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

LOK SABHA
UNSTARRED QUESTION NO. 310
TO BE ANSWERED ON THE 21st July, 2026

EVALUATION OF VOLUNTARY PREMIUM-PAYING MODEL UNDER PMFBY

310. SHRI Y.S. AVINASH REDDY:

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

(a) whether the Government has evaluated if Andhra Pradesh's transition to a voluntary, premium-paying Pradhan Mantri Fasal Bima Yojana (PMFBY) model from Rabi 2024-25 has caused a sharp drop in farmer enrolment, increasing climate vulnerability and farm-sector suicides;

(b) whether the State Government is required to update the Pradhan Mantri Kisan Samman Nidhi (PM-PM KISAN) beneficiary database, and if so, the total number of eligible beneficiaries in Andhra Pradesh as of May 2026; and

(c) the market intervention mechanisms being deployed to prevent price crashes that trigger suicides among farmers in Andhra Pradesh?

ANSWER

THE MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण राज्य मंत्री (SHRI RAMNATH THAKUR)

(a) : Pradhan Mantri Fasal Bima Yojana (PMFBY) being implemented since 2016 is demand driven and voluntary for States/UTs as well as farmers. After implementing the scheme initially from Kharif 2016, Andhra Pradesh Government did not implement the scheme from Kharif 2020 till Rabi 2021-22. Andhra Pradesh re-joined the scheme from Kharif 2022 season as a free crop insurance scheme, wherein farmers share of premium was also borne by the State Government. However, after implementing the free crop insurance scheme till Kharif 2024, State Government decided to transit to voluntary model from Rabi 2024-25 wherein farmer has to enrol in the scheme by paying his/ her share of premium. The participation of farmers under the scheme has decreased in Andhra Pradesh as compared to the original implementation by the State.

Further, the State Government has informed that no study has been brought to the notice of the Government establishing any relationship between the decline in enrollment and climate vulnerability or farmer suicides.

(b): As per the PM-KISAN scheme guidelines, farmers who acquired land as of 01.02.2019 (except for succession due to death) are eligible to get the scheme benefit. The total number of beneficiaries in the Andhra Pradesh State under the scheme as of May, 2026 is 41.26 lakhs.

(c): Government fixes Minimum Support Prices (MSPs) for 22 mandated agriculture crops on the basis of the recommendations of the Commission for Agricultural Costs & Prices (CACP), after considering the views of concerned State Governments and Central Ministries/Departments. While recommending MSPs, CACP considers important factors like cost of production, overall demand-supply conditions; domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors, the likely effect on the rest of the economy, besides ensuring rational utilization of land, water and other production resources and a minimum of 50 percent as the margin over cost of production.

The Union Budget for 2018-19 had announced the pre-determined principle to keep MSPs at levels of one and half times of the cost of production. Accordingly, Government had increased MSP for all mandated Kharif, Rabi and other Commercial crops with a minimum return of 50 percent over all India weighted average cost of production from year 2018-19 onwards.

To realize the objective of MSP policy, Government procures cereals and coarse cereals through Food Corporation of India (FCI) and other designated state agencies to provide price support to farmers. Cotton and Jute are procured by Govt. at MSP through Cotton Corporation of India (CCI) and Jute Corporation of India (JCI), respectively.

Further, Market Intervention Scheme (MIS) under the integrated Scheme of Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA) for the procurement of agricultural and horticultural commodities which are perishable in nature and are not covered under the MSP regime is also implemented by the Government. The objective of intervention is to protect the growers of these commodities from making distress sale in the event of a bumper crop during the peak arrival period when the prices tend to fall below economic levels and the cost of production. There should be at least a 10 percent decrease in the ruling market prices over the previous normal year. The scheme is implemented at the request of a State/UT government, which is ready to bear 50 percent of the loss (25 percent in case of North-Eastern States), if any, incurred on its implementation. The extent of total amount of loss to be shared on a 50:50 basis between the Central Government and the State Government is restricted up to 25 percent of the total procurement value based on Market Intervention Price (MIP) which includes cost of the commodity procured plus permitted overhead expenses. The total procurement value will be the cost of procured quantity at Market Intervention Price (MIP) determined by MIS Committee plus permitted overheads expenses, which is generally of 25% of MIP. Under this scheme, the procurement is carried out by State designated agency upto 25% of estimated state production of the particular crop at fixed MIP. However, States/UTs have also an option to make the differential payment between the MIP & Sale Price to the farmers.

Procurement agencies under PM-AASHA scheme are National Agriculture Cooperative Marketing Federation of India Ltd. (NAFED) and National Cooperative Consumers Federation of India Ltd. (NCCF).

Further, in special cases, where there is a price difference of TOP crops (Tomato, Onion and Potato) between the producing and consuming States, in the interest of the farmers, the operational costs incurred by Central Nodal Agencies (CNAs) like NAFED and NCCF and State designated agencies in storing and transporting crops from producing state to other consuming states will be reimbursed.

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