PRADHAN MANTRI FASAL BIMA YOJANA (PMFBY)

I. **Objective of the Scheme**

Pradhan Mantri Fasal Bima Yojana (PMFBY) aims for supporting sustainable production in agriculture sector by way of a) to provide compensation to farmers suffering crop loss/damage arising out of unforeseen events b) to stabilize the income of farmers to ensure their continuance in farming c) to encourage farmers to adopt innovative and modern agricultural practices d) to ensure flow of credit to the agriculture sector; which will attribute 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 on the 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 (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 crop(s) notified would be covered compulsorily.

3. **Voluntary Component**

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

4. Both PMFBY and other notified scheme can be implemented for non-loanee farmers in the area(s) notified for PMFBY. Non-loanee farmers can choose between PMFBY and other notified scheme, and also insurance companies, where State Govt. has notified such a provision.

5. Special efforts shall be made to ensure the maximum coverage of SC/ST/Women farmers under the scheme. Budget allocation and utilization under these segments of farmers should be in proportion to SC/ST/General along with gender (Male/Women) land holding 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 & beneficiaries, extension & awareness creation amongst farmers, obtaining feed-back of the farmers while assessing the
payment on account of prevented sowing/planting risk, localized perils, post-harvest losses and advance payment of claims etc.

III. Coverage of Crops

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

IV. Coverage of Risks & 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 risk, viz.: Drought, Dry spells, Flood, Inundation, Pests & Diseases, Landslides, Natural Fire & Lightening, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc.

   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 & spread condition in the field after harvesting against specific perils of cyclone & 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 & nuclear risks, malicious damage and other preventable risks shall be excluded.

V. Scheme Acceptance by the State/UT Governments

1. Issuance of Notification by State Government / UT for implementation of the scheme (PMFBY) will imply their acceptance on 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.

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 SLCCCI presently overseeing implementation of NAIS & 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 crop year, preferably in the beginning of February, meeting of SLCCCI should be convened for finalising various terms & conditions and calling of bid, issuance of the notification to select insurance companies and carry out implementation of the scheme during the bid 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, Available Sum Insured for notified crops, Premium rate for farmers, subsidy along with seasonality disciplines/ cutoff date for each activities etc..

Notification of crops, areas& Implementing Agency (IA)

2. 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.
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, cropped acreage and ability to conduct requisite number of CCEs for estimating yield during proposed season, etc.

4. State Government/UT should provide 10 years historical yield data to Insurance Companies for calculations 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.

5. In case it is proposed to notify irrigated & un-irrigated areas separately under a crop, State Government / UT shall ensure that minimum CCEs are planned & conducted for irrigated & 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. States 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 GOI. A cap will be put on such expenses for reimbursement from GOI to States which will be fixed based on the annual budget for the purpose.

**Notification of indemnity level, Average Yield, Threshold Yield, Sum Insured(SI) & 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 based on inputs of 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 moving average yield of last seven years excluding upto two declared calamities years). The Threshold yield of the notified crops is equal to Average Yield multiply by Indemnity level ..SI and Premium Rates will be notified according to the envisaged criteria.

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

8. If the State Government/UT declares calamity year(s), if any, 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 for purpose of
computation of sum insured (value of threshold yield). Not more than two such years shall be excluded from calculation of threshold yield and sum insured, even in instances where calamity years are more than two during the preceding seven years. The yield in declared calamity year is not supposed 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) area approach, (ii) localized calamities, (iii) prevented sowing, (iv) post harvest loss, (v) payment slabs for total loss during the season (vi) 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 to be used in assessing the extent of losses and payment.

VII. Sum Insured /Coverage Limit

1. Sum Insured per hectare for both loanee & non-loanee farmer will be same and equal to scale of finance decided by the District Level Technical Committee, and is pre-declared by SLCCCI and notified. Sum Insured for individual farmer is equal to the Sum Insured multiple by acreage of the notified crop. ‘Area under cultivation’ shall always be expressed in ‘hectare’.

