

**OPERATIONAL GUIDELINES**

**RESTRUCTURED WEATHER BASED CROP INSURANCE SCHEME  
(RWBCIS)**

**March 2016**

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

**Restructured Weather Based Crop Insurance Scheme (RWBCIS)**  
**Operational Guidelines (OGs)**

**I. Objective of the Scheme**

Weather Based Crop Insurance Scheme (WBCIS) aims to mitigate the hardship of the insured farmers against the likelihood of financial loss on account of anticipated crop loss resulting from adverse weather conditions relating to rainfall, temperature, wind, humidity etc. WBCIS uses weather parameters as “proxy” for crop yields in compensating the cultivators for deemed crop losses. Payout structures are developed to the extent of losses deemed to have been suffered using the weather triggers.

**II. Coverage of Farmers**

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 Government (in case of sharecroppers/ tenant farmers).

**2. Compulsory Component**

All farmers availing Seasonal Agricultural Operations (SAO) loans from Financial Institutions (i.e. loanee farmers) for the notified crop(s) would be covered compulsorily.

3. **Voluntary Component:** The Scheme would be optional for the non-loanee farmers.

4. Special efforts shall be made to ensure maximum coverage of SC/ST/Women farmers under the scheme. Budget allocation and utilization under these segments should be in proportion of land holding of SC/ ST/ General along with Women in the respective state/ cluster. Panchayat Raj Institutions (PRIs) may be involved at various stages of implementation of crop insurance schemes particularly in the identification of the crops and beneficiaries, extension and awareness creation amongst farmers, obtaining feed-back of the farmers while assessing the claim for prevented sowing/ planting risk, localized perils, post-harvest losses and advance payment of claims etc.

### III. Coverage of Crops

- a. Food Crops (Cereals, Millets and Pulses)
- b. Oilseeds
- c. Commercial / Horticultural crops

### IV. Weather Perils to be covered:

1. Following major weather perils, which are deemed to cause “Adverse Weather Incidence”, leading to crop loss, shall be covered under the scheme:
  - a. Rainfall – Deficit Rainfall, Excess rainfall, Unseasonal Rainfall, Rainy days, Dry-spell, Dry days
  - b. Temperature– High temperature (heat), Low temperature
  - c. Relative Humidity
  - d. Wind Speed
  - e. A combination of the above
  - f. Hailstorm, cloud-burst may also be covered as Add-on/Index-Plus products for those farmers who have already taken normal coverage under WBCIS.
  - g. The perils listed above are only indicative and not exhaustive and any addition / deletion may be considered by State Govt. in consultation with insurance companies based on availability of relevant data.
2. State Government shall consider covering such perils which are capable of causing severe & quantifiable loss and can be induced directly or indirectly by change in measurable weather parameters to capture the losses during the adverse climatic conditions and have demonstrated correlation with quantifiable yield losses of crop due to such perils.
3. Only adverse weather incidences which can cause substantial crop losses should only be covered, or the triggers identified in such a way that major losses are captured. **Too conservative triggers tend to lead to frequent but smaller payouts, diluting the indemnity principle of insurance.**
4. State Governments will also continue to conduct the requisite number of Crop Cutting Experiments (CCEs) in areas where WBCIS is implemented to enable the implementing agencies to make analytical study for assessing
  - a. Performance of the Scheme *vis-à-vis* yield Index based crop Insurance Schemes (i.e. PMFBY) and Benchmarking of products.
5. The specific “Adverse Weather Incidence” with its timing / duration applicable to a particular Notified crop shall be notified by the SLCCCI.

**V. Period of Risk (i.e. Insurance Period):**

Risk period would ideally be from sowing period to maturity of the crop. Risk period depending on the duration of the crop and weather parameters chosen, could vary with individual crop and reference unit area and would be notified by SLCCCI before the commencement of risk period.

**VI. Preconditions for Implementation of the Scheme:**

Issuance of Notification by State Government / 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:

- a) State has to conduct requisite number of Crop Cutting Experiments (CCEs) at the level of notified insurance unit area;
- b) CCE based yield data will be submitted to insurance company within the prescribed time limit;
- c) State/ UT will make necessary budgetary provision in State/ UT budget, to release premium subsidy based on fair estimates, at the beginning of the crop season;
- d) State/ UT should be willing to facilitate strengthening of weather station network.
- e) Adoption of innovative technology especially Smart phones/hand held devices for capturing conduct of CCEs.

**VII. Notification:**

State/UT Government should ensure issuance of the notification and its circulation to all concerned agencies / departments / institutions atleast one month prior to the commencement of the crop season / risk period. Notification issued by State government / UT should necessarily contain following details:

- a) Crops and Reference Unit Areas notified in various districts.
- b) Applicable Sum Insured, Premium rates, and subsidy etc.
- c) Term-sheets / product structures of various crops and Reference Unit Areas (RUA)
- d) Seasonality discipline for various activities.
- e) List of Reference and Back-up Weather Stations for each Reference Unit Area

## **VIII. Selection of Areas & Crops:**

1. SLCCCI shall, for the purpose of selection of crops under WBCIS, consider factors such as availability of historical weather data, minimum cropped area, weather perils capable of causing significant & quantifiable losses by change in measurable weather parameters etc.
2. State Govt. may convene meetings with insurance providers and experts of Agro-meteorology / agronomy from State Agriculture Universities, Research Institutes etc. for finalization of triggers, term-sheets and pay-out etc. before SLCCCI meeting. A Technical Committee may be constituted by the State Government for selection of crop(s), area(s), weather triggers under WBCIS, examination of proposals received from the Insurance Companies, and finalization of term-sheets for the proposed crop(s) / area(s) based on demonstrated correlation with historical weather & yield data and further evaluation of products & benefits to the farmers on insurance principles.
3. The Scheme shall operate on the principle of "Area Approach" in selected notified RUAs. Therefore, State Govt. may notify the smallest possible areas as insurance units / RUAs, which should be preferably, the Village Panchayat / Revenue Circle / Mandal / Hobli / Block / Tehsil etc.

## **IX. Notification of the seasonality discipline**

State Government/ UT shall also notify seasonality discipline for various activities under the scheme viz. submission of insurance proposals, consolidated declarations by banks, yield data, claim assessment of losses for (i) standing crop (ii) localized calamities, (iii) prevented sowing, (iv) post harvest loss, (v) on-account payment for major calamities, etc as per the provisions of the scheme.

### **Seasonality Discipline:**

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, Department of Agriculture, Cooperation and Farmers' Welfare, Ministry of Agriculture and Farmers' Welfare, Government of India. The latest copy of the Crop Calendar is available on the website of Directorate of Economics and Statistics at <http://eands.dacnet.nic.in/PDF/Agricultural-Statistics-At-Glance2014.pdf>

2. (The crop calendar is elaborated in Appendix IV). However, besides prevailing agro-climatic conditions, rainfall distribution/irrigation water availabilities, sowing pattern etc. the SLCCCI, in consultation with the insurance company shall fix seasonality discipline of the coverage and other activities in such a way that it does not encourage adverse selection or moral hazards. The broad seasonality discipline is given in the chart below:

Sl. No	Activity	Kharif	Rabi
1	Issuance of Administrative Instructions by Government of India.	February	August
2	Conduct of SLCCCI meeting to decide for notification of Crops and Notified areas, limits of Sum Insured, and adoption of Level of Indemnity etc.	March	September
3	Issuance of Notification by SLCCCI of State/ UT	March	September
4	Entry of all requisite information/data on crop insurance Portal	Within a week of issuance of notification.	
5	Loaning period (loan sanctioned/ renewed) for Loanee farmers covered on Compulsory basis	April to July	October to December
6	Cut-off date for receipt of Proposals of farmers/debit of premium from farmers account (loanee and non-loanee).	31 <sup>th</sup> July	31 <sup>st</sup> December
7	Cut-off date for receipt of consolidated Declarations/ proposal of Loanee farmers covered on compulsory basis and non-loanee farmers covered on Voluntary basis from Bank branches (CBs/ RRBs) to respective insurance companies and DCCBs for PACS.	Within 15 days for loanee farmers and 7 days for non-loanee farmers after cut-off date	
8	Cut-off date for receipt of Declarations of farmers covered on Voluntary basis from designated insurance Agent(s) to Insurance Companies.	Within 7 days of receipt of declaration/ premium.	
9	Cut-off date for receipt of Proposal of Loanee farmers covered on compulsory basis and non-loanee farmers covered on Voluntary basis from respective DCCBs/ Nodal	Within 7 days of receipt of declarations by the respective Nodal bank offices	

