



ABSTRACT

Agriculture - Implementation of Revamped Pradhan Mantri Fasal Bima Yojana (RPMFBY) during Special & Rabi Seasons of 2020-2021 by adopting New Co-Insurance model on 80:20 proportionate sharing basis – Tender finalized - Approval of Actuarial Premium Rates and Permission to issue work order to the selected Insurance Companies – Administrative Sanction - Accorded – Orders – Issued.

AGRICULTURE (AP 2) DEPARTMENT

திருவள்ளூர் ஆண்டு 2051, சார்வரி, ஐப்பசி மாதம் 12-ஆம் நாள்

G.O.(D) No.194

Dated: 28.10.2020.

Read:

1. G.O.(Ms.) No.178, Agriculture (AP2) Department, dated 07.08.2020.
2. G.O.(D) No.141, Agriculture (AP2) Department, dated 14.08.2020.
3. G.O.(D).No.178, Agriculture (AP2) Department, dated 03.10.2020.
4. Government Letter No.18080/AP2/2020, Agriculture (AP2) Department, dated 13.10.2020.
5. The Minutes of the 47th SLCCCI meeting on crop insurance under RPMFBY held on 20.10.2020.
6. From the Director of Agriculture, letter No. CIS1/ 67803 / 2020, dated 19.10.2020.

ORDER:

In the Government Order first read above, the Government have accorded administrative approval for Implementation of Revamped Pradhan Mantri Fasal Bima Yojana in all the districts of Tamil Nadu except Chennai from Kharif 2020 season as per the existing Government of India guidelines (revised) and among others, orders have been issued:-

- i. to implement Revamped Pradhan Mantri Fasal Bima Yojana as per old tender rates for Kharif, 2020 with the existing tenderers viz., Agriculture Insurance Company of India Limited (AICIL) and Oriental Insurance Company Limited (OICL) in all the districts of Tamil Nadu except Chennai and
- ii. to renegotiate the premium rates with the Insurance Companies for remaining part of the tender period from Rabi 2020-2021 or call for fresh bids for implementation of the scheme in case of disagreement by the existing tenderers by following the Tamil Nadu Transparency in Tenders Act, 1998 and the Tamil Nadu Transparency in Tenders Rules, 2000 .

2. However, Agriculture Insurance Company of India Limited, Chennai & Oriental Insurance Company Limited (OICL) have declined to concede the request of the Department of Agriculture for renegotiating the existing Actuarial Premium Rates (APR). Based on the request of Director of Agriculture, in the Government Order second read above, dated 14.08.2020, the Government have permitted the Director of Agriculture to call for short tender for selection of Insurance Companies for implementation of Revamped Pradhan Mantri Fasal Bima Yojana for a period of 3 years commencing from Special Season (Samba) 2020-2021 to 2022-2023 in all districts of Tamil Nadu except Chennai.

3. As there was no adequate participation of Insurance Companies for implementation of Revamped Pradhan Mantri Fasal Bima Yojana (RPMFBY) from Special Season 2020-2021 after calling for tenders (2 times), the Government of Tamil Nadu have requested Government of India's permission to consider the New Co-Insurance model on 80:20 proportionate sharing basis for implementation of Revamped Pradhan Mantri Fasal Bima Yojana during Special & Rabi Seasons of 2020-2021. Based on this, the Government of India in their letter dated 30.09.2020 have permitted the State Government to initiate retender on the basis of the proposed model subject to certain conditions.

4. Accordingly, in the Government Order third read above, the Government have directed to implement the Revamped Pradhan Mantri Fasal Bima Yojana in all the districts of Tamil Nadu except Chennai during Special season (Samba) and Rabi season 2020-2021 by adopting new Co-Insurance Model on 80:20 proportionate sharing basis as permitted by the Government of India subject to the conditions mentioned in their letter dated 30.09.2020 and permitted the Director of Agriculture to call for a short tender for selection of Insurance Companies for implementation of Revamped Pradhan Mantri Fasal Bima Yojana for Special Season and Rabi season 2020-2021 in all districts of Tamil Nadu except Chennai. Further, the Government directed that the State Government's share shall be only 80% of the Administrative Cost which includes Bank Service Charges, Intermediary / Business Procurement charges, Publicity Expenses and Claim Management Expenses subject to an overall ceiling of 1.6% of the Gross Premium receivable by the Insurance Company.

5. The Director of Agriculture in his letter dated 19.10.2020 has informed that the e-bids were opened on 16.10.2020 and the following Insurance companies quoted Actuarial Premium Rates (APR) for implementation of Revamped Pradhan Mantri Fasal Bima Yojana in Tamil Nadu.

