

PERFORMANCE AUDIT OF AGRICULTURE CROP INSURANCE SCHEMES

[Action Taken by the Government on the Observations and Recommendations of the Committee contained in their 78th Report (17th Lok Sabha)]

PUBLIC ACCOUNTS COMMITTEE (2025-26)

THIRTY-EIGHTH REPORT

EIGHTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

T H I R T Y - E I G H T H R E P O R T

PUBLIC ACCOUNTS COMMITTEE
(2025-26)

(EIGHTEENTH LOK SABHA)

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L O K S A B H A S E C R E T A R I A T
N E W D E L H I

December 2025/ Agrahayana 1947 (Saka)

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* To be appended later.

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2025-26)

Shri K. C. Venugopal - Chairperson

MEMBERS

LOK SABHA

2. Shri Thalikkottai Rajuthevar Baalu
3. Dr. Nishikant Dubey
4. Shri Jagdambika Pal
5. Shri Jai Parkash
6. Shri Ravi Shankar Prasad
7. Dr. C M Ramesh
8. Prof. Sougata Ray
9. Shri Magunta Sreenivasulu Reddy
10. Smt. Aparajita Sarangi
11. Dr. Amar Singh
12. Shri Tejasvi Surya
13. Shri Anurag Singh Thakur
14. Shri Balashowry Vallabhaneni
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RAJYA SABHA

16. Shri Ashokrao Shankarrao Chavan
17. Shri Shaktisinh Gohil
18. Dr. K. Laxman
19. Shri Praful Patel
20. Shri Sukhendu Sekhar Ray
21. Shri Tiruchi Siva
22. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Smt. Mamta Kemwal - Joint Secretary
2. Smt. Archana Pathania - Director
3. Shri Pankaj Kumar Sharma - Deputy Secretary
4. Shri Charanjeet Singh - Committee Officer

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2025-26) having been authorised by the Committee, do present this Thirty Eighth Report (Eighteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Seventy Eighth Report (Seventeenth Lok Sabha) on the subject "**Performance Audit of Agriculture Crop Insurance Schemes**" relating to the relating to the Ministry of Agriculture and Farmers Welfare.

2. The Seventy Eighth Report was presented to Lok Sabha/laid in Rajya Sabha on 18.12.2023. The Public Accounts Committee (2025-26) considered and adopted the Thirty Eighth Report at their Sitting held on 17th December 2025. Minutes of the Sitting of the Committee form appendix to the Report.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Seventy Eighth Report (Seventeenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI
17 December, 2025
26 Agrahayana, 1947 (Saka)

K. C. VENUGOPAL
Chairperson,
Public Accounts Committee

CHAPTER - I

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Seventy Eighth Report (17th Lok Sabha) on “**Performance Audit of Agriculture Crop Insurance Schemes**” relating to the Ministry of Agriculture and Farmers Welfare.

2. The Seventy Eighth Report (17th Lok Sabha), which was presented to Lok Sabha/laid in Rajya Sabha on 18 December, 2023, contained sixteen Observations/Recommendations. The Action Taken Notes received from the Ministry of agriculture and Farmers Welfare have been broadly categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:
Para Nos. 1-16

Total: 16
Chapter - II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:
NIL

Total: 00
Chapter - III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

NIL

Total: 00
Chapter - IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies/no replies:

NIL

Total: 00
Chapter - IV

3. The detailed examination of the subject by the Committee had revealed certain shortcomings on the part of the Ministry of Agriculture and Farmers Welfare. The Committee had accordingly given their observations/recommendations in their Seventy Eighth Report.

4. The Action Taken Notes furnished by the Ministry on the Observations/Recommendations of the Committee contained in their Seventy Eighth Report (17th Lok Sabha) have been reproduced in the relevant chapters of this Report. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report which require reiteration/merit comments.

5. The Committee desire the Ministry of Agriculture and Farmers Welfare to furnish Action Taken Notes in respect of observations/recommendations contained in Chapter I of the report, positively within three months of the presentation of the report to the Parliament.

Recommendation No. 6

(Non maintenance of Data base)

6 The Committee in their Original Report had recommended as under:

“The Committee note that under NAIS guidelines, the IAs were only required to provide returns/statistics to GOI (and not the States). Audit observed that IAs did not provide periodic (monthly or quarterly) returns on NAIS to the Governments. Instead statistical data to support their claims were furnished at the time of requirement of funds. No separate requirements regarding furnishing of periodic returns/statistics were issued under MNAIS and WBCIS till they were integrated under NCIP. Thereafter (i.e., from Rabi season 2013-14), IAs were required to furnish monthly progress returns/ statistics or any information demanded by the Governments. The NCIP guidelines also stipulated that IAs were required to obtain and upload comprehensive details of insured farmers on their websites. However, Audit had pointed out that IAs did not furnish monthly progress reports/ statistics to the Government even under the NCIP nor upload details of insured farmers on their websites. Moreover, neither DAC&FW nor AIC verified and analyzed the statistical data at the time of release of funds. According to the information made available to the Committee, DAC&FW admitted in December 2016 that beneficiary data was not available with them or the IAs and that the same were maintained by the banks. In view of the fact that prior to 2013-14, under the schemes, IAs were required to provide periodic (monthly and quarterly) returns on NAIS to the Governments, the Committee are constrained to observe that IAs failed to meet this guideline and instead they furnished statistical data to support their claims at the time of requirement of funds. Regrettably, the IAs continued to deviate from the stipulated guidelines even after 2013-14 which sought them

to obtain and upload comprehensive details of insured farmers on their websites. In light of the fact that the fund requirements were assessed based on the beneficiary data, the Committee are of the view that the methodology adopted by DAC&FW to ascertain the authenticity of the statistical data provided by the IAs needs to be examined. The Committee also feel that absence of specific guidelines on role of DAC&FW or IAs in maintaining the database of beneficiaries (farmer-wise, crop-wise and area-wise) led to such a situation where substantial financial contribution was made by the Governments and their agencies without confirming whether it reached the intended beneficiaries. In view of the above, the Committee are constrained to observe that the erstwhile schemes were not formulated taking into consideration the very basis of targeted beneficiaries. The Committee are hopeful that database of beneficiaries (farmer-wise, crop-wise and area-wise) is updated and made available on real time basis on the online portal that has since been made operational, and is accessible to DAC&FW, IAs and Banks/FIs. The Committee would also like to be apprised of the measures taken towards ensuring real time updation of data.”

Action Taken Reply of Ministry

7. The Ministry of Agriculture and Farmers Welfare in their action taken reply stated as under:-

“The Government has taken following steps to strengthen the data base of the scheme:

- National Crop Insurance Portal (NCIP) (www.pmfby.gov.in) developed for PMFBY has digitized the entire implementation process thereby seamlessly integrating all the stakeholders on one platform for obtaining/uploading details of individual farmers insured under PMFBY.
- Dashboard has been developed enabling downloading of scheme data from a single source.
- The NCIP incorporates facilities for auto calculation of premium subsidy (subsidy module) and claims (DigiClaims Module).
- Direct payment of claim amount on the bank accounts of beneficiaries insured farmers.
- Insured farmers can track/check their application and claim status on the portal.
- Capturing yield data based on Crop Cutting Experiments for calculation of admissible claims.
- Through Aadhar seeding effective de-duplication of beneficiaries.
- Further, module for online verification of land details has also been integrated with NCIP.”

Vetting comments of Audit

8. Vetting Comments of Audit are as under:

“Measures taken by the Ministry towards real time updation of data as applicable in current scheme may be provided to PAC.”

Ministry’s Final Reply

9. “The Government has developed a digital portal for real-time data updation by various stakeholders, viz. Banks, Insurance Companies, Insurance Intermediaries, States/UTs and Farmers.

- This includes granular data at farmer, land-parcel and crop level information entered by the enrolment channels viz. Banks, Insurance Intermediaries and Insurance companies at the time of enrolment for the specific season.
- Details of pre-harvest crop losses and crop yield losses to calculate the eligible claim amount to be paid to the farmers
- Payment of calculated claim amount to the eligible farmers using PFMS payment gateway
- Calculation of Central and States share of premium subsidy amount and remittance of same to the Insurance Companies through PFMS payment gateway
- Real-time weather data information is also being collated under WINDS initiative for usage in technology based crop yield estimation and various other purposes of Crop Insurance and Disaster Management
- Various Mobile Applications have also been developed for usage by different stakeholders including the farmers for various activities like below:

(a)Enrolment under the scheme

(b)Tracking of application status Registration of pre-harvest stage crop losses

(c)Tracking of Claim Status

(d)Crop Loss Assessment

(e)Crop Heath Monitoring

(f)Crop Yield Estimation at Harvesting Stage”

Comments of the Committee

10. The Committee in their original Report had recommended that database of beneficiaries (farmer-wise, crop-wise and area-wise) be updated and made available on real time basis on the online portal that had since been made operational, and was accessible to DAC&FW, IAs and Banks / FIs. The Committee had further desired to be apprised of the measures taken towards ensuring real time updation of data. The Ministry in their reply submitted that a digital portal had been developed for real-time uploading and updation of data at farmer, land and crop level by various stakeholders. Since beneficiary data is the very basis of assessing fund requirements, the failure of implementing agencies in maintaining up-to-date database results in inefficiencies and reduced transparency, the Committee emphasise the mandatory updates by various agencies needs to be enforced to ensure data integrity, objectivity and usability. The Committee would also like to be apprised of the current status of the real time updation of data by the various stakeholders on the digital portal.

Recommendation No. 7

(Coverage of farmers)

11. The Committee in their Original Report had recommended as under:

“Audit scrutiny revealed that coverage of farmers in the country as well as in the nine selected States under the erstwhile schemes was very low compared to the population of farmers as per Census 2011. While the percentage coverage of farmers in the country for crops covered under Kharif season ranged from 14 per cent to 22 per cent and from 8 per cent to 12 per cent in case of crops covered under Rabi season, the percentage coverage of farmers in nine selected States ranged from 26 per cent to 42 per cent for crops covered under Kharif season and from 9 per cent to 16 per cent in the case of crops covered under Rabi season. Further, coverage of non-loanee farmers was negligible. No data of sharecroppers and tenant farmers was maintained despite the fact that the guidelines provided for their coverage under the schemes. Audit also observed that though the budget allocation included specific provisions for coverage of SC/ST category, no data of such coverage and utilisation of funds for this category was maintained. According to the information furnished to the Committee, some of the factors attributable to low coverage of farmers were lack of awareness about the schemes among the farming community and delays in settlement of claims to farmers. Taking note of the fact that the percentage of coverage of farmers under the schemes was very low despite the fact the entire insurance claim liabilities of the farmers were being borne by the Governments, the Committee are of the considered view that the factors attributable for the poor performance of the schemes are required to be identified and appropriately addressed. The Committee, while seeking to be apprised of the percentage of farmers covered under the PMFBY, also desire to be apprised of the remedial measures taken by the Department and its

implementing agencies to further improve the performance of the ongoing scheme so that maximum numbers of farmers are covered under the scheme.”

