

**NATIONAL AGRICULTURAL INSURANCE SCHEME (NAIS)
- A NOVEL CROP INSURANCE SCHEME**

Q 1 : What is insurance ?

Ans: Insurance is a financial arrangement whereby losses suffered by a few are met from the funds accumulated through small contributions made by many who are exposed to similar risks.

Q 2 : What is crop insurance ?

Ans: Crop insurance is an insurance arrangement aiming at mitigating the financial losses suffered by the farmers due to damage and destruction of their crops as a result of various production risks.

Q 3 : Was there any crop insurance scheme in India prior to NAIS ?

Ans: Yes. From 1972-73 to 1978-79, crop insurance schemes for crops such as cotton, groundnut, potato etc, was implemented in selected places on "individual approach" basis. During the period from 1979 to 1984-85, a pilot crop insurance scheme was implemented for Food crops & Oilseeds on "Area approach" basis. Based on the experience of the pilot scheme, a Comprehensive Crop Insurance Scheme (CCIS) was implemented from Kharif 1985 till Kharif 1999. The present crop insurance scheme, i.e., National Agricultural Insurance Scheme (NAIS), launched by the Hon'ble Prime Minister on 22nd June 1999 replaced the CCIS from Rabi 1999-2000 season.

Q 4 : What are the objectives of National Agricultural Insurance Scheme ?

Ans: The objectives of the NAIS are as under:-

- To provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases so as to restore their credit worthiness for ensuing season.
- To encourage the farmers to adopt progressive farming practices, high value in-puts and higher technology in Agriculture.
- To help stabilize farm incomes, particularly in disaster years.

Q 5 : What are the various risks covered under the scheme?

Ans: The Scheme provides comprehensive risk insurance for yield losses due to :

- (i) Natural Fire and Lightning, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado Flood, Inundation and Landslide.
- (ii) Drought, Dry spells.
- (iii) Pests / Diseases etc.

Q 6 : How many states are participating in the scheme?

Ans.: At present this scheme is being implemented in 23 States and UTs (except Punjab, Manipur, Nagaland, Mizoram and Arunachal Pradesh among the States and Chandigarh, Daman & Diu, Delhi, Dadra & Nagar Haveli and Lakshadweep among the UTs).

Q 7: What are the various crops covered under the scheme?

Ans.: The Scheme covers following crops

- **Food crops (Cereals, Millets & Pulses):** Some of the crops covered in various States are Paddy, Wheat, Jowar, Bajra, Maize, Ragi, Korra, Kodokutki, Green gram, Black gram, Red gram, Horse gram, Gram, Moth etc.
- **Oilseeds:** Some of the crops covered in various States are Groundnut, Sunflower, Soya bean, Safflower, Castor, Sesamum, Niger etc.
- **Annual Commercial/Annual Horticultural crops :** Sugarcane, Cotton , Potato, Onion, Ginger, Turmeric, Banana, Pineapple, Jute, Tapioca, Chilli, Cumin, Coriander, Isabgol, Methi etc.

The crops are selected for insurance if the past yield data for 10 years are available, and the State Govt agrees to conduct requisite number of Crop Cutting Experiments (CCEs) during the proposed season.

At present there are 35 different crops during Kharif and 30 different Rabi season are being insured under National Agricultural Insurance Scheme in the country.

Q 8 : Who is eligible to be covered under the scheme? .

Ans: All farmers growing insurable crops and availing Seasonal Agricultural Operations (SAO) loans from Banks / PACS are compulsorily covered under the Scheme by the Banks/ PACS, whereas the non-borrowing farmers growing insurable crops can also avail the benefit of the Scheme by submitting prescribed proposal forms at the nearest Banks/ PACS.

Q 9 : How is this scheme administered'?

Ans.: The Scheme is being implemented by Agriculture Insurance Company of India Limited (AICL) on behalf of the Ministry of Agriculture, through its Regional Offices located at 17 State capitals.

Q 10 : What is the Unit of Insurance?

Ans : The scheme operates on the basis of Area Approach i.e. defined areas for each notified crop for widespread calamities and individual assessment is done on experimental basis for localised calamities, such as, hailstorm, landslide, cyclone and flood in certain pre-notified areas. The size of unit area varies from State to State and crop to crop. Presently, the defined area is Block/ Mandal/ Taluka / Patwari halka / Nyayapanchayat/ Gram Panchayat/ Village, etc.

Q 11 : What' s amount of sum insured under NAIS?

Ans : **For loanee farmers:**

Compulsory coverage : The amount of crop loan availed for the notified crop is the minimum amount of sum insured covered on compulsory basis.

Optional Coverage : If the loanee-farmer so wishes he may insured his crop for a higher Sum Insured i.e, upto the value of Threshold Yield (i.e., guaranteed yield) which is called normal coverage even go for additional coverage upto 150% value of average yield in the notified area. However, for additional coverage, the farmer has to pay premium at actuarial rate as notified by the State Government.

The value of Sum Insured in such cases is arrived at by multiplying the threshold yield/ average yield with the latest available Minimum Support Price (MSP) announced by the Govt. or the market price provided by the State Govt. in case the MSP is not announced.

b. For Non-loanee farmers:

Coverage at normal rates of premium is available upto the value of Threshold Yield . Additional coverage upto 150% of the value of Actual Yield can be obtained by payment of premium at actuarial rates.