	Banks (for cooperatives).	
10	Uploading of soft copy of the details of individual insured farmers by Commercial banks /RRBs / PACS / Intermediaries	Within 15 days after cut-off date for collection of premium from farmers.
11	Cut-off date for receipt of yield data harvest	Within a month from final
12	Processing, Approval and Payment of final Claims based on yield data	Three weeks from receipt of yield data

2. Further, in case of three crop / season pattern, a modified discipline keeping in mind the overall seasonality discipline prescribed above, shall be adopted by State Level Co-ordination Committee on Crop Insurance(SLCCCI).
3. **Keeping in mind the specialty and catastrophic nature of crop insurance, 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 of claims due to prevented sowing and option to change the insured crop. Hence, State Government will take all necessary steps to ensure enrolment of farmers well within the stipulated time under the scheme.** No relaxation for extension in the above seasonality/cut off dates shall be considered / granted by this department once it is fixed and notified for the crop season however, pre-ponement 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 available for the concerned notified crops / areas.
4. It may be noted that neither DAC & FW nor any State/ UT Government will be authorized to extend the cut-off dates of seasonality under any circumstance. However, States/ UTs in agreement with IA may do so, if felt necessary, but in such cases, no central premium subsidy will be provided for the areas / farmers / crops which are covered / insured in the extended period. However, Insurance Company has to inform such agreement to DAC & FW and submit the details of coverage during such extended period separately.

**X. Notification of Reference Weather Stations (RWS) and Authorized Data providers:**

1. SLCCCI based on distance and location and availability of Automatic Weather Stations / Rain Gauge will approve "Reference Weather Stations (RWS) for RUA"s. In addition to RWS for all RUAs, additional weather stations designated as Back-

up Weather Stations (BWS) shall be notified for use in case RWS is unable to provide data for any reason. Information of RUAs along with RWS and back up weather stations shall be covered in notification issued at the commencement of the season. Such AWS & ARG should meet the requirements & standards as recommended in report of the committee constituted to draft the Guidelines for setting up Automatic Weather Stations (AWSs) and Automatic Rain Gauges (ARGs) by private agencies and their accreditation, standardization, validation and quality management of weather data etc. circulated by this Department in 2015.

2. Any new AWS/ARG including 5000 AWS planned to be established under PPP mode with support from Govt. of India, should be set up following the guidelines envisaged in the report of the above mentioned committee.
3. All claims shall be settled based on actual data recorded by the RWS. There is no protocol to revise or make change in the actual weather data recorded by the Reference AWS (notified). The insurance companies / their data provider will provide daily weather data recorded in the notified AWSs / ARGs to the State Govt. on request and they should also be given access to view real time weather data of the notified AWSs / ARGs, if so desired.

#### **XI. Sum Insured**

1. The Sum Insured (SI) for each notified crop is pre-defined and will be same for loanee and non-loanee farmers, which will be based on the 'Scale of finance' as decided by the District Level Technical Committee. If the scale of finance is not declared by DLTC the sum insured will be broadly based on the cost of cultivation of the crops and will be decided by State Government. Sum Insured for individual farmer is equal to the Sum insured multiple by acreage of the notified crop. 'Area under cultivation' shall always be expressed in 'hectare'.
2. The Sum Insured of the crop may be distributed among the critical phases of the crop based on the accumulating input costs in its growing path of the crop during that phase. However, the sum insured assigned to the subsequent phases may be the summation of its previous phases to provide adequate compensation on damage of crop at later stages.

#### **XII. Premium Rates & Premium Subsidy**

1. The Actuarial Premium Rate (APR) would be charged under PMFBY by implementing agency (IA). The rate of Insurance Charges payable by the farmer will be as per the following table:



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

TSU (Technical Support Unit) shall calculate **Loss Cost (LC)** i.e. Claims as% of Sum Insured (SI) observed in case of the notified crop(s) in notified unit area of insurance during the **preceding 10 similar crop seasons** (Kharif/ Rabi) (AIC shall act as TSU till an Independent agency/Technical Support Unit (TSU) in place) based on the latest available yield data in month of February for Kharif crops and August for Rabi crops as per requirement of the States and shall provide to DAC & FW/ Concerned States on request before invitation for premium bidding. This calculation to be done by AIC on behalf of Ministry is for internal purposes to have information on the approximate cost to the IA for covering the risks so as to evaluate the bids in proper perspective.

### 3. Payment of Government Subsidy:

- a) The difference between actuarial premium rate and the rate of Insurance charges payable by farmers shall be treated as Rate of Normal premium Subsidy, which shall be shared equally by the Centre and State. **However, the State/ UT Governments are free to extend additional subsidy over and above the stipulated subsidy from its budget. In other words, additional subsidy, if any shall be entirely borne by the State/ UT Government. Subsidy in premium is allowed only to the extent of Sum Insured.**
- b) Government premium subsidy to the Private empanelled Insurance Companies may be routed through Agricultural Insurance Company (AIC) of India Limited strictly as per the guidelines/ order of the Government. It may be reviewed later and changed accordingly if felt necessary. Accordingly, AIC is

empowered to call/ collect all requisite information related to implementation of the Scheme and utilization of Government funds and to share/ disseminate the same among the concerned insurance companies and Governments for better planning, implementation and monitoring of the scheme.

- c) Government (both Central and States) may release 50% of the total estimated premium subsidy to empanelled insurance companies at the beginning of crop season on the basis of business projection to be submitted by each insurance company subject to fulfillment of General Financial Rule/ guidelines in the matter.

#### **4. Claim Liabilities:**

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 Government will provide protection to IAs. The losses exceeding the above mentioned level in the crop season would be met by equal contribution of the Central Government and the concerned State/ UT Governments. The liability of payment of all claims shall however be of the concerned IAs only. In case of unfulfilment of above mentioned condition, States/ UTs where the losses exceed the above ceiling level insurers shall be responsible to settle the admissible claims.

### **XIII. Participation of Insurance Companies in Implementation of the Scheme** **Empanelment Criteria**

1. The public sector (AIC) and private sector General Insurance Companies empanelled by the Department of Agriculture, Cooperation and Farmers' Welfare (DAC & FW), Ministry of Agriculture and Farmers' Welfare (MOA and FW), Government of India (GOI) and selected by concerned State Government / 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.** Selection Criteria of Insurance Companies as Implementing Agency (IA)

2. The selection of insurance company from the designated/ empanelled insurance companies to act as Implementing Agency (IA) shall be done by the concerned State/ UT Government for implementation of the scheme in their State. Selection of IA will be made by adopting the cluster approaches explained in the succeeding paragraphs. In case of smaller States, the whole State may be assigned to one IA.
3. Before the commencement of the crop season, **State Government would invite the pre-qualified companies as mentioned in the preceding paragraph through the open tender for submission of district-wise and crop-wise actuarial premium rates (financial bid)**. Indemnity Level, Threshold Yields, Sum Insured etc. will be same for all insurance companies for the season. The designated / empanelled companies participating in bidding have to bid the premium rates for all the crops notified / to be notified by the State Government and non-compliance will lead to rejection of the bid.
4. 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 at cluster of districts (preferably 15-20 districts) will be worked out to arrive at L1. L1 Bidder will be selected to act as IA in the concerned cluster.
5. Selection of IA may be made for up to three years however, the State government/ UT and the concerned insurance company are free to renegotiate the terms if relevant. This 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/ health care/ education, farm leveling, no claim bonus, Weather Forecasts, common Service Centers etc. It is also anticipated that long term continuity gives an opportunity to Insurers, Bankers, State Government and other stakeholders for a supportive and collaborative interaction and business relationship and service effectiveness.
6. The insurance coverage in terms of number of farmers and hectare-age should be at least at the previous season's level otherwise, insurance company shall be liable to be de-barred for next bidding in the State.
7. State Government may ensure that only one insurance company operates in each district or notified area for all farmers.

