

## **National Agricultural Insurance Scheme : 1999-2000**

8.53 To meet the demand for bringing in more crops into the purview of Crop Insurance, extending its scope to cover all farmers (both loanee and non-loanee) and lowering the unit area of insurance, the Government has introduced a new Scheme titled "National Agricultural Insurance Scheme" or "Rashtriya Krishi Bima Yojana" in the country from Rabi 1999-2000. It has replaced the earlier Comprehensive Crop Insurance Scheme (CCIS).

8.54 The scheme envisages coverage of all the food crops (cereals and pulses), oilseeds and annual horticultural/commercial crops, in respect of which past yield data is available for adequate number of years.

8.55 The premium rates vary from 1.5 per cent to 3.5 per cent (of sum insured) for food crops and cereals. These rates have been worked out by the technical agency under the General Insurance Corporation of India (GIC) keeping in view the determinants of actuarial rates. In spite of that, if the actuarial rates are found to be less than the prescribed flat premium rates, the lower rate will be applicable. In the case of commercial

and horticultural crops, actuarial rates will be charged. Small and marginal farmers will be entitled to subsidy of 50 per cent of the premium charged to be shared equally between Central Government and the State Government. The premium subsidy will be phased out over a period of 5 years.

8.56. The new scheme would operate on the basis of Area Approach, that is, 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 experimental basis, initially and shall be extended in the light of operational experience gained. Under the new scheme, each participating State/UT will be required to reach the level of Gram Panchayat as the unit of insurance in a maximum period of three years.

8.57 The Government has also decided to set up an exclusive organisation for implementation of the new scheme in due course. Until such time as the new set up is created, the General Insurance Corporation of India (GIC) will continue to function as the Implementing Agency.