



सत्यमेव जयते

# **OPERATIONAL GUIDELINES**

## **Pradhan Mantri Fasal Bima Yojana (PMFBY)**

**(Revised)**

**Department of Agriculture, Cooperation and Farmers Welfare  
Ministry of Agriculture & Farmers Welfare  
Krishi Bhawan, New Delhi-110001**


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# Abbreviations



AIC	Agricultural Insurance Company of India Ltd
ACF	Area Correction Factor
APR	Actuarial Premium Rate
ARG	Automatic Rain Gauge
AWS	Automatic Weather Stations
AY	Actual Yield
CB	Commercial Banks
CBS	Core Banking Solution
CCAFS	Research program on Climate Change, Agriculture and Food Security
CCEs	Crop Cutting Experiments
CPMU	Central Program Management Unit
CSC	Common Service Center
CSO	Central Statistical Office
CV	Co-efficient of Variance
DAC&FW	Department of Agriculture, Cooperation and Farmers Welfare
DBT	Direct Benefit Transfer
DCCBs	District Central Cooperative Banks
DLMC	District Level Monitoring Committee
DLTC	District Level Technical Committee
ESI	Expected Sum Insured
FASAL	Forecasting Agricultural output using Space, Agro meteorological and Land based observations
FIs	Financial Institutions
GIC Re	General Insurance Corporation of India
GFR	General Financial Rule
GIS	Geographic Information System
GPS	Global Positioning System
IA	Implementing Agency
IC	Insurance Company
IASRI	Indian Agricultural Statistical Research Institute
IFPRI	International Food Policy Research Institute
IMD	Indian Meteorological Department
IRRI	International Rice Research Institute
IRDAI	Insurance Regulatory and Development Authority of India
ISRO	Indian Space Research Organisation
ISS	Interest Subvention Scheme
IT	Information Technology
IU	Insurance Unit
KCC	Kisan Credit Cards
LC	Loss Cost
LPA	Long period Average
LPC	Land Possession Certificate
MIS	Management Information System
MNCFC	Mahalanobis National Crop Forecast Centre
MOA&FW	Ministry of Agriculture and Farmers Welfare

NABARD	National Bank for Agriculture and Rural Development
NAIS	National Agricultural Insurance Scheme
NCIP	National Crop Insurance Portal
NCIP*	National Crop Insurance Programme
NEFT	National Electronic fund Transfer
NFA	Notified Area
NLMC	National Level Monitoring Committee
NOAACPC	National Oceanic and Atmospheric Administration Climate Prediction Center
NRSC	National Remote Sensing Centre, ISRO
NSSO	National Sample Survey Organization
NTSU	National Technical Support unit
PACS	Primary Agricultural Credit Society
PMFS	Public Finance Management System
PMU	Project Management Unit
PRIs	Panchayati Raj Institutions
RBI	Reserve Bank of India
RoR	Records of Right
RRBs	Regional Rural Banks
RST	Remote Sensing Technology
RTGS	Real Time Gross Settlement
SAO	Seasonal Agricultural Operations
SAC	Space Applications Centre, ISRO
SI	Sum Insured
SLA	Service level agreement
SLCC	State Level Coordination Committee
SLCCCI	State Level Coordination Committee on Crop Insurance
SLTC	State Level Technical Committee
SOF	Scale of Finance
SOP	Standard Operating Procedures
SRSC	State Remote Sensing Centres
STAC	State level Technical Advisory Committee
STSU	State Technical Support Unit
TAC	Technical Advisory Committee
TSU	Technical Support Unit
TY	Threshold Yield
UIDAI	Unique Identification Authority of India
USSD	Unstructured Supplementary Service Data
UT	Union Territory
UTR	Unique Transaction Reference
VLE	Village Level Entrepreneur
UAV	Unmanned Aerial Vehicle
WMO	World Meteorological Organisation
XML	eXtensible Markup Language

## 1. Objective of the Scheme

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Pradhan Mantri Fasal Bima Yojana (PMFBY) aims at supporting sustainable production in agriculture sector by way of

- Providing financial support to farmers suffering crop loss/damage arising out of unforeseen events
- Stabilizing the income of farmers to ensure their continuance in farming
- Encouraging farmers to adopt innovative and modern agricultural practices
- Ensuring flow of credit to the agriculture sector which will contribute to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.

## 2. Adoption of Technology for Scheme Administration:

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- 2.1 In an endeavour to integrate Technology in implementation and execution of the Scheme, the Govt. of India has designed and developed a National Crop Insurance Portal (NCIP) ([www.pmfby.gov.in](http://www.pmfby.gov.in)). This will bring in better administration and coordination amongst stakeholders viz. Farmers, States, Insurers and Banks as well as real time dissemination of information and transparency.
- 2.2 The successful running of the Portal calls for responsible participation by different stakeholders who will have the responsibility for census coding and updating revenue/administrative units, AWS code mapping and updating requisite information/details as per login credential module.
- 2.3 Implementing States and Insurance Companies during each crop season are required to digitize and upload on the web Portal in the relevant module, basic information like notified areas, crops, sum insured, Govt. subsidy, and premium to be paid by farmers and name of the implementing Insurance Companies in the particular insurance unit etc., well within the prescribed time. This will facilitate farmers and other stakeholders to get the relevant information on Internet and through SMS. State Govt. and concerned Insurance Company will be responsible for any incorrect entry/ errors/ omissions etc.
- 2.4 Digitization of basic information/notification should compulsorily be done before floating tender documents which will be followed by entry of bidded Premium rates and name of selected Insurance Company immediately after finalization of bids and issue of work order.
- 2.5 Since the National Crop Insurance Portal has been conceptualised for auto administration and seamless flow of data/information/reports on real time basis, State Govt. would not be allowed to create/use separate Portal/website for Crop Insurance purposes.
- 2.6 All Stakeholders have defined roles and responsibilities and accessibility to related modules on the Portal for administration of the Scheme. Details of operationalization of modules for each stakeholder are available on the Portal for ready reference.

- 2.7 Secured credential/login, preferably linked with Aadhaar Number and mobile OTP based, for all Stakeholders viz, Central Government, State Governments, Banks, empanelled Insurance Companies and their designated field functionaries will be provided on the Portal to enable them to enter/upload/download the requisite information.
- 2.8 Insurance Companies shall not distribute/collect/allow any other proforma/utility/web Portal etc for collecting details of insured farmers separately. However they may provide all requisite support to facilitate Bank Branches/PACS for uploading the farmer's details on the Portal well within the prescribed cut-off dates.
- 2.9 Only farmers whose data is uploaded on the National Crop Insurance Portal shall be eligible for Insurance coverage and the premium subsidy from State and Central Govt. will be released accordingly.
- 2.10 All data pertaining to crop-wise, area-wise historical yield data, weather data, sown area, coverage and claims data, calamity years and actual yield shall be made available on the National Crop Insurance Portal for the purpose of premium rating, claim calculation etc.
- 2.11 Banks/Financial Institutions/other intermediaries need to compulsorily transfer the individual farmer's data electronically to the National Crop Insurance Portal. Accordingly Banks/FIs **may endeavour to undertake CBS integration** in a time bound manner for real time transfer of information/data.
- 2.12 It is also proposed to develop an integrated platform/portal for both PMFBY and Interest Subvention Scheme. The data/information of both the Schemes shall be auto synchronized to enable real time sharing of information and better program monitoring.
- 2.13 Insurance Companies shall compulsorily use technology/mobile applications for monitoring of crop health/Crop Cutting Experiments (CCEs) in coordination with concerned States. States shall also facilitate Insurance Companies with Satellite Imagery/Usage of Drones by way of prior approval of agency from which such data can be sourced. This is required for better monitoring and ground-truthing. ICs can be active partners in facilitating use of technology.
- 2.14 States shall adopt technology, such as satellite and UAV remote sensing, for various applications such as crop area estimation and yield disputes and also promote the use of remote sensing and other related technology for CCE planning, yield estimation, loss assessment, assessment of prevented sowing and clustering of districts.



### 3. Coverage of Farmers

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3.1 All farmers including sharecroppers and tenant farmers growing the notified crops in the notified areas are eligible for coverage. However, farmers should have insurable interest for the notified/insured crops. The non-loanee farmers are required to submit necessary documentary evidence of land records prevailing in the State (Records of Right (RoR), Land possession Certificate (LPC) etc.) and/or applicable contract/ agreement details/ other documents notified/ permitted by concerned State Govt. in case of sharecroppers/tenant farmers and the same should be defined by the respective States in the notification itself.

#### 3.1.1 Compulsory Component

3.1.1.1 All farmers who have been sanctioned Seasonal Agricultural Operations (SAO) loans from Financial Institutions (FIs) (i.e. loanee farmers) for the notified crop(s) season would be covered compulsorily. This provision shall override any decision taken by FIs including PACS exempting farmers from compulsory coverage of loanee farmers.

3.1.1.2 However non-standard KCC /crop loans as defined and as per prevailing practices of the concerned Banks/Govt. regulator shall not be covered compulsorily. However bank branches may facilitate such farmers for enrolment as non-loanee farmers .

3.1.1.3 Merely, sanctioning of crop loan against other collateral securities including fixed deposits, gold/jewel loans, mortgage loans etc. without having insurable interest of the farmer on the insurable land and notified crops shall not be covered under the Scheme.

#### 3.1.2 Voluntary Component

- The Scheme is optional for non-loanee farmers.
- The insurance coverage will strictly be equivalent to sum insured/hectare, as defined in the Govt. notification or /and on National Crop Insurance Portal multiplied by sown area for notified crop.

3.1.3 Special efforts shall be made to ensure maximum coverage of SC/ ST/ Women farmers under the Scheme. Further Panchayat Raj Institutions (PRIs) may be involved in extension and awareness creation amongst farmers and obtaining feed-back of farmers about the implementation of the Scheme

3.1.4 The implementing Insurance Company selected as L1 will be responsible for taking necessary measures to ensure at least 10% incremental increase in coverage of non-loanee farmers. However other empanelled Insurance Companies which have participated in the bidding and are keen for enrolment of non loanee farmers in the cluster may also be allowed to enrol non-loanee farmers at L1 premium rate. The interested companies have to inform their willingness in writing within seven days of finalisation of tender/issuance of work order to L1. It will however be the responsibility of all the Insurance Companies engaged in this process to ensure that duplicate enrolment does not happen in the given cluster/district. Engaging companies other than L1 for enrolling non loanee farmers will be taken up on a pilot basis in Districts notified by State Govt. They shall enrol non loanee farmers as per



conditions laid down in Para 17.5.

- 3.1.5 These Insurance Company will maintain separate data of such non loanee farmers covered by them and enter the said data on the portal as per seasonality discipline detailed in Para 16.2. They shall be liable for payment of claims to such farmers.
- 3.1.6 The exchange of information, co-witnessing of CCEs and sharing of yield data etc for the cluster by Government/NCIP will be limited to L1 Company only and it will be binding on other companies to accept it. However, the requisition for payment of Government subsidy in respect of non-loanee enrolled by them will be submitted directly to the Govt designated agency.

## 4. Coverage of Crops

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- I. Food crops (Cereals ,Millets and Pulses),
- II. Oilseeds
- III. Annual Commercial / Annual Horticultural crops.

In addition for perennial crops, pilots for coverage can be taken for those perennial horticultural crops for which standard methodology for yield estimation is available.

## 5. Coverage of Risks and Exclusions

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- 5.1 Following stages of the crop risks leading to crop loss are covered under the Scheme. Addition of new risks by the State Govt other than the one mentioned below, by the State Govt. is not permitted.
- 5.1.1 **Prevented Sowing/Planting/Germination Risk:** Insured area is prevented from sowing/ planting/germination due to deficit rainfall or adverse seasonal/weather conditions.
- 5.1.2 **Standing Crop (Sowing to Harvesting):** Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, viz. Drought, Dry spell, Flood, Inundation, widespread Pests and Disease attack, Landslides, Fire due to natural causes ,Lightening, Storm, Hailstorm and Cyclone.
- 5.1.3 **Post-Harvest Losses:** Coverage is available only upto a maximum period of two weeks from harvesting, for those crops which are required to be dried in cut and spread / small bundled condition in the field after harvesting against specific perils of Hailstorm, Cyclone,Cyclonic rains and Unseasonal rains.
- 5.1.4 **Localized Calamities:** Loss/damage to notified insured crops resulting from occurrence of identified localized risks of Hailstorm, Landslide, Inundation, Cloud burst and Natural fire due to lightening affecting isolated farms in the notified area.
- 5.1.5 **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. The actuarial premium rates for add-on coverage should be sought in the bid itself from the Insurance Companies, however the add-on actuarial premium rate will be considered separately and shall not form part of evaluation of L1.

- 5.1.6 **General Exclusions:** Losses arising out of war and nuclear risks, malicious damage and other preventable risks shall be excluded.
- 5.1.7 State Govts./UTs ,in consultation with SLCCCI, can exclude any of the aforesaid perils listed above which is not prevailing in their State/UT
- 5.1.8 Yield loss damage for localised calamities and post harvest losses will be assessed on the basis of individual insured farm level and hence lodging of loss information by farmer/designated agencies is essential. For remaining risks losses are due to widespread calamities. Hence lodging of information for claims by insured farmers / designated agencies for such wise spread calamities is not essential. Claims will be calculated based on the loss assessment report/average yield submitted by concerned State Govt.

## 6. Preconditions for implementation of the Scheme

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### 6.1 States:

**Issuance of Notification by State Govt. / UT for implementation of the Scheme (PMFBY) will imply their acceptance of all provisions, modalities and guidelines of the Scheme. The main conditions relating to PMFBY which are binding on States/UTs are as follows:**

- 6.1.1 Adoption of innovative technology especially Smart phones/ hand held devices for capturing conduct of CCEs through CCE-Agri App and use of NCIP platform for flow of information and auto administration of the scheme
- 6.1.2 State has to conduct requisite number of Crop Cutting Experiments (CCEs) at the level of notified insurance unit area;
- 6.1.3 CCE based yield data will be uploaded on the National Crop Insurance Portal/submitted to Insurance Company within the notified cut off date ;
- 6.1.4 State/ UT will make necessary budgetary provision for premium subsidy based on fair estimates, at the beginning of the crop season;
- 6.1.5 To carry out pilot studies for improved yield estimations using technology.
- 6.1.6 Department of State Govt. which was earlier looking after implementation of erstwhile National Agriculture Insurance Scheme (NAIS)/ National Crop Insurance Programme (NCIP\*) may be designated as Nodal Department for implementation of PMFBY. The State Level Coordination Committee on Crop Insurance (SLCCCI) which was overseeing implementation of NAIS and NCIP\* may be authorized to oversee implementation of PMFBY. The States/UTs which had not implemented the NAIS / NCIP\* shall

constitute SLCCCI for implementation of PMFBY on the lines similar to that of NAIS/NCIP\*. The present composition of SLCCCI may be strengthened by including representatives from State Horticulture Dept., State Remote Sensing Application Centre, India Meteorological Department (IMD), Farmers' Representatives and empanelled Insurance Companies for implementing PMFBY. Chairman of SLCCCI may co-opt representatives from other departments/agencies, if considered necessary.

## 6.2 **Insurance Company:**

Empanelment of Insurance Companies and their participation for implementation of the Scheme (PMFBY) will imply their acceptance of all provisions, modalities and guidelines of the Scheme. The empanelled Insurance Companies have to deploy requisite infrastructure and resources for implementation of PMFBY particularly for following identified major activities:

- 6.2.1 To carry out Pilot study for leveraging new technology for effective implementation of Scheme in a transparent manner,
- 6.2.2 Deployment of requisite infrastructure to increase the outreach to rural farmers at their doorstep,
- 6.2.3 Commitment for at least 10 % incremental increase in Non loanee coverage,
- 6.2.4 Deployment of sufficient manpower to co-observe CCEs and allied activities and compulsory use of CCE Co-observation app,
- 6.2.5 Allocation of requisite resources and commitment for advertisements, awareness generation and capacity building of stakeholders about the Scheme. The detailed planning for the same should be submitted to Central and State Govt. in advance, before the start of each season.

## 6.3 **Submission of UID (AADHAAR) by farmer:**

- 6.3.1 Aadhaar has been made mandatory for availing Crop insurance from Kharif 2017 season onwards. Therefore, all banks are advised to mandatorily obtain Aadhaar number of their farmers and the same applies for non-loanee farmers enrolled through banks/Insurance companies/insurance intermediaries.
- 6.3.2 Farmers not having Aadhaar ID may also enrol under PMFBY subject to their enrolment for Aadhaar and submission of proof of such enrolment as per notification No. 334.dated 8th February, 2017 issued by GOI under Section 7 of Aadhaar Act 2016(Targeted Delivery of Financial and other Subsidies, Benefits and Services). Copy of the notification may be perused on [www.pmfby.gov.in](http://www.pmfby.gov.in). This may be subject to further directions issued by Govt. from time to time.

6.3.3 All banks have to compulsorily take Aadhaar/Aadhaar enrolment number as per notification under Aadhaar Act before sanction of crop loan/KCC under Interest Subvention Scheme. Hence the coverage of loanee farmers without Aadhaar does not arise and such accounts need to be reviewed by the concerned bank branch regularly.

## 7. Notification

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### 7.1 Procedure for Issuance of Notification by the States/UTs:

- 7.1.1 Prior to the commencement of the Kharif season, preferably in the beginning of November of previous year, meeting of SLCCCI should be convened for finalising various terms and conditions and calling of bids/issuance of the bid notice to all empanelled Insurance Companies for selection to implement the Scheme during the bid/ risk period. State / UT Govt. should ensure the issuance of the notification and its circulation to all concerned agencies/ departments/ institutions at least one month in advance of the commencement of the crop season incorporating all the essential details about insured crops, areas, Scale of Finance, Sum Insured, Threshold Yield at insurance unit (IU) level for notified crops, period of contract, bidder's evaluation and selection methodology, premium rate for farmers, Govt. subsidy along with seasonality discipline/ cut off date for each activity etc. **Notification should be issued for at least one year to facilitate banks for deduction of premium for a year**
- 7.1.2 In order to have transparency and system driven approach for crop insurance implementation, all the details as mentioned in para 7.1.1 above need to be part of the Tender Document and State Notification and no modification in the terms and condition enumerated in the tender document shall be allowed post tendering.
- 7.1.3 Bidding annexures may be generated through Portal. Procedure and template are available on National Crop Insurance Portal. Before floating the Tender, last 10 years yield data at notified/available level and TY at notified unit should be uploaded on the Portal in the given template and should be made part of the Tender.
- 7.1.4 Calculation of lowest weighted premium of district shall be based on the insured areas of notified crops in each district during last year/season. However, in absence of insured area of last year/season for all proposed crops or any crop, net sown area of that crop(s) will be considered for calculation of weighted premium of district. This data will be used for calculation of L1 only.
- 7.1.5 Bidding **shall be done through e-tendering** and work order may be released within 2 weeks of the opening of the Tender.
- 7.1.6 Depending on the risk profile, historical loss cost and cost benefit analysis for the proposed crop(s) in district(s) of any cluster, if the State Government feels that the premium rate likely to be offered by bidding Insurance Companies would be abnormally high, then the State Govt. can fix a ceiling on premium rates for such crop(s) proposed to be included in the bidding evaluation for the bidding period. However, recourse to this ceiling provision may be done only in well justified cases and not as a general practice. The ceiling premium rate may be derived based on statistical evaluation/actuarial premium analysis, loss cost, historical payout etc and name of such crop should be disclosed by State Govt. compulsorily in the tender document.
- 7.1.7 In such cases where a ceiling has been indicated, State government must call financial bids in two step bidding or in two separate envelopes. First bid/envelop is for disclosing the premium rate offered by each participating Insurance Company for such ceiling crops and must be categorised under "Ceiling

Premium Rate” and 2<sup>nd</sup> bid envelop is for bidding of crop wise premium rate for all crops included in tender. Time interval for opening of both bid/envelop should be compulsorily mentioned in the bidding documents and should preferably be on the same day. All participating Insurance Companies have to submit the bid offer as per the procedure mentioned above.

- 7.1.8 State Govt. shall first evaluate first envelop of the bid keeping in view the premium offered by each individual participating Insurance company and if the risk propensity and weather susceptibility of the crop and/or historical claim/loss data doesn't support the actuarial rates offered by the participating Insurance Companies, such crop(s) may be dropped from the list of proposed crops for notification by the State Government and evaluation for L1 bidder should be done strictly based on the rates offered for left out/remaining crops. The second envelope shall be opened by the State Govt. only after decision on dropping the proposed crops/or accepting the premium rates offered by participating Insurance companies has been taken by the State Govt. If State Govt decides not to drop all proposed crop(s)/ few crops for which premium rate obtained in separate envelop of “Ceiling Premium Rate” from the bidding process, then L1 will be calculated by inclusion of premium offered for all crops/remaining crops.
- 7.1.9 States should avoid doing re-tendering as a general practice. Re-tendering may be held only in exceptional circumstances and only with the prior approval of GOI after submission of a request with detailed reasons. GOI on its part will give its decision within 5 working days of the receipt of the request.
- 7.1.10 States are required to compulsorily upload Meeting Notices, Tender Documents, Addendums, requisite data and other relevant information on the National Crop Insurance Portal for faster communication and response. Accordingly the subsequent notifications, circulars, directives shall also be uploaded on the Portal as and when issued for wider reach and circulation.
- 7.1.11 All conditions proposed to be stipulated by State Govt. should be incorporated in bid document itself and no new condition should be included in the notification. In case ICs have any objection to any Tender condition which is in conflict with guidelines, they can make a reference to State govt. with a copy to GOI within 3 days of issuance of Tender
- 7.1.12 L1 bidder will not be allowed to withdraw their bid after opening of bids/allotment of work. If L1 bidder withdraws then financial loss, if any, to the State Govt. due to retendering /assignment of work to others, due to increase in actuarial premium rate from previously declared L1 rate, shall be recovered from the withdrawing L1 bidder.

## 7.2 **Notification of Crops, Areas and Implementing Agency (IA)**

- 7.2.1 The Scheme shall operate on the principle of “Area Approach” in the selected defined areas called Insurance Unit (IU). State Govt. /UT will notify crops and defined areas covered during the season in accordance with decision taken in the meeting of SLCCCI. State/UT Govt. should notify Village/Village Panchayat or any other equivalent unit as an insurance unit for **major crops defined at District / Taluka or equivalent level**. For **other crops** it may be a unit of size above the level of Village/village Panchayat. **For defining a crop as a major crop for deciding the Insurance Unit level, the sown area of**

**that crop should be at least 25% of Gross Cropped Area in a District/ Taluka or equivalent level**

- 7.2.2 For the claims arising out of crop damage due to post-harvest losses and localized risks, assessment of damage will be made on individual farm basis as outlined in (Section 21, para 21.4 and 21.5 respectively).
- 7.2.3 SLCCCI will, for the purpose of notification, consider factors such as availability of past yield data based on CCEs for adequate number of years (at least 7 years for calculation of threshold yield), cropped acreage and capacity for estimating yield during proposed season, etc. State govt. should endeavour to cover all the major crops grown in all the districts of the State. States should ensure that a standard methodology of yield estimation exists for all the crops proposed to be notified
- 7.2.4 **State Govt./ UT should provide 10 years' historical yield data in soft format(in Excel) in English to Insurance Companies for calculation of threshold yield , premium rates etc. at insurance unit area** and in its absence, data at next higher unit/nearest neighbouring unit/weighted average of contiguous units, as decided by the SLCCCI shall be used. The level and name of notified area of insurance unit must be part of notification and should be provided at the time of bidding itself.
- 7.2.5 In case State Govts/UT proposes to notify irrigated and un-irrigated areas under a crop separately, they shall ensure that minimum CCEs are planned and conducted for irrigated and un-irrigated crops separately in such areas. In addition, past yield data for requisite number of years will have to be made available separately for both
- 7.2.6 While notifying the crop(s) where a specific conversion factor is being used for reporting of yield such as in the case of rice/paddy etc, due care should be taken by the State Nodal Department to use the relevant specific nomenclature for disclosure of Average Yield, Threshold Yield and Actual Yield while releasing the Tender Document and submission of Yield data and CCE data for calculation of admissible claims. Insurance Companies will also be responsible for prior scrutiny of Tender document. Information/data provided in Tender document will be treated as final and in case of any error/ misreporting/disparity, State Govt. and Insurance Company will be equally liable for payment of additional claims arising on account of it, if any.
- 7.2.7 For the current season or subsequent seasons (in a multi-year contract), the States, if required, can notify additional IUs or de-notify certain IUs subject to maximum deviation of 10% of already notified IUs for the crop within a district at the same premium rate, before the cut-off date for debit of premium. If the deviation is >10% or in case of addition of new crop, actuarial premium rate may be worked out either by calculation of weighted average premium rate as prevalent in contiguous districts or by applying appropriate loading on the existing premium rate. The rates for such crops will be determined /verified by TSU and its decision will be binding on both States and ICs.
- 7.2.8 **States implementing PMFBY at Village/ Village Panchayat level for major crops shall be entitled for 50% reimbursement of incremental expenses of CCEs and cost of smart phones/ improved technology from GOI.** Only eligible items will be considered for reimbursement. The data source for calculation of admissibility of incremental CCEs will be the National Crop Insurance Portal.



### 7.3 **Notification of Indemnity Level, Average Yield and Threshold Yield**

7.3.1 Three levels of Indemnity, viz., 70%, 80% and 90%. SLCCCI in consultation with Insurance Companies shall approve indemnity levels for notified crops at district level. Threshold Yield (TY) shall be notified in the Tender for the current season and the same will be used for claim calculation for that season. The Average Yield of a notified crop in Insurance Unit (IU) will be average yield of best five years out of last seven years. The Threshold yield of the notified crop is equal to Average Yield multiplied by Indemnity level. The Threshold Yield for any crop and IU shall compulsorily be part of the notification for the season and shall not change at any point during that season.

7.3.2 **Calculation and Notification of Threshold Yield:** For calculation of Threshold Yield, historical average yield of best five out of last seven years shall be considered. Further Threshold Yield should be defined only at notified area level and once notified in the Notification issued by the State should not be changed at later stage under any circumstances. In case of multi-year contract, the Threshold Yield for the subsequent years shall be revised by adding/considering the yields of immediate previous corresponding season. The revised TY and Sum Insured (if revised) should be notified accordingly at the beginning of each crop season in case of multi-year tender.

### 7.4 **Notification of Seasonality discipline:**

7.4.1 State Govt./ UT in accordance with the broad seasonality defined/prescribed in the Operational Guidelines shall also notify seasonality discipline for various activities under the Scheme viz. submission of insurance proposals/application, consolidated declarations by banks, remittance of premium to Insurance Companies, uploading of individual covered farmer's data on National Crop Insurance Portal, submission of yield data, claim assessment of losses for (i) standing crop (ii) localized calamities, (iii) prevented sowing, iv) post harvest losses, (v) On-Account payment for major calamities, etc as per the provisions of the Scheme.

\*In exceptional cases, where last corresponding season yield data is not available at the time of Bidding/Notification, yield data is to be provided before the harvesting of the current season. However the yield data upto last to last corresponding season should be provided at the time of bidding itself. However, in such cases admissible claims will be anyway calculated on the basis of yield data of last 7 years only.

### 7.5 **Notification of Automatic Weather Stations (AWS)**

7.5.1 Only those AWS/ARGs of IMD/State Govt. /private agencies should be considered and notified which are as per standards defined by IMD/WMO and are certified and approved by IMD/any agency to be notified by the State/Central govt. These must be optimally operational and be able to provide real time weather data. AWS/ARG of private agencies should only be considered in absence of properly functioning AWS/ARGs of IMD/ State Govt. AWS /ARG data sourced for crop insurance should be transferred on real time basis to National Portal. The detailed guidelines for sharing of weather data on the Portal will be circulated separately.

