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India – Centre Considering Plans to Waive Off Farmers' Crop Insurance Premium

While many states have expressed their dissatisfaction with the flagship Pradhan Mantri Fasal Bima Yojana (PMFBY), the Centre is considering various options, including "zero or token premium of Re 1" for the 12 crore small and marginal farmers under the scheme.

"We are open to any option that will improve the scheme. The working group has been set up for the purpose and they will draw up financial projections on various options," said a senior official of the agriculture ministry. The state portion of premium subsidy, on the other hand, is a big source of concern, as it would increase with more farmer involvement, according to present norms, the official noted.

Two Premium Options:

Another alternative under consideration by the group is to charge a dual premium for the insured amount, easing the financial load on states and farmers alike, according to sources. "If the insurer's liability is set at 50% of the claim amount, the premium will drop dramatically, and the farmers' part can be fully waived off," an industry source familiar with the discussions said. However, he added, there will be a mechanism in place to pay the full amount of the claim.



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Given that roughly 17% of agricultural land is leased out, with a high of 42% in Andhra Pradesh, the government may relax laws to allow tenant farmers to take advantage of crop insurance. Though they are allowed to enrol under PMFBY if they can show documentary proof of contract farming, many farmers prefer to do so without documentation.

After farmers pay a predetermined premium - 1.5% (of the sum insured) in Rabi season, 2% in Kharif, and 5% for cash crops – the rest premium is distributed equally between the Centre and states under PMFBY. The premium is calculated using quotes from a group of insurance firms. The maximum premium has been set at 30% in non-irrigated areas and 25% in irrigated areas by the Centre.

Many experts have pointed out a number of flaws in the programme, which have caused farmers, state governments, and insurance firms to express their dissatisfaction with the current approach.

According to a former Union Agriculture Secretary, “technology-driven yield evaluation should be made mandatory, and the Centre should conduct this effort from its own funds with the concurrence of the State government.”

States Opted Out of PMFBY

Gujarat, Andhra Pradesh, Telangana, Bihar, Jharkhand, and West Bengal have already left the Central plan and established their own, while Maharashtra is debating the merits of leaving.

Crop insurance is necessary to mitigate risk for farmers, according to officials, but awareness is low, so many farmers assume that even if there is no crop loss, they will receive a return on their premium.

Source: <https://krishijagran.com/a>



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India - Smart sampling technique helping in timely crop loss settlements

Union Minister of State for Agriculture and Farmers Empowerment Sobha Karandlaje has stated that the smart sampling technique (SST) provides accurate yield estimation of crops and is helping in timely insurance claim settlements of farmers in case of crop loss.

In response to the defective method of crop cutting report system in Odisha raised in Lok Sabha, the Union Minister in a letter to BJP MP Suresh Pujari recently said, "This technique (SST) is an alternative to the old random selection of crop cutting experiments (CCEs) plot which is based on statistical random table irrespective of the proportion to the crop health."

She said SST was initiated on a pilot scheme in selected States including Odisha during Kharif 2018 to assess crop loss accurately and it is being implemented since Kharif 2020 across the country for select major crops.

Under SST, yield attributing factors (remote sensing-based vegetation parameters) are used to stratify the cropped area into 4-5 categories (from healthy to poor) and then randomly select sample locations within each category proportion to the weightage of particular strata.

At present, SST points are being generated at Mahalanobis National Crop Forecast Centre (MNCFC) on the remote sensing-based vegetation parameters and ground-truthing (information collected on location) points provided by the State governments concerned. The information is then shared with State Remote Sensing Centres (SRSC).

Source - <https://www.newindianexpress.com>

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