

## CROP AND LIVESTOCK INSURANCE

Insurance aims at spreading the risk associated with production across different producers and time. By paying a certain amount per year or month to the insurer, called premium, the producer gets to recover by the insurer any loss suffered in production due to specified factors probable in occurrence but difficult to guard oneself against. The amount of premium can vary depending on the sum insured i.e., the amount of money the producer is going to be paid if there is damage to the output. The insurance company makes profit because any loss or damage to the output may not happen to all the producers. Thus, only a few producers will have to be paid the damage claim which can be made up by the premium received from other producers whose output may not be damaged. Also, the damage may not happen to all periods of time i.e., damage to be paid to some producers at some point of time can be made up from the premium received by other producers at other points of time. While this rationale works in general, and to an extent even in agriculture, insurance companies are more cautious. The importance of agricultural insurance is well recognised and catching up countries and regions. Moreover, it has been observed that insured farmers tend to take many productivity enhancing measures generally not undertaken by uninsured farmers. In India, the government and a few private companies have launched many agricultural insurance schemes over the last few years.

## National Agricultural Insurance Scheme (NAIS)

The National Agricultural Insurance Scheme (NAIS) was introduced from 1999-2000 replacing the erstwhile Comprehensive Crop Insurance Scheme (CCIS). The main objective of the scheme is to protect the farmers against crop losses suffered on account of natural calamities such as draught, flood, hailstorm, cyclone, fire pests and diseases.

The new scheme is now available to all farmers — loanee and non-loanee irrespective of their size of holding. It envisages coverage of all the food crops (cereal, millets and pulses), oilseed and annual horticulture/commercial crops, in respect of which past yield data is available for adequate number of years. Among the annual commercial/horticultural crops — seven crops, namely, sugarcane, potato, cotton, ginger, onion, turmeric and chillies, are presently covered. All other annual horticultural and commercial crops will be placed under insurance cover in the third year subject to the condition of availability of past yield data.

The new scheme would operate on the basis of an Area Approach i.e., defined areas for each notified crop for widespread calamities and on an individual basis for localised calamities would be implemented in limited areas on experimental basis initially, and shall be extended in the light of operational experience gained. Under the new scheme, each participating state is required to reach the level of Gram Panchayat as the unit of insurance in a period of three years.

The Government has also decided to set up an exclusive organisation for implementation of the new scheme in due course. Until such time as the new set up is created, the General Insurance Corporation of India (GIC) will continue to function as the Implementing Agency.

## Seed Crop Insurance

The scheme for seed crop insurance has been introduced for identified crops viz. paddy, wheat, maize, jowar, bajra, gram, red gram, groundnut, soyabean, sunflower and cotton in the states of Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan and Uttar Pradesh with a

view to strengthen confidence in the existing Seed Breeders/Growers and to provide financial security to Seed Breeders/Growers in the event of failure of Seed Crop w.e.f. Rabi 1999-2000 season. 'Breeder', 'Foundation' and 'Certified' Seeds of the crops of the Scheme covers all natural risks at the following stages: - 1) Failure of seed crop either in full or in part due to natural risk, 2) Loss in expected raw seed yield, 3) Loss of seed crop after harvest, 4) At seed certification stage.

Sum Insured is equivalent to the average of preceding three/Five years' Foundation and Certified seed yield of the identical unit area multiplied by 'Procurement Price' of the seed crop variety prevailing in the previous session by National Seed Corporation / State Seed Corporation. The premium rates for the seeds of Wheat and Groundnut are 2 percent of sum insured, 2.5 percent for Sunflower, 3 percent for Paddy, 3.5 percent for Jowar and 5 percent for Gram, Red Gram, Cotton, Bajra, Soyabean and Maize.

### Livestock Insurance

A centrally sponsored scheme for livestock insurance is being implemented in all the states with the twin objectives of providing protection mechanism to farmers and cattle rearers against any eventual loss of their animals due to death and to demonstrate the benefit of the insurance of livestock and popularise it with the ultimate goal of attaining qualitative improvement in livestock and its products.

This scheme was implemented on a pilot basis during 2005-06 and 2006-07 of the 10th Five Year Plan and 2007-08 of the 11th Five Year Plan in 100 selected districts. The scheme is implemented in all the districts of the country from 21.05.2014. The scheme benefits farmers and cattle rearers with indigenous/cross-bred milch animals, pack animals (Horse, Donkey, Mules, Camels, Ponies and Cattle/ Buffalo Male), and other Livestock (Goat, Sheep, Pigs, Rabbit, Yak and Mithun etc.) are covered under the purview of this component.

An animal will be insured for its current market price. The market price of the animal to be insured will be assessed jointly by the beneficiary and the insurance officer. The minimum value of animal should be assessed by taking Rs. 3000 per liter per day yield of milk or as per the price prevailing in the local market (declared by Government) for cow and Rs. 4000 per ~~liter~~ liter per day yield of milk or as prevailing in the local market (declared by Government) for buffalo. The market price for pack animals (Horses, Donkey, Mules, Camels, Ponies and Cattle / Buffalo Male) and other livestock (Goat, Sheep, Pigs, Rabbit, Yak and Milthun) are to be assessed by negotiation jointly by owner of animal and by insurance company in the presence of veterinararians doctor. In case of dispute the price fixation would be settled by the Gram Panchayat / BDO.