

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

LOK SABHA
UNSTARRED QUESTION NO. 115
TO BE ANSWERED ON THE 11TH DECEMBER, 2018

REDUCTION OF PREMIUM OF PMFBY

115. SHRI RAM KUMAR SHARMA:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether there is a need to reduce the amount of premium being charged from farmers under Pradhan Mantri Fasal Bima Yojana (PMFBY);
- (b) if so, the reaction of the Government in this regard;
- (c) whether the insurance companies of public and private sectors are earning profit more than the justifiable amount under the said scheme; and
- (d) if so, the details of the total amount of premium charged along with the profit earned by the Insurance companies during the last two years in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI PARSHOTTAM RUPALA)

(a) & (b): Under Pradhan Mantri Fasal Bima Yojana (PMFBY) and Restructured Weather Based Crop Insurance Scheme (RWBCIS), the premium payable by farmers has been substantially reduced and simplified and there is one premium rate on pan-India basis for farmers which is maximum 1.5%, 2% and 5% of sum insured for Rabi, Kharif and annual horticultural / commercial crops, respectively.

(c) & (d): Crop insurance is a major risk mitigation tool for the benefit of farmers. Insurance is all about spreading the risk over the period and over the area. Insurers save premium in good seasons/years and pay high claims, if any, in bad years from the savings made in the good years. As against the premium collected from farmers amounting to Rs.4216.04 crore in 2016-17, claims of Rs. 16279.25 crore have been paid to farmers. Similarly, claims of Rs.16967.92 crore have been paid during 2017-18 (Kharif 2017) against premium collected from farmers amounting to 3038.70 crore. Details of the premium received by insurance companies and claimed paid to the farmers during last three seasons is as under.

(Rs. in Crore)

Season	Gross received	Premium	Farmers contribution in Gross Premium	Total Claims
2016-17	22345.51		4216.04	16279.25
2017-18 (Kharif'17 only)	19767.46		3038.70	16967.92

Contd....2/-

In spite of overall good monsoon during first two years of implementation of PMFBY, the claim ratio during 2016-17 is about 73% and during Kharif 2017, it is about 86%. Moreover, administrative and other cost for insurance company for implementation of the scheme ranges from 10-12%. Moreover, administrative and other cost for insurance company for implementation of the scheme ranges from 10% to 12% of gross premium. Further, the farmers in most affected areas/States received higher claims and the claim ratio was high in these States viz. Kerala 210% and Karnataka-132%, during Kharif 2016, Tamil Nadu – 287% and Andhra Pradesh 159% during Rabi 2016-17. Similarly during Kharif 2017, the higher claim ratio is in the States of Chhattisgarh – 425%, Haryana – 201%, Madhya Pradesh – 135% and Odisha – 204%.