2. Sum insured for irrigated & un-irrigated areas will be separate.

VIII. Premium Rates &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:

<table>
<thead>
<tr>
<th>S.No</th>
<th>Season</th>
<th>Crops</th>
<th>Maximum Insurance charges payable by farmer (% of Sum Insured)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kharif</td>
<td>All food grain &amp; Oilseeds crops,(all Cereals, Millets, Pulses, &amp; Oilseeds crops)</td>
<td>2.0% of SI or Actuarial rate, whichever is less</td>
</tr>
<tr>
<td>2</td>
<td>Rabi</td>
<td>All food grain &amp; Oilseeds crops, (all Cereals Millets, Pulses, &amp; Oilseeds crops)</td>
<td>1.5% of SI or Actuarial rate, whichever is less</td>
</tr>
<tr>
<td>3</td>
<td>Kharif &amp; Rabi</td>
<td>Annual Commercial / Annual Horticultural crops</td>
<td>5% of SI or Actuarial rate, whichever is less</td>
</tr>
</tbody>
</table>

2. AIC 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) (till an Independent agency/TSU takes over) 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 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 government / UT are free to extend additional subsidy over & above the stipulated subsidy from its budget. In other words, additional subsidy, if any shall be entirely borne by the State government / UT. 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.
Accordingly, AIC is empowered to call/collection all requisite information related to implementation of Scheme and utilization of Government funds.

c) Government (both Central & States) may release 50% estimated premium subsidy to empanelled insurance companies at the beginning of crop season on the basis of the business projection to be submitted by each insurance companies 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, then DAC&FW 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 Governments.

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 & Farmers’ Welfare, Ministry of Agriculture & Farmers’ Welfare, Government of India. 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 doesn’t encourage adverse selection or moral hazards. The broad seasonality discipline is given in the chart below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Activity</th>
<th>Kharif</th>
<th>Rabi</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Issuance of Administrative Instructions by Government of India</td>
<td>February</td>
<td>August</td>
</tr>
<tr>
<td>2</td>
<td>Conduct of SLCCCI meeting to decide for notification of Crops and Notified areas, limits of Sum Insured, and adoption of Level of Indemnity etc.</td>
<td>March</td>
<td>September</td>
</tr>
<tr>
<td>No.</td>
<td>Description</td>
<td>March</td>
<td>September</td>
</tr>
<tr>
<td>-----</td>
<td>-------------</td>
<td>-------</td>
<td>-----------</td>
</tr>
<tr>
<td>3</td>
<td>Issuance of Notification by SLCCCI of State/UT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Loaning period (loan sanctioned/renewed) for Loanee farmers covered on Compulsory basis.</td>
<td>April to July</td>
<td>October to December</td>
</tr>
<tr>
<td>5</td>
<td>Cut-off date for receipt of Proposals of farmers/debit of premium from farmers account (loanee &amp; non-loanee).</td>
<td>31st July</td>
<td>31st December</td>
</tr>
<tr>
<td>6</td>
<td>Cut-off date for receipt of Declarations/proposal of Loanee farmers covered on compulsory basis &amp; non-loanee farmers covered on Voluntary basis from Bank branches to respective Nodal Banks/offices.</td>
<td>Within 15 working days for loanee farmers and 7 working days for non-loanee farmers after cut-off date.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Cut-off date for receipt of Declarations of farmers covered on Voluntary basis from designated insurance Agent(s) to Insurance Companies</td>
<td>Within 2 working days after receive declaration/premium.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Cut-off date for receipt of Proposal of Loanee farmers covered on compulsory basis &amp; non-loanee farmers covered on Voluntary basis from respective Nodal Banks offices to Insurance Company</td>
<td>Within 7 working days from receipt of Declarations by the respective Nodal bank offices</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Cut-off date for receipt of yield data</td>
<td>Within a month from final harvest</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Processing, Approval and Payment of Final Claims based on yield data</td>
<td>Three weeks from receipt of yield data</td>
<td></td>
</tr>
</tbody>
</table>

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 doesn’t encourage adverse selection or moral hazards and also ensure early payment of claims to eligible insured farmers. No relaxation for extension in the above seasonality/cut off dates shall be considered / granted by this department however, pre-ponement 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 Govt. 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 & Premium from Farmers

1. The present Nodal Banks system under NAIS/NCIP will continue for PMFBY as well, for Cooperatives Bank 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. Besides, insurance company may also use the IRDA approved insurance agents/ insurance intermediaries for the purpose.

2. Declaration 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, no. and category of farmers covered (small & marginal or other) and no. of farmers under other categories (SC/ST/others) /gender (male/female) along with their bank account details.

   Loanee farmers (Compulsory coverage)

3. For loanee farmers, modalities for coverage will be same as in NAIS/NCIP. 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 deciding the limit of loan and the same will only be eligible for compulsory coverage, as per seasonality discipline. Based on seasonality of Crops, banks should separately calculate the eligibility of loan amount for both Kharif & Rabi seasons based on the scale of Finance &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 insurance.

