



# OPERATIONAL GUIDELINES

## Pradhan Mantri Fasal Bima Yojana



**Department of Agriculture, Cooperation and Farmers Welfare**  
Ministry of Agriculture & Farmers Welfare  
Krishi Bhawan, New Delhi-110001



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# Abbreviations

AIC	Agricultural Insurance Company of India Ltd
APR	Actuarial Premium Rate
ARG	Automatic Rain Gauge
AWS	Automatic Weather Stations
AY	Actual Yield
CB	Commercial Banks
CCEs	Crop Cutting Experiments
CSO	Central Statistical Office
DAC&FW	Department of Agriculture, Cooperation and Farmers Welfare
DBT	Direct Benefit Transfer
DCCBs	District Central Cooperative Banks
DLMC	District Level Monitoring Committee
ESI	Expected Sum Insured
GIS	Geographic Information System
GPS	Global Positioning System
IA	Implementing Agency
IASRI	Indian Agricultural Statistical Research Institute
IMD	Indian Meteorological Department
IRDA	Insurance Regulatory and Development Authority
ISRO	Indian Space Research Organisation
IT	Information Technology
IU	Insurance Unit
KCC	Kisan Credit Cards
LC	Loss Cost
LPC	Land Possession Certificate
MIS	Management Information System
MNCFC	Mahalanobis National Crop Forecast Centre
MOA&FW	Ministry of Agriculture and Farmers Welfare
NABARD	National Bank for Agriculture and Rural Development
NAIS	National Agricultural Insurance Scheme



NCIP	National Crop Insurance Programme
NFA	Notified Area
NLMC	National Level Monitoring Committee
NRSC	National Remote Sensing Centre
NSSO	National Sample Survey Organization
PACS	Primary Agriculture Cooperative Societies
PRIs	Panchayati Raj Institutions
RBI	Reserve Bank of India
RoR	Records of Right
RRBs	Regional Rural Banks
RST	Remote Sensing Technology
RTGS	Real Time Gross Settlement
SAO	Seasonal Agricultural Operations
SI	Sum Insured
SLCCCI	State Level Coordination Committee on Crop Insurance
TAC	Technical Advisory Committee
TSU	Technical Support Unit
TY	Threshold Yield
USSD	Unstructured Supplementary Service Data
UT	Union Territory
UTR	Unique Transaction Reference
XML	EXtensible Markup Language



## I. **Objective of the Scheme**

Pradhan Mantri Fasal Bima Yojana (PMFBY) aims at supporting sustainable production in agriculture sector by way of -

- a) providing financial support to farmers suffering crop loss/damage arising out of unforeseen events
- b) stabilizing the income of farmers to ensure their continuance in farming
- c) encouraging farmers to adopt innovative and modern agricultural practices
- d) ensuring flow of credit to the agriculture sector; which will contribute to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.

## II. **Coverage of Farmers**

1. All farmers including sharecroppers and tenant farmers growing the notified crops in the notified areas are eligible for coverage. However, farmers should have insurable interest for the notified/ insured crops. The non-loanee farmers are required to submit necessary documentary evidence of land records prevailing in the State (Records of Right (RoR), Land possession Certificate (LPC) etc.) and/ or applicable contract/ agreement details/ other documents notified/ permitted by concerned State Government (in case of sharecroppers/ tenant farmers).

### 2. Compulsory Component

All farmers availing Seasonal Agricultural Operations (SAO) loans from Financial Institutions (i.e. loanee farmers) for the notified crop(s) would be covered compulsorily.

### 3. Voluntary Component

The Scheme would be optional for the non-loanee farmers.

4. Special efforts shall be made to ensure maximum coverage of SC/ ST/ Women farmers under the scheme. Budget allocation and utilization under these segments should be in proportion of land holding of SC/ ST/ General along with Women in the respective state/ cluster. Panchayat Raj Institutions (PRIs) may be involved at various stages of implementation of crop insurance schemes particularly in the identification of the crops and beneficiaries, extension and awareness creation amongst farmers, obtaining feed-back of the farmers while assessing the claim for prevented sowing/ planting risk, localized perils, post-harvest losses and advance payment of claims etc.

### III. Coverage of Crops

- 1) Food crops (Cereals, Millets and Pulses),
- 2) Oilseeds
- 3) Annual Commercial / Annual Horticultural crops

### IV. Coverage of Risks and Exclusions

1. Following stages of the crop and risks leading to crop loss are covered under the scheme.
  - a) **Prevented Sowing/ Planting Risk:** Insured area is prevented from sowing/ planting due to deficit rainfall or adverse seasonal conditions
  - b) **Standing Crop (Sowing to Harvesting):** Comprehensive risk insurance is provided to cover yield losses due to non- preventable risks, viz. Drought, Dry spells, Flood, Inundation, Pests and Diseases, Landslides, Natural Fire and Lightning, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane and Tornado.
  - c) **Post-Harvest Losses:** coverage is available only up to a maximum period of two weeks from harvesting for those crops which are allowed to dry in cut and spread condition in the field after harvesting against specific perils of cyclone and cyclonic rains and unseasonal rains.
  - d) **Localized Calamities:** Loss/ damage resulting from occurrence of identified localized risks of hailstorm, landslide, and Inundation affecting isolated farms in the notified area.
2. General Exclusions: Losses arising out of war and nuclear risks, malicious damage and other preventable risks shall be excluded.

### V. Preconditions for implementation of the Scheme

1. Issuance of Notification by State Government / UT for implementation of the scheme (PMFBY) will imply their acceptance of all provisions, modalities and guidelines of the Scheme. The main conditions relating to PMFBY which are binding on States/ UTs, are as follows:
  - a) State has to conduct requisite number of Crop Cutting Experiments (CCEs) at the level of notified insurance unit area;
  - b) CCE based yield data will be submitted to insurance company within the prescribed time limit;

- c) State/ UT will make necessary budgetary provision in State/ UT budget, to release premium subsidy based on fair estimates, at the beginning of the crop season;
  - d) State/ UT should be willing to facilitate strengthening of weather station network.
  - e) Adoption of innovative technology specially Smart phones/hand held devices for capturing conduct of CCEs.
2. Department of State Government already looking after implementation of National Agriculture Insurance Scheme (NAIS)/ National Crop Insurance Programme (NCIP) may be designated as Nodal Department for implementation of PMFBY. The State Level Coordination Committee on Crop Insurance (SLCCCI) presently overseeing implementation of NAIS and NCIP may be authorized to oversee implementation of PMFBY. The States/UTs which have not implemented the NAIS / NCIP shall constitute SLCCCI for implementation of PMFBY on the lines similar to that of NAIS/NCIP. The present composition of SLCCCI may be strengthened by including representatives from State Horticulture Dept., State Remote Sensing Application Centre, India Meteorological Department (IMD), Farmers' Representatives and Empanelled Insurance Companies for implementing PMFBY. Chairman of SLCCCI shall co-opt representatives from other departments / agencies, if considered necessary.

## **VI. Notification**

1. Prior to the commencement of the crop year, preferably in the beginning of February, meeting of SLCCCI should be convened for finalising various terms and conditions and calling of bids/ issuance of the bid notice to select insurance companies and carrying out implementation of the scheme during the bid/ risk period. State Government / UT should ensure the issuance of the notification and its circulation to all concerned agencies/ departments/ institutions at least one month in advance of the commencement of the crop season incorporating all the essential details about insured crops, areas, Scale of Finance, Sum Insured, threshold at insurance unit (IU) level for notified crops, Premium rate for farmers, subsidy along with seasonality disciplines/ cutoff date for each activities etc..

### Notification of crops, areas and Implementing Agency (IA)

2. a) The Scheme shall operate on the principle of "Area Approach" in the selected Defined Areas called Insurance Unit (IU). State Government /UT will notify Crops and Defined Areas covered



during the season in accordance with decision taken in the meeting of SLCCCI. State/UT Government should notify as an insurance unit, Village/Village Panchayat or any other equivalent unit for major crops. For other crops it may be a unit of size above the level of Village / village Panchayat.

- b) For the claims arising out of crop damage due to post-harvest losses and localized risks, assessment of damage will be made on individual farm basis as outlined in para XIV and XV respectively.
3. SLCCCI will, for the purpose of notification, consider factors such as availability of past yield data based on CCEs for adequate number of years (atleast 10 years), cropped acreage and for estimating yield during proposed season, etc.
4. State Government/ UT should provide 10 years historical yield data to Insurance Companies for calculation of indemnity limits, threshold yield, calculation of premium rates etc. at insurance unit area and in absence of above, data at next higher unit/ nearest neighboring unit/ weighted average of contiguous units as decided by the SLCCCI shall be used. The level and name of notified areas of insurance unit will be part of notification and should be provided at the time of bidding itself. Minimum two week time should be available for filing bid document by the designated / empanelled insurance companies.
5. In case it is proposed to notify irrigated and un-irrigated areas separately under a crop, State Government / UT shall ensure that minimum CCEs are planned and conducted for irrigated and un-irrigated crops, separately in such areas. In addition, past yield data for adequate number of years will have to be made available separately.
6. State implementing PMFBY at Village/ Village Panchayat level shall be entitled for 50% reimbursement of incremental expenses of CCEs and cost of smart phones/ improved technology from Government. Only eligible items will be considered for reimbursement.

Notification of indemnity level, Average Yield, Threshold Yield, Sum Insured (SI) and Premium Rates

7. Three levels of Indemnity, viz., 70%, 80% and 90% corresponding to high, moderate and low risk level of the areas shall be available for all crops. SLCCCI in consultation with Insurance Companies shall approve indemnity levels for notified crops and areas at sub-district or district level.

The Average Yield of a notified crop in insurance unit (IU) will be average

yield of last seven years excluding upto two declared calamity years). The Threshold yield of the notified crops is equal to Average Yield multiplied by Indemnity level. SI and Premium Rates will be notified.

Notification of calamity year(s), if any for calculation of threshold yield

8. If the State Government/ UT declares calamity year(s) in respect of any district/ area based on decision/ notification made for that year by concerned Government/ competent authority, such calamity year(s) will be excluded while calculating threshold yield at insurance unit level, and also 'Notional Threshold Yield' at sub-district/ district level, sum insured (scale of finance) etc. Not more than two such years shall be excluded from calculation of threshold yield, even in instances where calamity years are more than two during the preceding seven years. The yield in declared calamity year is not expected to be reported higher than the normal years. However if it is so, then that year shall not be considered as a calamity year for calculation of Threshold Yield for the season. Further, Threshold Yield once notified in the Notification issued by the State should not be changed at later stage under any circumstances. However, based on actual yield, Threshold Yield and Sum Insured for the later years may be recalculated and notified accordingly at the beginning of each crop season.

Seasonality discipline

9. State Government/ UT shall also notify seasonality discipline for various activities under the scheme viz. submission of insurance proposals, consolidated declarations by banks, yield data, claim assessment of losses for (i) standing crop (ii) localized calamities, (iii) prevented sowing, (iv) post harvest loss, (v) on-account payment for major calamities, etc as per the provisions of the scheme.

Notification of Automatic Weather Stations (AWS)

10. For the purpose of on account payment of claims and claims for prevented sowing etc., State Government shall notify concerned weather data provider/ expert agency whose report/ methodology would be used in assessing the extent of losses and computation of payment. The notified AWS and automatic rain gauge (ARG) should fulfill/ meet the standards/ norms/ criteria as envisaged in Report of the Committee which has been circulated by DAC & FW in 2015.

Entry of data on Crop insurance Portal

11. The Government of India has recently designed an insurance portal [www.agri-insurance.gov.in](http://www.agri-insurance.gov.in) for better administration, coordination amongst stakeholders, proper dissemination of information and transparency for

Farmers, States, Insurers and Banks. Detailed outlines of Crop Insurance Portal for administration of Crop Insurance Programme along with its phases, functions and role and responsibilities for entry of data/information etc under different phases are at Para XXV. The basic information like notified areas, crops, Sum Insured, Government subsidy, premium to be paid by farmers, and concerned insurance companies in the particular insurance unit of has been digitized and put on the web portal so that Farmers and other stakeholders may get the relevant information on Internet and through SMS. Further, to ensure better administration and ease in accessing information by farmers, an android based “crop insurance **app**” has also been launched which could be downloaded from either the website of DAC & FW or Google play Store.

The Government is also endeavouring for the integration of all the stakeholders viz, farmers, insurance companies, financial institutions and Government agencies on an IT platform to ensure better administration, coordination and transparency for getting real time information and monitoring etc. in a phased manner in consultation with Ministry of Finance and other stakeholders.

State Government and concerned IAs will be responsible for entry of all requisite information/ data as per notification issued by the States in the crop Insurance portal well in time so that information may be available in digitized form to all stakeholders. The details of entry of data/ information on the web portal have already been available on the portal ([www.agri-insurance.gov.in](http://www.agri-insurance.gov.in)). State Government and concerned IAs will be responsible for any wrong entry/ errors/ omissions etc.

#### **VII. Sum Insured /Coverage Limit**

1. Sum Insured per hectare for both loanee and non-loanee farmers will be same and equal to the Scale of Finance as decided by the District Level Technical Committee, and would be pre-declared by SLCCCI and notified. No other calculation of Scale of Finance will be applicable. Sum Insured for individual farmer is equal to the Scale of Finance per hectare multiplied by area of the notified crop proposed by the farmer for insurance. ‘Area under cultivation’ shall always be expressed in ‘hectare’.
2. Sum insured for irrigated and un-irrigated areas may be separate.

