

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

LOK SABHA
UNSTARRED QUESTION NO.423
TO BE ANSWERED ON THE 19TH NOVEMBER, 2019

CHANGES IN PMFBY

423. SHRI SUDHEER GUPTA:
SHRI BIDYUT BARAN MAHATO:
SHRI SANJAY SADASHIV RAO MANDLIK:
SHRI GAJANAN KIRTIKAR:

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

- (a) whether the Government is considering some major changes to its flagship farm insurance scheme, the Pradhan Mantri Fasal Bima Yojana, including an entirely new model of agricultural insurance in the country;
- (b) if so, the details thereof and the objectives behind this move along with the time by which the scheme is likely to be implemented;
- (c) whether the Union Government has sought the views of State Governments in this regard, if so, the details thereof and the response of the State Governments in this regard;
- (d) whether the Government is planning to create a 'risk pool' giving the Government a far greater control of key variables from fixing premiums to payouts and if so, the details thereof;
- (e) whether the Government proposes to put penalties on insurance companies for delay in payment to farmers in case of damage to crops and if so, the details thereof; and
- (f) whether the Government proposed to set up an agency with the help of State Governments to take the work of pool and sort out all problems relating to insurance and if so, the details thereof?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (f): The amendment/revisions in the crop insurance schemes is a continuous process and decisions on it are taken from time to time after consultation with various stakeholders. However, during the implementation of the Pradhan Mantri Fasal Bima Yojana (PMFBY) various challenges have been faced despite the best efforts put in by States and other stakeholders. Keeping this in view, Operational Guidelines of the scheme have been

revised with effect from Rabi 2018-19 season. Requeusts/representations are also being received from various quarters including farmers' organizations, States etc. to further revise the scheme. In view of this, State Agriculture Ministers' Conference was organized on 8th July, 2019 under the Chairmanship of Hon'ble Minister of Agriculture & Farmers Welfare at New Delhi to deliberate on the existing challenges in the scheme and way forward to address these challenges. A detailed format containing the challenges and possible solutions was shared with the States and NITI Aayog for their comments. A copy of the same is **Annexed**.

Some of the States have furnished their views/comments on proposed changes in favour of the proposed solutions. But some have not agreed to all the solutions. Based on the comments of States/NITI Aayog further deliberations are going on with all stakeholders.

A Provision of Penalties for insurance companies i.e. 12% interest rate per annum to be paid by the Insurance Company to farmers for delay in settlement claims beyond 10 days of prescribed cut off date for payment of claims has already made in the revised Operational Guidelines of PMFBY. Similarly, State Government have to pay 12% interest rate to insurance company for delay in release of State share of Subsidy beyond three months of prescribed cut off date/submission of requisition by Insurance Companies.

Department of Agriculture, Cooperation and Farmers Welfare has formed Technical Support Unit (TSU) to provide technical assistance to Crop insurance schemes. TSU has provided supporting analysis to several States helping them understand the quantified risk assessment of their respective States. TSU has also provided bid analysis support to State Govt. of Haryana, Maharashtra, Odisha, Uttar Pradesh and Chhattisgarh helping them to review the bidded premium rates with insurance companies. Operational Guidelines of the scheme also provides for establishment of State TSU by the State Governments to ensure proper implementation of the scheme.

PMFBY - Challenges and possible solutions as circulated to States/NITI Aayog

Challenges in implementation of PMFBY	Proposed Solutions
Plots for conduct of CCEs are selected randomly leading to dissatisfaction among Stakeholders	2 Step process for assessment of Yield ➤ First step is elimination based on weather & other triggers ➤ Second step is CCEs in affected areas
	Migration to Smart Sampling and Optimization of CCEs in the short run
	Adoption of direct yield estimation through technology for all major crops - By 2023
District Crop combinations with consistently high risk leads to increase in overall premium rates	Removing "High Premium Crops" from the ambit of Crop Insurance e.g. ➤ Irrigated areas within a crop in a district is more than 50% - Premium Ceiling for Coverage under PMFBY at 25% (to be revisited every year). ➤ Irrigated areas within a crop in a district is less than 50% - Premium Ceiling for Coverage under PMFBY at 30% (to be revisited every year)
Compulsory enrolment of loanee farmers leads to dissent	Making the Scheme Voluntary for loanee farmers
Single Product type does not suffice needs of all beneficiary farmers	Provision of basic product available to all farmers with flexibility to States to provide customized add-on products to farmers
<ul style="list-style-type: none"> ➤ Savings are retained by insurance companies as profit leading to public perception that insurance companies are making profits from the Scheme ➤ Demands from States to have their own Corpus Fund for management of the Scheme 	Migration to National-Level Insurance Risk Pool
	Creation of State Level Corpus Fund
Delay in payment of State Share of Subsidy - Amendment in OGs with a provision of penalty on States	Deduction of overdue State Subsidy from Central Transfer to States
Delay in approval of data on CCE app/Sharing of CCE yield data with Insurance Companies by State Governments	Technology based claims settlement in case of delay in sharing of yield data/non-usage of CCE-agri app after cut-off date
Low Investment by Insurance Companies in terms of accessibility and outreach due to short contract durations and repeated tendering process delays the overall implementation of crop insurance in States	Compulsory 3-year allocation of work to ICs by States
Inconsistencies in yields of many crops across geographies leading to high premium rates	Migration of crops with inconsistent yield data to Weather- Based Crop Insurance Scheme

