

GOVERNMENT MODIFIES OPERATIONAL GUIDELINES FOR PRADHAN MANTRI FASAL BIMA YOJNA (PMFBY)

Relevant for: Indian Economy | Topic: Agricultural Finance & Insurance

Ministry of Agriculture & Farmers Welfare

Government modifies operational guidelines for Pradhan Mantri Fasal Bima Yojna (PMFBY)

Performance evaluation of insurance companies has been made stringent

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The Government has decided to incorporate the provision of penalties for States and Insurance Companies for the delay in settlement of insurance claims under the Pradhan Mantri Fasal Bima Yojana (PMFBY). This crucial provision is part of the new operational guidelines issued by the Govt for the implementation of PMFBY. The farmers will be paid 12% interest by insurance companies for the delay in settlement claims beyond two months of prescribed cut-off date. State Governments will have to pay 12% interest for the delay in release of State share of subsidy beyond three months of prescribed cut-off date submission of requisition by insurance companies. The new operational guidelines come at the onset of the rabi season, which starts from 1st of October.

The new operational guidelines also detail a Standard Operating Procedure for evaluation of insurance companies and remove them from the scheme if found ineffective in providing services. The Government has also decided to include perennial horticultural crops under the ambit of PMFBY on a pilot basis. The scheme, as per the new operational guidelines provides add on coverage for crop loss due to attack of wild animals, which will be implemented on a pilot basis. Aadhaar number will be mandatorily captured to avoid duplication of beneficiaries.

In order to ensure that more non-loanee farmers are insured under the scheme, apart from various awareness activities being scheduled, the insurance companies are given a target of enrolling 10% more non-loanee farmers than the previous corresponding season. The insurance companies will have to mandatorily spend 0.5% of gross premium per company per season for publicity and awareness of the scheme.

The new operational guidelines address the current challenges faced while implementing the scheme by putting forth effective solutions. The much demanded rationalization of premium release process has been incorporated in the new guidelines. As per this, the insurance companies need not provide any projections for the advance subsidy. Release of upfront premium subsidy will be made at the beginning of the season based on 50% of 80% of total share of subsidy of corresponding season of previous year as GOI/State subsidy. Balance premium will be paid as a second instalment based on the specific approved business statistics on the portal for settlement of claims. Final installment will be paid after reconciliation of entire coverage data on portal based on final business statistics. This will reduce the delay in settling the claims of farmers.

[New Provisions in the Operational Guidelines of PMFBY](#)

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