#### **VIII. Premium Rates and Premium Subsidy**

1. The Actuarial Premium Rate (APR) would be charged under PMFBY by implementing agency (IA). The rate of Insurance Charges payable by the farmer will be as per the following table:

S. No.	Season	Crops	Maximum Insurance charges payable by farmer (% of Sum Insured)
1	Kharif	All foodgrain and Oilseeds crops (all Cereals, Millets, Pulses and Oilseeds crops)	2.0% of SI or Actuarial rate, whichever is less
2	Rabi	All foodgrain and Oilseeds crops (all Cereals Millets, Pulses and Oilseeds crops)	1.5% of SI or Actuarial rate, whichever is less
3	Kharif and Rabi	Annual Commercial / Annual Horticultural crops	5% of SI or Actuarial rate, whichever is less

2. TSU (Technical Support Unit) shall calculate **Loss Cost (LC)** i.e. Claims as % of Sum Insured (SI) observed in case of the notified crop(s) in notified unit area of insurance during the **preceding 10 similar crop seasons** (Kharif/Rabi) (AIC shall act as TSU till an Independent agency/Technical Support Unit (TSU) in place) based on the latest available yield data in month of February for Kharif crops and August for Rabi crops as per requirement of the States and shall provide to DAC & FW/ Concerned States on request before invitation for premium bidding. This calculation to be done by AIC on behalf of Ministry is for internal purposes to have information on the approximate cost to the IA for covering the risks so as to evaluate the bids in proper perspective.
3. Payment of Government Subsidy:
  - a) The difference between actuarial premium rate and the rate of Insurance charges payable by farmers shall be treated as Rate of Normal premium Subsidy, which shall be shared equally by the Centre and State. **However, the State/ UT Governments are free to extend additional subsidy over and above the stipulated subsidy from its budget. In other words, additional subsidy, if any shall be entirely borne by the State/ UT Government. Subsidy in premium is allowed only to the extent of Sum Insured.**
  - b) Government premium subsidy to the Private empanelled Insurance Companies may be routed through Agricultural Insurance Company (AIC) of India Limited strictly as per the guidelines/ order of the Government. It may be reviewed later and changed accordingly if felt necessary. Accordingly, AIC is empowered to call/ collect all requisite information

related to implementation of the Scheme and utilization of Government funds and to share/ disseminate the same among the concerned insurance companies and Governments for better planning, implementation and monitoring of the scheme.

- c) Government (both Central and States) may release 50% of the total estimated premium subsidy to empanelled insurance companies at the beginning of crop season on the basis of business projection to be submitted by each insurance company subject to fulfillment of General Financial Rule/ guidelines in the matter.

4. Claim Liabilities:

**Insurance company shall take all necessary steps to take appropriate reinsurance cover for their portfolio in order to safeguard insured's interest. In case premium to claims ratio exceeds 1:3.5 or percentage of claims to Sum Insured exceeds 35%, whichever is higher, at the National Level in a crop season, then Government will provide protection to IAs. The losses exceeding the above mentioned level in the crop season would be met by equal contribution of the Central Government and the concerned State/ UT Governments. The liability of payment of all claims shall however be of the concerned IAs only. In case of unfulfilment of above mentioned condition, States/ UTs where the losses exceed the above ceiling level insurers shall be responsible to settle the admissible claims.**

**IX. Seasonality Discipline**

1. The cut-off date is uniform for both loanee and non-loanee cultivators. The State-wise cut off dates for different crops shall be based on Crop Calendar of major crops published from time to time by the Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers' Welfare, Ministry of Agriculture and Farmers' Welfare, Government of India. The latest copy of the Crop Calendar is available on the website of Directorate of Economics and Statistics at <http://eands.dacnet.nic.in/PDF/Agricultural-Statistics-At-Glance2014.pdf> (The crop calendar is elaborated in Appendix IV). However, besides prevailing agro-climatic conditions, rainfall distribution/irrigation water availabilities, sowing pattern etc. the SLCCCI, in consultation with the insurance company shall fix seasonality discipline of the coverage and other activities in such a way that it does not encourage adverse selection or moral hazards. The broad seasonality discipline is given in the chart below:

Sl. No.	Activity	Kharif	Rabi
1	Issuance of Administrative Instructions by Government of India.	February	August
2	Conduct of SLCCCI meeting to decide for notification of Crops and Notified areas, limits of Sum Insured, and adoption of Level of Indemnity etc.	March	September
3	Issuance of Notification by SLCCCI of State/ UT	March	September
4	Entry of all requisite information/data on crop insurance Portal	Within a week of issuance of notification.	
5	Loaning period (loan sanctioned/ renewed) for Loanee farmers covered on Compulsory basis.	April to July	October to December
6	Cut-off date for receipt of Proposals of farmers/debit of premium from farmers account (loanee and non-loanee).	31 <sup>st</sup> July	31 <sup>st</sup> December
7	Cut-off date for receipt of consolidated Declarations/ proposal of Loanee farmers covered on compulsory basis and non-loanee farmers covered on Voluntary basis from Bank branches (CBs/ RRBs) to respective insurance companies and DCCBs for PACS.	Within 15 days for loanee farmers and 7 days for non-loanee farmers after cut-off date	
8	Cut-off date for receipt of Declarations of farmers covered on Voluntary basis from designated insurance Agent(s) to Insurance Companies.	Within 7 days of receipt of declaration/ premium.	
9	Cut-off date for receipt of Proposal of Loanee farmers covered on compulsory basis and non-loanee farmers covered on Voluntary basis from respective DCCBs/ Nodal Banks (for cooperatives).	Within 7 days of receipt of Declarations by the respective Nodal bank offices	
10	Uploading of soft copy of the details of individual insured farmers by	Within 15 days after cut-off date for collection of premium	

	Commercial banks /RRBs / PACS / Intermediaries	from farmers
11	Cut-off date for receipt of yield data harvest	Within a month from final
12	Processing, Approval and Payment of Final Claims based on yield data	Three weeks from receipt of yield data

2. Further, in case of three crop / season pattern, a modified discipline keeping in mind the overall seasonality discipline prescribed above, shall be adopted by State Level Co-ordination Committee on Crop Insurance (SLCCCI).
3. **Keeping in mind the specialty and catastrophic nature of crop insurance, SLCCCI shall fix seasonality in such a way that it does not encourage adverse selection or moral hazards and also ensure early payment of claims to eligible insured farmers. Scheme also has provisions of claims due to prevented sowing and option to change the insured crop. Hence, State Government will take all necessary steps to ensure enrolment of farmers well within the stipulated time under the scheme. No relaxation for extension in the above seasonality/cut off dates shall be considered / granted by this department once it is fixed and notified for the crop season however, pre-ponement in cut off dates shall be considered on case to case basis. If any state/ UT extends the above seasonality/ cut off dates on their-own then central share of premium subsidy shall not be available for the concerned notified crops / areas.**
4. It may be noted that neither DAC & FW nor any State/ UT Government will be authorized to extend the cut-off dates of seasonality under any circumstance. However, States/ UTs in agreement with IA may do so, if felt necessary, but in such cases, no central premium subsidy will be provided for the areas / farmers / crops which are covered / insured in the extended period. However, Insurance Company has to inform such agreement to DAC & FW and submit the details of coverage during such extended period separately.

#### **X. Collection of Proposals and Premium from Farmers**

1. The present Nodal Bank system under NAIS/ NCIP will continue for PMFBY as well, **for Cooperative Banks only**, wherein the implementing insurance company is not required to deal with all the loan disbursing points (PACs) and instead, deals only with designated Nodal banks. However, individual bank branches for Commercial Banks/ RRBs shall act

as Nodal branch for this purpose. **The concerned Lead bank and Regional offices/ Administrative offices of commercial banks/ RRBs will provide necessary guidelines to concerned bank branches and coordinate with them to ensure that all concerned branches submit the consolidated proposals to insurance companies well within the stipulated cut-off dates and also upload the soft copy of insured details in crop insurance portal. Besides, insurance company may also use the IRDA approved insurance agents/ insurance intermediaries for the coverage of non-loanee farmers only.**

2. Declaration/ proposal formats to be submitted by Nodal banks/ Branches shall contain details about Insurance Unit, sum insured per unit, premium per unit, total area insured of the farmers, number and category of farmers covered (small and marginal or other) and number of farmers under other categories (SC/ ST/ others) / Women along with their bank account details etc. (bank / their branches) **as per the format envisaged / provided in the crop insurance portal.**

Loanee farmers (Compulsory coverage)

3. Whenever banks sanction loan for a notified crop in a notified area, the crop loan amount only to the extent of **Scale of Finance for notified crops** and acreage of individual notified crops of loanee farmers shall be taken into consideration for compulsory coverage, as per seasonality discipline. Based on seasonality of Crops, banks should separately calculate the eligibility of loan amount for both Kharif and Rabi seasons based on the scale of Finance and declared acreage under notified crops. Disbursing bank branch/ Primary Agriculture Cooperative Society (PACS) will prepare monthly statement of crop-wise and insurance unit-wise details of crop insurance with premium as per the seasonality discipline. Loan disbursing bank branch/ PACS will finance the additional loan towards premium amount payable by farmer for crop insurance.
4. Crop loans through Kisan Credit Cards (KCC) are covered under compulsory coverage and banks shall maintain all back up records and registers relating to compliance with PMFBY and its seasonality discipline and cut-off-date for submitting Declarations in case of normal crop loans. Bank branch will apportion coverage among insurable crops, based on acreage mentioned in loan application or on the basis of actual area sown as declared by the farmer subsequently.
5. Bank branches of commercial banks and RRBs/ Nodal Bank in case of PACS under its jurisdiction shall consolidate insurance proposals/ statements from their bank branch/ PACS under its jurisdiction,



respectively and forward the same to insurance company along with details of remittance/ RTGS towards insurance premium, in accordance with cut off dates, as specified by SLCCCI for that particular crop and season.

Non-loanee farmers (Optional coverage) through Channel partners

6. Farmers desirous of availing insurance shall fill up Proposal Form of the Scheme and submit the same to nearest bank branch or authorized channel partner or insurance intermediaries of insurance company.
7. In case channel partner is a Bank, farmers will submit duly filled up proposal form in the village branch of a Commercial Bank (CB) or Regional Rural Bank (RRB), or PACS (DCCB) with requisite insurance premium amount. Operating a bank account is essential for such cases. Branch/ PACS officials will assist the farmers in completing the insurance proposal form and provide necessary guidance. While accepting the proposal and premium, Branch/ PACS will be responsible for verification of eligible sum insured, applicable premium rate, etc. PACS will thereafter consolidate these particulars and send them directly/ to respective Nodal Banks respectively which will, in turn, submit crop-wise and insurance unit-wise Crop Insurance Declarations in the prescribed format, along with the premium, within the stipulated time, to insurance company. However the bank branches of commercial banks/ RRBs will directly submit the consolidated proposals along with details of insured farmers in the format envisaged in the crop insurance portal within the stipulated time.
8. Non-loanee cultivators could also be serviced directly by any designated agencies, other authorized channel partners or insurance intermediaries, approved by the IRDA for the purpose and they will act as a guide and facilitator wherein they will advise them the benefits and desirability of the Scheme and guide the farmers through procedures; collect requisite premium and remit individual/ consolidated premium to insurance company, accompanied by individual proposal forms and summary details in Declarations/ Listing sheet (MIS), provide soft copy to IA and details of each insured farmer and will also upload the data directly to the crop insurance portal.
9. While accepting the Proposal and the premium from aforesaid, designated agents, other authorized channel partner or insurance intermediaries, approved by the IRDA, **it shall be the responsibility of Insurance Company or its designated agents to verify insurable interest and collect the land records, particulars of acreage, sum insured, crop sown etc. and applicable contract/ agreement details in case of share**

**croppers/ tenant farmers.** The designated intermediaries shall remit the premium with consolidated proposals within 7 days. However, it is mandatory that the Non-loanee cultivators serviced by the designated intermediaries should hold a bank account in order to facilitate remittance of the claim, if payable.

Non-loanee Farmers (Optional coverage) - directly to Insurance companies

10. Non-Loanee farmer may submit insurance proposals personally / through post to insurance company with requisite premium. Non-loanee farmer can also avail insurance through 'on-line portal' of concerned insurance company or crop insurance portal designed by Government for the purpose. However, it is mandatory that Non-Loanee farmers, personally submitting proposals to insurance company or through crop insurance portal, should have insurable interest and submit necessary documentary evidence as proof as decided by SLCCCI (like print copy of application along with remittance of premium). The insured farmer forfeits the premium and the right to claim (if any) if the material facts furnished in the proposal form are wrong or incorrect.
11. Insurance companies retain the right to accept or reject insurance proposal(s) in case proposal is incomplete, not accompanied by necessary documentary proof or insurance premium ordinarily, within one month of receipt of proposal by Insurance Companies. If the proposal is rejected the insurance company will refund full collected premium.

