

# PM Fasal Bima Yojana

July 17, 2020

It is to provide comprehensive insurance coverage against crop loss→ pre-harvest + post-harvest + in case farmer didn't sow seed because of contingency

It is compulsory for farmers availing crop loans for notified crops in notified areas and voluntary for non-loanee farmers.

Premium rate – There is no capping premium and one premium rate on a pan-India basis. It is 1.5%, 2% and 5% for all Rabi, Kharif and annual horticultural/commercial crops, respectively.

There is no upper limit on the government subsidy i.e. the difference between premium and insurance charges paid by the farmer.

E.g: if insurance companies charge a premium of 40% then farmers were supposed to pay 2% (fixed for kharif crop) and the rest 38% premium is shared by Centre and State equally means centre will pay 19% and State also 19%. And if in case the premium charged by the insurance company is more, then the farmer's burden always remains fixed at 2% and Centre and States equally share the burden.

Recently, the central government announced that it will comply with the above formula only if the premium is max 30% which means that if an insurance company charges 30% premium then Farmers will pay 2% and Centre will pay 14% and States 14%.

But if a company charges 40% then also centre will pay only 14% (which is the premium burden of Centre in case of premium charged by company is 30% as in above case) and States will have to incur the burden and Farmers burden will not increase.

Losses covered – Non-Preventable risk such as Natural Fire, Storm, Hailstorm, Cyclone and Inundation has also been included as a localized calamity. Post-Harvest losses also covered.

A cluster approach will be adopted under which a group of districts with variable risk profile will be allotted to an

insurance company

Use of Remote Sensing Technology, Smart phones & Drones for quick estimation of crop losses to ensure early settlement of claims.