7.5.2 **State govt can explore the possibility to create dense AWS/ARG network on PPP Mode for which GOI will provide 50% of the viability gap funding.**



- 7.5.3 The following data sources may be used for validation of on account claims and claims for prevented sowing:
- Satellite/UAV Remote Sensing Data
  - AWS/ARG Data
  - MNCFC Report/Study on drought assessment
- 7.5.4 State Govt. shall notify concerned weather data provider/ expert agency whose report/ methodology would be used in assessing the extent of losses and computation of claims. Cost of such weather data shall be borne by the concerned Insurance Companies. The notified AWS and ARG should fulfil/ meet the standards/ norms/ criteria specified by the concerned authorities from time to time.

## **8. Engagement of Common Service Centres (CSCs) and Intermediaries for coverage of Non-Loanee Farmers:**

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- 8.1 CSCs under Ministry of Electronics and Information Technology (MeITY) have been engaged to enrol non-loanee farmers. The Insurance Companies are required to enter into a separate agreement with CSC and pay service charges as fixed by DAC&FW, GOI per farmer per village per season. No other agreement or payment is required to be made for this purpose. Nodal agency for engagement with Ministry of Agriculture and Farmers Welfare and Insurance Companies will be CSC-SPV, a company established under MeITY for carrying out e-governance initiatives of GOI.
- 8.2 No charges/fee shall be borne or paid by the farmers being enrolled through CSCs i.e. CSC-SPV and CSC-VLE
- 8.3 As per IRDA circular, no separate qualification/certification will be required for the VLEs of CSCs to facilitate enrolment of non-loanee farmers.
- 8.4 All empanelled Insurance Companies will compulsorily be required to enter into an agreement with CSC for enrolment of non-loanee farmers and for provision of other defined services to farmers.
- 8.5 Other designated intermediaries may be linked with the Portal in due course.
- 8.6 Empanelled Insurance Companies have to necessarily register on the portal and submit list and details of agents/intermediaries engaged for enrolment of non-loanee farmers in the beginning of each season within 10 days of award of work in the State. Further all agents/intermediaries have to work strictly as per the provisions of the Scheme and IRDA regulations

## **9. Electronic Remittance of Funds**

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- 9.1 Govt. of India and State Govt. will endeavour to utilize Public Financial Management System (PFMS)/PFMS linked systems to remit the funds to State Govt/agencies
- 9.2 Banks, CSC and Insurance Agents are required to remit the premium payment to respective Insurance

Company mandatorily through Payment gateway (Pay-Gov) of National Crop Insurance Portal or through RTGS/NEFT followed by mandatory uploading of payment details on National Crop Insurance Portal within stipulated date. Bank details of Insurance Companies shall be made available on National Crop Insurance Portal itself. Accordingly, all Stakeholders including Insurance Companies, Bank branches, CSC and Insurance Agents must compulsorily maintain dedicated bank accounts for this purpose. **No remittance/financial transaction in the form of Banker's cheque/Demand Draft will be allowed.**

- 9.3 Insurance companies will be provided login access to the essential crop notification data/information along with farmer level coverage data including banking details of individual farmers on the National Crop Insurance Portal to reconcile, verify, validate and calculate payable claims and remit the same directly into pre-declared bank accounts linked to the National Crop Insurance Portal.

## **10. Census Code Mapping of Entities;**

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- 10.1 All States shall map census codes of their villages with the higher administrative/revenue units like Gram Panchayat, Firkas, Patwar Circles, Revenue Circles, Hoblis, Mandals, Blocks, Tehsils, Talukas, Districts and Automatic Weather Stations/Backup Weather Stations. This will create a standard mechanism of mapping and identification across the country.
- 10.2 Further, for purposes of obtaining accurate location, State Govts. must also provide geo coded (latitude. & longitude) village maps on digital format for integration with other Apps like CCEs Agri App, Loss reporting/Assessment App etc.

## **11. Digitization of Land Records**

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- 11.1 State Govts. are advised to digitize their revenue records using village Census codes so that the individual land records of farmers can be accessed through the National Crop Insurance Portal for crop insurance. This will help the Govt. to reach and identify individual beneficiaries and bring utmost transparency and authenticity in benefit transfer.

## **12. Sum Insured /Coverage Limit**

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- 12.1 Sum Insured per hectare for both loanee and non-loanee farmers will be same and equal to the Scale of Finance as decided by the DLTC/SLTC, and would be pre-declared by SLCCCI and notified. No other calculation of Scale of Finance will be applicable. Sum Insured for individual farmer is equal to the SOF per hectare multiplied by area of the notified crop proposed by the farmer for insurance. Area under cultivation shall always be expressed in hectare'.
- 12.2 In cases where crops are separately notified under irrigated, un-irrigated category by State Govts. Sum insured for irrigated and un-irrigated areas should be separately indicated.

## 13. Premium Rates and Premium Subsidy

- 13.1 The Actuarial Premium Rate (APR) would be charged under PMFBY by implementing Insurance Company. The rate of premium payable by the farmer will be as per the following Table 1:

Season	Crops	Maximum Premium payable by farmer (% of Sum Insured)*
Kharif	All food grain and Oilseeds crops (all Cereals, Millets, Pulses and Oilseeds crops)	2.0% of SI or Actuarial rate, whichever is less
Rabi	All food grain and Oilseeds crops (all Cereals, Millets, Pulses and oilseeds)	1.5% of SI or Actuarial rate, whichever is less
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

\* Premium paid by non loanee farmers should be rounded off in Rupee terms

### 13.2 Payment of Govt. Subsidy:

- 13.2.1 The difference between Actuarial Premium Rate and the rate of Insurance premium payable by farmers shall be treated as Rate of Normal Premium Subsidy, which shall be shared equally by the Centre and State Govts. However, the State/ UT Govts. are free to extend additional subsidy over and above the normal subsidy from its budget. In other words, additional subsidy, if any shall be borne entirely by the State/ UT Govt. Subsidy in premium is allowed only to the extent of Sum Insured.

- 13.2.2 Govt. premium subsidy to the Private empanelled Insurance Companies may be routed through Agricultural Insurance Company (AIC) or any agency designated by GOI strictly as per the guidelines/order of the Govt. This may be reviewed later by Central Govt. and changed accordingly if necessary. Accordingly, AIC/ other designated agency is empowered to call/ collect all requisite information related to implementation of the Scheme and utilization of Govt. funds and to share the same with the Govt for better planning, implementation and monitoring of the Scheme. **The premium subsidy will be routed through PFMS/PFMS linked systems strictly based on the MIS generated through National Crop Insurance Portal.**

- 13.2.3 Govt, both Centre and State, will release their share of advance subsidy (First Instalment) equivalent to 50% of 80% of their respective share of subsidy in corresponding previous season subject to fulfilment of General Financial Rule(GFR)/guidelines in the matter without waiting for coverage details for the ongoing season.

- 13.2.4 To facilitate settlement of prevented risk/ mid season adversity/localized claims: ICs should release the admissible claim amount to the beneficiary immediately after receipt of farmers premium and advance subsidy (1<sup>st</sup> Instalment) and without waiting for release of final subsidy (Second Instalment) from Govt. The premium in respect of affected IUs including subsidy to enable settlement of claims arising due to above events in respect of all such beneficiaries shall be adjusted from the fund already available with ICs as advance upfront subsidy (First Instalment) to facilitate compliance of Section 64 B of Insurance Act/Regulation of IRDAI

- 13.2.5 All admissible claims based on Yield data/Post harvest losses will be settled on receipt of second installment of Govt. subsidy to be paid on the basis of tentative business statistics generated on the portal after 15 days of period specified for auto approval of applications on the Portal. The remaining Govt. subsidy, if any will be paid after reconciliation of all business statistics for the season on portal.
- 13.2.6 All empanelled insurance companies including private insurance companies shall provide free access to the Central/State level agencies including CAG authorized to verify the accounts and audit in respect of Crop Insurance.
- 13.2.7 In case, the State Govt. subsidizes full farmers' share of premium, in that case a token amount of at least Re. 1 should compulsorily be charged from the farmer to facilitate electronic tracking.
- 13.2.8 State Govt. has to release the State share of premium subsidy within 3 months from premium requisition by concerned Insurance Company failing which 1% interest per month shall be levied as penalty on the State govt.
- 13.3 **Payment of Claim Liabilities:**
- 13.3.1 Insurance company shall take all necessary steps to take appropriate reinsurance cover for their portfolio in order to safeguard insured's interest. In case premium to claims ratio exceeds 1:3.5 or percentage of claims to Sum Insured exceeds 35%, whichever is higher, at the National Level in a crop season, then Govt. will provide protection to Insurance Companies. The losses exceeding the above mentioned level in the crop season would be met from equal contribution of the Central Govt. and the concerned State/UT Govts. In case losses are below the above mentioned condition, insurers shall be responsible to settle the admissible claims.

## **14. Budget for Administrative Expenses**

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- 14.1 At least 2% of the total budget for PMFBY shall be earmarked by State/UTs for administrative expenses, publicity, yield/loss assessment expenses, purchase of smart phones, adoption of new technology, setting up of State Technical Support Unit (STSU), travelling and contingency fund.
- 14.2 Govt. of India has already made provisions for separate allocations under sub heads like Salaries, Domestic Travel Expenses, Technology interventions, Office Expenses, other Administrative Expenses and Professional Services etc. for Crop Insurance program under PMFBY/RWBCIS. States should make provisions and budgetary allocation on similar lines including subhead for incremental cost of CCEs.

## 15. Technical Support Unit (TSU)/ CPMU

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- 15.1 National Technical Support Unit (NTSU) or Central Program Management Unit (CPMU) will be created at the Central level at the earliest to provide support and advise on risk classification & rating, development of new products, methodology for loss assessment, legal works, workshop/training & capacity building, alongwith use of technology including innovation/ replication, digitisation of administration of Schemes through Crop Insurance Portal etc.
- 15.2 NTSU shall calculate Loss Cost (LC) i.e. Claims as percentage (%) of Sum Insured (SI) observed in case of notified crop(s) in notified unit area of insurance during the preceding 10 similar crop seasons (Kharif/Rabi) along with approximate actuarial premium rate of the crops proposed to be notified for the season. This loss cost/premium rate shall be based on the latest available yield data in month of **January** for Kharif crops and **July** for Rabi crops and shall be provided to DAC & FW/ Concerned States on request before invitation for premium bidding. This calculation to be done by NTSU on behalf of DAC & FW is only for official purposes to have information on the approximate cost to the IA for covering the risks so as to evaluate the bids in proper perspective.
- 15.3 National Technical Support Unit (NTSU) may also develop a suitable methodology for risk classification/premium rating by using historical yield data, weather data, use and level of inputs/irrigation/technology in crop cultivation, remote sensing data/information etc. for standardization of methodology for risk perception and premium rating for crop insurance in the country.
- 15.4 In addition to National Technical Support Unit (NTSU) / Central Programme Management Unit (CPMU) at Central level, all States/UTs implementing Schemes should also create a separate TSU/PMU at State HQ level with sufficient technical experts/staff to ensure proper implementation of the Scheme. State TSU (STSU) may also opt for members on contractual/temporary basis or take services of other organizations/research institutes etc as deemed fit. However, **States shall have to allocate a separate budget for running the STSU.**

## 16. Seasonality Discipline

16.1 The cut-off date is uniform for both loanee and non-loanee cultivators. The State-wise cut-off dates for different crops shall be based on Crop Calendar of major crops published from time to time by the Directorate of Economics and Statistics, DAC&FW,GOI. The latest copy of the Crop Calendar (District Wise, Crop Wise) is available on [www.pmfby.gov.in](http://www.pmfby.gov.in). The SLCCCI, shall besides considering the prevailing agro-climatic conditions, rainfall distribution/ availability of water for irrigation, sowing pattern etc. in consultation with the Insurance Company fix seasonality discipline of the coverage and other activities in such a way that it does not encourage adverse selection or moral hazards. If this is violated by SLCCCI, GOI may decide not to provide premium subsidy.

16.2 The **broad indicative seasonality discipline** is given in the Table 2 below:

S.No	Activity	Kharif	Rabi	Action to be taken by
1	Conduct of SLCCCI meeting to take decision for notification of Crops and areas, , adoption of Level of Indemnity and to inform crop wise Scale of Finance etc for drafting of Tender documents	15 <sup>th</sup> November	1 <sup>st</sup> June	Nodal Department of States/UTs
2	Uploading of requisite information/data on crop insurance Portal and Issuing of tender documents	30 <sup>th</sup> November	15 <sup>th</sup> June	Nodal Department of States/UTs
3	Finalization of Tender and award of work by States/UTs	31 <sup>st</sup> December	15 <sup>th</sup> July	States/UT
4	Digitization of notification and downloading/ issuance of notification from crop insurance Portal for circulation amongst stakeholders	31 <sup>st</sup> January	31 <sup>st</sup> July	By State/UTs and concerned Insurance Companies
5	Awareness/ sensitization/training programmes by State Govt. and ICs/IAs	From 15 <sup>th</sup> March	15 <sup>th</sup> September	By State/UTs and concerned Insurance Companies
6	Start of enrolment of farmers for the season(as per crop calendar)	From 1 <sup>st</sup> April	From 1 <sup>st</sup> October	All Stakeholders
7	Cut-off date for intimation of change of insured crop by the loanee farmer	2 working days prior to cut-off date for debit/collection of premium from farmers	2 working days prior to cut-off date for debit/collection of premium from farmers	Farmers/Bank



8	Cut-off date for receipt of Applications of farmers/debit of premium from farmers account (loanee and non- loanee) by all stakeholders including banks/PACS/CSC/ insurance agent/online enrolment by farmers etc. Note: *This is indicative only and district wise crop calendar will be the final basis to arrive at cut off date	Upto last date of enrolment of farmers as notified by States for notified crop(s) or up to 15 <sup>th</sup> July* for Kharif season	Upto last date of enrolment of farmers as notified by States for notified crop(s) or up to 15 <sup>th</sup> December* for Rabi season	Banks/PACS/CSC/ insurance agent/online enrolment by farmers etc.
9	Declaration of Prevented sowing	Strictly within 15 days from cut off date for enrolment of farmers i.e 31 <sup>st</sup> July for Kharif and 31 <sup>st</sup> Dec for Rabi		State Govt./ IC
10	Cut-off date for electronic remittance of premium along with consolidated Declarations to respective Insurance Company and uploading of details of individual covered farmers on crop insurance Portal by Bank branches (CBs/ RRBs/DCCBs/PACs), followed by SMS to all insured farmers from Portal	Within 15 days of cut-off date for enrolment of farmers/debit of premium for both loanee and non- loanee farmers i.e. 31 <sup>st</sup> July for Kharif and 31 <sup>st</sup> Dec for Rabi		Banks/Portal
11	Cut-off date for electronic remittance of farmer premium to Insurance Companies for farmers covered on Voluntary basis by designated insurance Agent(s) and uploading of details of individual covered farmers on crop insurance Portal.	Within 48 Hours of receipt of application & premium.		Insurance companies and their agents
12	Cut-off date for Insurer to accept or reject the farmer's data on Portal	Within 15 days from the cut-off date for uploading of data/information by Banks/PACS/CSC/Agent respectively. for loanee and within 30 days for non loanee i.e. 15th Aug for Kharif and 15th Jan for Rabi for loanee and 31st Aug for Kharif and 31st Jan for Rabi for Non Loanee		Insurance Companies
13	Cut-off date for CSCs/Banks/Intermediary to correct/update the paid application intimated by ICs on Crop Insurance Portal	Within 7 days from the date of intimation by ICs		CSCs/Banks/ Intermediary
14	Cut-off date for Insurer to accept the corrected/updated applications	Within 7 days from the date of submission of correction/updation by the Bank/CSC		Insurance Companies
15	Cut-off date for Banks/ICs to hand over insurance acknowledgement receipt along with folio to the insured farmer	Within 7 days from acceptance of proposal by concerned Insurance Company on Portal		Banks/ICs for enrolment through their intermediaries



16	Cut off date for processing of applications by ICs and auto approval of application of insured farmers on crop insurance Portal	60 days from the cut off date for enrolment/debit of premium from farmers i.e. 15 <sup>th</sup> September for Kharif and 15 <sup>th</sup> February for Rabi seasons		Insurance companies/ crop insurance Portal
17	Cut off date for raising bills/requisitions with supporting documents for releasing of advance premium subsidy based on 50% of 80% of respective share of Centre/State in corresponding previous season	Before cut off date of enrolment of farmers		Insurance Companies/GOI /State
18	Release of advance upfront premium subsidy (First Instalment)i.e. 50% of 80% of respective share of Centre/State in corresponding previous season	Within 15days of cut off date of enrolment of farmers i.e. 31 <sup>st</sup> July for Kharif	Within 15days of cut off date of enrolment of farmers i.e 31 <sup>st</sup> December for Rabi	GoI & State Govts./UTs
19	Training and registration of field level workers assigned for conduct of CCEs and reporting of the same on crop insurance Portal through smart phones/CCE Agri App	Upto 15 <sup>th</sup> August* *state may fix earlier dates for early Kharif crops	Upto 15 <sup>th</sup> January* *state may fix earlier dates for early Rabi crops	Designated Ground Level field Functionaries/ State/District Level Nodal Officer
20	Registration of mobile number of representative of ICs for co-witnessing of CCEs	Upto 31 <sup>st</sup> August* *state may fix earlier dates for early Kharif crops	Upto 30 <sup>th</sup> January* *state may fix earlier dates for early Rabi crops	Insurance Companies
21	a) Uploading of tentative schedule/date for conducting CCEs (crop-wise/IU wise) followed by SMS on one day notice through CCEs app. ICs are equally responsible to liaise with district authorities/field workers to ascertain the schedule.	At least 7 days before tentative date for conducting CCEs		Concerned Department of States to incorporate the same in Notification
	b) Confirmation of the CCEs schedule	Via SMS on one day notice through Portal		
22	Timeline for lodging online complaint about defaulting CCEs data	Within 2 hours of conduct of CCEs through CCE Co-observation app.		Insurance Companies
23	Crop wise, Block/Tehsil wise sown area for major crops to be provided by/through MNCFC for which they release data presently on NCIP for Area Correction/Reduction Factor(ACF/ARF)	Before harvesting period		MNCFC
24	Approval of district wise crop wise Actual yield data and uploading on Portal	Within one month of completion of CCEs from district wise crop wise specific cut off dates notified by States for a notified crop		Nodal Department of States/UTs
25	Cut-off date for intimation/ reconciliation/ clarification of any deficiency in Actual Yield data	Within 7 days from the date of uploading CCE Data from State Department, if any.		Insurance Companies/ flagged on Portal

26	Cut off date for resolution by State Govt. on clarification sought by ICs/ flagged on Portal	Within 7 days of clarification sought by ICs/ flagged on Portal	Within 7 days of clarification sought by ICs/ flagged on Portal	State Govt.
27	Cut off date for raising bills/requisitions with supporting documents for releasing of 2nd Instalment of premium subsidy based on business statistics finalized on Portal/auto approval.	Within 15 days of auto approval of business statistics finalized on portal.	Within 15 days of auto approval of business statistics finalized on portal.	Insurance Company
28	Release of 2nd instalment of Govt. subsidy	Within 15 days of receiving requisition from ICs based on business statistics finalized on portal.	Within 15 days of receiving requisition from ICs based on business statistics finalized on portal.	GOI/States
29	Auto approval of yield data	Within one week from receipt of yield data /reply to clarification sought by ICs by State Govt.		GoI/ Portal
30	Sharing of detailed information of claims with bank branches & other Stakeholders from crop insurance Portal	Within 7 days of approval of claims by ICS		Portal/ Insurance Companies
31	Timelines for Payment of claims	Within 2 weeks from calculation/auto approval of claims irrespective of whether ICs have raised the bill of 2 <sup>nd</sup> Instalment of premium subsidy or not		Insurance Companies
32	Payment of final government subsidy	On finalisation of business statistics on portal after completion of approval/reconciliation for the season on portal		GOI/States
33	Reconciliation of claim amount by concerned bank branches for loanee farmers disbursed either through Banks or directly to beneficiary accounts/ DBT In case of Non Loanee, reconciliation of claims , if required, to be done by enrolling agencies in consultation with concerned bank/State Govt.	Within a week after receipt of claims		Banks/Farmers/State Govt.

16.3 In case the cut-off date falls on a public holiday or is declared as public holiday by the Govt. or there is disruption of services due to strikes/shut-down etc., the next working day will be treated as the cut-off date. Concerned States have to take decision in this regard suo moto. For this State Govts should send a formal intimation to GoI.

16.4 In case of disruption of services due to natural events beyond human control or technical/software/network issues with the National Crop Insurance Portal the subsequent dates

(other than the cut-off dates for Enrolment/Premium Debit/Collection) may be extended by the competent authority on the basis of specific written inputs from Portal Development and Maintenance Agency. However due care has to be taken that such extension does not lead to moral hazard and misuse of the Scheme and suitable measures should be put forth for the same accordingly.

- 16.5 Further, in case of three crops / season pattern, a modified seasonality discipline keeping in view the overall seasonality discipline prescribed above, shall be adopted by SLCCCI.
- 16.6 **Keeping in view the specific nature of crop and scope for catastrophic crop damage, SLCCCI shall fix seasonality in such a way that it does not encourage adverse selection or moral hazards and also ensure early payment of claims to eligible insured farmers. Scheme also has provisions for claims due to prevented sowing and option to change the insured crop. Hence, State Govt. will take all necessary steps to ensure enrolment of farmers well within the stipulated time under the Scheme. No request/relaxation for extension in the above seasonality/cut-off dates shall be considered/ granted by GoI once it is fixed and notified for the crop season. However, preponement in cut off dates shall be considered on case to case basis. If any State/ UT extends the above seasonality/ cut off dates on their-own, then Central share of premium subsidy shall not be provided for the concerned notified crops /areas.**
- 16.7 **It may be noted that, under no circumstance, will DAC&FW or any State/UT Govt. extend the cut-off dates for enrolment of farmers. However, in case the States/UT decide to do so, it may be done only in agreement with implementing Insurance Company. In such cases, however no central premium subsidy will be provided for the areas/farmers/crops which are covered/ insured in the extended period and the concerned State has to bear the entire subsidy liability for the coverage in the extended period.**
- 16.8 In a situation where total claims have been approved/auto approved, the company shall be liable to pay claims within 2 weeks of calculation/auto approval of claims irrespective of whether Insurance Companies have raised the bill for 2<sup>nd</sup> Instalment of premium subsidy or not. Hence, it is binding on the Insurance Company to seek the 2<sup>nd</sup> Instalment of premium subsidy within the timelines.
- 16.9 All admissible claims shall mandatorily be paid within the stipulated cutoff date failing which penal interest @ 12% per annum shall be payable on admissible pending claims beyond 30 days of uploading AY on portal/provided in soft copy by State Govt. subject to release of applicable subsidy by State Govt.

## 17. Collection of Proposals and Premium from Farmers

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- 17.1 The Nodal Bank system adopted under NAIS/ NCIP\* wherein the implementing Insurance Company is not required to deal with all the loan disbursing points and instead deals only with designated Nodal banks, will continue under PMFBY only for Cooperative Banks , However, for Commercial Banks/RRBs, the individual bank branches shall act as Nodal branch for this purpose. The concerned Lead bank and Regional offices/ Administrative offices of Commercial banks/RRBs will provide necessary guidelines to concerned bank branches and coordinate with them to ensure that all concerned branches compulsorily remit the farmers premium electronically through NEFT/RTGS to be routed through NCIP to concerned Insurance Companies and submit the consolidated proposals/information in prescribed format well within the stipulated cut-off dates and also upload the details of individual covered/insured farmers on National Crop Insurance Portal. Besides, for the coverage of non-loanee farmers only, Insurance Company may also use IRDAI approved micro insurance agents/ insurance intermediaries. However, details of such agents should compulsorily be submitted to State Govt. and Govt. of India well before the start of the season for creating their credentials and subsequent uploading of details of individual insured/covered farmers on Portal within stipulated timelines.
- 17.2 Consolidated declaration/ proposal formats to be submitted physically/ electronically by Nodal banks/Branches shall contain details about Insurance Unit, sum insured per unit, premium per unit, total area insured of the farmers, number and category of farmers covered (small and marginal or other)and number of farmers under other categories(SC/ST/others)/Women along with their bank account details etc.(bank/their branches) as per the application form provided on the National Crop Insurance Portal. Banks are required to upload the insured farmers' data mandatorily on the National Crop Insurance Portal. No other platform shall be used for uploading/submission of farmers' data. Those farmers whose data is uploaded on the National Crop Insurance Portal shall only be eligible for Insurance coverage and accordingly the premium subsidy will also be released. In cases where farmers are denied crop insurance due to incorrect/ partial/non-uploading of their details on Portal, concerned Banks/Intermediaries shall be responsible for payment of claims to them
- 17.3 In order to facilitate timely release of Govt. subsidy and remittance of claims to the farmers. entry of detailed information of all insured farmers on NCIP is essential for all bank branches/PACS/ CSCs/Intermediaries/designated insurance agents and Insurance Companies
- 17.4 **Loanee farmers (Compulsory coverage)**
- 17.4.1 **Whenever banks sanction loan for a notified crop in a notified area, the crop loan amount to the extent of notified Sum Insured (equivalent to DLTC/SLTC approved Scale of Finance) for notified crop and acreage of individual notified crop of loanee farmer shall be taken into consideration for compulsory coverage, as per seasonality discipline. Based on seasonality of crop, banks should separately calculate the eligibility of loan amount for both Kharif and Rabi seasons based on the Scale of Finance and declared acreage under notified crops. Disbursing bank branch/ PACS will prepare statement of crop-wise and insurance unit-wise details of crop insurance with premium as per the seasonality discipline. Loan disbursing bank branch/ PACS shall finance additional loan equal to the premium amount payable by farmer for crop insurance.**

17.4.2 For insurance coverage of a farmer, SI amount for a notified crop will be equivalent to Scale of Finance defined in the Govt. notification and uploaded on the National Crop Insurance Portal for the concerned notified crop and season. The total Sum Insured of loanee farmer for the season shall be calculated accordingly. The compulsory coverage shall solely be based on the sanctioned / renewal of credit limit for notified crop for the season only and will be independent of disbursed amount/withdrawals. Farmers availing/renewing the KCC loans for Kharif & Rabi crops after cut-off date (renew/sanction period) for the season will be eligible for cover under crop insurance for the next/following crop season subject to the loan being standard loan and cut-off-date of premium debit for the season. In order to eliminate excess insurance and subsequent application of Area Correction Factor(ACF), care should be taken by the banks to ensure that only correct acreage under each declared crop in loan application is considered for compulsory coverage of notified crop and not the actual total acreage,. Banks will be liable for audit and inspection on account of excess Insurance/ACF.

17.4.3 Benefit of add on products viz., prevented sowing/ on account payment for Mid season adversity/ localized calamity will be available to only those farmers who have paid the premium / the premium has been debited from their account before the damage notification by the State Govt. for invoking this provision for compensation. Hence, Banks must ensure that they debit farmers premium within 15 days from sanction/renewal of KCC/crop loan, failing which banks will be liable to meet the claim liabilities of uncovered eligible famers. Banks are therefore advised to debit loanee farmers premium at least one month before cut-off date for enrolment to avoid this situation and in case sanction happens within one month of cut-off date, banks may daily debit premium for such accounts.