Action Taken Reply of Ministry

12. The Ministry of Agriculture and Farmers Welfare in their action taken reply stated as under:

“PMFBY currently implemented in 22 States/UTs, however the scheme has been implemented in 27 States/UTs in one or more seasons since its inception in 2016. Two more States – Telangana and Jharkhand are re-joining the scheme from Kharif 2024 season. A total of 56.9 crore farmer applications have been insured for a sum insured of more than Rs 16.02 lakh crores during the period of 7 years of implementation of PMFBY. Farmer enrollment under the scheme has increased from 27% in 2021-22 to 39% in 2022-23 and 42% in 2023-24. Approximately, 4 crore farmers with more than 13 crore farmer policies have been enrolled during 2023-24. Area insured has also showing increasing trends on year to year basis say there was 13% increase in 2021-22, 22% in 2022-23 and 38% in 2023-24. Coverage of non-loanee farmers has also increased under the scheme. It is expected that about 55% of total coverage under the scheme during 2023-24 would be of non-loanee farmers.

The scheme has become 1st largest crop insurance scheme in the world in terms of farmer enrolments and 3rd largest in terms of insurance premiums.

Remedial measures taken by the Government to improve to farmer coverage are as follows:

i) Awareness about the schemes among the farming community

The Government has taken several steps to create substantial awareness about the scheme amongst beneficiaries so that they can enroll themselves voluntarily in all the implementing States/UTs under the scheme to increase the coverage in terms of different crops and areas. The Government has made provisions to ensure availability of adequate funds for awareness of PMFBY. The revised Operational Guidelines for PMFBY which came into effect from 1st October 2018 have inter-alia provided that the insurance companies should compulsorily spend atleast 0.5% of the total gross premium collected by them for Information, Education and Communication (IEC) activities.

The Government has actively supported the awareness activities being carried out by the States, implementing Insurance Companies, financial

institutions, and Common Service Centres (CSCs) network to disseminate key features of PMFBY amongst farmers and members of Panchayati Raj Institutions (PRIs).

Further, a structured awareness campaign 'Crop Insurance Week/Fasal Bima Saptah' has been initiated by the Ministry of Agriculture and Farmers Welfare since Kharif 2021 season onwards. The core focus of the campaign is to increase the awareness about benefits of the scheme, sensitize the stakeholders and to increase overall enrolment of farmers, thereby helping them to reap the benefits of crop insurance with special focus on identified aspirational/tribal districts.

Along with this, 'Fasal Bima Pathshalas' are also being organized at village/GP level for knowledge building of farmers on various aspects of scheme implementation.

Apart from this, other activities for awareness generation involve the publicity of key features and benefits of the scheme through advertisements in leading National and local newspapers, airing of audio-visual spots on regional / local channels, distribution of IEC material in local languages, dissemination of SMS through Kisan / National Crop Insurance Portal (NCIP) portal and organisation of online workshops of all stakeholders including farmers, Panchayat Members, and other key stakeholders.

Government had also organized a nationwide Doorstep Crop Insurance Policy/receipt Distribution mega drive – 'Meri Policy Mere Haath'. Hard copies of crop insurance policy receipts are distributed to farmers enrolled under PMFBY through special camps at gram Panchayat/village level. All implementing State/UT Governments along with respective insurance companies have been organizing Gram Panchayat level mega policy distribution drive.

The systematic monitoring of IEC activities has been diligently overseen by the Central IEC Advisory Committee. This committee, in close collaboration with local Insurance Companies, assumes a pivotal role in ensuring the effective implementation and impact assessment of the IEC initiatives related to crop insurance.

ii) Settlement of claims to farmers.

The Government has taken following steps to address the delay in settlement of claims to the farmers:

- National Crop Insurance Portal (NCIP) (www.pmfby.gov.in) developed for PMFBY has digitized the entire implementation process thereby seamlessly integrating all the stakeholders on one platform for obtaining/uploading details of individual farmers insured under PMFBY.
- Dashboard has been developed enabling downloading of scheme data from a single source.
- The NCIP incorporates facilities for auto calculation of premium subsidy (subsidy module) and claims (DigiClaims Module).
- Direct payment of claim amount on the bank accounts of beneficiaries insured farmers.
- Insured farmers can track/check their application and claim status on the portal.
- Capturing yield data based on Crop Cutting Experiments for calculation of admissible claims.
- Through Aadhar seeding effective de-duplication of beneficiaries.
- Further, module for online verification of land details has also been integrated with NCIP.

(iii) Based on the experience and feedback from the stakeholders, the Operational Guidelines of the Scheme have been revised and revamped w.e.f. Rabi 2018 and Kharif 2020 respectively. Further, Government has taken following steps to increase coverage under the scheme:

- Implementing State Govts/UTs are being persuaded regularly to bring more crops and areas under the ambit of Crop Insurance Schemes to increase coverage.
- There is a provision of performance and evaluation of implementing Insurance Companies under the Schemes, in which one of the important criteria for ranking is % of non-lonae farmers enrolled. If insurance companies are not able to meet the target then there is provision of adverse ranking for Insurance Companies.
- To ensure proper reach of the scheme at the village level, facility for enrolment of farmers through Common Service Centres, Grama One (in Karnataka), online mode on Crop Insurance portal, crop insurance app, AIDE app for crop insurance at door-step of the farmers has been activated.
- Provision has been made to earmark expenditure of 0.5% of gross premium on ICE activities.

- Infusion of technology for timely settlement of claims like YES-Tech (Yield Estimation based on Technology) – It is aided by data inputs, such as remote sensing indices, weather indices, crop phenological information, soil types etc., interfaced with accepted technology/approaches.

YES-TECH has been implemented for paddy and wheat crops with minimum 30% yield estimation through YES-Tech from Kharif 2023. 10 big states have joined it

WINDS (Weather Information Network and Data System) – A network of Automated Weather Stations (AWS) at Taluka/Block level and Automated Rain Gauges (ARG) at Gram Panchayat level is proposed to provide all weather information to farmers and agriculture to various government and other units.”

Vetting Comments of Audit

13. Vetting Comments of Audit are as under:

“Remedial measures have been taken by the Ministry towards improving the farmers coverage and early settlement of the farmers’ claims. Hence, in view of reply no further comment.”

Ministry’s Final Reply

14. The Ministry have not provided any Updated Action Taken Reply.

Comments of the Committee

15. The Committee in their original Report had recommended that the factors attributable for the poor performance of the schemes under PMFBY like lack of awareness about the schemes and delays in settlement of claims etc. be properly addressed. The Committee had further desired to be apprised of the percentage of farmers covered under the PMFBY and the remedial measures taken by the Department and its implementing agencies to further improve the performance of the ongoing scheme in order to ensure maximum coverage of farmers. The Ministry in their reply have stated that farmers’ enrolment under the schemes is gradually increasing and various measures have been taken by the Ministry to create awareness about the schemes amongst beneficiaries.

While acknowledging the measures undertaken by the Ministry, the Committee reiterate their recommendation that measures be taken so that maximum number of farmers are covered under the scheme. The Committee also observe that tailored awareness campaigns using local languages are must to

educate farmers about the benefits, procedures and eligibility of crop insurance schemes so as to increase coverage under the insurance schemes. The Committee also desire to be informed of the progress in respect of coverage of farmers under the insurance schemes particularly sharecroppers, tenant and non-loanees farmers.

Recommendation No. 10

(Crop Cutting Experiment)

16. The Committee in their Original Report had recommended as under:

“The Committee note that one of the requirements as per the operational guidelines of the schemes is to obtain accurate and timely yield data based on the stipulated number of Crop Cutting Experiments (CCEs) at the level of insurance unit which is village/village panchayat for major crops and may be a higher unit for minor crops. Against this requirement, the Committee note that the infrastructure and manpower at ground level is hugely deficient in terms of both quality and numbers making it difficult to undertake CCEs in such large numbers, thereby delaying timely settlement of claims of farmers. Towards this end, the Committee have been informed by the Department that the revised operational guidelines for PMFBY (Section 20) envisage the use of innovative technologies for accurate crop yield estimation and timely settlement of claims and initiatives like Pilot Study on Optimization of Crop Cutting Experiments (CCEs) and Improving Crop Yield Estimation, Smart Sampling Technique and Optimization of CCEs (Pilots and implementation), Gram Panchayat Level Direct Yield Estimation using Technology (Pilots) etc. While acknowledging the significance of the initiatives taken by the Department, the Committee also feel that immediate necessary action may be taken to provide adequate manpower and infrastructure at the ground level and stress on the need to involve local farmers in CCEs. Further, while emphasizing the need to ensure that the Crop Cutting Experiment (CCEs) techniques/methods employed by the Departments concerned are accurate to gauge the impact and extent of crop failure, the Committee recommend that best practices of CCEs of different States may also be emulated across the country to have accurate and timely data on crop yield.”

Action Taken Reply of Ministry

17. The Ministry of Agriculture and Farmers Welfare in their action taken reply stated as under:

“Crop Cutting Experiments (CCEs) to estimate the yield for calculating claims under PMFBY are being conducted by the concerned State Governments as per the guidelines and supervision of National Statistical

Office (NSO) earlier known as National Sample Survey Organizations (NSSO).

Keeping in view the difficulties in manual CCEs original and Revamped Operational Guidelines (OGs) for Pradhan Mantri Fasal Bima Yojana (PMFBY) envisage use of improved technology to ensure minimum dependence on manpower and at the same time for timely settlement of farmers claims. Accordingly, for better transparency of yield calculation process, CCE Agri app has been developed to make the entire process paperless and real-time. All data captured through the app is time-stamped and geo-tagged. The use of CCE Agri App was made mandatory for intimate data of CCE on National Crop Insurance Portal w.e.f. Kharif 2018.

With a view to reduce total number of CCEs and improving distribution of locations for conducting CCEs under PMFBY, DAC&FW, through MNCFC had initiated smart sampling technique. This reduction in number of CCEs has led to efficient manpower & budgetary planning, more precise and focused approach for quality data collection, timely data consolidation and early claim settlement and also increased objectivity & reliability of yield data.

Use of Satellite/Remote Sensing and related technology for loss assessment and direct yield estimation at Gram Panchayat level. After various pilot studies YES-Tech (Yield Estimation based on Technology) has been approved for implementation wherein it has been made mandatory for the States to calculate atleast 30% yield through these methods and 70% through traditional CCEs methods for timely settlement of claims. This percentage will be increased in due course of time. State Government of Madhya Pradesh has accepted this technology for 100% yield estimation in the State.

Vetting Comments of Audit

18. Vetting Comments of Audit are as under:

“Steps taken to involve local farmers and to emulate the best practices of CCEs of different States may be provided to PAC.”

Ministry's Final Reply

19. The Ministry in their Updated Action Taken Reply have stated as under:

“Local farmer whose plot is chosen for conducting CCEs for the crop and season is mandatorily part of the team comprising of Field level Govt. functionaries (VAO, Agriculture Assistant etc.) & representative of Insurance

Companies. The Crop Cutting Experiments are conducted using a Mobile Application for ensuring transparency and faster collation of yield data for calculation of eligible claims. As per Crop Yield estimation manual, farmer representative is required to sign the forms/documents which are used by VAO at the spot/time of CCE.

The Smart-Sampling technique has been introduced under the scheme to ensure secrecy and transparency in sampling of plot for conducting CCEs. Further Technology Based Yield Assessment under YESTECH has also been introduced under the scheme ensure reduce possible moral hazard and errors in manual process.

These interventions have been adopted by 9 major states & UTs and department is making efforts to include more number of states under these technology solutions to increase efficiency and transparency in the crop yield estimation process.”

Comments of the Committee

20. The Committee in their original Report had recommended the emulation of best practices of CCEs of different States across the country to have accurate and timely data on crop yield.

The Ministry in their reply stated that Smart-sampling technique and technology based Yield Assessment under YESTECH had been introduced under the CCE to obtain accurate data regarding crop yield.

