

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO. 1390
TO BE ANSWERED ON THE 20TH SEPTEMBER, 2020

PRADHAN MANTRI FASAL BIMA YOJANA

1390. SHRI KANUMURU RAGHU RAMA KRISHNA RAJU:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether the attention of the Government is drawn to the matter of Pradhan Mantri Fasal Bima Yojana launched as a part of its move to increase the income of farmers;
- (b) if so, the reasons for opting out of the scheme by State after State;
- (c) whether it is true that States are losing confidence in the banks since they charge high premium and if so, the remedial measures being taken by the Government to increase the confidence of the farmers in the scheme?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (c): With a view to provide financial support to farmers suffering crop loss/damage arising out of unforeseen event and to stabilize the income of farmers to ensure their continuance in agriculture, Government has introduced Pradhan Mantri Fasal Bima Yojana (PMFBY) in the country from Kharif 2016 season. 27 States/Union Territories (UTs) have implemented the scheme in one or more seasons. As per provisions of the scheme actuarial/bidder premium rates are charged by the insurance company. However, farmers have to pay maximum 2% for Kharif crops, 1.5% for Rabi Crop and 5% for annual commercial/horticultural crops and the balance of actuarial/bidder premium is shared by the Central and State Government on 50 : 50 basis. However, this sharing has been changed to 90 : 10 for North Eastern States from Kharif 2020 season. Banks are collecting farmers share of premium for enrolment under PMFBY and fixed charges of 4% of farmers premium are paid as service charges to them by insurance companies

Some States like Bihar, West Bengal, Andhra Pradesh, Gujarat and Jharkhand have opted out of the scheme and started their own assistance schemes in place of insurance scheme. Government is regularly monitoring the implementation of PMFBY through one to one/weekly meetings with States and insurance companies and weekly video conference with all stakeholders. Keeping in view the experience of implementation of PMFBY in 4 years and after detailed discussions with stakeholders, Government has recently approved the revamping of the Pradhan Mantri Fasal Bima Yojana (PMFBY) and Restructured Weather Based Crop Insurance Scheme (RWBCIS) and made several changes in it for implementation from Kharif 2020 season. Changes/improvements made in the provisions/parameters of these schemes are given in **Annexure**.

Changes/Improvements made in the provisions/parameters of PMFBY and RWBCIS w.e.f. Kharif 2020 season

- To address the demand of farmers, the scheme has been made voluntary for all farmers. However, there is no change in farmers' share of premium.
- The premium subsidy sharing pattern between Centre and North Eastern States has been changed from 50:50 to 90:10. This has been done to allow more States to notify the scheme and existing States to notify more crops and areas to facilitate greater coverage of farmers under the scheme. For remaining States, subsidy sharing pattern will continue as 50 : 50.
- To address the issue of high premium rate for few crops/areas due to adverse selection, the requisite central share of premium subsidy (90 : 10 for North Eastern States and 50 : 50 for remaining States) will be provided for areas/crops upto gross premium rate of 25% for irrigated and 30% for un-irrigated areas/crops. Besides, alternate risk mitigation measures will be explored for these areas/crops.
- Insurance companies will now be selected by the States for 3 years in a go instead of one year thereby increasing their commitment and accountability to the farmers.
- Option has been given to the States to choose the notional value of average yield or the Scale of Finance as sum insured in the interest of the farming community.
- In view of the demand of many states, option has been given to states to choose additional risk covers besides shortfall in yield-based cover depending upon the local weather challenges and requirements of the farmers.
- The states delaying the release of subsidy beyond stipulated timelines can not participate in upcoming seasons.
- Two-step process of crop yield estimation using weather and satellite indicators etc. is adopted, which will help in early assessment of loss
- Use of smart sampling technique through satellite data for crop cutting experiments by some states has shown increased efficiency in implementation. This will now be universalized.
- The delay by some States in submission of crop yield data will now be suitably addressed using technological solutions.
- Provision has been made for earmarked administrative expenses @ 3% for strengthening the infrastructure and technology usage for better delivery of the Scheme.
- Insurance companies have been asked to mandatorily utilize 0.5% of gross premium collected by them for IEC activities at grass root level to build overall insurance literacy of farmers to take informed decisions.
- Use of more technology for transparency and quick assessment of crop yield/loss for early settlement of claims.