17.4.4 Detailed example for Calculation of crop-wise Sum Insured for the season for compulsory coverage is given in Table 3 below:

	Crop 1	Crop 2	Crop 3	Crop 4	Crop 5	Crop 6
Total Land Ownership (Ha)	<b>8</b>					
Name of Crop	Kharif			Rabi		
	Paddy	Maize	Cotton	Wheat	Potato	Gram
Actual Sown Area (Ha) under the crop	5	2	1	6	1	1
Area (Ha) declared in KCC application	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>
Crop Season	Kharif			Rabi		
Scale of Finance (Rs./Ha)	50,000	40,000	60,000	50,000	70,000	30,000
Total Sanctioned Sub limit for crop cultivation	1,00,000	40,000	60,000	1,00,000	70,000	30,000
Season-wise sub limit for crop cultivation	2,00,000			2,00,000		
Additional loan amount for consumption and maintenance of machinery etc (max. Upto 30%)	1,20,000					
Total sanctioned loan for an year	<b>5,20,000</b>					
Whether Crops notified by State	Yes	Yes	No	Yes	No	No
Crop wise SI (Rs./Ha)	-	-				
SI to be considered for Insurance/Ha	50,000	40,000		50,000		
Total SI to be considered for Insurance	1,00,000	40,000		1,00,000		
SI for Compulsory Insurance	1,00,000	40,000	-	1,00,000		
Farmer's Share of Premium	0.02	0.02	-	0.015	-	-

(% of SI)						
Premium to be debited from KCC	2,000	800		1,500		
Total Farmer's Premium (Loanee)	2,800			1,500		
Insured Area through compulsory coverage	2	1		2		
Balance Un-covered area (Ha)*	3	1		4		
Additional premium (as non-loanee)*	3,000	800	-	3,000		
Total Farmer's Premium ( as non-loanee )	3,800			3,000		
Total Premium of Farmers (both as loanee and non-loanee)	6,600			4,500		

\* The Area which has been left out of compulsory coverage for the notified crop can be insured by the farmer as a non-loanee farmer by depositing additional applicable premium along with required relevant documents.

17.4.5 Crop loans sanctioned through Kisan Credit Cards (KCC) are covered under compulsory coverage and banks shall maintain all back up records and registers relating to compliance with PMFBY and its seasonality discipline and cut-off-date for remittance of premium/ submitting of coverage details as in the case of normal crop loans. Bank branch will apportion coverage among insurable crops, based on acreage mentioned in loan application or on the basis of actual area sown as declared by the farmer subsequently.

17.4.6 Bank branches of Commercial banks and RRBs/ Nodal Bank in case of PACS under its jurisdiction shall submit individual insured farmer's details along with NEFT/RTGS/UTR details of premium online through National Crop Insurance Portal. Additionally, consolidated insurance proposals/ statements/declarations from the bank branch/ Nodal Bank in case of PACS under its jurisdiction, shall be forwarded to the concerned Insurance Company along with details of remittance/ RTGS towards insurance premium, in accordance with cut off dates, as specified by SLCCI for a particular crop and season. It shall be the responsibility of ICs to collect the consolidated statement from the concerned bank branches/ PACS.

17.4.7 Different options are available for bank branches to provide details of beneficiaries in a more transparent and authentic mechanism. Bank branch can upload the details of insured farmers through online application mode. Banks are required to upload/enter the information continuously without waiting for last day for premium debit and data entry.

17.4.8 As an alternative, direct integration of Core Banking Solution (CBS) with National Crop Insurance Portal has also been successfully initiated and the same may be used by Scheduled Commercial Banks/RRBs/DCCBs available on CBS for pushing the farmers' details in bulk directly without filling the individual farmer's details on web-portal or off-line utility.

## 17.5 Non-loanee farmers (Optional coverage) through other channel partners

17.5.1 Farmers desirous of availing insurance shall fill up Application Form of the Scheme and submit the same to nearest bank branch/CSCs or authorized channel partner or insurance intermediaries of insurance company.



- 17.5.2 In case of submission through Bank Branches, farmers will submit duly filled proposal form in the nearest branch of a Commercial Bank (CB) or Regional Rural Bank (RRB), or PACS (DCCB) with applicable insurance premium amount and other documents. Bank Branch may, after completing verification of documents, accept or reject the application. Premium is accepted by the bank branch preferably from the farmer's operational account in the same bank branch itself and the same would be sent to the concerned Insurance Company within the stipulated time for the purpose. **It is the responsibility of bank branch to complete the application of farmer. In case the farmer is unable to fill the application, bank branch is responsible for filling the application on farmer's behalf**, so that not a single farmer who desires to take crop insurance coverage is left out from the purview of crop insurance Scheme
- 17.5.3 In case submitted through CSCs, farmer will be required to authenticate herself/himself using Aadhaar for filling up online application form. Having a bank account is essential for such cases. CSC will upload all requisite/desired supporting documents on Portal while filling up the application form on behalf of the farmer. Applications without requisite documents would not be considered for insurance coverage and CSC-VLE is responsible for proper filling of application form.
- 17.5.4 CSC/Branch/ PACS officials will assist the farmers in completing the insurance proposal form and provide necessary guidance. While accepting the applications and premium, CSC/Branch/ PACS will be responsible for verification of required documents, eligible sum insured, applicable premium rate, etc. In case of coverage through PACS, they will consolidate these particulars and send them directly/ to respective Nodal Bank Branches which will, in turn, submit application details online on National Crop Insurance Portal and submit crop-wise and insurance unit-wise declarations electronically in the prescribed format, along with the e-remittance of premium using payment gateway/ RTGS/NEFT mode, within the stipulated time, to insurance company. Besides CSCs, other Govt./ semi-Govt. institutions/organizations including Post offices are also proposed to be utilized for insurance of non-loanee farmers after their integration with the National Crop Insurance Portal after obtaining approval of competent authorities.
- 17.5.5 Non-loanee cultivators could also be serviced directly by any designated agencies, other authorized channel partners or insurance intermediaries, approved by the IRDA for the purpose and they will act as a guide and facilitator wherein they will advise such non loanee cultivators about the benefits and desirability of the Scheme and guide the farmers about procedures; collect requisite premium and remit individual/ consolidated premium electronically to insurance company, accompanied by individual proposal forms and summary details in declaration form and upload details of each insured farmer compulsorily within stipulated timelines on the NCIP.
- 17.5.6 While accepting the Proposal and the premium from aforesaid designated agents, other authorized channel partner or insurance intermediaries approved by IRDA, it shall be the responsibility of Insurance Company or its designated agents to verify insurable interest and collect the land records, Aadhaar Number., particulars of acreage, sum insured, crop sown etc. and applicable contract/ agreement details in case of share croppers/ tenant farmers. The designated intermediaries shall enter the data of farmers on web-portal, remit the premium with consolidated proposals within 2 days. However, it is mandatory that the non-loanee cultivators serviced by the designated intermediaries should hold a bank account and Aadhaar No. or Aadhaar enrolment No. in order to get insured and the



designated intermediaries will also facilitate remittance of the claim, if payable.

17.5.7 For farmers buying crop insurance through CSCs or online, OTP/Aadhaar enabled verification shall be construed as signature by the applicant for coverage under crop insurance

## 17.6 **Non-loanee Farmers (Optional coverage) - directly to Insurance Companies/Web Portal**

17.6.1 Non-Loanee farmer may submit insurance proposals personally - to Insurance Company with requisite/desired supporting documents and applicable premium has to be remitted electronically to concerned Insurance Company and details of UTR/remittance slips should compulsorily be attached with application. .

17.6.2 Non-loanee farmers can also submit application forms for getting insurance coverage through web-Portal. For this, farmer can fill up the online application form available on crop insurance Portal ([www.pmfby.gov.in](http://www.pmfby.gov.in)) and pay the requisite premium through payment gateway. As soon as the application is submitted through the system, an acknowledgement receipt will be generated along with a unique identification number. Additionally, intimation will also be sent through SMS on registered mobile number of the farmer.

17.6.3 However, it is mandatory that Non-Loanee farmers, personally submitting proposals to Insurance Company or through National Crop Insurance Portal, should have insurable interest and submit necessary documentary evidence as proof as decided by SLCCCI along with Aadhaar no. or Aadhaar enrolment No. . The insured farmer loses the premium and the right to claim (if any) if the material facts furnished in the proposal form are found to be wrong or incorrect at any subsequent point in time.

17.6.4 Insurance companies retain the right to accept or reject insurance proposal(s) within 15 days/one month of receipt of proposal for Loanee/Non loanee respectively, in case proposal is incomplete, not accompanied by necessary documentary proof, Aadhaar no. or Aadhaar enrolment No./Slip or insurance premium ordinarily,. If the proposal is rejected, the Insurance Company will fully refund the collected premium.

## 17.7 **Option for change of crop name**

17.7.1 Farmers covered, on voluntary basis, can buy insurance before actual sowing/ planting, based on advance crop planning. However, for any reason if a farmer changes the crop planned earlier, he should intimate the change to insurance company, up to 2 working days before the cut-off-date for enrolment/buying insurance, through financial institution/channel partner/ insurance intermediary/directly as the case may be, along with difference in premium payable, if any, accompanied with sowing certificate issued by concerned village/ sub-district level official of the State. In case the premium paid was higher, Insurance Company will refund the excess premium.

17.7.2 Similarly, **loanee farmers** can also change the name of insured crop from the original crop indicated in the loan application but such change should be submitted in writing to the concerned bank branch up to 2 working days before cut-off date for enrolment and accordingly their newly proposed crop should be insured. However change of non-notified crop to notified crops without submitting the sowing certificate is not permissible. Bank will ensure that all standard loans (as defined by concerned financial institutions) sanctioned/renewed for notified crops within stipulated cut-off date should compulsorily be covered.

- 17.8 **Declarations/ proposals and debited premium received by Insurance Companies from the Banks/ PACS after the cut-off date shall be summarily rejected and the liability, if any, for such declarations shall rest with the concerned bank.** Accordingly the data/proposal entry on the National Crop Insurance Portal will also be stopped after the applicable cut off date. However, any dispute in the matter may be resolved as per the Grievance redressal mechanism detailed in Section 30.
- 17.9 The concerned branches of banks and Nodal Banks/ DCCBs in case of PACS will upload the details of individual insured farmers (both loanee and non-loanee) like farmer's name, father's name, Bank Account number, Aadhaar Number, village, categories – Small and Marginal/SC/ST/Women, insured acreage, details of insured land, insured crop(s) etc as prescribed in online application form. available on National Crop Insurance Portal or CBS integration module and submit the same within stipulated cut-off date as per the seasonality discipline/ The Banks/ PACS must also ensure the premium amount is remitted to the concerned Insurance Company electronically within the stipulated time, failing which they shall be responsible for payment of claims, if any to the farmers. However, any dispute in the matter may be referred to the State Govt. by the concerned Agency/Bank for taking appropriate action within the prescribed cut off date for reconciliation of premium by banks with all details.
- 17.10 Insurance companies shall upload requisite information including necessary documentation in respect of non-loanee farmers enrolled through channel partner other than CSCs on the National Crop Insurance Portal within the stipulated date of coverage of non loanee farmers .All intermediaries shall ensure that the documentation is complete in all respect before accepting the premium. It is the responsibility of the concerned Insurance Companies to collect/obtain any documentation of the insured farmers (both loanee and non-loanee) from the bank/financial institutions/ intermediaries/ agents if necessary for verification/acceptance of risk and also to facilitate the banks/ financial institutions/ intermediaries/ agents to submit/ upload all requisite documents/information on the National Crop Insurance Portal within timelines.
- 17.11 Insurance Companies should also reconcile the details of individual insured farmers uploaded on the Portal with the premium/consolidated declaration received from each branch/nodal bank within the stipulated date and any deficiency/ mismatch may be reported to concerned bank branch/nodal bank. The Bank Branch/Nodal Bank should further send/upload the requisite information in respect of such farmers for whom clarification has been sought, immediately within 7 days. If such rectification is not done/completed by bank branch /nodal bank within the stipulated period, Insurance Companies may recommend to take necessary action to State Govt. under intimation to Central Govt. State Govt. in consultation with SLBC may recommend suitable administrative action against such defaulting branch/bank. However, claims (if any) in such cases of such farmers shall be borne by the concerned bank only.
- 17.12 Insurance Companies should verify and satisfy themselves about the coverage of farmers/ crops and give acceptance to the applications submitted by banks electronically through National Crop Insurance Portal. The insured farmer's personal details like AADHAAR numbers, Banking Details, Address, mobile nos. and all such details prohibited under RBI, IRDA or UIDAI Act. shall not be displayed/disclosed publicly. Insurance Companies will reconcile the details along with farmer's share of premium receipt before approaching the Govt. to release the final instalment of subsidy (third Instalment) under the Scheme.

- 17.13 All Insurance Companies will compulsorily verify and take necessary action including approval/rejection of proposal or policy of any farmer through National Crop Insurance Portal within stipulated date. After stipulated period for reconciliation & obtaining further clarification from stakeholders, **all pending proposals/information of insured/covered farmers uploaded on Crop Insurance Portal will be treated as approved and Insurance Companies will cease their right for any further verification.** However, any losses to the Govt. including excess payment of premium subsidy due to delayed/non- verification of data/information of individual covered/insured farmers on crop insurance Portal will be recovered from concerned Insurance Companies only.
- 17.14 Banks will ensure distribution of Acknowledgement Receipt along with Folio to each insured farmer within 7 days from the acceptance of applications by the concerned insurance company. The Acknowledgement Receipt will be generated through National Crop Insurance Portal itself.



## 18. Assessment of Loss / Shortfall in Yield

18.1 **Wide Spread Calamities (based on season-end yield):** The Scheme operates on the basis of 'Area Approach' i.e., Defined Areas for each notified crop for widespread calamities and insurance unit is Village/Village Panchayat or any other equivalent unit for major crops and for other crops it may be the same unit or a unit of size higher than Village/ Village Panchayat level, to be decided by the State/ UT Govt.. State Govt. Department overseeing conduct of CCEs will submit yield data as per cut-off date decided by SLCCCI, along with results of individual CCEs (conducted through smart phone using CCE Agri App) on National Crop Insurance Portal. Yield data so arrived at will be approved/ uploaded by the concerned authority/State nodal department and made available to Insurance Company.

18.2 CCEs shall be undertaken per crop per unit area of insurance for notified crops\*, on a sliding scale, as indicated in Table 4 below:

Sl. No.	Level	Minimum sample size
1	District	24
2	Taluka/Tehsil/Block	16
3	Mandal/Firka/Revenue Circle/Hobli or any other equivalent unit	10
4	Village/Village Panchayat	4

\* Minor crops may be notified at higher than Village/Village Panchayat level.

18.3 In order to maintain the sanctity and credibility of CCEs as an objective method of yield estimation, the modalities mentioned below will be followed:

18.3.1 To bring better transparency and confidence in the data, States shall mandatorily ensure 100% CCEs through a mobile application specially designed by Govt. of India for this purpose. No other application shall be used for conducting CCEs. CCE plots for conducting CCEs shall be chosen through random selection or preferably using RST and **secracy of the selected plot should be maintained until the CCE is actually conducted in order to rule out moral hazards.**

18.3.2 In order to provide proper benefits to the farmers and to compensate them as per near actual loss experience, crop should be notified at lowest level i.e. Village/Village Panchayat

18.3.3 State shall strengthen audit process of conduct of CCEs, with necessary checks and balances. Digitizing the CCE process including geo-coding (providing the latitude and longitude of the CCE location), date/ time- stamping and taking photographs (of the CCE plot and CCE activity), is a must for all CCEs(para 20.4)

18.3.4 Wherever external agencies are proposed to be used by the State Govts. for conduct of CCEs (i.e. CCEs are out-sourced), it should be given only to the registered 'professional/accredited' agencies with adequate experience in agricultural field activities/yield estimation. It is mandatory for these agencies to follow the digital protocol as mentioned in the previous paragraph. Services of such agencies may also be utilized for assessment of Post-harvest loss and losses due to localized risks.

18.3.5 States shall maintain same procedure and methodology for conducting CCEs as adopted by NSSO or

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- 18.3.6 District level Steering Committee: State Govt shall compulsorily constitute a Steering committee in each district to plan, conduct and supervise the CCEs for yield assessment and to provide reports of yield data to the State Nodal department. The Steering committee should be headed by District level Head of Department/Organisation responsible for conducting CCEs. District Agriculture/Cooperative officers, representatives of SSO and Insurance Companies shall be members. The Steering committee will compulsorily associate the representatives of Insurance Companies so that they shall be well informed about each and every activity and obtain the requisite information about CCE planning, schedule for conducting CCEs, selection of CCEs plot, sharing of requisite form 2, form 8 etc. and individual CCE result etc. Head of Steering Committee will be responsible for uploading of all requisite information on National Crop Insurance Portal i.e. CCE schedule, individual CCE report etc. and imparting training to field functionaries responsible for conducting CCEs. Steering Committee will compulsorily send all their proceedings / minutes etc to DLMC and Nodal officer of the State. Concerned Insurance Companies shall compulsorily deploy one well conversant official at the office of head of Steering Committee for at least 3 months of the harvesting period for better coordination and obtaining the information of CCEs etc. District Administration will provide requisite space and logistics at the office for the insurance company official.
- 18.3.7 In instances where required number of CCEs could not be conducted due to non-availability of adequate cropped area, adverse weather conditions/inadequate infrastructure etc. the yield estimate for such IUs can be generated by using methods such as (i) adopting yield estimate of next higher unit, or (ii) adopting the yield of a neighbouring IU with maximum correlation. Priority of applicability of aforesaid two methods should be notified by the concerned States in the notification itself, failing which option of yield estimate of next higher unit only would be considered. However, this clause shall only be applicable in unavoidable situations and shall be limited to only minimal number of IU units and cannot be made a general rule to avoid CCEs. Special efforts should be made by the State to conduct adequate no. CCEs in all notified units in order to provide appropriate benefits to farmers.
- 18.3.8 In case of multi-picking crops e.g. Cotton, Chilly, Tobacco, Tomato, Pea, Fruits (Mango & Apples) & other crops of similar nature, following procedure shall be followed.
- 18.3.8.1 State needs to, in the beginning; specify the number of required picking for each crop both for irrigated and un-irrigated conditions. Ideally it should be as per NSSO/IASRI defined guidelines, if it is not available, State in consultation with local Agriculture Universities and concerned ICAR center may identify the required number of pickings. However number of actual picking depends on climatic conditions etc. Hence possibility of further pickings of each picking should compulsorily be recorded in CCE app and no. of actual picking will be final in such cases.
- 18.3.8.2 If the required number of CCEs have been done and the required number of picking have not being done, then for those experiments, factors need to be used to extrapolate yield to the final yield.
- 18.3.8.3 The factors (proportion of picking wise yield) need to be computed from well conducted CCEs (with the required number of pickings) from the same Taluka separately from Irrigated and Un-irrigated condition. At least data of 5 well conducted CCE should be used for computing the factors.

An Example for Yield Calculation for multi-picking crop is mentioned in Table 5 below:

Crop	Experiment no.	Picking 1	Picking 2	Picking 3	Picking 4	Total Yield (Kg)
		Yield (Kg)	Yield (Kg)	Yield (Kg)	Yield (Kg)	
		P1	P2	P3	P4	$\Sigma P1,P2,P3,P4$
Well Conducted CCEs in the Taluka with 4 pickings						
Cotton	E1	1	1.95	2.1	1.25	6.3
Cotton	E2	1	2	1.75	1.4	6.15
Cotton	E3	0.75	1.75	1.5	1.5	5.5
Cotton	E4	0.8	1.43	2.15	1.4	5.78
Cotton	E5	0.95	1.85	1.4	0.75	4.95
	Average	0.9	1.8	1.78	1.26	5.74
	Factor (Total yield/ Picking Yield)	6.373	2.128	1.282		
		(1 <sup>st</sup> )	(1 <sup>st</sup> + 2 <sup>nd</sup> )	(1 <sup>st</sup> + 2 <sup>nd</sup> +3 <sup>rd</sup> )		
CCEs with Less Pickings in any IU within that Taluka						
Cotton	E6 (only 1 <sup>st</sup> Picking)	1				6.373*
Cotton	E7 (1 <sup>st</sup> and 2 <sup>nd</sup> Picking)	1.2	1.75			6.278*
Cotton	E8 (1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Picking)	1.1	1.85	1.57		5.795*

\* Total yield has been calculated as the sum of the available picking yields multiplied by the corresponding factor

18.3.8.4 In cases there is dispute regarding the large deviation in picking dates the average picking dates should be computed from well conducted CCEs in Taluka level. Accordingly the picking dates and number will be adjusted. For example, if the average picking date for second picking in a particular Taluka is in December and one experiment has shown first picking in December it will be considered as second picking.

18.3.8.5 If there is no proper CCE (with required number of pickings) in the Taluka level even, it should be considered as no CCE being available and the procedure defined in yield dispute SOP (Standard Operating Procedure) should be followed, i.e. yield should be estimated using remote sensing and weather based models. In case the crop has withered and there is no further possibility of having further pickings the same shall be recorded compulsorily in the mobile application/ CCE-Agri App while conducting the current picking experiment. In such cases, no multiplication factor may be used for calculation of AY.

The Actual Yield Data at Crop-IU level shall be automatically synchronised with the Portal through online CCE mobile application. Once the Actual Yield data is available on the Portal, the same shall be verified and approved by the concerned District/State authorities. For those experiments which were conducted offline/without mobile application, the Actual Yield data, along with the location information shall be uploaded by the concerned District administration or State nodal department on the Portal itself. This shall be an exception to be exercised in rare cases and CCEs should not exceed 5% of total CCEs. Actual Yield data through any other mode other than through National Crop



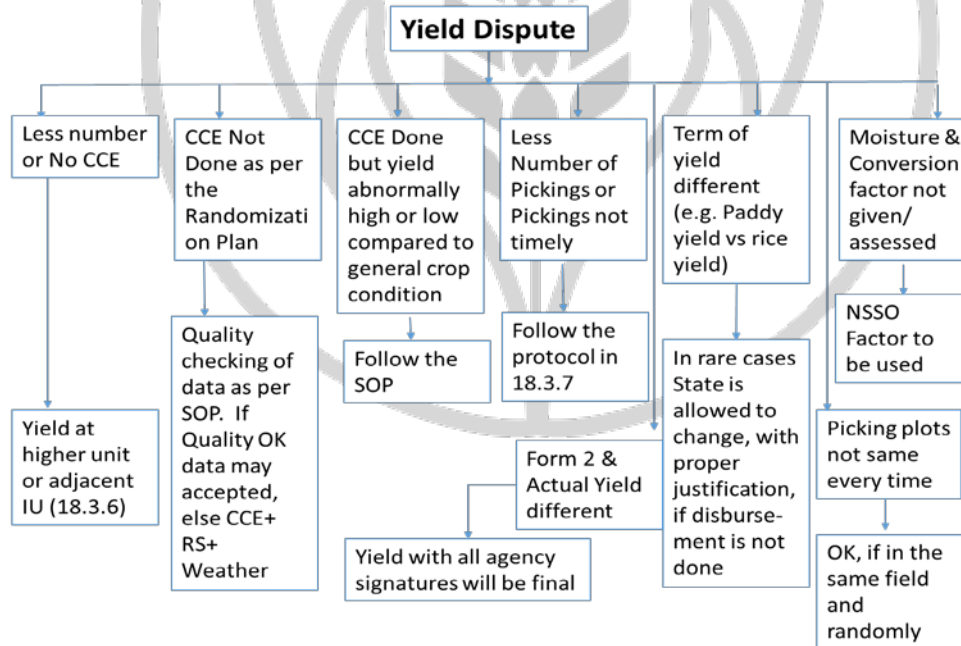
Insurance Portal shall not be accepted. If yield data is not uploaded/ synchronised /approved within pre-defined cut-off date by the concerned authority/department, the concerned Insurance Company, may inform State Govt. /Central Govt. well in time for taking appropriate action.

18.3.8.6 Insurance Company should be given complete access to co-witness the CCEs, the digital images of the CCEs and relevant data in the requisite format (electronic/physical) by the State Govt. on real time basis (Para 35.2.11). A schedule should be formally given/ shared with Insurance Companies sufficiently in advance without fail to help them to coordinate with field functionaries and mobilize their manpower accordingly. For this purpose, Insurance Company shall permanently station one representative at the concerned dist office of the dept/ agency mandated to conduct CCEs for proper day to day liaison (Para 18.3.6). State shall provide necessary space in the concerned office & facilitate sharing of information.

## 19. Dispute resolution regarding Yield Data/Crop loss

19.1 It has been seen, during first two years of implementation of PMFBY, there are various types of yield disputes, which unnecessarily delays the claim settlement. Following figure shows the procedures to be adopted in various cases.

Figure. Procedures to be followed in different yield dispute cases



19.2 Wherever the yield estimates reported at IU level are abnormally low or high vis-à-vis the general crop condition the Insurance Company in consultation with State Govt. can make use of various products (e.g. Satellite based Vegetation Index, Weather parameters, etc.) or other technologies (including statistical test, crop models etc.) to confirm yield estimates. If Insurance Company witnesses any anomaly/deficiency in the actual yield data(partial /consolidated) received from the State Govt., the



same shall be brought into the notice of concerned State department within 7 days from date of receipt of yield data with specific observations/remarks under intimation to Govt. of India and anomaly, if any, may be resolved in next 7 days by the State Level Coordination Committee (SLCC) headed by Additional Chief Secretary/Principal Secretary/Secretary of the concerned department. This committee shall be authorized to decide all such cases and the decision in such cases shall be final. The SLCC may refer the case to State Level Technical Advisory Committee (STAC) for dispute resolution (Constitution of STAC is defined in Para 19.5). In case the matter stands unresolved even after examination by STAC, it may be escalated to TAC along with all relevant documents including minutes of meetings/records of discussion and report of the STAC and SLCC. Reference to TAC can be made thereafter only in conditions specified in Para 19.7.1 However, data with anomalies which is not reported within 7 days will be treated as accepted to insurance company. The protocol of timelines defined above shall also be applicable to the actual Yield data being provided by the concerned State department in batches, i.e. Crop-wise-District-wise lots of data and timelines for each batch of data shall be counted separately/batch wise. Unnecessary delay in finalization of yield data will attract penal interest on due claim amount payable to the farmers as decided by the SLCC in the matter.

- 19.3 The existing Technical Advisory Committee (TAC) comprising of representatives from Directorate of Economics and Statistics, DAC&FW, MNCFC, NSSO, IASRI, will be further augmented and constituted under the chairmanship of **Additional Secretary, DAC&FW** and additional members depending on case to case basis will be drawn from various organizations namely, relevant institution under Indian Council of Agriculture Research (ICAR), Indian Agriculture Research Institute (IARI), National Remote Sensing Centre (NRSC), Space Applications Centre (SAC), Central Statistical Organization(CSO), Insurance Regulatory and Development Authority of India (IRDAI), Reserve Bank of India (RBI), National Bank for Agriculture & Rural Development (NABARD), India Meteorological Department (IMD) or any other such organisation.
- 19.4 The role of TAC shall be to review the technical matters related to execution of the Scheme. In case, the matter requires further focused deliberations, the TAC will refer the issue to Technical Agency (as defined in the SOP for yield dispute). Technical Agency (TA) will compulsorily take input/reports/relevant information from concerned State Department and Insurance Company and may also opt for representatives of other organizations/experts (if required) with permission of chairman of TAC and follow the procedure as defined in the SOP.
- 19.5 State shall also constitute the State Level Technical Advisory Committee (STAC) on similar pattern to resolve disputes. The STAC may be chaired by the Principal Secretary/Secretary of the concerned department with members from State Agricultural University, State Remote Sensing Centre, IMD (state centre), DES, any ICAR centre in the state, NSSO, etc.). However, in case of disagreement between the concerned parties, the case may be referred to TAC along with recommendations and findings for further deliberation/examination and decision.

19.6 TAC/TA/STAC shall deliberate and examine the subject matter and indicate their views /decisions based on statistical/technological inputs and other related scientific and technical parameters as detailed in the SOP.

19.7 The SOP to deal with yield dispute cases is as under:

19.7.1 **When to use this SOP:** This SOP will be followed only when there is a dispute about the crop yield values between the State Government and the Insurance Company and this has not been resolved at SLCC level and STAC (Para 19.2) and the matter has been referred to the Central Government Technical Advisory Committee (TAC), which in turn decides that the matter needs to be referred to a Technical Agency (TA). The dispute can be brought to TAC, only in the case, where all of the following conditions are satisfied. All conditions not falling in these criteria shall be decided by SLCC and their decision shall be final and binding on all concerned.

