GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**

**UNSTARRED QUESTION NO. 3374**

ANSWERED ON – 23.07.2019

**PROFIT EARNED BY PRIVATE INSURANCE COMPANIES UNDER PMFBY**

3374. SHRI BINOY VISWAM:

Will the Minister of FINANCE be pleased to state:

1. whether eleven private insurance companies under Pradhan Mantri Fasal Bima Yojana (PMFBY) have earned a profit of more than three thousand crore from crop insurance as published by Insurance Regulatory and Development Authority (IRDA) Annual Report 2017-18;
2. the details of amount incurred upon insurance by the farmers against crop failure during the last three years;
3. the details of last three years audit report of premium paid to insurance companies by Government under Pradhan Mantri Fasal Bima Yojana; and
4. the number of cases filed in the courts by farmers and others against insurance companies associated with PMFBY?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) to (c): The yield based scheme namely Pradhan Mantri Fasal Bima Yojana (PMFBY) and a weather index based “Restructured Weather Based Crop Insurance Scheme (RWBCIS) were introduced from Kharif 2016 with an aim to provide a simple and affordable crop insurance product to ensure comprehensive risk cover for crops of farmers against all non-preventable natural risks from pre-sowing to post-harvest, to provide adequate claim amount and timely settlement of claims. Insurers save premium in good seasons/years and pay high claims, if any in bad years from the savings made in the good years.

Eighteen General insurance companies including five Public Sector Insurance companies have been empanelled for implementation of the scheme and both private and public insurers participate in tenders invited by the State Government for implementation of PMFBY and the selection of implementing Insurance Company is done based on the lowest bidder. Further, out of the total crop insurance business under the scheme more than 50% is shared by the five Public Sector insurance companies including Agriculture Insurance Company of India Ltd.

In regard to Annual report of Insurance Regulatory and Development Authority of India (IRDAI) for 2017-18, IRDAI has informed that the information is given only on number of farmers covered, Gross Written Premium, amount of Claims reported and number of beneficiaries as on 31.03.2018**.** They have also stated that while ‘**Gross Written Premium’** pertains to the year under consideration, ‘**Claims Reported’** may include those of previous years and that to calculate profit/loss, management expenses, reinsurance cost etc will have to be taken into account.

Details of gross premium collected, farmers share in premium by empanelled general insurance companies to farmers during last three years under PMFBY are given below :

(Rs. in crore)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Gross Premium** | **Farmers share in premium** | **Central Govt. share in Premium** | **State Govt. Share in Premium** |
| 2016-17 | 22104 | 4232 | 8842 | 9030 |
| 2017-18 | 26163 | 4488 | 10798 | 10877 |
| 2018-19\* | 20923 | 3196 | 8783 | 8944 |
| \* Provisional for Kharif 2018 season only.  Some claims of Kharif 2018 and most of the claims of Rabi 2018-19 are not reported.Source: Ministry of Agriculture |

The Gross Incurred Claims of crop Insurance for last three financial years as provided by Insurance Regulatory and Development Authority of India(IRDAI) is as given below: -

|  |  |
| --- | --- |
| **Financial Year** | **Gross incurred Claims (in Rs Crores)** |
| 2016-17 | 17687.75 |
| 2017-18 | 22101.31 |
| 2018-19 | 27550.00 |
| Source: IRDAI |

(d) : As per the data available as on 30th June, 2019, 102 court cases on various issues including claims settlement have been filed in various courts/forums against insurance companies, State Governments, Union Government by farmers and other farmer associations.

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