Option for change of crop name

12. Farmers covered, on voluntary basis, can buy insurance before actual sowing/ planting, based on advance crop planning. However, for any reason if a farmer changes the crop planned earlier, he should intimate the change to insurance company, at least 30 days before cut-off-date for buying insurance or sowing, through financial institution/ channel partner/ insurance intermediary/ directly; as the case may be, along with difference in premium payable, if any, accompanied by sowing certificate issued by concerned village/ sub-district level official of the State. In case the premium paid was higher, insurance company will refund the excess premium.

Similarly, loanee farmers can also change the name of insured crop from the original crops submitted in the loan application but such changes should be submitted in writing to the concerned bank branch well in advance so that their proposed crops should be insured. However changes of non-notified crops to notified crops without submitting the sowing

certificate is not permissible. Bank will ensure that all standard loans sanctioned for notified crops within stipulated cut-off date should compulsorily be covered.

13. Declarations/ proposals received from the Banks/ PACS after the cut-off date shall be summarily rejected and the liability, if any, for such declarations shall rest with the concerned bank. Therefore, the Banks/ PACS must not receive any proposal after the cut-off date of coverage. The Banks/ PACS must also ensure that the consolidated statement alongwith the premium amount is remitted to the insurance company within the stipulated time, failing which they shall be responsible for payment of claims, if any to the farmers. However, any dispute in the matter may be referred to the Department by the concerned State/ Agency.
14. The concerned branches of banks and Nodal Banks/ DCCBs in case of PACS will also collect the list of individual insured farmers (both loanee and non-loanee) with requisite details like name, father's name, Bank Account number, village, categories – Small and Marginal/ SC/ ST/ Women, insured acreage, details of insured land, insured crop(s), sum insured, premium collected, Government subsidy etc. from concerned branch in soft copy also for further reconciliation and send the same to the concerned insurance company within 15 days after final cut-off date for submission of Proposal/ Declaration to insurance company and also upload the same on the crop insurance portal. Same standard format of crop insurance portal will be utilized.
15. Insurance companies may also collect the requisite information in respect of non-loanee farmers from the channel partner in same formats. It is the responsibility of the concerned insurance companies to collect/obtain the details of the insured farmers (both loanee and non-loanee) from the bank/financial institutions/ intermediaries/ agents and facilitate the banks to upload the same on crop insurance portal.
16. Insurance Companies should also verify and be satisfied themselves about the coverage of farmers/ crops and up-load the same in their websites within a month preferably before approaching the Government to release the final installment of subsidy under the scheme.

#### **XI. Assessment of Loss / Shortfall in Yield**

##### **Wide Spread Calamities (based on season-end yield)**

1. The Scheme operates on the basis of 'Area Approach' i.e., Defined Areas for each notified crop for widespread calamities and insurance unit is

Village/ Village Panchayat or any other equivalent unit for major crops and for other crops it may be a unit of size higher than Village/ Village Panchayat level, to be decided by the State/ UT Government. State Government Department overseeing conduct of CCEs will submit yield data as per cut-off date decided by SLCCCI, along with results of individual CCEs. Yield data will be furnished to Insurance Company by State Government / UT, in accordance with the cut-off dates fixed, and crops and areas notified, based on total number of CCEs being conducted.

2. CCEs shall be undertaken per unit area of insurance per crop, on a sliding scale, as indicated below:

Sl. No.	Level of Insurance Unit of CCEs	Minimum sample size
1	District	24
2	Taluka/ Tehsil/ Block	16
3	Mandal/ Phirka/ Revenue Circle/ Hobli or any other equivalent unit	10
4	Village / Village Panchayat	4 for major crops and 8 for other crops

3. In order to maintain the sanctity and credibility of CCEs as an objective method of yield estimation, the modalities mentioned below will be followed:
- State shall strengthen audit process of conduct of CCEs, with necessary checks and balances. Digitizing the CCE process including geo-coding (providing the latitude and longitude of the CCE location), date/ time-stamping and with photographs (of the CCE plot and CCE activity), is a must for all CCEs. ( Refer para 7)
  - Wherever external agencies are proposed to be used for conducting the CCEs (i.e. CCEs are out-sourced), it should be given only to the registered 'professional' agencies with adequate experience in agriculture field activities/ yield estimation. It is mandatory for these agencies to follow the digital protocol as mentioned in the previous paragraph. Services of such agencies may also be utilized for assessment of Post-harvest loss and losses due to localized risks.
  - States shall maintain 'single series' of CCEs, i.e. the same set of CCEs and Yield estimates are used both for Crop Production estimates and Crop Insurance.

- d) In instances where required number of CCEs could not be conducted due to non-availability of adequate cropped area, the yield estimate for such IUs can be generated by using methods as (i) clubbing with neighboring/contiguous units or (ii) adopting yield estimate of next higher unit, or (iii) adopting the yield of neighboring IU with maximum correlation. Priority of applicability of aforesaid three methods should be notified by the concerned States well in advance
- e) The yield estimates at IU level shall be submitted by the State Government within the cut-off date, along with results of individual CCEs to the insurance companies.
- f) Insurance company should be given complete access to co-witness the CCEs, as also the digital images of the CCEs and relevant data in the requisite form by the State Government. (as outlined in para XXIV.2.m) A formal letter with the schedule should be given to the IAs sufficiently in advance without fail to help them mobilize the manpower if they so desire.
- g) Wherever the yield estimates reported at IU level are abnormally low or high vis-à-vis the general crop condition, the insurance company in consultation with State Government can make use of various products (e.g. Normalized Difference Vegetation Index, etc.) derived from satellite image data or other technologies to confirm the yield estimates. In case of significant differences between these two yield estimates, the matter should be referred to Technical Advisory Committee (TAC) at Centre and its decision shall be final. For resolving such cases, services of the Mahalobanis National Crop Forecast Centre (MNCFC) may be availed by TAC. MNCFC shall examine the above mentioned both the estimates and indicate their views on the yield estimate at IU for the crop season applying technology and other related parameters.

#### 4. Use of Innovative Technologies to Rationalize CCEs

With availability of a number of satellites with high resolution images orbiting the Earth, there has been a great improvement in satellite imagery products. It has been reasonably proven that satellite imagery can help in demarcating the cropped areas into clusters on the basis of crop health. This feature can be successfully used to target the CCEs within the Insurance Unit (IU). In other words, satellite imagery can help in '**smart sampling**' of CCEs. While an IU with heterogeneous crop health may need standard sample of CCEs, say 4 CCEs per Village / Village Panchayat, the more homogenous IU may need a lesser sample size, say 2 CCEs. This is expected to minimize the total CCEs needed by about 30-40%. States can adopt this technique (of using satellite based remote sensing data for

planning of crop cutting experiments) in generating yield estimates while following digital protocol outlined in the preceding paragraphs. For using satellite data for smart sampling, there is need to generate specific crop map. Vegetation Indices need to be computed for the cropped area. On the basis of Vegetation Index, the crop area can be categorized into poor, medium, good and very good crop health strata. Within each stratum, CCE points should be selected randomly. This can be done in consultation with MNCFC and IASRI.

5. Use of Technology to remove area discrepancy in coverage

It is noticed that in some instances in States/districts, area insured is much more than area sown figures resulting in reduction of sum insured and consequently reduction in claims of farmers. Use of RST/ satellite imagery, digitization of land records may be promoted to minimize the area discrepancy. (Refer para XVII.4)

6. Use of Innovative Technologies for Direct Yield Estimation

- a) For addressing the problem of reliability of CCEs as well as their accuracy and speed of conducting them, innovative technologies such as RST, drone, online transmission of data etc. will be utilized. This will ensure accurate assessment and timely payments of claims of farmers. The World Bank and MNCFC based on some pilots in this regard recommended that images/ video capture of crop growth at various stages and transmission thereof with CCE data on a real time basis utilizing mobile communication technology with GPS time/ date stamping, can improve data quality/ timeliness and support timely claim processing and payments. This Department has also been piloting such studied in this regard for assessment of crop loss at lower unit level.
- b) After adequate number of pilots when a strong correlation between RST/ Satellite Image derived products results and yield estimates through CCEs has been seen, States and Insurance companies may use these technologies in estimating the crop yields at IU level, subject to the satisfaction of both States and insurance companies about the accuracy of the yield estimates, to service the claims.

7. Use of Mobile Phone Technology to improve Yield-data Quality and Timeliness

It has been felt that CCE process currently being conducted by the State for estimating yield is lacking in reliability, accuracy and speed which affects the claims settlement. There is a need to have good quality, timely and

reliable yield-data. To increase the reliability, accuracy and speed of CCE data, mandatory use of smart phones / hand held devices for capturing images, location of the CCE and for online transmission of data on centralized server (eg Bhuvan server) would be done for faster compilation of data and quick claim settlement. RST and Drones etc. may also be used for the purpose of increasing accuracy and speed of yield estimation through CCEs.

8. The cost of using technology etc. for conduct of CCE process specially purchase of smart phones/ hand held devices will be shared between Central Government and State/ U.T. Governments on 50:50 basis, wherever necessary, subject to a cap on total funds to be made available by Central Government for this purpose based on approximate cost of procuring hand held devices/ Smart phones and other related costs.
9. The existing Technical Advisory Committee (TAC) comprising of representatives from Indian Agricultural Statistical Research Institute (IASRI), State Remote Sensing Centres, National Sample Survey Organization (NSSO), Central Statistical Organization (CSO), DAC & FW and insurance company (AIC) may review sample size of CCEs from time to time. TAC shall also review any other technical matters related to conduct of CCEs and timely submission of yield data.

Assessment of Claims (Wide Spread Calamities)

10. If 'Actual Yield' (AY) per hectare of insured crop for the insurance unit (calculated on basis of requisite number of CCEs) in insured season, falls short of specified 'Threshold Yield' (TY), all insured farmers growing that crop in the defined area are deemed to have suffered shortfall in yield of similar magnitude. PMFBY seeks to provide coverage against such contingency.

'Claim' shall be calculated as per the following formula:

$$\frac{(\text{Threshold Yield} - \text{Actual Yield})}{\text{Threshold Yield}} \times \text{Sum Insured}$$

Where,

Threshold yield for a crop in a notified insurance unit is the average yield of past seven years (excluding a maximum of two calamity year(s) as notified by State Government/ UT) multiplied by applicable indemnity level for that crop.

## 11. Illustration

In table below, assumed yield of wheat for the last 7 years is given for insurance unit area of “X”. Calculation of TY for Rabi 2014-15 season is as under:

Year	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Yield (kg/ha)	4500	3750	2000	4250	1800	4300	1750

The years of 2010-11, 2012-13 and 2014-15 were declared natural calamity years.

Total of yields of seven years is 22350 kg/ha and that of two worst calamity years is 3550 kg/ha i.e. (1800+1750). Therefore according to the provision, average of past seven years excluding maximum two calamity years will be  $(22350 - 3550 = 18800 / 5)$  i.e. 3760 kg/ha. Hence, threshold yield at 90%, 80% and 70% of indemnity levels will be 3384 kg/ha, 3008 kg/ha and 2632 kg/ha respectively.

## XII. On Account Payment of Claims due to Mid-Season Adversity

1. It is proposed to provide immediate relief to insured farmers in case of adverse seasonal conditions during the crop season viz. floods, prolonged dry spells, severe drought etc., wherein expected yield during the season is likely to be less than 50% of Threshold yield.

### a) **Eligibility Criteria:**

- i. All notified Insurance Units would be eligible for “ON ACCOUNT” payment only if the expected Yield of the affected crop during the season is less than 50% of threshold yield.
- ii. The provision is invoked by the State Government through damage notification based on the proxy Indicators.
- iii. The provision could be invoked for a specific crop or group of crops in Notified Insurance Unit, depending on fulfillment of laid down conditions.
- iv. Insurance company may decide the quantum of likely losses and the amount of ‘on-account’ payment based on the joint survey of Insurance Company and state government officials.
- v. Only those farmers would be eligible for financial support under this cover who has paid the premium / the premium has been debited from their account before the damage notification by the state government invoking this provision for compensation.



- vi. Maximum amount payable would be 25% of the likely claims, subject to adjustment against final claims.
- vii. If adversity occurs within 15 days before the normal harvest time, this provision will not be invoked.
- b) **Proxy-Indicators:** Indicators to be used for loss intimation could be rainfall data, other weather data, satellite imagery and crop condition reports by district level state government officials, supported by media reports. The State's notification should also spell out all the necessary details in this regard.
- c) **Loss assessment procedure:**
  - i. Joint committee of State Government and the insurer for assessment of crop damage, has to be formed and notified before start of the crop season by the SLCCCI for each district.
  - ii. This Joint Committee shall decide the eligibility for on-account payment based on the weather data (available AWS notified by the Government) /long term average rainfall data/satellite imagery supported by estimated yield losses at notified Insurance unit level. Loss intimation order has to be issued within 7 days from the adverse seasonal event.
  - iii. Based on the above report, a joint inspection of the affected area may be done by Insurance Company for ground truthing with State government officials and arrive at the extent of loss.
  - iv. Information/ Services of Mahalanobis National Crop Forecast Centre (MNCFC) may also be utilized for determination of extent of loss for on-Account payout.
  - v. If the expected loss of the affected crop is more than 50% of the normal yield for the Notified Insurance Unit, on-account payment would be payable.
  - vi. On-account payment would be calculated as per following formula:  

$$\frac{(\text{Threshold Yield} - \text{Estimated Yield})}{\text{Threshold Yield}} \times \text{Sum Insured} \times 25\%$$
- d) **Time frame for loss assessment and submission of report:**
  - i) An order will be issued by State Government defining eligibility of on-account payment with details of damaged Insurance Units within 7 days from the occurrence of adverse seasonal event.