4. For 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, cut-off-date for submitting Declarations as 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. Crop loans advanced against hypothecation of gold / ornaments are also eligible for compulsory coverage, subject to insurability of crop and seasonality discipline within the prescribed Sum insured limit.

6. Bank branches/Nodal Bank Branch, shall consolidate insurance proposals / statements from bank branches & 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

7. Farmers desirous of availing insurance shall fill up Proposal Form of Scheme and submit same to nearest bank branch or authorized channel partners or insurance intermediaries of insurance company.

8. 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 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. Bank Branch / PACS will thereafter consolidate these particulars and send them to respective Nodal Bank and Nodal Banks 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.

9. Non-loanee cultivators could also be serviced directly by any designated agencies, other authorized channel partner or insurance intermediaries, approved by the IRDA for the purpose and will act as guide and facilitator, advise of benefits and desirability of Scheme, guide 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

10. 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 3 days. However, it's
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

11. 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 insurance company.
However, it's mandatory that Non-Loanee farmers, personally submitting
proposals to insurance company, should have insurable interest and submit
necessary documentary evidence as proof, as decided by SLCCCI. 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.

12. 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 premiumordinarily, within one month after
receipt of proposal by Insurance Companies. It is also mandatory to hold
Bank account in designated bank branch/any branch, to receive crop
insurance claims, if any.

Option for change of crop name

13. 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 before 30 days from cut-off-date for
buying insurance or sowing, through financial institution / channel partner /
insurance intermediary / direct; 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 excess premium.

14. 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 along with 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 refereed to Department by the concerned State/Agency.

15. The Nodal Banks may also collect the list of individual insured farmers (both loanee & non-loanee) with requisite details like name, fathers' name, Bank Account number, village, categories – S&M/SC/ST/Women, insured acreage, details of insured land, insured crop(s), sum insured, premium collected, Govt. 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.

16. Insurance companies may also collect the requisite information in respect of non-loanee farmers from the channel partner in same formats. It is responsibility of the concerned insurance companies to collect/obtain the details of the insured farmers (both loanee & non-loanee) from the bank/financial institutions/ intermediaries/agents and facilitate the banks to upload the same on crop insurance portal.

17. Insurance Companies should also verify and be satisfied themselves about the coverage of farmers/crops and upload the same in their websites within a month preferably before the 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 (but not less than prescribed minimum CCEs) being conducted.
2. CCEs shall be undertaken per unit area of insurance per crop, on a sliding scale, as indicated below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Level of Insurance Unit</th>
<th>Minimum sample size of CCEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>District</td>
<td>24</td>
</tr>
<tr>
<td>2</td>
<td>Taluka / Tehsil / Block</td>
<td>16</td>
</tr>
<tr>
<td>3</td>
<td>Mandal / Phirka / Revenue Circle / Hobli or any other equivalent unit</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>Village / Village Panchayat</td>
<td>4 for major crops &amp; 8 for other crops</td>
</tr>
</tbody>
</table>

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 CCE conduct, with necessary checks and balances. Digitizing CCE process including geo-coding and date / time-stamping is must for all CCEs conducted where Village / Village Panchayat is the Insurance Unit (IU).

- Wherever external agencies are used for conducting CCEs or CCEs out-sourced, it can only be given to ‘professional’ agencies with adequate experience in agriculture field activities/ yield estimation. It’s mandatory for these agencies to follow the digital protocol as mentioned in the previous paragraph.

- 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.

- 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 / contagious units or(ii) adopting yield estimate of next higher unit, or (iii) adopting the yield of neighboring IU with maximum correlation. Priority of their applicability of aforesaid three methods should be notified by the concerned States well in advance. If the such areas where CCEs in requisite numbers were not conducted for any notified crops, is more than 5% total area under the crop in district , permission for applicability of aforesaid methodology may be sought from DAC & FW alongwith detailed cause/reasons etc.
- The yield estimates at IU level shall be submitted by the state government within the cut-off date, along with results of individual CCEs.

- Insurance company has complete access to co-witness the CCEs, as also the digital images of the CCEs.

- Wherever the yield estimates reported at IU level are abnormally low or high vis-à-vis the general crop condition, the insurance company can make use of satellite imagery or other technologies to confirm the yield estimates. Incase of significant differences between these two yield estimates, the matter is referred to TAC and its decision is final.

