

Programme/Schemes administered by the Credit Division

National Agricultural Insurance Scheme (NAIS)

A Central Sector Scheme namely, National Agricultural Insurance Scheme (NAIS) is being implemented in the country since Rabi 1999-2000, as a part of risk management in agriculture with the intention of providing financial support to the farmers in the event of failure of crops as a result of natural calamities, pests and diseases. The scheme is available to all the farmers – loanee and non-loanee - irrespective of their size of holding. Loanee farmers are covered on compulsory basis in a notified area for notified crops whereas for non-loanee farmers scheme is voluntary.

2. The Scheme envisages coverage of all the food crops (cereals, millets and pulses), oilseeds and annual commercial/horticultural crops, in respect of which past yield data is available for adequate number of years. Crops covered by the implementing States/UTs during Kharif and Rabi seasons under NAIS are at **Annexure-I**. The premium rates are ranging between 1.5% and 3.5% per cent (of sum insured) for food and oilseed crops. In the case of commercial/horticultural actuarial rates are being charged. Under the scheme, at present, 10% subsidy in premium is available to small & marginal farmers.

3. It is a yield guarantee scheme operating on “Area approach” basis. The implementing States/UTs can notify any unit area of insurance i.e. block, mandal, tehsil, circle, phirka, gram panchayat etc. keeping in view the availability of past yield data and capacity of the State to undertake requisite number of Crop Cutting Experiments (CCEs). The State Government/UT Administration is required to notify areas/crops well in advance of the each crop season and issued the necessary notification/instructions to all financial institutes. Provide past yield data and also conduct the required number of Crop Cutting Experiments (CCEs) in each notified areas for assessment of crop loss.

4. If the actual average yield per hectare of the insured crop for the defined area (on the basis of requisite number of Crop Cutting Experiments) in the insured season, falls short of specified Threshold yield, all the insured farmers growing that crop in the defined area are deemed to have suffered shortfall in their yield and the scheme provides coverage against such contingency. The indemnity claims are worked out by the Implementing Agency i.e. Agriculture Insurance Company (AIC) of India Ltd., on the basis of yield data, based on requisite number of Crop Cutting Experiments, furnished by the implementing State/UT. The claims are released to banks and the banks in turn credit the amount in the account of the beneficiary farmers and display the particulars of beneficiaries on their notice board.

5. Indemnity claims are worked out as per the following formula:

$$\frac{\text{Shortfall in yield}}{\text{Threshold Yield}} \times \text{Sum Insured for the farmer}$$

(Shortfall = Threshold Yield – Actual Yield for the Defined Area).

6. Financial liabilities towards claims beyond 100% of premium in case of Food Crops & Oilseeds and 150% of premium in case of annual horticultural/commercial crops alongwith 10% premium subsidy to small and marginal farmers, Bank Service charges and 20% of A&O Expenses is to be borne by the Government and are shared on 50:50 basis by the Central Government and the respective State Government.

7. The scheme is optional for States/UTs. At present, the scheme is being implemented by the 25 States and 2 Union Territories namely Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Orissa, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, Uttarakhand, West Bengal, Andman & Nicobar Islands and Puducherry. The scheme is demand driven. However, the progress of the scheme can be measured in terms of farmers/area covered, sum insured, premium collected, claims paid and farmers benefitted. During the last twenty crop seasons (i.e. from Rabi 1999-2000 to Kharif 2009), 1524 lakh farmers have been covered over an area of 2363 lakh hectares insuring a sum amounting to Rs. 174910 crore. Claims to the tune of about Rs. 18725 crore have become payable against the premium income of about Rs. 5266 crore benefiting about 427 lakh farmers. State-wise/season-wise business statistics of NAIS are at **Annexure-II & III**.

8. The outlay for 11th Plan is fixed at Rs. 3500.00 crore. Financial progress of the scheme during first three years of 11th Five Year Plan is as under:-

(Rs. in crores)

Year	B.E.	R.E.	Actual Expenditure
X Five Year Plan – 1500.00			
2002-03	300.00	254.99	254.99
2003-04	315.00	637.93	637.93
2004-05	350.00	541.65	350.00
2005-06	550.00	750.95	749.55
2006-07	550.00	635.37	634.37
XI Five Year Plan – 3500.00			
2007-08	500.00	718.88	718.88
2008-09	644.00	694.00	694.00
2009-10	644.00	1419.00	1419.00
2010-11	950	3162	950.00

9. The administrative approval of Government of India for continuation of NAIS on existing pattern during Rabi 2010 -11 season has already been issued.

