

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:683

ANSWERED ON:24.11.2009

REVIEW OF AGRICULTURAL INCOME INSURANCE SCHEME

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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government has reviewed the outcome of the Agricultural Income Insurance Scheme;
- (b) if so, the details thereof;
- (c) the criteria adopted to determine the funds released for the scheme; and
- (d) the amount released during the last three years and the current year?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) & (b): A Farm Income Insurance Scheme (FIIS) which provides income protection to the farmers by integrating the mechanism of insuring production and market risks was implemented on pilot basis in rabi 2003-04 in 11 States for rice & wheat crops and kharif 2004 season in 4 States for rice crop. The farmers' participation during two crops seasons in the selected pilot districts was very low i.e. at about 10% only due to certain inherent complications/limitations of the scheme. As required, a Concurrent Evaluation study of the parameters of impact of the scheme during the pilot phase was made by an independent agency. It was revealed that the scheme in its present form is neither viable nor attractive. The Joint Group constituted to study the improvements required in the existing Crop Insurance Schemes has also looked into the implementation of Pilot Project on FIIS and found that as long as MSP regime continues, FIIS (with or without MSP based guaranteed income) would only be a parallel effort with additional expenditure. As far as risk protection for a farmer is concerned, there exists NAIS against yield risk and MSP against price risk. Therefore, based on the findings of the Concurrent Evaluation Study and the recommendation of the Joint Group, the scheme was discontinued with effect from Rabi 2004-05 seasons.

(c): The Government of India met all the expenses on account of Pilot Project on FIIS including premium subsidy 75% to small and marginal farmers and 50% to other farmers.

(d): Does not arise.