**8. Clustering/Clubbing of districts for bidding by the state:**

In order to diversify/ spread the risk and cover high risk/ low risk districts/ area equally, the State Government would group the districts in such a way that each group contains mix of districts with different risk profiles. Prior to inviting the bid, the State Government would divide the state in to multiple clusters of preferably 15-20 districts each. While clustering/clubbing following criteria would be followed

- a) States may form the clusters of districts based on mixed agro-climatic zones.
- b) Prior to the bid invitation, details on the clusters formation would be made available to the insurance companies.

**Clustering/ Clubbing of districts would be done to achieve the following objectives:**

- a) Cluster formation may be applicable for up to 3 years and clusters may be formed preferably having 15-20 districts.
- b) 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.
- c) Cluster may contain districts with mixed agro-climatic zones so as to increase the diversification of risk within a cluster.
- d) Crop wise associated risk may also be diversified among the clusters and not concentrated within the cluster.

**9. Two illustrations using different methods of clustering/clubbing of districts and determination of L1 bidder are given below. 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.**

**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:
  - a. Calculate Threshold yield as defined in the scheme.
  - b. Calculate loss cost for each year

$$\text{Loss Cost (\%)} = \text{Max } 0, \frac{\text{Threshold Yield} - \text{Actual Yield}}{\text{Threshold Yield}}$$

c. Calculate average loss cost : Average of immediate past ten year loss cost (LC)

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%	8.0%	

District Name	NFA Name	Crop	Estimate d Area Insured (In Ha)	Sum Insured (Rs./ha)	Weight (ESI in Rs.)	Avera ge Loss Cost	Weighted Average Loss Cost
A	B	C	D	E	F=D*E	E	F= D*E
District 1	NFA1	Crop1	400	10,000	40,00,000	8%	3,20,000
District 1	NFA1	Crop2	300	4,000	12,00,000	10%	1,20,000
District 1	NFA2	Crop1	200	10,000	20,00,000	6%	1,20,000
District 1	NFA2	Crop2	150	4,000	6,00,000	5%	30,000
District 1	NFA3	Crop1	125	10,000	12,50,000	10%	1,25,000
District 1	NFA3	Crop2	250	4,000	10,00,000	7%	70,000
		<b>Total</b>			<b>1,00,50,000</b>		<b>785000</b>

<b>Loss Cost (%) of District 1 = 785000 / 10050000</b>	<b>7.80%</b>
--	--------------

d. 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%

- i. Calculate 1/3 and 2/3 Percentile values of loss cost for entire state, using loss cost series of all the districts within state. Define Risk Level as per following percentile values:

Risk Level	Percentile	
Low	District Loss Cost < 1/3 percentile value	
Medium	District Loss Cost $\geq$ 1/3 and < 2/3 percentile values	
High	District Loss Cost $\geq$ 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)

Sl. No.	District Name	Loss Cost	Risk Level
1	District 1	7.80%	High Risk
2	District 2	8.60%	High Risk
3	District 3	5.40%	Medium Risk
4	District 4	3.20%	Low Risk
5	District 5	4.60%	Low Risk

### Define Coverage Level

**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.
- ii. 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	10,000	72,50,000
District 1	Crop2	700	4,000	28,00,000
<b>District 1 Expected Sum Insured (in Rs.)</b>				<b>1,00,50,000</b>

- iii. In the similar manner calculate Expected Sum Insured (ESI) in Rs. for all the districts.
- iv. 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(District ESI,1/3)
2/3 percentile value	8833333 = PERCENTILE(District ESI,2/3)

<b>District Name</b>	<b>Expected Sum Insured (in Rs.)</b>	<b>Coverage Level</b>
District 1	1,00,50,000	High
District 2	90,00,000	High
District 3	85,00,000	Medium
District 4	10,00,000	Low
District 5	7,00,000	Low

### **Allocation of Rank exposure level (code) to districts**

- i. Coding of different exposure combination levels as the following table:

<b>Risk Level</b>	<b>Coverage Level</b>	<b>Code</b>
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
Low Risk	Medium Coverage	6
High Risk	Low Coverage	7
Medium Risk	Low Coverage	8
Low Risk	Low Coverage	9

- ii. Allocation of codes to different districts:
- a. Arrange the districts in any order.
  - b. Write risk level and coverage level corresponding to each district.
  - c. On the basis on above code table allot codes to each district.
  - d. Arrange the districts in ascending order of allotted codes.
  - e. 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
District 5	700000	Low Risk	Low	9

Cluster1		Cluster2		Cluster3	
District Name	ESI (in Rs.)	District Name	ESI (in Rs.)	District Name	ESI (in Rs.)
District 1	1,00,50,000	District 2	90,00,000	District 3	85,00,000
		District 5	7,00,000	District 4	10,00,000
	<b>1,00,50,000</b>		<b>97,00,000</b>		<b>95,00,000</b>

**Clustering of the districts:**

- i. Decide the number of clusters to be formed (say 3).
- ii. From the above arranged list of districts with ESI and code distribute the districts in the following manner:
  - The first district of same code would be put in the first cluster, second district in the second cluster and third district in the third cluster. Similarly for other exposure codes.
  - Once all the clusters are filled with the first three districts of same code, next districts of same code may be allotted to clusters on such a way to achieve maximum balancing of ESI.
  - For other codes, the distribution may be done to achieve balancing of ESI.
- iii. 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.
- iv. If any company declines after being declared L1, the company may be barred for the coming season 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.

**Selection of Implementing Agency:**

Illustration: Cluster 1 - L1 Calculation								
District Name with in Cluster I	Crop Name	ESI (in Rs.)	Premium Quoted by Companies			Expected Premium (in Rs.)		
A	B	C	X	Y	Z	X	Y	Z
					$G = C *$	$H = C *$	$I = C *$	
		D	E	F	D	E	F	
District 1	Crop1	7250000	5.00%	4.95%	5.01%	3,62,500	3,58,875	3,63,225
District 1	Crop2	2800000	2.95%	3.85%	2.90%	82,600	1,07,800	81,200
<b>Cluster 1 total</b>		<b>10050000</b>				<b>445100</b>	<b>466675</b>	<b>444425</b>

**Weighted Premium Rate (%) for companies**

X	Y	Z
$= 4,45,100/1,00,50,000$	$=4,66,675/1,00,50,000$	$= 4,44,425/ 1,00,50,000$
<b>4.43%</b>	<b>4.64%</b>	<b>4.42%</b>

**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 into 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 (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,

Clusters	No. of low risks districts	Formation of clusters		Total districts in cluster
		No. of moderate risks districts	No. of high risks districts	
<b>C 1</b>	<b>10</b>	<b>5</b>	<b>4</b>	<b>19</b>
<b>C 2</b>	<b>10</b>	<b>5</b>	<b>4</b>	<b>19</b>
<b>C 3</b>	<b>10</b>	<b>5</b>	<b>4</b>	<b>19</b>
<b>C 4</b>	<b>10</b>	<b>5</b>	<b>3</b>	<b>18</b>

Sample calculation to find L1:

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

**District: D1 Company –X**

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	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 –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 Z (% of SI)	Premium Amount (Rs. Lakh)
Paddy	10000	30000	3000	6	180
Maize	6000	20000	1200	8	96
Cotton	8000	35000	2800	10	280
Arhar	9000	50000	4500	14	630
Groundnut	5000	40000	2000	13	260
Above all crops	38000		13500		1446

**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

And like-wise for other districts (D2, D3, D4, D5) and companies,  
 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 Sum Insured (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted Average Premium of the Company X (% of SI)
District 1	38000	13500	1541	
District 2	40000	14000	1600	
District 3	35000	13000	1400	
District 4	45000	15000	1650	
District 5	30000	12750	1350	
Above all Districts	188000	68250	7541	<b>11.05</b>

**For Company Y**

Districts of the Cluster	Expected Area to be insured (In Ha.)	Total Sum Insured (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted Average Premium of the Company Y (% of SI)
District 1	38000	13500	1446	
District 2	40000	14000	1500	
District 3	35000	13000	1425	
District 4	45000	15000	1675	
District 5	30000	12750	1400	
Above all Districts	188000	68250	7446	<b>10.91</b>

**For Company Z**

Districts of the Cluster	Expected Area to be insured (In Ha.)	Total Sum Insured (Rs. Lakh)	Premium Amount (Rs. Lakh)	Weighted Average Premium of the Company Z (% of SI)
District 1	38000	13500	1581	
District 2	40000	14000	1550	
District 3	35000	13000	1475	
District 4	45000	15000	1675	
District 5	30000	12750	1400	
Above all Districts	188000	68250	7481	<b>10.96</b>

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.

10. **Assessment of Performance and De-empanelment of Insurance Companies**  
**The performance of the empanelled insurance companies shall be closely monitored by DAC & FW on 3 years interval through ascertaining the company's skills and efficiencies for providing cost effective better insurance services to farmers. For the purpose, 4 indicators based on the company's risk-underwriting ability, coverage enhancement, fiscal skills and strength, payouts, promptness in claim settlement have been evolved. These indicators have equal weight age and are (i) Percentage of actual area insured to total cropped area in the allocated districts / areas (ii) Percentage of area insured of non-loanee farmers to total area insured (iii) Percentage of claims paid to total admissible claims within the stipulated time (iv) Percentage of own-retention of risk insured (SI) to total risk insured. The percentage of the indicators as mentioned above will be worked out based on the business performance achieved by the company at national level in previous three years (6 crop seasons) (excluding immediate preceding season). If the total points of performance so arrived are found below 180 i.e. 45% of the total of 400, the said insurance company is liable to be de-empanelled. Detailed instructions in this regard will be issued separately.**

#### **XIV. Collection of Proposals and Premium Amount**

1. The present Nodal Bank system under NAIS/ NCIP will continue for PMFBY as well, **for Cooperative Banks only**, wherein the implementing insurance company is not required to deal with all the loan disbursing points (PACs) and instead, deals only with designated Nodal banks. However, individual bank branches for Commercial Banks/ RRBs 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 submit the consolidated proposals to insurance companies well within the stipulated cut-off dates and also upload the soft copy of insured details in crop insurance portal. Besides, insurance company may also use the IRDA approved insurance agents/ insurance intermediaries for the coverage of non-loanee farmers only.**
2. Declaration/ proposal formats to be submitted 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 format envisaged / provided in the crop insurance portal.**

**Loanee farmers (Compulsory coverage)**

3. Whenever banks sanction loan for a notified crop in a notified area, the crop loan amount only to the extent of **Scale of Finance for notified crops** and acreage of individual notified crops of loanee farmers shall be taken into consideration for compulsory coverage, as per seasonality discipline. Based on seasonality of Crops, 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/ Primary Agriculture Cooperative Society (PACS) will prepare monthly statement of crop-wise and insurance unit-wise details of crop insurance with premium as per the seasonality discipline. Loan disbursing bank branch/ PACS will finance the additional loan towards premium amount payable by farmer for crop insurance.
4. Crop loans 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 submitting Declarations in 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.
5. Bank branches of commercial banks and RRBs/ Nodal Bank in case of PACS under its jurisdiction shall consolidate insurance proposals/ statements from their bank branch/ PACS under its jurisdiction, respectively and forward the same to insurance company along with details of remittance/ RTGS towards insurance premium, in accordance with cut off dates, as specified by SLCCCI for that particular crop and season.

**Non-loanee farmers (Optional coverage) through Channel partners**

6. Farmers desirous of availing insurance shall fill up Proposal Form of the Scheme and submit the same to nearest bank branch or authorized channel partner or insurance intermediaries of insurance company.
7. In case channel partner is a Bank, farmers will submit duly filled up proposal form in the village branch of a Commercial Bank (CB) or Regional Rural Bank (RRB), or PACS (DCCB) with requisite insurance premium amount. Operating a bank account is essential for such cases. Branch/ PACS officials will assist the farmers in completing the insurance proposal form and provide necessary guidance. While accepting the proposal and premium, Branch/ PACS will be responsible for verification of eligible sum insured, applicable premium rate, etc. PACS will thereafter consolidate these particulars and send them directly/ to respective Nodal Banks respectively which will, in turn, submit crop-wise and insurance unit-

wise Crop Insurance Declarations in the prescribed format, along with the premium, within the stipulated time, to insurance company. However the bank branches of commercial banks/ RRBs will directly submit the consolidated proposals along with details of insured farmers in the format envisaged in the crop insurance portal within the stipulated time.

8. 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 them the benefits and desirability of the Scheme and guide the farmers through procedures; collect requisite premium and remit individual/ consolidated premium to insurance company, accompanied by individual proposal forms and summary details in Declarations/ Listing sheet (MIS), provide soft copy to IA and details of each insured farmer and will also upload the data directly to the crop insurance portal.
9. While accepting the Proposal and the premium from aforesaid, designated agents, other authorized channel partner or insurance intermediaries, approved by the IRDA, **it shall be the responsibility of Insurance Company or its designated agents to verify insurable interest and collect the land records, particulars of acreage, sum insured, crop sown etc. and applicable contract/ agreement details in case of share croppers/ tenant farmers.** The designated intermediaries shall remit the premium with consolidated proposals within 7 days. However, it is mandatory that the Non-loanee cultivators serviced by the designated intermediaries should hold a bank account in order to facilitate remittance of the claim, if payable.  
Non-loanee Farmers (Optional coverage) - directly to Insurance companies
10. Non-Loanee farmer may submit insurance proposals personally / through post to insurance company with requisite premium. Non-loanee farmer can also avail insurance through 'on-line portal' of concerned insurance company or crop insurance portal designed by Government for the purpose. However, it is mandatory that Non-Loanee farmers, personally submitting proposals to insurance company or through crop insurance portal, should have insurable interest and submit necessary documentary evidence as proof as decided by SLCCCI (like print copy of application along with remittance of premium). The insured farmer forfeits the premium and the right to claim (if any) if the material facts furnished in the proposal form are wrong or incorrect.
11. Insurance companies retain the right to accept or reject insurance proposal(s) in case proposal is incomplete, not accompanied by necessary documentary proof or insurance premium ordinarily, within one month of receipt of proposal by



Insurance Companies. If the proposal is rejected the insurance company will refund full collected premium.

Option for change of crop name

12. 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, at least 30 days before cut-off-date for buying insurance or sowing, through financial institution/ channel partner/ insurance intermediary/ directly; as the case may be, along with difference in premium payable, if any, accompanied by 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.

Similarly, loanee farmers can also change the name of insured crop from the original crops submitted in the loan application but such changes should be submitted in writing to the concerned bank branch well in advance so that their proposed crops should be insured. However changes of non-notified crops to notified crops without submitting the sowing certificate is not permissible. Bank will ensure that all standard loans sanctioned for notified crops within stipulated cut-off date should compulsorily be covered.