- ii) Loss assessment report at the affected insurance unit level has to be completed by the joint committee within 15 days from occurrence of the adverse seasonal event.
- e) **Conditions:**
  - i. Mere disbursement/ sanction of loan without receipt/ debit of premium before the notification of calamity would not make a farmer eligible for the claim.
  - ii. The On-account payment would be disbursed by the insurance company only after the receipt of Government share of premium subsidy.
  - iii. On- account payment would be paid to all eligible insured farmers within one month of the notification invoking this provision by the State Government and subject to receipt of loss report from State Government.
  - iv. These claims would be adjusted from the end season area approach yield based claims.

2. Illustration

District 'A' has been affected by floods having 100 insurance units under Crop 'X'. Out of which 50 insurance units were severely affected and as per the weather indicators / agro-met data, it has been assessed that 30 insurance units could have yield loss of more than 50% (compared to the threshold yield). Out of these 30 insurance units, estimated yield loss for 5 units is 80% (Category-I), for another 10 units, it is 70% (Category-II) and remaining 15 units, it is 60% (Category-III) of normal average yield. As per declarations received, if sum insured for notified areas in Category-I, Category-II and Category-III is Rs. 1 crore, Rs. 2 crore, and Rs 3 crore, respectively, then likely total claims will be Rs. 80 lakh, 140 lakh and 180 lakh, respectively. Hence on-account claims upto 25% shall be Rs. 20 lakh, 35 lakh and 45 lakh, which will be released during the season subject to receipt of premium subsidy.

**XIII. Prevented / Failed Sowing and Prevented Planting / Germination Claims**

- 1. It is proposed to provide insurance cover to farmers in case of widespread incidence of eligible risks (para IV.1.a) affecting crops in more than 75% of area sown in a notified unit at early stage leading to total loss of crop or the farmers are not in a position to either sow or transplant the crop.

The precondition for this cover is issuance of notification of the scheme before commencement of normal sowing process and details of insurance

coverage from banks should have been advised to Insurance Company.

a) **Eligibility Criteria:**

- i. The State Government would provide Notified Insurance Unit and crop wise normal area sown at the beginning of the season within 15 days.
- ii. Notified Insurance Units will be eligible for “Prevented Sowing/ Planting” pay-out only if more than 75% of Crop Sown Area for notified crop remained unsown due to occurrence of any of the above perils.
- iii. The provision is invoked by the State Government through notification based on the proxy Indicators.
- iv. Only those farmers would be eligible for financial support under this cover who have paid the premium / the premium has been debited from their account before the notification by the state government invoking this provision for compensation.
- v. The State Government would notify crop wise and agro-climatic zone or district wise cut off dates by which, this provision could be invoked.

b) **Proxy-Indicators:** Indicators like rainfall data, other weather data, satellite imagery and crop condition reports by district level State Government official, media reports and area sown data released by State Government

c) **Loss assessment procedure:**

- i. State Government would declare a Notified Insurance Unit as having suffered Prevented or Failed Sowing/ Planting conditions with approximate areas in percentage of the unit.
- ii. The Lump sum payout under this cover would be limited to 25% of the sum insured and the insurance cover will be terminated.

d) **Conditions:**

- i. The cover will be available for major crops only.
- ii. Mere disbursement/ sanction of loan without receipt/ debit of premium before the notification of calamity won't make a farmer eligible for claim.
- iii. The insurance company would disburse the claim within 30 days of the State's order / notification invoking the event of the insured risk provided the data on estimated area sown have been received from State Government.
- iv. The pay-out under the cover would be disbursed by the insurance

company only after the receipt of Government share of premium subsidy.

- v. Insurance Cover would terminate for the affected crop in a Notified Insurance Unit once a claim under this section is invoked and the Affected Insurance Unit/ Crop would not be eligible for area yield based claim calculated at the end of the season.
- vi. This provision would be needed to be invoked within the cut-off date as notified by the state government, beyond which if invoked, no claim would be payable.
- vii. Once this provision is invoked, no fresh enrolment of farmers for the affected notified crops and areas would be done.
- viii. Once exigency is invoked it applies to all the insured farmers in the Notified Insurance Unit for a given crop, including for those whose crop survived.

## 2. Illustration

District 'B' with 100 insurance units has been affected by dry-spell at the beginning of crop season, consequently about 80% of the area could not be sown in about 50 insurance units for groundnut crop, where per hectare sum insured is Rs. 20,000. As per provision of payment for prevented sowing, the benefit payable is sum insured X 25%, which on a sum insured of Rs. 20,000 works out to Rs. 5000 in the 50 insurance units which have more than 75% area which could not be sown.

## **XIV. Post-Harvest Losses**

1. It is proposed to provide for assessment of yield loss on individual plot basis in case of occurrence of cyclone, cyclonic rains and unseasonal rains throughout the country resulting in damage to harvested crop lying in the field in 'cut and spread' condition up to maximum period of two weeks (14 days) from harvesting for sole purpose of drying.
  - a) **Eligibility criteria:**
    - i. Available to all insured farmers, at farm unit level, affected by above mentioned perils in a Notified Insurance Unit growing notified crops for which insurance have been availed.
    - ii. Available for all crops damaged by specified perils, which are left in the field after harvesting in "cut and spread condition" for drying up to a period of 14 days from harvest.
  - b) **Proxy-Indicators:** Report in the local media or reports of the agriculture/ revenue department supported by media reports and other evidences.

c) **Loss assessment procedure:**

**Time and method of reporting the loss/claims**

- i. Immediate intimation (within 48 hours) by the insured farmer to any one as detailed below.
- ii. Intimation must contain details of survey number-wise insured crop and acreage affected.
- iii. Premium payment verification to be reported in next 48 hours by the farmer/Bank.

**Whom to be reported i.e. Channel of reporting:**

Intimation may be given within 48 hours by farmer either directly to the insurance company, concerned bank, local agriculture department government/district officials or through toll free number (*Centralised dedicated Toll Free Number for claim intimation/ intimations can be redirected to respective Insurance Companies through backend*) to the insurance company. First mode of intimation will be centralised Toll Free Number. In absence of such a facility, the report can be given to banks or Government officials and the same would be forwarded/ intimated to the insurance company immediately. The banks would verify the insured details like crop insured, sum insured, premium debited and date of debit before sending the same to insurance company.

**Documentary evidence required for claim assessment,**

- Duly filled Claim form along with all relevant documents is requisite for payment of claims. However, if information on all the columns is not readily available, semi-filled form may be sent to the insurance company and later within 7 days of the loss, filled form may be submitted.
- Local Newspaper cutting and any other available evidence to substantiate occurrence of loss event and severity of the loss, if any.

**Appointment of Loss Assessors by the Insurance Company:**

The loss assessors would be appointed by the insurance company for assessment of losses due to the operations of Post-harvest losses (Yield Insurance). The loss assessors appointed should possess following experience and qualification:

- Any Graduate (preferably Agriculture i.e. B. Sc. (Ag.)) with minimum 2 years' relevant experience.

- Retired Government officials of Agriculture/ Horticulture/ Extension Department having B. Sc. (Ag.) degree.
- Retired Bank officials with experience of crop loaning or KCC. For compliance under the above provisions the insurance companies would empanel the suitable loss assessors for using their services as and when required.

The loss would be jointly assessed by a team comprising of loss assessor appointed by the insurer, block level agriculture officer and the concerned farmer.

#### **Time frame for loss assessment and submission of report**

- i) Appointment of loss assessor within 48 hours from receipt of information
- ii) Loss assessment to be completed within next 10 days
- iii) Claim settlement/ payment to the farmers to be completed in next 15 days (subject to receipt of premium) from loss assessment report.
- d) If the affected area under a notified crop is more than 25% of the total insured area in a notified insurance unit, all the eligible farmers (who have taken insurance for the notified crop, which has been damaged, and informed about occurrence of calamity in the farm within the stipulated time) in the notified insurance unit would be deemed to have suffered post harvest loss and would be eligible for financial support. Percentage of loss would be arrived at by requisite percentage of sample survey (as decided the Joint Committee) of affected area by the insurance company.
- e) If the claim on area approach (based on CCEs) is more than the claims of the Post Harvest losses, the difference claims will be payable to affected farmers. If claim for Post Harvest is higher, no recovery will be applicable from affected farmers.
- f) **Conditions:**
  - i. Mere disbursement/ sanction of loan without receipt/ debit of premium before the occurrence of insured peril would not make a farmer eligible for claim.
  - ii. When affected area is limited upto 25% of total insured area in the notified insurance unit, the losses of eligible farmers would be assessed individually provided they have paid premium prior to occurrence of insurance peril.
  - iii. The pay-out under the cover would be disbursed by the insurance

company only after the receipt of Government share of premium subsidy.

- iv. The insurance company would disburse the claim, if payable within 30 days of receipt of loss survey report.
- v. If end of season claim based on the yield data is more than the claim under this cover, the balance would be paid at the end of the season under widespread claims.
- vi. Farmers getting enrolled or whose premium is debited after occurrence of insurance peril would not be eligible for financial support under this cover.

## 2. Illustration

- a) Sum Insured for a crop = Rs. 50,000
- b) Affected area of the I.U. = 80% ( eligible for sample survey )
- c) Assessed loss in the affected area/fields due to operation of insured peril = 50%
- d) Claims Payable under Post Harvest loss = Rs. 50,000 × 50% = Rs 25,000
- e) End of season reported shortfall in yield = 60%
- f) Claim estimated based on 'area approach' at IU level = Rs. 50,000 × 60% = Rs. 30,000

Balance payable at end of season = Rs. 30,000 - Rs. 25,000 = Rs. 5,000

## **XV. Localized Risks**

- 1. It is intended to provide insurance cover at individual farm level to crop losses due to occurrence of localized perils/ calamities viz. Landslide, Hailstorm and inundation affecting part of a notified unit or a plot.
  - a) **Eligibility Criteria:**
    - i. Available to all insured farmers, at farm unit level, affected by above mentioned perils in a Notified Insurance Unit growing notified crops for which insurance has been availed.
    - ii. Maximum liability is limited to proportionate Sum Insured of damaged crop's area. This would be based on the proportion of cost of inputs incurred during sowing period to the sum insured.
    - iii. Only those farmers would be eligible for financial support under this cover who have paid the premium/the premium has been debited from their account before occurrence of the insured peril.

- iv. Maximum pay-out under this provision would be in proportion to cost of inputs, incurred up to the occurrence of insured peril, subject to the sum insured. If the payout under area approach (based on CCEs data) is more than localized losses, the higher claims of two will be payable to insured farmers.
- v. If the affected area under a notified crop is more than 25% of the total insured area in a notified insurance unit, all the eligible farmers (who has taken insurance for the notified crop, which has been damaged, and informed about occurrence of calamity in the farm within the stipulated time) in the notified insurance unit would be deemed to have suffered localised loss and would be eligible for financial support. Percentage of loss would be arrived at by requisite percentage of sample survey (as decided the Joint Committee) of affected area by the insurance company.
- b) **Proxy-Indicators:** Report in the local media or reports of the Agriculture/ Revenue Department.
- c) **Loss assessment procedure:**

#### **Time and method of reporting the loss/claims**

- i. Immediate intimation (within 48 hours) by the insured farmer to any one as detailed in (iv.a) below.
- ii. Intimation must contain details of survey number-wise insured crop and acreage affected.
- iii. Premium payment verification to be reported in next 48 hours by the farmer/ Bank.
- iv. Mobile application may be used for reporting incidents of localized risks for intimation of events including longitude/ latitude details and pictures using NRSC MobileApp.

#### **Whom to be reported i.e. Channel of reporting:**

Intimation may be given within 48 hours by farmer either directly to the insurance company, concerned bank, local agriculture department government/district officials or through toll free number (*Centralised dedicated Toll Free Number for claim intimation, intimations can be redirected to respective Insurance Companies through backend*) to insurance company. First mode of intimation will be centralized Toll Free Number and in absence of such facility, the report can be given to banks or Government officials, the same would be forwarded/ intimated to the insurance company immediately on receipt of such information. The banks



would verify the insured details like crop insured, sum insured, premium debited and date of debit before sending the same to insurance company.

**Documentary evidence required for claim assessment,**

- Duly filled Claim form along with all relevant documents is requisite for payment of claims. However, if information on all the columns is not readily available, semi-filled form may be sent to the insurance company and later within 7 days of the loss, filled form may be submitted.
- Evidence of crop loss through capturing pictures using mobile application, if any.
- Local Newspaper cutting to substantiate occurrence of loss event and severity of the loss, if any.

**Appointment of Loss Assessors by the Insurance Company:**

The loss assessors would be appointed by the insurance company for assessment of losses due to the operations of Localized Risks (Yield Insurance). The loss assessors appointed by the insurance companies should be in accordance with the IRDAI provisions. The loss assessors appointed should possess following experience and qualification:

- i) Any Graduate (preferably Agriculture i.e. Diploma / B.Sc. (Ag.)) with minimum 2 years experience of crop insurance.
- ii) Retired Government officials of Agriculture/ Horticulture/ Extension Department having Diploma / B. Sc. (Ag.) degree.
- ii) Retired Bank officials with experience of crop loaning or Kisan Credit Card (KCC). For compliance under the above provisions the insurance companies would empanel the suitable loss assessors for using their services as and when required.

