

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

RAJYA SABHA
UNSTARRED QUESTION NO. 3867
TO BE ANSWERED ON 04/04/2025

PREMIUM COLLECTION AND DISBURSAL OF COMPENSATION UNDER PMFBY

3867. SHRI A. A. RAHIM:

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

- (a) the total premium collected from farmers under Pradhan Mantri Fasal Bima Yojana (PMFBY) in the last five years, year-wise, State-wise and the total compensation disbursed during the same period;
- (b) the total profit earned by private insurance companies handling PMFBY in the last five years and the total pending claims under the scheme;
- (c) the number of rejected claims, State-wise, along with the reasons;
- (d) the funds allocated and utilized for PMFBY in the last five years; and
- (e) whether Government has conducted any review of private companies' role in PMFBY, if so, the findings thereof?

ANSWER

THE MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
(SHRI RAMNATH THAKUR)

(a): Pradhan Mantri Fasal Bima Yojana (PMFBY) introduced in the country from Kharif 2016 season is voluntary for State/Union Territory (UT) as well as farmers. State-wise and year-wise details of premium collected from farmers and claims paid to farmers during last five years i.e. 2019-20 to 2023-24 is given in **Annexure**.

(b): Under PMFBY, most of the general insurance companies except Agriculture Insurance Company of India Ltd. (AIC) are doing different types of general insurance businesses/policies. Thus overall profit/loss or premium retained by these companies is due to profit/loss in overall underwriting business of the company. It may be noted that insurance is not an investment. Insurers save premium in good seasons/years and pay high claims, if any, in bad years from the savings made in the good years. Crop insurance is a major risk mitigation tool for the benefit of farmers in event of non-preventable natural calamities. Insurance is all about spreading the risk spatially & temporally. As per

provisions of the PMFBY/RWBCIS, premium from farmers alongwith Central and State Government share in premium subsidy is paid to the concerned insurance company for acceptance of risk and payment of claims.

Further, difference between premium collected and claims paid may not be the margin/profit for the insurance companies as there is a cost of reinsurance and administrative cost which generally range between 10% to 12% of gross premium. This cost also has to be borne by the Insurance Companies. Out of the total crop insurance business as per premium collected under the scheme during 2023-24 about 41% is collectively shared by the 5 Public Sector insurance companies only, including Agriculture Insurance Company of India Ltd. The Operational guidelines of the scheme further provide for 3 Alternate Risk Transfer models other than standard PMFBY, namely cup and cap model (80:110), cup and cap model (60:130) and profit and loss sharing model, under which in case of claims below certain threshold, portion of the premium paid by the Government as subsidy will go back to the State treasury. States have been given the flexibility to choose any one of these models. Due to adoption of these models, the premium rates have significantly reduced thereby reducing the outgo of Government of India and States.

(c): PMFBY is mainly implemented on 'Area Approach' basis, where no intimation is required to be made by the farmers or the concerned State Government. Admissible claims are worked out and paid directly to the insured farmer's account by the insurance companies through DigiClaim module on National Crop Insurance Portal (NCIP), based on the yield data per unit area furnished to the insurance company by the concerned State Government and claim calculation formula envisaged in the Operational Guidelines of the scheme. Therefore, there is no rejection of the claim by the insurance company.

However, losses due to localized risks of hailstorm, landslide, inundation, cloud burst & natural fire and post-harvest losses due to cyclone, cyclonic/unseasonal rains & hailstorms are calculated on individual insured farm basis. Farmers are required to intimate the loss to the concerned insurance company, State Government, financial institutions/banks, online on National Crop Insurance Portal (NCIP) or PMFBY app etc. The insurance companies scrutinise these loss intimations as per provisions of the Operational Guidelines of the scheme and other insurance principles. This type of loss intimation can be rejected by insurance companies. However, extent of loss and claims are assessed by a joint committee comprising representatives of State Government and concerned insurance company.

(d): Details of funds allocated and utilised by the Government of India under PMFBY are given below :

(Rs. in crore)

Year	Budget Estimates	Actual Release/ Expenditure
2020-21	15,695.00	13,902.79
2021-22	16,000.00	13,549.70
2022-23	15,500.00	10,296.03
2023-24	13,625.00	12,948.50
2024-25	14,600.00	14,772.86

(e): The performance of the empaneled Insurance Companies is closely monitored by the concerned Nodal Department of the State Governments/UT Administrations 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 is given in the Operational Guidelines. Performance Evaluations Reports received from the State Governments are evaluated and accepted by the Department of Agriculture & Farmers Welfare the corresponding reward and punitive actions is taken with similar actions by the Nodal Department of the State/UT. In past some of the implementing States have banned some of the insurance companies from implementation of the scheme in the State for few seasons/years.