S. No	INSURANCE COMPANIES PARTICIPATED	CLUSTER	DISTRICTS IN THE CLUSTER
1.	1. Agriculture Insurance Company of India Ltd. 2. IFFCO-TOKIO General Insurance Company	I	Tiruvarur, Karur, Salem, Krishnagiri and Kanyakumari
2.	1. Agriculture Insurance Company of India Ltd. 2. IFFCO-TOKIO General Insurance Company	II	Nagapattinam, Tiruppur, Dindigul, Ariyalur, Kancheepuram and Chengalpattu.
3.	1. Agriculture Insurance Company of India Ltd. 2. IFFCO-TOKIO General Insurance Company	III	Thoothukudi, Madurai, Thanjavur, Theni and the Nilgiris.

4	1. Agriculture Insurance Company of India Ltd.	IV	Ramanathapuram, Tiruchirapalli, Tiruvannamalai, Vellore, Ranipet, Tirupathur and Dharmapuri
5.	1. Agriculture Insurance Company of India Ltd.	V	Pudukottai, Villupuram, Kallakurichi, Virudhunagar, Namakkal and Perambalur.
6.	1. Agriculture Insurance Company of India Ltd.	VI	Sivagangai, Tirunelveli, Tenkasi, Cuddalore, Tiruvallur, Erode and Coimbatore.

6. The Director of Agriculture has informed that the IFFCO TOKIO General Insurance Company Limited was declared as L1 for Clusters I, II & III. The Agriculture Insurance Company of India Limited (AICIL) (which is a public sector company) alone had bid for Clusters IV, V & VI the company was declared as L1.

7. However, the Committee observed that the Actuarial Premium Rates were higher compared to the previous tender and requested the L1 companies to revisit the rates as the Department had taken slew of measures such as change in level of notification, reduction in number of Insurance Units, derisking of additional perils, reduction in number of Crop Cutting Experiments, reduction in administrative expenses etc., to improve the quality of risk. Accordingly, a virtual meeting to renegotiate the Actuarial Premium Rates was conducted with Agriculture Insurance Company of India Limited and IFFCO TOKIO on 16.10.2020 and 17.10.2020 respectively under the Chairmanship of the Director of Agriculture.

IFFCO TOKIO has revised the APR as follows:-

Cluster / District	Crop	Weighted Average Premium of the Insurance Company as % of Sum Insured	
		Originally Quoted	Revised Rate
Cluster I			
Karur	Paddy II	24.50	24.00
Krishnagiri	Paddy II	20.00	15.00
Salem	Paddy II	19.80	18.50
Salem	Maize II	20.00	18.00
Salem	Paddy III	20.00	18.00
Salem	Taploca	20.00	18.00
Weighted Average Cluster I		32.16	32.11
Cluster III			
Thanjavur	Paddy II	24.50	24.25
Weighted Average Cluster III		24.25	24.09

8. The Agriculture Insurance Company of India Limited has informed that the premium rates have been arrived using standard actuarial pricing methodologies and the quoted rates are very much in line with the actual loss costs incurred. It has also been stated that the company has no significant scope of reducing the quoted rates, since the rates have been quoted less than the actual loss costs in many cases. However, Agriculture Insurance Company of India Limited has informed that the rates have been revisited and reduced to the extent possible considering the views of the State Government and assurance from the State Government that the pending issues mentioned in earlier mail will also be sorted out soon. Accordingly the Actuarial Premium Rates revised is furnished as follows:

Cluster / District	Crop	Weighted Average Premium of the Insurance Company as % of Sum Insured	
		Originally Quoted	Revised Rate
Cluster IV			
Ranipet	Paddy III	35.00	34.00
Weighted Average Cluster IV		46.7851	46.7380
Cluster V			
Virudhunagar	Cholam	45.00	40.00
Virudhunagar	Blackgram	40.00	36.00
Kallakurichi	Blackgram	25.00	24.50
Weighted Average Cluster V		26.1639	26.1230
Cluster VI			
Tenkasi	Greengram	50.00	45.00
Tenkasi	Banana	35.00	33.00
Cuddalore	Groundnut	50.00	44.00
Weighted Average Cluster VI		38.0944	38.0523

9. The Government of Tamil Nadu has allocated a sum of Rs.750.1931 crore (Agriculture : Rs.723.0741 crore ; Horticulture : Rs.27.1190 crore in the Budget Estimate of 2020 – 2021. Out of which, an amount of Rs.724.1394 crore (Agriculture: Rs.700.000 crore; Horticulture: Rs.24.1394 crore) has been incurred for settlement of State share of premium subsidy. Based on the business statistics available on Government of India portal for Rabi 2019-2020 and Kharif 2020, an amount of Rs.792.1394 crore (Agriculture: Rs.768 crore; Horticulture Rs.24.1394 crore) has been proposed in Revised Estimate 2020-2021. Due to capping of premium subsidy by Government of India, the State share of premium subsidy is likely to increase by Rs.678.573 crore (Agriculture: Rs.668.328 crore; Horticulture: Rs.10.245 crore) additionally.

