

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

STARRED QUESTION NO:69
ANSWERED ON:28.11.2005
NATIONAL AGRICULTURAL INSURANCE SCHEME
Annayagari Shri Sai Prathap;Thomas Shri P.C.

Will the Minister of AGRICULTURE be pleased to state:

- (a) the features of the National Agricultural Insurance Scheme (NAIS) and other similar existing schemes;
- (b) the States where NAIS has been introduced;
- (c) whether the Government has assessed the performance of NAIS;
- (d) if so, the outcome thereof;
- (e) whether the Union Government has received the report of joint group constituted to study the improvement required in the existing Crop Insurance Scheme and to include more crops in NAIS for which proposals were received from various States;
- (f) if so, the recommendations made by the group; and
- (g) the reaction of the Government thereto?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (g): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF LOK SABHA STARRED QUESTION NO. 69 DUE FOR REPLY ON 28TH NOVEMBER, 2005.

(a): The National Agricultural Insurance Scheme (NAIS) sponsored by the Government of India is the major Crop Insurance Scheme being implemented in the country. In addition to the NAIS some of the private insurance companies are implementing weather based insurance scheme on limited scale. The main features of these schemes are annexed.

(b): National Agricultural Insurance Scheme is being implemented by 23 States and 2 Union Territories (UTs). These States and UTs are – Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Orissa, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttranchal, West Bengal, Andaman & Nicobar Islands and Pondicherry.

(c)&(e): The Government had set up a Joint Group to study the improvements required in the existing Crop Insurance Schemes. The Joint Group has submitted its report.

(d)&(f): The Group has made a number of recommendations. These include inter-alia reducing the unit area of insurance to Gram Panchayat for major crops, improving the basis of calculation of threshold yield, higher indemnity level of 80% and 90%, coverage of pre- sowing/planting risks and post-harvest losses, coverage of perennial horticultural crops.

(g): The Government is examining the recommendations of the Joint Group.

Annexure

Main Features of Crop Insurance Schemes

National Agricultural Insurance Scheme (NAIS)

Scheme is available to all farmers – loanee and non-loanee both – irrespective of their size of holding.

Compulsory for loanee farmers and optional for non-loanee farmers.

The scheme is voluntary for the States/UTs.

Sum-insured may extend to the value of threshold yield of the area insured.

Coverage of all food crops (cereals, millets & pulses), oilseeds and annual commercial/horticultural crops in respect of which past yield data is available for adequate number of years.

Among the annual commercial/horticultural crops, eleven crops namely cotton, sugarcane, potato, chillies, ginger, onion, turmeric, jute, tapioca, annual banana and pineapple are presently covered.

Basically all-risk insurance scheme covering all yield losses due to natural, non- preventable risks.

Premium rates are 3.5% for bajra and oilseeds, and 2.5% for other Kharif crops; 1.5% for wheat, and 2% for other rabi crops. In case the rates worked out on the basis of actuarial data are less than the prescribed premium rate, the lower rate will be applicable.

In case of annual commercial/horticultural crops, actuarial rates are charged.

Small and marginal farmers are provided subsidy of 50% of the premium charged from them. The subsidy will be phased out over a period of 5 years on sunset basis.

To implement NAIS at lower unit of insurance i.e. Gram Panchayat within three years.

Weather Insurance

The basic idea of Weather Insurance is to measure variations in weather conditions like rainfall, temperature, humidity etc. which have bearing on crop output.

There are statistical techniques to workout the relationships between crop output and weather parameters.

Weather insurance may be made for various weather conditions like rainfall, temperature, humidity etc.

Among the weather based insurance schemes, Rain-fall insurance is implemented by the various private general insurance companies and Agriculture Insurance Company of India Ltd. (AIC) for major crops.

Rain-fall Insurance is a mechanism for providing effective risk management aid to the farmers likely to be impacted by adverse rainfall incidence.

Rain-fall Insurance Guarantees a pay out of claims on a graded scale, upon the adverse incidence of rainfall.

Claims arise when the actual rainfall incidence during the period of insurance falls short of the normal incidence.

The India Meteorological Department (IMD) provides normal rainfall data and actual rainfall data.

Rain-fall Insurance provides various options of insurance coverage as per requirement of farmers.