Review of NAIS

10. Over a period of implementation of NAIS, certain limitations/shortcomings were noticed. To overcome this, a Joint Group was constituted to study the improvements required in the existing crop insurance schemes. The Group made in-depth study and made important recommendations like reduction in the unit area of insurance to Gram Panchayat for major crops, improving the basis of calculation of threshold yield, higher indemnity level of 80% and 90%, coverage of pre-sowing/ planting risks and post-harvest losses, personal accident insurance cover and Package Insurance Policy etc.

11. Based on the recommendations of the Joint Group and views/comments of various stake-holders, proposal on Modified National Agricultural Insurance Scheme (MNAIS) has been prepared and proposed to be implementing on pilot basis in 50 districts during the remaining two years of 11th five year plan from Rabi 2010-11 season.

Annexure-I

CROPS COVERED UNDER KHARIF AND RABI SEASONS IN NAIS IMPLEMENTING STATES

S.NO.	KHARIF SEASON		RABI SEASON	
	Food Crops / Oilseeds	Annual Commercial / Annual Horticulture Crops	Food Crops / Oilseeds	Annual Commercial / Annual Horticulture Crops
1	BAJRA (Pearl Millet)	BANANA	BAJRA (Pearl Millet)	BANANA
2	BLACK GRAM (Urd)	CHILLY	BARLEY	BRINJAL
3	CASTOR	COTTON	BLACK GRAM (Urd)	CHILLY
4	COWPEA (Lobia)	GINGER	GRAM	CORRAINDER
5	GRAM	JUTE	GREEN GRAM (Moong)	COTTON
6	GREEN GRAM (Moong)	ONION	GROUNDNUT	FENNEL (Sonf)
7	GROUNDNUT	PINEAPPLE	HORSE GRAM (Kulthi)	GARLIC
8	GUAR (Cluster Bean)	POTATO	JOWAR (Sorghum)	GINGER
9	HORSE GRAM (Kulthi)	SUGARCANE	LINSEED (Alsai)	ISABGOL
10	JOWAR (Sorghum)	TAPIOCA	MAIZE	JEERA(Cumin)
11	KODO-KUTKI/SAVE (Little Millet)	TURMERIC	MASOOR (Lentil)	METHI
12	MAIZE	ORANGE	PADDY	ONION
13	MOTH (Pulse Crop MATH in Gujarat)		PEA (Matar)	POTATO
14	NAVANE (Foxtail Millet)		RAGI / Madua (Finger)	SUGARCANE
15	NIGER (Oilseed crop in Orissa)		RAPESEED/MUSTARD	TAPIOCA
16	PADDY		SAFFLOWER	TOMATO
17	RAGI / Madua (Finger Millet)		SEASMUM(Til/Gingelly)	
18	SEASMUM(Til/Gingelly)		SUNFLOWER	
19	SOYABEAN		TARAMIRA (Oilseed in RJ)	
20	SUNFLOWER		Arhar)	
21	TUR (Redgram / Arhar)		WHEAT	
22			FRENCH BEAN	

ANNEXURE - II

NAIS - ALL INDIA YEARWISE / SEASONWISE BUSINESS STATISTICS WITH SMALL/MARGINAL(S/M) FARMERS COVERAGE SINCE RABI 1999-2000 to Kharif 2009 (As on 19.07.2010)

