

Agricultural Insurance

National Agricultural Insurance Scheme

8.47 The National Agricultural Insurance Scheme (NAIS) was introduced in the country from the 1999-2000 Rabi season, replacing the Comprehensive Crop Insurance Scheme (CCIS) which was in operation in the country since 1985. The scheme is being implemented by the General Insurance Corporation (GIC) on behalf of the Ministry of Agriculture. The main objective of the scheme is to protect the farmers against losses suffered by them due to crop failure on account of natural calamities, such as, drought, flood, hailstorm, cyclone, fire, pest/diseases etc. so as to restore their credit worthiness for the ensuing season.

8.48 The new scheme is available to all farmers regardless of their land holding or indebtedness. It envisages coverage of all food crops (cereals, millets and pulses), oilseeds and annual horticultural/commercial crops, in respect of which past yield data is available for adequate number of years. Among the annual commercial/horticultural crops – eleven crops, namely, sugarcane, potato, cotton, ginger, onion, turmeric, chillies, jute, tapioca, annual banana and pineapple are presently covered. All other annual horticultural and commercial crops will be covered in the third year subject to the condition of availability of past yield data.

8.49 The new scheme operates on the basis of an area approach i.e. defined areas for each notified crop for widespread calamities and on an individual basis for localised calamities, such as, hailstorm, landslide, cyclone and flood. Individual based assessment in case of localised calamities would be implemented in limited areas, on an experimental basis initially, and shall be extended in the light of operational experience gained. Under the new scheme, each participating State/UT is required to reach the level of Gram Panchayat as the unit of insurance in a maximum period of three years.

8.50 The premium rates are 3.5 per cent (of sum insured or actuarial rates which ever is less) for bajra & oilseeds, 2.5 per cent for other kharif crops; 1.5 per cent for wheat, and 2 per

cent for other rabi crops. In the case of annual commercial/horticultural crops, actuarial rates are being charged. A 50 per cent subsidy in the premium is given to small and marginal farmers. The subsidy is shared equally by State/UT and Central Government. The subsidy in premium will be phased out on a sun-set basis over a period of five years.

8.51 At present the scheme is being implemented by 21 States/UTs. These States/UTs are Andhra Pradesh, Assam, Bihar, Chattisgarh, Goa, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, West Bengal, Andaman & Nicobar Islands and Pondicherry. Table 8.22 shows the progress till date.

Pilot Scheme on Seed Crop Insurance

8.52 In order to strengthen confidence in the existing seed breeders/growers and to provide financial security to seed breeders/growers in the event of failure of seed crops, the Government of India introduced a Pilot Seed Crop Insurance Scheme from the Rabi 1999-2000 season. 'Breeder', 'Foundation' and 'Certified' Seeds of paddy, wheat, maize, jowar, bajra, gram, red gram, groundnut, soyabean, sunflower and cotton in the states of Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan and Uttar Pradesh are covered under the Scheme. The Scheme covers all natural risks at the following stages:-

TABLE 8.22			
Performance of the National Agricultural Insurance Scheme			
Particulars	Rabi 1999-2000	Kharif 2000	Rabi 2000-2001*
Farmers covered (No.)	579,940	8,409,419	2,079,109
Sum Insured (Rs Crore)	356.41	6,903.47	1,525.15
Premium (Rs Crore)	5.42	206.51	27.45
Area Coverage (in million ha.)	780	13,000	3,092
Claims (Rs Crore)	7.69	1,179.49	41.90
* as on December 18, 2001.			

- (i) Failure of seed crop either in full or in part due to natural risk;
- (ii) Loss in expected raw seed yield;
- (iii) Loss of seed crop after harvest;
- (iv) Loss at seed certification stage.

8.53 The sum insured is equivalent to the average of preceding three/five years' Foundation and Certified seed yield of the identified unit area multiplied by 'Procurement Price' of the seed crop variety prevailing in the previous season by National Seed Corporation/ State Seed Corporations. The premium rates for the seeds of wheat and groundnut are 2 per cent of the sum insured, 2.5 per cent for sunflower, 3 per cent for paddy, 3.5 per cent for jowar and 5 per cent for gram, red gram, cotton, bajra, soyabean and maize.

Livestock Insurance

8.54 Livestock insurance, consisting mainly of cattle insurance, is being implemented by the four public sector general insurance companies viz. (i) National Insurance Co. Ltd., (ii) New India Assurance Co. Ltd., (iii) Oriental Insurance Co. Ltd., and (iv) United India Insurance Co.

TABLE 8.23				
Livestock Insurance				
Year	No. of animals Insured (Million)	Premium Collected (Rs cr.)	Incurred Claims Amount (Rs cr.)	Claims to premium ratio
1995-96	15.3	113.39	74.05	65
1996-97	14.7	122.54	74.83	61
1997-98	6.3	143.45	80.11	56
1998-99	7.9	152.02	126.08	83
1999-00	9.8	137.14	114.28	83
2000-01	7.9	145.53	127.97	88

Ltd. Under the various Livestock Insurance Policies, cover is provided for the sum insured or the market value of the animal at the time of death, whichever is less. Animals are insured up to 100 per cent of their market value normally. The progress in respect of number of cattle covered, premium collected and claims paid since 1995-96 is given in the Table 8.23. The fall in number of animals insured in the past few years is due to reduction in the number of low value animals, such as, sheep, calves and goats which at present constitute about 25 per cent of animals covered.