

REVIVING INTEREST

Crop insurance being revamped, panel set up

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AIMING TO ROLL out an overhauled Pradhan Mantri Fasal Bima Yojana (PMFBY) from kharif 2022, the government has constituted a working group comprising officials from Centre, key crop-producing states and top executives of public sector insurance companies to suggest "sustainable, financial and operational models." The move comes after many states quit the scheme,

REBOOTING



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"With a view to achieving sustainable underwriting capacities of insurers and rationalised premium pricing to cut subsidy burden on the government, the working group is expected to address the demand of an alternative model," an official source said. The group will submit its report in six months.

Oflate, the Centre has identified a hardening of premium market, lack of sufficient participation in tenders, inadequate underwriting capacity of insurers as major issues that adversely impacted PMFBY during implementation of the scheme.

The premium to be paid by farmers is fixed at 1.5% of the sum insured for rabi crops and 2% for Kharif crops, while it is 5% for cash crops under PMFBY. The balance premium is split equally between the Centre and states. Many states have demanded their share of the premium subsidy be capped at 30% while some others demand the Centre to bear the entire subsidy.

"The working group will find out reasons for high premium rates and suggest mechanism to rationalise them including the option of creating a risk pool," a source in agriculture ministry said adding role of state governments will have to be defined as they are the implementing agencies.

Already, Gujarat, Andhra Pradesh, Telangana, Jharkhand, West Bengal and Bihar exited the scheme, citing the cost of the premium subsidy to be borne by them. While Punjab never implemented the crop insurance scheme, Bihar, West Bengal and Andhra Pradesh have their schemes under which farmers do not pay any premium, but they receive a fixed amount of compensation in case of crop failure.

According to provisional data of 19 states (excluding Karnataka), there is over 10% fall in enrollment of farmers under crop insurance during Kharif 2021 from last season's 1.68 crore.

Karnataka is not included since this year's Kharif data of the state is yet to be uploaded in the central portal. Among major producing states namely Chhattisgarh, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu and Uttar Pradesh the fall in enrollment is in the range of 2-75%.

"It is definitely a concern as less than 12% of 14.6 crore land owning farmers are covered under crop insurance during kharif despite the fact that 52% of the country's farm land does not have assured irrigation facility and depends on monsoon. No other scheme than PMFBY will ensure a stable income during calamities. It will also be a big setback for government's target to double farmers' income," said a top executive of an agri-tech firm involved in technology infusion in the scheme.

It is good that the working group has included some states who exited the PMFBY, added the executive.