

Agricultural insurance

National Agricultural Insurance Scheme (NAIS)

8.42 The National Agricultural Insurance Scheme (NAIS) was introduced from Rabi 1999-2000 season, replacing the Comprehensive Crop Insurance Scheme (CCIS) which was in operation since 1985. It envisages coverage of all the food crops (cereals, millets and pulses), oilseeds and annual commercial/horticultural crops in respect of which past yield data is available for adequate number of years. Among the commercial/horticultural crops, eleven crops viz. sugarcane, potato, cotton, ginger, onion, turmeric, chillies, pine-apple, banana, jute and tapioca are currently covered under the scheme.

8.43 The premium rates are 3.5 percent (of sum insured) for bajra and oilseeds, 2.5 percent for other Kharif crops, 1.5 percent for wheat, and 2 percent for other Rabi crops or actuarial rates whichever is less. In the case of commercial/horticultural crops, actuarial rates are being charged. Small and marginal farmers are entitled to a subsidy of 50 percent of the premium charged from them, which will be shared on 50:50 basis by the Central and State Governments. The premium subsidy will be phased out over a period of 5 years.

8.44 At present, the scheme is being implemented by the 21 States and 2 Union Territories listed below :

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|---------------------|-------------------------------------|
| 1. Andhra Pradesh | 13. Uttar Pradesh |
| 2. Assam | 14. West Bengal |
| 3. Bihar | 15. Sikkim |
| 4. Goa | 16. Chattisgarh |
| 5. Gujarat | 17. Jharkhand |
| 6. Himachal Pradesh | 18. Tripura |
| 7. Karnataka | 19. Orissa |
| 8. Kerala | 20. Jammu & Kashmir |
| 9. Maharashtra | 21. Uttaranchal |
| 10. Madhya Pradesh | 22. Pondicherry |
| 11. Meghalaya | 23. Andaman and
Nicobar Islands. |
| 12. Tamil Nadu | |

Table 8.15 shows the progress of implementation of NAIS as on 30th November, 2002. The Government has decided to set up an exclusive organisation for implementation of the scheme (Box 8.5).

Website : indiabudget.nic.in

Pilot Scheme on Seed Crop Insurance

8.45 A Pilot Seed Crop Insurance Scheme introduced from Rabi 1999-2000 season to protect seed breeders/growers in the event of failure of seed crops are currently in operation in the States of Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan and Uttar Pradesh covering seed crops of paddy, wheat, maize, jowar, bajra, gram, red gram, groundnut, soyabean, sunflower and cotton.

Livestock Insurance

8.46 Livestock insurance business consisting mainly of Cattle Insurance is being implemented by the four public sector general insurance companies viz. (i) National Insurance Co. Ltd., (ii) New India Assurance Co. Ltd., (iii) Oriental Insurance Co. Ltd., and

Box 8.5 : Agriculture Insurance Corporation

Budget 2002-03 proposed setting up of a separate Corporation for Agriculture Insurance to be promoted by the existing public sector general insurance companies. A Task Force was constituted to oversee the setting up of the Agriculture Insurance Corporation. It was decided by the Task Force that the new company will be named as "Agriculture Insurance Company of India Ltd" and will be registered under the Companies Act, 1956 with the capital participation from General Insurance Corporation of India (GIC), four public sector general insurance companies viz. (i) National Insurance Co. Ltd., (ii) New India Assurance Co. Ltd., (iii) Oriental Insurance Co. Ltd. and (iv) United India Insurance Co. Ltd. and NABARD. The promoters' subscription to the paid-up capital will be: 35 per cent by GIC, 30 per cent by NABARD and 8.75 per cent each by the four public sector general insurance companies. The authorised capital of the new organisation will be Rs.1500 crore, while the initial paid-up capital will be Rs.200 crore. NAIS shall be transferred to the new organisation and shall form the core of business to begin with. Transition to actuarial regime will be made over a period of time. The new organisation will, in due course, cover other allied rural/agricultural risks in addition to crop insurance.

The Registrar of Companies (Delhi & Haryana) has approved the name of the new company "as "Agriculture Insurance Company of India Ltd." The new company has since been incorporated under the Companies Act, 1956 on 20.12.2002. It has yet to obtain registration from Insurance Regulatory and Development Authority under Insurance Act, 1938.

Sl. No.	Particulars	Rabi 1999-2000	Kharif 2000	Rabi 2000-01	Kharif 2001	Rabi 2001- 02	Total
1.	Farmers Covered (in lakhs)	5.80	84.09	20.91	85.68	20.83	217.31
2.	Sum Insured (Rs crore)	356.40	6903.38	1602.68	7300.90	1698.39	17861.75
3.	Insurance Charges (Rs crore)	5.42	206.74	27.79	256.96	34.72	531.63
4.	Area coverage (in lakh ha)	7.80	132.20	31.11	127.58	32.73	331.42
5.	Total Claims (Rs crore)	7.69	1222.91	59.50	468.82	64.39	1823.31
6.	Claims Paid (Rs crore)	7.68	1222.77	59.04	258.83	17.91	17.91

Source : Ministry of Agriculture.

(iv) United India Insurance Co. Ltd. Under the various Livestock Insurance Policies, cover is provided for the sum insured or the market value of the animal at the time of death, whichever is less. Animals are insured upto 100 percent of their market value normally. The progress in respect of number of cattle covered, premium collected and claims paid since 1997-98 is given in the Table 8.16.

Year	No. of animals Insured (million)	Premium collected (Rs crore)	Claims (Rs crore)	Claims to premium ratio
1997-98	22.83	137.06	102.75	74.97
1998-99	23.50	145.47	105.69	72.65
1999-2000	17.10	131.19	125.26	95.48
2000-01	15.35	144.70	131.71	91.02
2001-02	16.49	135.38	107.70	79.55

Source : Ministry of Agriculture.