13. Declarations/ proposals received 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. Therefore, the Banks/ PACS must not receive any proposal after the cut-off date of coverage. The Banks/ PACS must also ensure that the consolidated statement along with the premium amount is remitted to the insurance company 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 Department by the concerned State/ Agency.
14. The concerned branches of banks and Nodal Banks/ DCCBs in case of PACS will also collect the list of individual insured farmers (both loanee and non-loanee) with requisite details like name, father's name, Bank Account number, village, categories – Small and Marginal/ SC/ ST/ Women, insured acreage, details of insured land, insured crop(s), sum insured, premium collected, Government subsidy etc. from concerned branch in soft copy also for further reconciliation and send the same to the concerned insurance company within 15 days after final cut-off date for submission of Proposal/ Declaration to insurance company and also upload the same on the crop insurance portal. Same standard format of crop insurance portal will be utilized.

15. Insurance companies may also collect the requisite information in respect of non-loanee farmers from the channel partner in same formats. It is the responsibility of the concerned insurance companies to collect/obtain the details of the insured farmers (both loanee and non-loanee) from the bank/financial institutions/intermediaries/ agents and facilitate the banks to upload the same on crop insurance portal.
16. Insurance Companies should also verify and be satisfied themselves about the coverage of farmers/ crops and up-load the same in their websites within a month preferably before approaching the Government to release the final installment of subsidy under the scheme.

#### **XV. Claims Assessment & Settlement**

1. Insurance company shall be responsible for all claims arising out of adverse weather incidence and shall settle claims strictly as per the terms and conditions of the scheme mentioned in the notification. In case of adverse weather incidence all the insured cultivators growing the notified crop in a RUA shall be deemed to have suffered the same level of adverse weather condition & same proportion of crop loss and become eligible for the same rate of claims.
2. Claims shall be assessed only on the basis of weather data recorded by the notified RWSs or BWS, as the case may be, and the claims process shall commence once the weather data is received. The weather data providers should ensure that the exposure conditions of AWS, their standardization / calibration, maintenance and weather data transmission meet the guidelines issued by the Government.
3. Claims processing should be strictly as per the insurance term sheets, payout structure and the Scheme provisions. Claims shall be worked out as per the Insurance Declarations received from the Nodal Branches/ Nodal Banks for each notified area and crop.
4. Administrative structure for collection of premium, insurance proposal and remittance of admissible claim along with other return will be same as PMFBY. (Refer para. XIV)
5. All standard Claims should be processed and paid within 45 days from the end of the risk period. Further verification & collection of relevant documents / papers, if required, in respect of affected farmers should be completed within a period of 30 days from payment of standard claims of season.
6. Insurance Companies should verify & satisfy themselves about the insured farmers, crops & areas before approaching the Government for release of Subsidy. Cases of area discrepancies under WBCIS will be settled as per

procedure explained in para XVII(4) of OGs of PMFBY, and such cases should be settled within a maximum period of three months from closing of crop season.

7. Disputed claims / sub-standard claims, if any, shall be referred through State Government to DAC&FW for disposal by the insurance company and the decision or any interpretation of DAC&FW of provisions of scheme or disputes shall be binding on all concerned.
8. If observed index value falls below or above, (as the case may be) the notified trigger value, then claims per unit shall be calculated using following formula depending upon index definition:

**Claims per Unit = (Difference between Observed & Notified index values) X Notional Payout**

Overall claims will be 'Claims per Unit' X 'Number of units'

### **Illustration**

In table below, a farmer having 1, 2 and 3 hectares of land in RUAs X, Y and Z respectively buys an insurance policy having deficit rainfall cover.

Index		Aggregate Rainfall in mm during cover phase
Cover Phase,	From	1 <sup>st</sup> July
	To	15 <sup>th</sup> August
Strike 1 (mm)		200
Strike 2 (mm)		150
Exit (mm)		100
Standard Loss Rate between Strike 1 and Strike 2 – Notional 1 (Rs/ mm / Hectare)		50
Standard Loss Rate between Strike 2 and Exit – Notional 2 (Rs/ mm / Hectare)		80
Standard loss below Exit		Nil
Policy Limit (Rs / Hectare)		6500

In table below actual observed index values are mentioned for 3 notified RUAs during the cover period obtained on the basis of data of RWS.

**Table 2**

RUA	RWS	Strike - 1	Strike-2	Exit	Notional - 1	Notional -2	Policy Limit	Observed Index
X	A	200	150	100	50	80	6500	300
Y	B	200	150	100	50	80	6500	120
Z	C	200	150	100	50	80	6500	80

**RUA X:** In this case notified trigger value is 200. Observed index value is 300. In this case there would be no claim payable as the notified trigger is not breached.

**RUA Y:** Here observed index value is 120.

Hence, claims per unit will be:  $\{(200-150)*50\}+\{(150-120)*80\} = \text{Rs. } 4900$ .

For two hectares, overall claim= Rs. 4900 X 2= Rs. 9800/-

**RUA Z:** Here observed index value is 80 which has breached the exit level. Hence in this case the full sum insured assigned to the phase of Rs. 6500 per unit would be payable.

For two hectares, overall claim= Rs. 6500 X 2= Rs. 13000/-

Using the methodology discussed above, total claims will be worked out.

#### **XVI. Modalities for assessment of loss due to localized perils of Hailstorm and Cloudburst (Add-on / Index-Plus product) Localized Risks**

1. It is intended to provide insurance cover at individual farm level to crop losses due to occurrence of localized perils/ calamities viz. Landslide, Hailstorm and inundation affecting part of a notified unit or a plot.
  - a) **Eligibility Criteria:**
    - i. 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.
    - ii. Maximum liability is limited to proportionate Sum Insured of damaged crop's area. This would be based on the proportion of cost of inputs incurred during sowing period to the sum insured.
    - iii. 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.
    - iv. Maximum pay-out under this provision would be in proportion to cost of inputs, incurred up to the occurrence of insured peril, subject to the sum insured. If the payout under area approach (based on CCEs data) is more than localized losses, the higher claims of two will be payable to insured farmers.
    - iv. 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 has 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 localized loss and would be eligible for financial support. Percentage of loss would be arrived at by requisite percentage of sample survey (as decided the Joint Committee) of affected area by the insurance company.

b) **Proxy-Indicators:** Report in the local media or reports of the Agriculture/ Revenue Department.

c) **Loss assessment procedure:**

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

- i. Immediate intimation (within 48 hours) by the insured farmer to any one as detailed in (iv.a) below.
- ii. Intimation must contain details of survey number-wise insured crop and acreage affected.
- iii. Premium payment verification to be reported in next 48 hours by the farmer/ Bank.
- iv. Mobile application may be used for reporting incidents of localized risks for intimation of events including longitude/ latitude details and pictures using NRSC Mobile App.

**Whom to be reported i.e. Channel of reporting:**

Intimation may be given within 48 hours by farmer either directly to the insurance company, concerned bank, local agriculture department government/district officials or through toll free number (*Centralized dedicated Toll Free Number for claim intimation, intimations can be redirected to respective Insurance Companies through backend*) to insurance company. First mode of intimation will be centralized Toll Free

Number and in absence of such facility, the report can be given to banks or Government officials, the same would be forwarded/ intimated to the insurance company immediately on receipt of such information. The banks would verify the insured details like crop insured, sum insured, premium debited and date of debit before sending the same to insurance company.

**Documentary evidence required for claim assessment,**

- Duly filled Claim form along with all relevant documents is requisite 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 7 days of the loss, filled form may be submitted.
- Evidence of crop loss through capturing pictures using mobile application, if any.
- Local Newspaper cutting to substantiate occurrence of loss event and severity of the loss, if any.

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

The loss assessors would be appointed by the insurance company for assessment of losses due to the operations of Localized Risks (Yield 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:

- i) Any Graduate (preferably Agriculture i.e. Diploma / B.Sc. (Ag.)) with minimum 2 years experience of crop insurance.

