

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

**LOK SABHA**  
**UNSTARRED QUESTION NO. 4492**  
TO BE ANSWERED ON THE 28<sup>TH</sup> MARCH, 2023

**BUDGET ALLOCATION IN PMFBY**

4492. SHRI LAVU SRI KRISHNA DEVARAYALU:

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

- (a) the amount spent on Pradhan Mantri Fasal Bima Yojana (PMFBY) against the budget allocation of Rs. 15,989 crore in the year 2021-22;
- (b) whether the Government is aware that insurance firms earned a gross profit of Rs 15,792 crore in just two years after the rollout of the scheme across the country and if so, the details thereof;
- (c) whether it is true that insurance claims of many farmers have been rejected on flimsy grounds;
- (d) if so, the details of rejected applications in the State of Andhra Pradesh thereof; and
- (e) the steps taken by the Government to monitor the functioning of the insurance companies to ensure they do not exploit the scheme to earn unfair profits at the cost of farmers?

**ANSWER**

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) : Out of Rs. 15,989.39 crore allocated at Revised Estimates 2021-22, Rs. 13902.79 crore were spent during 2021-22. Only funds allocated for North Eastern States could not be utilized due to low coverage in the region.

(b) : As regards profit and loss of insurance companies, most of the general insurance companies except Agriculture Insurance Company of India Ltd. (AIC) are doing different types of businesses/policies. Thus overall profit/loss of these companies is due to profit/loss in overall underwriting business of the company. However, crop insurance is a major risk

mitigation tool for the benefit of farmers. 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. Insurers save premium in good seasons/years and pay high claims, if any, in bad years from the savings made in the good years.

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 upto 10% to 12% of gross premium. This cost also has to be borne by the Insurance Companies. Out of the total crop insurance business under the scheme about 50% is shared by the 5 Public Sector insurance companies, including Agriculture Insurance Company of India Ltd.

(c) & (d) : The PMFBY is mainly implemented on 'Area Approach' basis. Admissible claims are worked out and paid directly to the insured farmer's account by the insurance companies based on the season-end yield data, furnished to the concerned insurance company by the concerned State Government and claim calculation formula envisaged in the Operational Guidelines of the scheme. Thus insurance companies have very little role in computing of 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. These claims are assessed by a joint committee comprising representatives of State Government and concerned insurance company.

For more transparency in calculation and payment of claims, Government has decided for auto-calculation of claims on National Crop Insurance Portal (NCIP) and disbursement of claims to individual farmer's account through Public Finance Management System (PFMS) from Kharif 2022 season.

Andhra Pradesh had discontinued the scheme from 2020-21 and rejoined the scheme only in Kharif 2022 season only. Similarly, the State of Punjab, which had never been a part of the Scheme was recently made a Budget Announcement to join it from Kharif 2023. This is indicative of growing acceptance of the schemes amongst all stakeholders.

(e) : This Department is regularly monitoring the functioning of insurance companies and implementation of PMFBY including timely settlement of claims and through weekly video conference of stakeholders, one to one meetings with insurance companies/States etc. Also

to monitor the claim disbursement process fully an end to end module by the name of 'DigiClaim Module' has been made operational on 23.03.2023. Henceforth, all claims will be settled by all Insurance Companies on this module helping in timely and transparent processing. Further, a detailed performance evaluation matrix for evaluation of implementing insurance companies, containing key performance indicators with assigned weightage has provided in the Operational Guidelines of the scheme. Various innovative technologies are also adopted to increase the timeliness for flow of requisite information/data amongst stakeholders.

\*\*\*\*\*