- There is more than 25% difference between the yield estimated by the State government and the insurance company.
- There is sufficient documentary evidence that the CCEs have not been conducted in required number and following the standard protocol, in at least 20% area of the IUs for the particular crop in the Cluster.
- The matter has been considered by the SLCC and STAC but could not be resolved at State level.
- The Insurance Company has already carried out technical analysis of data in consultation of State Govt. or in collaboration with Central/State agencies and has used satellite/model/weather data to support its claim.

19.7.2 **The Organizations to which TAC can refer the case to:** The organizations can be Central Govt. or autonomous organizations, which have requisite capacity to carry out such analyses, such as: MNCFC (DAC&FW), SAC (ISRO), NRSC (ISRO) and other similar government/non-government organizations (e.g. CCAFS-BISA-CGIAR), as decided by TAC. Hereafter, these organizations will be referred to as Technical Agencies.

19.7.3 **Data to be provided by State Government:**

- All CCEs data of the contested area, in digital format, (preferably Excel), along with photographs and other collateral data, as collected during CCE. The CCE data should be ideally geo referenced.
- Village level crop area estimates.
- Long term (at least 10 years) data of crop yield at GP level (if not available, at least at Taluka/block level) in digital format, (preferably Excel)
- Long term (at least 10 years) data of weather parameters (daily or weekly) at GP level (if not available, at least at Taluka /block level). The weather parameters should cover at least, rainfall, rainy days and temperature, in digital format, (preferably Excel)
- Any information about pest/disease attack, hailstorm, cyclones, inundations, heavy rainfall or any other natural/ manmade disasters in that area
- Report of any analysis carried out by the States to support its claim

#### 19.7.4 **Data to be provided by Insurance Company:**

- Data of the co-observed CCEs collected by Insurance Companies in digital format, (preferably Excel), along with photographs and other collateral data, as collected during CCE
- Data of weather observatories\*, if maintained or sourced by Insurance Companies, in the contested area
- Report of the technical studies\* carried out by the Insurance Company to support its claim.
- Detailed reasons for the yield data being perceived as contested.
- Any UAV data/output collected from the contested area

(\*This data shall only be considered where prior approval for such agency has been taken from State Govt. as outlined in para 2.13)

#### 19.7.5 **Analysis to be carried out by the Technical Agency:**

Among the steps given below, any 3 steps should be followed from a to d and any one step should be followed from e to f. The steps in g and h are compulsory.

- **Statistical analysis of the CCE yield data:** Basic Statistical Parameters (Mean, Variance, CV, Range, Standard Error, etc.) Scatter plots, Test of Normality (Shapiro-Wilk test, Quartile- Quartile plot, Whiskers box plot, Skewness and Kurtosis, etc.). It also needs to be checked whether CCEs were done using the proper sampling design. Village level crop area may also be checked to identify reasons for lower number of CCE.
- **Analysis of Weather Data:** Weekly Rainfall Deviations (at least at block level) or at grid level using gridded or satellite based data, Dry-spell Occurrence, Temperature Anomaly, Soil Moisture Analysis (either from satellite or model data) and any other available weather parameters (related to crop condition), either from ground or satellite data. Another rainfall based index, which can also be studied, is Standardized Precipitation Index (SPI). SPI can be developed using IMD gridded rainfall data or NOAA CPC rainfall data. However, while using gridded data (either from satellite or ground stations), appropriate resolution should be used at appropriate level. For example, 0.25 degree data should be used only at district level and not at block/village level. High resolution weather data can also be sourced from weather companies.
- **Analysis of Long-term Yield Data:** Previous 10 years' yield data (at GP or Taluka level) analysis should be carried out to assess the ups and downs. The analysis would include yield ranges, mean yield, standard deviation, and CV.
- **Analysis of Other collateral data:** Other data or reports, which should be considered, include Crop Weather Watch Report, NSSO Supervised CCE data, FASAL programme crop reports, drought assessment reports prepared by MNCFC, Market arrivals and prices data for 2-3 years (<http://agmarknet.gov.in/>), crop condition data available on VEDAS platform (<https://vedas.sac.gov.in/vedas/>), Disaster maps available on Bhuvan platform, IMD weather bulletins, weather information/forecasts available on MOSDAC (<https://www.mosdac.gov.in/>), etc.
- **Analysis of Vegetation Index from Satellite Data:** The vegetation index, which can be used for this purpose are Normalized Difference Vegetation Index (NDVI), Normalized Difference Wetness Index

(NDWI), Vegetation Condition Index (VCI), Temperature Condition index (TCI), Vegetation Health Index (VHI), Enhance Vegetation Index (EVI), etc. To derive these indices, satellite data of appropriate resolution should be used (Table 6).

**Table 6 : Types of resolution to be used for vegetation index derivation for different levels of analysis**

Level of Analysis	Spatial Resolution to be used	Examples of Satellite/Sensor
Village level	5-10 m or better	Resourcesat 2/2A: LISS IV (5.8m), Sentinel 2:MSI (10 m); Rapid Eye (6.5 m); SPOT 5 HRG (5,10 m)
Block/Tehsil level	10-30 m	Resourcesat 2/2A: LISS III (23.5 m), Landsat 8: OLI (30 m); Sentinel 2:MSI (10 m)
District level	50-100 m	Resourcesat 2/2A: AWiFS (56 m); Proba V (100 m)

However, wherever long-term satellite data is needed MODIS (250 m) data can be used, but it should not be used for village level for information. Ideally for deriving crop specific vegetation indices, crop maps should be overlaid on the data. Generally for few major crops, crop maps are prepared under FASAL project of DAC&FW. Crop maps can be generated using either optical or microwave remote sensing (SAR) data of appropriate resolution. Wherever, crop maps are not available, at least agricultural area map should be used. For assessing NDVI or NDWI deviation percentage, data of latest 2-3 years should be used or at least data of a normal crop year should be used.

- **Crop Growth Modelling:** Yield loss estimates can be made using crop simulation models such as DSSAT/ InfoCrop, etc. Remote sensing based semi-physical modelling approach can also be used for crop growth analysis. However, care should be taken to use well calibrated and validated models and also models should be run in spatial at higher resolution, at least 5 km.
- **Identification of Outliers:** All these above analyses can be used to check whether there was any reason for yield deviation as presented in the CCE data. Then a yield proxy map may be prepared. The Yield proxy map can be derived from remote sensing vegetation indices (single or combination of indices), crop simulation model output, or an integration of various parameters, which are related to crop yield, such as soil, weather (gridded), satellite based products, etc. Whatever, yield proxies to be used, it is the responsibility of the organization to record documentary evidence (from their or other's published work) that the yield proxy is related to the particular crop's yield. Then the IU level yields need to be overlaid on the yield proxy map. Both yield proxy and CCE yield can be divided into 4-5 categories (e.g. Very good, Good, Medium, Poor, Very poor). Wherever there is large mismatch between yield proxy and the CCE yield (more than 2 levels), the CCE yield for that IU can be considered, as outliers.
- **Computing Yield for the Outliers:** For the IUs, where the yield was considered as outlier, the yield may be estimated by developing empirical models (statistically significant) between long-term yield data (at IU level or, if not available, higher administrative level) and weather and remote sensing based index data. Using these models, yield for the concerned year should be estimated.

The final yield can be estimated as a combination of CCE Yield and model estimated. The weightage to be given to each estimate will depend upon the quality of each estimate (CCE or Model). Low weightage should be given to CCE not conducted properly (without photograph, geo location, proper sampling plan etc.). Similarly lower weightage to be given model estimates, if model is statistically not highly significant. Wherever, if the model was not statistically significant the average of estimated yields of adjacent blocks should be used (Note: Each and every case may have specific and special cause related to a problem and may not be considered as a reference for any other case.) Each time, the stage of the crop should be given prior importance e.g. 10 mm rainfall at vegetative stage and at harvest or post-harvest stage has different impacts; a small amount rainfall having devastating wind-speed have different impact than high amount of rainfall having calm or no-wind. The Technical Agency needs to take into account all these factors to consider each of the cases as an individual and special case.

19.7.6 **Time required for the analysis:** The analysis needs to be completed by the concerned technical agency, within one month of receipt of all mentioned data from the Insurance Company and the State Government.

19.7.7 **Funds needed for the analysis:** All the analysis will be carried out by the Technical Agency, with its existing resources. However, if there is any need of procurement of priced data or services, this may be funded by the concerned Insurance Agency or the State Government, whichever organization has brought the dispute issue up to TAC.

19.7.8 **General Suggestions:** Though this SOP identifies the procedure for yield dispute resolutions, in a long run, it will benefit the scheme and the farmers, if there is no Dispute. Following suggestions are made to avoid dispute.

- The States should conduct the CCEs following the standard procedure (proper sampling plan) and collect the data using Smartphone based Android App
- States need to pro-actively use technology for more accurate crop yield estimation
- States should develop mechanism to resolve disputes at State level by technical support from State level organizations, such as Agricultural Universities, State Remote Sensing Centres, ICAR Centres located in the State, local IMD office, etc.
- The Insurance Companies should proactively, get involved with the States for supervision of CCEs.
- The Insurance Companies should more and more invest in use of technology to support the loss assessment.
- There should be better coordination between the State and the Insurance Companies.



## 20. Use of Innovative Technologies

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- 20.1 **To Rationalize CCEs:** With availability of a number of satellites with high resolution imaging capability orbiting the Earth, there is a great improvement in satellite remote sensing based products. It has been reasonably proven that satellite based vegetation indices (such as, Normalized Difference Vegetation Index, NDVI and Normalized Difference Wetness Index, NDWI) can help in demarcating the cropped areas into clusters on the basis of crop health. This feature can be successfully used to target the CCEs within the Insurance Unit (IU). In other words, satellite imagery can help in ‘**smart sampling**’ (**stratified sampling**) of CCEs. This will help in optimizing the number of CCEs, to make them representative of different crop conditions. This is expected to reduce the total need of CCEs by about 30-40% while maintaining similar accuracy. It will also give a more representative yield of the IU, as it will consider all crop pixels (fields) within the IU and not just location of 4 CCEs. States can adopt this technique (of using satellite based remote sensing data for planning of Crop Cutting Experiments) in generating yield estimates while following digital protocol outlined in the preceding paragraphs. For using satellite data for smart sampling, there is a need to generate specific crop map. MNCFC under the FASAL project of the DAC&FW prepares crop maps for various crops, as mentioned in Section 25, para 25.4. These crop maps can be used for CCE planning. Vegetation Indices (NDVI and NWDI) need to be computed for the cropped area. On the basis of Vegetation Index, the crop area can be categorized into poor, medium, good and very good crop health strata. Within each stratum, CCE points should be selected randomly. Additionally, ground truthing within these IUs can be done in order to develop crop yield model to ascertain yield estimation of the crop and simultaneously can act as a reconciliation/verification tool of actual CCEs conducted on the field. This can be done in consultation with MNCFC, NRSC (ISRO), SAC (ISRO), SRSC and IASRI. This Department has also been piloting such studies, in this regard, for optimization/reduction of crop cutting experiments using technology.
- 20.2 **To remove Area Discrepancy in coverage:** It is noticed that in some instances in States/districts, area insured is much more than area sown figures hence, compulsory use of RST/ satellite imagery, digitization of land records needs to be done to minimize the area discrepancy. For this detailed procedure has been laid down in section 25
- 20.3 **For Direct Yield Estimation**
- 20.3.1 For addressing the issue of reliability of CCEs in terms of their accuracy, representativeness and timeliness, innovative technologies such as satellite remote sensing, drone, modeling, AWS/ARG, real time transmission of data etc. should be utilized. This will ensure accurate assessment of yield and timely payment of claims to farmers. Various studies carried out by national and international organizations, including MNCFC, NRSC, SAC, CCAFS, IRRI, IFPRI, World Bank, etc. have shown that the use of satellite, weather, soil and crop data, along with images/video capture of crop growth at various stages and accurate sample CCE data collection can improve the yield data quality/ timeliness and support timely claim processing and payments.
- 20.3.2 States, with the support of national centres as mentioned above, SRSC and SAUs, need to carry out adequate number of pilot studies for improved yield estimation using technology, as mentioned



above, and small number of good quality CCEs. When a significant correlation is observed between remote sensing and weather estimated yield and yield estimated through CCEs, States and Insurance Companies can use these technologies in estimating the crop yields at IU level, subject to the satisfaction of both States and Insurance Companies about the accuracy of the yield estimates, to service the claims.

#### 20.4 **To improve Yield-data Quality and Timeliness**

20.4.1 It has been observed that the normal CCE process being followed by the State for estimating yield is lacking in reliability, accuracy and speed, which affects claim settlement. There is a need for real time, good quality and reliable actual yield-data for which mandatory use of smart phones / hand held devices has to be done for capturing images, location of the CCE and for online transmission of data on National Crop Insurance Portal through CCEs Agri-app. RST using satellite and drones, weather data, model etc. may also be used for the purpose of increasing accuracy and speed of yield estimation through CCEs.

20.4.2 The cost of using technology etc. for conduct of CCE process specially purchase of smart phones/ hand held devices and use of technology (RST, Drone etc.) will be shared between Central Govt. and State Govts/ U.Ts on 50:50 basis, wherever necessary, subject to a cap on total funds to be made available by Central Govt. for this purpose based on approximate cost of procuring handheld devices/smart phones and other related costs (RST, Drone, etc).

20.5 Technology Fund: A technology fund will be created by GOI wherein resources shall be allocated for meeting 5% of GOI share/100% grant in various technological interventions undertaken by State Govt. funds as admissible. The fund shall be augmented with excess farmers share of premium surrendered by Insurance Company due to application of ACF and penalties imposed on Insurance Companies on account of poor performance by Insurance Companies as per the parameters outlined in Annexure 2

## 21. **Assessment of Claims**

### 21.1 **Wide Spread Calamities**

21.1.1 If 'Actual Yield' (AY) per hectare of insured crop for the insurance unit (calculated on basis of requisite number of CCEs) in insured season, falls short of specified 'Threshold Yield' (TY), all insured farmers growing that crop in the defined area are deemed to have suffered shortfall of similar magnitude in yield. PMFBY seeks to provide coverage against such contingency.

'Claim' shall be calculated at IU level as per the following formula:

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

Where Threshold Yield (TY) for a crop in a notified insurance unit is the average yield of best 5 years from past seven years of that season multiplied by applicable Indemnity Level for that crop

## 21.1.2 Illustration

In table below, assumed yield of wheat for the last 7 years is given for insurance unit area of "X". Calculation of TY for Rabi 2014-15 season is given in Table 7 below:

Year	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Yield(kg/ha)	4500	3750	2000	4250	1800	4300	1750

The years of 2012-13 and 2014-15 have the lowest yields.

Total of yields of seven years is 22350 kg/ha and that of two lowest yield years is 3550kg/ha i.e.(1800+1750). Therefore according to the provision, average of best five years excluding two lowest yield years will be  $(22350-3550=18800/5)$  i.e. 3760 kg/ha. Hence, threshold yield at 90%, 80% and 70% of indemnity levels will be 3384kg/ha, 3008kg/ha and 2632 kg/ha respectively.

## 21.2 **On Account Payment of Claims due to Mid-Season Adversity**

21.2.1 Insurance cover will be provided to the farmers to provide immediate relief in case of adverse seasonal conditions during the crop season viz. floods, prolonged dry spells, severe drought etc., wherein expected yield during the season is likely to be less than 50% of Normal Yield.

### 21.2.2 **Eligibility Criteria:**

21.2.2.1 All notified IUs would be eligible for "ON ACCOUNT" payment only if the expected Yield of the affected crop during the season is less than 50% of Normal Yield.

21.2.2.2 The provision could be invoked for a specific crop or group of crops in notified IU, by the State Govt. through damage notification based on the proxy indicators and depending on fulfilment of laid down conditions

21.2.2.3 The quantum of likely losses and the amount of 'on-account' payment shall be decided based on the joint survey by Insurance Company and State Govt. officials.

21.2.2.4 Only those farmers would be eligible for financial support under this cover who have paid the premium / the premium has been debited from their account before the damage notification by the State Govt. for invoking this provision for compensation. Banks must ensure to debit farmers premium within 15 days from sanction/renewal of KCC/crop loan to provide benefit of this add on products , failing which banks will be liable to meet the claim liabilities of uncovered eligible famers.

21.2.2.5 Amount payable would be 25% of the likely claims, subject to adjustment against final claims.

21.2.2.6 **If adversity occurs within 15 days before the normal harvest time, this provision will not be invoked.** Then the losses will not qualify under this provision.

21.2.3 **Proxy-Indicators:** Indicators to be used for loss intimation could be rainfall data, other weather data, satellite imagery, drought assessment reports of MNCFC and crop condition reports by district level/ State Govt. officials, supported by media report and field photographs. The State's notification should also spell out all the necessary details in this regard.

21.2.4 **Loss assessment procedure:**

21.2.4.1 Joint Committee of State Govt. and the Insurer for assessment of crop damage have to be formed and notified before start of the crop season by the SLCCCI for each district.

21.2.4.2 This Joint Committee shall decide the eligibility for On-Account payment based on the weather data (available AWS notified by the Govt.)/long term average rainfall data/satellite imagery supported by estimated yield losses at notified IU level. Loss intimation order has to be issued within 7days from the adverse seasonal event.

21.2.4.3 Based on the above report, a joint inspection of the affected area maybe done by Insurance Company along with State Govt officials for ground truthing using mobile phone App and arrive at the extent of loss.

21.2.4.4 Information/ Services of MNCFC, ISRO or SRSC may also be utilized for determination of extent of loss, using satellite data, for On Account payout.

21.2.4.5 If the expected loss of the affected crop is more than 50% of the normal yield for the Notified Insurance Unit, On-Account payment would be payable.

21.2.4.6 On-Account payment would be calculated as per following formula:

$$\frac{(\text{Threshold Yield}-\text{Estimated Yield})}{\text{Threshold Yield}} \times \text{Sum Insured} \times 25\%$$

21.2.5 **Timeframe for loss assessment and submission of report:**

21.2.5.1 An order will be issued by Nodal Dept. of State Govt. defining eligibility of On Account payment with details of affected IUs within 7 days from the occurrence of adverse seasonal event.

21.2.5.2 Loss assessment report at the affected insurance unit level has to be completed by the Joint Committee within 15 days from occurrence of the adverse seasonal event.

21.2.6 **Conditions:**

21.2.6.1 Mere disbursement/ sanction of loan without receipt/ debit of premium before the notification of calamity would not make a farmer eligible for the claim.

21.2.6.2 The On-Account payment would be disbursed by the Insurance Company without waiting for the receipt of final share of Govt. subsidy (Second Instalment)

21.2.6.3 On Account payment would be paid to all eligible insured farmers within one month of the notification invoking this provision by the State Govt. and subject to receipt of loss assessment report from State Govt..

21.2.6.4 These claims would be adjusted against the end season area approach yield based claims.

21.2.6.5 Bank would remit farmers' premium to Insurance Company, with farmers list, within 7 days of

intimation of loss under this section, if not uploaded earlier on Portal. However, this option must be exercised as a last recourse with proper justification.

## 21.2.7 Illustration

21.2.7.1 District 'A' has been affected by floods having 100 insurance units under Crop 'X'. Out of which 50 insurance units were severely affected and as per the weather indicators / agro-met data, it has been assessed that 30 IUs could have yield loss of more than 50% of the normal yield. Out of these 30 insurance units, estimated yield loss for 5 units is 80% (Category-I), for another 10 units, it is 70% (Category-II) and remaining 15 units, it is 60% (Category-III) of normal average yield. As per declarations received, if sum insured for notified areas in Category-I, Category-II and Category-III is Rs. 1 crore, Rs. 2 crore, and Rs 3 crore, respectively, then likely total claims will be Rs. 80 lakh, 140 lakh and 180 lakh, respectively. Hence on-account claims upto 25% shall be Rs.20 lakh, 35 lakh and 45 lakh, which will be released during the season subject to receipt of premium subsidy.

21.2.7.2 Detailed Procedure and Timelines On Account Payment of Claims due to Mid-Season Adversity is mentioned in Table 8 below:

Sl No.	Actions required to be taken	Actions to be taken by	Schedule for taking action
1	Formation of District Level Joint Committee ( <b>DLJC</b> ) under <b>Chairpersonship</b> of DC/DM with the following members for loss assessment survey <ul style="list-style-type: none"> <li>District Agriculture / Horticulture / Revenue Officer – <b>as Convener</b>,</li> <li>Concerned Insurance Company ,</li> <li>Representative of IMD from nearest Observatory, if available</li> <li>Representative of KVK / Agriculture University</li> <li>3 representatives from district farmers nominated by Agriculture Department</li> <li>District collector may co-opt experts ,</li> </ul>	State/ UT (SLCCCI)	It should be a part of main Notification to be issued by State/ UT for implementation of PMFBY. The composition of Committee should be notified in the PMFBY notification by the State/UT & first meeting should be held within a week after notification to familiarize the members with the procedure to be followed.
	Details of Govt.'s AWS/ARG in Notification to be issued by State/ UT for implementation of PMFBY for weather data supply including rainfall to DLJC.		To be included in the main notification of State Govt. itself
	In case Govt. AWS/ARG not available, Pvt. AWS/ARG can be notified		
	Tentative dates of crop-wise & district-wise sowing & harvesting		-do-
	Details of month-wise district-wise IMD's Long Period Average LPA of rainfall.		-do-

2	<p>After 1 month from normal sowing and before 15 days from the normal harvest time, fulfilment of eligibility of On-Account payment (i.e. 50% yield loss in standing crops to be compared with average yield as explained in Para 7.3 of PMFBY in notified insurance unit area) is to be decided based on occurrence of any one of the proxy Indicators occurring along with other proxy indicators of:-</p> <ul style="list-style-type: none"> <li>• Severe Drought Condition, as defined in the Drought Manual, 2016</li> <li>• Dry spells and drought declared by State/ UT</li> <li>• Abnormally Low / High temperature in comparison to LPA</li> <li>• Widespread incidences of Insect, Pest &amp; Diseases</li> <li>• Any other defined natural event including flooding which may lead to widespread losses</li> </ul> <p>Supported by Satellite Image based outputs to be provided by ISRO, MNCFC or any other Govt. approved agency, Govt. crop condition reports, and Media reports.</p>	DLJC	
3	<p><b>Keeping watch over breaching of set triggers of proxy indicators as mentioned above.</b></p> <p>Meeting of DLJC to be convened on breaching of any one of above triggers of excess rainfall, deficit rainfall and dry spells.</p>	District Agriculture / Horticulture / Revenue Officer (i.e. convener of DLJC)	Meeting of DLJC to be convened with relevant data, to be placed before the Committee and decision should be taken within 7 days from the occurrence of adverse seasonal event.
4	Visual loss assessment survey to be carried out for at least 5% of crop sown area at 10 different locations randomly spread over Insurance Unit (IU).	To be done by DLJC	Within 7 days of meeting of DLJC
5	Issue of notification to invoke the provision of on account payment for mid-season adversity.	State/ UT (SLCCCI)	Within 7 days from receipt of loss assessment survey report of DLJC
6	Assessment of likely losses & amount of 'on-account' payment based on the joint survey.	Insurance company	Within one month of the notification invoking this provision and receipt loss report by State/ UT subject to receipt of at least 50% govt. subsidy
7	Payment to eligible farmers (25% of likely claims)	Insurance company	

### 21.3 **Prevented / Failed Sowing and Prevented Planting / Germination Claims**

21.3.1 Insurance cover will be provided to farmers in case of widespread incidence of eligible risks (Section 5, para 5.1.1) affecting crops in more than 75% of area sown in a notified unit at early stage, but not later than 15 days from cut off date for enrolment, leading to total loss of crop or the farmers are not in a position to either sow or transplant the crop.

#### 21.3.2 **Eligibility Criteria:**

21.3.2.1 Notified IUs will be eligible for "Prevented Sowing/ Planting" pay-out only if more than 75% of Crop wise normal sown area for notified crop in the IU remained unsown/prevented sowing/germination failure during sowing period due to occurrence of widespread incidence of eligible risks.

- 21.3.2.2 The provision is invoked by the State Govt. through notification based on the proxy Indicators. Insurance Companies may also provide input to the State in this regard with substantial evidence for consideration within the stipulated time so that claim of Insurance Companies may be verified by them. If Insurance Company makes such a case then State Govt. is bound to get it examined within a stipulated time of 7 days and in case State Govt. thinks that Prevented Sowing is not made out then they should inform Insurance Companies giving cogent reasons for the same.
- 21.3.2.3 Only those farmers would be eligible for financial support under this cover who have paid the premium / the premium has been debited from their account before the damage notification by the State Govt. for invoking this provision for compensation. Banks must ensure to debit farmers premium within 15 days from sanction/renewal of KCC/crop loan to provide benefit of this add on products , failing which banks will be liable to meet the claim liabilities of uncovered eligible farmers.
- 21.3.2.4 The State Govt. would notify crop wise and agro-climatic zone or district wise cut-off dates by which, this provision could be invoked but this notification should not be later than 15 days from cut off date for enrolment of farmer.
- 21.3.2.5 Insurance companies may appeal to invoke prevented sowing within prescribed period with proper evidence. In case, this provision is not invoked by the DL JC, Insurance Company may escalate the same in writing to State Govt.
- 21.3.3 **Proxy-Indicators:** Indicators to be used for loss intimations could be rainfall data, other weather data, satellite imagery and crop condition reports by district level / State Govt. official, media reports and area sown data released by State Govt.
- 21.3.4 **Loss assessment procedure:**
- 21.3.4.1 State Govt. would declare a notified IU as having suffered Prevented or Failed Sowing/Planting conditions with approximate areas in percentage of the unit.
- 21.3.4.2 The lump sum payout under this cover would be 25% of the sum insured and the insurance cover will be terminated.
- 21.3.5 **Conditions:**
- 21.3.5.1 The cover will be available for major crops only.
- 21.3.5.2 Mere disbursement/ sanction of loan without receipt/ debit of premium before the notification of calamity won't make a farmer eligible for claim.
- 21.3.5.3 This provision would be needed to be notified within 15 days of the cut-off date of enrolment by the State Govt., beyond which if invoked, no claim would be payable.
- 21.3.5.4 The Insurance Company would disburse the claim within 30 days of the State's order / notification invoking the event of the insured risk, subject to the data on estimated area sown having been received from State Govt.



- 21.3.5.5 The pay-out under the cover would be disbursed by the Insurance Company without waiting for the receipt of final Govt. share of premium subsidy.
- 21.3.5.6 Insurance Cover would terminate for the affected crop in a Notified Insurance Unit once a claim under this section is invoked and the affected Insurance Unit/ Crop would not be eligible for area yield based claim calculated at the end of the season.
- 21.3.5.7 Once this provision is invoked, no fresh enrolment of farmers for the affected notified crops and areas would be done.
- 21.3.5.8 Once exigency is invoked it applies to all the insured farmers in the Notified Insurance Unit for a given crop, including for those whose crop survived.
- 21.3.5.9 Bank would remit farmers' premium to Insurance Company, with loanee farmers list, within 7 days of intimation of loss under this section, if not uploaded earlier on Portal. However, this option must be exercised as last recourse with proper justification.

### 21.3.6 Illustration

District 'B' with 100 insurance units has been affected by dry-spell at the beginning of crop season, consequently about 80% of the area could not be sown in about 50 insurance units for groundnut crop, where per hectare sum insured is Rs. 20,000. As per provision of payment for prevented sowing, the benefit payable is sum insured X 25%, which on a sum insured of Rs.20,000 works out to Rs.5000 in the 50 insurance units which have morethan75% area which could not be sown.