The loss would be jointly assessed by a team comprising of loss assessor appointed by the insurer, block level agriculture officer and the concerned farmer.

**Time frame for loss assessment and submission of report**

- Appointment of loss assessor within 48 hours
- Loss assessment to completed within next 10 days
- Claim settlement to be completed in next 15 days (subject to receipt of premium)

- Maximum liability would be limited to proportionate Sum Insured of damaged cropped area.
- d) **Conditions:**
- i. Mere disbursement/sanction of loan without receipt/debit of premium before the occurrence of insured peril would not make a farmer eligible for claim.
  - ii. When affected area is limited upto 25% of total insured area in the notified insurance unit, the losses of eligible farmers would be assessed individually provided they have paid premium prior to occurrence of insurance peril.
  - iii. The pay-out under the cover would be disbursed by the insurance company only after the receipt of Government share of premium subsidy.
  - iv. The insurance company would disburse the claim, if payable within 30 days of survey of loss.
  - v. If, at the end of season, based on the yield data, claim is more than the claim under this cover, the balance would be paid at the end of the season under widespread claims.
  - vi. Farmers getting enrolled or whose premium is debited after occurrence of insurance peril would not be eligible for financial support under this cover.
  - vii. Bank would remit farmers premium with farmers list within 7 days of intimation of loss under this section, if not sent earlier.

2. Illustration

- a) Sum Insured for a crop = Rs. 30,000
- b) Assessed loss in the affected area due to operation of insured peril = 40%
- c) Claims Payable under this cover = Rs. 30,000 × 40% = Rs 12,000
- d) End of season reported shortfall in yield = 60%
- e) Claim estimated based on 'area approach' at IU level = Rs. 30,000 × 60% = Rs. 18,000

Balance payable at end of season = Rs. 18,000 - Rs. 12,000 = Rs. 6,000

**XVI. Procedure for Settlement of Claims to the farmers**

1. Upfront premium subsidy from Government of India and concerned State/ UT, should have been received for the season, by insurance company to enable them to settle the claim.

2. In case of widespread calamity (end of season claims ), once yield data is received from State Government as per the cut-off-dates decided, claims will be worked out as per Declarations/ proposals received from banks / channel partners / insurance intermediaries for each notified area and crops and claims will be approved by Competent Authority of Insurance company i.e. Implementing Agency (IA).
3. In case of farmers covered through Financial Institution, claims shall be released only through electronic transfer, followed by hard copy containing claim particulars, to individual bank branches/ nodal banks; and banks branches/ PACs at grass root level, will credit into accounts of individual farmers within a week of receipt of funds from the Insurance companies and shall provide a certificate to the insurance companies alongwith list of farmers benefited. Bank Branch should also display particulars of beneficiaries on notice board and also upload the same on crop insurance portal.
4. In case of farmers covered on voluntary basis through intermediaries, payable claims will directly credited to the concerned bank accounts of insured farmers and details of the claims may also intimated to them. The list of beneficiaries may also be uploaded on the crop insurance portal immediately.
5. In case of claims under prevented/failed sowing, localized calamities, post-harvest losses; insurance company will process the claims after assessment and shall release the claims as per procedure given in the relevant sections above.
6. Insurance companies shall resolve all the grievances of the insured farmers and other stakeholders in the shortest possible time.
7. Disputed claims / sub-standard claims, if any will be referred within three months of claim disbursement through SLCCCI/ State Government to DAC & FW for consideration and decision of DAC & FW in case of any interpretation of provisions of scheme or disputes will be binding on State Government / Insurance Company / Banks and the farmers.

#### **XVII. Important Conditions /Clauses Applicable for Coverage of Risks**

1. Insurance companies should have received the premium for coverage either from bank, channel partner, insurance intermediary or directly. Any loss in transit due to negligence by these agencies or non remittance of premium by these agencies, the concerned bank / intermediaries shall be liable for payment of claims.

2. In case of any substantial misreporting by nodal bank /branch in case of compulsory farmers coverage, the concerned bank only shall be liable for such mis-reporting.
3. Mere sanctioning/ disbursement of crop loans and submission of proposals/ declarations and remittance of premium by farmer/ bank, without explicit intent to raise the crop, does not constitute acceptance of risk by insurance company.
4. Acreage discrepancy

Some areas in the past have reported excess insurance coverage vis-à-vis planted acreage, leading to over-insurance. Ideally the discrepancy should be handled at farm level to protect the interest of farmers with genuine insurance coverage. All suitable measures should be taken by concerned stakeholders for de duplication with the help of land records, banks records, revenue records and proposal/loan application of insured farmers. However, in the absence of digitized farm records on a GIS platform, it would be cumbersome to physically verify each farm when the reported discrepancies are comparatively large compared to the sown areas. For the time-being, it is to be addressed as follows:

- a) Wherever the 'acreage discrepancy' is likely, the acreage insured at IU level **shall be compared with average planted acreage of past three years, and the difference is treated as 'excess' insurance coverage after taking into account sown area data of the Revenue authority.**
- b) Sum insured is scaled down in the proportionate ratio the average of three years' actual planted acreage bears to the insured acreage for the given crop.
- c) Claims shall be calculated on the scaled down sum insured
- d) Premium (farmer share and Central and State Government Subsidy) shall be refunded back to Government of India for the portion of sum insured scaled down and the amount may be utilised for improvement of technology/ research/ Impact assessment etc..

Once the individual farms (plots/ survey numbers) are digitized and available on a GIS platform, it is quite possible to overlay the crop cover as derived using satellite imagery on the GIS platform to identify the crop and estimate the cropped area on each farm. This should lead to identifying the acreage discrepancy at individual farm level.

## **XVIII. Publicity and Awareness**

1. Adequate publicity needs to be given in all the villages of the notified districts/ areas. All possible means of electronic and print media, farmer's fair, exhibitions, SMS, short films, and documentaries shall be utilized to create and disseminate awareness about benefits and provisions of the Scheme among the cultivators and the agencies involved in implementing the Scheme. Agriculture/ Cooperation Departments of the State in consultation with Insurance Companies shall work out appropriate Plan for adequate awareness and publicity three months prior to the start of coverage period. All the published material information should necessarily be uploaded on the crop insurance portal along with coverage/ frequency / duration date etc..
2. The State Government/ UT in collaboration with Insurance Companies shall also chalk out plan for capacity building of the associated agents, banks etc for effective implementation of the scheme and organize training workshops/ sensitization programme for them in association with participating insurance companies.

## **XIX. Commission and Bank Charges**

Bank and other financial institutions etc. shall be paid service charges @ 4% of the premium collected from farmers. Rural agents engaged in providing insurance related services to farmers may be paid appropriate commission as decided by the insurance company, subject to cap prescribed under IRDA regulations.

## **XX. Service Tax**

PMFBY is a replacement scheme of NAIS/MNAIS, and hence exempted from Service Tax.

## **XXI. Review of the Scheme**

State Governments / UT may ensure that crop insurance products provide comprehensive insurance coverage to the farmers on sound insurance principles and provide the best value for the premium. State Government may also review the progress of scheme periodically and undertake impact assessment after the completion of each season and send their suggestion/ recommendations to this Department for making further improvements in the scheme.

## **XXII. Monitoring of the Scheme**

1. State Level Coordination Committee on Crop Insurance (SLCCCI) of the concerned State will be responsible for monitoring of the schemes/

programme in their states. However, a National Level Monitoring Committee (NLMC) under the chairmanship of Joint Secretary (Credit), DAC & FW will monitor the scheme at the national level.

2. It is proposed to take following monitoring measures for effective implementation during each crop season to ensure maximum benefits to the farmers:
  - a) The Nodal Bank(s)/ intermediaries may collect the list of individual insured farmers (both loanee and non-loanee) with requisite details like name, fathers' name, Bank Account number, village, categories – Small and Marginal/ SC/ ST/ Women, insured acreage, insured crop(s), sum insured, premium collected, Government subsidy etc from concerned branch in soft copy for further reconciliation and send the same to the concerned insurance company along with declarations of farmers within 15 days after final cut-off date. This will be done online once the integrated e platform is put into place. Yield data based on CCEs shall be made available to the concerned insurance company by the state government within a month from the date of final harvest.
  - b) After receiving the claims amount from the concerned Insurance Companies, the financial institutions/banks should remit/transfer the claim amount to the account of beneficiaries farmers within a week and also display the list of the beneficiaries (both loanee and non-loanee) on the notice board of the branch within seven days with details of beneficiaries like Name of farmers/ beneficiaries, crops insured, sum insured, amount of claims received etc. and send a copy to concerned insurance companies with utilization certificates within 15 days for further verification and audit. This will be transferred online directly by the Insurance company into the accounts of farmers once the integrated platform is functional.
  - c) The list of the beneficiaries (Bank-wise and insured area-wise) may also be uploaded/ placed on the crop insurance Portal and website of the concerned insurance companies with proper provisions and mechanisms of public grievance redressal/ feed-back etc.
  - d) About 5% of the beneficiaries may be verified by the Regional Offices/ local level Offices of Insurance Companies who will send the feed back to concerned District Level Monitoring Committee (DLMC) and State Government/ State Level Coordination Committee on Crop Insurance (SLCCCI).
  - e) At least 10% of the beneficiaries verified by the insurance company may be cross verified by the concerned District Level Monitoring Committee

(DLMC) and they should send the feed back to State Government.

- f) 1 to 2% of the beneficiaries may be verified by the Head Offices of the insurance company/ Independent Agencies appointed by the Central Government/ National Level Monitoring Committee and they should send the necessary feed back to Central Government.

### **XXIII. Participation of Insurance Companies in Implementation of the Scheme**

#### Empanelment Criteria

1. The public sector (AIC) and private sector General Insurance Companies empanelled by the Department of Agriculture, Cooperation and Farmers' Welfare (DAC & FW), Ministry of Agriculture and Farmers' Welfare (MOA and FW), Government of India (GOI) and selected by concerned State Government / Union Territory (UT) shall implement the PMFBY. The Insurance Companies mainly engaged in agriculture/rural insurance business and having adequate experience, infrastructure, financial strength and operational capabilities are empanelled by DAC & FW. **Once Insurance Company has been empanelled by DAC & FW, it is considered as pre-qualified company to bid for the selection of Implementing Agency (IA) to undertake implementation of the Scheme / Programme of DAC & FW.**

#### Selection Criteria of Insurance Companies as Implementing Agency (IA)

2. The selection of insurance company from the designated/ empanelled insurance companies to act as Implementing Agency (IA) shall be done by the concerned State/ UT Government for implementation of the scheme in their State. Selection of IA will be made by adopting the cluster approaches explained in the succeeding paragraphs. In case of smaller States, the whole State may be assigned to one IA.
3. Before the commencement of the crop season, **State Government would invite the pre-qualified companies as mentioned in the preceding para through the open tender for submission of district-wise and crop-wise actuarial premium rates (financial bid).** Indemnity Level, Threshold Yields, Sum Insured etc. will be same for all insurance companies for the season. The designated / empanelled companies participating in bidding have to bid the premium rates for all the crops notified / to be notified by the State Government and non-compliance will lead to rejection of the bid.

4. Based on the district-wise and crop-wise actuarial premium rates quoted by the pre-qualified companies, the total premium amount and weighted average premium rates at cluster of districts (preferably 15-20 districts) will be worked out to arrive at L1. L1 Bidder will be selected to act as IA in the concerned cluster.
5. Selection of IA may be made for upto three years however, the State government/ UT and the concerned insurance company are free to renegotiate the terms if relevant. This will facilitate the insurance company to establish the credibility among the farmers through investment out of the premium savings in various welfare activities for socio-economic development of the farmers like creation of the facilities of drinking water/ health care/ education, farm leveling, no claim bonus, Weather Forecasts, common Service Centers etc. It is also anticipated that long term continuity gives an opportunity to Insurers, Bankers, State Government and other stakeholders for a supportive and collaborative interaction and business relationship and service effectiveness.
6. The insurance coverage in terms of number of farmers and hectare-age should be at least at the previous season's level otherwise, insurance company shall be liable to be de-barred for next bidding in the State.
7. State Government may ensure that only one insurance company operates in each district or notified area for all farmers.

**8. Clustering/Clubbing of districts for bidding by the state:**

In order to diversify/ spread the risk and cover high risk/ low risk districts/ area equally, the State Government would group the districts in such a way that each group contains mix of districts with different risk profiles. Prior to inviting the bid, the State Government would divide the state in to multiple clusters of preferably 15-20 districts each. While clustering/clubbing following criteria would be followed

- a) States may form the clusters of districts based on mixed agro-climatic zones.
- b) Prior to the bid invitation, details on the clusters formation would be made available to the insurance companies.

**Clustering/ Clubbing of districts would be done to achieve the following objectives:**

- a) Cluster formation may be applicable for upto 3 years and clusters may be formed preferably having 15-20 districts.



