

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

RAJYA SABHA
UNSTARRED QUESTION NO. 2746
TO BE ANSWERED ON 19/03/2021

PROFIT OF PRIVATE COMPANIES UNDER PMFBY

2746. SHRI SYED NASIR HUSSAIN:

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) the total fund allocated for the Pradhan Mantri Fasal Bima Yojana (PMFBY) by Government over the last five years, State-wise and year-wise; and

(b) the total profit made by private companies working under the scheme over the same period?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

(SHRI NARENDRA SINGH TOMAR)

(a): Being Central Sector Scheme, State-wise allocation/release is not made under PMFBY/RWBCIS. Funds are released to the Central fund routing agency i.e. Agriculture Insurance Company of India Ltd. (AIC) which in turn releases the Central Government's share in premium subsidy on receipt of respective State Government's share, to the concerned insurance companies. Details of funds allocated and released/ utilized during 2016-17 to 2020-21 and funds allocated for the year 2020-21 are given in following table :

(Rs. in Crore)

Year	Budget Estimates	Revised Estimates	Actual Release
2016-17	5501.15	13240.04	11054.63
2017-18	9000.75	10701.26	9419.79
2018-19	13014.15	12983.1	11945.3886
2019-20	14000.00	13640.85	12638.32
2020-21	15695.00	15307.25	13902.79

(b): As regards profit and loss of insurance companies, it is informed that most of the general insurance companies except Agriculture Insurance Company of India Ltd. (AIC) are

doing different types of businesses/policies. Thus overall profit/loss of these companies is due to profit/loss in overall underwriting business of the company. However, crop insurance is a major risk mitigation tool for the benefit of farmers. Insurance is all about spreading the risk over the period and over the area. As per provisions of the PMFBY/RWBCIS, premium from farmers alongwith Central and State Government share in premium subsidy is paid to the concerned insurance company for acceptance of risk and payment of claims as per provision of scheme. Insurers save premium in good seasons/years and pay high claims, if any in bad years from the savings made in the good years. Year-wise details of total premium paid under the scheme and claims paid by insurance companies since inception of the scheme are given in following table :

(Rs. in Crore)

Year	Premium Paid to Insurance Companies	Total Claims
2016-17	21573.26	16773.20
2017-18	24652.02	22117.38
2018-19	29356.81	28360.55
2019-20	31929.77	24562.86

(data as on 01.03.2021)

In this regard, it is also informed that the difference between premium collected and claims paid may not be the margin/profit for the insurance companies. The cost of reinsurance and administrative cost totaling 10% to 12% of gross premium also has to be borne by the Insurance Companies. Further, out of the total crop insurance business under the scheme about 50% is shared by the 5 Public Sector insurance companies including Agriculture Insurance Company of India Ltd.