4. Use of Innovative Technologies to target CCEs

With development of number of satellites with high resolution images orbiting the Earth, there have been great improvements in satellite imagery products. It has been reasonably proven the 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 fewer sample size, say 2 CCEs. This is expected to minimize the total CCEs needed by about 30-40%. States can adopt this technique in generating yield estimates while following digital protocol outlined in the preceding paragraphs.

5. Use of Technology to remove area discrepancy in coverage

It is noticed that in some 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.

6. Use of Innovative Technologies for Direct Yield Estimation
ii. For addressing the problems reliability of CCEs, accuracy and speed, innovative technology such as RST, drone, online transmission of data etc. will be utilized to ensure timely payment of claims to farmers. The World Bank based on some pilots in this regard recommended that image video capture of crop growth at various stages and transmission thereof with CCEs data on a close real time basis utilizing mobile communication technology with GPS time stamping, can improve data quality, / timeliness and support timely claim processing and payments. Thus, States and insurance companies may start use of this available technology for the purpose. This Department has also been piloting in this regards and assessment of crop loss at lower unit level.

iii. After adequate number of pilots & proven through the strong correlation between RST / Satellite Imageries results and yield estimates through CCEs, States and insurance companies may use the technologies in estimating the crop yields at IU level, subject to the satisfaction of both States and insurance companies with the accuracy of the yield estimates to service the claims.

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

It has also been felt that CCEs process currently being conducted by the State’s primary employees for estimating yield is lacking in reliability, accuracy and speed which affecting 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 use of smart phones for capturing images and for online transmission of data on centralised server would be done for compilation of data and use for claim settlement. RST and Drones etc. may also be used for the purpose.

8. The cost of using technology etc. for conduct of CCEs process 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 representatives from Indian Agricultural Statistical Research Institute (IASRI), National Sample Survey Organization (NSSO), Central Statistical Organization (CSO), DAC&FW and insurance company 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 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 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:

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

Where,

Threshold yield for a crop in a notified insurance unit is the average yield of past seven years (excluding 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 2012-13 season is as under:

<table>
<thead>
<tr>
<th>Year</th>
<th>200</th>
<th>200</th>
<th>200</th>
<th>200</th>
<th>200</th>
<th>20</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield (kg/ha)</td>
<td>450</td>
<td>3750</td>
<td>2000</td>
<td>4250</td>
<td>1800</td>
<td>4300</td>
<td>1750</td>
</tr>
</tbody>
</table>

The years of 2007-08, 2009-10 and 2011-12 were declared natural calamity years.

Total of yields of seven years is 22350 kg/ha and that of twoworst calamity years is 3550 kg/ha i.e. (1800+1750). Therefore according to provision, average of past seven years excluding maximum two calamity years is (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 Normal average yield.

**Eligibility Criteria:**

i. Notified Insurance Unit would be eligible for “ON ACCOUNT” payment only if the expected Yield of the affected crop during the season is less than 50% of Normal average 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 compliance with the criteria and crop loss survey to be carried based on notified insurance unit only.

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 compensation under this cover who have 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 25% of the likely claims, subject to adjustment against final claims.

vii. If adversity occurs within 15 days of normal harvest time this provision will not be invoked.

**Proxy-Indicators:** Indicators for damage intimation order could be rainfall data, other weather data, satellite imagery and crop condition reports by district level state govt. official, supported by media reports.

**Loss assessment procedure:**

i. Joint committee for claim assessment of crop damage to be formed and notified before start of the crop season by the SLCCCI for each districts.

ii. The joint committee of State Govt., Insurer shall decide the eligibility for on-account payment based on the weather data (available AWS notified by the Govt.) /long term average rainfall data/satellite imagery supported by estimated yield losses at notified Insurance unit level. Damage intimation order 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 extent of loss.
iv. Information/Services of Mahalanobis National Crop Forecast Centre (MNCFC) may also be utilized for determination of on-Account payout.

v. If the expected loss of the affected crop is more than 50% of the Normal average Yield (TY) for the Notified Insurance Unit on-account payment would be payable.

vi. On-account payment would be calculated as per following formula:

\[(\text{Threshold Yield} - \text{Estimated Yield}) \times \text{Sum Insured} \times 25\%\]

Threshold Yield

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

a. Eligibility of on-account payment order with details of damaged Insurance Units to be issued by the state government within 7 days from the occurrence of adverse seasonal event.

b. Loss assessment report at affected insurance unit level to be completed by the committee within 15 days from occurrence of adverse seasonal event.