- ii) Retired Government officials of Agriculture/ Horticulture/ Extension Department having Diploma / B. Sc. (Ag.) degree.
- ii) Retired Bank officials with experience of crop loaning or Kisan Credit Card (KCC). For compliance under the above provisions the insurance companies would empanel the suitable loss assessors for using their services as and when required. 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.

**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 premium)
- Maximum liability would be limited to proportionate Sum Insured of damaged cropped area.

**d) Conditions:**

- i. Mere disbursement/sanction of loan without receipt/debit of premium before the occurrence of insured peril would not make a farmer eligible for claim.
- ii. When affected area is limited up to 25% of total insured 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.
- iii. The pay-out under the cover would be disbursed by the insurance company only after the receipt of Government share of premium subsidy.
- iv. The insurance company would disburse the claim, if payable within 30 days of survey of loss.
- v. 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 widespread claims.
- vi. Farmers getting enrolled or whose premium is debited after occurrence of insurance peril would not be eligible for financial support under this cover.
- vii. Bank would remit farmers premium with farmers list within 7 days of intimation of loss under this section, if not sent earlier.

**2. Illustration**

- a) Sum Insured for a crop = Rs. 30,000
  - b) Assessed loss in the affected area due to operation of insured peril = 40%
  - c) Claims Payable under this cover = Rs. 30,000 × 40% = Rs 12,000
  - d) End of season reported shortfall in yield = 60%
  - e) 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

**XVII. Important Conditions / Clauses Applicable for Coverage of Risks**

- 1. In case of any substantial misreporting by bank branch / cooperative nodal bank / PACS particularly of compulsory farmers coverage, the concerned bank only shall be liable for such misreporting. Lead bank/Nodal Banks should ensure that

all the eligible crop loans/seasonal operational loans taken for notified crop(s) are fully insured and the conditions stated in the declarations submitted have been complied with. No farmer should be deprived from insurance cover. Nodal banks therefore, should make all out 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 responsible to make payment of the admissible claims to loanee farmers who were deprived from insurance cover to their crops.**

2. 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.
3. Insured / applicant must have insurable interest. 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.

## **XVIII. Role & Responsibilities of Various Agencies**

### **1. Central Government**

- ❖ Constitute a Technical Support Unit (TSU) to monitor implementation of WBCIS, product structuring, standardization & Benchmarking of products, rationalization of premium rate / subsidy, issuing guideline for installation & accreditation of Weather Stations, creation of national grid for statistical data for the purpose and other matter / directives to insurance companies.
- ❖ Support and Coordination with the State/UT Governments for implementation of PMFBY including its awareness and publicity and issue necessary instructions/ guidelines from time to time for smooth and effective implementation.
- ❖ Issue directives to Banks through “Reserve Bank of India (RBI)”and “National Bank for Agriculture and Rural Development (NABARD)”, for complying with the terms and conditions of PMFBY and its operational modalities.
- ❖ Facilitate providing the weather data through India Meteorological Department (IMD) on near real-time basis to insurance company.
- ❖ Release 50% premium subsidy towards DAC & FW committed liability under the scheme to insurance companies at the beginning of crop season on the basis of business projections (premium collection) to be submitted by insurance companies. The balance of premium subsidy, if any for the season shall be released based on submission of final / actual business achieved during crop season by insurance companies to enable them to release claims to beneficiary farmers.
- ❖ Review and monitor the implementation of PMFBY including premium rates, product-benchmarking and other matter/directives to insurance

companies. Review of performance of participating insurance companies and suggest modifications/ improvements wherever required.

- ❖ Organize Capacity building training/workshops for the State Government officials and other stakeholders.
- ❖ Interpretation of any provisions of the scheme and decision on any dispute in settlement of claims.

## **2. State / UT Governments**

- ❖ To provide the details of crop calendar and package of practices for the crops and the areas under the scheme for the first year. Weather data is required to be furnished in the daily format at least for 25 years at the RUA level proposed to be notified for the scheme, wherever necessary.
- ❖ To constitute a Technical Committee with experts in the relevant areas for finalization of triggers, term-sheets, pay-out etc before SLCCCI meeting and further evaluation of products and benefits to the farmers.
- ❖ To facilitate strengthening and expanding the existing automatic weather station network so as to facilitate providing the weather data on near real-time basis.
- ❖ To undertake sufficient number of CCEs in the notified area and provide the yield data to concerned insurance companies for comparison with WBCIS particularly to establish correlation between yield and weather parameters to help in designing of better weather insurance products, standardization & benchmarking of products etc.
- ❖ 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.
- ❖ Hold meeting of SLCCCI well in advance to finalise clusters, issue bid notice, selection of Implementing Agency and issuance of Notification. **Timely issuance of notification is a must for giving wide publicity and coverage of the farmers. There should be a gap of at least one month between the notification issuance and risk inception date.** Notification of the State Government shall contain all information as outlined in para VI.
- ❖ Uploading of requisite information of notification on the crop insurance portal in coordination with the selected Implementing Insurance Companies within one week from the date of notification.



- ❖ Take suitable action for adoption of new technology for early loss assessment and better administration of scheme
- ❖ Issue necessary directives to all agencies/ institutions/ government departments/ committees involved in implementation of Scheme.
- ❖ Notify insurance unit area to Village Panchayat or other equivalent units for major crops and for other crops, unit size may be above the level of Village / Village Panchayat.
- ❖ 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 notified crops under PMFBY to insurance companies.
- ❖ Issuance of necessary instructions to Regional Meteorological Centres of IMD and other government/ quasi government agencies for supplying weather data on real-time basis to insurance company.
- ❖ To release its 50% share of Premium Subsidy to insurance companies, in the beginning of every crop season, based on fair estimates submitted by them, and settle balance of actual premium subsidy for season as soon as final figures are submitted by insurance company. In order to ensure timely release of premium subsidy by the states, release of GOI subsidy shall be made to those states only which have cleared their liability of premium subsidy excluding the immediate previous crop season.
- ❖ To undertake extensive awareness and publicity campaigns of Scheme amongst farming community through agriculture and extension Departments to maximize coverage of the farmers specially non-loanee farmers.
- ❖ Submission of yield data for all notified crops and insurance units to insurance companies in standard format within stipulated date.
- ❖ To furnish to the insurance companies the insurance unit wise area sown of insured crops within two months from the sowing period.
- ❖ Assist insurance companies for assessment of crop loss of individual insured farmers caused by localized perils and also assist in post harvest losses.
- ❖ To undertake requisite number of CCE in the notified area following single series, and provide the yield data to the insurance company within the prescribed cut-off date, along with results of individual CCEs.
- ❖ Allow insurance companies to co-observe and witness CCEs, and permit them to access various records including Form-2 / Table-B 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 implemented besides other process to ensure accuracy of CCE.

### **3. Insurance Companies (IA)**

- ❖ Open a separate account for maintaining all transactions under the scheme in the account for audit by the Government Agency.

- ❖ Claims processing, finalization and payment of the claims within 45 days of receipt of weather data subject to receipt of Government subsidy.
- ❖ Insurance companies to liaise with State Governments and agencies/ institutions / committees involved in implementation of PMFBY.
- ❖ Furnish the necessary details to SLCCCI as may be required as per the notification.
- ❖ Underwriting –responsibilities of processing and acceptance of risk.
- ❖ Claim processing / finalization on receipt of yield data from States/UTs and payment within the prescribed timelines.
- ❖ Obtain Re-insurance arrangements if felt necessary.
- ❖ Database –develop crop-yield and weather databases, also related agri-insurance databases
- ❖ Review of implementation of PMFBY and provide regular feedback for its effective implementation/improvements to DAC & FW.
- ❖ Disclose designated Agents in writing before the underwriting of insurance for the season.
- ❖ Ensuring payment of commission/ service charges to banks/ other agents for implementing the scheme.
- ❖ 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.
- ❖ Providing monthly progress returns/ statistics/ information demanded by the Governments, both Central and State Government.
- ❖ Facilitate the bank branches/ intermediaries/ agents to upload the details of insured farmers and beneficiaries with all requisite details on Crop Insurance portal well in time.
- ❖ Redressal of all Public Grievances within the time fixed by IRDA. There shall be toll free number maintained by AIC which will be used for receiving the grievances of farmers which will work on the docket system.
- ❖ The coverage of loanee farmers should be carried out by insurance companies themselves, use of agents / brokers are not allowed.
- ❖ Establish a functional office in each Tehsil level and at least one agent should be deployed at the block level in the allocated districts.