Taking note of the measures undertaken by the Ministry, the Committee are of the considered opinion that Crop Cutting Experiments (CCEs), being the cornerstone of India’s agricultural statistics system for providing objective and ground-level data on crop yields, form the basis of estimating crop yields and production in India, especially for the purpose of crop insurance claims under PMFBY and agricultural planning. Due to growing importance of accurate agricultural data, the relevance of CCEs has assumed greater significance. The Committee emphasise on the accuracy, consistency and transparency of the CCE methodology so that the Government can significantly enhance the credibility of yield estimates, ensure timely

insurance payouts under PMFBY and make informed decisions on resource allocation. Therefore, the Committee reiterate their recommendation that the best practices of CCEs of States may be implemented across different states of the country and further desire to be apprised of the progress made in this regard.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation/Recommendation No. 1

(Mechanism for timely release of funds by State Governments)

The Committee note that under NAIS, MNAIS and WBCIS, funds were released by GOI and State Governments to AIC on 50:50 basis towards share in premium subsidy along with claims over and above 100 per cent of premium collected under NAIS (for food and oilseed crops) to the Implementing Agencies (IAs). In turn, AIC released to private Insurance companies their share of premium subsidy (MNAIS and WBCIS). Audit scrutiny revealed that though Department of Agriculture & Farmers Welfare (DAC&FW) invariably released their share on time, instances of delayed release of the subsidy by State Governments were observed. The Committee observe that in view of the fact that the very basis of the funding pattern designed under schemes required GOI and State Governments to release their share in premium subsidy along with claims, any delay by State Governments would have surely impacted the release of insurance claim to affected farmers, thereby defeating the very objective of providing timely financial assistance to the farming community which faced partial or full failure of crops due to natural calamities, pests and disease. The Committee, while expressing the view that the DAC&FW should have played a proactive role to Impress upon the States to scrupulously follow the guidelines of the erstwhile schemes, are hopeful that necessary steps have been taken to ensure timely release of funds by the State Governments in the implementation of the PMFBY, which is currently operational.

Action Taken by Ministry

During the implementation of erstwhile crop insurance schemes, the Government of India took adequate measures to ensure providing of timely financial assistance to the farmers. State Governments were repeatedly urged to pay their share timely through various correspondences at the highest level including Hon'ble Agriculture Minister.

Based on the recommendations of the C&AG Report on the Performance Audit of the Agriculture Crop Insurance Schemes from Kharif season 2011 till Rabi 2015-16, the then crop insurance schemes were reviewed and following new provisions regarding timely payment of State Government's share have been incorporated in the existing Pradhan Mantri Fasal Bima Yojana (PMFBY) and further revised and revamped from Rabi 2018, 2020-21 and 2023-24:

- In the PMFBY, States have to deposit upfront premium subsidy through opening of an Escrow Account by the States.

- To ensure timely payment of claims to the farmers, with the approval EFC, GOI share of premium subsidy has been delinked from the State share and released without waiting for the State share. The States are subsequently informed to pay their respective share.
- Definite timelines have been laid down for various activities by the State Governments and insurance companies.
- Intensive monitoring of fund released by States is being made.
- Further, penalty provision has been incorporated in revised operation guidelines highlighting that States have to pay penal interest @ 12% per annum in case of delay in release of State share of Premium Subsidy to implementing insurance companies beyond three months of prescribed cut-off date/submission of requisition by Insurance Companies.
- States delaying the release of subsidy beyond stipulated timelines shall not be allowed to participate in upcoming seasons.
- To ensure proper and timely monitoring, all the transactions both Central and State Government share in premium subsidy, are being routed through National Crop Insurance Portal (NCIP) with effect from 2021-22.
- Based on the recommendations of the working Group constituted to examine the Alternative Risk Mitigation Mechanisms to rationalize the premium pricing, enhancing underwriting capacity and challenges faced in implementation of PMFBY and suggest remedial measures, various Alternative Risk Management Models of Profit & Loss Sharing, Cup & Cap (60-130) & Cup & Cap (80-110) have been introduced under the scheme from 2023-24. This will on one hand help states with the multiple options to choose from as per their agriculture practices and agro-climatic requirements and on the other hand rationalize their fiscal expenditure on premium subsidies.

Vetting Comments of Audit

Necessary steps have been taken by the Department for providing timely financial assistance to the farmers. Hence no further comment.

Ministry's Final Reply

The Ministry have not offered any comments in the updated action taken reply.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 2

(Savings under NAIS with Agriculture Insurance Company of India Limited)

The Committee note that in terms of NAIS guidelines issued in July 1999, the IA (GIC till March 2003 and AIC thereafter) was required to meet the entire liabilities up to 100 percent of premium in the case of food crops and oilseeds, and 150 per cent of premium in the case of commercial and horticultural crops. Liabilities in excess of these limits were to be shared equally by GOI and the State Governments till

complete transition to actuarial regime in a period of five years. Thereafter, all claims up to 150 per cent of premium would be met by the IA for a period of three years, the limit of which would increase to 200 per cent thereafter. Claims above these limits would be met out of a corpus fund to be created with equal contributions of GOI and the State Governments. However, the guidelines were silent on the utilization of savings, if any, due to difference between premium collected and claims payable by AIC. Audit observed that during the period of operation of NAIS (from Rabi season 1999-2000 to Rabi season 2015-16, i.e., 33 seasons), AIC had accumulated savings of 2,518.62 crore, from the collection of premium (amount of premium collected: ₹14,056.81 crore less AIC's share of claims paid: 11,538.19 crore) and due to the absence of guidelines regarding the fate of savings retained the same. Audit also noticed that the Ministry of Finance directed AIC in December 2009 to release 200 crore to DAC&FW stating that these funds were being drawn from the retained profits/ reserves (created out of NAIS activities) of AIC as a prelude to the recasting of the scheme and stopping the excess premium of individual States being appropriated as profits by AIC. The Committee were apprised that consequent upon objection by the Audit on retention of saving by AIC, the DAC&FW took up the matter with AIC and Ministry of Finance to return the savings on the ground that AIC was being reimbursed all operational expenses for implementation of the scheme, and there was no justification for AIC to retain the savings. As per the information made available to the Committee by the DAC&FW, the matter was under consideration. While hoping that a decision may have been taken on the matter by now and the issue of adjustment of savings under NAIS has been taken to its logical conclusion by DAC&FW, Ministry of Finance and AIC, the Committee express optimism that a system for utilization of savings would have been evolved by now. The confusion over retention of savings by AIC was created due to absence of specific guidelines in this regard. The Committee are hopeful that the Ministry have taken necessary measures to plug the loopholes, found in the erstwhile schemes, in the new scheme and a well deliberated rule/provision regarding utilization of premium have been incorporated in the guidelines on implementation of the PMFBY. The Committee wish to be apprised of the necessary details in this regard.

Action Taken by Ministry

Under the Operational Guidelines of PMFBY, Government has taken following steps to plug the loopholes in the erstwhile crop insurance scheme in this regard:

- The system of savings in the erstwhile schemes has been dispensed with in PMFBY & the scheme is being implemented on actuarial premium basis.
- Under PMFBY, the Govt. support is limited to upfront premium subsidy and liability of claims vests entirely with the implementing Insurance Companies. Any shortfall or excess/savings in premium received is the responsibility of the insurance companies.
- However, at the demand of various States/UTs and as per recommendations of the Working Group constituted to examine Alternative

Risk Mitigation Mechanisms to rationalize the scheme structure various Alternative Risk Management Models of Profit & Loss Sharing, Cup & Cap (60-130) & Cup & Cap (80-110) have been introduced under the scheme from 2023-24, under which if no claim/less claim (than certain limit) arises under the scheme, then a portion of the premium paid by the state will go into the state treasury itself. On the other hand, if claims are more than the certain limit, the claims are paid by the concerned Government

Vetting Comments of Audit

The system of savings in the erstwhile schemes has been dispensed with in PMFBY and the scheme is being implemented on actuarial premium basis. Necessary steps taken by the Department. Hence in view of reply, no further comment.

Ministry's Final Reply

The Ministry have not offered any comments in the updated action taken reply.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 3

(Release of funds to private companies)

As per the operational guidelines of schemes, IAs i.e., AIC as well as other empanelled private insurance companies were responsible for providing crop insurance to farmers under the agriculture crop insurance schemes. Further IAs were required to receive details of insured farmers from the nodal points (of the concerned Bank/Financial Institutions), and calculate the claims, if any. In the case of MNAIS and WBCIS, the private insurance companies forward the claims for premium subsidy to AIC, which in turn, include their own premium subsidy claims and approach GOI and State Governments for release of their shares. In respect of NAIS, AIC approaches GOI and State Governments for their share of premium subsidy and claim liabilities. On receipt of funds from GOI and State Governments, AIC release the premium subsidy to the private insurance companies (in respect of MNAIS and WBCIS) and claim amounts (in respect of NAIS) to the nodal points. However, the Committee note that the Agriculture Insurance Company (AIC) released ₹3,622 crore as premium subsidy to 10 private insurance companies without compliance to any of the guidelines. In reply Ministry contended that AIC released the subsidy to private companies only after they submitted the entire coverage data to DAC & FW, on the basis of which 2 specific directions to release the funds to private companies were given by DAC & FW and hence subsidy was released as per procedure and there was no deliberate negligence by AIC. The

Department had also submitted that AIC being one of the implementing agencies could not undertake verification of coverage of other insurance companies as other companies had their objections. The Committee are discontented over the stand of the DAC&FW for not undertaking verification of coverage of other insurance companies, and feel that AIC, being the agency for releasing payment to private insurance companies, was responsible for exercising due diligence before releasing the payments and ensure compliance to the operational guidelines of schemes. The Committee are of the view that necessary directions ought to have been issued to the implementing agencies, including empanelled private insurance companies, to mandatorily undertake physical verification of details of claims of insured farmers from the nodal points before release of fund. Further, the Committee recommend that a timeframe may also be fixed for periodic evaluation of the performance of all empanelled insurance companies.

Action Taken by Ministry

As per clause 2(i) of Guidelines issued by Govt. of India vide their letter dated 09.10.2009, all Private Insurance companies were required to submit their provisional/estimated data regarding Crops, Areas, SI, Premium, Coverage, etc. to AIC, based on the districts allotted to them. After consolidating the data, the demand of 50% of Gol fund was raised by AIC from Govt. of India and same was disbursed to the Private Insurance companies according to the conditions mentioned in the covering letter of Gol for releasing the fund.

As per clause 2(iv) of these Guidelines, AIC receives coverage data from the Private Insurance companies for onward submission to MOA&FW, in the capacity of fund routing agency.

Further, as per current provisions of PMFBY, implemented from Kharif 2016 season, Government has made following provisions with regard to physical verification of beneficiaries and coverage:

- The verification of beneficiaries is inbuilt in the National Crop Insurance Portal (NCIP) (www.pmfby.gov.in) developed for PMFBY.
- Capturing of individual farmer data along with Aadhar details has ensured de-duplication and proper verification.
- Module for online verification of land details including record of rights (ROR) presently has been implemented in most of the States covering more than 90% of the insured area under the scheme.
- Claims under PMFBY are now worked out and disbursed directly to the bank accounts of the beneficiaries through Digi Claim Module on NCIP using Public Finance Management System (PFMS) credentials.
- Government Subsidy is also being provided to Insurance Companies on the basis of enrolment of individual farmers data (including data on coverage) on the NCIP.
- Under PMFBY demand, disbursement and utilisation of funds towards premium subsidy by the Government (both Central and State Government) is being generated and settled through NCIP from the data base of

individual insured farmers, uploaded by concerned enrolment agencies and approved by Insurance companies on Portal itself.