- b) Different Clusters may be defined based on risk profile of the district so as to increase the diversification of risk within a cluster and enable risk spreading for insurer.
- c) Cluster may contain districts with mixed agro-climatic zones so as to increase the diversification of risk within a cluster.
- d) Crop wise associated risk may also be diversified among the clusters and not concentrated within the cluster.

**9. Two illustrations using different methods of clustering/clubbing of districts and determination of L1 bidder are given below. These are only for guidance of States and States are free to follow either of these or any other method devised by them with intimation to DAC & FW.**

**Method 1**

**Define Risk Level**

i. Calculate Loss Cost for each district as per illustration given for District1, Notified Area 1 (NFA1) and Crop1, on the basis of immediate past ten years of yield data:

- a. Calculate Threshold yield as defined in the scheme.
- b. Calculate loss cost for each year

$$\text{Loss Cost (\%)} = \text{Max} \left\{ 0, \frac{\text{Threshold Yield} - \text{Actual Yield}}{\text{Threshold Yield}} \right\}$$

c. Calculate average loss cost : Average of immediate past ten year loss cost (LC)

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average	TY (Kg/Ha)
Yield	2877	2558	1800	2097	2503	1500	2855	2734	1200	2987	2311	2041
LC (%)	0%	0%	12%	0%	0%	27%	0%	0%	41%	0%	8.0%	

District Name	NFA Name	Crop	Estimated Area Insured (In Ha)	Sum Insured (Rs./ha)	Weight (ESI in Rs.)	Average Loss Cost	Weighted Average Loss Cost
A	B	C	D	E	F=D*E	E	F= D*E
District 1	NFA1	Crop1	400	10000	4000000	8%	320000
District 1	NFA1	Crop2	300	4000	1200000	10%	120000
District 1	NFA2	Crop1	200	10000	2000000	6%	120000
District 1	NFA2	Crop2	150	4000	600000	5%	30000
District 1	NFA3	Crop1	125	10000	1250000	10%	125000
District 1	NFA3	Crop2	250	4000	1000000	7%	70000
<b>Total</b>					<b>10050000</b>		<b>785000</b>

**Loss Cost (%) of District 1 = 785000 / 10050000      7.80%**

d. List the districts with their loss cost (%)

Sl. No.	District Name	District Loss Cost
1	District 1	7.80%
2	District 2	8.60%
3	District 3	5.40%
4	District 4	3.20%
5	District 5	4.60%

ii. Calculate 1/3 and 2/3 Percentile values of loss cost for entire state, using loss cost series of all the districts within state. Define Risk Level as per following percentile values:

**Risk Level    Percentile**

Low	District Loss Cost < 1/3 percentile value
Medium	District Loss Cost >= 1/3 and < 2/3 percentile values
High	District Loss Cost >= 2/3 percentile value

1/3 percentile value	4.87%	= PERCENTILE(District Loss Cost, 1/3)
2/3 percentile value	7.01%	= PERCENTILE(District Loss Cost, 2/3)

Sl. No.	District Name	Loss Cost	Risk Level
1	District 1	7.80%	High Risk
2	District 2	8.60%	High Risk
3	District 3	5.40%	Medium Risk
4	District 4	3.20%	Low Risk
5	District 5	4.60%	Low Risk

### Define Coverage Level

- i. **Estimation of the Area Insured (in ha):** The area insured for the ensuing season would be estimated on the basis of previous years the districts within state based on the fair judgment. The State Government would project area insured for the ensuing season for each district-crop combination.

#### Illustration: for District 1 with two crops would be estimated

District Name	Crop	Latest available Area Sown (ha)	Area Insured in Normal Previous Year (in ha)	Existing Penetration (%)	Targeted Penetration (%) *	Estimated Area Insured (ha)
A	B	C	D	E = D / C	F	G = C * F
District 1	Crop1	2900	300	10%	25%	725
District 1	Crop2	1400	490	35%	50%	700

\* Targeted penetration percentage (%) can be decided according to the associated potentiality of the district and other relevant parameters.

- ii. Estimated area insured for current season-year will be multiplied with sum insured (Rs./ha) to arrive the Expected Sum Insured (in Rs.) for each and every district-crop combination. The district level Expected Sum insured (ESI) will be the total of each district-crop combination within the districts.

Example given for District 1:

District Name	Crop	Estimated Area Insured (in Ha)	Sum Insured (Rs./ha)	Expected Sum Insured (in Rs.)
A	B	C	D	E = C * D
District 1	Crop1	725	10000	7250000
District 1	Crop2	700	4000	2800000
<b>District 1 Expected Sum Insured (in Rs.)</b>				<b>10050000</b>

- iii. In the similar manner calculate Expected Sum Insured (ESI) in Rs. for all the districts.
- iv. Calculate 1/3 and 2/3 Percentile values of Expected Sum Insured (ESI) for entire district within state. Define Coverage Level as per following percentile values:

Coverage Level	Percentile
Low	District ESI < 1/3 percentile value
Medium	District ESI >= 1/3 and < 2/3 percentile values
High	District ESI >= 2/3 percentile value

1/3 percentile value	3500000	= PERCENTILE(District ESI,1/3)
2/3 percentile value	8833333	= PERCENTILE(District ESI,2/3)

District Name	Expected Sum Insured (in Rs.)	Coverage Level
District 1	10050000	High
District 2	9000000	High
District 3	8500000	Medium
District 4	1000000	Low
District 5	700000	Low

#### Allocation of Rank exposure level (code) to districts

- i. Coding of different exposure combination levels as the following table:

Risk Level	Coverage Level	Code
High Risk	High Coverage	1
Medium Risk	High Coverage	2
Low Risk	High Coverage	3
High Risk	Medium Coverage	4
Medium Risk	Medium Coverage	5
Low Risk	Medium Coverage	6
High Risk	Low Coverage	7
Medium Risk	Low Coverage	8
Low Risk	Low Coverage	9

- ii. Allocation of codes to different districts:
- Arrange the districts in any order.
  - Write risk level and coverage level corresponding to each district.
  - On the basis on above code table allot codes to each district.
  - Arrange the districts in ascending order of allotted codes.
  - Write ESI against each district in next column and arrange ESI in descending order of the district within the same code.

**Illustration:**

District Name	Expected Sum insured(in Rs.)	Risk Level	Coverage Level	Code
District 1	10050000	High Risk	High	1
District 2	9000000	High Risk	High	1
District 3	8500000	Medium Risk	Medium	5
District 4	1000000	Low Risk	Low	9
District 5	700000	Low Risk	Low	9

Cluster1		Cluster2		Cluster3	
District Name	ESI (in Rs.)	District Name	ESI (in Rs.)	District Name	ESI (in Rs.)
District 1	10050000	District 2	9000000	District 3	8500000
		District 5	700000	District 4	1000000
	<b>10050000</b>		<b>9700000</b>		<b>9500000</b>

**Clustering of the districts:**

- Decide the number of clusters to be formed (say 3).
- From the above arranged list of districts with ESI and code distribute the districts in the following manner:
  - The first district of same code would be put in the first cluster, second district in the second cluster and third district in the third cluster. Similarly for other exposure codes.
  - Once all the clusters are filled with the first three districts of same code, next districts of same code may be allotted to clusters on such a way to achieve maximum balancing of ESI.

- c. For other codes, the distribution may be done to achieve balancing of ESI.
- iii. Make suitable minor changes in the distribution of districts to clusters for achieving the objective of clustering.

**Applicable conditions for Clustering/ Clubbing of districts:**

- i. Within the cluster insurance companies would be required to quote premium rates for all district-crop combination for their bids to be evaluated.
- ii. Company not quoting even for one of the total district-crop combinations within the cluster would be disqualified for the bidding period.
- iii. There would be no further negotiations with the L1 bidder to accept L1 rates of other bidder for any district crop combination i.e. the rates quoted by the L1 bidder for different district-crop combination would be applicable within the cluster.
- iv. If any company declines after being declared L1, the company may be barred for the coming season and the L2 may be given the cluster for implementing the crop insurance scheme at L1 district-crop combination rates and so on to L3, L4 bidder as per the consent of insurance company.

**Selection of Implementing Agency:**

**Illustration:**

Cluster 1 - L1 Calculation								
District Name within Cluster1	Crop Name	ESI (in Rs.)	Premium Quoted by Companies			Expected Premium (in Rs.)		
A	B	C	X	Y	Z	X	Y	Z
		D	E	F	G = C * D	H = C * E	I = C * F	
District 1	Crop1	7250000	5.00%	4.95%	5.01%	362500	358875	363225
District 1	Crop2	2800000	2.95%	3.85%	2.90%	82600	107800	81200
<b>Cluster 1 total</b>		<b>10050000</b>				<b>445100</b>	<b>466675</b>	<b>444425</b>

Weighted Premium Rate (%) for companies		
X	Y	Z
= 445100 / 10050000	= 466675 / 10050000	= 444425 / 10050000
4.43%	4.64%	4.42%

**L1 in Cluster1 is company (Z).** Similar process would be followed other clusters.

## Method 2

Agriculture output in the area/ district is influenced by the agro-climatic conditions of that area/ district. On the basis of the variation in agriculture output (crops) in each district during the last 10 years, districts may be divided into three categories of low, moderate and high risks to agriculture. If variation in agriculture output in the district during the last 10 years worked out to be plus minus <15% then district may be categorized as low risk. Similarly, districts of variation ranging plus minus 16-30% may be categorized of moderate risks and variation of plus minus >30% as high risks districts to agriculture operations. Accordingly all districts of the State would be identified as low / moderate / high risk.. Number of clusters to be formed shall be decided according to total no. of districts in the State. Total no. of each category of low, moderate and high risks districts shall be divided by no. of clusters to be formed in the State. Then, equal no. of low risk districts shall be selected randomly for each cluster of districts. Similarly, moderate and high risks districts would be selected.

### Example:

State– UP, No. of districts – 75

Based on the last 10 years variation in output, category-wise No. of districts identified:

Low risks 40, Moderate risks 20, High risks 15,

No. of clusters (of preferably 15-20 districts each) to be formed:  $75/19 = 3.95$  say 4

Then, no. of low risks districts in each cluster:  $40/4 = 10$

Similarly, moderate risks districts:  $20/4 = 5$

And high risks districts:  $15/4 = 3.75$  say 4

As such,

Clusters	Formation of clusters			Total districts in cluster
	No. of low risks districts	No. of moderate risks districts	No. of high risks districts	
C 1	10	5	4	19
C 2	10	5	4	19
C 3	10	5	4	19
C 4	10	5	3	18

Sample calculation to find L1:

Table-1: calculation to arrive company's weighted average premium in a district of the cluster

District: D1 Company –X

Crops Notified in a District of the Cluster	Expected Area to be insured (in ha)	Notified SI per ha (Rs.)	Total SI (Rs. Lakh)	Premium Quoted by company	Premium Amount (Rs. Lakh) $\bar{X}$ (% of SI)
Paddy	10000	30000	3000	5	150
Maize	6000	20000	1200	10	120
Cotton	8000	35000	2800	12	336
Arhar	9000	50000	4500	15	675
Groundnut	5000	40000	2000	13	260
Above all crops	38000		13500		1541



District: D1 Company –Y

Crops Notified in a District of the Cluster	Expected Area to be insured (in ha)	Notified SI per ha (Rs.)	Total SI (Rs. Lakh) SI)	Premium Quoted by company <u>Y</u> (% of	Premium Amount (Rs. Lakh)
Paddy	10000	30000	3000	6	180
Maize	6000	20000	1200	8	96
Cotton	8000	35000	2800	10	280
Arhar	9000	50000	4500	14	630
Groundnut	5000	40000	2000	13	260
Above all crops	38000		13500		1446

District: D1 Company –Z

Crops Notified in a District of the Cluster	Expected Area to be insured (in ha)	Notified SI per ha (Rs.)	Total SI (Rs. Lakh)	Premium Quoted by company <u>Z</u> (% of SI)	Premium Amount (Rs. Lakh)
Paddy	10000	30000	3000	7	210
Maize	6000	20000	1200	9	108
Cotton	8000	35000	2800	11	308
Arhar	9000	50000	4500	15	675
Groundnut	5000	40000	2000	14	280
Above all crops	38000		13500		1581

and like-wise for other districts (D2, D3, D4, D5) and companies.

Table-2: Calculation to arrive at company's weighted average premium in a cluster of districts

For Company: X

Districts of the Cluster	Expected Area to be insured (in ha)	Total SI (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted average Premium of company <u>X</u> (% of SI)
District D1	38000	13500	1541	
District D2	40000	14000	1600	
District D3	35000	13000	1400	
District D4	45000	15000	1650	
District D5	30000	12750	1350	
Above all Districts	188000	68250	7541	11.05

For Company: Y

Districts of the Cluster	Expected Area to be insured (in ha)	Total SI (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted average Premium of company <u>Y</u> (% of SI)
District D1	38000	13500	1446	
District D2	40000	14000	1500	
District D3	35000	13000	1425	
District D4	45000	15000	1675	
District D5	30000	12750	1400	
Above all Districts	188000	68250	7446	10.91

For Company: Z

Districts of the Cluster	Expected Area to be insured (in ha)	Total SI (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted average Premium of company Z (% of SI)
District D1	38000	13500	1581	
District D2	40000	14000	1550	
District D3	35000	13000	1475	
District D4	45000	15000	1600	
District D5	30000	12750	1275	
Above all Districts	188000	68250	7481	10.96

The company of the lowest weighted average premium in the cluster will be selected as L1. Hence, company Y qualifies for L1 in the cluster of 5 districts.