#### **4. Financial Institutions/Banks**

##### **Nodal bank branches/cooperative nodal banks**

- a) **In case, claims have arisen during crop season then respective nodal bank & its branches would be responsible to make payment of the admissible claims to loanee farmers who were deprived from insurance cover to their crops due to non-deduction of premium by lending banks/branches.**

- b) **If Nodal banks keep the amount of premium collected beyond the defined timelines(Refer Para IX of OGs of PMFBY) then they will be liable to pay interest (at prevailing rate of interest for saving account) for the delay period to the insurance company.**
- c) **If Nodal banks keep the claims amount beyond the defined timelines** (In case of farmers covered through Financial Institution, claims shall be released only through electronic transfer, followed by hard copy containing claim particulars, to individual bank branches/ nodal banks; and banks branches/ PACs at grass root level, will credit into accounts of individual farmers within a week of receipt of funds from the Insurance companies and shall provide a certificate to the insurance companies along with list of farmers benefited. Bank Branch should also display particulars of beneficiaries on notice board and also upload the same on crop insurance portal) then they will be liable to pay interest (at prevailing rate of interest for saving account) for the delay period to the eligible farmers.
- d) For purpose of RWBCIS, scheduled banking institutions engaged in disbursing Seasonal Agricultural Operations (SAO) loans as per relevant guidelines of NABARD/ RBI shall be reckoned as Banks.
- e) The existing system of Nodal Banks would continue to service the PMFBY as described in various sub paras of Para X.
- f) Notification, as well as other directives, guidelines, etc., shall flow as insurance company ∅ Lead Bank/Administrative offices of Commercial banks/RRBs/Nodal Bank ∅ Service (subordinate) Bank Branch / PACS. While claim remittance to and from insurance companies shall follow same route, the remittance of premium shall follow the reverse route. Lead Bank/Nodal Bank/Administrative office of Commercial banks/ RRBs
- g) Communicate Notification, as well as other directives, guidelines, etc. to all agencies within their jurisdictional area.
- h) Ensure that all agencies within their jurisdictional area sanction additional loan component to loanee farmers towards premium payable by them.
- i) 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.
- j) Ensure that, for both loanee and non-loanee farmers separately, premium and related data is remitted to nodal bank within the prescribed time.
- k) Lead bank/Nodal Banks should ensure that all the eligible crop loans/seasonal operational loans taken for notified crop(s) are fully insured and the conditions stated in the declarations submitted have been complied with. No farmer should be deprived from insurance cover. Nodal banks therefore, should make all out 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 responsible to make payment of the admissible claims to loanee farmers who were deprived from insurance cover to their crops.**

- l) Concerned Bank and its branches should ensure submission to insurance companies within stipulated time the notified crop-wise, insurance unit-wise Declarations in prescribed format, along with consolidated Premium payable separately for both loanee farmers and non-loanee farmers. **If Concerned Bank and its branches keep the amount of premium collected beyond the defined timelines then they will be liable to pay interest (at prevailing rate of interest for saving account) for the delay period to the insurance company.**
- m) Nodal bank/Branches will also arrange for onward transmission to service (subordinate) bank branches / PACS, compensation amounts as received from insurance companies with all details, to be credited to beneficiary accounts.
- n) The Nodal Banks/Administrative offices may also collect the list of individual insured farmers with requisite details like name, fathers' name, Bank Account number, village, categories –Small and Marginal /SC /ST /Women, insured acreage, insured crop(s), sum insured, premium collected, Government subsidy etc from concerned PACS/ Bank Branch in soft copy for further reconciliation and send the same to the concerned insurance company within 15 days after final cut-off date for submission of proposal to insurance company.
- o) The insurance company shall acknowledge all the declarations submitted by the banks mentioning the details of crop, area, sum insured etc. 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 15 days, the details given in the acknowledgement shall be considered final and no changes would be accepted later on.
- p) To credit the claim proceeds of PMFBY received from insurance company to respective beneficiary bank account within seven days.  
**If Bank Branches/Nodal banks keep the claims amount beyond the defined timelines then they will be liable to pay interest (at prevailing rate of interest for saving account) for the delay period to the eligible farmers.** The list of beneficiary cultivators with claim amount shall be displayed by the Branch/ Primary Agricultural Cooperative Society (PACS) and a copy shall also be provided to the Chairman/ Sarpanch/ Pradhan of the village Panchayat. The Banks shall issue a certificate to the insurer that entire money received for settlement of claims has already been credited into the account of beneficiaries.
- q) Soft copy of the beneficiary' farmers may also be uploaded directly on Crop Insurance portal by bank branch/ PACS through Nodal Bank to concerned Insurance companies for uploading the same in their web-site.
- r) To permit insurance company with access to all relevant records / ledgers at the Nodal Bank/ Branch/ PACS at all times for the purpose of implementation of the scheme.
- s) Banks should ensure that cultivator may 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 institutions shall only make good all such losses.

## **Lending Banks / RFI**

- a) To educate the cultivators on the Scheme features.
- b) To guide the cultivators for filing up the insurance proposal in the prescribed forms and collecting the required documents, particularly in case of Non-Loanee cultivators.
- c) To prepare the consolidated statements for Loanee and Non-Loanee cultivators and forward the same to the insurance company along with the premium amount and other details of the insured farmers.
- d) Maintaining the records of proposal forms, the other relevant documents and statements for the purpose of scrutiny/ verification by insurance company or its authorized representatives and DLMC.
- e) Allow insurance company access to all relevant records and registers at offices of Nodal Bank and service (subordinate) bank branches within their jurisdictional area.
- f) 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.

Under administrative mechanism, banks 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 Nodal Bank / branch / PACS in case of farmers coverage, concerned bank only will be liable for such mis-reporting and its consequences.

## **5. Designated Insurance agents**

- a) To educate the cultivators on the Scheme features.
- b) To guide the cultivators for filing up the insurance proposal in the prescribed forms and collecting the required documents from Non-Loanee cultivators.
- c) Underwrite and collect the premium on behalf of Insurance Company, strictly as per the provisions of the scheme.
- d) To prepare the consolidated statements of Non-Loanee cultivators and forwarding the same to the insurance company along with the premium amount well within the stipulated time.
- e) The designated Insurance agents shall also prepare the list of individual insured farmers with requisite details like name, fathers' name, Bank Account number, village, categories –Small and Marginal/ SC/ ST/ Women, insured acreage, insured crop(s), sum insured, premium collected, Government subsidy etc in soft copy and send the same to the concerned insurance company within five days after final cut-off date.
- f) The designated Insurance agents should ensure that insured farmers may not be deprived of any benefit under the Scheme due to errors/ omissions/ commissions of them, and if any, the concerned agents / insurance company shall only make good all such losses. Necessary administrative and legal action may also be taken for lapses in service/ malpractices, if any, reported.

## **6. Loanee farmers**

- a) As the Scheme is compulsory for all loanee cultivators availing SAO loans for notified crops, it is mandatory for all loanee cultivators to insist on insurance coverage as per provisions of the Scheme.
- b) Any change in crop plan should be brought to the notice of the bank within one week of sowing.
- c) Insurance Proposals are accepted only up to a stipulated cut-off date, which will be decided by the SLCCCI.
- d) 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” condition to concerned bank branch/ financial institution/ channel partner / insurer within 48 hours.

