Standing Committee Report Summary

Pradhan Mantri Fasal Bima Yojana – An Evaluation

- The Standing Committee on Agriculture (Chair: Mr. P. C. Gaddigoudar) submitted its report on 'Pradhan Mantri Fasal Bima Yojana – An Evaluation' on August 10, 2021. Under Pradhan Mantri Fasal Bima Yojana (PMFBY), farmers are provided with insurance cover for crops against all non-preventable natural risks. Key observations and recommendations of the Committee include:

- **Participation of states:** The Committee noted that some recent revisions in the scheme guidelines may lead state governments to withdraw from it. The Committee has recommended revising amendments which: (i) prohibit states which delay the release of subsidies (beyond specified timeline) from participating in the scheme, and (ii) mandate state governments to bear the entire subsidy for areas/ crops which have a higher premium rate than the specified rates. The Committee further noted that several states such as Bihar and West Bengal have withdrawn from the scheme, while Punjab never implemented it. It attributed this to financial constraints and low claim ratios during the normal seasons. It recommended enacting measures to increase participation by states.

- **Coverage:** The Committee noted that farmers who have taken loans may opt out of the scheme by submitting a declaration form. However, due to lack of awareness, several farmers do not submit the requisite form and face mandatory deduction of premium from their bank accounts. It recommended amending this provision to require such farmers (who have taken a loan) and want to avail the scheme to opt in separately.

- **Delays in settlement:** The Committee recognised delays in settlement of insurance claims as one of the biggest challenges in implementation of the scheme. It noted that the delays may be due to factors such as: (i) late release of yield data and premium subsidy by states, (ii) yield-related disputes between insurance companies and states, and (iii) non-receipt of account details of farmers. It recommended addressing these issues using technology and the coordination of all institutional mechanisms. It also recommended implementing a timeline for settlement of claims by insurance companies. In cases where delays are caused by failure of the state governments to pay subsidy, it suggested returning the premium with interest to farmers within a fixed time frame.

- **Insurance companies:** The Committee observed that insurance companies are required to have a functioning office in each tehsil. However, they are non-existent in several districts. It noted that these offices are crucial for farmers to mitigate the problems faced in availing the scheme benefits and suggested uploading the contact details of their officials on the insurance portal.

- **Penalties for companies:** The Committee noted that delays in taking action against defaulting insurance companies have been observed. It attributed this to procedural complications and recommended effectively penalising defaulters in a time-bound manner.

- **Grievance redressal:** The Committee noted that only 15 states and union territories have notified Grievance Redressal Committees at both the state and district level, as mandated under the scheme. It recommended ensuring the formulation of these Committees in all other states. It also suggested the Department of Agriculture and Farmers' Welfare to nominate local public representatives (including Members of Parliament) in the district-level Committees to ensure accountability. It noted that the Department of Agriculture and Farmers' Welfare does not have data on grievances received and resolved and recommended recording such data. It also suggested establishing a toll-free helpline number to address queries of farmers.

- **Technological interventions:** The Committee noted that yield-related disputes and delayed transmission of yield data are a major reason for delays in settlement of claims. It noted that this data is provided by state governments based on crop cutting experiments which are highly time consuming and labour intensive. To address this, it recommended the adoption of smart sampling techniques by all states using technological interventions such as satellite data or use of drones. Further, the Committee recommended regular monitoring of utilisation of 3% of administrative expenses. These funds are earmarked for developing infrastructure and technology.

- **Corporate Social Responsibility (CSR):** The Committee noted that the scheme does not mandate insurance companies to spend the share of their profits going towards CSR in the districts from where profits are earned. The Committee recommended adding a provision to enable this.

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Shruti Gupta
shruti@prsindia.org

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