

Agricultural Insurance

National Agricultural Insurance Scheme

8.36 The National Agricultural Insurance Scheme (NAIS) is being implemented from rabi 1999-2000 season with the objective of providing insurance coverage and financial support to the farmers in the event of failure of any of the notified crops as a result of natural calamities, pests and disease, and to help to stabilize farm incomes, particularly in disaster years. The scheme is available to all the farmers (both loanee and non-loanee) irrespective of their size of holding.

8.37 The NAIS envisages coverage of all the food crops (cereals, millets and pulses), oilseeds and annual commercial/horticultural crops in respect of which past data on yield is available for adequate number of years. Sugarcane, potato, cotton, ginger, onion, turmeric, chillies, pine-apple, banana, jute, tapioca, coriander, cumin and garlic have already been covered under the scheme. The

scheme is operating on the basis of 'area approach' (defined areas for each notified crop for widespread calamities), and on 'an individual basis' for localized calamities such as hailstorm, landslide, cyclone and flood. At present, 23 States and 2 Union Territories are implementing the scheme. Cumulatively, 7.51 crore farmers have been covered under NAIS in the last twelve seasons from rabi 1999—2000 to kharif 2005 (Table 8.14).

8.38 The premium rates are 3.5 per cent (of sum assured) for bajra and oilseeds, and 2.5 per cent for other kharif crops; 1.5 per cent for wheat, and 2 per cent for other rabi crops. Actuarial rates are being charged in case of annual commercial/horticultural crops. Small and marginal farmers were entitled to a subsidy of 50 per cent of the premium, which was shared on 50:50 basis by the Central and State Governments. The subsidy on premium has gradually been phased out and at present only 10 per cent subsidy is available to small and marginal farmers.

Table 8.14 : Performance of National Agricultural Insurance Scheme

Sl. No.	Season	Number of farmers covered (lakhs)	Area (lakh ha.)	Sum assured (Rs. crore)	Premium (Rs. crore)	Total claims (Rs. crore)
1	Rabi 1999-00	6	8	356	5	8
2	Kharif 2000	84	132	6903	207	1222
3	Rabi 2000-01	21	31	1603	28	59
4	Kharif 2001	87	129	7502	262	494
5	Rabi 2001-02	20	31	1498	30	65
6	Kharif 2002	98	155	9432	325	1824
7	Rabi 2002-03	23	40	1838	39	188
8	Kharif 2003	80	124	8114	283	649
9	Rabi 2003-04	44	65	3049	64	490
10	Kharif 2004	127	243	13170	459	760
11	Rabi 2004-05	35	53	3774	76	157*
12	Kharif 2005*	126	208	13416	446	N.A.
	TOTAL	751	1219	70655	2223	5917

* Provisional figures as on December 31, 2005. N.A. Not available
Source: Ministry of Finance.