S.No.	SEASON	FARMERS Covered		AREA (hec)	Rs in Lakhs						FARMERS BENEFITED
		S/M	TOTAL		SUM INSURED	PREMIUM	SUBSIDY	CLAIMS REPORTED	CLAIMS SETTLED	CLAIMS PAYABLE	
1	Rabi 1999-00	409842	579940	780569.36	35640.71	542.48	165.70	769.26	769.26	0.00	55288
2	Kharif 2000	5486385	8409374	13219828.68	690338.38	20673.55	4739.92	122248.15	122248.15	0.00	3635252
3	Rabi 2000-01	1481213	2091733	3111423.25	160268.46	2778.76	823.53	5948.63	5948.63	0.00	526697
	Total 2000-01	6967598	10501107	16331251.93	850606.84	23452.31	5563.45	128196.78	128196.78	0.00	4161949
4	Kharif 2001	5684682	8696587	12887710.38	750246.11	26161.82	4762.14	49353.55	49353.55	0.00	1741873
5	Rabi 2001-02	1464472	1955431	3145872.65	149751.11	3014.79	778.95	6465.80	6465.80	0.00	453325
	Total 2001-02	7149154	10652018	16033583.03	899997.22	29176.61	5541.09	55819.35	55819.35	0.00	2195198
6	Kharif 2002	6581492	9768711	15532348.53	943169.37	32546.68	4486.39	182431.26	182431.26	0.00	4297155
7	Rabi 2002-03	1606370	2326811	4037824.35	183754.52	3850.43	672.81	18854.83	18854.82	0.00	926408
	Total 2002-03	8187862	12095522	19570172.88	1126923.89	36397.11	5159.20	201286.09	201286.08	0.00	5223563
8	Kharif 2003	5250187	7970830	12355513.83	811412.55	28333.19	2444.58	65267.94	65267.94	0.00	1712269
9	Rabi 2003-04	2425914	4421287	6468662.75	304949.21	6405.87	624.17	49705.65	49705.65	0.00	2098125
	Total 2003-04	7676101	12392117	18824176.58	1116361.76	34739.06	3068.75	114973.58	114973.58	0.00	3810394
10	Kharif 2004	8034650	12687104	24273393.97	1317061.59	45894.28	2009.22	103816.53	103816.53	0.00	2674743
11	Rabi 2004-05	2332794	3531045	5343243.62	377420.53	7584.93	412.31	16058.60	16058.60	0.00	772779
	Total 2004-05	10367444	16218149	29616637.59	1694482.12	53479.21	2421.53	119875.13	119875.13	0.00	3447522
12	Kharif 2005	7745546	12673833	20531037.95	1351909.81	44994.94	2043.54	105994.42	105994.42	0.00	2666221
13	Rabi 2005-06	2535435	4048524	7218417.22	507166.12	10482.40	523.12	33830.20	33830.20	0.00	980511
	Total 2005-06	10280981	16722357	27749455.17	1859075.94	55477.34	2566.66	139824.62	139824.62	0.00	3646732
14	Kharif 2006	7784379	12934050	19672929.63	1475924.67	46729.57	2654.85	177491.00	177490.99	0.01	3131511
15	Rabi 2006-07	3036170	4977980	7632881.68	654221.41	14287.60	1137.69	51596.27	51596.13	0.14	1390430
	TOTAL 2006-07	10820549	17912030	27305811.31	2130146.09	61017.17	3792.54	229087.27	229087.12	0.15	4521941
16	Kharif 2007	8356411	13398561	20754384.38	1700755.50	52431.43	2665.41	91336.98	91336.98	0.00	1589974
17	Rabi 2007-08	3475842	5044016	7387156.02	746662.98	15870.98	1798.18	81001.76	80886.24	115.51	1578883
	TOTAL 2007-08	11832253	18442577	28141540.40	2447418.47	68302.41	4463.58	172338.74	172223.22	115.51	3168857
18	Kharif 2008	7823104	12987305	17632311.35	1566106.06	51177.71	3371.18	237404.83	237378.31	26.52	4210591
19	Rabi 2008-09	4289430	6210648	8857836.10	1114871.15	29572.09	7240.14	149041.00	141540.08	7500.92	1952191
	TOTAL 2008-09	12112534	19197953	26490147.45	2680977.21	80749.79	10611.31	386445.83	378918.39	7527.44	6162782
20	Kharif 2009	10315201	17639578	25481564.58	2649337.09	83280.82	5160.48	323910.29	62476.27	261434.02	6391766
	TOTAL 2009-10	10315201	17639578	25481564.58	2649337.09	83280.82	5160.48	323910.29	62476.27	261434.02	6391766
KHARIF SEASONS TOTAL		73062037	117165933	182341023.28	13256261.13	432223.99	34337.71	1459254.94	1197794.39	261460.55	32051355
RABI SEASONS TOTAL		23057482	35187415	53983887	4234706	94390	14177	413272	405655	7617	10734637
GRAND TOTAL		96119519	152353348	236324910.28	17490967.34	526614.31	48514.30	1872526.93	1603449.81	269077.12	42785992

Note : Claims for the Kharif 2009 season are yet to be reported from some States & Rabi 2009-10 season is under progress..

