



## ABSTRACT

Agriculture - New Crop Insurance Scheme “Pradhan Mantri Fasal Bima Yojana” (PMFBY) launched by Government of India for implementation in the State of Tamil Nadu from Kharif 2016-(April to September) onwards-Administrative Sanction- Orders Issued.

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### AGRICULTURE(AP6) DEPARTMENT

G.O.(Ms) No.220

Dated: 21.07.2016.

Read:

1. From the Joint Secretary to Government of India, Ministry of Agriculture and Farmers Welfare, Department of Agriculture, Cooperation & Farmers welfare, New Delhi, Letter No.13015/03/2016-Credit-II, dated: 23.02.2016.
2. From the Commissioner of Agriculture, Letter No. G1/ 7976/ 2016, dated 25.04.2016.
3. From the Director of Horticulture and Plantation Crops, Letter No.MIS/ 23789 / 2016, dated 18.04.16.

### ORDER:

In the letter first read above, the Joint Secretary, Department of Agriculture, Cooperation & Farmers Welfare, Government of India has informed that the Government of India have launched a new Crop Insurance Scheme “Pradhan Mantri Fasal Bima Yojana (PMFBY)”, from Kharif 2016 season onwards, withdrawing the existing Crop Insurance Scheme viz., National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS) in the country.

2. The Scheme proposes to introduce a Unified Package Insurance Scheme (UPIS) also on a pilot basis in 45 districts of the country, to cover other assets/activities like machinery, life, accident, house, tractor, student safety and crops etc., of farmers and requested to initiate action required for the implementation of the scheme from Kharif 2016 season onwards. The Government of India have requested the State Government to select two districts of their choice to implement the UPIS.

3. It is also stated that Weather Based Crop Insurance Scheme (WBCIS) and Coconut Palm Insurance Scheme (CPIS) would continue in a restructured format. However, WBCIS was already withdrawn from implementation in Tamil Nadu from Rabi 2014-15 onwards due to low patronage by the farmers and CPIS has been continued for implementation.

4. In the letter second and third read above, the Commissioner of Agriculture and the Director of Horticulture and Plantation Crops have requested the Government to

issue administrative sanction for the implementation of "Pradhan Mantri Fasal Bima Yojana" in the State of Tamil Nadu from Kharif 2016 onwards and to issue financial sanction for the total amount of Rs. 487.3703 Crore as detailed underneath.

S.No	Department	Amount Requested for Sanction Rs. in Crore
1	Agriculture	478.4895
2	Horticulture	8.8808
	TOTAL	487.3703

5. It has been requested by the Commissioner of Agriculture that the Pradhan Mantri Fasal Bima Yojana may be implemented in the State of Tamil Nadu from Kharif 2016 onwards following the guidelines presented by Government of India and as summarized below:

**Procedures to be followed under Pradhan Mantri Fasal Bima Yojana (PMFBY):-**

- a. Unit of insurance is Revenue Village as against Firka or Block level in National Agricultural Insurance Scheme.
- b. Premium will be calculated on actuarial basis, whereas in NAIS, nominal premium is charged. Farmers have to pay fixed premium on actuarial premium rates under PMFBY and the balance would be shared equally by Government of India and Government of Tamil Nadu.
- c. In National Agricultural Insurance Scheme, Agriculture Insurance Company of India Limited (AICIL) is the only implementing agency. In Pradhan Mantri Fasal Bima Yojana, companies including private insurance companies empanelled by Government of India are allowed as implementing agencies.
- d. Under National Agricultural Insurance Scheme, Agriculture Insurance Company of India Limited pays compensation upto the premium amount collected in a year from the farmers at State level. Compensation over and above the 100% of premium collected is shared equally by the Government of Tamil Nadu and Government of India. Under Pradhan Mantri Fasal Bima Yojana, the crop insurance company is totally responsible for the Crop Loss Compensation payable to the farmers. Government of India and Government of Tamil Nadu have to share it equally in the event of compensation exceeding 350% of the premium collected at National level.
- e. Districts have been grouped as low risk, medium risk and high risk districts under Pradhan Mantri Fasal Bima Yojana. Risk is calculated based on frequency of occurrence of drought and cyclone. In Tamil Nadu, 16, 6 and 9 districts come under Low, Medium and High risk districts respectively, whereas there is no such grouping of districts under NAIS.