- 21.3.6.1 Detailed Procedure and Timelines for payment of Prevented / Failed Sowing and Prevented Planting / Germination Claims is mentioned in Table 9 below:

Sl. No.	Actions required to be taken	Action to be taken by	Schedule for taking action
1	Formation of District Level Joint Committee (DL JC) under <u>Chairpersonship</u> of DC/DM with the following members for loss assessment survey <ul style="list-style-type: none"> <li>• District Agriculture / Horticulture / Revenue Officer – as Convener,</li> <li>• Concerned Insurance Company</li> <li>• Representative of IMD from nearest Observatory,</li> <li>• Representative of KVK / Agriculture University</li> <li>• 3 representatives from district farmers nominated by Agriculture Department</li> </ul>	State/ UT (SLCCCI)	It should be a part of main Notification to be issued by State/ UT for implementation of PMFBY. The composition of Committee should be notified in the PMFBY notification by the State/UT & first meeting should be held within a week after notification to familiarize the members with the procedure to be followed.
	Details of Govt.'s AWS/ARG (at appropriate level according to availability) in Notification to be issued by State/ UT for implementation of PMFBY for weather data supply including rainfall to DLJC		To be included in the main notification of State Govt. itself
	Major crops should be declared based on criteria defined in the OGs (para___) and they should be mentioned in notification issued by State Govt.		-do-
	District-wise tentative <u>time period and cut off dates</u> for sowing of major crops.		-do-

	*Cut-off date for applicability of prevented sowing provision shall be one month from the cut-off date for sowing subject to this cut off being not later than 15 days from cut off enrolment date.		
	Details of month-wise district-wise as per IMD's Long Period Average (LPA) of rainfall		-do-
2	To make available the details of insurance unit Area-wise normal sown area (Para 25.3) current season's sown area to insurance company	State/ UT	Within one month of normal sowing as mentioned in notification
3	Decision to be taken about fulfilment of eligibility of more than 75% affected area of sown area in the notified insurance unit area <u>within one month</u> of sowing based on occurrence of any one of the proxy Indicators occurring along with other proxy indicators:- <ul style="list-style-type: none"> <li>• Severe Drought Condition, as defined in the Drought Manual, 2016</li> <li>• Dry spells and drought declared by State/ UT</li> <li>• Abnormally Low temperature recorded at nearest Govt. AWS / Observatory in comparison to LPA for Rabi season</li> <li>• Widespread Flood Supported by Satellite Imageries , soil moisture, hydrological parameters , sowing information , Govt. crop condition reports, Media reports,</li> </ul>	DLJC	Definitions & interpretations regarding proxy indicators would be applied as per IMD's guidelines as below.  %age w.r.t. LPA  Excess (+) 20 or more Normal (+) 19 to (-) 19  Definitions & interpretations regarding proxy indicators for drought would be applied as per Drought Manual 2016.
4	Keeping watch over the breaching of set triggers of proxy indicators as mentioned above. Meeting of DLJC to be convened on breaching of any one of proxy indicators as mentioned above.	District Agriculture / Horticulture / Revenue Officer (i.e. convener of DLJC) Besides, if Insurance Company notice the occurrence of prevented sowing & failure of sowing / planting / germination, then they can also report and appeal to DLJC for invoking the claims under the provision.	Meeting of DLJC to be convened with relevant data, to be placed before the Committee and decision should be taken within 7 days from the occurrence of adverse seasonal event.
5	Survey of assessment for more than 75% affected sown area in the notified insurance unit area and submission of report to SLCCCI.	To be done by DLJC	Within 7 days of meeting of DLJC
6	Issue of notification to invoke the provision of prevented sowing & failure of sowing / planting / germination.	State/ UT (SLCCCI)	Within 7 days from receipt of loss assessment survey report of DLJC
7	Supply of the details of farmers & area insured along with total premium (farmers share & Govt. subsidy) debited to Insurance company. This is prerequisite condition for making payment.	Banks (loanee & non-loanee) and Intermediaries (non-loanee)	Within 15 days from the occurrence of adverse seasonal event. This should be processed on parallel basis with survey and issue of notification.
8	Payment to eligible farmers (25% of sum insured) N.B.: no other payouts after payment under this provision will be applicable.	Insurance company	Within one month of the notification invoking this provision without waiting for Govt. subsidy.

## 21.4 **Post-Harvest Losses due to unseasonal rains etc**

21.4.1 Provision has been made for assessment of yield loss on individual plot basis in case of occurrence of hailstorm, cyclone, cyclonic rains and unseasonal rains resulting in damage to harvested crop lying in the field in 'cut and spread' / small bundled condition for drying upto maximum period of two weeks(14 days) from harvesting , for sole purpose of drying. For the purpose of indemnification of post harvest crop losses, unseasonal rains shall be triggered when the excess rainfall is more than 20% over long period average over the month for that district subject to confirmation of the damage in the Joint survey to be conducted by concerned State Govt. and Insurance Company.

### 21.4.2 **Eligibility criteria:**

21.4.2.1 Available to all insured farmers, at farm unit level, affected by above mentioned perils in a Notified Insurance Unit growing notified crops for which insurance have been availed.

21.4.2.2 Available for all crops damaged by specified perils, which are left in the field after harvesting in " cut and spread condition"/small bundled conditions for drying upto a period of 14 days from harvest. State Govt. shall also notify the normal harvesting period of each crop.

21.4.2.3 **Proxy-Indicators:** Rainfall data substantiated by media Report in the local media or reports of the Agriculture/ Revenue Department supported by media Report and other evidences.

### 21.4.3 **Loss assessment procedure:**

#### 21.4.3.1 **Time and method of reporting the loss/claims**

- Immediate intimation (within 72 hours) by the insured farmer to any one as detailed in para 21.4.3.2 below.
- Intimation must contain details of survey number-wise insured crop and acreage affected.
- Premium payment verification to be done from portal and in case of need, may be verified from the bank and bank shall provide the payment verification within next 48 hours of receipt of such request.

21.4.3.2 **Channel of reporting, i.e. Whom to be reported:** Intimation may be given within 72 hours by farmer either directly to the insurance company, concerned bank, local agriculture department Govt./district officials or through toll free number (*Centralised dedicated Toll Free Number for claim intimation/ intimations can be redirected within 48 hours to respective Insurance Companies through backend*) to the insurance company or on NCIP. First mode of intimation will be centralised Toll Free Number, followed by the order/loss report issued by concerned officials of district administration to Insurance Company for conducting the individual level investigations The concerned bank/intermediary would verify the insured details like crop insured, sum insured, premium debited and date of debit & remittance for conducting investigation/assessment.

#### 21.4.4 **Documentary evidence required for claim assessment:**

21.4.4.1 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.

#### 21.4.5 **Appointment of Loss Assessors by the Insurance Company:**

21.4.5.1 The loss assessors would be appointed by the Insurance Company for assessment of Post-harvest losses (Yield- index Insurance). The loss assessors appointed should possess following experience and qualification:

- Diploma in any subject with minimum 2 years relevant experience /degree in Agri and allied subjects with one year experience).
- Retired Govt. officials of Agriculture/ Horticulture/ Extension Department
- Retired Bank officials with experience of crop loaning or KCC.

21.4.5.2 For compliance of the above provisions the Insurance Companies would empanel the suitable loss assessors for using their services as and when required.

21.4.5.3 The loss would be jointly assessed by a team comprising of loss assessor appointed by the insurer, block level agriculture officer and the concerned farmer.

#### 21.4.6 **Time frame for loss assessment and submission of report**

21.4.6.1 Appointment of loss assessor within 48 hours from receipt of information

21.4.6.2 Loss assessment to be completed within next 10 days

21.4.6.3 Claim settlement/payment to the farmers to be completed in next 15 days (subject to receipt of premium) from loss assessment report.

21.4.6.4 If the affected area under a notified crop is more than 25% of the total cropped area in a notified insurance unit, all the eligible farmers (who have taken insurance for the notified crop, which has been damaged, and informed about occurrence of calamity in the farm within the stipulated time) in the notified insurance unit would be deemed to have suffered post harvest loss and would be eligible for financial support. Percentage of loss would be arrived at by the Insurance Company through requisite percentage of sample survey as decided by the Joint Committee of the affected area.

21.4.6.5 If the claim on area approach (based on CCEs) is more than the claims of the Post harvest losses, the difference in the claims will be payable to affected farmers. If claim for Post Harvest is higher, no recovery will be applicable from affected farmers.

#### 21.4.7 **Conditions:**

21.4.7.1 Mere disbursement/ sanction of loan without receipt/ debit of premium before the occurrence of insured peril would not make a farmer eligible for claim.

21.4.7.2 When affected area is limited up to 25% of total cropped area in the notified insurance unit, the losses of eligible farmers would be assessed individually provided they have paid premium prior to occurrence of insurance peril.

21.4.7.3 The pay-out under the cover would be disbursed by the Insurance Company only after the receipt of final Govt. share of premium subsidy (second instalment)

21.4.7.4 The Insurance Company would disburse the claim, if payable, within 15 days of receipt of loss survey report.

21.4.7.5 If end of season claim based on the yield data is more than the claim under this cover, the balance would be paid at the end of the season under wide spread claims.

#### 21.4.8 **Illustration**

- Sum Insured for a crop=Rs.50,000
- Affected area of the I.U.=80%(eligible for sample survey)
- Assessed loss in the affected area/fields due to operation of insured peril= 50%
- Claims Payable under Post Harvest loss=Rs.50,000×50%=Rs25,000
- End of season reported shortfall in yield=60% in respect of Threshold Yield
- Claim estimated based on 'area approach' at IU level=Rs.50,000×60%= Rs.30,000
- Balance payable at end of season = Rs. 30,000 - Rs. 25,000 = Rs. 5,000

21.4.8.1 Detailed Procedure and Timelines for payment of Post Harvest Loss is mentioned in Table 10 below:

Sl. No.	Actions required to be taken	Action to be taken by	Schedule for taking action
1	Intimation may be given within 72 hours by farmer either directly to the insurance company, concerned bank, local agriculture department Govt./district officials or through toll free number ( <i>Centralised dedicated Toll Free Number or NCIP for claim intimation/intimations can be redirected within 48 hours to respective Insurance Companies through backend</i> ) to the insurance company. First mode of intimation will be centralised Toll Free Number	Affected farmer(s) through his own mobile or land line phone or any his own media. Farmer should inform his bank account number (loan account for loanee farmer and savings account for non-loanee farmer) or Enrolment number generated from portal.	Within 72 hours from the occurrence of peril
2	Forwarding of information / intimation of the farmer(s) to Insurance Company either using company's web link or on NCIP	Bank/PACS, Local Agriculture Department / District officials	Within 48 hours from receipt of information / intimation from the farmer(s)

3	Appointment of loss assessor as per qualifications & experience laid in OGs of PMFBY	Insurance company	Within 48 hours from receipt of information / intimation
4	Assessment of yield loss	Jointly by loss assessor, block level agriculture officer and affected farmer(s)	Within 10 days of appointment of loss assessor by the company
5	Assessment of affected area in term of % of area insured	Above Joint Committee and Insurance Company	
6	Get verification of details of affected insured farmer(s) from bank using company's web link or on Central Portal	Insurance company	Within 7 days of the loss intimation
7	Claim-payment to affected intimated farmers	Insurance company	Within 15 days from receipt of loss assessment report subject to receipt of full Govt. share of subsidy (2 <sup>nd</sup> instalment)

## 21.5 Localized Risks

21.5.1 The Scheme provided for insurance cover at individual farm level to crop losses due to occurrence of localized perils/ calamities viz. Hailstorm, Landslide, Inundation, Cloud burst and Natural fire due to lightning affecting part of a notified unit or a plot.

21.5.1.1 For the purpose of indemnification of crop losses due to inundation as localised claim, Inundation is a situation where insured field is covered or submerged by water due to rise in water level by rainwater that has fallen naturally from the sky or from an artesian well or flood water locally and where water stays for prolonged period and causes visible damage to the crop.

### 21.5.2 Eligibility Criteria:

21.5.2.1 Available to all insured farmers, at farm unit level, affected by above mentioned perils in a Notified Insurance Unit growing notified crops for which insurance has been availed.

21.5.2.2 Maximum liability is limited to proportionate Sum Insured of damaged crop's area and the pay-out under this provision would be in proportion to cost of inputs, incurred up to the occurrence of insured peril.

21.5.2.3 Only those farmers would be eligible for financial support under this cover who have paid the premium/the premium has been debited from their account before occurrence of the insured peril

21.5.2.4 If the pay out under area approach (based on CCEs data) is more than localized losses, the higher claims of two will be payable to insured farmers.

21.5.2.5 If the affected area under a notified crop is more than 25% of the total insured area in a notified insurance unit, all the eligible farmers (who have taken insurance for the notified crop, which has been



damaged, and informed about occurrence of calamity in the farm within the stipulated time) in the notified insurance unit would be deemed to have suffered localised loss and would be eligible for financial support.

21.5.2.6 Percentage of loss would be arrived at by Insurance Company through requisite percentage of sample survey as decided by the Joint Committee of the affected area.

21.5.3 **Proxy-Indicators:** Report in the local media or reports of the Agriculture/ Revenue Department, weather data, etc.

21.5.4 **Loss assessment procedure:**

21.5.4.1 **Time and method of reporting the loss/claims**

- Immediate intimation (within 72 hours) by the insured farmer to any one as detailed in Para 21.5.4.2 below.
- Intimation must contain details of survey number-wise insured crop and acreage affected.
- Premium payment verification to be done from portal and in case of need, may be verified from the bank and bank shall provide the payment verification within next 48 hours of receipt of such request.
- Mobile application may be used for reporting incidence of localized risks for intimation of events including longitude/latitude details and pictures using Mobile App to be developed by DAC&FW.

21.5.4.2 **Channel of reporting i.e. Whom to be reported:** Intimation may be given within 72 hours by farmer either directly to the insurance company, concerned bank, local agriculture department Govt./district officials or through toll free number (*Centralised dedicated Toll Free Number for claim intimation/ intimations can be redirected within 48 hours to respective Insurance Companies through backend*) to the insurance company or on NCIP. First mode of intimation will be Centralised Toll Free Number followed by the order/loss report issued by concerned officials of district administration to Insurance Company for conducting the individual level investigations. In case the concerned farmer's details are not available on National Crop Insurance Portal, the concerned bank/intermediary would verify the insured details like crop insured, sum insured, premium debited and date of debit & remittance for conducting investigation/assessment.

21.5.5 **Documentary evidence required for claim assessment,**

21.5.5.1 Duly filled Claim form along with all relevant documents is necessary for payment of claims. However, if information on all the columns is not readily available, semi-filled form may be sent to the Insurance Company and later within 7days of the loss, filled form may be submitted.

21.5.5.2 Evidence of crop loss through capturing pictures using mobile applications

21.5.5.3 IMD report, Media report, Local Newspaper cutting to substantiate occurrence of loss event and severity of the loss, if any.

#### 21.5.6 **Appointment of Loss Assessors by the Insurance Company:**

21.5.6.1 The loss assessors would be appointed by the Insurance Company for assessment of losses due to incidence of Localized Risks (Yield –index Insurance). The loss assessors appointed by the Insurance Companies should be in accordance with the IRDAI provisions. The loss assessors appointed should possess following experience and qualification:

- Diploma in any subject with minimum 2 years relevant experience /degree in Agri and allied subjects with one year experience).
- Retired Govt. officials of Agriculture/ Horticulture/ Extension Department having Diploma/B.Sc(Ag.) degree.
- Retired Bank officials with experience of crop loaning or Kisan Credit Card (KCC).

21.5.6.2 For compliance under the above provisions the Insurance Companies would empanel the suitable loss assessors for using their services as and when required.

21.5.6.3 The loss would be jointly assessed by a team comprising of loss assessor appointed by the insurer, block level agriculture officer and the concerned farmer.

#### 21.5.7 **Time frame for loss assessment and submission of report**

- Appointment of loss assessor within 48 hours.
- Loss assessment to be completed within next 10 days.
- Claim settlement to be completed in next 15 days (subject to receipt of farmers premium)
- Maximum liability would be limited to proportionate Sum Insured of damaged cropped area.

#### 21.5.8 **Conditions:**

21.5.8.1 Mere disbursement/sanction of loan without receipt/debit of premium before the occurrence of insured peril would not make a farmer eligible for claim.

21.5.8.2 When affected area is limited upto 25% of total insured area in the notified insurance unit, the losses of eligible farmers would be assessed individually provided they have intimated and paid premium prior to occurrence of insurance peril. Intimation is a pre condition to get benefit for localized claim. Intimation at the time of survey would also be considered

21.5.8.3 The pay-out under the cover would be disbursed by the Insurance Company only after the receipt of at least advance Govt. share of premium subsidy (1<sup>st</sup> instalment).

21.5.8.4 The Insurance Company would disburse the claim, if payable within 15 days of survey of loss.

21.5.8.5 If, at the end of season, based on the yield data, claim is more than the claim under this cover, the balance would be paid at the end of the season under wide spread claims.

21.5.8.6 Farmers getting enrolled or whose premium is debited after occurrence of insurance peril would not be eligible for financial support under this cover.

21.5.8.7 Bank would remit farmers' premium to Insurance Company, with farmers list, within 7 days of intimation of loss under this section, if not uploaded earlier on Portal.

#### 21.5.9 Illustration

- Sum Insured for a crop=Rs.30,000
- Assessed loss in the affected area due to operation of insured peril=40%
- Claims Payable under this cover=Rs.30,000×40%=Rs12,000
- End of season reported short fall in yield=60% w.r.t. TY
- Claim estimated based on 'area approach' at IU level=Rs.30,000×60%= Rs.18,000
- Balance payable at end of season = Rs. 18,000 - Rs. 12,000 = Rs. 6,000

21.5.9.1 Detailed Procedure and Timelines for payment of Localized claims due is mentioned in Table 11 below:

Sl. No.	Actions required to be taken	Action to be taken by	Schedule for taking action
1	Information / intimation to Insurance Company directly Or any one of the concerned- a) Bank/PACS, b) Local Agriculture Department / District officials either through toll free number or mobile app (to be notified in notification by States / UTs) or written report about occurrence of landslide, hailstorm and inundation*before 15 days from the normal harvest time as notified by State/ UTs supported by Information of IMD / Local Media, Reports of Agriculture / Revenue Departments, Media Reports	Affected farmer(s) through his own mobile or land line phone or any his own media.  Farmer should inform his bank account number (loan account for loanee farmer and savings account for non-loanee farmer) or Enrolment number generated from portal.	Within 72 hours from the occurrence of peril
2	Forwarding of information / intimation of the farmer(s) to Insurance Company either using company's web link or on NCIP	Bank/PACS, Local Agriculture Department / District officials	Within 48 hours from receipt of information / intimation from the farmer(s)
3	Appointment of loss assessor as per qualifications & experience laid in OGs of PMFBY	Insurance company	Within 48 hours from receipt of information / intimation
4	Loss assessment	Jointly by loss assessor, block level agriculture officer and affected farmer(s)	Within 72 hours of appointment of loss assessor by the company.
5	Assessment of affected area in term of % of area insured**	Jointly by Insurance Company & block level Agriculture Officer	
6	Get verification of details of affected insured farmer(s) from bank using company's web link or on Central Portal	Insurance company	Within 7 days of the loss intimation

7	Claim-payment to affected farmers	Insurance company	Within 15 days from receipt of loss assessment report subject to receipt of at least 50% govt. subsidy
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\*1) Crop damage should have occurred on account of inundation, mere water logging without corresponding crop loss will not be considered

2) Inundation peril is not applicable in case of hydrophilic crops like Paddy, Sugarcane Jute & Mesta.

\*\* If affected area is more than 25% of insured area of notified crop in notified insurance unit then the losses are not individual but are widespread therefore, all eligible claimant insured farmers would be paid ad-hoc claims for localized losses.

## 22. Participation of Loss Assessors/Evaluators for Loss Assessment under of the Scheme

### 22.1 Empanelment Criteria

22.1.1 The agencies having relevant field experience, financial and infrastructural strength, sufficient skilled manpower having Diploma in any subject with minimum 2 years relevant experience or degree in Agri and allied subjects with one year relevant experience in crop loss assessment and having desired operational capabilities shall be empanelled by DAC & FW for carrying out the crop loss evaluation/assessment across the country and shall be individually engaged/selected by the concerned Insurance Company for implementation of PMFBY. Agencies having infrastructure/capacity to provide technical services like Drones/RST/mobile/web applications will be given priority.

22.1.2 Once loss assessment/evaluation agency has been empanelled by DAC & FW, it is considered as pre-qualified company to participate/engage with concerned Insurance Company to undertake loss evaluation/assessment of losses under the provisions of the Scheme, however concerned Insurance Company will be responsible for maintaining quality of services being delivered by such agencies.

22.1.3 Once empanelled, the performance of such agencies will be evaluated after two consecutive seasons against vital parameters defining service and quality standards as described below by the Committee headed by Joint Secretary/Additional Secretary of DAC&FW and non-performing agencies shall be de-empanelled for a period of 2 consecutive seasons.

22.1.4 Detailed guidelines on accreditation of loss assessment agencies shall be prepared by the Committee comprising of members from IASRI, NSSO, MNCFC, Economic and Statistical Advisor-DES, empanelled Insurance Company, GIC-Re, representatives from State Nodal Departments etc. These guidelines will enable empanelment/de-empanelment of agencies based on set performance parameters to maintain desired quality and standardization of protocols and processes.

Table 11: Criteria for Performance Evaluation and Ranking of Loss Assessment Agencies

S. No	Service Level Agreements (SLA's)	Source of data	Monitoring method	Periodicity	Points criteria
1	CCE Co-observance	Computed from the CCE upload data in National Crop Insurance Portal.	Co-observance of CCEs	Based on the CCE data made for each season	If 51% to 75% : 3 points If less than 50% : 5 points
2	Mid-term/localized Loss Assessment/Post Harvest Loss Assessment	List of mid-term/Localized loss assessment/post harvest loss assessment reported on the Crop insurance Portal.	Loss Assessment with the timelines prescribed in the OG	Based on the claims made for each season	If partial timelines are met: 3 points If no timelines are met : 5 points
3	Qualified Human resources each at a block/equivalent level	Report from insurance company	Details of the manpower on the letterhead of the Insurance Company to be given to SNA	At least 15 days before enrolment cut-off date	If not appointed till before 15 days : 3 point If not appointed at all : 5 points
4	Organizing of training/capacity building workshops as per the guidelines	Report from insurance company	Report by Insurance Company to State Department within 7 days of workshop	At least 15 days before start of each season	If not conducted 15 days before the enrolment cut-off date : 3 points If not conducted at all : 5 points
5	District office in all districts being served	List of offices with their contact details provided to State Department by insurance company	District offices are established and staffed	Within 30 days from award/bid opening	If not set up within 30 days from award/bid opening : 3 points If partially set-up or not set-up at all : 5 points

22.2 Performance severity of Loss Assessors:

Threshold limit	Severity
5-8 points	1% of total service charges for the concerned agency for the season
9-14 points	2% of total service charges for the concerned agency for the season
15- 22 points	3% of the total service charges for the concerned agency for the season
>= 23 points	5% of total service charges for a season, cancellation of renewal/continuation for next season and de-empanelment
False intimations on any of the above parameters	Investigations to be called against the loss assessment agency & if found false, cancellation of renewal/continuation for next season and loss assessment agency to be de-empanelled

## 23. Procedure for Settlement of Claims to the farmers

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- 23.1 Tentative final share of Govt. subsidy (2<sup>nd</sup> instalment), both Central and State, on the basis of business statistics finalized on portal after 30 days of period specified for auto approval of applications on portal should have been received by Insurance Company to enable them to settle the Actual Yield based claims arising out of wide-spread calamity as well as for claims against post harvest losses. However, for settlement of On-Account payment of claims, prevented sowing/planting/germination claims and Localized calamity claims, advance subsidy (1<sup>st</sup> instalment) of 50% of 80% of respective Central/State Govt. share in corresponding previous season should have been received for the season/area(s)
- 23.2 Threshold Yield for all notified crops at each IU level shall compulsorily be part of the notification for the season and shall not change at any point during that season. Crop-IU wise historical Average Yield, Calamity Years, Indemnity level and Threshold Yield shall be uploaded on the Portal by the concerned State Nodal Department at the time of release of notification only and shall be verified and accepted by the concerned Insurance Company within given timelines. In order to avoid manipulation/misuse of information at field level, **threshold Yield shall not be a part of public information before payment of claims for that season.**
- 23.3 The DLMC will be required to upload/enter the details of crop loss as per the Joint Loss Survey conducted by DLJC for all intermediate loss events viz. prevented sowing/planting/germination failure & Mid-season Adversity on the National Crop Insurance Portal. Similarly, the crop loss details for localized losses and post-harvest loss events shall be entered by the concerned Insurance Company on the Portal. Once the Actual Yield data is available on the Portal, the same shall be verified and approved by the concerned District/State authorities. For those experiments which were conducted offline/without mobile application, the Actual Yield data shall be uploaded by the concerned District administration or State nodal department on the Portal itself.
- 23.4 The loss reports and Actual Yield data shall be approved/reverted (in case of any discrepancy/concern on the authenticity/correctness of report/data) by the Insurance Company based on which the eligible claims shall be calculated through the Portal and accordingly the payment of claims shall be initiated by the concerned Insurance Company and remitted directly into beneficiary account as per pre-defined timelines. The application wise payment details viz. amount, reference number, date etc. shall be entered/ synchronised with the National Crop Insurance Portal for future reference and audit purpose.
- 23.5 In case of widespread calamity (end of season claims), once yield data is received/finalized from State Govt. as per the cut-off-dates decided, claims will be worked out on the National Crop Insurance Portal as per declarations/ approved proposals & covered farmer's data received from banks / channel partners / insurance intermediaries for each notified area and crops and accordingly the claims will be approved by Competent Authority of implementing Insurance Company.
- 23.6 In case of farmers covered through Financial Institution, claims shall be released only through electronic transfer directly into insured farmer's given bank account, followed by details containing claim particulars, to individual bank branches/ nodal banks; Bank Branch should also display particulars



of claim disbursement on notice board to enable spread of awareness and inclination amongst farming community for risk mitigation through crop insurance. Insurance Company is required to compulsorily upload the claim details against each insured farmer on National crop insurance Portal.

- 23.7 In case of farmers covered on voluntary basis through intermediaries, payable claims will directly be credited to the bank accounts of concerned insured farmers and details of the claims may also be intimated to them. The list of beneficiaries shall also be uploaded on National Crop Insurance Portal immediately.
- 23.8 In case of claims under prevented/failed sowing, localized calamities, post-harvest losses; Insurance Company will process the claims after assessment and shall release the claims as per detailed procedure given in the relevant sections above.
- 23.9 The claim settlement intimation shall be sent to each beneficiary farmer through SMS from the Portal itself. State Govts, Banks & Insurance companies shall ensure correctness of data before hand viz. Threshold Yield, Actual Yield, Insured Area, Sum Insured and Indemnity levels etc. Responsibility of any error, omissions and mis-reporting shall lie with the concerned State Nodal Department and insurance Company. State Govt. & Insurance Companies shall resolve all the grievances of the insured farmers and other stakeholders in the shortest possible time.
- 23.10 In any situation, State Govt. can not reopen/ re calculate claims after 30 days of claims settlement for notified crop(s) at notified unit. Disputed claims / sub-standard claims, if any, due to erroneous data may be referred within this time to SLCC/STAC and further to Technical Advisory Committee (TAC), if required, for consideration and decision

## **24. Important Conditions /Clauses Applicable for Coverage of Risks**

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- 24.1 Insurance companies should have received the premium for coverage either from bank, channel partner, insurance intermediary or directly. In case of any loss in transit due to negligence by these agencies or non remittance of premium by these agencies, the concerned bank/intermediaries shall be liable for payment of claims.
- 24.2 **In case of any substantial misreporting by nodal bank /branch in** case of compulsory farmers coverage, the concerned bank only shall be liable for such mis-reporting.
- 24.3 Mere sanctioning/ disbursement of crop loans and submission of proposals/ declarations and remittance of premium by farmer/bank, without explicit intent to raise the crop, does not constitute acceptance of risk by Insurance Company.

