

Agricultural Insurance

8.54 The Government of India in coordination with the General Insurance Corporation of India (GIC), had introduced a scheme called the National Agricultural Insurance Scheme (NAIS) from rabi 1999-2000 season. 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, so as to restore their credit worthiness for the ensuing season. Agricultural Insurance Company of India Ltd. (AICIL) which was incorporated in December, 2002 and started operating from April, 2003 took over the implementation of NAIS.

8.55 In the implementation of NAIS (Table 8.15), certain limitations/shortcomings relating to unit area of insurance, calculation of guaranteed income, low indemnity level, and delay in settlement of insurance claims were observed. Keeping in view the above limitations in the existing scheme, National Common Minimum Programme (NCMP) provided for redesigning the crop insurance schemes. The recommendations of a Joint

Group constituted for suggesting improvements in the existing crop insurance schemes and the comments received from States/UTs and other concerned Departments/agencies have been internalized in a modified draft which is under consideration, by the Government.

Rainfall Insurance Scheme “Varsha Bima”

8.56 AICIL introduced Rainfall Insurance Scheme known as “Varsha Bima” during 2004 south-west monsoon period. Varsha Bima provided for five different options suiting varied requirements of farming community: (i) seasonal rainfall insurance based on aggregated rainfall from June to September, (ii) sowing failure insurance based on rainfall between June 15 and August 15, (iii) rainfall distribution insurance with the weight assigned to different weeks between June and September, (iv) agronomic index constructed on the basis of water requirements of crops, (v) a catastrophe option covering extremely adverse deviation of 50 per cent and above in rainfall during the season. Varsha Bima was piloted in 20 rain-gauge areas spread over Andhra Pradesh, Karnataka, Rajasthan and Uttar Pradesh in 2004-05.

Table 8.15 : 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 1999-2000	5.8	7.8	356.4	5.4	7.7
2	Kharif 2000	84.1	132.2	6,903.4	206.7	1,222.5
3	Rabi 2000-01	20.9	31.1	1,602.7	27.8	59.5
4	Kharif 2001	87.0	128.9	7,502.5	261.6	493.5
5	Rabi 2001-02	19.6	31.5	1,497.5	30.2	64.7
6	Kharif 2002	97.7	155.3	9,431.7	325.5	1,824.3
7	Rabi 2002-03	23.3	40.4	1,837.6	38.5	188.6
8	Kharif 2003	79.7	123.6	8,114.1	283.3	649.9
9.	Rabi 2003-04	44.2	64.7	3,049.5	64.1	490.7
10.	Kharif 2004	126.9	242.7	13,170.5	458.9	1,037.6
11.	Rabi 2004-05	35.3	53.4	3,774.2	75.9	160.6
12.	Kharif 2005	126.7	205.3	13,517.7	449.9	1,054.8
13.	Rabi 2005-06	40.5	72.2	5,069.5	104.8	252.3
14.	Kharif 2006*	66.5	101.1	7,500.3	233.2	—
Total		858.0	1,390.1	83,327.5	2,565.7	7,506.6

* Provisional

8.57 Based on the experience of the pilot project, the scheme was fine-tuned and implemented as “Varsha Bima-2005” in around 130 districts across Andhra Pradesh, Chhatisgarh, Gujarat, Karnataka, Maharashtra, Madhya Pradesh, Orissa, Tamil Nadu, Uttarakhand and Uttar Pradesh during kharif 2005. On an average, 2 or 3 block/tehsils were covered under each IMD rain gauge station. The scheme covered the major crops and provided at least two coverage options namely, Seasonal Rainfall Insurance

or Rainfall Distribution Index and Sowing Failure Insurance. Varsha Bima-2005 covered 1.25 lakh farmers with a premium income of Rs. 3.17 crore against a sum insured of Rs. 55.86 crore. Claims amounting to Rs. 19.96 lakh were paid for the season.

8.58 During kharif 2006, the scheme is being implemented as Varsha Bima-2006 in and around 150 districts/rain gauge station areas covering 16 states across the country. AICIL is also piloting another weather related insurance product for mango and coffee.