

Frequently Asked Questions

1. What is the objective of the PMFBY Scheme?

- Provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases
- Stabilize the income of farmers to ensure their continuance in farming.
- Encourage farmers to adopt innovative and modern agricultural practices
- Ensure flow of credit to the agriculture sector

2. What is a Notified Area?

- Notified Area is the Unit of Insurance decided by the State Govt. for notifying a Crop during a season.
- The size of the Unit of Insurance shall depend on the area under cultivation within the unit. For major crops, the Unit of Insurance shall ordinarily be Village/Village Panchayat level and for minor crops may be at a higher level so that the requisite number of Crop Cutting Experiments (CCEs) could be conducted during the notified crop season.
- States may notify Village / Village Panchayat as insurance unit in case of minor crops too if they so desire.

3. Who all are in management body for the scheme?

- The existing State Level Co-ordination Committee on Crop Insurance (SLCCCI), Sub-Committee to SLCCCI, District Level Monitoring Committee (DLMC) already
- Overseeing the implementation & monitoring of the ongoing crop insurance schemes like National Agricultural Insurance Scheme (NAIS), Weather Based Crop Insurance Scheme (WBCIS), Modified National Agricultural Insurance Scheme (MNAIS) and Coconut Palm Insurance Scheme (CPIS) shall be responsible for proper management of the Scheme.

4. Who all are eligible farmers?

All farmers growing notified crops in a notified area during the season who have insurable interest in the crop are eligible.

- a. Compulsorily covered: Farmers in the notified area who possess a Crop Loan account/KCC account (called as Loaneer Farmers) to whom credit limit is sanctioned/renewed for the notified crop during the crop season as well as such other farmers whom the Government may decide to include from time to time
- b. Voluntary Covered: Voluntary coverage may be obtained by all farmers not covered above, including Crop KCC/Crop Loan Account holders whose credit limit is not renewed.

5. What risks are covered under the scheme?

YIELD LOSSES (standing crops, on notified area basis): Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, such as

- a. Natural Fire and Lightning
- b. Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc.
- c. Flood, Inundation and Landslide
- d. Drought, Dry spells
- e. Pests/ Diseases etc.

PREVENTED SOWING (on notified area basis):- In cases where majority of the insured farmers of a notified area, having intent to sow/plant and incurred expenditure for the purpose, are prevented from sowing/planting the insured crop due to adverse weather conditions, shall be eligible for indemnity claims up to a maximum of 25% of the sum-insured.

POST-HARVEST LOSSES (individual farm basis): Coverage is available up to a maximum period of 14 days from harvesting for those crops which are kept in “cut & spread” condition to dry in the field after harvesting, against specific perils of cyclone / cyclonic rains, unseasonal rains throughout the country.

LOCALISED CALAMITIES (individual farm basis): Loss / damage resulting from occurrence of identified localized risks i.e. hailstorm, landslide, and Inundation Cloud burst and Natural fire due to lightening affecting isolated farms in the notified area

Add-on coverage for crop loss due to attack by wild animals: The States may consider providing add-on coverage for crop loss due to attack by wild animals wherever the risk is perceived to be substantial and is identifiable. Detailed protocol and procedure for evaluation of bids will be issued separately by GOI in consultation with Ministry of Environment and Forest and GIC Re. The add-on coverage will be optional for the farmers and applicable notional premium will be borne by the farmer, however the State Govts may consider providing additional subsidy on this coverage, wherever notified.

6. Which risks are excluded from scheme coverage?

- War & kindred perils, nuclear risks, riots, malicious damage, theft, act of enmity, grazed and/or destroyed by domestic
- In case of Post-Harvest losses the harvested crop bundled and heaped at a place before threshing, other preventable risks.

7. What is the sum insured / limit of coverage for this scheme?

- In case of Loanee farmers under Compulsory Component, the Sum Insured would be equal to Scale of Finance for that crop as fixed by District Level Technical Committee (DLTC) which may extend up to the value of the threshold yield of the insured crop at the option of insured farmer. Where value of the threshold yield is lower than the Scale of Finance, higher amount shall be the Sum Insured. Multiplying the Notional Threshold Yield with the Minimum Support Price (MSP) of the current year arrives at the value of sum insured. Wherever Current year’s MSP is not available, MSP of

previous year shall be adopted. The crops for which, MSP is not declared, farm gate price established by the marketing department / board shall be adopted.