## 25. Acreage discrepancy

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- 25.1 Some areas in the past have reported excess insurance coverage vis-à-vis planted acreage, leading to over-insurance. Ideally the discrepancy should be handled at farm level to protect the interest of farmers with genuine insurance coverage. All suitable measures are being taken by concerned stakeholders for de duplication with the help of Aadhaar Number, land records, banks records, revenue records and proposal/loan application of insured farmers. The details of individual insured farmers are being collected on National Crop Insurance Portal for de duplication. However, in the absence of digitized farm records on a GIS platform and its integration with the Portal, it would be cumbersome to physically verify each farm when the reported discrepancies are comparatively large compared to the sown areas. Moreover, the scheme also covers the risk of prevented sowing/germination failure which is not being included in sowing areas furnished by the State Government for arriving of sown area of crop the during the season. State wise List of such major crops will be notified by DAC&FW in consultation with MNCFC from time to time before beginning of every season.
- 25.2 Under the scheme, notified crops are being insured by the Insurance companies on the basis of actuarial premium rate, hence, it is not their prerogative to reduce the Sum Insured and resultant claims on the application of ACF. However, to rationalize the government subsidy, it the responsibilities of all concerned stakeholders including farmers and financial institutions to insured the crop which farmer actually intend to sow/actually sown. Option to change the insured crop has also been provided under the scheme for reporting of crop(s) actually sown for the insurance. There is also a provision to indemnify the crop losses due to localized perils on the basis of survey of individual plot/field under insured crops. Any wrong reporting of insured crops may lead to forfeiting of claims, if the crop actually sown and insured will be different.
- 25.3 Area Discrepancy will be applied only to those major crops for which Normal area sown data at the Block/Taluka level shall be provided by MNCFC based on the remote sensing data etc after factoring the areas remains unsown and failed germination/plantation due to adverse climatic conditions and shall be made available on National Crop Insurance Portal. No other data from any source including State Govt. will be considered.
- 25.4 However, any mass irregularities/anomalies in insuring of excess area i.e. more than the published cultivable area at Taluka level should compulsorily be brought to the notice of DAC&FW, in writing after cut off date of enrolment but before the period specified for reconciliation with banks along with facts/documents and list of bank branches etc so that the same may be examined by the Government and rectified by concerned bank itself before finalisation of business Statistics for the season on Portal
- 25.5 Decision of GOI in applicability of discrepancy in insured area shall be binding on all.
- 25.6 If the difference between insured area and sown area provided by MNCFC is >30% at Block/Tehsil/ Taluka , all IUs of such Block/Tehsil/ Taluka will fall under acreage discrepancy category and should be treated as having 'excess' insurance coverage.
- 25.7 Data on application of ACF shall be uploaded on National Crop Insurance Portal.

- 25.8 Accordingly excess insured area shall be treated as un-insured and corresponding farmer's premium will be forfeited and the same will be surrendered to Technology Fund of GOI and may be utilized for leveraging technology in PMFBY for improvement of technology/research/Impact assessment etc and towards assistance to States for cost of incremental CCEs
- 25.9 Premium subsidy refunded by ICs due to application of ACF shall be refunded to Central/State Govt. in ration of 50:50

## 26. Publicity and Awareness

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- 26.1 Adequate publicity needs to be given in all the villages of the notified districts/areas. All possible means of electronic and print media, farmer's fair, exhibitions, SMS, short films, and documentaries shall be utilized to create and disseminate awareness about provisions and benefits of the Scheme among the cultivators and the agencies involved in implementing the Scheme. Agriculture/Cooperation Departments of the State shall work out appropriate plan for awareness generation and publicity on an on-going basis from **three months** prior to the start of coverage period. Similarly, Insurance Companies will conduct Publicity and Awareness immediately on receipt of award of work. All the publicity material/ information should necessarily be uploaded on the National Crop Insurance Portal along with coverage/frequency/ duration date etc.
- 26.2 The State Govt./ UT in collaboration with Insurance Companies shall also chalk out plan for capacity building of the associated agents, banks etc for effective implementation of the Scheme and organize training workshops/ sensitization programme for them in association with participating Insurance Companies.
- 26.3 Insurance company should spend 0.5% of the total gross premium for publicity expenses at the field level and the corresponding details should be submitted to GOI and State govt. at the end of every season. In case of expenditure in this category is less than 0.5% of Total Gross Premium, the IC shall deposit the difference in Technology fund within 3 months of cut off date for enrolment.

## 27. Service Charges

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- 27.1 **To Banks**
- 27.1.1 Bank and other financial institutions etc. shall be paid service charges @ 4% of the farmer's share of premium by Insurance Company as generated from the Portal and within the 15 days of finalization of business statistics. Rural agents engaged in providing insurance related services to farmers may be paid appropriate commission as decided by Insurance Company, subject to cap prescribed under IRDAI regulations. If there is delay in payment of service charges by Insurance Company beyond 15 days of finalization of business statistics, amount needs to be paid with interest @12% p.a.
- 27.1.2 Even if the farmer's share of premium is contributed/financed by the concerned State Govt. the applicable service charges shall be paid by the concerned Insurance Company only.
- 27.1.3 No service charges will be payable to the concerned bank/branch for the applications for which any

anomaly/deficiency/misrepresentation of details/data is found.

## 27.2 **To CSC & Other Intermediaries:**

27.2.1 Common Service Centres shall be paid service charges by Insurance Companies, as decided by GOI, per farmer application form successfully submitted by them. This includes charges for submission of electronic data of farmers along with uploading of copy of LPC/Land records/ /contract document or any other document defined by the concerned State Govt. to identify share-cropper/tenant farmer, self declaration of intent to sow the proposed crop or sown crop/sowing certificate as notified by State., Bank Passbook, upto 5 pages and printout of one page of premium acknowledgement receipt.

27.2.2 No service charges will be payable to CSC for the applications for which any anomaly/ deficiency/ misrepresentation of details/data is found.

## 28. **Goods & Service Tax (GST)**

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28.1 Collection of premium under the Scheme is exempted from applicability of Goods & Service Tax (GST)

## 29. **Monitoring and Review of the Scheme**

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29.1 State Level Coordination Committee on Crop Insurance (SLCCCI) of the concerned State will be responsible for monitoring of the Schemes/programme in its State. However, a National Level Monitoring Committee (NLMC) under the chairmanship of Secretary, DAC & FW will monitor the Scheme at the national level.

29.2 It is proposed to take following monitoring measures for effective implementation during each crop season to ensure maximum benefits to the farmers:

29.2.1 The Bank branches/CSCs/ intermediaries may collect the details of individual insured farmers (both loanee and non-loanee) like name, fathers' name, Bank Account number, Aadhaar number village, categories – small and marginal/SC/ST/women, insured acreage, insured crop(s), sum insured, premium collected, Govt. subsidy etc and submit electronically using web form or CBS Integration module along with electronic submission of crop wise consolidated declarations on or before final cut-off date.. Yield data based on CCEs shall be made available online on National Crop Insurance Portal to the concerned Insurance Company by the State Govt. within a month from the date of final harvest of individual crop.

29.2.2 Calculation of ACF if any shall be made immediately after receipt of insured acreage and sown area data but not later than the onset of CCEs similarly any anomaly in the actual yield data shall immediately be brought into the notice of concerned State Govt. and not later than 15 days from final receipt of actual yield data as detailed in section 25.

29.2.3 Insurance Companies shall calculate crop-wise, IU wise payable claims based on the actual yield data and threshold yield given at the time of tendering. Accordingly the payable claims subject to payment

of full premium share by the Central and State Govt for the season shall be remitted by the Insurance Companies directly into benefitted farmer's accounts electronically, payment details for which shall be updated on the National Crop Insurance Portal on daily basis.

- 29.2.4 After receiving the claims amount from the concerned Insurance Companies, the financial institutions/banks should display the list of the beneficiaries/details of claims (both loanee and non-loanee) on the notice board of the branch within seven days with details of beneficiaries like Name of farmers/beneficiaries, crops insured, sum insured, amount of claims received etc.
- 29.2.5 The list of beneficiaries (Bank-wise and insured area-wise) shall also be uploaded/ placed on the website of the concerned Insurance Companies with proper provisions and mechanisms of public grievance redressal/feed-back etc. State Govts./UT should ensure that crop insurance products provide comprehensive insurance coverage to the farmers on sound insurance principles and provide the best value for the premium. State Govt. may also review the progress of Scheme periodically and undertake impact assessment after the completion of each season and send their suggestion/recommendations to this Department for making further improvements in the Scheme.
- 29.2.6 About 5% of the beneficiaries may be verified by Regional Offices/Local level Offices of ICs who will send the feedback to concerned DLMC and State Govt./SLCCCI on Crop Insurance.
- 29.2.7 At least 10% of the beneficiaries verified by the IC may be cross verified by the concerned DLMC and they should send the feed back to State Govt.
- 29.2.8 1 to 2% of the beneficiaries may be verified by the Head Office of the IC/Independent Agencies appointed by the Central Govt./NLMC and they should send the necessary feed back to Central Government.

## 30. Grievance Redressal Mechanism-

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- 30.1 At the initial level, for grievance redressal, each district shall designate district level grievance redressal officer preferably **District Agri Officer** to respond to the grievances of Farmers, Banks, ICs etc. within 7 days of receipt of grievance. In case of dissatisfaction the matter may be brought before **District Level Grievance Redressal Committee (DGRC)**
- 30.2 **District Level Grievance Redressal Committee (DGRC):** a district level monitoring Committee shall act as a grievance redressal Committee for redressal of grievances of Farmers, Banks, Insurance Company, District Authority/Department. This Committee will be headed by District Magistrate/Collector and representatives of Farmers, LDM/Banks, DDM NABARD, Insurance Company and concerned District Authority/Department shall be appointed as members. This Committee may also invite subject specialists/experts from University/IMD/commodity Boards/Research Institutions, SRSC etc. if deemed necessary. The Committee will dispose the matter within 15 days. The decision of the Committee shall be accepted by all the parties and in case of disagreement with the decision; the same shall be represented to the State Level Grievance Redressal Committee (SGRC) within 15 days from the decision of DGRC. In case the DGRC doesn't take the matter for discussion within 7 days from

submission of grievance or the grievance has wider scope of effect impacting more number of districts or there is a breach of guidelines by any of the stakeholder or the grievance matter exceeds Rs. 25 Lakh in monetary terms, the matter may be directly raised at State Level Grievance Redressal Committee.

- 30.3 **State Level Grievance Redressal Committee (SGRC):** a State level monitoring Committee shall act as a grievance redressal Committee for redressal of grievance of Farmers, Banks, Insurance Company, District Authority/Department which does not get settled at DGRC. This Committee will be headed by Principal Secretary/Secretary of Nodal Department , SLBC/Banks, CGM NABARD, Insurance Company and concerned State Authority/Department shall be appointed as members. This Committee may also invite subject specialists/experts from University/IMD/research institutions/commodity Boards/, State Remote Sensing Agency, STSU, STAC etc. if deemed necessary. The Committee will dispose the grievance within 15 days time of receipt of grievance. The decision of the Committee shall be accepted by all the parties.

## 31. Empanelment and Selection of Insurance Companies

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### 31.1 Empanelment Criteria

- 31.1.1 The Public Sector (AIC& others) and Private Sector General Insurance Companies empanelled by DAC & FW and selected by concerned State Govt. / Union Territory (UT) shall implement the PMFBY. The Insurance Companies mainly engaged in agriculture/rural insurance business and having adequate experience, infrastructure, financial strength and operational capabilities are empanelled by DAC&FW. **Once Insurance Company has been empanelled by DAC &FW, it is considered as pre-qualified company to bid for the selection of Implementing Agency (IA) to undertake implementation of the Scheme/Programme of DAC&FW.**

- 31.1.2 L1 bidder shall not be permitted to surrender partial clusters/districts. If any Insurance Company declines after being declared L1, it will be de-empanelled/ de-barred to implement crop insurance Scheme for the coming/next season(s) in the concerned State and L2 may be given the cluster for implementing the crop insurance Scheme at L1 district-crop combination rates and so on to L3, L4 bidder with their consent. All Such bidders will be required to simultaneously furnish appropriate reasons for withdrawal/surrender/non acceptance in writing to State Govt. with copy to DAC&FW to enable further corrective measures and appropriate administrative & legal action accordingly. Financial losses, if any, to the State Govt., in retendering due to withdrawal of selected bidders, will be recovered from withdrawing L1 bidder.

- 31.1.3 Tender should be preferably for 3 years and in no case less than 1 year

- 31.1.4 Each Insurance Company should compulsorily bid for any 3 NER/Hilly States and 2 UTs

### 31.2 Selection Criteria of Insurance Companies as Implementing Agency (IA)



- 31.2.1 The selection of Insurance Company from the empanelled Insurance Companies to act as Implementing Agency (IA) shall be done by the concerned State/UT Govt. for implementation of the Scheme in their State. Selection of IA will be made by adopting the cluster approach. In case of smaller States, the whole State may be assigned to one IA.
- 31.2.2 Before the commencement of the crop season, State **Govt. would invite the pre-qualified companies as mentioned in the preceding para through open tender for submission of district-wise and crop-wise actuarial premium rates in percentage of Sum Insured (financial bid)**. Indemnity Level, Threshold Yields, Sum Insured etc. will be same for all Insurance Companies for the season. The empanelled companies participating in bidding have to bid the premium rates for all the crops notified / to be notified in the cluster by the State Govt. and non-compliance will lead to rejection of the bid.
- 31.2.3 Based on the district-wise and crop-wise actuarial premium rates quoted by the pre-qualified companies, the total premium amount and weighted average premium rates for cluster of districts will be worked out to arrive at L1. L1 Bidder will be selected to act as Implementing Agency in the concerned cluster.
- 31.2.4 Selection of IA may be made for at least 1 year or up to three years as mentioned above Such long term continuity will facilitate the Insurance Company to establish the credibility among the farmers through investment out of the premium savings in various welfare activities for socio-economic development of the farmers like creation of the facilities of drinking water/ healthcare/education, farm levelling, Weather Forecasts, CSCs etc. It is also anticipated that long term continuity gives an opportunity to Insurers, Bankers, State Govt. and other stakeholders for a supportive and collaborative interaction and business relationship and service effectiveness.
- 31.2.5 The insurance coverage in terms of number of farmers and acreage should be at least at the level of corresponding previous season. In case of fall in coverage, GOI may get the facts examined and necessary action including penal action against negative points in ranking for ICs and State Govt., if found at fault may be taken by GOI.
- 31.2.6 State Govt. may provide requisite data about past yield data of last 10 consecutive years or more, threshold yield, crop-wise sum insured, indemnity level, insurance unit levels, names of notified units, calamity years etc. in digital form by uploading the same on National Crop Insurance Portal itself before floating the formal tender notice.

## **32. Clustering /clubbing of districts for bidding by the State**

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In order to diversify/ spread the risk and cover high risk/ low risk districts/ area equally, the State Government are required to group the districts/ area in such a way that each group contains mix of districts/ area with different risk profiles. Prior to inviting the bid, the State Government specially large State have to divide the State in to multiple clusters of districts depending upon volume of risk associated in the crops and district/areas proposed to be notified under the Scheme. The purpose of clustering is to divide the States into different groups of districts, so that expected sum insured (ESI) becomes low and risk is shared and diversified. States may form the clusters of districts based on

mixed agro-climatic zones. i) Districts of high risk and low risk areas, ii) districts of different agro-climatic zones, and iii) ESI of each cluster should be of similar order.

Prior to the bid invitation, details on the clusters formation may also be made available to the Insurance Companies.

**The object of Clustering/ Clubbing of districts should be done to achieve the following objectives:**

- Cluster formation may be applicable for upto 3 years.
- Different Clusters may be defined based on risk profile of the district so as to increase the diversification of risk within a cluster and enable risk spreading for insurer.
- Cluster may contain districts with mixed agro-climatic zones so as to increase the diversification of risk within a cluster.
- Crop wise associated risk may also be diversified among the clusters and shall be factored in cluster formation.

1. Hence, one of the major requirements of clustering is risk analysis of different districts. As per 2016 Guidelines of PMFBY, for the purpose of clustering/clubbing of districts and determination of L1 bidder, the risk is analyzed based on long term data of yield by (a) computing average burn cost (percent difference between actual yield and threshold yield) and b) computing the level of variability in long term yield. Since, availability of high quality long term yield data is difficult, especially at lower administrative level, other methods (including use of satellite data) can be tried for risk assessment.
2. Satellite data, of moderate resolution (e.g. Resourcesat AWiFS, Terra/Aqua MODIS) are available, for long term, i.e. at least around 15 years. The long term Vegetation Indices, which are indicators of crop health, derived from these satellites can be used to assess the year to year variations and thereby understanding the risk potential of an area. It can be combined with many other satellite derived products, such as flood maps, drought assessments and vulnerability and long term weather data to carry out the risk analysis. States are advised to take the support of concerned national or State level research organizations (e.g. ISRO- NRSC/SAC, MNCFC, SRSC, SAUs, etc.), to use the above mentioned technology for carrying out risk analysis of the Districts/ Talukas/ Blocks towards improvement in clustering.
3. These are only for guidance of States and States are free to follow either of these or any other method devised by them with intimation to DAC&FW.
4. The detail illustration for classification of risks, clubbing/clustering of risks and districts and determination of L1 bidder are at Annexure 1.

### **33. Assessment of Performance and De-empanelment of Insurance Companies**

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- 33.1 The performance of the empanelled Insurance Companies shall be closely monitored by DAC & FW on 2 years interval through ascertaining the company's skills and efficiencies for providing cost effective better insurance services to farmers. For the purpose, a detailed performance evaluation matrix containing key performance indicators with assigned weightage has been worked out and is as given at Annexure 2.

### **34. Evaluation of Efficiency of Nodal Department of the State**

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- 34.1 The efficiency evaluation of the State Nodal Department shall also be closely monitored by DAC & FW on every 1 year interval through ascertaining the State's efficiency and execution / implementation of the Scheme. For the purpose, a detailed performance evaluation matrix containing key performance indicators with assigned weightage has been worked out and is as given at Annexure 3.

### **35. Role and Responsibilities of Various Agencies**

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For successful implementation and administration of Scheme, roles of various Agencies/Institutions/Govt. Departments/Committees are spelt out herein.

- 35.1 **Central Govt.**
- 35.1.1 Support and Coordination with the State/UT Govts for implementation of PMFBY including its awareness and publicity and issue of necessary instructions/ guidelines from time to time for smooth and effective implementation.
- 35.1.2 Issue of directives to RBI, NABARD, Commercial Banks, RRBs and Cooperatives for compliance with the terms and conditions of PMFBY and its operational modalities.
- 35.1.3 Maintain NCIP
- 35.1.4 Setting of TSU/CPMU with adequate infrastructure and expertise as defined in section 15.
- 35.1.5 Constitution/Revamping of TAC as defined in para 19.3
- 35.1.6 GOI will facilitate States in strengthening of AWS/ARG network on PPP Mode by providing 50% fund for the same.
- 35.1.7 Release advance premium subsidy equivalent to 50% of 80% of Central share of premium subsidy of corresponding previous season under the Scheme to Insurance Companies within 15 days of enrolment cut off date for allocated clusters.
- 35.1.8 The balance of premium subsidy, for the season shall be released within 15 days of finalization of

district wise business statistics by Insurance Companies on National Crop Insurance Portal

- 35.1.9 Review and monitor the implementation of PMFBY including premium rates, product-benchmarking and other matters/ and issue necessary directives to Insurance Companies. Review of performance of participating Insurance Companies and suggest modifications/ improvements wherever required.
- 35.1.10 Organize Capacity building training/workshops for the State Govt. officials and other stakeholders.
- 35.1.11 Interpretation of any provisions of the Scheme and decision on any aspects of acceptance of risk/any dispute in settlement of claims.
- 35.1.12 Provide necessary assistance, guidance and resources for adoption of new technology for transparency, better administration of Scheme and timely payment of claims to insured farmers.
- 35.2 **State/UT Govts.**
- 35.2.1 The composition of SLCCCI may be strengthened suitably from time to time to give representation to all the concerned participants including farmers in the implementation of the Scheme. To set up the Review and Monitoring Committee at both, State and District levels under the chairmanship of Principal Secretary (Agriculture/ Cooperation) and District Collector respectively for periodical review (preferably monthly) of implementation of Scheme and also verify the coverage etc. on random basis to ensure proper coverage under the Scheme. District Level Monitoring Committee (DLMC) to also provide fortnightly crop condition reports and periodical reports on seasonal weather conditions, loans disbursed ,extent of area cultivated, etc. to concerned Insurance Company. DLMC shall also monitor conduct of CCEs in districts.
- 35.2.2 SLCCCI meeting to be held well in advance to finalize clusters, issue bid notice, selection of Implementing Agency and issuance of Notification. Timely issuance of notification/digitization is a must for giving wide publicity and coverage of the farmers. There should be a gap of at least two month between the notification issuance/digitization and commencement of the crop season. Notification of the State Govt. shall contain all information as outlined in Section 7.
- 35.2.3 Take suitable action for adoption of new technology for early loss assessment and better administration of Scheme
- 35.2.4 Issue necessary directives to all agencies/institutions/Govt. departments/Committees involved in implementation of Scheme.
- 35.2.5 Notify insurance unit area at Village/Village Panchayat or other equivalent units for major crops and for other crops, unit size may be above the level of Village/Village Panchayat.
- 35.2.6 Furnish in advance insurance unit-wise (or of higher unit, if unit level data not available) yield data of immediate past 10 years of all crops notified under PMFBY, previous 10 years season-wise, crop-wise & IU-wise loss cost data, Past 5 years season-wise, crop-wise, IU-wise coverage and claim data in soft copy format in English to Insurance Companies.
- 35.2.7 Issuance of necessary instructions to Regional Meteorological Centres of IMD and other Govt./ quasi Govt. agencies for supplying weather data on near/real-time basis to Insurance Company.

- 35.2.8 Shall work out appropriate plan and conduct awareness and publicity on an on- going basis from three months prior to the start of coverage period, to maximize coverage of the farmers specially non-loanee farmers. State Govt. may also earmark separate annual budget for the same.
- 35.2.9 Release advance premium subsidy equivalent to 50% of 80% of Central share of premium subsidy of corresponding previous season under the Scheme to Insurance Companies within 15 days of enrolment cut off date for allocated clusters.
- 35.2.10 The balance of premium subsidy, for the season shall be released within 15 days of finalization of district wise business statistics by Insurance Companies on National Crop Insurance Portal
- 35.2.11 Notify District wise crop wise cut off date for end of harvesting
- 35.2.12 Submission of yield data for all notified crops and insurance units to Insurance Companies in standard format in electronic form (editable format) preferably on portal within stipulated timelines. In case of delay in submission of AY data, State should intimate GoI with justification for delayed submission and take approval from GoI for onward submission.
- 35.2.13 Assist Insurance Companies for assessment of crop loss of individual insured farmers caused by localized perils and also assist in assessment of post harvest losses.
- 35.2.14 To undertake requisite number of CCE in the notified area following GCES/State manual provide the yield data to the Insurance Company within the prescribed cut-off date, along with results of individual CCEs.
- 35.2.15 Allow Insurance Companies to co-observe and witness CCEs with timely prior formal intimation and permit them to access various records including Form-1/Table-1, Form-2 / Table 2-and Form-3/Table-3 at grass root / district / State level used for recording data of CCEs by States. State shall strengthen audit process of conducting CCE with necessary checks and balances. Audio/Video- recording of CCEs shall be taken besides other processes to ensure accuracy and transparency of CCE.
- 35.2.16 To notify district-wise and crop-wise normal sowing and harvesting calendar
- 35.2.17 To provide crop-wise, IU wise data of normal area sown and notify cut-off dates for invoking provisions of prevented/failed sowing/transplantation/germination clause.
- 35.2.18 Compulsorily use Mobile Application/ other technology like RST for improvement of quality of CCEs and upload CCE-wise yield on National Crop Insurance Portal.
- 35.2.19 To issue notification for On Account payment, if need arise.
- 35.2.20 States should also de-notify the IUs where for 3 continuous years CCEs could not be conducted due to insufficient sown area.
- 35.2.21 Not to extend pre-defined cut-off dates during mid-season without concurrence of concerned IA. If extended, the entire premium subsidy will be borne by the State Govt. for extended period.
- 35.2.22 Facilitate provision of weather data through IMD on near/ real-time basis to insurance company. State govt can explore the possibility to create dense AWS/ARG network on PPP Mode. GOI will provide 50%

fund for the same.

35.2.23 Setting up of STSU with adequate infrastructure and expertise

35.2.24 Constitution of STAC , SLAC , SGRC and DGRC in each district.

### 35.3 **National Technical Support Unit/State Technical Support Unit**

35.3.1 Monitoring of implementation of Crop Insurance Schemes.

35.3.2 Calculation of Scheme-wise/season-wise/ crop-wise Loss Cost.

35.3.3 Design & development of weather based crop insurance products for the crop / areas based on the local weather conditions.

35.3.4 Appraisal / benchmarking and standardization of crop insurance products (weather based) for various participating Insurance Companies.

35.3.5 Undertake the evaluation / impact / co-relation studies.

35.3.6 Capacity building and training of personnel involved in crop insurance.

35.3.7 To provide technical input to Govt. & Insurance Companies regarding crop insurance products.

35.3.8 To develop methodology for assessment of yield including assessment through remote sensing, suggest improvements in the method for yield assessment through CCEs & other alternatives etc,

35.3.9 Development of integrated database for crop insurance

35.3.10 Internet / Web enabled Evaluation & Management Information System (E&MIS),

35.3.11 Other related works entrusted by the Central/State/ UT Govt.

### 35.4 **Insurance Companies(IA)**

35.4.1 Insurance companies to liaise with State Govts. and Agencies/ Institutions/Committees involved in implementation of PMFBY.

35.4.2 Furnish the necessary details to SLCCCI as may be required as per the notification.

35.4.3 Underwriting—responsibilities for processing and acceptance of risk.

35.4.4 Claim processing / finalization on receipt of yield data from States/UTs and payment within the prescribed timelines. The claim remittance shall be made directly into farmer's loan account for loanee farmers and into saving Bank A/c for non-loanee farmers.

35.4.5 Obtain Re-insurance arrangements, if necessary.

35.4.6 IA reserves the right to reduce/repudiate claims, if during verification of bank records/land records and assessment of claims for loanee/non-loanee farmers, it is discovered that:

- Loan was covered/premium was paid outside seasonality discipline
- Actual sown area was less than the actual insured area under a crop in a notified area(refer Section 25)



- Different crop other than the declared/insured was sown in the land survey no. insured
  - Survey number insured was not actual crop growing survey no.
  - Area insured is more than the total land holding of the farmer.
  - Multiple insurance for same crops grown on same land with multiple insurers or through multiple banks/intermediaries.
  - Sum insured was more than the Scale of Finance for the insured crop
  - To verify the bank/land records when claims are reported due to clerical errors/omissions. This can be done only before approval of claims.
- 35.4.7 Develop crop-yield and weather data bases, along with related agri-insurance data bases.
- 35.4.8 Review of implementation of PMFBY and provide regular feedback for its effective implementation/improvements to DAC&FW.
- 35.4.9 Disclose designated Agents in writing before the inception of non-loanee enrolment of farmers for the season.
- 35.4.10 Ensure timely payment of commission/ service charges to banks/other agents for implementing the Scheme.
- 35.4.11 Awareness and publicity – extensive efforts to create awareness and generate publicity for PMFBY at grass-roots level including bank branches. Also coordinate with the States and other agencies for awareness and publicity of the Scheme.
- 35.4.12 Provide monthly progress returns/statistics/information demanded by the Govts., both Central and State
- 35.4.13 Facilitate the bank branches/ intermediaries/ agents to upload the details of insured farmers and beneficiaries with all requisite details on National Crop Insurance Portal well in time.
- 35.4.14 Redressal of all Public Grievances within the time fixed by IRDAI. There shall be a centralized farmer’s help line number maintained, which will be used for receiving the grievances of farmers and will work on the docket system and forwarding to respective Insurance Companies for resolution.
- 35.4.15 The coverage of loanee farmers should be carried out by Insurance Companies themselves through banks/FIs. Coverage through agents/ brokers is not allowed.
- 35.4.16 Establish a functional office at Tehsil level in each District and at least one agent should be deployed at the Block level in the allocated Districts. Insurance Company shall deploy one agri graduate in each district. Details of the offices including contact number of the person should compulsorily be uploaded on National Crop Insurance Portal.
- 35.4.17 Deployment of sufficient manpower to co-observe CCEs and allied activities and compulsory use of CCE Co-observation app,

## 35.5 **Financial Institutions/Banks**

35.5.1 For purpose of PMFBY, scheduled banking institutions engaged in disbursing Seasonal Agricultural Operations (SAO) loans/KCC loan as per relevant guidelines of NABARD/RBI shall be reckoned as Banks.