**Conditions:**

i. Mere disbursement/ sanction of loan without receipt/ debit of premium before the notification of calamity won't make a farmer eligible for 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 notification invoking this provision by the State Government and subject to receipt of loss report from state government.

iv. These claims would be adjustable from 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 normal average 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 / Planting / Germination Claims

1. It is proposed to provide insurance cover to farmers in case of widespread incidence affecting crops in more than 75% of normal area sown in a notified unit at early stage leading to total loss of crop or the farmers are not be in a position to either sow or transplant crop due to non-receipt of sufficient rainfall or excess rainfall or other weather.

The precondition for this cover is issuance of notification before commencement of normal sowing process and details of insurance coverage from banks should be advised to Insurance company..

Eligibility Criteria:

i. The state govt. 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” payout only if more than 75% of Normal 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 compensation 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 govt. would notify crop wise and agro-climatic zone or district wise cut off dates by which, this provision could be invoked.

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

Loss assessment procedure:

i. State Govt. 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.
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 notification invoking the event subject to receipt of estimated area sown data 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 & 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.

XIV. Post-Harvest Losses

1. It is proposed to provide for assessment of yield loss on individual plots 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 & spread’ condition up to maximum period of two weeks (14 days) from harvesting for sole purpose of drying.

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 to all crops damaged by specified perils, which are left in the field after harvesting in “cut & spread condition” for drying up to a period of 14 days from harvest.

Proxy-Indicators: Report in the local media or reports of the agriculture/revenue department supported by media reports and other evidences.

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 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:

a. Post-Harvest losses: 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 centralised Toll Free Number, in absence of such facility, the report can be given to banks or govt. 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.

i. Documentary evidence required for claim assessment,

a. Post-Harvest losses:

• Duly filled Claim form along with all relevant documents are requisite for payment of claims. However, if information on all the columns is no 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.
ii. **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:

a. Any Graduate (preferably Agriculture i.e. B. Sc. (Ag.,)) with minimum 2 years’ relevant experience.

b. Retired Government officials of Agriculture/Horticulture/Extension Department having B. Sc. (Ag.) degree.

c. 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 of loss assessor appointed by the insurer, block level agriculture officer and the concerned farmer.

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

a. Appointment of loss assessor within 48 hours from receipt of information

b. Loss assessment to be completed within next 10 days

c. Claim settlement/payment to the farmers to be completed in next 15 days (subject to receipt of premium) from loss assessment report.

iii. If the affected area under a notified crop is more than 25% of the total cropped area in a Notified Insurance Unit, all the insured farmers in the Notified Insurance Unit deemed to have suffered post harvest loss and would be eligible for compensation. 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.

iv. Maximum liability would be limited to proportionate Sum Insured of damaged cropped area compared with area insured. If the claims 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 claims for Post Harvest is higher, no recovery will be applicable from affected farmers.

**Example:**

i. Sum Insured for a crop = Rs. 50,000

ii. Affected area of the insured field = 80% (eligible for sample survey)

iii. Assessed loss in the affected area/fields due to operation of insured peril = 50%

iii. Claims Payable under Post Harvest loss = Rs. 50,000 × 50% = Rs 25,000

iv. End of season reported shortfall in yield = 60%
v. Claim estimated based on ‘area approach’ at IU level = Rs. 50,000 × 60% = Rs. 30,000
vi. Balance payable at end of season = Rs. 30,000 - Rs. 25,000 = Rs. 5,000

Conditions:

i. Mere disbursement/sanction of loan without receipt/debit of premium before the occurrence of insured peril won’t make a farmer eligible for claim.

ii. When affected areas are limited up 25% of total crop sown areas in the notified areas, the losses of only those farmers would be assessed who have intimated the loss and 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.

v. If 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 compensation under this cover.

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.

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. 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 compensation 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.

**Proxy-Indicators:** Report in the local media or reports of the agriculture/revenue department.

**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 (ii) 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 long./lat. details and pictures using NRSC Mobile App.

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

a. **Localised risks:** 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, in absence of such facility, the report can be given to banks or govt. 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.

v. **Documentary evidence required for claim assessment,**

a. **Localised risks:**

   • Duly filled Claim form along with all relevant documents are 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.

vi. **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)/Add-on cover (Weather 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. B. Sc. (Ag.)) with minimum 2 years’ experience of crop insurance.

ii. Retired Government officials of Agriculture/Horticulture/Extension Department having B. Sc. (Ag.) degree.

iii. 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 of loss assessor appointed by the insurer, block level agriculture officer and the concerned farmer.

iv. 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)

v. Maximum liability would be limited to proportionate Sum Insured of damaged cropped area.