Note : It may however be noted that in case of annual commercial and horticultural crops, only actuarial rates of premium are charged at all the slabs of sum insured.

Q 12 : How much premium a farmer has to pay to get the insurance cover ?

Ans :

- ◆ For Kharif crops Premium is 3.5 % of Sum insured for all Oilseed crops and Bajra and 2.5% for all others foodcrops including pulses
- ◆ For Rabi crops Premium rates are 1.5% for wheat and 2% for all other foodcrops including pulses and oilseeds.
- ◆ However, of the above flat rates and the actuarial rate whichever is lower shall apply.
- ◆ For Annual Commercial and Horticultural crops atuarial premium rates are charged.
- ◆ The premium for Small & Marginal farmers is subsidised to the extent of 10% which is shared by the State Govt. and Govt. of India.

Q13 : Does a non-loanee farmer need to produce some documents for obtaining insurance cover ?

Ans : The non-loanee farmer has to produce a proof (copy of land pass book / 7/12 extract / land revenue receipt etc.) to prove that he / she is the owner of the land. In case of sharecroppers and tenant farmers (who are not availing crop loan), a proof showing crop sharing / tenancy arrangement need to be produced.

Q 14 : How can a farmer get insurance coverage ?

Ans : All loanee farmers automatically and get compulsorily covered under this Insurance Scheme through the PACS/Bank branches, as and when crop loans for insured crops are disbursed to them. All non-loanee farmers desirous of availing insurance coverage should contact nearest Bank Branches before the stipulated time frame with a proposal for insurance. Non-loanee farmer should have a Bank A/c with the bank and pay the requisite premium to get insurance coverage.

Q 15 : Are crop loans disbursed through Kisan Credit Cards (KCCs) eligible for insurance coverage under the NAIS ?

Ans : Crop loans disbursed/withdrawn through KCCs are also eligible for coverage as per the terms and conditions applicable to the regular crop loans.

Q 16 : When and how, the claims are settled under NAIS ?

Ans : In case of widespread calamities leading to damage and loss of crops, claims are settled on area approach basis. Any insured crop in a notified area recording lower actual yield than the guaranteed yield as per the crop estimation surveys conducted by the state govt., shall automatically become eligible for compensation/ claim. The shortfall in yield is determined for each crop and is the difference between the guaranteed yield and the current season's actual yield. Shortfall % is determined by expressing the shortfall as a proportion of guaranteed Yield. Claim is then computed by multiplying the sum insured with the shortfall %. Therefore no claims would be admissible/payable in case the current season's actual yield is more than the threshold yield. Applicable amounts of claims so arrived at are routed to the farmers through the banks in case of those farmers who are covered through the banks.

Even in case of non-loanee farmers who approach AIC directly for insurance coverage, the claim amounts are paid by way of cheques or through designated bank branches such that claim amounts get credited to their accounts. The claim assessment and payment would be done after receipt of the requisite yield data from the concerned agencies.

The methodology of claim assessment based on individual approach shall be intimated to all concerned upon finalising the areas and modalities.

Q 17 : Whether annawari or any similar declaration/ certification by the revenue or agriculture departments of the state govt. at village/block /district level has any bearing on claim settlement ?

Ans : No, claims under the scheme are settled strictly as per the provisions and guidelines described in the foregoing paragraphs and not according to declaration of flood/drought/annawari by any other agency/authority.

Q 18 : Whether insured farmers whose crops are damaged need to intimate crop losses to bank/AIC to be eligible for claim ?

Ans : In case of "Area approach", the farmers need not intimate crop losses to bank/AIC. The crop losses if any or reduction in yield as compared to Guaranteed yield shall be reflected in Crop Estimation surveys and the shortfall in yield, if any shall be paid as claim through the Bank. In case of areas notified for experimentation of individual loss assessment, the farmer need to intimate the crop loss within 48 hours with the local revenue/ agriculture dept.

Q 19 : What are the essential requirements before a farmer becomes eligible for claim under the Scheme ?

Ans : The essential requirements are :

- ◆ The farmer should have availed a crop loan for the insured crop. In case of non-loanee farmer, he should have submitted a proposal for insurance with requisite premium.
- ◆ The proposal/crop insurance Declaration with accurate and complete particulars should have been sent to AIC by the Bank along with requisite premium.
- ◆ The State Govt. conducts requisite number of Crop Cutting Experiments for the insured crop in the insurance unit and submits the yield data to AIC within the prescribed date.
- ◆ The yield data so submitted by the State Govt. shows short fall as compared to the Guaranteed yield.

Q 20 :What are the benefits expected from the Scheme:

Ans : This Scheme is expected to

- Be a critical instrument of development in the field of crop production, providing financial support to the farmers in the event of crop failure.
- Encourage farmers to adopt progressive farming practices and higher technology in Agriculture.
- Help in maintaining flow of agricultural credit.
- Provides significant benefits not merely to the insured farmers, but, to the entire community directly and indirectly through spillover and multiplier effects in terms of maintaining production & employment.
- Streamline loss assessment procedures and help in building up huge and accurate statistical base for crop production.