Benefits of new Crop Insurance Schemes

Increase in Risk Coverage

Comprehensive coverage has been provided against non-preventable natural risks from pre-sowing to post-harvest losses. In addition, losses due to localised risks are estimated at the individual farm level for claim settlement.

Coverage of Losses due to Prevented Sowing: In 2016-17, in Tamil Nadu, claims worth Rs. 27.61 crore (upto 25% of sum insured) were settled due to prevented sowing on account of inclement weather.
- **25% advance relief due to mid-season adversity**: In 2016-17, due to adverse climatic conditions such as floods, drought spell, severe drought, unseasonal rains etc., on account payments were made to the tune of Rs. 31.69 crore in Uttar Pradesh, Rs. 11 crore in Chhatisgarh, Rs. 11.19 crore in Maharashtra and Rs. 9.42 crore in Madhya Pradesh.

- **Coverage of localised claims**: In 2016-17, due to localised calamities such as hailstorm, inundation and landslides, claims worth Rs. 0.11 crore in Andhra Pradesh, Rs. 0.09 crore in Chhatisgarh, Rs. 4.04 crore in Haryana, Rs. 1.55 crore in Maharashtra, Rs. 0.32 crore in Rajasthan and Rs. 0.80 crore in Uttar Pradesh were settled expeditiously before conduct of Crop Cutting Experiments.

- **Coverage of Post-Harvest Losses**: In 2016-17, claims on this account worth Rs. 0.11 crore in Andhra Pradesh, Rs. 0.66 crore in Manipur and Rs. 16.51 crore in Rajasthan were settled.

**Use of Improved Technology**

Under erstwhile crop insurance schemes due to non-adoption of improved technology there was considerable delay in settlement of claims. Under the new scheme, the States are required to give Crop Cutting Experiment (CCE) data to insurance companies within one month of harvest and the companies have to settle the claims within three weeks of receiving the CCE data. Under earlier schemes, estimation of yield data was done without using technology through manual means, due to which there was huge delay in obtaining CCE data. Due to this the claim settlement, on an average took six months to one year. To eliminate this delay and to promote transparency, it has been made mandatory to use smartphones/CCE Agri App for capture/transmission of yield data to the crop insurance portal. Due to this innovation, subsequent to harvest of Kharif crops between November to December 2016, CCE data could be obtained from end December onward and by January end settlement of claims had been initiated.

From the first season itself States like Bihar, Tamil Nadu, Haryana, Karnataka, Odisha sent the complete yield data through CCE Agri App and others like Gujarat, Jharkhand, West Bengal, Andhra Pradesh, Maharashtra, Madhya Pradesh did it partially. For Kharif 2016, apart from certain areas where there is a dispute regarding yield data between States and insurance companies, for remaining State the claims have already been calculated.

- In order to promote transparency and timeliness a Central Crop Insurance Portal has been developed which integrates farmers and other stakeholders and also provides for online registration of farmers.
- All possible farmer friendly administrative initiatives and technology have been put in place to increase the coverage of non-loanee farmers including sharecroppers. For example Common Service (CSC) has been engaged to facilitate enrolment of non-loanee farmers from Kharif 2017.
- Approximately 12 lakh farmers have registered online for crop insurance during Kharif 2017.
- Direct Benefit Transfer (DBT) has been initiated to facilitate transmission of claims amount directly to the farmers account.
- Provision has been made for use of advanced technology such as drone, remote sensing etc. for promoting transparency and immediate settlement of insurance claims.

**Claim Settlement**

- In 2016-17 (Kharif 2016 and Rabi 2016-17), which was a good monsoon year, against the gross premium of Rs. 22,344.93 crore, total claims have been estimated at about Rs. 15100.68 crore (68%). Of this amount, claims of Rs. 9446.83 crore have been approved and claims of Rs. 6624.65 crore have already been settled/paid by Insurance companies. It is to be noted that claim calculation for some crops/areas for Kharif 2016 and most of the areas/crops for Rabi 2016 is yet to be made by insurance companies.
In comparison under actuarial premium based erstwhile schemes during 2011-12, which was also an agriculturally favourable year, claims settled were only Rs. 1357.60 crore vis-a-vis premium of Rs. 2131.29 crore, i.e. 63.70%.

Likewise in 2015-16, against the gross premium of Rs. 3076.92 crore claims were to the tune of Rs. 4155.40 crore i.e. 133.75% of the gross premium. As this was a drought year, therefore claims were more than the premium collected.