**Example:**

i. Sum Insured for a crop = Rs. 30,000

ii. Assessed loss in the affected area due to operation of insured peril = 40%

iii. Claims Payable under this cover = Rs. 30,000 × 40% = Rs 12,000

iv. End of season reported shortfall in yield = 60%

v. Claim estimated based on ‘area approach’ at IU level = Rs. 30,000 × 60% = Rs. 18,000

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

**Conditions:**

i. Mere disbursement/sanction of loan without receipt/debit of premium before the occurrence of insured peril won’t make a farmer eligible for claim.
ii. The losses of only those farmers would be assessed who have intimated the loss and 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 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 compensation under this cover.

vii. Bank would remit farmers premium with farmers list within 7 days of intimation of loss under this section, if not send earlier.

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 & 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 along with 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 get claims approved by their competent authority after assessment and shall release the claims as per procedure given in above.

6. Insurance companies 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 through SLCCCI/State Government to DAC&FW for consideration by insurance company; and decision of DAC&FW in case of any interpretation of provisions of scheme or disputes will be binding on State Govt. / 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 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. Insurance company, if deemed necessary, will investigate coverage on its own or by an agency appointed for the purpose and may utilize technologies, including satellite imagery for identification of anomalies in crop insurance coverage vis-à-vis actual field conditions.

5. Acreage discrepancy

Some areas in the past 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 (more than 150% of insured area of the sown areas
due to shifting of acreage, promotion of particular crops, change in economic value/market etc at micro level.). For the time-being, it is to be addressed as follows:

- Wherever the ‘acreage discrepancy’ likely, the acreage insured at district level shall be compared with 150% of the average planted acreage of past three years, and the difference is treated as ‘excess’ insurance coverage.

- 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.

- Claims shall be calculated on the scaled down sum insured

- Premium (farmer share & govt. 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’s 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 including SMS messages, short films, and documentaries shall be utilized to create and disseminate awareness, benefits and limitations 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 & Bank Charges**

1. Bank 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**

1. State Governments / UT may ensure that 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 and Social Audit**

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 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 & non-loanee) with requisite details like name, fathers’ name, Bank Account number, village, categories – S&M/SC/ST/Women, insured acreage, insured crop(s), sum insured, premium collected, Govt. 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. 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 & 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.

c) The list of the beneficiaries (Bank-wise & insured area-wise) may also be uploaded/placed on the crop insurance Portal & website of the concerned insurance companies with proper provisions & mechanisms of public grievance redressal /feed-back etc.

d) The Insurance Companies should also send a copy of the list of beneficiaries received from financial banks along with the list of beneficiaries covered through other intermediaries to concerned Gram Panchayat within one month of disbursement of claims for displaying the same in the notice board for social audit etc.

e) About 5% of the beneficiaries may be verified by the Regional Offices/local level Offices of Insurance Companies and send the feed back to concerned District Level Monitoring Committee (DLMC) & State Government/State Level Coordination Committee on Crop Insurance (SLCCCI).

f) At least 10% of the beneficiaries verified by the insurance company may be cross verified by the concerned District Level Monitoring Committee (DLMC) and send the feed back to State Government.

g) 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 send the necessary feed back to Central Government.

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

**Empanelment Criteria**

1. The public sector and private sector General Insurance Companies empanelled by the Department of Agriculture, Cooperation& Farmers’
Welfare (DAC&FW), Ministry of Agriculture & Farmers’ Welfare (MOA&FW), Government of India (GOI) and selected by concerned State Government / Union Territory (UT) implement 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. However, selection of insurance company from amongst the empanelled insurance companies will be done by the concerned State Government for implementation of PMFBY in their State.

Selection Criteria of Insurance Companies as Implementing Agency (IA)

2. The selection of insurance company from amongst the empanelled insurance companies to act as IA shall be done by the concerned State Government for implementation of the scheme in their State. Such selection of IA shall be done from amongst the designated / empanelled companies. The final selection of IA from amongst the bidders shall be done based on the lowest weighted premium quoted by the company for all notified crops within the cluster of districts.

3. Selection of Implementing Agency (IA) may be made by adopting the cluster approach. In case of smaller States, the whole State may be assigned to one IA.

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 financial bid (premium rates) the State Government would divide the state in to multiple clusters. While clustering/clubbing following criteria would be followed:

i. States may form the clusters of districts based on similar estimated Sum Insured and mixed agro-climatic zones.

ii. Prior to the bid invitation, details on the clusters formation would be made available to the insurance companies.