- Further, in case of Loanee farmers, the Insurance Charges payable by the farmers shall be financed by loan disbursing office of the Bank, and will be treated as additional component to the Scale of Finance for the purpose of obtaining loan.
- For farmers covered on voluntary basis the sum-insured is up to the value of Threshold yield i.e. threshold yield x (MSP or gate price) of the insured crop.

8. What are the applicable premium rates for this scheme?

The rate of Insurance Charges payable by the farmer will be as per the following table

Sr. No.	Season	Crops	Maximum Insurance charges payable by farmer (% of Sum Insured)
1	Kharif	All food grain and Oilseed crops (all Cereals, Millets, Pulses and Oilseed crops)	2.0% of SI or Actuarial rate, whichever is less
2	Rabi	All food grain and Oilseed crops (all Cereals, Millets, Pulses and Oilseed crops)	1.5% of SI or Actuarial rate, whichever is less
3	Kharif and Rabi	Annual Commercial / Annual Horticultural crops	5% of SI or Actuarial rate, whichever is less
		Perennial horticultural crops (pilot basis)	5% of SI or Actuarial rate, whichever is less

9. What is the procedure for Assessment, Processing and approval of claims?

- Yield losses at Notified Area level: Once the Yield Data is received from the State/UT Govt. as per the prescribed cut-off dates, claims will be processed, approved and settled by IA.

If the 'Actual Yield' (AY) per hectare of the insured crop for the defined area [on the basis of requisite number of Crop Cutting Experiments (CCEs)] in the insured season, falls short of the specified threshold yield(TY), all the insured farmers growing that crop in the defined area are deemed to have suffered shortfall in their yield.

The Scheme seeks to provide protection against such contingency to all insured farmers of an Insurance Unit.

Claim Pay-outs based on Yield losses shall be calculated as per the following formula:

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

Threshold Yield

- Assessment of prevented Sowing losses: The adverse weather conditions shall be defined in the notification and shall be captured by notified weather station/s in the District. The extent of claims payable will be decided on the basis of weather data recorded at the notified weather station/s for the purpose. The insurance coverage

shall cease to operate for the crop in the notified area. The cover is available during Kharif season for recognized rain-fed areas and crops. The data provider will be notified by the SLCCCI.

- Localized Calamity Loss Assessment: Wide Spread Calamities: Loss assessment and modified indemnity procedures in case of occurrence of localized perils, such as hailstorm, landslide, flood, and inundation Cloud burst and Natural fire due to lightening shall be for a cluster of affected farms or affected village and the settlement of claims, if any, will be each insured farmer covered under assessment.
- Post-Harvest Loss Assessment: Loss assessment and indemnity procedures in case of occurrence of Post-Harvest Loss shall be for a cluster of affected farms or affected village and the settlement of claims, if any, will be each insured farmer covered under assessment.

10. What documents are required for claim assessment?

Duly filled Claim form along with all relevant documents is necessary for payment of claims. ICs shall complete all formalities for payment of such claims like local newspaper cutting and any other available evidence to substantiate occurrence of loss event and severity of the loss, if any

11. What is the procedure for settlement of claims:

- a. For coverage through Banks: The claim amount along with particulars will be released to the individual Nodal Banks. The Banks at the grass-root level, in turn, shall credit the accounts of the individual farmers and display the particulars of beneficiaries on their notice board. The Banks shall provide individual farmer wise details claim credit details to IA and shall be incorporated in the centralized data repository
- b. For coverage through other insurance intermediaries: The claim amount will be released electronically to the individual Insured Bank Account

12. Is Service Tax applicable to this scheme?

PMFBY is a replacement scheme of NAIS / MNAIS, and hence exempted from Service Tax liability of all the services involved in the implementation of the scheme.