

**GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA**

UNSTARRED QUESTION NO:3108
ANSWERED ON:21.03.2017
Revamping Crop Insurance Scheme
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Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

- (a) whether the Government proposes to revamp the old crop insurance scheme by reconciling the discrepancies under recently introduced new Pradhan Mantri Fasal Bima Yojana (PMFBY) to enable farmers to get maximum benefits, if so, the details thereof;
- (b) whether any deficiencies have been found in the existing form of crop insurance scheme, if so, the details thereof;
- (c) whether the Union Government has sought views of various State Governments on revamping of the crop insurance scheme, if so, the response of the various State Governments thereto;
- (d) whether the amount of premium paid by farmers under PMFBY has been substantially reduced and also the cap on payment on insurance has been withdrawn, if so, the details thereof; and
- (e) the steps taken by the Government to make the crop insurance scheme most beneficial/ fruitful for farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

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(a) to (e): Pradhan Mantri Fasal Bima Yojana (PMFBY) and Restructured Weather Based Crop Insurance Scheme (RWBCIS) have only been recently launched from Kharif 2016 season after thorough review of the shortcomings of erstwhile schemes in consultation with various stakeholders including State Governments. Various shortcomings in the erstwhile schemes namely high premium rates for farmers, cap on premium with resultant reduction in sum insured and claims if any, poor induction of technology, delay in submission of yield data by States/ Union Territories and resultant delay in settlement of claims etc. were sought to be overcome and revamped through the new schemes. Further, to make the scheme more advantageous for farmers, many innovative solutions have been incorporated in the new schemes. The PMFBY provides comprehensive crop insurance from pre-sowing to post harvest losses against non-preventable natural risks at extremely low maximum premium rate of 2% for Kharif crops, Contdâ€2/-

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1.5% for Rabi Crop and 5% payable by farmers for annual commercial/horticultural crops, which premium rates are also applicable under RWBCIS. The balance of actuarial/bidded premium is shared by the Central and State Government on 50 : 50 basis. Further, not only has cap on premium which had earlier led to reduction in sum insured been removed under both schemes, but sum insured has been made equal to the Scale of Finance thereby providing maximum risk coverage to the farmers. In an effort to provide more realistic assessment of losses, the unit area of insurance has been reduced from Tehsil/district level to village/village panchayat level for major crops and to individual farm level for localised risks of hailstorm, landslide and inundation. While settlement of claims is done on the basis of yield loss assessment at the end of season, some measure of immediate relief is also provided to insured farmers in case of adverse seasonal conditions during the crop season due to which expected yield during the season is likely to be less than 50% of the Threshold Yield in the concerned insurance unit.

To address probability of delay in settlement of claims, several measures have been incorporated under PMFBY/RWBCIS namely, timelines have been stipulated for completion of every activity, be it submission of proposals by banks to insurance companies, assessment of yield by State Government agencies, processing and settlement of claims by insurance companies, the last to be done within three weeks of receipt of yield data from State. To expedite the yield data submission, the Department has deployed CCE Agri App and made it mandatory for States to transmit data through CCE Agri App/smartphones. Further, new remote sensing technology is also being experimented with to achieve more accurate yield loss assessment for purposes of accurate claim settlement. Most importantly, the National Crop Insurance Portal has been launched to facilitate online flow of information and service delivery among stakeholders.

Regular assessment of the implementation of the existing crop insurance schemes is being undertaken at the level of Central Government with all stakeholders including State Governments, Financial institutions and insurance companies and as this is the first year of implementation of the scheme, several teething issues are being resolved on an ongoing basis.