## **7. Non-Loanee farmers**

- a) 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/ insurance intermediary of insurance company within cut-off date, fill-up proposal form completely in prescribed format, submit form and deposit requisite premium to bank branch/ Insurance Intermediary along with necessary documentary evidence regarding his insurable interest in cultivating land/ crop (e.g. ownership/ tenancy/ cultivation rights) proposed for insurance.
- b) The farmer desiring for coverage should open/operate an account in the branch of the designated bank, and the details should be provided in the proposal form.
- c) The farmers should mention their land identification number in the proposal.
- d) The farmer must provide documentary evidence with regard to possession of cultivable land.
- e) The cultivator must furnish area sown confirmation certificate.
- f) The farmer should ensure that he gets insurance coverage for a notified crop(s) cultivated/proposed to be cultivated, in a piece of land from a single source. In other word, Double insurance is not allowed. The insurance company shall reserve the right to repudiate all such claims and not refund the premium as well in such cases. Company may also take legal action against such farmers.
- g) 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” condition to concerned bank branch/ financial institution/ channel partner / insurer within 48 hours.

## **8. Role & Responsibilities of Weather data providers**

- a) The Automatic Weather Stations (AWSs) and Automatic Rain Gauges (ARGs) of IMD, State Governments, Agriculture Universities or any other organizations / institutions and Independent Third Parties like National Collateral Management Services Limited (NCML), Weather Risk Management Services Pvt. Limited (WRMS), Skymet etc. should only be notified as Reference Weather Stations (RWSs) or Back up Weather Stations (BWSs) which meet the basic minimum criteria fixed by the IMD / Government for the purpose.
- b) The data provider should ensure that all the equipments, weather sensors etc. of AWSs / ARGs should be standard, installed properly and regularly maintained as per the specification detailed in the Guidelines issued by IMD / DAC&FW and the equipments should also be calibrated regularly.
- c) The data provider should maintain the quality of weather data and standards for dissemination, retrieval & validation of weather data etc.
- d) The data provider should work independent from the insurer (insurance Company) and insured (farmer).
- e) The data provider should provide weather data in prescribed formats on near real time basis to insurance companies / State Govt.
- f) The data provider should ensure that insured farmers may not be deprived of any benefit under the Scheme due to non-functioning of weather sensors / sub-standard data/ loss of data etc. and if any, the concerned agency shall only make good all such losses.
- g) The data provider should get the weather station equipment, exposure conditions, maintenance, data quality, etc. certified by an accreditation agency, who may randomly visit some of the weather stations from time to time.

## **XIX. Illustration for preparation of Term sheet**

Crop season is segregated into 3-4 phases according to important activities taking place in growth cycle of the crop (i.e. critical stages). For example, if rainfall period is from 15<sup>th</sup> June to 31<sup>st</sup> August. The requirement of rain (water) by the crop plant may also vary fortnightly (i.e. 1-15<sup>th</sup> July, 15-31<sup>st</sup> July, 1-15<sup>th</sup> August, 16-31<sup>st</sup> August, 1-15<sup>th</sup> September and so on) or monthly or such other period that the State Government decides. Therefore, the requirement of rainfalls / weather parameters should be assessed for each fortnight / month according to historical data. The pay-out trigger(s) should be fixed strictly according to demonstrated correlation with requirement of weather parameters to the crop at each critical stages and also soil types, topography etc. Product outlines of such product are given below:

<b>RESTRUCTURED WEATHER BASED CROP INSURANCE SCHEME</b>					
TERM SHEET		SEASON			
STATE A:		DISTRICT B :	TEHSIL C :		
CROP : D		RAU : E			
Reference Weather Station : F					
DEFICIT RAINFALL					
		PHASE I	PHASE II	PHASE III	
1	RAINFALL VOLUME	PERIOD	15th June to 20th July	21st July to 20th August	21st August to 25th September
		TRIGGER	50 mm	80 mm	80 mm
<b>No. of Consecutive Dry days</b>					
RAINFALL DISTRIBUTION (Consecutive dry days)		PERIOD	1 <sup>ST</sup> July to 5 <sup>th</sup> September		
		TRIGGER (>=20)	24		
<b>Note: Rainfall of less than 2.5 mm in a day shall not be considered as rainy day</b>					
2	EXCESS RAINFALL ON A SINGLE DAY	PERIOD	15 <sup>TH</sup> July to 15 <sup>th</sup> August		
		TRIGGER (>)	200 mm		

If rainfall period is from 15<sup>th</sup> July to 31<sup>st</sup> October, the requirement of rain (water) by the crop plant may also vary fortnightly (i.e. 15-31<sup>st</sup> July, 1-15<sup>th</sup> August, 16-31<sup>st</sup> August, 1-15<sup>th</sup> September and so on) or monthly or such other period that the State Government decides on prevailing weather condition.



## TERMSHEET FOR WEATHER BASED CROP INSURANCE SCHEME

CROP : A  
 STATE : B  
 DISTRICT : C  
 TEHSIL : D  
 Ref. weather station : E

<b>INDEX – A (Excess Rainfall Cover)</b>				
Maximum of cumulative rainfall in mm of any 2 consecutive days during the cover period				
Cover Phase,	FROM	15 <sup>th</sup> -Aug	1-Sep	1-Oct
	TO	31 <sup>st</sup> Aug	30 <sup>th</sup> – Sep	31 <sup>st</sup> -Oct
Strike 1 (mm)		80	33	15
Strike 2 (mm)		175		
Exit (mm)		285		
Standard Loss Rate between Strike 1 and strike 2 – Notional 1 (Rs/mm/Hectare)		7.37	6.45	9.67
Standard Loss Rate between Strike 2 and Exit – Notional 2 (Rs/mm/Hectare)		20.91	24.76	30.45
Policy Limit (Rs/Hectare)		3000	3000	3000
<b>INDEX B (Deficit Rainfall Cover)</b>				
Aggregate rainfall during the cover phases in mm				
Cover From,	FROM	25-Jun	16-Aug	
	TO	15-Aug	30-Sep	
Strike 1 (mm)		475	200	
Strike 2 (mm)		270	95	
Exit (mm)		25	10	
Standard Loss Rate between Strike 1 and strike 2 – Notional 1 (Rs/mm/Hectare)		7	21	
Standard Loss Rate between Strike 2 and Exit – Notional 2 (Rs/mm/Hectare)		24	62	
Policy Limit (Rs/Hectare)		7500	7500	
<b>INDEX C (Consecutive Dry Days)</b>				
Maximum Number of Consecutive Dry Days (CDD) where dry day is a day with rainfall less than equal to 2.5 mm				
Cover Phase,	From	15-July		
	To	31-August		
Strike 1 (CDD's)		4		
Strike 2 (CDD's)		10		
Strike 3 (CDD's)		14		
Strike 4 (CDD's)		19		
Exit (CDD's)		24		
Payout 1 (Rs/Hectare) for Strike 1 < CDD<=Strike 2		328		
Payout 2 (Rs/Hectare) for Strike 2 <CDD <=Strike 3		720		
Payout 3 (Rs/Hectare) for Strike 3 <CDD<=Strike 4		1800		
Payout 4 (Rs/Hectare) for Strike 4 <CDD<=Exit		3600		
Maximum Payout (RS/Hectare) for CDD > Exit		6000		
Combined Policy Limit (Rs/Hectare) –say		30,000		
Premium (Rs/Hectare)		3,000		
Farmer's Share (Rs/Hectare) say		750		

**Backup reference Weather Stations: X**

**Data Source:** IMD /Independent third party like NCMSL, SKYMET, etc.

**Settlement Date:** Within Thirty days from the data released by data provider.

**Other Terms & Conditions:** The Operational Guidelines / Administrative Approval and other instructions issued by DAC&FW and State Government from time to time.

**9. Other provisions are same as envisaged under Operational Guidelines of**

**PMFBY**

\*\*\*\*\*