**State contribution on the premium subsidy and compensation under different insurance schemes.**

Season	Amount in Crore		
	Total Premium subsidy (GOI+GOTN)	GOTN premium subsidy	GOTN share of compensation claims
NAIS (2005-2015)	264.29	247.22	1160.36
MNAIS(2010-2013)	83.32	41.66	0
Anticipated under PMFBY (for 2016-17 alone)	1020.00	486.97*	0

\* The anticipated premium subsidy share of State Government for Agriculture and Horticulture Crops worked out based on the average of previous five years enrolment. This also includes the previous year's balance settlement of Rs. 28.678 Crore.

6. Under PMFBY, the approximate annual commitment on Premium subsidy on the State would increase from Rs.40 Crore (Rs.30 Crore for Agricultural crops, Rs.10 Crore for Horticultural Crops) to Rs. 487.3703 Crore (Rs.478.4895 Crore for Agricultural Crops and Rs.8.8808 Crore for Horticultural Crops) based on estimations made. Moreover, 50% of the anticipated premium has to be paid before the commencement of the seasons and balance during the seasons.

7. Under National Agricultural Insurance Scheme (NAIS), 2% on the sum insured is fixed by the Government of India as nominal premium. The Government of Tamil Nadu is extending 50% premium subsidy to farmers under NAIS and therefore the farmers were paying only 1% of premium as their share.

8. The State Level Co-ordination Committee on Crop Insurance Meeting was held on 29.3.2016 and the following were approved by the Committee.

- **PMFBY:**

Implement the new crop insurance scheme in Tamil Nadu in all the districts except Chennai from Kharif 2016 season onwards by replacing the existing "National Agricultural Insurance Scheme" (NAIS).

- **Restructured WBCIS:**

The Committee decided not to implement Weather Based Crop Insurance Scheme, as per the earlier decision of the State Government taken during 2014.

- **CPIS:**

The Committee accorded permission to continue with implementation of Coconut Palm Insurance Scheme in the State during 2016-17.

- To notify and to initiate action to issue of Government Orders for implementation of PMFBY and Coconut Palm Insurance Scheme (CPIS) as per the Government of India guidelines.
- The premium share of 1.5% to 2% to be borne by farmers as recommended under PMFBY may also be followed in Tamil Nadu.
- To permit Commissioner of Agriculture to invite Short Tender to finalize the Insurance Companies empanelled by the Government of India and the Districts covered by the Insurance Companies as per Tamil Nadu Tender Transparency Act, 1998.
- Increase the budget provision of the State Government from Rs.40 Crore to Rs.487.3703 Crore towards premium subsidy and payment of 50% of the premium subsidy upfront to the selected Insurance Companies.
- To sanction additional posts in the Department of Agriculture and Directorate of Economics and Statistics towards implementation of PMFBY.
- To increase the budget provision at Directorate of Economics and Statistics to meet the additional expenditure due to increased number of Crop Cutting Experiments.

9. As approved by the State Level Co-ordination Committee on Crop Insurance, the Commissioner of Agriculture and Director of Horticulture and Plantation Crops have sent proposal and requested the following orders.

- a. To issue administrative approval for the implementation of PMFBY in all the districts of Tamilnadu except Chennai from Kharif 2016 season onwards by replacing the existing "National Agricultural Insurance Scheme" (NAIS).
- b. Not to implement the Restructured Weather Based Crop Insurance Scheme, as per the earlier decision of the State Government taken during 2014.
- c. To permit Commissioner of Agriculture to approve the premium rates for three years from 2016-17 onwards (2016-17 to 2018-19) by following tender procedure as per Tamil Nadu Tender Transparency Act, 1998.
- d. To sanction an amount of Rs.487.3703 Crore, ( Agriculture – Rs. 478.4895 crore + Horticulture – Rs. 8.8808 Crore ) for settlement of state share of premium subsidy, towards advertisement and contingencies.
- e. To authorize the Commissioner of Agriculture and Director of Horticulture and plantation crops to sanction the premium subsidy to the approved insurance companies through AICIL as per the GOI subsidy pattern.
- f. To authorize the Commissioner of Agriculture and Director of Horticulture and plantation crops to settle the pending premium subsidy claims of previous years raised by the insurance companies based on the budget provision of 2016-17.

- g. To authorize the Commissioner of Agriculture and Director of Horticulture and plantation crops to settle the State share on bank service charges @ 4% of premium collected from farmers and to be shared equally at 2% by Government of India and Government of Tamil Nadu.
- h. To sanction of additional posts in Agriculture Department and Department of Economics and Statistics and permit Commissioner of Agriculture to send consolidated proposal for sanction of staff in various cadres separately.
- i. To relax the quarterly control of funds for the funds sanctioned during 2016-17.

