

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1391  
ANSWERED ON:04.03.2011  
FARM INCOME INSURANCE SCHEME  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has launched Farm Income Insurance Scheme (FIS) to provide income protection to the farmers;
- (b) if so, the details thereof, State-wise and if not, the reasons therefor; and
- (c) the other steps taken/being taken by the Government to protect the income of farmers?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The Government had implemented a Pilot Project on the Farm Income Insurance Scheme (FIS) during Rabi (2003-04) season (in Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Tamil Nadu, Uttar Pradesh, Uttarakhand) and Kharif (2004) season (in Gujarat, Jharkhand, Maharashtra, West Bengal) in selected Districts / states for wheat and paddy (Rabi) crops. The details of State-wise coverage of FIS during Rabi (2003-04) and Kharif (2004) are annexed. However, this Scheme was discontinued with effect from Rabi 2004-05 season for the following reasons:

- (i) Majority of States were not keen to implement the scheme as yield and price has offsetting behavior.
- (ii) The premium rates were substantially high despite the premium subsidy given by the Government.
- (iii) Some of the States were of the view that the guaranteed income was not attractive since the market prices of the superior varieties grown never go below MSP.
- (iv) Since price and yield are negatively co-related, the probability of claim arises only when price and yield both go below the guaranteed level.
- (v) Non-availability of past as also current data at implementation level was also a hindrance for smooth implementation of the scheme.

(c): The Government introduced National Agricultural Insurance Scheme (NAIS) from Rabi (1999-2000) season to protect the farmers against losses suffered by them due to crop failure on account of all non-preventable natural calamities so as to restore the credit worthiness of loanee farmers. The scheme is available to non-loanee farmers as well. The scheme, at present covers 73 different crops during the year which includes food crops cereals, millets and pulses) and oilseeds etc. Another scheme, namely, Pilot Weather Based Crop Insurance Scheme (WBCIS) aims to mitigate the hardship of the insured farmers against the likelihood of financial loss on account of anticipated crop loss resulting from incidence of adverse conditions of weather parameters like rainfall, temperature, frost, humidity etc. is also under implementation. While NAIS specifically indemnifies the cultivator against shortfall in crop yield, WBCIS is built upon the fact that weather conditions affect crop production even when a cultivator has taken all the care to ensure good harvest.