Clustering/Clubbing of districts may be based on one or more of the following:

i. Cluster formation shall be applicable for 1 year to 3 years and clusters may be formed having 5-10 districts.
ii. Cluster may have defined based on similar estimated Sum Insured and mixed agro-climatic zones so as to increase the diversification of risk within a cluster and enable risk spreading for insurer.

iii. Cluster may contain districts with mixed agro-climatic zones so as to increase the diversification of risk within a cluster.

iv. Crop wise associated risk may also be diversified among the clusters and not concentrated within the cluster.

Example:<to be given>

**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 for even a single district-crop combination 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.

v. All the insurers who have participated in the bidding process, if not disqualified/debarred, would be allowed to cover Non-loanee farmers at L1 district crop combination rates to encourage competition.

4. State Govt. would invite all the empanelled insurance companies to submit the district-wise premium rates for the notified crops, Indemnity Level, Threshold Yields, Sum Insured etc. which will be same for all insurance companies for the season. Allocation of notified crops / areas may be made to companies strictly on the basis of merit. The lowest weighted premium quoted by a company for all crops within the cluster of districts i.e. Sum of all crops (premium x sum insured x area sown) may be the guiding factor for arriving to L1. The designated / empanelled companies participating in bidding have to bid the premium rates for all the crops notified / to be notified by the State Govt. and non-compliance will lead to rejection of company’s bid.

**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**

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

**District: D1 Company -Y**

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

**District: D1 Company -Z**

<table>
<thead>
<tr>
<th>Crops Notified in a District of the Cluster</th>
<th>Expected Area to be insured (in ha)</th>
<th>Notified SI per ha (Rs.)</th>
<th>Total SI (Rs. Lakh)</th>
<th>Premium Quoted by company Z (% of SI)</th>
<th>Premium Amount (Rs. Lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy</td>
<td>10000</td>
<td>30000</td>
<td>3000</td>
<td>7</td>
<td>210</td>
</tr>
</tbody>
</table>
Pradhan Mantri Fasal Bima Yojana (PMFBY)

F. No 13015/02/2015-Credit-II

Draft Operational Guidelines V1.1

<table>
<thead>
<tr>
<th>Crops</th>
<th>Expected Area (ha)</th>
<th>Total SI (Rs. Lakh)</th>
<th>Premium Amount (Rs. Lakh)</th>
<th>Weighted Average Premium of company (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td>6000</td>
<td>20000</td>
<td>1200</td>
<td>9</td>
</tr>
<tr>
<td>Cotton</td>
<td>8000</td>
<td>35000</td>
<td>2800</td>
<td>11</td>
</tr>
<tr>
<td>Arhar</td>
<td>9000</td>
<td>50000</td>
<td>4500</td>
<td>15</td>
</tr>
<tr>
<td>Groundnut</td>
<td>5000</td>
<td>40000</td>
<td>2000</td>
<td>14</td>
</tr>
<tr>
<td>Above all crops</td>
<td>38000</td>
<td>13500</td>
<td></td>
<td>1581</td>
</tr>
</tbody>
</table>

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

**Table-2: calculation to arrive company’s weighted average premium in a cluster of districts**

For Company: X

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

For Company: Y

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

For Company: Z

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

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.

5. State Government may ensure that only one insurance company operates in each district or notified area for loanee farmers. However, more than one insurance company can be permitted to implement the scheme in a district for non-loanee farmers.

6. Selection of IA may be made for one year to 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 Centres etc. It is also anticipated that long term continuity gives an opportunity to Insurers, Bankers, State Govt. and other stakeholders for a supportive and collaborative interaction and business relationship and service effectiveness.

7. The insurance coverage in terms of number of farmers & hectare-age should be at least at the previous season's level.
Assessment of Performance & De-empalanelment of Insurance Companies

8. The performance of the empanelled insurance companies shall be closely monitored by DAC&FW on 3 years interval through ascertaining the company’s skills & efficiencies for providing cost effective better insurance services to farmers. For the purpose, 5 indicators basing the company’s risk-underwriting ability, coverage enhancement, fiscal skills & strength, payouts, promptness in claim settlement have been evolved. The indicators are (i) Percentage of number of successful biddings to total number of biddings participated (with 30% weight age), alternatively percentage of districts / area allocated (existence) to total districts / area (ii) Percentage of actual area insured to total cropped area in the allocated districts / areas (with 30% weight age) (iii) Percentage of own-retention of risk insured (SI) to total risk insured weight age 20% (iv) Percentage of claims paid to total premium collected (weight age 10%). (v) Percentage of claims paid to total admissible claims (weight age 10%). If the total points of performance so arrived are found below 40, the said insurance company is liable to be de-empalanelled.