Vetting Comments of Audit

Action taken to

- i. mandatorily undertake physical verification of details of claims of insured farmers from the nodal points before release of fund, and
- ii. fixation of a timeframe for periodic evaluation of the performance of all empanelled insurance companies may be provided to PAC.

Ministry's Final Reply

(i) Since the department has developed a digital portal for capturing real-time enrolment data of individual insured farmers directly entered by the Banks, Insurance Intermediaries and Insurance Companies, therefore department has real-time data availability on the digital portal of PMFBY (www.ncip.gov.in) for verification, reconciliation and monitoring of the data. Further, since claims of eligible farmers are also processed through the same digital portal using PFMS platform, the department has a visibility and real-time monitoring of claim settlement being done by the Insurance Companies.

Further, the claims being remitted are also validated and confirmed through remittance details shared by the concerned banks using PFMS gateway. Accordingly, there is a full tracking system available for payable premium subsidy and claim settled by the Insurance companies. Farmer can also track their application status along with claim payment status through the digital portal and mobile application developed for the same.

Through this mechanism, the committee's direction for end to end tracking and verification of claims is being compiled with.

(ii) As per provisions of revamped Operational Guidelines of the scheme is to be closely monitored by the concerned Nodal Department of the State Government at the end of the completion of each 1-year interval comprising of at least two crop seasons i.e. Kharif and Rabi through ascertaining the company's skills, commitment and efficiencies for providing cost effective and efficient insurance services to farmers. For the purpose, a detailed performance evaluation matrix containing key performance indicators with assigned weightage has been worked out and is as given in the Operational Guidelines (extracts enclosed). The base data to be used for the evaluation may be extracted from National Crop Insurance Programme (NCIP). The Nodal department has to share their evaluation report with respective Insurance Company for their comments and confirmation. Each Insurance Company has to be given enough opportunity to present their views and substantiate their observations with valid data/proofs. Nodal Department shall evaluate such additional

data/proofs submitted by Insurance Company and accordingly review their evaluation report and submit to Ministry of Agriculture & Farmers Welfare.

Once the Performance Evaluation report has been accepted and finalized after validation by the Central Government MoA&FW, the corresponding actions is to be taken by the Ministry along with similar actions by the Nodal Department of the state.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 4 **(Reinsurance)**

The Committee note that as per NAIS guidelines, AIC was required to obtain appropriate re-insurance cover in the international re-insurance market. However, AIC had arranged for re-insurance support only for their own share of claims under NAIS, it had not arranged re-insurance support for the share of claims to be borne by GOI and the State Governments. In this regard, AIC stated that as regards NAIS (for food and oilseed crops), Governments acted as reinsurers by sharing the risk whenever the claims exceeded the stipulated margin. In so far as actuarially rated products like WBCIS, MNAIS and NAIS (for commercial and horticultural crops) were concerned, where AIC was fully responsible for all the claims, adequate reinsurance protection was availed of. The Committee observe from the reply of AIC that while the scheme (NAIS) guidelines provided that IA (AIC) was responsible for arranging re-insurance support for the entire scheme claims under NAIS and not for the AIC portion alone, the reply of AIC was conspicuously silent on the observation of Audit on reduction of liabilities of GOI and the State Governments to the extent of Rs.21,989.24 crore, if the re-insurance cover was obtained. In view of the fact that huge financial support could have been provided as pointed out by Audit in the wake of seeking re-insurance cover in the international re-insurance market, the issue of divergence of guidelines by AIC needs to be enquired into. The Committee, therefore while emphasizing the need for devising a robust compliance mechanism, desire that reason for failure to comply with the NAIS guidelines be identified and appropriate action taken against the erring officials responsible for it.

Action Taken by Ministry

The directions of the Committee are noted for compliance. However, the following action taken by the government are also brought to the notice of the Committee:

Under erstwhile NAIS flat/administered premium rates ranging between 2% to 3.5% were charged from farmers and claims over and above 100% of the premium collected by AIC (sole implementing agency) were to be shared equally by Centre and State Governments. In case of commercial/horticultural crops actuarial premium was charged by AIC and claims liability was to be shifted to the AIC in a phased manner over five years. Transition to actuarial regime was envisaged in a period of five years and accordingly a Clause was introduced in the Operational

Guidelines which stipulates that efforts will be made by IA to obtain appropriate reinsurance cover for the proposed NAIS in the international Reinsurance market.

Further, with the transition of the scheme on actuarial basis over a period of 5 years the Government liability was to be shifted from subsidizing claims to subsidizing premium only. However, since reinsurance is data-driven and based on actuarial analysis of the past loss history, reinsurance arrangement was feasible when the risks were actuarially priced, which is being done under the current regime.

Vetting Comments of Audit

Specific reply regarding the reasons for failure to comply with guidelines is not given. Status of devising a robust compliance mechanism and action taken to against the erring officials is also not provided. Therefore, the same may be furnished to PAC.

Ministry's Final Reply

As per directions of the PAC, AIC was advised to constitute an Internal Inquiry Committee to examine the matter and submit its findings to Department of Agriculture & Farmers Welfare for further appraising the PAC. Accordingly, an internal committee was constituted in AIC who deliberated on all the provisions of NAIS, State-wise, season-wise and crop-wise performance of the scheme, implementation of individual based loss assessments in case of localized calamities, formation of corpus fund and withdrawal of various financial liabilities on sun set basis and transition to actuarial regime within 3-5 years after implementation etc. Committee submitted its report to DA&FW on 26th June, 2024. Keeping in view all the aspects of NAIS and critically examining the applicability of reinsurance protection against historical loss ratio of 400% and flat premium rates, the enquiry committee has opined that GIC and AIC were only IA of the Scheme and have never been unquestionably authorized by way of administrative approval for negotiating reinsurance terms and conditions on behalf of Central and State Governments as well as sharing of remaining risk over and above the available reinsurance protection, if any. Accordingly, the Committee has concluded that no diversions were made in the NAIS guidelines by the Implementing Agency.

After examination of the Report of the Internal Inquiry Committee constituted by AIC and considering the fact that DA&FW is the nodal Department for Crop Insurance scheme; DFS being the nodal Department handling administrative matters of AIC and GIC being the public sector reinsurer, a committee was constituted in the Department with DFS and GIC as members to re-examine the issue in the light of the recommendations of PAC and the findings submitted by the Internal Inquiry Committee.

The Government Committee deliberated the matter in its two meetings and found

(a) the Joint Group established by the Government in 2004 to examine improvements to the cop insurance scheme linked reinsurance coverage solely to an actuarial pricing mechanism.

(b) The provisions of premium rates, subsidy sharing of risks between stakeholders is well defined in Para 8 of guidelines. However, clause 17 of the guidelines only mentions that efforts are to be made by Implementing Agency (IA) to obtain appropriate re-insurance cover.

(c) AIC has informed the committee that "Efforts were made by the General Insurance Corporation of India (GIC) the then administrative agency of the scheme, in the initial stages after introduction of NAIS to get reinsurance for Government part as well, but due to low administered premium rates no reinsurer was ready to give reinsurance even to GIC. In fact, the Government was the reinsurer for claims over and above 100% of premium under NAIS, which also dissuaded the reinsurers. However, GIC/AIC bought reinsurance for their own part where actuarial premium rates were charged for annual commercial/horticulture crops for which they got reinsurance for NAIS, MNAIS and WBCIS". Hence, efforts were made as per guidelines.

(d) Further, the administrative approvals issued every year were silent on mechanism / modalities etc to be adopted for re-insurance.

(e) There was delay in shifting to actuarial regime, which otherwise would have clearly brought the scheme under reinsurance cover.

Thus, the Committee concluded that the policy decision was for covering risks through Government Budget and there were no clear directions to Implementing Agency (IA) for obtaining reinsurance. As such, this committee could not identify any lapse on the part of IA (AIC/GIC).

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 5

(Submission of Utilization Certificates (UCs))

The Committee note that DAC&FW issued standing instructions to AIC in March, 2014 to mandatorily furnish state-wise and company-wise UCs to DAC&FW within a week of release. Further, National Crop Insurance Programme (NCIP) guidelines require Bank/FIs to submit UCs to IAs within 15 days of credit of claims amounts to beneficiary farmers. Audit scrutiny revealed that AIC did not furnish periodic returns, as mandated, to DAC&FW. Instead, AIC furnished UCs only at the time of requirement of fresh funds from DAC&FW. As regards the guidelines for submission of UCs by Banks/FIs, Audit observed that in many cases Bank/FIs failed to submit UCs to AIC. Regarding reason for failure to furnish Utilization Certificates by AIC within a week of release of funds as required by the Department, the Department stated that Crop insurance schemes are multi-agency schemes and fulfilling the roles and responsibilities was the responsibility of each stakeholder, this also depended upon fulfilment of responsibility by other stakeholders. Moreover, on its part, AIC had adhered to the timelines of UC submission subject to the Financial institutions/banks and other insurance companies fulfilling their responsibilities. In the opinion of the Committee, AIC cannot shy away from the responsibility of

furnishing UCs in a time bound manner by merely placing the onus on the Banks/FIs. The Committee therefore, while expressing surprise over the manner the funds were released without verifying the requirements based on any documentary proof, stress on the need to evolve a mechanism to ensure strict compliance of guidelines of the PMFBY for timely submission of UCs for enabling maximum utilization of funds for the benefit of the farmers.

Action Taken by Ministry

The Committee's concern regarding implementation of a mechanism for timely submission of UCs by all ICs has been taken care of through implementation of Subsidy Module on National Crop Insurance Portal (NCIP) where demand is raised by ICs on the NCIP and disbursement of subsidy is also made on NCIP. Therefore, record of each demand/release is available on the NCIP doing away with the need for obtaining utilization certificates from agencies. ICs can mark their payments as received there and a digital UC may be generated from module which can be downloaded in required format.

Further, under new guidelines of release of funds under Central Sector Schemes, being implemented from 2022-23, the PMFBY has been integrated to the Treasury Single Account (TSA) system, wherein subsidy funds are assigned to the Central Nodal Agency (i.e. AIC)'s Reserve Bank of India (RBI) Account and actual releases are made based on the demand received and with the approval of DA & FW.

Vetting Comments of Audit

No further comments.

