

Ministry seeks extra Rs 5,000-crore for Fasal Bima this fiscal

Record 40 million farmers enroll for subsidised crop insurance cover this year

Sandip Das | December 27, 2023



In 2022-23, out of 31.5 million farmers enrolled, 39% were non-loanee farmers. (Image/Reuters)

With an increase in coverage of crop insurance amongst the farmers, expenditure under the Pradhan Mantri Fasal Bima Yojana (PMFBY) is projected to increase by 28% in current fiscal to Rs 17, 500 crore compared to budget estimate (BE), official sources said.

Against a BE for FY24 at Rs 13,625 crore, the finance ministry has released Rs 12,500 crore under PMFBY to the agriculture ministry so far.

“Looking at expenditure trends in the current fiscal because of higher enrollment of farmers, we expect an additional Rs 5,000 crore from the finance ministry in the last quarter for the crop insurance scheme,” an official told FE.

Sources said that the number of farmers enrolled under PMFBY is projected to touch a record 40 million in 2023-24, a 27% increase from the 31.5 million enrolled in FY23. An official said about 40% of farmers who would enroll under the crop insurance are those who had not availed loans from the banks.

In 2022-23, out of 31.5 million farmers enrolled, 39% were non-loanee farmers. “The crop insurance scheme is gradually moving towards a subscription-based model rather than a loan-based scheme,” Ritesh Chauhan, CEO, PMFBY recently said.

In terms of area, coverage of heavily subsidised crop insurance scheme is likely to touch 60 million hectare in 2023-24, which is an increase of around 21% from the 2022-23.

The official said many states Andhra Pradesh, Maharashtra, Odisha, Meghalaya and Puducherry have opted for universalisation of crop insurance scheme which implies that the state government bears the cost farmers' premium.

Under the PMFBY which is currently being implemented in 22 states and union territories, the premium to be paid by farmers is fixed at just 1.5% of the sum insured for rabi crops and 2% for kharif crops, while it is 5% for cash crops.

It is optional for the farmers to opt for PMFBY. The balance premium is equally shared amongst the Centre and states and in case of North-Eastern states, the premium is split between the Centre and states in a 9:1 ratio.

The claim-premium ratio which was 99% in 2018-19 has declined to 68.2% in 2021-22; the claims for FY23 are still being settled.

Since the launch of the PMFBY in Kharif 2016, the gross premium collected has been Rs 2.01 trillion so far, against reported claims of Rs 1.52 trillion. The farmers' share in premium so far has been Rs 29,235 crore.

Several insurance companies both the public and private sectors, are implementing crop insurance launched in 2016.

Officials said that several states Gujarat, Andhra Pradesh, Telangana, Jharkhand, West Bengal and Bihar had exited the scheme, because of 'higher cost of premium subsidy' to be borne by them.

Subsequently Andhra Pradesh has rejoined the scheme and sources said that Jharkhand has shown willingness to come on board of PMFBY.

Source: <https://www.financialexpress.com/policy/economy-ministry-seeks-extra-rs-5000-crore-for-fasal-bima-this-fiscal-3348161/>