And like-wise for other clusters and companies.

10. Assessment of Performance and De-empanelment of Insurance Companies

The performance of the empanelled insurance companies shall be closely monitored by DAC & FW on 3 years interval through ascertaining the company's skills and efficiencies for providing cost effective better insurance services to farmers. For the purpose, 4 indicators based on the company's risk-underwriting ability, coverage enhancement, fiscal skills and strength, payouts, promptness in claim settlement have been evolved. These indicators have equal weight age and are (i) Percentage of actual area insured to total cropped area in the allocated districts / areas (ii) Percentage of area insured of non-loanee farmers to total area insured (iii) Percentage of claims paid to total admissible claims within the stipulated time (iv) Percentage of own-retention of risk insured (SI) to total risk insured. The percentage of the indicators as mentioned above will be worked out based on the business performance achieved by the company at national level in previous three years (6 crop seasons) (excluding immediate preceding season). If the total points of performance so arrived are found below 180 i.e. 45% of the total of 400, the said insurance company is liable to be de-empanelled. Detailed instructions in this regard will be issued separately.

#### **XXIV. Role and Responsibilities of Various Agencies**

For successful implementation and administration of Scheme, roles of various Agencies/Institutions/Government Departments/Committees are spelt out herein.

##### **1. Central Government**

- a) Support and Coordination with the State/UT Governments for implementation of PMFBY including its awareness and publicity and issue necessary instructions/ guidelines from time to time for smooth and effective implementation.
- b) Issue directives to Banks through “Reserve Bank of India (RBI)” and “National Bank for Agriculture and Rural Development (NABARD)”, for complying with the terms and conditions of PMFBY and its operational modalities.
- c) Facilitate providing the weather data through India Meteorological Department (IMD) on near real-time basis to insurance company.
- d) Release 50% premium subsidy towards DAC & FW committed liability under the scheme to insurance companies at the beginning of crop season on the basis of business projections (premium collection) to be submitted by insurance companies. The balance of premium subsidy, if any for the season shall be released based on submission of final / actual business achieved during crop season by insurance companies to enable them to release claims to beneficiary farmers.
- e) Review and monitor the implementation of PMFBY including premium rates, product-benchmarking and other matter/directives to insurance companies. Review of performance of participating insurance companies and suggest modifications/ improvements wherever required.
- f) Organize Capacity building training/workshops for the State Government officials and other stakeholders.
- g) Interpretation of any provisions of the scheme and decision on any dispute in settlement of claims.

##### **2. State / UT Governments**

- a) The composition of SLCCCI may be strengthened suitably from time to time to give representation to all the concerned participants including farmers in the implementation of the scheme. To set up the

review and monitoring committee at both, State and District levels under the chairmanship of Principal Secretary (Agriculture/ Cooperation) and District Collector, respectively for periodical review (preferably monthly) of implementation of scheme and also verify the coverage etc. on random basis to ensure proper coverage under the scheme. District Level Monitoring Committee (DLMC) to also provide fortnightly crop condition reports and periodical reports on seasonal weather conditions, loans disbursed extent of area cultivated, etc. to concerned insurance company. DLMC shall also monitor conduct of CCEs in districts.

- b) Hold meeting of SLCCCI well in advance to finalise clusters, issue bid notice, selection of Implementing Agency and issuance of Notification. **Timely issuance of notification is a must for giving wide publicity and coverage of the farmers. There should be a gap of at least one month between the notification issuance and risk inception date.** Notification of the State Government shall contain all information as outlined in para VI.
- c) Uploading of requisite information of notification on the crop insurance portal in coordination with the selected Implementing Insurance Companies within one week from the date of notification.
- d) Take suitable action for adoption of new technology for early loss assessment and better administration of scheme
- e) Issue necessary directives to all agencies/ institutions/ government departments/ committees involved in implementation of Scheme.
- f) Notify insurance unit area to Village Panchayat or other equivalent units for major crops and for other crops, unit size may be above the level of Village / Village Panchayat.
- g) Furnish in advance insurance unit-wise (or of higher unit, if unit level data not available) yield data of immediate past 10 years of all notified crops under PMFBY to insurance companies.
- h) Issuance of necessary instructions to Regional Meteorological Centres of IMD and other government/ quasi government agencies for supplying weather data on real-time basis to insurance company.
- i) **To release its 50% share of Premium Subsidy to insurance companies, in the beginning of every crop season, based on fair estimates submitted by them, and settle balance of actual premium subsidy for season as soon as final figures are submitted by insurance company. In order to ensure timely**

**release of premium subsidy by the states, release of GOI subsidy shall be made to those states only which have cleared their liability of premium subsidy excluding the immediate previous crop season.**

- j) To undertake extensive awareness and publicity campaigns of Scheme amongst farming community through agriculture and extension Departments to maximize coverage of the farmers specially non-loanee farmers.
- k) Submission of yield data for all notified crops and insurance units to insurance companies in standard format within stipulated date.
- l) To furnish to the insurance companies the insurance unit wise area sown of insured crops within two months from the sowing period.
- m) Assist insurance companies for assessment of crop loss of individual insured farmers caused by localized perils and also assist in post harvest losses.
- n) To undertake requisite number of CCE in the notified area following single series, and provide the yield data to the insurance company within the prescribed cut-off date, along with results of individual CCEs.
- o) Allow insurance companies to co-observe and witness CCEs, and permit them to access various records including Form-2 / Table-B at grass root / district / state level used for recording data of CCEs by States. State shall strengthen audit process of conducting CCE with necessary checks and balances. Audio/Video-recording of CCEs shall be implemented besides other process to ensure accuracy of CCE.

### 3. Insurance Companies (IA)

- a) Insurance companies to liaise with State Governments and agencies/ institutions / committees involved in implementation of PMFBY.
- b) Furnish the necessary details to SLCCCI as may be required as per the notification.
- c) Underwriting –responsibilities of processing and acceptance of risk.
- d) Claim processing / finalization on receipt of yield data from States/UTs and payment within the prescribed timelines.
- e) Obtain Re-insurance arrangements if felt necessary.

- f) Database –develop crop-yield and weather databases, also related agri-insurance databases.
- g) Review of implementation of PMFBY and provide regular feedback for its effective implementation/improvements to DAC & FW.
- h) Disclose designated Agents in writing before the underwriting of insurance for the season.
- i) Ensuring payment of commission/ service charges to banks/ other agents for implementing the scheme.
- j) Awareness and publicity – extensive efforts to create awareness and generate publicity for PMFBY at grass-roots level including bank branches. Also coordinate with the States and other agencies for awareness and publicity of the scheme.
- k) Providing monthly progress returns/ statistics/ information demanded by the Governments, both Central and State Government.
- l) Facilitate the bank branches/ intermediaries/ agents to upload the details of insured farmers and beneficiaries with all requisite details on Crop Insurance portal well in time.
- m) Redressal of all Public Grievances within the time fixed by IRDA. There shall be toll free number maintained by AIC which will be used for receiving the grievances of farmers which will work on the docket system.
- n) The coverage of loanee farmers should be carried out by insurance companies themselves, use of agents / brokers are not allowed.
- o) Establish a functional office in each Tehsil level and at least one agent should be deployed at the block level in the allocated districts.

#### 4. Financial Institutions/Banks

- a) For purpose of PMFBY, scheduled banking institutions engaged in disbursing Seasonal Agricultural Operations (SAO) loans as per relevant guidelines of NABARD/ RBI shall be reckoned as Banks.
- b) The existing system of Nodal Banks would continue to service the PMFBY as described in various sub paras of Para X.
- c) Notification, as well as other directives, guidelines, etc., shall flow as insurance company Ø Lead Bank/Administrative offices of Commercial banks/RRBs/Nodal Bank Ø Service (subordinate) Bank Branch / PACS. While claim remittance to and from insurance

companies shall follow same route, the remittance of premium shall follow the reverse route.

Lead Bank/Nodal Bank/Administrative office of Commercial banks/ RRBs

- a) Communicate Notification, as well as other directives, guidelines, etc. to all agencies within their jurisdictional area.
- b) Ensure that all agencies within their jurisdictional area sanction additional loan component to loanee farmers towards premium payable by them.
- c) Ensure that all service (subordinate) bank branches within their jurisdictional area serve all non-loanee farmers desiring and eligible to take insurance cover under PMFBY. Such service will include opening bank account of non-loanee farmers, guiding them to fill up proposal forms, accepting premium from them and maintaining records etc.
- d) Ensure that, for both loanee and non-loanee farmers separately, premium and related data is remitted to nodal bank within the prescribed time.
- e) Lead bank/Nodal Banks should ensure that all the eligible crop loans/seasonal operational loans taken for notified crop(s) are fully insured and the conditions stated in the declarations submitted have been complied with. No farmer should be deprived from insurance cover. Nodal banks therefore, should make all out efforts and pursue their branches for enrolling all eligible loanee farmers and interested non-loanee farmers under crop insurance. **In case, claims have arisen during crop season then respective bank and its branches would be responsible to make payment of the admissible claims to loanee farmers who were deprived from insurance cover to their crops.**
- f) Concerned Bank and it's branches should ensure submission to insurance companies within stipulated time the notified crop-wise, insurance unit-wise Declarations in prescribed format, along with consolidated Premium payable separately for both loanee farmers and non-loanee farmers. **If Concerned Bank and it's branches keep the amount of premium collected beyond the defined timelines then they will be liable to pay interest (at prevailing rate of interest for saving account) for the delay period to the insurance company.**



- g) Nodal bank/Branches will also arrange for onward transmission to service (subordinate) bank branches / PACS, compensation amounts as received from insurance companies with all details, to be credited to beneficiary accounts.
- h) The Nodal Banks/Administrative offices may also collect the list of individual insured farmers with requisite details like name, fathers' name, Bank Account number, village, categories –Small and Marginal /SC /ST /Women, insured acreage, insured crop(s), sum insured, premium collected, Government subsidy etc from concerned PACS/ Bank Branch in soft copy for further reconciliation and send the same to the concerned insurance company within 15 days after final cut-off date for submission of proposal to insurance company.
- i) The insurance company shall acknowledge all the declarations submitted by the banks mentioning the details of crop, area, sum insured etc. The banks should cross check with their records and aberrations, if any, should be brought to the notice of the insurance company immediately. If no response is received from banks within 15 days, the details given in the acknowledgement shall be considered final and no changes would be accepted later on.
- j) To credit the claim proceeds of PMFBY received from insurance company to respective beneficiary bank account within seven days. **If Bank Branches/Nodal banks keep the claims amount beyond the defined timelines then they will be liable to pay interest (at prevailing rate of interest for saving account) for the delay period to the eligible farmers.** The list of beneficiary cultivators with claim amount shall be displayed by the Branch/ Primary Agricultural Cooperative Society (PACS) and a copy shall also be provided to the Chairman/ Sarpanch/ Pradhan of the village Panchayat. The Banks shall issue a certificate to the insurer that entire money received for settlement of claims has already been credited into the account of beneficiaries.
- k) Soft copy of the beneficiary' farmers may also be uploaded directly on Crop Insurance portal by bank branch/ PACS through Nodal Bank to concerned Insurance companies for uploading the same in their web-site.
- l) To permit insurance company with access to all relevant records / ledgers at the Nodal Bank/ Branch/ PACS at all times for the purpose of implementation of the scheme.

- m) Banks should ensure that cultivator may not be deprived of any benefit under the Scheme due to errors/ omissions/ commissions of the concerned branch/ PACS, and in case of such errors, the concerned institutions shall only make good all such losses.

#### Lending Banks / RFIIs

- a) To educate the cultivators on the Scheme features.
- b) To guide the cultivators for filing up the insurance proposal in the prescribed forms and collecting the required documents, particularly in case of Non-Loanee cultivators.
- c) To prepare the consolidated statements for Loanee and Non-Loanee cultivators and forward the same to the insurance company along with the premium amount and other details of the insured farmers.
- d) Maintaining the records of proposal forms, the other relevant documents and statements for the purpose of scrutiny/ verification by insurance company or its authorized representatives and DLMC.
- e) Allow insurance company access to all relevant records and registers at offices of Nodal Bank and service (subordinate) bank branches within their jurisdictional area.
- f) To capture all relevant data including land and crop details of all loanee farmers covered compulsorily as well as non loanee farmers availing crop insurance through them.

Under administrative mechanism, banks are designated as terminal service points for farmers. Hence, it is their duty to ensure compulsory coverage of all eligible loanee farmers and all interested non-loanee farmers. In case of any misreporting by Nodal Bank / branch / PACS in case of farmers coverage, concerned bank only will be liable for such misreporting and its consequences.

#### 5. Designated Insurance agents

- a) To educate the cultivators on the Scheme features.
- b) To guide the cultivators for filing up the insurance proposal in the prescribed forms and collecting the required documents from Non-Loanee cultivators.
- c) Underwrite and collect the premium on behalf of Insurance Company, strictly as per the provisions of the scheme.

