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

RAJYA SABHA
UNSTARRED QUESTION NO-3876
TO BE ANSWERED ON 04/04/2025

Compensation under PMFBY to farmers affected by weather events

3876 Shri Sujeet Kumar :

Will the Minister of Agriculture and Farmers Welfare be pleased to state:

(a) the provisions under Pradhan Mantri Fasal Bima Yojana (PMFBY) to ensure adequate compensation for farmers affected by unforeseen weather events such as unseasonal rains and hailstorms;

(b) if so, the details thereof;

(c) the manner in which the Ministry plans to address regional differences in claim processing, particularly in States with underdeveloped data collection and monitoring mechanisms;

(d) whether the Ministry plans to introduce a flexible insurance model to align with changing climate conditions and evolving challenges faced by farmers in different regions; and

(e) if so, the details thereof?

ANSWER

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

(a) & (b) : Government is committed to provide adequate security by way of comprehensive risk insurance under Pradhan Mantri Fasal Bima Yojana (PMFBY) to farmers. To provide claims against the crop yield losses due to natural risks/calamities, adverse weather conditions, pests & diseases etc. two major crop insurance schemes namely, Pradhan Mantri Fasal Bima Yojana (PMFBY) and Restructured Weather Based Crop Insurance Scheme (RWBCIS) are being implemented by the Government. PMFBY provides comprehensive risk coverage from pre-sowing to post harvest losses against non-preventable natural risks for the crops and areas notified by the concerned State Government. The RWBCIS provides indemnification for likely crop losses due to deviation in weather indices. Now, to provide adequate risk coverage to farmers, in addition to the Scale of Finance decided by the District Level Technical Committee, which is primarily based on the cost of cultivation in the district/area concerned, one more option i.e. notional value of average yield has also been given to the States to decide the sum insured. Further, rationalization of methodology has been made for calculation of Threshold Yield by calculating Threshold Yield on the basis of moving average of 7 years excluding two best years instead of removing two calamity hit years out of 7 years to provide adequate claims to the farmers.

Further, to provide more benefits of crop insurance to farmers, provisions like uniform fixed premium rate payable by farmers i.e. maximum 2% of sum insured for Kharif crops, 1.5% of sum insured for Rabi Crop and 5% of crop insurance for annual commercial/horticultural crops, with balance of actuarial/bidded premium being shared by the Central and State Government on 50 : 50 basis and 90 : 10 in case of North Eastern and Himalayan States; lowering of unit area of insurance to village/village panchayat level for major crops and to individual farm level for localised risks of hailstorm, landslide, inundation, cloud burst & natural fire and post-harvest losses thereby promoting more realistic assessment of losses have also been made under the scheme.

Various innovative technologies are also adopted to increase the flow of requisite information/data amongst stakeholders. Further, this Department is also regularly reviewing the schemes in consultation with State Governments and other stakeholders to streamline the process for early settlement of claims and to provide timely and adequate benefits to the eligible farmers under the scheme.

(c) : PMFBY is mainly implemented on 'Area Approach' basis, wherein admissible claims are worked out and paid directly to the insured farmer's account by the insurance companies, 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. Further, DigiClaim module on National Crop Insurance Portal (NCIP) has been developed by Government wherein all the claims are worked out and settled through this module by the insurance companies. Therefore, regional differences in data collection do not impact processing and generating claims under the scheme.

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. Extent of loss and claims in this case are assessed by a joint committee comprising representatives of State Government and concerned insurance company.

(d) & (e) : To provide more freedom to the States to decide about the Crop Insurance keeping in view the financial as well as risk appetite in the State, 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 have been allowed w.e.f. Kharif 2023. Under these models, in case claims fall below certain threshold, portion of the premium paid by the Government as subsidy goes back to the State treasury. Thus, States have been given the flexibility to choose from any one of these models.

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