

Guidelines to States for Introducing Crop Insurance Scheme

2451, PROF, MADHU DANDAVATE :

Will the Minister of AGRICULTURE be pleased to state :

(a) whether any Central guidelines have been issued to the States for introducing the scheme of crop-insurance;

(b) if so, what are the salient features of this scheme; and

(c) whether some Central assistance will be given to the States for the implementation of these schemes ?

THE MINISTER OF AGRICULTURE (RAO BIRENDRA SINGH) : (a) The General Insurance Corporation of India (G. I. C.) formulated a Pilot Crop Insurance Scheme in consultation with the Government of India and the State Governments. It was recommended by the Government of India to all the State Government in 1979 for adoption.

(b) Salient features of the scheme are indicated in the enclosed statement. (Annexure).

(c) No. However, 25% of the premium payable by small and marginal farmers is subsidised by the Government of India.

Statement

The main features of the Pilot Crop Insurance Scheme

(1) RISKS COVERED :

The Scheme provides multi-risk cover against all risks operating during the insured crop season except the following :-

(a) war and allied risks

(b) nuclear risks

(2) PROCEDURE OF THE SCHEME :

Under the Pilot Scheme, the crop insurance scheme is linked to short-term agricultural loans issued by the credit

institutions to facilitate collection of premium and indemnities. The crop insurance policy is issued by the General Insurance Corporation (GIC) to the institutions giving crop loans. The General Insurance Corporation does not deal with the farmers directly. The financial institution is responsible to pay premium to General Insurance Corporation and also to discharge the claims. A proportion of the loss i.e. non-indemnifiable limit, has to be borne by the farmer himself. The GIC has laid down a ceiling on the maximum sum insured per farmer per annum not exceeding Rs, 5000/- or 110% of crop loan whichever is less. However this limit may be relaxed by the GIC in case of any individual area depending upon the crop and scale of finance.

(3) SELECTION OF AREAS :

The areas for operating the scheme are selected by the GIC in consultation with the State Governments. The premium rate as well as indemnity for the selected crops is uniform for all insured farmers within each basic unit of area selected irrespective of actual yield per borrower. It is proposed to select for the Pilot Scheme only such areas, where the non-indemnifiable limit does not exceed 40% and premium does not exceed 7-1/2% (i.e. low and medium risk areas).

(4) BASIS OF PREMIUM AND INDEMNITY :

Premium and indemnity rates for each selected crop and season in each selected area are determined on the basis of crop cutting experiments for the last 10 years. The Scheme of Insurance does not provide 100 per cent compensation of the event of loss of crop and the farmers are required to bear a portion of the loss. Calculations made on the basis of crop cutting data in respect of Andhra Pradesh, Gujarat, Maharashtra, Kerala have shown that full indemnity in the case of crop losses is not feasible since premium rates for securing full indemnity would be anywhere upto 30% at which rate farmers can not afford to pay premium. Therefore, premium and indemnity tables have been worked out on the basis that farmers