35.5.2 Notification, as well as other directives, guidelines, etc., shall flow as Insurance Company→ District Lead Bank/Administrative offices of Commercial banks/RRBs/DCCBs →Service /Individual Bank Branch /PACS.

### 35.5.2.1 **Lead Bank/Administrative office of Commercial bank, DCCBs, RRBs**

35.5.2.2 Communicate Notification, as well as other directives, guidelines, etc. to all agencies within their jurisdictional area.

35.5.2.3 Ensure that all agencies within their jurisdictional area sanction additional loan component to loanee farmers towards premium payable by them.

35.5.2.4 Ensure that all service (subordinate) bank branches within their jurisdictional area serve all non-loanee farmers desiring and eligible to take insurance cover under PMFBY. Such service will include opening bank account of non-loanee farmers, guiding them to fill up proposal forms, accepting premium from them and maintaining records etc.

35.5.2.5 Ensure that the premium for both loanee and non-loanee farmers shall be remitted to concerned Insurance Companies and the related data uploaded on National Crop Insurance Portal within the prescribed time.

35.5.2.6 Lead bank/Administrative Offices of Banks should ensure that all farmers sanctioned crop loans/seasonal operational loans/KCC loan for notified crop(s) are compulsorily insured and the conditions stated in the Operational Guidelines of the Scheme have been complied with. No farmer should be deprived of insurance cover. Lead banks/ Administrative Offices of Banks therefore, should make all efforts and pursue their branches for enrolling all eligible loanee farmers and interested non-loanee farmers under crop insurance. In case, claims have arisen during crop season then respective bank and its branches would be made responsible to make payment of the admissible claims to loanee farmers who were deprived from insurance cover to their crops.

35.5.2.7 Concerned Bank and its branches should ensure upload/submission of notified crop-wise, insurance unit-wise Declarations in prescribed format on National Crop Insurance Portal along with details of remittance of premium within stipulated time. A copy/print out of declaration uploaded on Portal may also be submitted to concerned Insurance Companies, if so desired by them. The consolidated premium of farmers' share will be remitted electronically either through payment gateway of National Crop Insurance Portal or RTGS/NEFT to Insurance Companies followed by compulsory entry of payment details on Portal for proper and timely reconciliation by ICs. If Concerned Bank and its branches are not able to remit the amount of premium collected to Insurance Companies or submit declaration in prescribed format by the defined timelines then they will be liable to pay admissible claims to farmers who are deprived from insurance cover to their crops.

- 35.5.2.8 The Nodal Banks/Administrative offices/Bank Branches shall also upload the details of each individual insured farmer on National Crop Insurance Portal through web-form or CBS on or before final cut-off date.
- 35.5.2.9 The Insurance Company shall acknowledge the receipt of farmers premium and declarations submitted by the banks and any clarification/rectification sought by Insurance Companies should compulsorily be replied/addressed by the bank within 7 days. The banks should cross check with their records and aberrations, if any, should be brought to the notice of the Insurance Company immediately. If no response is received from banks within cut off time/reconciliation period, the details submitted on the Portal shall be considered final and no changes would be accepted later on. Insurance Companies will thereafter act as deemed fit as per applicable provisions .
- 35.5.2.10 While it is intended that Insurance Companies in consultation with concerned State Govts. will transfer claims directly into bank accounts of eligible farmers, however in case that is not feasible for loanee farmers, the Insurance Companies may transfer claims through bank branches which will credit the claims amount to respective beneficiary loan account positively within seven days. **If Bank Branches/ Nodal banks are not able to do so within this time period then they will be liable to pay interest (at prevailing rate of interest for saving account) for the delayed period to the eligible farmers.** The Banks shall issue a certificate within 30 days to the insurer that entire money received for settlement of claims has already been credited in to the account of beneficiaries.
- 35.5.2.11 The list of beneficiary cultivators with claim amount shall be displayed by the Bank Branch/PACS and a copy shall also be provided to the Chairman/ Sarpanch/ Pradhan of the village Panchayat.
- 35.5.2.12 To permit Insurance Company access to all relevant records / ledgers at the Nodal Bank/ Branch/ PACS for the purpose of scrutiny, if desired by them.
- 35.5.2.13 Banks should ensure that cultivator are not be deprived of any benefit under the Scheme due to errors/omissions/commissions of the concerned branch/ PACS, and in case of such errors, the concerned agencies shall have to make good all such losses.
- 35.5.3 **Lending Banks Branches / RFIs**
- 35.5.3.1 To educate the cultivators on the Scheme features.
- 35.5.3.2 To guide the cultivators on filling up the insurance proposal in the prescribed forms and collecting the required documents, particularly in case of non-loanee cultivators.
- 35.5.3.3 To collect Aadhaar Number and Mobile number of all eligible farmers well before the start of enrolment/debit of premium.
- 35.5.3.4 To organize and help in preparation of the consolidated data for loanee and non- loanee cultivators and uploading on the National Crop Insurance Portal, along with the electronic remittance of premium amount to the Insurance Company through payment gateway of Portal or through NEFT/RTGS within 15 days after cut-off date for enrolment/premium debit.
- 35.5.3.5 Maintaining the records of proposal/declaration forms and other relevant documents and statements

for the purpose of scrutiny/ verification by Insurance Company or its authorized representatives and DLMC, if necessary.

- 35.5.3.6 Allow Insurance Company access to all relevant records and registers at offices of Nodal Bank and service (subordinate) bank branches within their jurisdictional area.
- 35.5.3.7 To capture all relevant data including land and crop details of all loanee farmers covered compulsorily as well as non loanee farmers availing crop insurance through them.
- 35.5.3.8 To reconcile, validate and provide clarification, if necessary, on the coverage details to the Insurance Company within next 15 days from cut-off date for data uploading on Portal and within 7 days of receipt of such request from Insurance Company
- 35.5.3.9 To provide the list of insured farmers for whom the premium has been debited but data entry on Portal has not been completed for the IUs/area where preventive-sowing/germination failure or mid-term calamity/localized calamity is reported.
- 35.5.3.10 Debit /collect the applicable premium from the farmer's account on or before cut-off-date and remit it entirely to the concerned Insurance Company electronically.
- 35.5.3.11 To credit the payable claim amount to the farmer's account with 7 days from date of receipt of such claims from Insurance Company. To refund the undistributed claims amount to Insurance Company with reasons and details within 10 working days from receipt of such claims amount under intimation to GOI and the concerned State Govt.
- 35.5.3.12 Not to re-enrol the farmers under crop insurance for the same crop if the State/District has notified prevented/failed sowing/germination.
- 35.5.3.13 Under administrative mechanism, bank branches are designated as terminal service points for farmers. Hence, it is their duty to ensure compulsory coverage of all eligible loanee farmers and all interested non-loanee farmers. In case of any misreporting by Banks/Bank branches/PACS with respect of farmers' coverage, concerned Bank/ Bank branches/PACS will be liable for such mis- reporting.
- 35.6 **Common Service Centre-Special Purpose Vehicle (CSC-SPV):**
- 35.6.1 To ensure enrolment of non loanee farmers through its SPV/VLE
- 35.6.2 To educate and train the VLEs on selling of crop insurance through the Portal and /or through concerned Insurance Companies at District level.
- 35.6.3 To electronically remit the premium collected from the CSCs to concerned Insurance Companies in batches but not later than 3 days of receipt of premium from farmers.
- 35.6.4 To send the daily MIS of premium remitted along with the summary of insured farmers to respective insurance company.
- 35.6.5 To reconcile the data uploaded on National Crop Insurance Portal and premium remittance to concerned Insurance Companies within 7 days after cut off date for enrolment of farmers.

- 35.6.6 To raise an invoice for pre-agreed service charges per farmer per crop season application to the respective Insurance Company on or before 10<sup>th</sup> of following month.
- 35.6.7 To ensure post sales services and facilitate grievance redressal of the insured farmers.
- 35.6.8 Will be responsible for accuracy of details and document of individual farmers uploaded on National Crop Insurance Portal and liable for claim payment due to errors and omissions committed by SPV/VLE.
- 35.7 **Common Service Centres (VLEs):**
- 35.7.1 To educate the cultivators especially non-loanee farmers on the Scheme features.
- 35.7.2 To display the advertisement, publicity material, banner, poster, leaflets in its premises for the use of farmers provided by Insurance Companies/State Govt.
- 35.7.3 To fill up the online insurance proposal in the prescribed format and collect the required documents from non- loanee cultivators only.
- 35.7.4 Collect the premium on behalf of implementing Insurance Company, strictly as per the provisions of the Scheme.
- 35.7.5 To fill up the correct details of non-loanee cultivators and upload the requisite documents alongwith their mobile number on National Crop Insurance Portal and remit the premium amount through CSC Portal well within the stipulated time. Due care should be taken in filling up the details in the application form of each insured non- loanee farmer and it should be matched with documents attached with the application.
- 35.7.6 The VLE should ensure that insured farmers are not deprived of any benefit under the Scheme due to errors/ omissions/ commissions by them, and in case of benefits being impacted, necessary administrative and legal action will also be taken for lapses in service/malpractices, if any, reported.
- 35.7.7 To facilitate post sales services, claim intimation and grievance redressal of the insured farmers
- 35.8 **Designated Insurance Agents:**
- 35.8.1 To educate the cultivators on the Scheme features.
- 35.8.2 To guide the cultivators for filing up the insurance proposal/application in the prescribed format and collecting the required documents alongwith Aadhaar number and Mobile number from non- loanee cultivators.
- 35.8.3 Collect the premium on behalf of Insurance Company, strictly as per the provisions of the Scheme and issue acknowledgement receipt of proposal to the farmer.
- 35.8.4 To enter details along with requisite documents of individually insured farmer on National Crop Insurance Portal and transfer the consolidated premium to concerned Insurance Company electronically and the payment details should compulsorily be uploaded on National Crop Insurance Portal within the respective cut off dates. Insurance coverage will only be valid in respect of only those insured/covered farmers by them for which farmers premium is remitted electronically to Insurance

Companies and remittance details are entered/ uploaded on National Cop Insurance Portal within the respective cut off dates.

35.8.5 The designated Insurance agents should ensure that insured farmers are not deprived of any benefit under the Scheme due to errors/ omissions/ commissions by them, and if any, the Insurance Company shall make good all such losses. Necessary administrative and legal action may also be taken for lapses in service/malpractices, if any, reported.

### 35.9 **Loanee farmers**

35.9.1 As the Scheme is compulsory for all loanee cultivators availing SAO loans/KCC loans for notified crops, it is mandatory for all loanee cultivators to insist on insurance coverage as per provisions of the Scheme.

35.9.2 Any change in crop plan should be brought to the notice of the KCC/ agri-loan sanctioning bank branch immediately but not later than 2 days prior to cut off date for debit of premium. This should be accompanied with sowing certificate

35.9.3 All loanee farmers are compulsorily required to submit Aadhaar number/copy of Aadhaar card or authenticate themselves through Aadhaar enabled e-KYC alongwith mobile number for enrolment under crop insurance before prescribed cut-off date. All banks have to compulsorily take Aadhaar/Aadhaar enrolment number as per notification under Aadhaar Act before sanction of crop loan/KCC under Interest Subvention Scheme hence the coverage of loanee farmers without Aadhaar doesn't arise and such accounts needs to be reviewed by the concerned bank branch regularly

35.9.4 Insurance Proposals are accepted only upto a stipulated cut-off date, which will be decided by the SLCCCI. Hence, loanee farmers may ensure themselves from the concerned bank branches that applicable premium should be debited and remitted to Insurance Companies within cut off date and details uploaded on Portal.

35.9.5 Give information of any loss due to localized risk or post harvest loss due to specified perils of cyclone, cyclonic rains and unseasonal rains resulting in damage to harvested crop lying in field in "cut and spread"/small bundled condition to concerned bank branch/ financial institution/ channel partner/insurer within 72 hours.

35.9.6 Loanee farmer should not avail KCC/Agriculture Loan from multiple banks on the same land or insure the same land through more than one bank or insure the same land more than once as a non-loanee farmer. If any such cases are reported/ identified, the insurance cover will be terminated and the premium shall be forfeited and necessary administrative and legal action may also be taken for such malpractice.

### 35.10 **Non-Loanee cultivators**

35.10.1 Non-loanee cultivators desirous of availing insurance under PMFBY for any notified crop in any notified insurance unit may approach nearest bank branch/PACS/authorized channel partner/ CSC/insurance intermediary of Insurance Company or themselves fill-up online application form on the National Crop Insurance Portal within cut-off date and simultaneously upload/ submit the requisite documents and



applicable premium to concerned agency.

- 35.10.2 Applicants must sign/authorize electronically (along with copy of Aadhaar Card/Aadhaar enrolment ID (if Aadhaar seeding/eKYC has not been completed) along with copy of LPC/Land Records/contract document or any other document defined by the concerned State Govt. to identify share-cropper/tenant farmer, sowing certificate or self declaration of intent to sow the proposed crop and copy of Pass Book to the Bank/Intermediary.
- 35.10.3 All non-loanee farmers willing to enrol through CSCs are compulsorily required to submit mobile phone number and Aadhaar number and authenticate themselves through Aadhaar enabled e-KYC for enrolment under crop insurance before prescribed cut-off date along with copy of LPC/Land Records/contract document or any other document defined by the concerned State Govt. to identify share-cropper/tenant farmer, sowing certificate or self declaration of intent to sow the proposed crop, and Copy of Pass Book.
- 35.10.4 The farmer desiring coverage under crop insurance should open/operate an account in the branch of the designated bank, and the details should be provided in the proposal/application form.
- 35.10.5 The farmer should mention his land identification number in the proposal/application.
- 35.10.6 The farmer must provide documentary evidence with regard to possession of cultivable land.
- 35.10.7 To notify implementing Insurance Company in the event of change of crop or sown area being different than the declared in the proposal form or to CSC or other channel.
- 35.10.8 The cultivator must furnish area sown confirmation certificate/self declaration of intent to sow the proposed notified crop(s).
- 35.10.9 Non-loanee farmers being covered through other than online channels of CSC, NCIP etc. shall submit the duly filled proposal/application form along with copy of Aadhaar Card, Bank Passbook, Land Ownership proof /contract document or any other document defined by the concerned State Govt. to identify share-cropper/tenant farmer, sowing certificate or self declaration of intent to sow the proposed crop.
- 35.10.10 Non-Loanee farmer should ensure that the crop on the same land is not insured from two different agencies. If any such cases are reported/ identified, the insurance cover will be terminated and the premium shall be forfeited and necessary administrative and legal action may also be taken for lapses in service/malpractices.
- 35.10.11 Give information of any loss due to localized risk or post harvest loss due to specified perils of cyclone, cyclonic rains and unseasonal rains resulting in damage to harvested crop lying in field in “cut and spread”/small bundled condition to concerned bank branch/ financial institution/ channel partner/insurer within 72 hours.

## 36. National Crop Insurance Portal for administration of Crop Insurance Program ([www.pmfby.gov.in](http://www.pmfby.gov.in))

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- 36.1 The Govt. is endeavouring to integrate all stakeholders' viz. farmers, Insurance Companies, financial institutions and Govt. agencies on single IT platform to ensure better administration, coordination and transparency for getting real time information and monitoring in a phased manner.
- 36.2 **The idea behind developing a web-based, integrated IT solution is to speed up service delivery, unify fragmented databases, achieve a single view of data, eliminate manual processes and thus provide faster insurance services to farmers.** DAC&FW has designed a web Portal for crop insurance ([www.pmfby.gov.in](http://www.pmfby.gov.in)) and is doing further enhancements to provide a single IT enabled platform for digitization of processes and information data bank and dissemination mechanism, automation of administrative procedures, premium and claim calculation and remittance etc. This IT driven system is envisaged to address the issues which affect the current system of programme administration and thereby reduce its efficacy and lead to denial/ delay in benefit transfer to farmers viz. selective/layered information access, manual interventions, multi-step procedures, documentary evidence/proofs, delayed/defective information sharing. Hence, integration of IT platforms of banks, Insurance Companies, State Govts. and yield/weather data providers with National Crop Insurance Portal directly or through interface for fetching in information is felt essential to avoid errors for timely transmission of requisite information amongst major stakeholders, early settlement of claims, proper monitoring and transparent administration of the Schemes. Once the entire linking of IT platforms of all stakeholders with the Web Portal is established, it would also lead to faster processing of claims due to electronic flow of information. Currently, this Portal is available in two languages – Hindi and English and it will be converted into all regional languages.
- 36.3 The aforesaid Portal will provide an integrated ecosystem to streamline the process and to automate administrative functions. A web-based, integrated IT solution has been developed which has opened a window of opportunity to remote and economically-weak farmers to benefit from crop insurance services.
- 36.4 The conceptualisation and development of web-portal has already been completed and launched however development and integration of futuristic technologies and enhancements as defined below are envisaged to be initiated in coming months.
- 36.4.1 **Payment of Premium and Remittance of Claims through Payment Gateway:** All premium remittance from Farmers/Banks/Intermediaries and claim remittance from Insurance Companies will be routed through the Portal using payment gateway Pay-Gov. The facility is envisaged to address reconciliation of funds and bring swiftness and transparency in claim settlement.
- 36.4.2 **Integration of National Crop Insurance Portal with IT infrastructure of Insurance Company:** For seamless and real-time data flow of following stages to the Insurance Companies, direct integration of National Crop Insurance Portal with the IT system of respective Insurance Companies will be established. The information/data will be shared in encrypted form over secure data exchange platform.

- Farmer's enrolment and premium remittance,
- Information and reports regarding mid-term/preventive sowing/individual/localized claims and
- AY/TY data for final claim calculation and remittance of claims into farmer's bank account.

36.4.3 **Integration of Digital Land Records:** Various State Govts. are working on digitization of land records and providing facility to land owners to identify and take records of land parcels owned by them. The same digitized land records will be mapped with the codes used in National Crop Insurance Portal followed by online integration of the individual land records with the crop insurance application. This facility will address the issue of excess insurance/double insurance and application of ACF which is prevalent currently.

36.4.4 **Integration of Weather Data with the Portal:** Weather Data procured from a network of Automatic Weather Stations and Automatic Rain Gauges across the country will be procured from IMD and integrated with the National Crop Insurance Portal. This will enable real-time monitoring of weather parameters, agro-climatic inputs, crop health monitoring, triggers for preventive sowing/mid-term adversities etc. This integration will also facilitate faster, transparent transmission of yield/weather data to concerned Insurance Companies and automated claim calculation and remittance to beneficiaries. This feature will ensure availability of real-time information about crop loss and payable claims vis-a-vis necessary triggers/inputs to Govt. agencies/Implementing agencies so that policy decisions/administrative corrective measures can be taken.

36.4.5 **Integration of Public Grievance Redressal Module:** For bringing efficiency in addressing the grievances of farmers and other stakeholders, a system for registration of complaints and grievances, escalations and resolution will be integrated with the Portal.

36.4.6 **Launch of National Help Line and Integration with Web-Portal:** A quick response system is very crucial for creating trust and bringing behavioural changes and efficiency amongst the stakeholders. Keeping the same in view, an integrated help line of Kisan Call Center will be launched for benefit of all the stakeholders for query resolution, technical handholding and specific information dissemination.

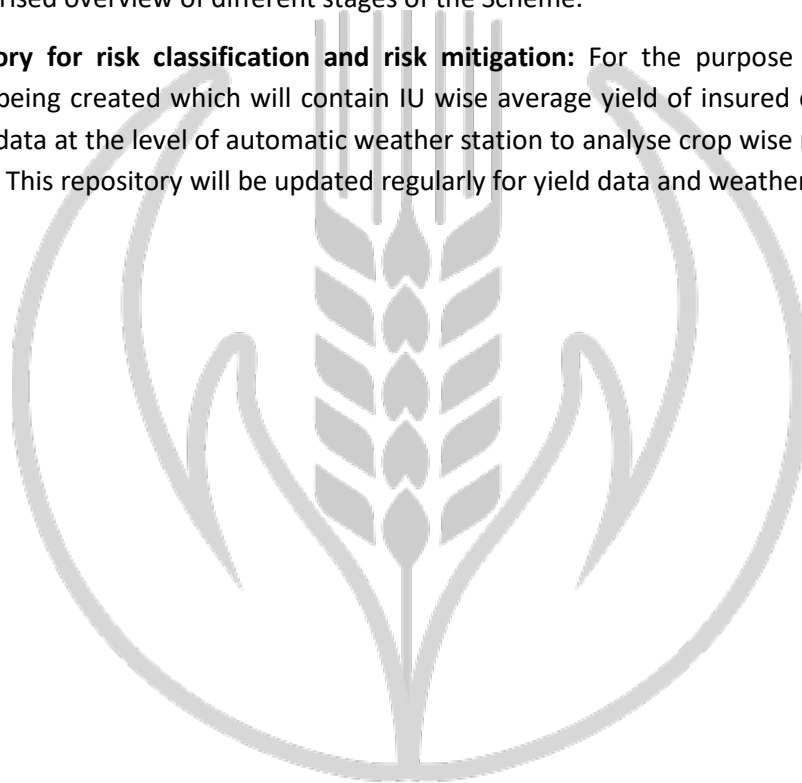
36.4.7 **Development of Mobile-App for Localized/Individual, Preventive/Mid-Term Loss Assessment and reporting:** For bringing in swiftness and accuracy in the information sharing and reporting of Localized/Individual, Preventive/Mid-Term Losses, a mobile application will be launched for use of loss assessors/DLMC members. **This data collected through app will be immediately sent to National Crop Insurance Portal which will be accessed by all the stakeholders.** This will help in monitoring and faster analysis and claim settlement.

36.4.8 **Integration of Interest Subvention Scheme with Crop Insurance:** A web-portal for Interest Subvention Scheme is also being developed for monitoring and implementation of ISS. This Portal will be inter-linked with the National Crop Insurance Portal for automatic enrolment of eligible farmers and deduction of applicable premium. This will also enable de-duplication of KCC/seasonal Crop Loans and provisioning of services

36.4.9 **Integration of RST/Satellite Data for handling Data Discrepancy/dispute resolution:** New Age Technologies like Remote Sensing Technology is a promising step in bringing in procedures and

systems of approach which is more reliable, accurate and fast in resolving errors/concerns of stakeholders and provide a progressive and scientific solution which the traditional/existing procedures and practices are unable to provide. This will help in reduction in time required for collection and collation of different data sets and reports pertaining to crop health, productivity, sowing and harvesting activities.

- 36.4.10 **MNCFC data Integration on Portal:** To streamline the flow of information amongst stakeholders, the portal will also be integrated with the system/data being developed by MNCFC on aforesaid aspects.
- 36.4.11 **Evaluation & Management Information System (E &MIS) for all stakeholders with secured credential:** For monitoring progress of the Scheme, a stakeholder specific customized MIS is also being developed, which will help in monitoring, application creation, notification status, CCE status etc. to give a summarised overview of different stages of the Scheme.
- 36.4.12 **Data repository for risk classification and risk mitigation:** For the purpose of risk estimation, a repository is being created which will contain IU wise average yield of insured crops for past decade and weather data at the level of automatic weather station to analyse crop wise risk calculation before season starts. This repository will be updated regularly for yield data and weather data.



## ANNEXURE- 1

Illustration for classification of risks, clubbing/clustering of risks and districts and determination of L1 bidder

### Method 1

#### Define Risk Level

- i. Calculate Loss Cost for each district as per illustration given for District1, Notified Area 1 (NFA1) and Crop1, on the basis of immediate past ten years of yield data:

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average	TY (Kg/ha)
Yield	2877	2558	1800	2097	2503	1500	2855	2734	1200	2987	2311	2041
LC (%)	0%	0%	12%	0%	0%	27%	0%	0%	41%	0%	8.00%	

District Name	NFA Name	Crop	Estimated Area Insured (In Ha)	Sum Insured (Rs./ha)	Weight (ESI) in Rs.	Average Loss Cost	Weighted Average Loss Cost
A	B	C	D	E	F=D*E	E	F= D*E
District 1	NFA1	Crop1	400	10000	4000000	8%	320000
District 1	NFA1	Crop2	300	4000	1200000	10%	120000
District 1	NFA2	Crop1	200	10000	2000000	6%	120000
District 1	NFA2	Crop2	150	4000	600000	5%	30000
District 1	NFA3	Crop1	125	10000	1250000	10%	125000
District 1	NFA3	Crop2	250	4000	1000000	7%	70000
<b>Total</b>					<b>10050000</b>		<b>785000</b>

Loss Cost (%) of District 1 =  $785000 / 10050000 = 7.80\%$

- ii. List the districts with their loss cost (%)

Sl. No.	District Name	District Loss Cost
1	District 1	7.80%
2	District 2	8.60%
3	District 3	5.40%
4	District 4	3.20%
5	District 5	4.60%

Low	District Loss Cost < 1/3 percentile value
Medium	District Loss Cost >= 1/3 and < 2/3 percentile values
High	District Loss Cost >= 2/3 percentile value

1/3 percentile value	4.87%	= PERCENTILE(district Loss Cost,1/3)
2/3 percentile value	7.01%	= PERCENTILE(district Loss Cost,2/3)

iii. **Define Coverage Level**

- a) **Estimation of the Area Insured (in ha):** The area insured for the ensuing season would be estimated on the basis of previous years the districts within State based on the fair judgment. The State Government would project area insured for the ensuing season for each district-crop combination.

**Illustration: for District 1 with two crops would be estimated**

District Name	Crop	Latest available Area Sown (ha)	Area Insured in Normal Previous Year (in ha)	Existing Penetration (%)	Targeted Penetration (%) *	Estimated Area Insured (ha)
A	B	C	D	E = D / C	F	G = C * F
District 1	Crop1	2900	300	10%	25%	725
District 1	Crop2	1400	490	35%	50%	700

\* Targeted penetration percentage (%) can be decided according to the associated potentiality of the district and other relevant parameters.

- b) **Estimated area insured for current season-year** will be multiplied with sum insured (Rs. /ha) to arrive the Expected Sum Insured (in Rs.) for each and every district-crop combination. The district level Expected Sum insured (ESI) will be the total of each district-crop combination within the districts.