XXIV. Role & 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 & 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 for 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 & 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 suggests 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. DLMC 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) Issuance of Notification for implementation of the scheme least one month in advance of season and circulate it to all concerned before every crop season. Selection of the Implementing Agencies (insurance company) following a transparent bidding process as described in preceding paragraphs. Issue Notification at. Timely issuance of notification is a must for giving wide publicity and coverage of non-loanee farmers. There should be a gap of at least one month between the notification issuance and risk inception date. Notification of the State Government may essentially contain following information:

   a. Crops and insurance units notified in various districts.
   b. Premium rates, and subsidy, as applicable for various crops.
   c. Seasonality discipline for various activities.
   d. Calamity year, if any to be excluded for calculation of threshold yield, etc.(up to maximum two years out of last seven years)

c) Issue necessary directives to all agencies / institutions / government departments/ committees involved in implementation of Scheme.
d) 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.

e) 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.

f) 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.

g) 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.

h) 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.

i) Submission of yield data for all notified crops and insurance units to insurance companies in standard format within stipulated date.

j) To furnish to the insurance companies the insurance unit wise area sown of insured crops within two months from the sowing period.

k) Assist insurance companies for assessment of crop loss of individual insured farmers caused by localized perils and also assist in post harvest losses.

l) To undertake requisite no. 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.

m) Allow insurance companies to co-observe and witness CCEs, and permit them to access various records at grass root / district / state level. 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) Obtain the list of insured farmers & beneficiaries with all requisite details from Nodal Banks and agents and upload the same in their website well in time.
m) Redressal of all Public Grievances within the time fixed by IRDA.
n) The coverage of loanee farmers should be carried out by insurance companies themselves, use of agents / brokers are not allowed.

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 under NAIS/NCIP would continue to service the PMFBY. The Banks in States which have not implemented NAIS/NCIP would create the Nodal Bank system. Each Scheduled Commercial Bank/Cooperative Banks/Regional Rural Bank shall fix Nodal
Points which would deal with insurance companies on behalf of its branches in the District/Region/State. However,

i) Commercial Banks will consider designating Nodal Bank-Branches at District level. Preferably, controlling branch in that area may be designated as Nodal Bank.

ii) Cooperative Banks may designate District Central Cooperative Banks (DCCB) as Nodal Bank.

iii) Regional Rural Banks (RRB) may designate their Head Office as Nodal Bank.

iv) Nodal Bank shall be responsible for discharging their assigned roles under the Scheme on behalf of its branches, in its designated jurisdictional area.

c) Notification, as well as other directives, guidelines, etc., shall flow as insurance company ► Nodal Bank ► Service (subordinate) Bank Branch / PACS. While compensation remittance to and from insurance companies shall follow same route, the remittance of premium shall follow the reverse route.

Nodal Banks

a) Communicate Notification, as well as other directives, guidelines, etc. to all service (subordinate) bank branches / PACS within their jurisdictional area.

b) Ensure that lending branches / PACS 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 prescribed time.

e) 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 & interested non-loanee farmers under crop insurance. In case claims have arisen during crop season then respective nodal bank & 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) Nodal Bank 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 Nodal banks keep the amount of premium collected beyond the defined timelines then they will be liable to pay interest (@prevailing rate of saving account) for the delay period to the insurance company.**

g) Nodal bank 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 may also collect the list of individual insured farmers with requisite details like name, fathers’ name, Bank Account number, village, categories – S&M/SC/ST/Women, insured acreage, insured crop(s), sum insured, premium collected, Govt. subsidy etc from concerned 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 Nodal banks keep the claims amount beyond the defined timelines then they will be liable to pay interest (@prevailing rate of 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 beneficiaries’ farmers may also be provided 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 Nodal
Bank/Branch/PACS, and in case of such errors, the concerned institutions shall only make good all such losses.

**Lending Banks / RFIs**

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.

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 mis-reporting 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 & 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 – S&M/SC/ST/Women, insured acreage, insured crop(s), sum insured, premium collected, Govt. 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 /
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 post harvest loss due to specified perils of cyclone in coastal areas resulting in damage to harvested crop lying in field in “cut & 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.

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