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Crop insurance scheme not to be limited by Budget

Banks and insurance companies roped in to popularise scheme, says Agriculture Ministry

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The Prime Minister's Fasal Bima Yojana (PMFBY) — the Centre's flagship scheme to mitigate farmers' distress due to crop loss — will not be restricted by the amount sanctioned in this year's budget. The agriculture ministry has told States that if required, the Centre would increase funding through revised allocation to match their contributions to the scheme.

"The PMFBY represents a paradigm shift in crop insurance. The idea behind the scheme is to cover as many farmers as possible. We have informed States that we are willing to go beyond the bud-

getted ₹5,500 crore for this year if there is a need," an agriculture ministry official told *Businessline*. Funding for the crop insurance scheme is to be shared by the Centre and States equally.

Premium rate

Under the PMFBY — which provides insurance coverage in the event of failure of crops as a result of natural calamities, pests and diseases — farmers have to pay a premium of 2 per cent of the sum insured for the Kharif crop and 1.5 per cent for the Rabi crop. For commercial and horticulture crops, the premium to be paid is 5 per cent.



State governments are in the process of floating tenders for selecting insurance companies for the scheme, scheduled to kick off from June this year. "There may be a situation that

the need for Central funding goes beyond the allocated ₹5,500 crore, as all out efforts are being made to popularise the scheme and get poor farmers in to the fold," the official said. The

Centre has already asked banks to ensure that all farmers who take loans get covered under the scheme by deducting their premiums.

"We have asked insurance companies to open offices in all districts to reach poor farmers who do not take loans," the official said.

Earlier this month, the Centre held meetings in every district of the country in 'Krishi Vigyan Kendras' in every district to spread word about the scheme.

"Since agriculture is in the domain of States, we have also asked them to do their bit in spreading word," the official said.

No cap on subsidy

Another reason why the premium burden that would fall on

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Earlier there was a cap on the premium beyond which the government would not compensate. This scheme does not have any such cap, and is thus very beneficial for drought-prone, calamity-prone areas

the Centre and States would be larger than the earlier scheme is the fact that there is no cap on the subsidy.

"Earlier there was a cap on the premium beyond which the government would not compensate. This scheme does not have any such cap, and is thus very beneficial for drought-prone or calamity-prone areas where the premium rates are higher than other areas," the official added.

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