ANNEXURE - III

NAIS - ALL INDIA STATEWISE BUSINESS STATISTICS FROM RABI 1999-2000 TO KHARIF 2009 i.e. FOR 20 SEASONS (AS ON 19.07.2010)

S.No.	STATE / UT	Farmers Covered	Area Insured (In Hec.)	Rs. (In Lakhs)							FARMERS BENEFITTED
				Sum Insured	Premium	Subsidy	CLAIMS REPORTED	CLAIMS PAID	CLAIMS PAYABLE		
1	ANDHRA PRADESH	21673200	34348389.98	3554474.35	103200.53	10490.18	260040.60	260027.79	12.81	3955805	
2	ASSAM	164607	130001.08	20294.21	502.23	59.31	563.26	494.56	68.71	27519	
3	A & N ISLANDS	1394	2055.01	188.67	4.01	1.14	0.63	0.63	0.00	59	
4	BIHAR	4105539	4996787.21	713105.74	17307.89	1645.36	123651.19	123638.67	12.52	1429877	
5	CHHATTISGARH	6637593	13687925.60	537886.00	13870.35	775.79	36654.80	24276.71	12378.09	1592747	
6	GOA	6901	11542.78	238.44	4.22	1.14	2.36	2.36	0.00	702	
7	GUJARAT	10112730	23738754.68	2144603.31	87167.52	4752.33	383660.72	304104.56	79556.16	3654658	
8	HARYANA	578406	669300.35	64443.65	1980.49	59.46	3208.39	3181.37	27.02	114409	
9	HIMACHAL PRADESH	202470	147686.94	17165.67	385.08	127.41	1433.71	1047.43	386.28	97764	
10	JAMMU & KASHMIR	24477	34544.49	2221.35	44.89	3.10	11.80	10.21	1.58	1715	
11	JHARKHAND	5055287	2721353.78	218503.24	5571.52	292.92	46947.13	16535.75	30411.38	1857622	
12	KARNATAKA	10183440	16892699.40	1169583.32	36933.32	2071.18	157311.43	140605.66	16705.78	4342690	
13	KERALA	330083	280543.85	46412.64	983.76	170.93	2230.95	2230.95	0.00	64790	
14	MADHYA PRADESH	17853879	46396228.81	1998308.14	60662.94	2279.83	98416.70	87798.62	10618.08	3611244	
15	MAHARASHTRA	25656635	23263453.34	1491020.71	57683.92	7253.00	185656.56	148168.13	37488.43	8582167	
16	MANIPUR	10930	10907.00	2991.32	74.78	6.63	223.49	223.49	0.00	10930	
17	MEGHALAYA	20551	23253.46	2693.10	136.01	24.31	40.02	32.13	7.89	1606	
18	MIZORAM	121	134.00	23.24	0.58	0.06	11.23	0.00	11.23	119	
19	ORISSA	10176660	10282132.11	1083239.08	27035.56	3694.29	53631.03	53631.03	0.00	1734360	
20	PUDUCHERRY	24805	38215.23	5124.38	97.14	18.18	226.91	226.91	0.00	5206	
21	RAJASTHAN	14638365	30551023.60	1548471.56	43297.20	718.55	237378.98	161029.48	76349.50	5111970	
22	SIKKIM	1765	1251.48	201.98	2.44	0.43	1.28	1.28	0.00	86	
23	TAMILNADU	2497519	3574353.87	502398.24	11772.99	5036.45	113087.68	109900.04	3187.64	1169404	
24	TRIPURA	15401	9394.12	1939.89	56.65	6.34	58.23	58.23	0.00	3423	
25	UTTAR PRADESH	14679958	20471118.95	1692319.09	34987.45	3141.27	81609.63	81609.64	0.00	3475040	
26	UTTARAKHAND	194793	194359.93	36161.42	786.90	67.84	2777.13	2777.14	0.00	80824	
27	WEST BENGAL	7505839	3847499.23	636954.60	22063.95	5816.89	83691.08	81837.05	1854.04	1859256	
GRAND TOTAL		152353348	236324910.28	17490967.34	526614.31	48514.30	1872526.93	1603449.81	269077.12	42785992	

Note : Claims for the Kharif 2009 season are yet to be reported from some States