10. The Government, after careful examination, accept the proposal of the Commissioner of Agriculture and Director of Horticulture and Plantation Crops and the following orders are issued:

- I. Accord administrative approval for the implementation of Pradhan Mantri Fasal Bima Yojana at the cost of Rs. 487.3703 crore, (Rupees four hundred and eighty seven crore thirty seven lakh and three thousand only) in all the districts of Tamil Nadu except Chennai from Kharif 2016 season onwards by replacing the existing "National Agricultural Insurance Scheme" (NAIS) and to implement Coconut Palm Insurance Scheme (CPIS) as per the existing Government of India guidelines.
- II. Authorize implementation of Unified Package Insurance Scheme in Cuddalore and Nagapattinam Districts, which are prone to frequent risks.
- III. Authorize the Commissioner of Agriculture to approve the premium rates for three years from 2016-17 onwards (2016-17 to 2018-19) by following tender procedure for both Agriculture and Horticultural Crops.

The following are break up details of the Premium Subsidy and other expenditure related to advertisement and contingencies:-

(Rupees in Crore)

S.No	Particulars	Agriculture Department	Horticulture Department	Total
1	State Share of Premium Subsidy	478.0975	8.8808	486.9783
2	Advertisement and Publicity	0.1400	0.0000	0.1400
3	Contingencies	0.2520	0.0000	0.2520
	<b>TOTAL</b>	<b>478.4895</b>	<b>8.8808</b>	<b>487.3703</b>

- IV. Authorize the Commissioner of Agriculture and Commissioner of Horticulture and Plantation Crops to disburse 50% of the fair estimate of the premium subsidy based on the claims of the successful bidder to the approved insurance companies through Agriculture Insurance Company of India Limited following the GOI subsidy pattern, in the selected cluster at the beginning of crop season and the balance premium claim on the closure of the season based on the claims of the approved insurance companies.
- V. Authorize the Commissioner of Agriculture and Commissioner of Horticulture and Plantation Crops to settle the State share on bank service charges @ 4% of premium collected from farmers and to be shared equally by Government of India and Government of Tamil Nadu.
- VI. The Sanction of additional posts in Agriculture Department and Department of Economics and Statistics is accepted in principle and Commissioner of Agriculture should send consolidated proposal for sanction of the staff in various cadres separately.
- VII. The financial sanction will be accorded by the Government, after receiving the claim from the insurance companies selected through the tender along with the proposal from Commissioner of Agriculture and the Commissioner of Horticulture and Plantation Crops as per the guidelines issued by Government of India.

11. The Commissioner of Agriculture is requested to strictly follow the guidelines issued by Government of India while implementing the scheme Pradhan Mantri Fasal Bima Yojana from Kharif 2016 onwards.

12. This order issues with the concurrence of Finance Department vide its U.O.No.40569/ Finance (Agriculture)/2016, dated. 20.7.2016.

// By Order of the Governor //

Gagandeep Singh Bedi,  
Agricultural Production Commissioner  
and Secretary to Government

To  
The Commissioner of Agriculture , Chennai – 5.  
The Principal Secretary/ Commissioner of Horticulture and Plantation Crops,  
Chennai – 5.  
The Secretary to Government of India, Ministry of Agriculture, Co-operation &  
Farmers Welfare, Department of Agriculture, Cooperation & Farmers Welfare,  
New Delhi-110011.  
The Principal Secretary/ Commissioner of Economics and Statistics,  
Chennai – 6.

The Additional / Joint Commissioner of Revenue Administration, Chennai – 5.  
The Regional Manager, Agriculture Insurance Company of India Limited,  
First Floor, Andhra Insurance Building, Old No.156,New No.323,  
Thambu Chetty Street, Parrys Corner, Chennai – 1.  
The Convener, State Level Bankers Committee, Chennai-2.  
The Principal Accountant General (G & S A / E&RSA/Audit), Chennai-18.  
The Registrar of Cooperatives Societies, Chennai-10.

**Copy to:-**

The Finance(Agri/BGI/BG.II/B.cord) Department, Chennai- 9.  
The Revenue Department, Chennai –9.  
The PD & SI Department, Chennai-9.  
The Senior Personal Assistant to Minister for Agriculture,  
The Senior Personal Assistant to Minister for Finance,P&AR,  
Chennai – 9.  
Office of the Hon'ble Chief Minister, Chennai-9.  
The Agriculture (OPIII) Department,Chennai-9  
Connected File No.1584/AP6/2016.  
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/Forwarded By Order/

P. Samithi  
21/07/2016  
Section Officer  
21/7/16.