Annexure

State-wise and year-wise details of farmers share of premium and claims paid from 2019-20 to 2023-24 under PMFBY & RWBCIS (As on 31.01.2025)

State/UT	2019-20		2020-21		2021-22		2022-23		2023-24		2019-20 to 2023-24	
	Farmers Share	Paid Claims	Farmers Share	Paid Claims	Farmers Share	Paid Claims	Farmers Share	Paid Claims	Farmers Share	Paid Claims	Total Farmers Share	Total Paid Claims
	(Rs. In Crore)											
A & N Islands	0.00	-	0.01	-	0.01	-	0.00	-	0.00	-	0.03	-
Andhra Pradesh	0.17	1,253.33	NI	NI	NI	NI	66.02	567.02	12.14	-	78.33	1,820.35
Assam	0.27	107.30	0.29	192.19	0.18	279.15	4.38	16.87	5.68	32.73	10.81	628.24
Chhattisgarh	180.75	1,303.73	187.58	887.23	186.08	1,432.83	212.38	534.06	219.95	518.87	986.74	4,676.70
Goa	0.02	0.01	0.00	-	0.00	-	0.01	0.00	0.00	0.00	0.04	0.01
Gujarat	467.94	490.48	NI	NI	NI	NI	NI	NI	NI	NI	467.94	490.48
Haryana	268.77	938.00	341.87	1,285.51	313.82	1,714.30	344.38	2,498.62	153.75	237.69	1,422.59	6,674.12
Himachal Pradesh	30.72	67.55	22.44	84.83	20.21	77.60	21.55	33.82	37.60	27.80	132.52	291.60
Jammu & Kashmir	NI	NI	NI	NI	6.58	56.05	6.90	6.04	16.70	32.12	30.18	94.20
Jharkhand	2.79	27.75	NI	NI	NI	NI	NI	NI	NI	NI	2.79	27.75
Karnataka	248.19	1,515.53	216.05	1,030.33	249.48	1,489.93	324.28	1,561.90	373.18	2,613.33	1,411.17	8,211.02
Kerala	6.12	88.94	6.72	122.99	7.40	95.20	10.43	179.01	11.67	-	42.34	486.14
Madhya Pradesh	654.05	6,195.53	906.65	7,792.36	814.79	2,909.92	650.08	1,028.01	653.98	565.74	3,679.55	18,491.56
Maharashtra	868.41	6,758.35	762.00	1,559.65	664.36	4,613.47	901.37	5,032.20	195.35	8,520.18	3,391.49	26,483.85
Manipur	0.35	1.14	-	-	0.34	1.48	0.44	1.62	0.52	1.98	1.64	6.22
Meghalaya	0.09	0.18	0.04	0.07	NI	NI	0.04	0.01	0.01	8.63	0.17	8.89
Odisha	239.97	1,157.72	158.43	572.44	135.24	1,045.88	132.31	568.95	12.49	217.18	678.45	3,562.17
Puducherry	-	7.27	0.00	13.77	0.00	8.02	0.00	2.95	0.00	-	0.01	32.00
Rajasthan	743.88	5,087.84	903.66	4,357.51	823.79	5,176.77	838.97	4,299.00	1,018.86	2,430.25	4,329.15	21,351.37
Sikkim	0.00	-	0.01	0.02	0.08	0.53	0.15	-	0.06	-	0.30	0.56
Tamil Nadu	177.74	1,215.97	175.75	2,681.62	166.88	836.07	161.82	901.84	149.31	726.43	831.50	6,361.92
Telangana	239.73	507.96	NI	NI	NI	NI	NI	NI	NI	NI	239.73	507.96
Tripura	0.76	0.81	0.28	2.60	0.37	2.63	0.44	0.28	0.57	-	2.43	6.32
Uttar Pradesh	321.87	1,084.66	330.45	507.06	284.70	988.00	286.19	945.65	284.38	398.77	1,507.59	3,924.14
Uttarakhand	28.21	103.24	33.28	134.86	39.05	122.88	55.25	207.29	62.52	172.86	218.31	741.13
Total (All India)	4,480.79	27,913.30	4,045.53	21,225.05	3,713.39	20,850.69	4,017.38	18,385.14	3,208.71	16,504.54	19,465.80	1,04,878.71

NI ; Not Implemented. - Very low/no claims.
