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# Agriculture Ministry asks States to issue tenders for PM crop insurance

Working with States to spread awareness among farmers; aims to cover 50% in 3 years

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The Agriculture Ministry has set the ball rolling for implementing the Prime Minister's ambitious crop insurance scheme in the new fiscal.

It has instructed all States to start the tendering process to select insurance companies so that the scheme can be rolled out before the sowing season starts in June.

It is also working with the States on an awareness drive, which kicked off this week, to spread information about the scheme among farmers, an Agriculture Ministry official told *BusinessLine*.

"Letters have gone to all States from the Centre instructing them to start issuing tenders as the entire process will take at least a couple of months and we want the product to be ready when sowing starts in June," the official said. The PM Fasal Bima Yojana (PMFBY) was launched in January to insure farmers against the vagaries of nature, at

a highly subsidised rate. The premium to be paid by farmers is just 2 per cent of the insured value for the kharif crop and 1.5 per cent for the rabi season.

The remaining premium charged by the insurance companies is to be shared by the Centre and States in equal measure.

## Lower premium

The premium for farmers under the PMFBY is much lower than the 3.5 per cent to 8 per cent payable under the current insurance schemes, which would now be discontinued.

"The tendering process will decide what the exact premium amount will be and how much cross-subsidy has to be given by the government. The Centre will disburse its share once the premium amount is determined," the official said.

The government hopes to cover 50 per cent of the country's farmers in the next three years. Once that happens, the Centre's financial liability is likely to increase from the present ₹3,100



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crore (covering 23 per cent of farmers) to an estimated ₹8,800 crore.

"The awareness drive that we are helping the States to hold plays a vital role in spreading awareness about this scheme among farmers so that they know what they stand to gain by subscribing to it," the official said.

The information dissemination exercise is being held at the block level and attempts have been made to involve farmers across the country.

"The Prime Minister has written to all Panchayat heads enumerating the benefits of the schemes and asking for their cooperation in disseminating information," the official said.

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