

Agricultural insurance

National Agricultural Insurance Scheme (NAIS)

8.33 In place of the Comprehensive Crop Insurance Scheme (CCIS), Government introduced a new scheme entitled 'National Agricultural Insurance Scheme' (NAIS) from Rabi 1999-2000 season. The scheme is available to all farmers (both loanee and non-loanee) irrespective of their size of land holdings. It envisages coverage of all the food crops (cereals, millets and pulses), oilseeds and annual commercial/ horticultural crops, in respect of which past yield data are available for an adequate number of years. Already eleven crops, viz. annual banana, chillies, cotton, ginger, jute, pineapple, onion, potato, sugarcane, tapioca and turmeric, have been covered under the scheme. All other annual commercial/ horticultural crops will be placed under insurance cover in due course of time subject to availability of past yield data.

8.34 The premium rates are 3.5 per cent (of sum insured) for bajra and oilseeds, 2.5 per cent for other kharif crops, 1.5 per cent for wheat, and 2 per cent for other Rabi crops, while actuarial rates are being charged in the case of commercial/horticultural crops. Small and marginal farmers are entitled to a subsidy of 50 per cent of the premium, which is shared on 50:50 basis by the Central and State Governments. The premium subsidy will be phased out over a period of 5 years.

8.35 The scheme is operating on the basis of 'Area Approach', i.e. defined areas for each notified crops for widespread calamities, and on 'an individual basis' for localised calamities such as hailstorm, landslide, cyclone and flood. At present, the scheme is being implemented by the following 23 States and 2 Union Territories :

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| 1. Andhra Pradesh | 2. Assam |
| 3. Bihar | 4. Goa |
| 5. Gujarat | 6. Himachal Pradesh |
| 7. Karnataka | 8. Kerala |

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| 9. Maharashtra | 10. Madhya Pradesh |
| 11. Meghalaya | 12. Tamil Nadu |
| 13. Uttar Pradesh | 14. West Bengal |
| 15. Sikkim | 16. Chattisgarh |
| 17. Jharkhand | 18. Tripura |
| 19. Orissa | 20. Jammu & Kashmir |
| 21. Uttaranchal | 22. Haryana |
| 23. Rajasthan | 24. Pondicherry |
| 25. Andaman and Nicobar Islands. | |

8.36 Details of farmers covered, area covered, sum insured, insurance charges, area coverage and indemnity claims under NAIS in last six seasons i.e. from Rabi 2000-01 to Kharif 2003 are given in Table 8.16.

Farm Income Insurance Scheme (FIIS)

8.37 In order to target the two critical components of a farmer's income, namely yield and price, through a single policy instrument, the Department of Agriculture & Cooperation formulated the Farm Income Insurance Scheme (FIIS). This Scheme was conceived to provide income protection to the farmers by integrating the mechanism of insuring production as well as market risks. The main features of the scheme are given in Box 8.2. Initially the scheme has been taken

Box 8.2 : Main features of the Farm Income Insurance Scheme (FIIS)

- Farmers will be protected by ensuring minimum guaranteed income.
- If the actual income of the farmers falls short of the guaranteed income (product of average yield and MSP) of the farmers they would be eligible for compensation to the extent of indemnity from the Agriculture Insurance Company of India Ltd. (AICI).
- Area approach as in NAIS would be used for actual yield and price measurement of the insured crop.
- Initially the scheme would cover paddy and wheat only.
- The Scheme would be available for all the States and would be compulsory for farmers availing crop loans.
- NAIS will be withdrawn for the crops covered under FIIS but would continue to be applicable for other crops.

up on a pilot basis in Rabi 2003-04 in 18 districts of 12 States for wheat and paddy. Based on the outcome of the pilot implementation, the scheme would be appropriately fine-tuned as necessary.

Table 8.16 : Performance of the National Agricultural Insurance Scheme

Sl. No.	Particulars	Rabi 2000-01	Kharif 2001	Rabi 2001-02	Kharif 2002	Rabi 2002-03	Kharif 2003	Total
1.	Farmers Covered (in lakh)	20.92	86.96	19.55	97.65	23.27	79.69	328.04
2.	Sum Insured (Rs in crore)	1602.68	7502.46	1497.51	9429.44	1837.53	8110.13	29979.75
3.	Insurance Charges (Rs in crore)	27.79	261.62	30.15	325.38	38.50	283.14	966.58
4.	Area coverage (in lakh ha)	31.11	128.88	31.46	155.22	40.38	122.89	509.94
5.	Total Claims (Rs in crore)	59.49	492.63	64.66	1821.79	193.03	191.92	2823.52
6.	Claims Paid (Rs in crore)	59.25	492.32	64.37	1754.28	114.15	12.02	2496.39