Beed model of crop insurance

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In news- Maharashtra Chief Minister Uddhav Thackeray recently asked Prime Minister Narendra Modi for state-wide implementation of the 'Beed model' of the crop insurance scheme Pradhan Mantri Fasal Bima Yogna (PMFBY).

More information-

- The flagship central scheme **PMFBY was launched in 2016** which insures farm losses against inclement weather events.
- Farmers pay **1.5-2%** of the premium with the rest borne by the state and central governments.
- It is **implemented by state agriculture departments** as per central guidelines.
- Prior to 2020, the scheme was optional for farmers who did not have loans pending, but mandatory for loanee farmers.
- Since 2020, it has been optional for all farmers.
- However voices have been raised in Maharashtra about the need to change the scheme.
- Delay in claim settlement, failure to recognise localised weather events, alleged profiteering by insurance companies and stringent conditions for claims are among the concerns.
- The Beed model has been implemented by the state government in the drought-prone Marathwada region, by tweaking the guidelines for the district.
- The state-run **Indian Agricultural Insurance Company** implemented the scheme.
- Under the new guidelines, the **insurance company provided a cover of 110% of the premium collected**.
- If the **compensation exceeded** the cover provided, the **state government would pay** the bridge amount.
- If the compensation was less than the premium collected,

the insurance company would keep 20% of the amount as handling charges and reimburse the rest to the state government.

- In a normal season where farmers report minimal losses, the state government is expected to get back money that can form a corpus to fund the scheme for the following year.
- Hence in this model, the **profit of the company is expected to reduce and the state government would access another source of funds.**