



# **Presentation on Implementation of Pradhan Mantri Fasal Bima Yojana and Unified Package Insurance Scheme**

**Ministry of Agriculture, Co-operation & Farmers Welfare  
Government of India**

**Mumbai, 22<sup>nd</sup> March, 2016**

# **PMFBY- Sequence of events**

- Approved by Union Cabinet on 13<sup>th</sup> Jan, 2016
- Scheme circulated to States on 16<sup>th</sup> Jan, 2016
- Operational Guidelines of PMFBY issued on 18<sup>th</sup> Feb, 2016
- Meeting with States on implementation of PMFBY- 23<sup>rd</sup> Feb, 2016
- Meeting held with Insurance Companies- 29<sup>th</sup> Feb, 2016
- Meeting with States, Insurance Companies & Banks on 07<sup>th</sup> March, 2016
- Meeting with Insurance Companies on 14<sup>th</sup> March, 2016

# Important Features of PMFBY

- Actuarial premium based scheme with provision for upfront premium subsidy to be released to insurance companies.
- The farmer share of premium- **One Season One Rate**
  - Rabi-1.5%
  - Kharif-2%
  - 5% ACH

For Food crops and oil seeds
- Sum insured same for both loanee and non-loanee farmers and equal to scale of finance fixed by DLTC and no other mechanism to be accepted

# Important Features of PMFBY

Contd..

- No provision on capping of premium rates and reduction in sum insured - farmer to get full claim amount upto S.I.
- Localised calamities –indundation has been added
- For post harvest losses-coverage extended throughout the country for unseasonal rains and cyclonic rains.

# Important Features of PMFBY

Contd..

- Detailed protocols for assessment of losses and payment of claims for
  - Prevented sowing
  - Localised risks
  - Post harvest losses
  - **“On Account Payment”** due to mid-season adversities.
- Scheme to be implemented through insurance companies (IAs) designated /empanelled by DAC&FW
- Allocation of districts on cluster basis to IAs through transparent bidding
- Cluster to be formed –based on variable risk profile of states

# Important Features of PMFBY

Contd..

- Implementing Agencies to be assigned for longer period (upto 3 years)
- Abolition of Nodal Bank System for Commercial bank branches and Regional Rural Banks
- Coverage period (seasonality) same for loanee and non loanee farmers- 1<sup>st</sup> April to 31<sup>st</sup> July & 1<sup>st</sup> October to 31<sup>st</sup> December
- Mandatory use of technology specially smart phones for capturing images of CCEs and requisite data and immediate transmission to the server for faster and accurate assessment of yield.

# **Important Features of PMFBY**

**Contd..**

- The roles and responsibilities of all stake holders including banks, insurance companies & their agents, Central and State Governments and other financial institutions clearly defined
- Entry of all data by states and insurance companies on the Crop Insurance Portal developed by Government of India
- The timelines for providing CCE data and payment of claims by companies substantially reduced to half than earlier - faster assessment & quick payment
- Strict adherence to Seasonality discipline-No extensions can be allowed



# Time Schedule for Implementing PMFBY

Sl.No.	Actions	Time frame
1.	States to complete the bidding process	- By 31 <sup>st</sup> March preferably
2.	Training of State Government officials & Banks at district level	-30 <sup>th</sup> March to 6 <sup>th</sup> April KVK level programme
3.	Sensitization programs for bankers/CSCs etc by selected IA	-By 2 <sup>nd</sup> week of April
4.	Training of field level workers for use of hand held devices/smart phone for CCEs	-During May 2016



# Role of Banks

- Ensuring compulsory coverage of loanee farmers within the insurance cover period.
- Communication of notification and other directives and guidelines by administrative offices to all bank branches
- Support non-loanee farmers in buying crop insurance & in filling up prescribed forms etc.
- Timely remission of premium and related data to the insurance companies –provision of penal interest for delay period

# Role of Banks

Contd..

- Crediting the claims received from Insurance companies into the farmers accounts timely – provision of penal interest for delay period.
- Providing soft copies of details of beneficiary farmers to the insurance companies.
- Carry out awareness, generation programmes on crop insurance for farmers.
- Steps to detect cases of multiple loaning and creating charge on land in AGL

# Role of Insurance Companies

- Ensuring adequate publicity of the scheme and awareness generation in the rural areas in coordination with the State Governments and concerned banks.
- Coverage of non loanee farmers – insurance agents, Post offices, CSCs
- Ensuring timely payment of claims on receipt of yield data (3 weeks)
- Proper presence in the district-office at Tehsil level

# Role of Insurance Companies

contd..

- Entry of all data on the crop insurance portal
- Adequate number of loss assessors for prevented sowing / localised risks / post harvest
- Dedicated toll free number for grievances



# **Adoption of Technology for Implementation of PMFBY : States & Insurance Companies**

- Mandatory use of smart phones and hand held devices for capturing images.
- Use of RST (Remote Sensing Technology) and drone for rationalization of CCEs in estimation of crop yield
- Mobile application may be used for reporting incidents of localized risks for intimation using NRSC Mobile App.

# **Adoption of Technology for Implementation of PMFBY : States & Insurance Companies**

**Contd..**

- It is proposed to develop an integrated e-platform for use by –
  - Banks, insurance companies, State Governments and Central Government for uploading of data and sharing between agencies – Banks to spearhead its development
  - For de-duplication of beneficiaries of crop loan and crop insurance and better administration & monitoring.