- d) To prepare the consolidated statements of Non-Loanee cultivators and forwarding the same to the insurance company along with the premium amount well within the stipulated time.
- e) The designated Insurance agents shall also prepare the list of individual insured farmers with requisite details like name, fathers' name, Bank Account number, village, categories –Small and Marginal/ SC/ ST/ Women, insured acreage, insured crop(s), sum insured, premium collected, Government subsidy etc in soft copy and send the same to the concerned insurance company within five days after final cut-off date.
- f) The designated Insurance agents should ensure that insured farmers may not be deprived of any benefit under the Scheme due to errors/ omissions/ commissions of them, and if any, the concerned agents / insurance company shall only make good all such losses. Necessary administrative and legal action may also be taken for lapses in service/ malpractices, if any, reported.

6. Loanee farmers

- a) As the Scheme is compulsory for all loanee cultivators availing SAO loans for notified crops, it is mandatory for all loanee cultivators to insist on insurance coverage as per provisions of the Scheme.
- b) Any change in crop plan should be brought to the notice of the bank within one week of sowing.
- c) Insurance Proposals are accepted only upto a stipulated cut-off date, which will be decided by the SLCCCI.
- d) Give information of any loss due to localized risk or post harvest loss due to specified perils of cyclone, cyclonic rains and unseasonal rains resulting in damage to harvested crop lying in field in “cut and spread” condition to concerned bank branch/ financial institution/ channel partner / insurer within 48 hours.

7. Non-Loanee cultivators

- a) Non-Loanee cultivators desirous of availing insurance under PMFBY for any notified crop in any notified insurance unit may approach nearest bank branch/ PACS/ authorized channel partner/ insurance intermediary of insurance company within cut-off date, fill-up proposal form completely in prescribed format, submit form and deposit requisite premium to bank branch/ Insurance

Intermediary along with necessary documentary evidence regarding his insurable interest in cultivating land/ crop (e.g. ownership/ tenancy/ cultivation rights) proposed for insurance.

- b) The farmer desiring for coverage should open/operate an account in the branch of the designated bank, and the details should be provided in the proposal form.
- c) The farmers should mention their land identification number in the proposal.
- d) The farmer must provide documentary evidence with regard to possession of cultivable land.
- e) The cultivator must furnish area sown confirmation certificate.
- f) The farmer should ensure that he gets insurance coverage for a notified crop(s) cultivated/proposed to be cultivated, in a piece of land from a single source. In other word, Double insurance is not allowed. The insurance company shall reserve the right to repudiate all such claims and not refund the premium as well in such cases. Company may also take legal action against such farmers.
- g) Give information of any loss due to localized risk or post harvest loss due to specified perils of cyclone, cyclonic rains and unseasonal rains resulting in damage to harvested crop lying in field in “cut and spread” condition to concerned bank branch/ financial institution/ channel partner / insurer within 48 hours.

## **XXV. Crop Insurance Portal for administration of Crop Insurance Program**

([www.agri-insurance.gov.in](http://www.agri-insurance.gov.in))

1. The Government is endeavoring for the integration of all the stakeholders viz. farmers, insurance companies, financial institutions and Government agencies on single IT platform to ensure better administration, coordination and transparency for getting real time information and monitoring in a phased manner in consultation with Ministry of Finance and other stakeholders.

**The idea behind developing a web-based, integrated IT solution is to speed up service delivery, unify fragmented databases, achieve a single view of data, eliminate manual processes and thus provide insurance services to farmers faster than before.** Department of Agriculture, Cooperation and Farmer Welfare, Ministry of Agriculture and Farmers Welfare, Government of India has designed a web portal for crop insurance ([www.agri-insurance.gov.in](http://www.agri-insurance.gov.in)) and doing further enhancements to

provide a single IT enabled platform for digitization of process and documentations, information data bank and dissemination mechanism, automation of administrative procedures, premium and claim calculation and remittance etc. This IT driven system is envisaged to address the issues which affect the current system of program administration and thereby reduce its efficacy and lead to denial/delay in benefit transfer to farmers viz. selective/layered information access, manual interventions, multi-step procedures, documentary avoidances/proofs, delayed/defective information sharing. Hence, integration of IT platforms of banks, Insurance Companies, State Governments and yield/weather data providers with Crop insurance web portal directly or through interface for fetching in information is felt essential to avoid errors, timely transmission of requisite information amongst major stakeholders, early settlement of claims, proper monitoring and transparent administration of the schemes. Once the entire linking of IT platforms of all stakeholders with the Web portal is established, it would also lead to faster processing of claims due to electronic flow of information. Currently, this portal is available in two languages – Hindi and English and it will be converted into all regional languages.

The aforesaid portal will provide an integrated ecosystem to streamline the process and to automate administrative functions. A web-based, integrated IT solution has been developed which has opened a window of opportunity to remote and economically-weak farmers to benefit from crop insurance services.

The project is divided into several steps which are envisaged to be developed and launched into two phases. Phase-1 has already been developed and made functional and necessary action is being taken for development of remaining component of Phase-2.

#### **Phase 1:**

- a) Digitization of notification of areas, crops, schemes across two seasons of Kharif and Rabi for enabling information access to multiple stakeholders viz. Farmers, Government Functionaries, Insurance Companies, Intermediaries, Bankers and social and community bodies. This phase has been developed and launched and the relevant information of coverage of areas, crops, seasons and schemes is readily available on the portal. Detailed user manual for uploading the requisite input/information by concerned State Governments, Insurance companies have already been circulated and information in respect of Kharif 2015 and Rabi 2015-16 has successfully uploaded for digitization of crop insurance information.

Filling/uploading of requisite information on the crop insurance portal by

the State Government and Insurance Companies is compulsory so that farmers and other stakeholders can get timely information about crop insurance, premium cut off dates and insurance companies. This information is available through various modes like web, mobile app and SMS in order to cover all sections of rural masses.

**State Government and concerned IAs will be responsible for entry of all requisite information as per notification issued by the States in the crop Insurance portal.** The details about data entry are available on the portal ([www.agri-insurance.gov.in](http://www.agri-insurance.gov.in)). Therefore, State Government and Insurance companies may take necessary action well in advance so that requisite information may be made available to the stakeholders from the start of loaning/coverage period itself. State Government and concerned IAs will be responsible for any wrong entry/errors/omissions etc.

- b) Creation of Insurance Premium Calculator for enabling Farmers and other stakeholders to know details of the schemes, crops, sum insured, premium amount, Implementing Agency etc. This information is also made available through USSD (non-internet based mobile technology for accessing web based information). This phase has already been developed and launched for usage. To provide information of crop insurance for a particular area in a customized form, this Department has also developed an **Android based Mobile app “Crop Insurance”** to get detailed information of any particular notified/insured areas along with premium calculator. This would be helpful for the banks in obtaining faster information etc. The Crop Insurance app can be downloaded from either Google play Store or [www.agri-insurance.gov.in](http://www.agri-insurance.gov.in) or [www.mkisan.gov.in](http://www.mkisan.gov.in). This app is available in English and Hindi as of now and will be made available in all languages very soon. **This mobile app was launched on December 23, 2015 and within less than two months, 6115 downloads of this app have happened.**
- c) Online submission of application forms by the farmers especially for non-loanee farmers for getting insurance coverage through designated bank branches. Farmer can fill up the online application form available on crop insurance portal ([www.agri-insurance.gov.in](http://www.agri-insurance.gov.in)) and select the bank branch of commercial banks/RRBs/DCCBs for payment of requisite premium. A farmer can submit the application through authorized Common Service Centre as well. **As soon as the application is submitted through the system, a unique identification number is generated and SMS would be sent on farmer’s mobile.** This unique number will be used to identify the beneficiaries. The print out of application or this unique identification number is to be submitted to the selected branch along with requisite premium. An option to modify the application is also given. In case of

modified application, print out of modified application need to be resubmitted to the bank.

Bank branch accepts or rejects the application after completing verification of documents. Premium is accepted by the bank branch preferably from farmer's prevailing account in the same branch itself and the same would be sent to the concerned insurance company in the stipulated time for the purpose. This phase has also been tested successfully in pilot mode during Kharif 2015 with several bank branches. **It is the responsibility of selected bank branch to complete the application of the farmer, if required and if a farmer is unable to fill the application, bank branch is responsible for filing the application on farmer's behalf** so that not a single farmer, who desired to take crop insurance coverage, left out from the purview of crop insurance scheme(s). A non loanee farmer can apply to Insurance Company directly as well by selecting the name of Insurance Company while filling up the online form. The responsibility to collect premium from the registered farmer will be on the concerned Insurance Company.

- d) Offline integration of banks/registered intermediaries with the Crop Insurance portal in order to get the details of insured farmers for identification of beneficiaries. There are different options available for bank branches to provide details of beneficiaries in a more transparent and authentic mechanism. **Bank branch can upload the details of insured farmers through online application mode(as explained in Para c) or upload the requisite details in bulk through excel sheets.** These predefined excel sheets can be uploaded in the system to get details of all beneficiaries, particularly loanee farmers by all bank branches including PACS and non-loanee farmers covered through Insurance companies, directly or by their agent.

In bulk uploading as well, a unique application number will be generated for each farmer and that number can be used by the insured farmer to track his/her application. This phase has also been tested successfully. It is envisaged that all details of insured farmers are made available on this portal and can be used by Government, Implementing Agencies and Social bodies for policy making and other strategic planning. This Aadhar seeded database (however Aadhar is not kept mandatory as of now) of insured farmers can be used for Direct Benefit Transfer (DBT) scheme and release of Government funds/subsidy etc. also.

**Submission of detailed information of all insured farmers as envisaged in Para c and Para d is essential for all bank branches/PACS and insurance companies in order to facilitate timely release of Government subsidy and claims to the farmers.** The

detailed user manual is available on the web portal. Concerned Insurance Companies will provide all requisite assistance to the bank branches/PACS. After its implementation in first year (i.e. 2015-16), the requisite details will be required to filled up/uploaded by all concerned bank branches/PACs/Intermediaries within the stipulated cut-off dates for acceptance of the proposal by insurance companies.

- e) In order to keep track of payment transfer from banks to insurance companies and to the farmers, a mechanism has to be built. In web portal, bank branch will enter the UTR Number against the accepted application(s) and forward the consolidated proposal/declaration to concerned insurance companies. **This mechanism will provide a transparent way to monitor the payment transfer from banks to respective implementing Insurance Companies and remittance of claim amount from Implementing Insurance Companies to the concerned bank/direct beneficiaries.** After crediting the claims amount to bank account of insured farmers, bank branches will online submit the Utilization certificates. As soon as the Insurance companies receive the application and premium from banks, they have to accept the application online. An SMS alert will go to the farmer that his/her insurance application has been accepted by the Insurance Company. Insurance Company will send the policy document to the farmer and the document should also be uploaded on insurance company's website. A farmer will be able to download the policy document from website by entering his/her unique identification number.

## Phase 2:

- a) Integration of Crop Insurance with Land records so that online verification of farmer's land holdings can be done. Some states are having digitized land records, some are in process. **Thus, integration with digitized land records (wherever available) will be carried out and online verification of farmer's land holdings will be done.**
- b) A system to generate standard bid document will be created. A standard template with a facility to add/delete/modify the notified units and crops will be provided. **This will result into a standard bid document across all the states.** The editing option will also be given in order to modify the annexures, if needed. By using this system, digitized bid document will be created at a faster speed.
- c) A suitable interface for facilitating the flow of requisite data/information among all the stakeholders will be created. **E-transmission of data, information, documents will be facilitated among various stakeholders by using web services for swift exchange of information and data.** This facility will essentially do away with the gaps that we are having currently in terms of delayed transmission/information and premium/claim reconciliation



settlements. Output generated through this web portal will be given to the banks /Insurance Companies in the form of XML so that they also can carry out analysis and cull out required reports at their end.

- d) Use of mobile apps to capture losses due to natural calamities. Field photographs will be taken through those apps and geo location will be automatically captured. **This data collected through app will be immediately sent to ISRO's Bhuvan platform which will be accessed by all the stakeholders.** This graphical view will be of major tool for monitoring and further analysis will be carried out in an easy manner.
- e) A system for integration of real-time weather index data and yield assessment data of crops with the portal will be created. **This integration will facilitate faster, transparent transmission of yield/weather data to concerned insurance companies and automated claim calculation and remittance to beneficiaries will be achieved.** This feature will ensure availability of real-time information about crop loss and payable claims vis-a-vis necessary early signs to Government agencies/Implementing agencies so that policy/administrative corrective measures can be taken.
- f) **Creation of Crop Insurance Data Bank and MIS which will be helpful for policy administration, functional and strategic decision making at levels of Central/State Government,** Insurance Agency/Bankers and other stakeholders for effective program administration and implementation. An MIS system for previous crop seasons/schemes will also be developed for risk mitigation in Agriculture, calculation of loss cost of each crop(s) at notified Insurance Unit for different policy issues, premium rating etc.
- g) A robust IT enabled **public grievance settlement mechanism** will be developed to settle the all grievance in transparent and time bound manners. Farmers can also access the status of their grievance and the action taken on their grievances.
- h) An **interactive forum** will be developed to exchange the technical views/suggestion amongst different stakeholders and faster communication.

Therefore, it is proposed that from the beginning of Kharif 2016, Phase 1, which has already been tested successfully, will be enforced compulsorily and remaining phases will be enforced after their validations.

These components of Phase-2 are not necessarily sequential and would be rolled out after necessary testing.



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