

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 nineteen crop seasons (i.e. from Rabi 1999-2000 to Rabi 2008-09), 1347 lakh farmers have been covered over an area of 2109 lakh hectares insuring a sum amounting to Rs. 148250 crore. Claims to the tune of about Rs. 15230 crore have become payable against the premium income of about Rs. 4427 crore benefiting about 361 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	894.00	644.00 (as on 30.11.2009)

Review of NAIS

9. 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.

10. 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 sent to the Planning Commission for 'in principle' approval as early as in February, 2006. The Planning Commission have *inter-alia* raised the issue of implementation of MNAIS like pure subsidy scheme as a Plan Scheme. To resolve the issue, a meeting of AM, FM and Deputy Chairman, Planning Commission was convened on 29.10.2008. In the meeting it was *inter-alia* decided that the MNAIS will be implemented on non-plan side. Accordingly, a proposal for the consideration of Committee on Non-Plan Expenditure (CNE) has been prepared and submitted for the consideration of CNE.

Annexure-I

NAIS - CROPS COVERED UNDER KHARIF AND RABI SEASONS IN NAIS IMPLEMENTING STATES / UT's

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)	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 (FingerMillet)	SUGARCANE
15	NIGER (Oilseed crop in Orissa)		RAPESEED/MUSTARD	TAPIOCA
16	PADDY		SAFFLOWER	TOMATO
17	RAGI / Madua (FingerMillet)		SEASMUM(Til/Gingelly)	
18	SEASMUM(Til/Gingelly)		SUNFLOWER	
19	SOYABEAN		TARAMIRA (Oilseed in RJ)	
20	SUNFLOWER		TUR (Redgram / Arhar)	
21	TUR (Redgram / Arhar)		WHEAT	
22			FRENCH BEAN	

Annexure-I

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NAIS - BUSINESS STATISTICS FROM RABI 1999-2000 TO RABI 2008-09 i.e. FOR 19 SEASONS (AS ON 09.12.2009)

S.No.	STATE / UT	Farmers Covered	Area Insured (In Hec.)	Rs. (In Lakhs)				FARMERS BENEFITTED
				Sum Insured	Premium	Subsidy	CLAIMS REPORTED	
1	ANDHRA PRADESH	18920261	29738526.44	2929399.26	83337.10	9147.31	260040.34	3955804
2	ASSAM	139988	106376.08	15492.40	404.44	50.01	495.49	23823
3	A & N ISLANDS	1224	1810.44	157.25	3.48	0.87	0.63	59
4	BIHAR	3726639	4527110.00	622737.17	14098.03	1415.72	104576.84	1269820
5	CHHATTISGARH	5756368	11943212.69	422578.68	10929.52	654.12	24276.71	1230894
6	GOA	6664	11336.98	233.75	4.12	1.13	2.25	698
7	GUJARAT	9198166	21742767.09	1850185.79	76771.02	4440.27	304107.74	3133566
8	HARYANA	531255	603578.86	53726.68	1464.30	43.26	3181.37	113166
9	HIMACHAL PRADESH	168593	125597.47	12264.12	256.60	64.92	1047.43	81721
10	JAMMU & KASHMIR	22533	31554.86	1886.16	36.49	2.53	10.22	1387
11	JHARKHAND	3746769	1734986.27	116031.80	2919.17	173.66	16535.74	911535
12	KARNATAKA	9177415	15512411.19	1037784.89	33080.56	1946.40	140605.66	3852995
13	KERALA	317772	270168.57	43631.53	922.02	165.42	2191.39	64203
14	MADHYA PRADESH	16310821	42722119.35	1696322.50	50186.83	2035.91	87638.39	3360660
15	MAHARASHTRA	22555073	21119954.20	1247794.90	47548.88	5970.09	148168.12	7253385
16	MEGHALAYA	18333	21019.27	2304.57	126.64	23.42	32.14	1390
17	MIZORAM	0	0.00	0.00	0.00	0.00	0.00	0
18	ORISSA	9107973	9300845.33	925702.67	23065.95	3360.69	48940.99	1635179
19	PUDUCHERRY	24281	37467.55	4994.81	95.25	17.87	226.66	5197
20	RAJASTHAN	12045774	25877939.74	1276063.08	35341.13	580.07	117112.03	3007918
21	SIKKIM	1745	1215.62	197.98	2.39	0.43	1.28	86
22	TAMILNADU	2386179	3441279.97	468671.49	10492.39	3696.22	111169.54	1141919
23	TRIPURA	15226	9243.00	1915.43	56.09	6.28	58.23	3423
24	UTTAR PRADESH	13259914	18235279.77	1469867.21	29941.33	2811.50	68777.56	3192023
25	UTTARAKHAND	141946	161466.22	26395.17	471.94	39.16	1976.80	51719
26	WEST BENGAL	7088296	3633598.43	601479.46	21182.90	5729.70	81837.05	1788892
GRAND TOTAL		134669208	210910865.39	14827818.75	442738.56	42376.95	1523010.59	36081462