Ministry's Final Reply

The Ministry have not offered any comments in the updated action taken reply.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 6

(Non maintenance of Data base)

The Committee note that under NAIS guidelines, the IAs were only required to provide returns/statistics to GOI (and not the States). Audit observed that IAs did not provide periodic (monthly or quarterly) returns on NAIS to the Governments. Instead statistical data to support their claims were furnished at the time of requirement of funds. No separate requirements regarding furnishing of periodic returns/statistics were issued under MNAIS and WBCIS till they were integrated under NCIP. Thereafter (i.e., from Rabi season 2013-14), IAs were required to furnish monthly progress returns/statistics or any information demanded by the Governments. The NCIP guidelines also stipulated that IAs were required to obtain and upload comprehensive details of insured farmers on their websites. However, Audit had pointed out that IAs did not furnish monthly progress reports/ statistics to the

Government even under the NCIP nor upload details of Insured farmers on their websites. Moreover, neither DAC&FW nor AIC verified and analyzed the statistical data at the time of release of funds. According to the Information made available to the Committee, DAC&FW admitted in December 2016 that beneficiary data was not available with them or the IAs and that the same were maintained by the banks. In view of the fact that prior to 2013-14, under the schemes, IAs were required to provide periodic (monthly and quarterly) returns on NAIS to the Governments, the Committee are constrained to observe that IAs failed to meet this guideline and instead they furnished statistical data to support their claims at the time of requirement of funds. Regrettably, the IAs continued to deviate from the stipulated guidelines even after 2013-14 which sought them to obtain and upload comprehensive details of insured farmers on their websites. In light of the fact that the fund requirements were assessed based on the beneficiary data, the Committee are of the view that the methodology adopted by DAC&FW to ascertain the authenticity of the statistical data provided by the IAs needs to be examined. The Committee also feel that absence of specific guidelines on role of DAC&FW or IAs in maintaining the database of beneficiaries (farmer-wise, crop-wise and area-wise) led to such a situation where substantial financial contribution was made by the Governments and their agencies without confirming whether it reached the intended beneficiaries. In view of the above, the Committee are constrained to observe that the erstwhile schemes were not formulated taking into consideration the very basis of targeted beneficiaries. The Committee are hopeful that database of beneficiaries (farmer-wise, crop-wise and area-wise) is updated and made available on real time basis on the online portal that has since been made operational, and is accessible to DAC&FW, IAs and Banks/FIs. The Committee would also like to be apprised of the measures taken towards ensuring real time updation of data.

Action Taken by Ministry

The Government has taken following steps to strengthen the data base of the scheme:

- National Crop Insurance Portal (NCIP) (www.pmfby.gov.in) developed for PMFBY has digitized the entire implementation process thereby seamlessly integrating all the stakeholders on one platform for obtaining/uploading details of individual farmers insured under PMFBY.
- Dashboard has been developed enabling downloading of scheme data from a single source.
- The NCIP incorporates facilities for auto calculation of premium subsidy (subsidy module) and claims (DigiClaims Module).
- Direct payment of claim amount on the bank accounts of beneficiaries insured farmers.
- Insured farmers can track/check their application and claim status on the portal.

- Capturing yield data based on Crop Cutting Experiments for calculation of admissible claims.
- Through Aadhar seeding effective de-duplication of beneficiaries.
- Further, module for online verification of land details has also been integrated with NCIP.

Vetting Comments of Audit

Measures taken by the Ministry towards real time updation of data as applicable in current scheme may be provided to PAC.

Ministry's Final Reply

The Government has developed a digital portal for real-time data updation by various stakeholders, viz. Banks, Insurance Companies, Insurance Intermediaries, States/UTs and Farmers.

- This includes granular data at farmer, land-parcel and crop level information entered by the enrolment channels viz. Banks, Insurance Intermediaries and Insurance companies at the time of enrolment for the specific season.
- Details of pre-harvest crop losses and crop yield losses to calculate the eligible claim amount to be paid to the farmers
- Payment of calculated claim amount to the eligible farmers using PFMS payment gateway
- Calculation of Central and States share of premium subsidy amount and remittance of same to the Insurance Companies through PFMS payment gateway
- Real-time weather data information is also being collated under WINDS initiative for usage in technology based crop yield estimation and various other purposes of Crop Insurance and Disaster Management
- Various Mobile Applications have also been developed for usage by different stakeholders including the farmers for various activities like below:

(a)Enrolment under the scheme

(b)Tracking of application status Registration of pre-harvest stage crop losses

(c)Tracking of Claim Status

(d)Crop Loss Assessment

(e)Crop Heath Monitoring

(f)Crop Yield Estimation at Harvesting Stage

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

(Please see Para 10 of Chapter 1 for comments of the Committee)

Observation/Recommendation No. 7

(Coverage of farmers)

Audit scrutiny revealed that coverage of farmers in the country as well as in the nine selected States under the erstwhile schemes was very low compared to the population of farmers as per Census 2011. While the percentage coverage of farmers in the country for crops covered under Kharif season ranged from 14 per cent to 22 per cent and from 8 per cent to 12 per cent in case of crops covered under Rabi season, the percentage coverage of farmers in nine selected States ranged from 26 per cent to 42 per cent for crops covered under Kharif season and from 9 per cent to 16 per cent in the case of crops covered under Rabi season. Further, coverage of non-loanee farmers was negligible. No data of sharecroppers and tenant farmers was maintained despite the fact that the guidelines provided for their coverage under the schemes. Audit also observed that though the budget allocation included specific provisions for coverage of SC/ST category, no data of such coverage and utilisation of funds for this category was maintained. According to the information furnished to the Committee, some of the factors attributable to low coverage of farmers were lack of awareness about the schemes among the farming community and delays in settlement of claims to farmers. Taking note of the fact that the percentage of coverage of farmers under the schemes was very low despite the fact the entire insurance claim liabilities of the farmers were being borne by the Governments, the Committee are of the considered view that the factors attributable for the poor performance of the schemes are required to be identified and appropriately addressed. The Committee, while seeking to be apprised of the percentage of farmers covered under the PMFBY, also desire to be apprised of the remedial measures taken by the Department and its implementing agencies to further improve the performance of the ongoing scheme so that maximum numbers of farmers are covered under the scheme.

Action Taken

PMFBY currently implemented in 22 States/UTs, however the scheme has been implemented in 27 States/UTs in one or more seasons since its inception in 2016. Two more States – Telangana and Jharkhand are re-joining the scheme from Kharif 2024 season. A total of 56.9 crore farmer applications have been insured for a sum insured of more than Rs 16.02 lakh crores during the period of 7 years of implementation of PMFBY. Farmer enrollment under the scheme has increased from 27% in 2021-22 to 39% in 2022-23 and 42% in 2023-24. Approximately, 4 crore farmers with more than 13 crore farmer policies have been enrolled during 2023-24. Area insured has also showing increasing trends on year to year basis say there was 13% increase in 2021-22, 22% in 2022-23 and 38% in 2023-24. Coverage of non-loanee farmers has also increased under the scheme. It is expected that about 55% of total coverage under the scheme during 2023-24 would be of non-loanee farmers.

The scheme has become 1st largest crop insurance scheme in the world in terms of farmer enrolments and 3rd largest in terms of insurance premiums.

Remedial measures taken by the Government to improve to farmer coverage are as follows:

i) Awareness about the schemes among the farming community

The Government has taken several steps to create substantial awareness about the scheme amongst beneficiaries so that they can enroll themselves voluntarily in all the implementing States/UTs under the scheme to increase the coverage in terms of different crops and areas. The Government has made provisions to ensure availability of adequate funds for awareness of PMFBY. The revised Operational Guidelines for PMFBY which came into effect from 1st October 2018 have inter-alia provided that the insurance companies should compulsorily spend atleast 0.5% of the total gross premium collected by them for Information, Education and Communication (IEC) activities.

The Government has actively supported the awareness activities being carried out by the States, implementing Insurance Companies, financial institutions, and Common Service Centres (CSCs) network to disseminate key features of PMFBY amongst farmers and members of Panchayati Raj Institutions (PRIs).

Further, a structured awareness campaign 'Crop Insurance Week/Fasal Bima Saptah' has been initiated by the Ministry of Agriculture and Farmers Welfare since Kharif 2021 season onwards. The core focus of the campaign is to increase the awareness about benefits of the scheme, sensitize the stakeholders and to increase overall enrolment of farmers, thereby helping them to reap the benefits of crop insurance with special focus on identified aspirational/tribal districts.

Along with this, 'Fasal Bima Pathshalas' are also being organized at village/GP level for knowledge building of farmers on various aspects of scheme implementation.

Apart from this, other activities for awareness generation involve the publicity of key features and benefits of the scheme through advertisements in leading National and local newspapers, airing of audio-visual spots on regional / local channels, distribution of IEC material in local languages, dissemination of SMS through Kisan / National Crop Insurance Portal (NCIP) portal and organisation of online workshops of all stakeholders including farmers, Panchayat Members, and other key stakeholders.

Government had also organized a nationwide Doorstep Crop Insurance Policy/receipt Distribution mega drive – 'Meri Policy Mere Haath'. Hard copies of crop insurance policy receipts are distributed to farmers enrolled under PMFBY through special camps at gram Panchayat/village level. All implementing State/UT Governments along with respective insurance companies have been organizing Gram Panchayat level mega policy distribution drive.

The systematic monitoring of IEC activities has been diligently overseen by the Central IEC Advisory Committee. This committee, in close collaboration with local Insurance Companies, assumes a pivotal role in ensuring the effective implementation and impact assessment of the IEC initiatives related to crop insurance.

ii) Settlement of claims to farmers.

The Government has taken following steps to address the delay in settlement of claims to the farmers:

- National Crop Insurance Portal (NCIP) (www.pmfby.gov.in) developed for PMFBY has digitized the entire implementation process thereby seamlessly integrating all the stakeholders on one platform for obtaining/uploading details of individual farmers insured under PMFBY.
- Dashboard has been developed enabling downloading of scheme data from a single source.
- The NCIP incorporates facilities for auto calculation of premium subsidy (subsidy module) and claims (DigiClaims Module).
- Direct payment of claim amount on the bank accounts of beneficiaries insured farmers.
- Insured farmers can track/check their application and claim status on the portal.
- Capturing yield data based on Crop Cutting Experiments for calculation of admissible claims.
- Through Aadhar seeding effective de-duplication of beneficiaries.
- Further, module for online verification of land details has also been integrated with NCIP.

(iii) Based on the experience and feedback from the stakeholders, the Operational Guidelines of the Scheme have been revised and revamped w.e.f. Rabi 2018 and Kharif 2020 respectively. Further, Government has taken following steps to increase coverage under the scheme:

- Implementing State Govts/UTs are being persuaded regularly to bring more crops and areas under the ambit of Crop Insurance Schemes to increase coverage.
- There is a provision of performance and evaluation of implementing Insurance Companies under the Schemes, in which one of the important criteria for ranking is percentage of non-lonaee farmers enrolled. If Insurance Companies are not able to meet the target then there is provision of adverse ranking for Insurance Companies.
- To ensure proper reach of the scheme at the village level, facility for enrolment of farmers through Common Service Centres, Grama One (in Karnataka), online mode on Crop Insurance portal, crop insurance app, AIDE app for crop insurance at door-step of the farmers has been activated.
- Provision has been made to earmark expenditure of 0.5% of gross premium on ICE activities.
- Infusion of technology for timely settlement of claims like YES-Tech (Yield Estimation based on Technology) – It is aided by data inputs, such as remote

sensing indices, weather indices, crop phenological information, soil types etc., interfaced with accepted technology/approaches.

YES-TECH has been implemented for paddy and wheat crops with minimum 30% yield estimation through YES-Tech from Kharif 2023. 10 big states have joined it.

WINDS (Weather Information Network and Data System) – A network of Automated Weather Stations (AWS) at Taluka/Block level and Automated Rain Gauges (ARG) at Gram Panchayat level is proposed to provide all weather information to farmers and agriculture to various government and other units.

Vetting Comments of Audit

Remedial measures have been taken by the Ministry towards improving the farmers coverage and early settlement of the farmers' claims. Hence, in view of reply no further comment.

