

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:96

ANSWERED ON:26.02.2007

INCREASE IN RATE OF INSURANCE PREMIUM OF COTTON CROP

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Will the Minister of AGRICULTURE be pleased to state:

(a) whether sharp increase in the rate of insurance premium of cotton crop for the Kharif season of 2006 under Rashtriya Krishi Bima Yojana (RKBY) has proved detrimental to the overall agricultural economy of the country; and

(b) if so, the steps proposed to be taken by the Government to protect the cotton growers from the burden of such sharp increase?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a) & (b): Cotton being a commercial crop an actuarial rate of premium is charged as per the provision of the scheme. These rates may vary from year to year and from State to State keeping in view the variability in the yield. Premium rate for cotton crop in Maharashtra in Kharif 2006 season was 7.5% as compared to 7.5% in Kharif 2005 and 6.10% in Kharif 2004 which is not a sharp increase. It is not detrimental to agriculture economy rather it helps the farmers by extending protection to their high investment in cultivation.

A Joint Group constituted to study the improvements required in the existing Crop Insurance Schemes and to make the scheme more farmer friendly has inter-alia recommended for providing adequate premium subsidy to farmers. Based on the recommendations of the Joint Group, modification of NAIS is under process.