb alone.

As aquaculture production scales up both horizontally through the spread of new farms, and vertically through intensification of existing ones, the sector is exposed to many risks. Occurrence of diseases, non-preventable perils such as summer kill, pollution, earthquakes, cyclones, floods, other natural calamities pose recurring risk that can wipe out months of investments.

The cumulative financial impact of these risks on small and marginal farmers is severe. Most operate on thin margins, financed by informal credit at high interest rates. A single failed crop cycle does not merely set a farmer back it can initiate a debt spiral from which recovery takes years, if it comes at all. The aggregation of these individual losses constrains the sector's growth potential, deters investment, and limits the ambition of farmers who might otherwise expand. The economic case for risk mitigation is, therefore, not a matter of farmer welfare alone it is a matter of sectoral productivity and national food security.

Among available risk management instruments insurance occupies a unique position. It does not prevent losses, but it protects farmers from financial distress, thereby strengthening their resilience and ability to continue production. Recognising this, the Government of India approved the Pradhan Mantri Matsya Kisan Samridhi Sah-Yojana (PM-MKSSY) on 8th February 2024. Under the Component 1-B of the sub-scheme incentivization of adoption of aquaculture insurance has been envisaged. The delivery is channelled through the National Fisheries Digital Platform (NFDP) ensuring benefits reach farmers directly through DBT.

Under PM-MKSSY, aquaculture insurance addresses the core barrier of affordability, wherein onetime monetary incentive is given to aquaculture farmers for purchasing aquaculture insurance policy through DBT for one crop cycle. Under the scheme, an incentive upto 40% of the insurance premium cost is provided to eligible beneficiaries. For pond-based aquaculture, the incentive is limited to ₹25,000 per hectare of water spread area, subject to a maximum incentive of ₹1,00,000 for upto 4 hectares, with farms having less than one hectare being eligible on a pro-rata basis. For advanced aquaculture systems such as Cage Culture, Recirculatory Aquaculture Systems (RAS), Bio floc, Raceways and similar technologies, an incentive of 40% of the insurance premium is provided, with a maximum incentive of ₹1,00,000 and maximum eligible unit size of 1,800 cubic metres. In addition, Scheduled Caste (SC), Scheduled Tribe (ST), and women beneficiaries are eligible for an additional incentive @10% of the incentive payable for the General Category.

In terms of claim settlement, in the event of occurrence of an insured peril, the beneficiary must immediately intimate the insurance company to initiate the claim process. The insured is required to submit documentary evidence as per policy terms, following which the insurance company appoints a loss assessor for evaluation of damages. Based on the assessment report, the claim is processed and payment is made to the insured, with periodic status updates provided through the insurer's portal. The entire claim settlement process is to be completed within 30 days for shrimp culture and within 45 days for other aquaculture activities.

Four insurers are currently operational OICL, AICL, NIAL, and UIIC offering coverage across shrimp/prawn, freshwater fish, and cold-water species, with private insurers onboarding also in progress to strengthen the insurance ecosystem.

The implementation of the One-Time Incentive (OTI) component under the scheme has also shown encouraging progress, with a total of 316 OTI applications received so far, covering an area of 730.61 hectares. Out of these, 127 applications have been approved and disbursed, benefiting farmers over 321.74 hectares with a total disbursement of ₹40.03 lakh. The full benefits of aquaculture insurance will materialise only when the relationship between farmers and insurance companies is anchored in confidence that claims will be assessed fairly and settled without avoidable delay. What must now follow is consistent improvement in claim handling, use of technology for verification, and timely resolution, so that farmers experience insurance not as paperwork, but as dependable protection in times of loss.

The Government's objective extends beyond subsidising premiums; it is to build a durable and self-sustaining market for aquaculture insurance. That will require a coherent and cooperative approach across all stakeholders: the Centre providing policy direction and digital architecture, States enabling outreach and field-level support, insurance companies designing and servicing credible products, farmers adopting risk protection as part of farm management, and technical institutions strengthening risk assessment, surveillance, and loss verification. PM-MKSSY itself envisages that these interventions will help create a robust market for aquaculture insurance products over time. Such a market will become sustainable only when all stakeholders work in alignment to address the risks associated with aquaculture in a practical, responsive, and coordinated manner. When this happens, insurance will move from being a supported intervention to becoming an integral part of a resilient aquaculture economy.

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