ANNEXURE-III

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NAIS - ALL INDIA YEARWISE / SEASONWISE BUSINESS STATISTICS SINCE RABI 1999-2000 to RABI 2008-09 (AS on 09.12.2009)

S.No.	SEASON	FARMERS Covered	AREA (hec)	Rs in Lakhs				FARMERS BENEFITED
				SUM INSURED	PREMIUM	SUBSIDY	CLAIMS REPORTED	
1	Rabi 1999-00	579940	780569.36	35640.71	542.48	165.70	769.26	55288
2	Kharif 2000	8409374	13219828.68	690338.38	20673.55	4739.92	122248.15	3635252
3	Rabi 2000-01	2091733	3111423.25	160268.46	2778.76	823.53	5948.63	526697
	Total 2000-01	10501107	16331251.93	850606.84	23452.31	5563.45	128196.78	4161949
4	Kharif 2001	8696587	12887710.38	750246.11	26161.82	4762.14	49353.55	1741873
5	Rabi 2001-02	1955431	3145872.65	149751.11	3014.79	778.95	6465.80	453325
	Total 2001-02	10652018	16033583.03	899997.22	29176.61	5541.09	55819.35	2195198
6	Kharif 2002	9768711	15532348.53	943169.37	32546.68	4486.39	182431.26	4297155
7	Rabi 2002-03	2326811	4037824.35	183754.52	3850.43	672.81	18854.83	926408
	Total 2002-03	12095522	19570172.88	1126923.89	36397.11	5159.20	201286.09	5223563
8	Kharif 2003	7970830	12355513.83	811412.55	28333.19	2444.58	65267.94	1712269
9	Rabi 2003-04	4421287	6468662.75	304949.21	6405.87	624.17	49705.65	2098125
	Total 2003-04	12392117	18824176.58	1116361.76	34739.06	3068.75	114973.58	3810394
10	Kharif 2004	12687104	24273393.97	1317061.59	45894.28	2009.22	103816.53	2674743
11	Rabi 2004-05	3531045	5343243.62	377420.53	7584.93	412.31	16058.60	772779
	Total 2004-05	16218149	29616637.59	1694482.12	53479.21	2421.53	119875.13	3447522
12	Kharif 2005	12673833	20531037.95	1351909.81	44994.94	2043.54	105994.42	2666221
13	Rabi 2005-06	4048524	7218417.22	507166.12	10482.40	523.12	33830.20	980511
	Total 2005-06	16722357	27749455.17	1859075.94	55477.34	2566.66	139824.62	3646732
14	Kharif 2006	12934050	19672929.63	1475924.67	46729.57	2654.85	177491.00	3131511
15	Rabi 2006-07	4977980	7632881.68	654221.41	14287.60	796.65	51596.27	1390430
	TOTAL 2006-07	17912030	27305811.31	2130146.09	61017.17	3451.51	229087.27	4521941
16	Kharif 2007	13398561	20754384.38	1700755.50	52431.43	2665.41	91336.72	1589973
17	Rabi 2007-08	5044016	7387156.02	746662.98	15870.98	1468.76	80944.65	1576748
	TOTAL 2007-08	18442577	28141540.40	2447418.47	68302.41	4134.17	172281.38	3166721
18	Kharif 2008	12983876	17693191.83	1565832.49	51165.99	3410.27	237155.35	4206590
19	Rabi 2008-09	6169515	8864475.31	1101333.22	28988.86	6894.62	123741.79	1645564
	TOTAL 2008-09	19153391	26557667.14	2667165.71	80154.85	10304.89	360897.14	5852154
	GRAND TOTAL	134669208	210910865.39	14827818.75	442738.56	42376.95	1523010.59	36081462