

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

LOK SABHA
UNSTARRED QUESTION NO.97
TO BE ANSWERED ON THE 2ND FEBRUARY, 2021

CHANGES IN PMFBY

97. SHRI ASHOK KUMAR RAWAT:

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

- (a) whether major changes have been enacted by removing discrepancies in the old fasal bima yojana being replaced by Pradhan Mantri Fasal Bima Yojana (PMFBY) so that the farmers can avail maximum benefits and if so, the details thereof; and
- (b) whether the premium money being paid by the farmers under the Pradhan Mantri Fasal Bima Yojana has been reduced considerably and capping on payment premium has also been removed and if so, the details thereof?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) & (b): The revisions/improvements in the crop insurance schemes is a continuous process and decisions on suggestions/representations are taken from time to time after consultation with various stakeholders. Accordingly, Pradhan Mantri Fasal Bima Yojana (PMFBY) has been introduced from Kharif 2016 to provide a simple and affordable crop insurance product to ensure comprehensive risk cover for crops of farmers against all non-preventable natural risks from pre-sowing to post-harvest, to provide adequate claim amount and timely settlement of claims. Based on the discussions with stakeholders, Government has introduced various changes over the erstwhile crop insurance schemes. Major changes made inter alia include very low premium rates i.e. maximum 1.5% for Rabi, 2% for Kharif food and oilseed crops and 5% for commercial/horticultural crops and remaining part of the actuarial/bidder/premium is paid by the Government; removal of capping on premium, equating of sum insured with scale of finance/notional average yield to provide maximum risk coverage and adequate claim amount etc. to increase the benefit under PMFBY to farmers.

Based on the experience of implementation of PMFBY and views of stakeholders, the scheme and its Operational Guidelines were further revised/revamped twice w.e.f. Rabi 2018-19 season and Kharif 2020 season respectively. Major features of revamped PMFBY are **annexed**.

Changes/Improvements made in the provisions/parameters of PMFBY w.e.f. Kharif 2020 season

- To address the demand of farmers, the scheme has been made voluntary for all farmers. However, there is no change in farmers' share of premium.
- The premium subsidy sharing pattern between Centre and North Eastern States has been changed from 50 : 50 to 90:10. This has been done to allow more States to notify the scheme and existing States to notify more crops and areas to facilitate greater coverage of farmers under the scheme. For remaining States, subsidy sharing pattern will continue as 50 : 50.
- To address the issue of high premium rate for few crops/areas due to adverse selection, the requisite central share of premium subsidy (90 : 10 for North Eastern States and 50 : 50 for remaining States) will be provided for areas/crops upto gross premium rate of 25% for irrigated and 30% for un-irrigated areas/crops. Besides, alternate risk mitigation measures to be explored for these areas/crops.
- Insurance companies will now be selected by the States for 3 years in a go instead of one year thereby increasing their commitment and accountability to the farmers.
- Option has been given to the States to choose the notional value of average yield or the Scale of Finance as sum insured in the interest of the farming community.
- In view of the demand of many states, option has been given to states to choose additional risk covers besides shortfall in yield-based cover depending upon the local weather challenges and requirements of the farmers.
- The states delaying the release of subsidy beyond stipulated timelines can not participate in upcoming seasons.
- Two-step process of crop yield estimation using weather and satellite indicators etc. is adopted, which will help in early assessment of loss
- Use of smart sampling technique through satellite data for crop cutting experiments by some states has shown increased efficiency in implementation. This will now be universalized.
- The delay by some States in submission of crop yield data will now be suitably addressed using technological solutions.
- Provision has been made for earmarked administrative expenses @ 3% for strengthening the infrastructure and technology usage for better delivery of the Scheme.
- Insurance companies have been asked to mandatorily utilize 0.5% of gross premium collected by them for IEC activities at grass root level to build overall insurance literacy of farmers to take informed decisions.
- Use of more technology for transparency and quick assessment of crop yield/loss for early settlement of claims.