Ministry's Final Reply

The Ministry have not offered any comments in the updated action taken reply.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

(Please see Para 15 of Chapter 1 for comments of the Committee)

Observation/Recommendation No. 8

(Delay in issue of notification)

The Committee note that as per operational guidelines of the erstwhile schemes, State Governments were required to notify the crop, area and insurance company one month in advance of each crop season and also nominate the concerned insurance company. However, the Committee found that there were delays of up to 132 days, 136 days and 171 days in case of NAIS, MNAIS and WBCIS respectively in issuance of such notifications by the nine States selected by Audit. Explaining the reasons, the Department stated that the delays were due to administrative reasons. While taking exception to the prolonged administrative delays leading to non issuance of notifications of important nature, the Committee desire that appropriate action may be taken against the officials responsible for the delay. The Committee would also like to point out that insurance scheme benefits can only be availed by those farmers who had taken loans for notified crops in notified areas. Moreover, in the absence of notification. Banks and FIs would be unaware of basic Information like insurance covered crops, areas covered and insurance company which would in turn impede the intended beneficiaries from availing the benefits of the schemes on time. The Committee would, therefore, stress on impressing upon the State

Governments to ensure issue of notifications of insured crops and areas covered, under the PMFBY, along with details of the nominated Insurance companies in a time bound manner.

Action Taken by Ministry

To tackle the issue of delay in notification by the States, provision of selection of insurance company for three years has been made in Revamped Operational Guidelines from Kharif 2020 season. Due to these provisions States are notifying the scheme for three years and issue of delay in notification has decreased significantly.

Further, the notification is being digitized on National Crop Insurance Portal (NCIP) for speedy access to the insurance companies for initiating timely action for coverage of beneficiaries under the scheme.

Tendering process has also been digitized on NCIP to complete the process at the earliest.

Vetting Comments of Audit

Action taken by the Ministry for notification is being digitized on NCIP for speedy access to the insurance companies. Hence in view of reply no further comment.

Ministry's Final Reply

The Ministry have not offered any comments in the updated action taken reply.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 9

(Functioning of Reference Weather Stations (RWS))

The Committee find that Restructured Weather Based Crop Insurance Scheme (RWBCIS) which empowers the State Level Coordination Committee on Crop Insurance (SLCCCI) to select some Automatic Weather Stations (AWS) Reference Weather Stations (RWS) aims to mitigate the hardship of the insured farmers against the likelihood of financial loss on account of anticipated crop loss resulting from adverse weather conditions relating to rainfall, temperature, wind, humidity etc. Further, RWBCIS uses weather parameters as "proxy" for crop yields in compensating the cultivators for deemed crop losses. Audit scrutiny revealed that there were glaring deficiencies in the functioning of the RWS like non monitoring of RWSs, non-reliability on the accuracy of data collected by RWSs, non-installation of RWSs, non-certification of AWS equipments provided by third party data provider etc. According to Audit, such deficiencies led to delay in providing weather data to Agriculture Department. In this regard, the Department had pointed out that State Governments specify the weather stations in the notifications for implementation of

the schemes which include the weather stations of Indian Meteorological Department and it is the responsibility of the State Government to ensure correctness of data. Notwithstanding the fact that the role of monitoring the functioning of RWSs and ensuring accuracy of data collected rests with the State Governments, the Committee are of the view that DAC&FW should also play a proactive role and impress upon the State Governments to review the functioning of all Reference Weather Stations (RWSs) and also undertake inspections for necessary updations so as to ensure accurate weather predictions. The Committee would also like to be apprised of the measures taken towards ensuring real time updation of data/information, received from the RWSs, on the website of the Department concerned.

Action Taken by Ministry

The PMFBY/Restructured Weather Based Crop Insurance Scheme (RWBCI) envisages use of technology implementation of these schemes. Accordingly, various improved technologies have been introduced in the implementation of these schemes. As regards Automatic Weather Stations/Automatic Rain-Gauges WINDS (Weather Information Network & Data System) - is a pioneering initiative by the Government to set-up a network of Automatic Weather Stations & Rain Gauges at Taluk/Block and Gram Panchayat level to create a strong database of hyper-local weather data for the different Govt. and other entities to use for all farmer and farming oriented services. The data so collected will be used for claim assessment under Parametric Crop insurance (including RWBCIS), Yield estimation through Technology, Crop-Region specific Agriculture Advisories to the Farmers, Disaster Risk Resilience & Mitigation needs.

As of now the country has approx. 13,000 AWS and 20,000 ARGs installed for all institutions including IMD. Under WINDS, an additional 3,500 AWS and Approx. 1.6 lakh ARGs are proposed to be established across the country. IMD and DA&FW has collaborated for setting up this system. A portal has also been developed to handle the data at national level. All real-time data from these Stations get reflected on national portal and used for various purposes including weather insurance.

Detailed manuals, guidelines, SOPs have been issued to ensure implementation of WINDS. A Working Group has been constituted for working out the modalities of partnership between IMD and DA&FW for WINDS programme and for setting up quality assessment & quality checking protocol of WINDS data within the Quality Assurance Programme (QAP) framework.

Nine states namely, Himachal Pradesh, Uttarakhand, Rajasthan, Chhattisgarh, Uttar Pradesh, Maharashtra, Andhra Pradesh, Kerala & Karnataka shall be implementing WINDS in this FY. More number of the States are being approached for inclusion into WINDS framework.

Vetting Comments of Audit

Steps taken for undertaking inspections of all Reference Weather Stations (RWSs) for necessary updation may be provided to PAC. Further status of active Automatic

Weather Stations & Automatic Rain-Gauges along with measures taken towards ensuring real time updation of data/information received from the RWSs on the website of the Department and action taken regarding undertaking inspections for ensuring accurate weather predictions may be provided to PAC.

Ministry's Final Reply

Under WINDS initiative for generating hyper-local weather data for the utilization for Crop Insurance, Precision Agro-Advisories and Disaster Management, Department has collaborated with IMD for setting up Standards for establishments of Automatic Weather Stations & Automatic Rain Gauges as well as the standardization of weather parametric sensor specifications to capture the following weather parameters accurately and precisely:

- Temperature
- Humidity
- Rainfall
- Wind Speed & Direction

A portal has been developed for obtaining all data of active weather stations across the country under WINDS initiative. Further, the department has constituted a joint working committee comprising of officials of DA&FW and IMD to develop Quality Assurance and Quality Checking Protocols to ensure accuracy and objectivity of the data being captured through these AWS/ARGs.

Further, only the data passing these quality standards is being ingested in the WINDS portal for public dissemination and subsequent use for various purposes.

The AWS/ARG are installed by the Winds Implementing Agencies selected through open bidding conducted by the States/UTs. The model adopted by the Govt. is based on rental cost of weather data rather than Capex investment for procurement, installation and maintenance of machines. The implementing Agencies are responsible for procurement, installation and maintenance of AWS/ARGs under the initiative. They are paid the monthly rental cost for the weather data based on cost discovered through open tenders.

The data validated through Quality Protocols only is considered for making payment to the implementing agencies. All such data validation is being done in collaboration and under the guidance of IMD.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 10

(Crop Cutting Experiment)

The Committee note that one of the requirements as per the Operational Guidelines of the Schemes is to obtain accurate and timely yield data based on the stipulated number of Crop Cutting Experiments (CCEs) at the level of insurance unit which is village/village panchayat for major crops and may be a higher unit for minor crops. Against this requirement, the Committee note that the infrastructure and manpower at ground level is hugely deficient in terms of both quality and numbers making it difficult to undertake CCEs in such large numbers, thereby delaying timely settlement of claims of farmers. Towards this end, the Committee have been informed by the Department that the Revised Operational Guidelines for PMFBY (Section 20) envisage the use of innovative technologies for accurate crop yield estimation and timely settlement of claims and Initiatives like Pilot Study on Optimization of Crop Cutting Experiments (CCEs) and Improving Crop Yield Estimation, Smart Sampling Technique and Optimization of CCEs (Pilots and implementation), Gram Panchayat Level Direct Yield Estimation using Technology (Pilots) etc. While acknowledging the significance of the initiatives taken by the Department, the Committee also feel that immediate necessary action may be taken to provide adequate manpower and infrastructure at the ground level and stress on the need to involve local farmers in CCEs. Further, while emphasizing the need to ensure that the Crop Cutting Experiment (CCEs) techniques/methods employed by the Departments concerned are accurate to gauge the impact and extent of crop failure, the Committee recommend that best practices of CCEs of different States may also be emulated across the country to have accurate and timely data on crop yield.

Action Taken by Ministry

Crop Cutting Experiments (CCEs) to estimate the yield for calculating claims under PMFBY are being conducted by the concerned State Governments as per the guidelines and supervision of National Statistical Office (NSO) earlier known as National Sample Survey Organizations (NSSO).

Keeping in view the difficulties in manual CCEs original and Revamped Operational Guidelines (OGs) for Pradhan Mantri Fasal Bima Yojana (PMFBY) envisage use of improved technology to ensure minimum dependence on manpower and at the same time for timely settlement of farmers claims. Accordingly, for better transparency of yield calculation process, CCE Agri app has been developed to make the entire process paperless and real-time. All data captured through the app is time-stamped and geo-tagged. The use of CCE Agri App was made mandatory for intimate data of CCE on National Crop Insurance Portal w.e.f. Kharif 2018.

With a view to reduce total number of CCEs and improving distribution of locations for conducting CCEs under PMFBY, DAC&FW, through MNCFC had initiated smart sampling technique. This reduction in number of CCEs has lead to efficient manpower & budgetary planning, more precise and focused approach for quality data collection, timely data consolidation and early claim settlement and also increased objectivity & reliability of yield data.

Use of Satellite/Remote Sensing and related technology for loss assessment and direct yield estimation at Gram Panchayat level. After various pilot studies YES-Tech (Yield Estimation based on Technology) has been approved for implementation wherein it has been made mandatory for the States to calculate atleast 30% yield through these methods and 70% through traditional CCEs methods for timely settlement of claims. This percentage will be increased in due course of time. State Government of Madhya Pradesh has accepted this technology for 100% yield estimation in the State.

Vetting Comments of Audit

Steps taken to involve local farmers and to emulate the best practices of CCEs of different States may be provided to PAC.

Ministry's Final Reply

Local farmer whose plot is chosen for conducting CCEs for the crop and season is mandatorily part of the team comprising of Field level Govt. functionaries (VAO, Agriculture Assistant etc.) & representative of Insurance Companies. The Crop Cutting Experiments are conducted using a Mobile Application for ensuring transparency and faster collation of yield data for calculation of eligible claims. As per Crop Yield estimation manual, farmer representative is required to sign the forms/documents which are used by VAO at the spot/time of CCE.

The Smart-Sampling technique has been introduced under the scheme to ensure secrecy and transparency in sampling of plot for conducting CCEs. Further Technology Based Yield Assessment under YESTECH has also been introduced under the scheme ensure reduce possible moral hazard and errors in manual process.

