

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

LOK SABHA
UNSTARRED QUESTION NO.1801
TO BE ANSWERED ON THE 8TH MARCH, 2016

INSURANCE MECHANISM

1801. SHRI B.N. CHANDRAPPA:
SHRI NALIN KUMAR KATEEL:
SHRI D.K. SURESH:

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

- (a) whether the Government has taken note that there is no mechanism put in place to provide adequate insurance and compensation to farmers in case of crop failure due to natural calamities;
- (b) if so, the details thereof;
- (c) whether the Government is aware that there is an urgent need to introduce a better compensation and insurance mechanism to provide calamity and disaster relief to retain farmers in the profession of agriculture; and
- (d) if so, the corrective steps taken by the Government in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (DR. SANJEEV KUMAR BALYAN)

(a) to (d): Mechanism to provide assistance/ relief/ claims to farmers in case of crop failure due to natural calamities already exists. State Governments have ready availability of funds in their State Disaster Response Fund (SDRF) which is shared by the Central and concerned State Government in the ratio of 75: 25 for General Category States & 90:10 for 11 Special Category States viz. Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura for relief measures due to natural calamities like drought, hailstorm, pest attack etc. The Government of India extends financial, logistic and other support. Additional assistance, over and above the SDRF, is considered from the National Disaster Response Fund (NDRF) for natural calamities of severe nature in accordance with the established procedure and keeping in view the items and norms for assistance. Distribution of relief to the farmers is undertaken by the State.

In addition, to provide comprehensive risk coverage against crop loss due to natural calamities, pests & diseases and adverse weather conditions in respect of notified crops in notified areas, crop insurance schemes viz. National Crop Insurance Programme (NCIP) with its three components namely, (i) Modified National Agricultural Insurance Scheme (MNAIS), Weather Based Crop Insurance Scheme (WBCIS) & Coconut Palm Insurance Scheme (CPIS) and the National Agricultural Insurance Scheme are being implemented. Claims under these schemes are worked out and paid as per provisions of the respective schemes.

To make the assistance process farmer friendly, Government has recently revised the items and norms of assistance under SDRF and NDRF for natural disasters. In the revised norms, the assistance amount to farmers has been enhanced by 50% and crop loss area of 33% & above has been made eligible for giving assistance under SDRF/NDRF. Similarly, after detailed discussions with stakeholders, Government has recently approved a new crop insurance scheme namely, Pradhan Mantri Fasal Bima Yojana (PMFBY) for implementation in the Country from Kharif 2016 season. PMFBY is a marked improvement over the earlier schemes on several counts and provides for comprehensive risk coverage from pre-sowing to post-harvest losses. The salient features of PMFBY are **annexed**.

Premium rates payable by farmers, selection of insurance company & administrative and operational structure of Weather Based Crop Insurance Scheme (WBCIS) have also been rationalized and brought at par with PMFBY.

Salient Features of PMFBY

- i) Provide comprehensive insurance coverage against crop loss on account of non-preventable natural risks, thus helping in stabilising the income of the farmers and encourage them for adoption of innovative practices.
- ii) Increase the risks coverage of Crop cycle – pre-sowing to post-harvest losses.
- iii) Area approach for settlement of claims for widespread damage. Notified Insurance unit has been reduced to Village/Village Panchayat for major crops
- iv) Uniform maximum premium of only 2%, 1.5% and 5% to be paid by farmers for all Kharif crops, Rabi Crops and Commercial/ horticultural crops respectively.
- v) The difference between premium and the rate of Insurance charges payable by farmers shall be shared equally by the Centre and State.
- vi) Uniform seasonality discipline & Sum Insured for both loanee & non-loanee farmers
- vii) Removal of provision of capping on premium and reduction of sum insured to facilitate farmers to get claim against full sum insured without any reduction.
- viii) Inundation has been incorporated as a localized calamity in addition to hailstorm and landslide for individual farm level assessment.
- ix) Provision of individual farm level assessment for Post harvest losses against the cyclone & unseasonal rains for the crops kept in the field to dry upto a period of 14 days, throughout the country.
- x) Provision of claims upto 25% of sum insured for prevented sowing.
- xi) “On-account” payment upto 25% of sum insured for mid season adversity, if the crop damage is reported more than 50%. Remaining claims based on Crop Cutting Experiments (CCEs) data.
- xii) For more effective implementation, a cluster approach will be adopted under which a group of districts with variable risk profile will be allotted to an insurance company through bidding for a longer duration upto 3 years.
- xiii) Use of Remote Sensing Technology, Smartphones & Drones for quick estimation of crop losses to ensure early settlement of claims.
- xiv) Crop Insurance Portal has been launched. This will be used extensively for ensuring better administration, co-ordination, transparency and dissemination of information.
- xv) Focused attention on increasing awareness about the schemes among all stakeholders and appropriate provisioning of resources for the same.
- xvi) The claim amount will be credited electronically to the individual farmer’s Bank Account
- xvii) Adequate publicity in all the villages of the notified districts/ areas
- xviii) Premium rates under Weather Based Crop Insurance Scheme (WBCIS) have also been reduced and brought at par with new scheme. Further, capping on Actuarial premium and reduction in sum insured has been removed in this scheme also.