

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:118  
ANSWERED ON:05.07.2004  
NATIONAL AGRICULTURAL INSURANCE SCHEME  
Maken Shri Ajay

**Will the Minister of AGRICULTURE be pleased to state:**

- (a) the main features of National Agricultural Insurance Scheme (NAIS);
- (b) the details of its implementing agency;
- (c) the target fixed and achieved thereunder during the last three years and thereafter;
- (d) the States which have not yet adopted NAIS;
- (e) the efforts made by the Government to implement the scheme throughout the country;
- (f) the manner in which it is likely to be different from the earlier Comprehensive Crop Insurance Scheme;
- (g) whether the Government propose to introduce any new agricultural insurance scheme; and
- (h) if so, the details thereof alongwith the main features of the scheme?

**Answer**

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

(a) : The main features of National Agricultural Insurance Scheme (NAIS) are at Annexure-I.

(b) : Agriculture Insurance Company of India (AIC) is the implementing agency for the scheme. The AIC was incorporated under Companies Act on 20th December, 2002. It is promoted by the General Insurance Corporation of India (GIC), National Bank for Agriculture & Rural Development (NABARD) and four Public Sector General Insurance Companies.

(c) : Targets are not fixed under the scheme as the same is optional for States/UTs and non-loanee farmers. However, achievements in terms of coverage of farmers, area, sum insured, premium generated, total claims and the farmers benefited during last eight crop seasons (from rabi 1999-2000 to kharif 2003) are given as under :-

1. Farmers Covered : 4.18 crore
2. Area Covered : 6.50 crore ha.
3. Sum Insured : 37241.79 crore
4. Premium generated : 1178.82 crore
5. Total claims : 4472.86 crore 6. Farmers Benefitted : 1.50 crore

(d) : The States/UTs. which have not adopted NAIS so far are - Arunachal Pradesh, Delhi, Manipur, Mizoram, Nagaland, Punjab, Chandigarh, Dadra & Nagar Haveli, Daman & Diu, Lakshadweep.

(e) : All the States/UTs have been sensitized of the benefits of NAIS in the national level Conferences like National Conference on Agriculture for Kharif and Rabi Campaign . Special visits and meetings are arranged to persuade non-participating states. Implementing Agency

(IA) has been undertaking necessary publicity in this regard.

(f) : The main differences between Comprehensive Crop Insurance Scheme (CCIS) and NAIS are at Annexure-II.

(g) & (h) : Yes sir, a Pilot Project on Farm Income Insurance Scheme (FIIS) was implemented in Rabi 2003-04. The scheme provides protection to the farm income by integrating the insurance of both production as well as price risks. The main features of the scheme are :-

? If the actual income of the farmer falls short of the guaranteed income (product of average yield and MSP) of the farmers they would be eligible for compensation to the extent of indemnity from the Agriculture Insurance Company of India Ltd. (AIC).

? Area approach as in NAIS would be used for actual yield and price measurement of the insured crop.

? The scheme would be available for all the States and would be compulsory for farmers availing crop loans.

? NAIS will be withdrawn for the crops covered under FIIS but would continue to be applicable for other crops.

#### Annexure-I

##### Main Features of 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 up 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 non- preventable natural 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 of annual commercial/ horticultural crops, actuarial rates of premium are charged.

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

- Financial liabilities are shared between the Central Government and the State/UTs on 50 : 50 basis.

#### Annexure-II

##### The main differences between Comprehensive Crop Insurance Scheme (CCIS) and NAIS

CCIS	NAIS
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Cover loanee farmers on compulsory basis.	Covers both loanee (Compulsory) as well as non-loanee farmers (optional).
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Only food crops and Oilseeds crops were covered.	In addition to Food & Oilseed crops, annual commercial/horticultural crops are covered.
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Premium rates were 2% for Cereals & Pulses and 1% for oilseeds crops.	Kharif - 3.5% for Bajra and Oilseeds and 2.5% for other food crops.
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Rabi - 1.5% for wheat and 2% for other food crops.
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Annual Commercial/Horticultural crops - Actuarial  
Premium Rates.

Sum Insured was restricted to Rs. 10,000/-. Sum Insured extends to the value of Threshold  
Yield of the crop with an option to cover upto 150%  
of average yield of the crop. Coverage beyond  
100% is charged the actuarial rate.

Premium subsidy of 50% to Small & Marginal farmers. Premium subsidy of 50% to Small & Marginal  
farmers which will be phased out on sunset basis  
over a period of five years.

Premiums and Claims are shared by Centre and State on 2 : 1 basis. Premium and claims are shared by Centre & State  
Government on 1 : 1 basis.