These interventions have been adopted by 9 major states & UTs and department is making efforts to include more number of states under these technology solutions to increase efficiency and transparency in the crop yield estimation process.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

(Please see Para 20 of Chapter 1 for comments of the Committee)

Observation/Recommendation No. 11

(Delay in settlement of claims)

The Committee note that National Crop Insurance Programme guidelines mandated settlement of claims by Implementing Agencies within 45 days of receipt of Government subsidy and receipt of yield/weather data from State Governments. Audit scrutiny of records of AIC revealed that during 2011-16, five out of the nine selected States took more than the prescribed time of 45 days with delays of up to 1,069 days in processing claims. The Committee have been informed that there were delays in settlement of claims due to non-receipt of subsidy share of State Governments, litigations, verification of claims by State Governments, reconciliation,

booking errors etc. Taking serious note of the inordinate delays of up to 1,069 days, much beyond the stipulated period of 45 days in processing the claims, the Committee are constrained to observe that the basic objective of the schemes to provide timely benefit of insurance claim to the farmers who were at risks like natural calamities, pests and disease that lead to partial or full failure of crops was denied. In this regard, the Committee would express the view that insurance coverage premium received from the farmers be reimbursed proportionately along with interest accrued, in the event of non- receipt of fund share from State Governments. The Committee, while being hopeful that all necessary actions have been taken to ensure Implementation of the guidelines of the new schema in true spirit, would emphasize on ensuring that the prescribed time limits for settlement of claims are adhered to without fail. In this regard, the stakeholders concerned are also to be issued strict guidelines for effective implementation of the scheme.

Action Taken by Ministry

Several interventions have been implemented recently in the scheme to minimize the delay in settlement of claims, the details of which are as under:

- a. Freedom to States to choose alternative risk management mechanisms in addition to original PMFBY,
- b. Provision of escrow account for States for timely release of premium subsidy for facilitating timely settlement of claims,
- c. New technological initiatives to increase transparency and rationalize yield estimation and premium rates, namely
 - i. Yield Estimation System Based on Technology (YES-TECH) for gradual migration to Remote-Sensing based yield estimation to help assess fair and accurate crop yield estimation. Initially, it has been made mandatory for the States to calculate 30% yield through these methods and 70% through traditional CCEs methods for timely settlement of claims. This % age will be increased in due course of time. State Government of Madhya Pradesh has accepted this technology for 100% of yield estimation in the State.
 - ii. Weather Information Network and Data System (WINDS) for establishing network of Automatic Weather Stations (AWS) & Automatic Rain-Gauges (ARG) for collecting hyper-local weather data at GP & Block level;
 - iii. Collection of Real-time photos and Observations of Crops (CROPIC) for Geo-tagged photographs for validation of sown Crop with Insured Crop and use of pictorial analytics for Objective Crop Damage Assessment & Crop Yield Estimation;
 - iv. Development of a dedicated module namely, “DigiClaim” module on National Crop Insurance Portal through which claim settlement process has been automated using Public Financial Management System (PFMS). In this module, the claims are calculated and timely remittance

of claims amount is being made directly to farmers account w.e.f. Kharif 2022 season claims. This has also helped the Government both Central and State in tracking and monitoring of claim settlement process. Claims of over Rs.16,000 crore to about 1 crore farmers have so far been settled through Digicclaim module.

- d. Further, penalty provision has been incorporated in revised operation guidelines highlighting that States have to pay penal interest @ 12% per annum in case of delay in release of State share of Premium.

- e. Release of central government matching share of premium subsidy by delinking it with that of the state government thereby ensuring proportionate release of claims by the insurance company.

Detailed manuals, guidelines, SOPs have been issued to ensure implementation of above. Further, most of these initiatives being technology driven are being incorporated in the system.

Vetting Comments of Audit

In view of reply no further comment.

Ministry's Final Reply

The Ministry have not offered any comments in the updated action taken reply.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 12

(Coverage of excess sown area)

The Committee note that as per NCIP guidelines, loans given for unsown areas was not covered by the scheme. However, Audit observed that in the Beed District, Maharashtra, for Kharif season in 2015, against the cultivable area of 66,042 hectare, the area sown and insured was 51,397 hectare and 1,11,615 hectare respectively. Thus, insured area exceeded sown area by 117% which led to double and triple payment of insurance to farmers on the same crop. Considering the fact that the Taluka Agricultural Officer maintains the report on the sowing area, Banks and Insurance company keep record of farmers and area sown, the Committee fail to fathom the basis of the huge variation in the details of areas sown vis-à-vis insured. In this regard, the Committee have been informed that the Department had rectified and resolved the issue of insurance coverage of unsown area through remote sensing technology operated by the Mahalanobis National Crop Forecasting Centre. While taking note of the efforts of the Department, the Committee are hopeful that

the data published by the Mahalanobis National Crop Forecasting Centre are also made available to all Departments/Stakeholders concerned seeking feedbacks/inputs. The Committee recommend that details of cultivable area, sown area, farmers etc. are also made available on a common platform to ensure easy access for all stakeholders. The Committee also recommend that the State Governments concerned closely monitor the status during the crop season, through their District Level Monitoring Committees (DLMC). The Committee also desire to be apprised of the concrete action taken by the Department in this regard.

Action Taken by Ministry

Government has made several interventions to eliminate/reduce the difference between area actually sown and insured by farmers:

- National Crop Insurance Portal (NCIP) has been developed as a single source of data on PMFBY/RWBCIS.
- Under PMFBY use of smartphone/CCE Agri App has been made mandatory thus ensuring accurate and timely receipt of CCE data.
- Crop survey app is being used to verify the crop sown at individual survey/land parcel.
- De-duplication by Aadhar seeding and land record integration had minimized the problem of over insurance and application of area correction factor.
- Integration of Land Records of States with the National Crop Insurance Portal (NCIP) to get correct details of land parcels insured. Now land records of 90% insured area have been integrated with the NCIP.
- Remote Sensing Technology (satellite imagery / drones) is being used to determine the actual area sown instead of depending upon the eye estimations.
- New technologies like Yield Estimation through Technology (YESTECH), Weather Information Network Data System (WINDS), Collection of Real-time Photos and Observation of Crops (CROPIC), etc. to improve the implementation of the scheme.
- In case of differences/disputes relating to actual area sown, the farmers can approach the authorities concerned through the Unified Krishi Rakshak Helpline portal which has been created for online grievance redressal and monitoring by States and the Centre.
- Further, a provision of Stratified Grievance Redressal Mechanism, viz. District Level Grievance Redressal Committee (DGRC), State Level Grievance Redressal Committee (SGRC) has been made in the Revised Operational Guidelines of the Scheme to resolve such complaints.

Vetting Comments of Audit

Ministry has not made any specific reply regarding the extent to which the excess actual data is minimalised in light of the several actions taken by the Ministry. The same may be furnished to PAC.

Ministry's Final Reply

Digital Land Record validation of 10 major States covering more than 90% of area under insurance has been integrated into National Crop insurance Portal (NCIP), real-time. Digital land record validation at the time of enrolment is done across these States together with mandatory requirement for Aadhaar Number for getting enrolled under the scheme as per Section 7 of the UIDAI Act has ensured that the instances of excess insurance of area under the scheme come down drastically since Kharif 2020 onwards.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 13

(Need for strengthening the Monitoring mechanism)

The Committee note that as per Clause 18 of NAIS guidelines, the scheme was to be implemented in accordance with the operational modalities as worked out by IA in consultation with DAC&FW and the operation of the scheme was to be reviewed annually. Further, DAC&FW and the IA were also required to prepare periodical appraisal reports on the scheme. Audit observed that no such report was prepared by the DAC&FW/RA even after 14 years of operation of the schemes. No Technical Support Unit (TSU) under the guidance of the DAC&FW was established to monitor the implementation of the crop Insurance schemes, product structuring, standardization and benchmarking of products, rationalization of premium rate/subsidy, issuing guidelines for installation and accreditation of weather stations, creation of national grid for statistical data for the purpose and issuance of directives to insurance companies. According to DAC&FW, the crop insurance schemes were being monitored regularly through various measures. Even the State Level Coordination Committees on Crop Insurance (SLCCCI) and District Level Monitoring Committee (DLMC) were not constituted. In the opinion of the Committee, since Government of India and State Governments incur substantial financial liabilities on account of premium subsidy and claim reimbursement under the schemes, the monitoring mechanism should have been made more effective and robust. The Committee would like to caution that non-constituting a robust monitoring committee would cast doubts on the efficacy of the system of disbursement of funds as no appraisal reports are prepared, data maintained and feedback obtained from the concerned Implementing agencies. The Committee, therefore recommend that the monitoring mechanism should be strengthened so as to ensure that every penny of the Government is duly accounted for.

Action Taken by Ministry

The monitoring mechanism under the existing crop insurance schemes has been strengthened by using technological interventions like development of National Crop Insurance Portal (NCIP) for automation of implementation process and a single source of data, Digicheck Module on NCIP helps monitoring/tracking of claim settlement process. The implementation of existing schemes is also reviewed/

monitored constantly through weekly video conferences, one to one meetings with the stakeholders on regular basis, through State Level Coordination Committee on Crop Insurance at State level and by the National Level Monitoring Committee (NLMC) at national level. As on 1st May, 2024, the scheme is also monitored through National Level Review Conferences. As on 1st May, 2024, 11 such conferences have been held.

In order to support the implementation of the scheme, the Cabinet approved the provision of setting up of a Technical Support Unit (TSU). Accordingly, w.e.f. 2018 National Technical Support Unit (NTSU)/Central Project Monitoring Unit (CPMU) has been set up through United Nations Development Programme (UNDP). The role of the TSU/CPMU is to provide support and advice on risk classification & rating, research & development of new products, methodology for loss assessment, legal works, workshop/training & capacity building, along with the use of technology including innovation/ replication, digitization of administration of Schemes and monitoring of the scheme etc. through NCIP.

The Government is committed to enhancing the operational efficiency of PMFBY, ensuring prompt claim settlement and farmers insurance services to farmers. It is the endeavour of this Department to constantly improve the schemes based on learning and discussion of stakeholders, Operational Guidelines (OGs) of PMFBY/RWBCIS were revised and further revamped for implementation effect from 1st October, 2018 (i.e. from Rabi 2018-19 season) and 1st April, 2021 (i.e. from Kharif 2020 season). OGs of the scheme have further been revised w.e.f. Kharif 2023 season.

Vetting Comments of Audit

Necessary steps taken by the Ministry. Hence no further comment.

Ministry's Final Reply

The Ministry have not offered any comments in the updated action taken reply.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 14

(Lack of awareness)

Audit observed that 97 per cent of the farmers had opted for sum insured equivalent to loan amount under NAIS, indicating that either the loanee farmers were intent on covering the loan amount only (in which case, the scheme acted more as loan insurance than as crop insurance) or were not aware or informed appropriately by loan disbursing Bank/FIs about the full provisions of the scheme. Further, 63 per cent of the farmers surveyed during audit were not aware of the schemes. In view of huge proportion of farmers surveyed found to have been unaware of the schemes,

the Committee are constrained to observe that Departments concerned have failed in adequately disseminating information on the agricultural insurance schemes to the farmers. With a view to reach out to targeted farming community in right earnest, the Committee are of the view that all measures should have been taken to disseminate the benefits of the schemes both through print and electronic media and Melas/workshops organized as part of awareness campaign. Further, to ensure better coordination and prompt redressal of grievances of farmers, the Committee recommend that the possibility of nominating local public representatives as members to the State Level Coordination Committees on Crop Insurance (SLCCCI) and District Level Monitoring Committee (DLMC) may be explored.

Action Taken by Ministry

The Government has taken several steps to create substantial awareness about the scheme amongst beneficiaries so that they can enroll themselves voluntarily in all the implementing States/UTs under the scheme to increase the coverage in terms of different crops and areas. The Government has made provisions to ensure availability of adequate funds for awareness of PMFBY. The revised Operational Guidelines for PMFBY which came into effect from 1st October 2018 have inter-alia provided that the insurance companies should compulsorily spend atleast 0.5% of the total gross premium collected by them for Information, Education and Communication (IEC) activities.

