

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

**LOK SABHA**  
**UNSTARRED QUESTION NO. 866**  
TO BE ANSWERED ON THE 25<sup>TH</sup> JULY, 2023

**PROFITS MADE BY INSURANCE COMPANIES**

866. SHRI DUSHYANT SINGH:

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

- (a) the details of profits made by insurance companies under Pradhan Mantri Fasal Bima Yojana (PMFBY), company-wise and year-wise;
- (b) the district-wise data of the claim-to-premium ratio ;
- (c) the State-wise data of the percentage of claims due under PMFBY;
- (d) whether the number of farmers and area of land under the PMFBY have been decreasing and if so, the reasons therefor; and
- (e) the steps taken to decrease premium rates and increase competition among insurance companies and whether the Government is planning to revamp PMFBY to rationalizable premium rates and encourage the participation of more insurers?

**ANSWER**

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री

(SHRI NARENDRA SINGH TOMAR)

(a) Most of the general insurance companies except Agriculture Insurance Company of India Ltd. (AIC) implementing the Pradhan Mantri Fasal Bima Yojana (PMFBY) 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.

(b) to (e) : District level claims data is not maintained at present, therefore, district level premium to claim ratio is not available. Number of farmer applications is increasing under the scheme. However, after some decline due to the withdrawal of some States, area insured has also increased from 443 lakh hectare in 2021-22 to 487 lakh hectare in 2022-23.

Actuarial/bidder premium rates are charged by insurance companies but the farmers have to pay maximum 2% for Kharif, 1.5% for Rabi food and oilseed crops and 5% for commercial/horticultural crops and the balance of actuarial/bidder premium is shared by the Central and State Government on 50 : 50 basis and 90 :10 in case of North Eastern States (from Kharif 2020 season) and Himalayan States (from Kharif 2023) as per provisions of the scheme. Based on the experience gained, views of various stakeholders and with a view to ensure better transparency, accountability, timely payment of claims to the farmers and to make the scheme more farmer friendly, Government has periodically comprehensively revised the Operational Guidelines of the PMFBY to ensure that the eligible benefits under the scheme reach the farmers timely and transparently.

National Crop Insurance Portal (NCIP) has been developed for ensuring auto-administration, subsidy payment, co-ordination, transparency, dissemination of information and delivery of services including direct online enrollment of farmers, uploading/obtaining individual insured farmer's details for better monitoring and to ensure transfer of claim amount electronically to the individual farmer's Bank Account.

For transparent calculation and settlement of claims by insurance companies, claims module namely, Digicclaim has been developed w.e.f. Kharif 2022 season wherein all the claim are worked out through National Crop Insurance Portal (NCIP) and paid to farmers accounts using Public Finance Management System (PFMS).

Started in 2020, Integration of Land Record with NCIP is now complete for Madhya Pradesh, Chhattisgarh, Andhra Pradesh, Maharashtra, Rajasthan, Karnataka, Odisha - 90% of the insured area is now being validated through e-land records of the states through land record integration.

The scheme envisages use of improved technology in implementation of the scheme. Accordingly, various steps like capturing of yield data/Crop Cutting Experiments (CCEs) data through CCE-Agri App & uploading it on the NCIP, allowing insurance companies to witness the conduct of CCEs, integration of State land records with NCIP etc. have already been taken to improve timely settlement of the claims to farmers have been taken. Following technologies for Objective Crop Damage & Loss Assessment and transparency have recently been approved for implementation w.e.f. 2023-24 :

- YES-TECH (Yield Estimation System Based on Technology) for gradual migration to Remote-Sensing based yield estimation to help assess yields as well as fair and accurate Crop Yield Estimation. This initiative has been launched for paddy & wheat crops from Kharif 2023 wherein 30% weightage to yield estimation will mandatorily be assigned to YES-TECH derived yield.
- WINDS (Weather Information Network and Data System) for Network of Automatic Weather Stations (AWS) & Automatic Rain-Gauges (ARG) for collecting hyper-local weather data at GP & Block level. This will be fed into a National unified network of AWS & ARG with interoperability & sharing of data in coordination with India Meteorological Department (IMD). WINDS will provide data not only for YES-TECH but also for effective drought & disaster management, accurate weather prediction and offering better parametric insurance products.
- CROPIC (Collection of Real-time photos and Observations of Crops) for Geo-tagged photographs for validation of sown Crop with Insured Crop and use of pictorial analytics for Objective Crop Damage Assessment & Crop Yield Estimation.

For better operationalisation of the scheme three Alternative Risk Management models have also been given as an option to the States for the ongoing tender cycle from Kharif 2023.

## Annexure

### **Cumulative Details of claims from 2016-17 to 2022-23 under PMFBY (as on 24.07.2023)**

State/UT Name	Total Claims	Paid Claims	Claims Pending
	(Rs. in Crore)		
A & N Islands	0.235	0.233	0.002
Andhra Pradesh	4838.36	4828.13	10.22
Assam	285.74	251.23	34.51
Bihar	749.37	749.37	0.00
Chhattisgarh	6538.39	6504.09	34.31
Goa	0.14	0.14	0.00
Gujarat	5417.537	5376.250	41.287
Haryana	6720.45	6643.95	76.50
Himachal Pradesh	345.16	321.59	23.57
Jammu & Kashmir	96.97	93.06	3.91
Jharkhand	893.81	767.96	125.85
Karnataka	11077.68	11059.77	17.91
Kerala	387.97	333.89	54.08
Madhya Pradesh	28411.42	28372.85	38.57
Maharashtra	27139.48	26940.35	199.14
Manipur	6.87	6.49	0.38
Meghalaya	0.51	0.51	0.00
Odisha	6337.71	6268.83	68.87
Puducherry	30.43	28.51	1.91
Rajasthan	22565.90	21137.26	1428.64
Sikkim	0.67	0.67	0.00
Tamil Nadu	13084.49	13061.24	23.25
Telangana	1845.78	1811.67	34.11
Tripura	5.135	5.134	0.002
Uttar Pradesh	4639.43	4559.70	79.72
Uttarakhand	533.63	515.40	18.23
West Bengal	1222.83	1218.52	4.31
<b>GRAND TOTAL</b>	<b>143176.104</b>	<b>140856.819</b>	<b>2319.286</b>

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