

PRADHAN MANTRI FASAL BIMA YOJANA

Govt to set new guidelines for crop insurance scheme

Farmers claim ₹19,000 cr for Kharif 2017; Madhya Pradesh leads with ₹5,000 cr

GEORGE MATHEW
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THE GOVERNMENT has decided to come out with a new set of guidelines to make the ambitious crop insurance scheme — Pradhan Mantri Fasal Bima Yojana (PMFBY) — more efficient even as insurance companies received claims worth around Rs 19,000 crore from farmers across the country for Kharif 2017.

While Madhya Pradesh which witnessed a major farmers agitation last year recorded the maximum claim of Rs 5,000 crore, farmers in Bihar and Telangana are yet to get the payment as these two states have not yet paid the premium, official sources said.

According to an official of the Ministry of Agriculture & Farmers' Welfare, the new guidelines will be in various parts to incentivise the insurers to improve their services for the nation-wide scheme. It would include how to use the district-wise crop cutting data, he said.

The changes are being planned at a time when farmers' enrolment under the scheme saw a decline of 20 per cent in 2017-18. In 2016-17, farmers covered under PMFBY stood at 5.73 crore.

'NORMS TO IMPROVE INSURER SERVICES'

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For Kharif 2017, claims valued at Rs 19,000 crore were received by the non-life insurers under PMFBY and out of it, the general insurers will be completing payment of Rs 16,000 crore of claims soon, he said in Mumbai on Friday. "We have settled claims worth Rs 5000 crore in MP in the last week. As on 20th June, MP has zero claims pending," he said.

January 31, 2019 has been fixed as the deadline for settlement of claims from Kharif in 2017, said the official who was participating in a seminar on 'Sustainable agriculture insurance' organised by GIC Re. Insurers have already settled Rs 11,000 crore out of Rs 16,000 crore. Out of the pending Rs 5000 crore, insurers are expected to give Rs 3,500 crore to the farmers as part of settlement

soon. The loss ratio in the scheme was 75 per cent in the 2016-17 and 90 per cent in the last fiscal. However, as much as Rs 1500 crore of claims are stuck as states like Bihar and Telangana have not paid their share of premiums.

"We have made it clear that no insurer can quote below a certain rate. Sharing of data is also very essential so as to make the scheme more effective one," he said. In 2016-17, the Budget allocation was Rs 9,000 crore, but Rs 12,000 crore was spent under the scheme. In the fiscal 2017-18, the Budget allocation was Rs 13,000 crore, but Rs 15,000 crore was spent on the PMFBY.

"Pricing for the risks is of utmost concern for us. We emphasise on actuarial pricing based on actual data," said Alice Vaidyan, CMD, GIC Re. "Low

awareness continues to be the area of concern."

The growth in India's crop insurance market premium has been phenomenal — from Rs 4,200 crore in 2015-16 it reached Rs 22,180 crore in 2016-17. In 2017-18, it grossed a premium of Rs 24,352 crore and for 2018-19, projected premium under crop insurance Rs 27,000 crore, GIC Re has said. The government has indicated that despite fall in farmers' enrolment under the scheme in 2017-18, it would expand the coverage to 50 per cent. In 2016-17, coverage was at 30 per cent.

Public sector GIC Re is leading 15 of 18 treaties in the domestic crop insurance market and writing premium of around Rs 12,000 crore in 2017-18 with a market share of 52 per cent. The state owned reinsurer expects 10 per cent growth in crop insurance business in 2018-19.

The farmers' share of premium under PMFBY will be based on one season, one rate. They have to pay only 1.5 per cent of premium for Rabi crop, and 2 per cent for Kharif crop. The remaining premium will be paid as subsidy by the centre and states together. If the claims are less, it will turn out to be a bonanza for insurers.