The Government has actively supported the awareness activities being carried out by the States, implementing Insurance Companies, financial institutions, and Common Service Centres (CSCs) network to disseminate key features of PMFBY amongst farmers and members of Panchayati Raj Institutions (PRIs).

Further, a structured awareness campaign 'Crop Insurance Week/Fasal Bima Saptah' has been initiated by the Ministry of Agriculture and Farmers Welfare since Kharif 2021 season onwards. The core focus of the campaign is to increase the awareness about benefits of the scheme, sensitize the stakeholders and to increase overall enrolment of farmers, thereby helping them to reap the benefits of crop insurance with special focus on identified aspirational/tribal districts.

Along with this, 'Fasal Bima Pathshalas' are also being organized at village/GP level for knowledge building of farmers on various aspects of scheme implementation.

Apart from this, other activities for awareness generation involve the publicity of key features and benefits of the scheme through advertisements in leading National and local newspapers, airing of audio-visual spots on regional/local channels, distribution of IEC material in local languages, dissemination of SMS through Kisan/National Crop Insurance Portal (NCIP) portal and organisation of online workshops of all stakeholders including farmers, Panchayat Members, and other key stakeholders.

Government had also organized a nationwide Doorstep Crop Insurance Policy/receipt Distribution mega drive – 'Meri Policy Mere Haath'. Hard copies of crop insurance policy receipts are distributed to farmers enrolled under PMFBY

through special camps at gram Panchayat/village level. All implementing State/UT Governments along with respective insurance companies have been organizing Gram Panchayat level mega policy distribution drive.

The systematic monitoring of IEC activities has been diligently overseen by the Central IEC Advisory Committee. This committee, in close collaboration with local Insurance Companies, assumes a pivotal role in ensuring the effective implementation and impact assessment of the IEC initiatives related to crop insurance.

State Level Coordination Committee on Crop Insurance (SLCCCI) and District Level Monitoring Committee (DLMC) are administrative committees for implementation of the PMFBY, wherein decisions regarding administration of the scheme are being taken. Furthermore, there are two farmers representatives are also made members of the scheme.

District Development Coordination and Monitoring Committees (DISHAs) have been formed to ensure better coordination among all the elected representatives in Parliament, State Legislatures and Local Governments (Panchayati Raj Institutions/Municipal Bodies) for efficient and time-bound development and monitoring of the schemes. State Governments have been advised to present the progress/report of Grievance Redressal Committees (i.e. both District and Block level) in DISHA.

Vetting Comments of Audit

Necessary steps taken by the Ministry. Hence no further comment.

Ministry's Final Reply

The Ministry have not offered any comments in the updated action taken reply.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 15

(Non-furnishing of data to Audit)

It has been brought to the notice of the Committee that despite repeated requests for furnishing details of funds received by Agriculture Insurance Company of India Limited (AIC) as contribution from State Government for implementation of Schemes during 2011-12 to 2016-17, the same was not provided to the Audit by Department of Agriculture & Cooperation and Farmers Welfare (DAC&FW). In reply, the Department stated that due to reasons like time taken by AIC to compile and reconciliation of data with its respective Regional Offices and State Governments and also the delayed demand (almost at the end of their study) by the Audit Party, furnishing of said data to the Audit Party was delayed. The Committee are of the opinion that the onus of timely furnishing requisite data lies with the Department and the AIC and thus basic data like details of fund contribution of State Governments

should be readily available with the nodal Implementing agency, i.e. the AIC and the Department. The Committee, therefore desire that in future both the Department and the Insurance companies should timely provide data/records as and when sought by Audit for effective scrutiny.

Action Taken by Ministry

Under the erstwhile Crop Insurance Schemes, data/records were obtained from the concerned insurance companies in physical/manual/electronic modes. Therefore, there was delay in collection of data. Under existing schemes, a National Crop Insurance Portal (NCIP) has been developed as a single source of data/records. All the data/records are available on NCIP and it can be provided to the Audit Party on real-time basis.

Vetting Comments of Audit

No further comment.

Ministry's Final Reply

The Ministry have not offered any comments in the updated action taken reply.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

Observation/Recommendation No. 16

(Pradhan Mantri Fasal Bima Yojana (PMFBY))

The Committee note that in 2016, the Government introduced the Pradhan Mantri Fasal Bima Yojana (PMFBY) and re-structured WBCIS by replacing NAIS and NCIP. PMFBY which aims to provide a comprehensive insurance cover against failure of the crop thus helping in stabilising the income of the farmers covering all Food & Oilseeds crops and Annual Commercial/Horticultural Crops for which past yield data is available and for which requisite number of Crop Cutting Experiments (CCEs) are being conducted under General Crop Estimation Survey (GCES). The Committee also note that as per revised operational guidelines of PMFBY, various initiatives have been envisaged to address some of the shortcomings noticed during the implementation of the previous schemes. The remedial measures taken by the Department inter- alia include collection of details of individual Insured farmers (both loanee and non-loanee) like name, fathers' name, Bank Account number, Aadhaar number, village, categories small and marginal/SC/ST/women, insured acreage, Insured crop(s), sum insured, premium collected, Government subsidy etc. and submission of electronically using web form or Core Banking Solution Integration module along with electronic submission of crop wise consolidated declarations on or before final cutoff date by Bank branches/Common Service Centers/Intermediaries: developing a National Crop Insurance Portal (NCIP) to facilitate better administration and coordination amongst all stakeholders viz. farmers, States, insurers and banks as well as real-time dissemination of information and

transparency; making available Yield data based on CCES online on National Crop Insurance Portal (NCIP) to the concerned Insurance Company by the State Government within a month from the date of final harvest of individual crop payment of interest @12% to farmers by insurance companies for late settlement of claims and by States to insurance companies for late remittance of premium subsidy to ensure transparency, accountability and timely payment of claims to farmers, day to day monitoring system with weekly video conferences, one to one meetings on State specific issues with States and insurance companies concerned, weekly meeting of insurance companies, making of provisions to disburse all admissible claims directly to the bank accounts of eligible farmers through Crop Insurance Portal with PFMS for better transparency and accountability; comprehensive publicity and awareness programme to educate the farmers about the benefit of crop insurance schemes through electronic and print media, farmers' fair, exhibitions, SMS, short films, documentaries etc.; utilization of 0.5% of gross premium collected by insurance companies for publicity and awareness generation; activation of Common Service Centres (CSCs) for non-loanee farmers and online enrolment to provide the services besides traditional modes like banks and insurance intermediaries. While appreciating the initiatives taken by the Department under PMFBY, the Committee hope that the shortfalls and deficiencies found in the implementation of the earlier schemes have been adequately addressed and corrective measures taken in regard to the ongoing Scheme. To ascertain the effectiveness of the new scheme viz. PMFBY, the Committee recommend that a study covering the aspects of enrolment in crop insurance by farmers, coverage of States, insurance claims made vis-a-vis settled, amount of interest paid to farmers by insurance companies for late settlement of claims and by States to insurance companies for late remittance of premium subsidy since its inception may be undertaken so that gaps are identified and necessary corrective actions taken for effective implementation of the scheme. The Committee are of the considered view that this will go a long way in achieving the intended objective of supporting sustainable production in agriculture sector by way of providing financial support to farmers suffering crop loss/damage arising out of unforeseen events; stabilizing the income of farmers to ensure their continuance in farming; encouraging farmers to adopt innovative and modern agricultural practices and ensuring flow of credit to the agriculture sector which will contribute to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks. In addition to above, while emphasizing on the need for concerted effort to provide insurance coverage to every vulnerable farmer across the country, the Committee desire that along with benefits of technology viz. Aadhar linked land records, DBT facilities, the Department may also explore the possibility of integrating data base of Kisan Card, Soil Health Card etc. for easing the delivery mechanism.

Action Taken by Ministry

Impact study of the implementation of the scheme through an independent agency is a regular feature for continuance of the scheme. An impact study of the PMFBY was conducted in 2019-20 through an independent agency M/s Spectrum Planning

(India) Ltd. A study on implementation of PMFBY and recommend the best option for effective implementation especially in most vulnerable district has also been conducted through National Rainfed Area Authority (NRAA), New Delhi. Further, a study on Evaluation of Mega Awareness Campaign of PMFBY has also been conducted through the National Institute of Agricultural Extension and Management (MANAGE) in 2023. All these reports and previous study reports are available on National Crop Insurance Portal (NCIP)- www.pmfby.gov.in.

As regards integrating of data of PMFBY with other schemes, based on the budget announcement 2023, the Ministry of Agriculture is now building Digital Public Infrastructure (DPI) for agriculture. The DPI is built as an open source, open standard and interoperable public good. This will enable inclusive, farmer-centric solutions through relevant information services for crop planning and health, improved access to farm inputs, credit and insurance, help for crop estimation, market intelligence, and support for growth of Agri Techs industry and start-ups. The Ministry of Agriculture and Farmers Welfare has hence envisioned Agri Stack and Krishi DSS.

Agri Stack is a collection of Registries, Datasets, APIs, and IT Systems enabled by Policies, Standards, and Guidelines that makes the data in Agriculture interoperable for the development of innovative services and solutions by government entities and the private sector. Integration of PMFBY portal with that of Agri stack is under development.

Vetting Comments of Audit

Status of corrective action taken based on the study reports and the status of implementation of Digital Public Infrastructure for agriculture may be provided to PAC.

In addition to above, it is requested that final Action Taken Report duly signed by the Competent Authority may be forwarded to PAC.

Ministry's Final Reply

The Government has approved the Digital Agriculture Mission on 2nd September, 2024 with an outlay of Rs. 2817 Crore. The Mission seeks to enable a robust digital agriculture ecosystem in the country for driving innovative farmer-centric digital solutions and making available timely and reliable crop-related information to all the farmers in the country. The Mission envisages the creation of Digital Public Infrastructure for Agriculture such as Agristack, Krishi Decision Support System, Comprehensive Soil Fertility & Profile Map and other IT initiatives undertaken by Central Government/State Governments. Agristack project is one of the major components of this Mission, which consists of three foundational registries or databases in the agriculture sector, i.e., the Farmers' Registry, Geo-referenced village maps and the Crop Sown Registry, all created and maintained by the State Governments/Union Territories. The Government is providing

administrative and technical supports to the all the states for implementation of the Mission

The 'Farmer ID' includes comprehensive and useful data on farmers' demographic details, land holdings, and crops sown, enabling farmers to digitally identify and authenticate them for accessing benefits and such as credit, insurance, procurement etc. As on 11.12.2024, a total of 81,90,926 Farmer IDs has been created and Digital Crop Survey (DCS) has been undertaken in 436 Districts in Kharif 2024.

(Ministry of Agriculture and Farmers Welfare O.M. No. 14014/06/2017-Credit II (Part II) dated 22.01.2025)

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CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE GOVERNMENT

NIL

CHAPTER IV

- (v) **Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration**

NIL

CHAPTER V

- (i) **Observations/Recommendations in respect of which Government have furnished interim replies/no replies:**

NIL

**NEW DELHI:
17 December, 2025
26 Agrahayana, 1947 (Saka)**

**K.C. VENUGOPAL
Chairperson,
Public Accounts Committee**

APPENDIX-II

(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR SEVENTY EIGHTH REPORT (SEVENTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	16
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1 to 16	Total : 16 Percentage: 100
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: Para Nos. - Nil	Total : 0 Percentage: 0
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para Nos. - Nil	Total : 0 Percentage: 0
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies: Para No. - Nil	Total : 0 Percentage: 0