# **Adoption of Technology for Implementation of PMFBY : States & Insurance Companies**

Contd..

- Centralised dedicated Toll Free Number for claim intimation, would be redirected to respective Insurance Companies.
- This list of the beneficiaries uploaded on website of the concerned insurance companies with provisions & mechanisms of public grievance redressal / feed-back etc.



# Challenges in Implementation of PMFBY

- I. The scheme envisages increase in coverage from 20 to 50% in next 2 -3 years. This has to be achieved through a number of 3 interventions
  - i. States compliance to compulsory coverage of loanee farmers by banks
  - ii. Focus on bringing maximum number of non-loanee farmers under crop insurance
  - iii. By using number of Central government institutions in rural areas like Post offices and CSCs

# Challenges in Implementation of PMFBY

Contd..

2. Conduction of requisite number of crop cutting experiments at village level for major crops.
  - i. Use of RST for rationalizing the number of CCEs :
    - Migration to RST based yield estimation
    - Requisite technology break through- NRSC
  - ii. Provision to out-source conduct of CCEs for which 50% cost will be reimbursed by GOI.

# Challenges in Implementation of PMFBY

Contd..

3. Insufficient number of AWS / ARG.
  - Installation of sufficient number of Automatic Weather Station (AWS) and ARGs by states (Govt. of India approved to support establishment of 5000 AWS – in States)

# Changes in WBCIS

- Actuarial weather based scheme with provision for upfront premium subsidy similar to PMFBY.
- Reduction in Farmers share of premium i.e. **One Season One Rate** similar to PMFBY.
- Clustering of districts would be similar to PMFBY.
- Criteria for selection of Insurance Companies similar to PMFBY.

# Pilot Unified Package Insurance Scheme

- Pilot in 45 districts

- **Category I**  
PMFBY/WBCIS
- I. Crop Insurance :  
(Compulsory)

Farmer has to choose: **at least 2 out of these 6 in Category II**

- **Category II**
  - I. Loss of Life (PMJJBY)
  2. Accidental Death & Disability (PMSBY)
  3. Student Safety
  4. Household
  5. Agriculture implements
  6. Tractor

States to select the pilot districts quickly

# Challenges in Implementation of UPIS

1. Most of the banks already have a tie up with an insurance company for PMJJBY / PMSBY
2. Selling of life and non life insurance products through one proposal
3. Issues relating to selling a package insurance products through PACS / DCCBs
4. Area based insurance under Crops V/s Individual / assets based insurance.



**THANKS**



# Cumulative Achievement of Crop Insurance Schemes (till Kharif 2015)

Schemes/ Items	NAIS (Since Rabi 1999-2000)	WBCIS (Since Kharif 2007)	MNAIS (Since Rabi 2010-11)	CPIS (Since 2009-10)	TOTAL
Farmers insured (no. in lakh)	2608	688	238.53	0.51	3534.04
Area insured (lakh ha)	3795.35	887.74	271.07	0.26	4951.42
Premium collected (Rs. in crore)	13381.31	11536.75	4430.15	1.68	29349.89
Claims paid (Rs. in crore)	38585.53	9345.75	3773.48	2.14	51706.90
Farmers Benefited (no. in lakh)	665	480	58	0.05	1203.05

# Coverage in all Schemes

SL. No.	Crops	2014-15		
		Gross Area (in Million Hectares)	Insured Area (in Million Hectares)	Insurance Coverage %
1	Paddy	42.76	10.02	<b>23.43%</b>
2	Wheat	30.50	7.74	<b>25.39%</b>
3	Coarse Grains	25.15	5.95	<b>22.88%</b>
4	Sugarcane	5.44	0.15	<b>2.67%</b>
5	Cotton	11.90	1.53	<b>12.92%</b>
6	Jute & Mesta	0.85	0.07	<b>8.18%</b>
7	Oilseeds	29.10	10.43	<b>35.84%</b>
8	Pulses	21.96	5.77	<b>26.27%</b>
9	Vegetables	5.51	2.09	<b>37.99%</b>
10	Fruits	3.77	0.21	<b>5.58%</b>
<b>Grand Total</b>		<b>194.40</b>	<b>45.34</b>	<b>23.32%</b>

# Statewise Insured Area 2014-15

States	2014-15		
	Gross Cropped Area (in Million Hectares)	Area Insured (in Million Hectares)	% of area Insured
Rajasthan	23.95	11.91	49.70%
Bihar	7.78	3.74	48.02%
Madhya Pradesh	23.13	10.62	45.91%
Maharashtra	21.87	4.87	22.26%
Karnataka	11.75	1.44	12.25%
Gujarat	12.60	1.39	11.02%
Uttar Pradesh	25.82	2.05	7.95%
Andhra Pradesh	13.65	0.54	3.96%
All India Level	194.40	45.34	23.32%

# How are Crop Insurance Schemes operated in India?

## General features

- Schemes operate on Area Approach basis
- Compulsory for loanee farmers availing Seasonal Agricultural Operation Loan/Crop Loan for notified crops
- Premium amount of loan is provided as additional loan.
- Non-loanee farmers can approach Banks, Insurance Companies and their agents for insurance.
- Claims are credited to the farmers accounts by banks.
- Insurance can be availed of only within the notified time period.