

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:2528
ANSWERED ON:16.08.2004
HEAVY PREMIUM FOR PADDY AND CHILLY
Reddy Shri Karunakara G.

Will the Minister of AGRICULTURE be pleased to state:

- (a) Whether the Union Government is charging heavy premium towards crop insurance for paddy and chilly;
- (b) If so, the basis thereof;
- (c) Whether this crop insurance is optional or compulsory;
- (d) If so, the details thereof;
- (e) Whether the Union Government is considering to reduce the rate of premium for this crop insurance;
- (f) If so, the details thereof and by when a final decision is likely to be taken in this regard; and
- (g) If not, the reasons therefore ?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRIKANTILAL BHURIA)

(a) & (b): No Sir, paddy being a food crop, flat rate of premium of 2.5% is being charged under National Agricultural Insurance Scheme (NAIS). Chilly is in the category of annual commercial/ horticultural crops for which actuarial rate of premium is charged. The rate of premium for chilly crop varies from 6,10% to 15.80% depending upon the variability of past yield data.

(c) & (d) : The Crop Insurance under NAIS is compulsory for loanee farmers in the areas and for the crops notified under the scheme. For others i.e. non-loanee farmers it is optional.

(e) : No Sir.

(f): Does not arise.

(g) : The premium rates can not be reduced arbitrarily, because they are worked out uniformly on the basis of a set methodology/principle. A flat rate of premium is applicable for Paddy which is lower than the actuarial rate. Further, small and marginal farmers are getting subsidy on premium.