Example given for District 1:

District Name	Crop	Estimated Area Insured (in Ha)	Sum Insured (Rs./ha)	Expected Sum Insured (in Rs.)
A	B	C	D	E = C * D
District 1	Crop1	725	10000	7250000
District 1	Crop2	700	4000	2800000
<b>District 1 Expected Sum Insured (in Rs.)</b>				<b>10050000</b>

- c) In the similar manner calculate Expected Sum Insured (ESI) in Rs. for all the districts.
- d) Calculate 1/3 and 2/3 Percentile values of Expected Sum Insured (ESI) for entire district within State. Define Coverage Level as per following percentile values:



Coverage Level	Percentile
Low	District ESI < 1/3 percentile value
Medium	District ESI >= 1/3 and < 2/3 percentile values
High	District ESI >= 2/3 percentile value

1/3 percentile value	3500000 = PERCENTILE(DistrictESI,1/3)
2/3 percentile value	8833333 = PERCENTILE(DistrictESI,2/3)

1/3 percentile value	3500000 = PERCENTILE(DistrictESI,1/3)
2/3 percentile value	8833333 = PERCENTILE(DistrictESI,2/3)

District Name	Expected Sum Insured (inRs.)	Coverage Level
District 1	10050000	High
District 2	9000000	High
District 3	8500000	Medium
District 4	1000000	Low
District 5	700000	Low

Risk Level	Coverage Level	Code
High Risk	High Coverage	1
Medium Risk	High Coverage	2
Low Risk	High Coverage	3
High Risk	Medium Coverage	4
Medium Risk	Medium Coverage	5
Medium Risk	Low Coverage	8
Low Risk	Low Coverage	9

e) Allocation of codes to different districts:

- Arrange the districts in any order.
- Write risk level and coverage level corresponding to each district.
- On the basis on above code table allot codes to each district.
- Arrange the districts in ascending order of allotted codes.
- Write ESI against each district in next column and arrange ESI in descending order of the district within the same code.

**Illustration:**

District Name	Expected Sum insured (in Rs.)	Risk Level	Coverage Level	Code
District 1	10050000	High Risk	High	1
District 2	9000000	High Risk	High	1
District 3	8500000	Medium Risk	Medium	5
District 4	1000000	Low Risk	Low	9

Cluster1		Cluster2		Cluster3	
District Name	ESI (in Rs.)	District Name	ESI (in Rs.)	District Name	ESI (in Rs.)
District 1	10050000	District 2	9000000	District 3	8500000
		District 5	700000	District 4	1000000
	<b>10050000</b>		<b>9700000</b>		<b>9500000</b>

For other codes, the distribution may be done to achieve balancing of ESI.

- f) Make suitable minor changes in the distribution of districts to clusters for achieving the objective of clustering.

**Applicable conditions for Clustering/ Clubbing of districts:**

- i. Within the cluster Insurance Companies would be required to quote premium rates for all district-crop combination for their bids to be evaluated.
- ii. Company not quoting even for one of the total district-crop combinations within the cluster would be disqualified for the bidding period.
- iii. There would be no further negotiations with the L1 bidder to accept L1 rates of other bidder for any district crop combination i.e. the rates quoted by the L1 bidder for different district-crop combination would be applicable within the cluster. Bidding and negotiation conditions will be as per CVC guidelines vide its circular nos. No.005/CRD/012 dated 03rd March 2007 & No.005/CRD/012 dated 20th Jan 2010.
- iv. L1 bidder shall not be permitted to surrender partial clusters/districts. If any company declines after being declared L1, the company may be barred to implement crop insurance scheme for the coming 1 season in the concerned State and the L2 may be given the cluster for implementing the crop insurance scheme at L1 district-crop combination rates and so on to L3, L4 bidder as per the consent of insurance company. Such bidders will be required to furnish appropriate reasons for withdrawal/surrender in writing to Ministry of Agriculture & Farmer's Welfare, Govt. of India within 10 days from opening of the bids to enable further corrective measures and appropriate administrative & legal action against defaulting bidders.

## Selection of Implementing Agency:

### Illustration:

Weighted Premium Rate (%) for companies		
X	Y	Z
0.044289	0.046435	0.044221
4.43%	4.64%	4.42%

**L1 in Cluster1 is company (Z).** Similar process would be followed other clusters.

### Method 2

Agriculture output in the area/ district is influenced by the agro-climatic conditions of that area/district. On the basis of the variation in agriculture output (crops) in each district during the last 10 years, districts may be divided in to three categories of low, moderate and high risks to agriculture. If variation in agriculture output in the district during the last 10 years worked out to be plus minus <15% then district may be categorized as low risk. Similarly, districts of variation ranging plus minus 16-30% may be categorized of moderate risks and variation of plus minus >30% as high risks districts to agriculture operations. Accordingly all districts of the State would be identified as low/moderate/high risk. Number of clusters to be formed shall be decided according to total no. of districts in the State. Total no. of each category of low, moderate and high risks districts shall be divided by no. of clusters to be formed in the State. Then, equal no. of low risk districts shall be selected randomly for each cluster of districts. Similarly, moderate and high risks districts would be selected.

### Example:

State– UP, No. of districts – 75

Based on the last 10 years variation in output, category-wise No. of districts identified:

Low risks 40, Moderate risks 20, High risks 15,

No. of clusters (of preferably 15-20 districts each) to be formed:  $75/19 = 3.95$  say 4

Then, no. of low risks districts in each cluster:  $40/4 = 10$

Similarly, moderate risks districts:  $20/4=5$  and high risks districts:  $15/4=3.75$  say 4 As such,

Sample calculation to find L1:

Table-1: Calculation to arrive company's weighted average premium in a district of the cluster

Cluster	Formation of clusters			Total districts in cluster
	No. of low risks districts	No. of moderate risks districts	No. of high risks districts	
C 1	10	5	4	19
C 2	10	5	4	19
C 3	10	5	4	19
C 4	10	5	3	18

District: D1 Company –Y

Crops Notified in a District of the Cluster	Expected Area to be insured (in ha)	Notified SI per ha (Rs.)	Total SI (Rs. Lakh)	Premium Quoted by company	Premium Amount (Rs. Lakh) X(% of SI)
Paddy	10000	30000	3000	5	150
Maize	6000	20000	1200	10	120
Cotton	8000	35000	2800	12	336
Arhar	9000	50000	4500	15	675
Groundnut	5000	40000	2000	13	260
Above all crops	38000		13500		1541

District: D1 Company –Z

Crops Notified in a District of the Cluster	Expected Area to be insured (in ha)	Notified SI per ha (Rs.)	Total SI (Rs.Lakh)	Premium Quoted by company Z(% of SI)	Premium Amount (Rs. Lakh)
Paddy	10000	30000	3000	7	210
Maize	6000	20000	1200	9	108
Cotton	8000	35000	2800	11	308
Arhar	9000	50000	4500	15	675
Groundnut	5000	40000	2000	14	280
Above all crops	38000		13500		1581

Table-2: Calculation to arrive at company's weighted average premium in a cluster of districts

For Company: X

Districts of the Cluster	Expected Area to be insured (in ha)	Total SI (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted average Premium of company X(% of SI)
District D1	38000	13500	1541	
District D2	40000	14000	1600	
District D3	35000	13000	1400	
District D4	45000	15000	1650	
District D5	30000	12750	1350	
Above all Districts	188000	68250	7541	11.05

For Company: Y

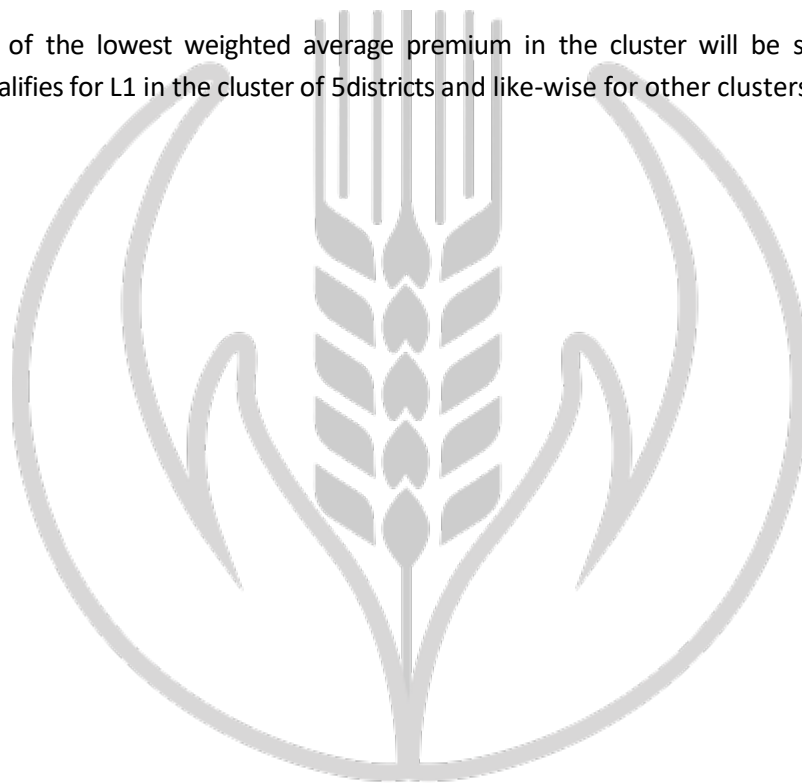
Districts of the Cluster	Expected Area to be insured (in ha)	Total SI (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted average Premium of company Y(% of SI)
District D1	38000	13500	1446	
District D2	40000	14000	1500	
District D3	35000	13000	1425	
District D4	45000	15000	1675	
District D5	30000	12750	1400	
Above all Districts	188000	68250	7446	10.91

For Company: Z

Districts of the Cluster	Expected Area to be insured (in ha)	Total SI (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted average Premium of company Z(% of SI)
District D1	38000	13500	1581	
District D2	40000	14000	1550	
District D3	35000	13000	1475	
District D4	45000	15000	1600	
District D5	30000	12750	1275	
Above all Districts	188000	68250	7481	10.96

Districts of the Cluster	Expected Area to be insured (in ha)	Total SI (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted average Premium of company Z(% of SI)
District D1	38000	13500	1581	
District D2	40000	14000	1550	
District D3	35000	13000	1475	
District D4	45000	15000	1600	
District D5	30000	12750	1275	
Above all Districts	188000	68250	7481	10.96

The company of the lowest weighted average premium in the cluster will be selected as L1. Hence, company Y qualifies for L1 in the cluster of 5 districts and like-wise for other clusters and companies.





## Annexure 2

### Penalty and performance Monitoring/evaluation of Empanelled Insurance Companies

*(More points indicate more penalty/negative rating)*

S. No.	Topic	Pre-condition/ Remarks	Remarks on Monitoring method	Remarks on Points criteria	Rationale
<b>Key Penalty/Performance Indicators</b>					
1	Withdrawal of Bids after being L1	State follows the OGs for calling for bids and selection of Insurance Company. Post tendering, no additional terms/clauses allowed  Announcement of L1 bidder within 3 working days of schedule opening date of bids and work order given within 3 weeks.	Selected L1 bidder withdraws its bid after the announcement of L1 bidder is made and/or work order is released	If bids are withdrawn by the Insurance Company:  a) 1 cluster/state : 5 Points b) > 1 cluster/State : 15 Points  Additionally, financial losses, if any, to the State Govt., in retendering due to withdrawal of selected bidders and additional premium subsidy due to increase in actuarial premium rates from previously declared L1 rates, will be recovered from withdrawing L1 bidder.	With a view to ensure well worked out rational rating practice and professional handling of bids
2	Enrolment of loanee and non-loanee farmers	1) At least 30 days marketing window should be available to Insurance Companies post notification.  2) Post tendering, separate target should not be entrusted by the State Govt.	1. Applicable If number of farmers enrolled during the season is decreased over similar season during previous year. The comparison would be made for same district coverage during previous year, even if the district was allotted to other company. 2. If separate target fixed for enrolment for non loanee farmers in the Tender documents could not achieved by any Insurance Companies.	1. If company-wise at all India level coverage of Non-Loanee farmers decreases by: (a) < 25% : 5 Points (b) >25% : 10 Points 2. If target of enrolment of non loanee farmers not achieved in the bidded cluster(s), -1% of Gross premium of such clusters would be forfeited as penalty and shall be deducted from final instalment of premium subsidy.	To increase coverage under the Scheme

3	Settlement of Claims within 21 Days	This clause would be applicable for location-crop combination where yield data is undisputed and received within notified and specific cut off date	All eligible undisputed claims should be released within 21 days from the data of AY uploaded on the GOI Portal subject to receipt of applicable premium subsidy on the business finalised on National Crop Insurance Portal.	<p>% of the undisputed claims remain unpaid at the end of 21 days</p> <ul style="list-style-type: none"> <li>• between 5% -10 % : 1 Point</li> <li>• between 25 % - 50 % : 5 Points</li> <li>• &gt; 50 % : 10 Points</li> <li>• &gt; 75 % : 15 Points</li> </ul> <p>Penal interest @ 12% per annum will be recovered on admissible pending claims amount, if Insurance Companies keep claims pending beyond 30 days after uploading of AY on Portal and releasing all admissible subsidy for the crop(s) of district, without any genuine reason(s) acceptable to the Government.</p>	
4	District Office and Human resources	<p>1) Applicable only If the district is allotted for at least one year including Kharif and Rabi.</p> <p>2) If the district is allotted for duration less than one year, the Insurance Company must have a district level representative residing in the district.</p>	<p>a) To be appointed within 1 month in case of functional district office and 15 days in case of district level representative from the date of notification.</p> <p>b) Opening of Taluka level offices with requisite infrastructure and manpower. The details of offices and human resources deployed at each Taluka and district should be uploaded with three week of award of work or at least two months before the cut of date of enrolment, whichever is later.</p>	<p>1) District Office</p> <p>a) If functional district office not set up within 30 days : 5 Points</p> <p>b) If functional district office not set up at all : 15 Points</p> <p>2) District Representative</p> <p>a) If district representative not placed within 15 days : 5 Points</p> <p>b) If district representative not placed at all : 10 Points</p> <p>3) Taluka level office</p> <p>a) Taluka level office not setup : 15 points</p> <p>b) Taluka level offices setup after timelines : 5 points</p>	It will encourage State Govts. to go for long-term tenders
<b>Other Performance Indicators:</b>					
1	Bidding participation	It should not be mandatory for companies to participate in all clusters within a	<p>Non-serious participation if :</p> <p>a) Deviation of rate</p>	<p>1) Non-Participation State Level</p> <p>a) If participated in &lt;50% of States : 2 Points</p>	Non serious participation has been defined with a view to ensure participation in

		State.	quoted from the weighted L1 rates quoted by companies is <table border="1"> <thead> <tr> <th>Average Rate</th> <th>Deviation</th> </tr> </thead> <tbody> <tr> <td>&lt;5%</td> <td>&gt;75%</td> </tr> <tr> <td>&gt;=5% to 10%</td> <td>&gt; 75%</td> </tr> <tr> <td>&gt; 10%</td> <td>&gt; 50%</td> </tr> </tbody> </table>	Average Rate	Deviation	<5%	>75%	>=5% to 10%	> 75%	> 10%	> 50%	b) If participated in <25% of States : 5 Points  District Level a) If participated in <50% of clusters : 2 Points b) If participated in <25% of clusters: 5 Points  2) Non-serious participation  a) If non-serious in >25 % clusters and upto 50% of clusters : 10 Points b) If non-serious participation in >50 % of clusters : 20 Points	maximum number of States and clusters by the companies.
Average Rate	Deviation												
<5%	>75%												
>=5% to 10%	> 75%												
> 10%	> 50%												
2	Preparation of brochures, etc.	1) If the notification is delayed and cut-off date is less than 7 days from the date of notification, then this clause will not be applicable	Brochures/Pamphlets/Leaflets, etc. pertaining to crop insurance schemes not be less than half of the number of farmers covered during the previous similar (Kharif/Rabi) season in the district. Payment to vendor would be the deciding criteria	If printing is less than:  a) 50% : 2 Points b) 25% : 5 Points	Number of farmers insured in previous is available, hence number of pamphlets/ leaflets, etc is pre-decided								
3	Training, workshop, etc	If the notification is delayed and cut-off date is less than 15 days from the date of notification, then this clause will not be applicable	Organization of at least one banker's sensitization programme and not less than 5 farmers awareness Block level/Panchayat level programmes in each district during the season	a) If banker's sensitization programme not conducted : 10 Points  b) farmers awareness programme: < 2 : 5 Points <5 : 2 Points	To help sensitize bankers and the farmers								
4	CCE Co-observance	This clause would be applicable only if State Govt provides CCE schedules timely	co-observance of CCEs scheduled by the concerned department in the district	Between 20 % to 30 % : 10 Points Less than 20% : 15 Points	CCE witnessing is in the interest of the Insurance Company, therefore Insurance Company will take suitable steps to witness maximum number of CCEs wherever required								
5	Localized loss / Post-Harvest claims	This clause would be applicable only if State Govt provides the required support during surveying	As per time-line for claim disbursement under this cover as per OG.	> 50 % and up to 75 % : 2 Points < 50% : 3 points < 25% : 5 points	Ultimate Goal is timely settlement of claims								

Performance severity of Insurance Company:

Threshold limit	Severity
<10 Points	Insurance Company nominated for Annual National Award
Up to 20 points	Insurance Company nominated for Technical/RST Pilot Project through Technology Fund
>21 points	Deduction of 1% of total Premium amount for the concerned Insurance Company for the season
>31 points	Deduction of 2% of total Premium amount for the concerned Insurance Company for the season
>41 points	Deduction of 3% of total Premium amount for the concerned Insurance Company for the season
> 51 points	Deduction of 5% of total Premium amount for the concerned Insurance Company for the season
>61 points	Deduction of 7% of total premium for a season - cancellation of renewal/continuation for next season
>71 points	Deduction of 10% of total premium for a season - cancellation of renewal/continuation for next season and de-empanelment of Insurance Company for 1 year
False intimations on any of the above parameters	Investigations to be called against the insurance company and if it is found that company has falsified data - cancellation of renewal/continuation for next season and de-empanelment of Insurance Company for 2 years.

\*All fund collection due to imposition of penalty would go to Technology Fund except penalty due to delay in release of claim by ICs which shall be passed on to the concerned beneficiary farmers. The penalty amount shall be deposited by the concerned ICs within one month of publication of Ranking by GOI.

**Illustrative Evaluation of Efficiency of Nodal Department of the State**

S.No	Service Level Agreement's (SLA's)	Source of data	Monitoring method	Periodicity	Points criteria
<b>Key Performance Indicators</b>					
1	Release of Tender at least 3 months before the commencement of the season  Tender results should be displayed and uploaded on national Portal.	The available information on the National Crop Insurance Portal	Date of Tender Document release and the onset of respective crop season	For each season and scheme separately	Tender result on Portal within stipulated timelines: 5 points
2	Release of Physical Notification/GO by the State at least 2 months before the commencement of the season	The available information on the National Crop Insurance Portal	Date of Notification release and the onset of respective crop season	For each season and scheme separately	<ol style="list-style-type: none"> <li>1. Release of Notification/GO as per timelines : 5 points</li> <li>2. Release of Notification/GO after timelines but before commencement of season : 3 points</li> <li>3. Release of Notification/GO after commencement of season : 0 point</li> <li>4. Release of Notification/GO after commencement of the season but within 60 days of enrolment cut off date : (-2) points</li> <li>5. Release of Notification/GO after commencement of the season but within 15 days of enrolment cut off date : (-5) points</li> </ol>
3	Digital notification on the National Crop Insurance Portal at least 30 days from the commencement of season.	The available information on the National Crop Insurance Portal	Date of complete Digitization of Notification	For each season and scheme separately	<ol style="list-style-type: none"> <li>1. Release of digital notification within timelines : 10 points</li> <li>2. Release of digital notification before commencement of season : 5 points</li> <li>3. Release of digital notification after commencement of season: (-2) points for each fortnightly delay</li> </ol>
4	Level of Notification (Village/GP/Mandal/District)	The available information on the National Crop Insurance Portal	Level	Each season	<ol style="list-style-type: none"> <li>1. If &gt;75% Insurance Unit in a state notified at village/GP level : 5 points</li> <li>2. If &lt; 75% Insurance Unit in a state notified at village/GP level : 0 point</li> </ol>
5	Notification of Maximum Gross Cropped Area	The available information on the National Crop Insurance Portal	Total hectares insured	Both seasons together	<ol style="list-style-type: none"> <li>1. Notified GCA &gt;40% : 15 Points</li> <li>2. Notified GCA between 30 to 40% : 10 Points</li> <li>3. Notified GCA &lt;20% : (-5) Points</li> </ol>

6	Payment of State share of Premium Subsidy to Insurance Company (As prescribed in Operational guidelines)	Computed from the data available on the National Crop Insurance Portal/to State Govt.  Premium Requisition (PR) raised by the concerned Insurance Company on National Crop Insurance Portal/to State Govt.	The premium requisition made on the Portal and the payment actually made by the State.	Based on the requests made for each season and scheme	1. Release of premium within timelines : 10 points 2. Release of premium after timelines : 0 point
7	Initiatives and monitoring taken for increasing enrolment of loanee farmers	List of insured farmers on the crop insurance Portal	Increase in number of enrolled loanee farmers over same season of the previous year.	Based on the enrolments made for each season	1. > 10% Increase in overall enrolment : 5 points 2. 5-10% Increase in overall enrolment : 2 points 3. <5% or no Increase in overall enrolments : 0 point 4. decrease in overall enrolments : (-5) points
8	Initiatives taken for increasing enrolment of non-loanee farmers	List of non-loanee insured farmers on the crop insurance Portal	a) Share of non loanee famers in total enrolment	Each season	1. If % NL farmers insured w.r.t total farmers insured is >25% : 10 points 2. If % NL farmers insured w.r.t total farmers insured is between 10-25% : 5 points 3. If % NL farmers insured w.r.t total farmers insured is < 10% : 0 point
			b) Increase in number of enrolled non-loanee farmers over same season of previous year.		1. % Increase over previous season >10% : 5 points 2. % Increase over previous season between 5-10% : 2.5 points 3. % decrease over previous season : (-5) points
9	Reporting of CCEs through mobile/ CCE App	The available information on the National Crop Insurance Portal	Total CCEs reported through Mobile/CCE App out of gross no of CCEs planned	For each season	1. Reporting of > 90% CCEs through Mobile App : 15 points 2. Reporting of between 75% to 90% CCEs through Mobile App : 10 points 3. Reporting of between 50% to 74% CCEs through Mobile App : 5 points 4. Reporting of <25% CCEs through Mobile App : (-10) points 5. No reporting of CCEs through Mobile App: (-15) points
10	Uploading of TY, AY, Historical Yield data, on Portal	The available information on the National Crop Insurance Portal		For each season	1. Uploading of > 90% of data within timelines : 15 Points 2. Uploading of between 50% to 90% of data within timelines: 10 Points 3. Uploading of between 25% to 49% of data within timelines : 5 Points 4. No data uploaded on Portal within timelines : 0 Point



**Other Parameters**

11	Setting up of State Technical Support Unit	Report from the State Govt.	Within 12 months from release of Operational Guidelines		<ol style="list-style-type: none"> <li>1. Setting up of STSU within timelines : 5 points</li> <li>2. Non-setting up of STSU or after the timelines : 0 points</li> </ol>
12	Setting up of DGRC and SGRC for settlement of Grievances	Notification issued regarding formation of DGRC and SGRC	Within 60 days after publishing of Operational Guidelines	Based on the details of DGRC/SGRC constituted and uploaded on the Portal	<ol style="list-style-type: none"> <li>1. Setting of DGRC &amp; SGRC as per timelines : 5 points</li> <li>2. Setting of DGRC &amp; SGRC after the timelines : 0 points</li> </ol>
13	Preparation of brochures/pamphlets /posters/banners/to be used for publicity.  30 days before the commencement of enrolment	Printed brochures/pamphlets /posters with a report from State Govt.	Pamphlets/ leaflets to be distributed through all channels.	Each season separately Based on information furnished/uploaded on Portal by State Govt	<ol style="list-style-type: none"> <li>1. Awareness and extension activities as per timelines : 5 point</li> <li>2. No Awareness and extension activities or after the timelines : 0 points</li> </ol>
14	Folio Distribution by the Banks to Farmers	Report from the National Crop Insurance Portal and from State Govt./SLBC	Report by State Department to MoA&FW uploaded on Portal	Within 60 days after premium cut-off date for each season	<ol style="list-style-type: none"> <li>1. Folio distribution to &gt; 90% farmers : 5 points</li> <li>2. Folio distribution to between 75% to 90% farmers : 3 points</li> <li>3. Folio distribution to between &lt; 75% : 0 point</li> <li>4. No distribution of Folios : (-5) points</li> </ol>
15	Organizing State level training/capacity building workshops as per the guidelines for Districts Officials for <ul style="list-style-type: none"> <li>• Banks, CSCs and Departmental workers</li> <li>• For Crop Cutting Experiments</li> </ul>	Report from State Department	Report by State Department to MoA&FW within 7 days of workshop and information upload on Portal	At least 60 days from premium cut-off date and Harvesting period each season	<ol style="list-style-type: none"> <li>1. Organizing Workshops as per timelines : 10 points</li> <li>2. Organizing Workshops after the timelines : 5 points</li> <li>3. N workshop organized : 0 point</li> </ol>
16	Setting up of District Level Monitoring Committees in each notified District and fortnightly review	The available information of committees on the National Crop Insurance Portal	Date of formation of DLMC and data of review meetings shared on Portal	upon commencement of each season	<ol style="list-style-type: none"> <li>1. Setting up of DLMC as per timelines : 10 point</li> <li>2. Setting up of DLMC after the timelines : 5 point</li> <li>3. Not Setting up of DLMC as per timelines : 0 points</li> </ol>
17	Constituting Joint Loss Assessment Committee in each notified District	The available information of committees on the National Crop Insurance Portal	Date of formation of committee shared on Portal	upon commencement of each season	<ol style="list-style-type: none"> <li>1. Setting up of JLAC as per timelines : 10 point</li> <li>2. Setting up of JLAC after the timelines : 5 point</li> <li>3. Not Setting up of JLAC: 0 point</li> </ol>

18	Sharing of CCE Schedule with Insurance Company	The available information on the National Crop Insurance Portal	Sharing of information as per the timelines as prescribed in OGs	For each season	<ol style="list-style-type: none"> <li>1. Sharing of CCE schedule for &gt; 85% Notified IU Level as per timelines : 5 point</li> <li>2. Sharing of CCE schedule after timelines : 0 point</li> </ol>
19	Timely approval and sharing of CCE data with stakeholders	The available information on the National Crop Insurance Portal	Within 30 days from final harvest	For each season	<ol style="list-style-type: none"> <li>1. Approval and sharing of CCE data within prescribed timelines : 5 point</li> <li>2. Approval and sharing of CCE data after timelines : 0 point</li> <li>3. Approval and sharing of CCE data after 2 months of prescribed timelines : (-5 points)</li> </ol>
20	Mapping of villages and upper Revenue/Administrative hierarchy with Census Codes and mapping of AWS/Back up AWS with village census codes	The available information on the National Crop Insurance Portal	Total villages/AWS/Back up AWS actually mapped against gross no of villages	Before commencement of the season	<ol style="list-style-type: none"> <li>1. Completion of 100% mapping before digitization of Notification within timelines : 5 point</li> <li>2. Request for any change/updation after digitization of Notification : 0 point</li> </ol>
21	Use of new technology, RST, NDVI and smart sampling for crop health monitoring, loss assessment and dispute/ grievance redressal at State Level.	The available information on the National Crop Insurance Portal and report by the State Govt.	Use of Technology vs conventional modes employed	For each season	<ol style="list-style-type: none"> <li>1. Use of Technology : 10 points</li> </ol>

### Performance Severity of States

Threshold limit	Severity
Non-Payment of State Share of Premium subsidy	1% additional Interest per month after 3 months from date of premium requisition by Insurance Company
>300 points	Nomination for National Award on PMFBY Implementation
>200-300 points	No central financial assistance for technology upgradation to States
<100-200 points	States categorised as non-serious States (Non performers).
<100 points	No Central subsidy assistance to States on Premium

\* Provisional ranking of State shall be released on seasonal basis. However, final ranking will be release on yearly basis and incentives/disincentives shall be applied on the basis of final ranking

\* The total score for both seasons and the score obtained in annual criteria shall be considered for determining the performance as per the table above.



**Department of Agriculture, Cooperation and Farmers Welfare**  
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