10. In this context, the Director of Agriculture has requested the Government to issue the following orders:

- (i). Approve the district-wise, crop-wise Actuarial Premium Rates quoted by the selected Insurance Companies.

- (ii). Approve the Cluster-wise Implementing Agencies selected by the Chairman of Tender finalising Committee / Director of Agriculture as per the Tamil Nadu Transparency in Tenders Act, 1998 and Tamil Nadu Transparency in Tenders Rules 2000 and Rules 2012.
- (iii). Permission to issue work orders to IFFCO TOKIO for Clusters I, II & III and Agriculture Insurance Company of India Limited for Clusters IV, V and VI.
- (iv). Provide necessary funds of Rs.1470.7124 crore (Agriculture: Rs.1436.328 crore; Horticulture: Rs.34.3844 crore) towards the settlement of State share of premium subsidy and authorise the Director of Agriculture to settle the State Share of premium subsidy to the Insurance Companies based on the business claims submitted by the concerned Insurance Companies.
- (v). Relaxation of quarterly control of budget expenditure

11. The 47th State Level Co-ordination Committee on Crop Insurance (SLCCCI) meeting was held under the Chairmanship of Agricultural Production Commissioner and Principal Secretary to Government on 20.10.2020. The 47th State Level Co-ordination Committee on Crop Insurance among others, has given approval for the Actuarial Premium Rates and the Insurance Companies selected as L1 and requested the Director of Agriculture / Director of Horticulture and Plantation Crops to Go-Ahead with the Digitization of Insurance Units on Government of India portal for Special Season, 2020-2021.

12. After careful examination of the proposal of the Director of Agriculture, the Government approve the Cluster-wise Implementing Agencies selected by the Chairman of Tender finalising Committee / Director of Agriculture as given in the Annexure I as per the Tamil Nadu Transparency in Tenders Act, 1998 and Tamil Nadu Transparency in Tenders Rules 2000 and Rules 2012 and permit the Director of Agriculture to issue work orders to IFFCO TOKIO for Clusters I, II and III and Agriculture Insurance Company of India Limited for Clusters IV, V and VI.

13. The Government also approve the district-wise, crop-wise Actuarial Premium Rates quoted by the selected Insurance Companies as given in Annexure-II.

14. The Government hereby accord administrative sanction for a sum of Rs.1470.7124 crore (Rupees One thousand four hundred and seventy crore seventy one lakh and twenty four thousand only) (Agriculture: Rs.1436.3280 crore; Horticulture: Rs.34.3844 crore) or such funds as may be required based on Insurance undertaken by farmers towards the settlement of State share of premium subsidy to implement the Revamped Pradhan Mantri Fasal Bima Yojana during Special and Rabi season 2020-2021 and financial sanction shall be given as and when premium demands are raised by the Insurance Companies concerned.

15. The Government direct the Director of Agriculture to carry out Crop Cutting Experiments very carefully and correctly avoiding any moral hazards. They may be monitored closely both by the Agriculture Department and Commissioner of Economics and Statistics to ensure accuracy and reliability and to verify the area coverage by farmers carefully, particularly in the tail end districts thereby minimising claims for early season crop losses.

16. This order issues with the concurrence of the Finance Department vide its U.O.No.39899/JS(TB)/Fin (Agri)/2020, dated 28.10.2020.

(By Order of the Governor)

Gagandeep Singh Bedi,
Agricultural Production Commissioner and
Principal Secretary to Government

To

The Director of Agriculture, Chennai-5.

The Director of Horticulture and Plantation Crops, Chennai-5.

The Pay and Accounts Officer (East), Chennai-8.

The Principal Accountant General (G&SSA / E&RSA /
C&RA / A&E / AAD), Chennai 18.

The Resident Audit Officer, Office of the Principal Accountant General (General
and Social Sector Audit), Chennai-9.

Copy to:-

Office of the Hon'ble Chief Minister, Chennai-9.

Office of the Hon'ble Deputy Chief Minister, Chennai-9.

The Special Personal Assistant to the Hon'ble Minister for Agriculture, Chennai-9.

The Senior Private Secretary to Agricultural Production Commissioner and Principal
Secretary to Government, Agriculture Department, Chennai-9.


The Finance (Agriculture) Department, Chennai-9.


The Assistant Programmer, Agriculture Department, Chennai-9.

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//Forwarded / By Order//


28/10/2020
Section Officer.


28/10/2020