

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

RAJYA SABHA
UNSTARRED QUESTION NO-2404
TO BE ANSWERED ON 13/03/2026

PAYMENT OF INSURANCE UNDER PMFBY

2404 SHRI RAMJI LAL SUMAN:

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

- (a) the funds allocated for the Pradhan Mantri Fasal Bima Yojana (PMFBY) in the last five years;
(b) the amount received by insurance companies under the scheme from farmers as premium in the last five years;
(c) the amount paid to farmers as insurance compensation for crop losses in the last five years;
(d) the profit earned by insurance companies in the last five years;
(e) the maximum and minimum insurance compensation amount fixed per acre under the Scheme;
and
(f) the number of farmers who received compensation of an amount less than ₹100 during the last five years?

ANSWER

MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
(SHRI BHAGIRATH CHAUDHARY)

(a) : Details of funds allocated by the Government of India for implementation of Pradhan Mantri Fasal Bima Yojana (PMFBY) and Restructured Weather Based Crop Insurance Scheme (RWBCIS) during last five years are given below :

(Rs. in crore)

Year	Budget Estimates	Revised Estimates
2020-21	15695.00	15307.25
2021-22	16000.00	15989.39
2022-23	15500.00	12375.76
2023-24	13625.00	15,000.00
2024-25	14600.00	15,864.00

(b) & (c) : Details of premium received from farmers and claims paid by insurance companies to farmers during last five years under PMFBY are given below :

(Rs. in crore)

Year	Insurance Premium received from Farmers	Claims Paid to farmers
2020-21	4,145	20,527
2021-22	3,735	20,567
2022-23	3,988	19,874
2023-24	3,211	20,813
2024-25	3,345	14,197

(d) : Under PMFBY, all the implementing insurance companies 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 comprising of all lines of business including Crop Insurance. Further, crop insurance is a major risk mitigation tool for the benefit of farmers in the event of non-preventable natural calamities. As per provisions of the PMFBY/RWBCIS, premium from farmers along-with Central and State Government share in premium subsidy is paid to the concerned insurance company for acceptance of risk and payment of claims thereafter on account of crop damage due to Natural & Climatic risk.

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 2024-25 about 43% 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.

(e) : As per provisions of the scheme, there is no cap on maximum claims and this can go up to the sum insured value. Further, minimum claims have been capped at Rs.100 per season/per scheme from 1st February, 2026 onwards in order to not remit very small value claims. This amount can be adjusted either with the Farmer premium of next corresponding season or added to the next season's claim amount of the same farmer.

However, State Governments of Maharashtra and Madhya Pradesh have fixed minimum claim amount of Rs.1000 per farmer/per season and can vary as notified by the State Government concerned from time to time.

(f) : As per data available on Digicclaim module developed on National Crop Insurance Portal for settlement of claims under PMFBY w.e.f. 2022-23 to 2024-25; 1,46,893 farmers got claims below Rs.100, which is 0.16% of total farmers who got claims of any amount under PMFBY during the same period.
