

Modified National Agricultural Insurance Scheme

To improve further and make the scheme easier & more farmer friendly, a Joint Group was constituted by GOI to study the existing crop insurance schemes. Based on the recommendations of the Joint Group and view/comments of various stakeholders, a proposal on Modified National Agricultural Insurance Scheme (MNAIS) was prepared which has been approved for implementation on pilot basis in 50 districts during the remaining period of 11th Plan from Rabi 2010-11. The salient improvements made in MNAIS (over NAIS) are as under:

- Actuarial premium with subsidy in premium ranging upto 75% to all farmers;
- Only upfront premium subsidy is shared by the Central and State Government on 50:50 basis and all claims liability is on the insurance Company.
- Unit area of insurance reduced to village/ village panchayat level for major crops.
- Indemnity for prevented sowing/planting risk and for post harvest losses due to cyclone (coastal areas);
- On account payment up to 25% of likely claims as immediate relief to farmers;
- Uniform seasonality discipline for loanee and non-loanee farmers;
- More proficient basis for calculation of threshold yield; and minimum indemnity level increased to 70% instead of earlier 60%;
- The scheme is compulsory for loanee farmers and voluntary for non-loanee farmers;
- Participation of private sector insurers for creation of competitive environment for crop insurance.
- Setting up a catastrophic fund at the national level contributed by the central and the state government on 50:50 basis to provide protection to the insurance companies in the event of premium to claim ratio exceeds 1:5 at national level and failure to procure appropriate reinsurance cover at competitive rates;
- NAIS is withdrawn from those area(s)/crop(s) where MNAIS is implemented.

2. 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.

3. 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**. The actuarial premium rates are being charged. However subsidy in premium upto 75% is available all categories of farmers (irrespective of holding size) and is shared by the Government and are shared on 50:50 basis by the Central Government and the

respective State Government. All claims liabilities are borne by the concerned insurance companies. Further, to provide competitive service to the farmers, private insurance companies i.e. ICICI-Lombard, IFFCO-TOKIO, M.S Cholamandalam and HDFC-ERGO General Insurance Companies have also been involved for implementation besides Agriculture Insurance Company of India (AIC). Five more Private General Insurance Company namely, Tata AIG, Royal Sundaram Alliance, Future Generali India, L & T and Reliance General Insurance Company Ltd. has also been permitted for undertaking crop insurance business from Kharif 2013 season.

4. It is also a yield guarantee scheme operating on “Area approach” basis. The notify unit area of insurance is gram panchayat for major crops, and next higher unit for minor crops, 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.

5. 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 insurance companies 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.

6. 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).

7. The scheme is optional for States/UTs. The Scheme has been implemented in all the 50 districts during Rabi 2011-12 season and in 44 districts during Kharif 2012 and is being implemented in 35 districts during Rabi 2012-13. Since inception of the Pilot, 33.26 lakh farmers have been covered over an area of 36.27 lakh hectares insuring a sum amounting to Rs.8063.73 crore. The claims amounting to about Rs. 234.27 crores have become payable against the premium of about 824.38 crore benefiting about 2.29 lakh farmers (upto Kharif 2012 season). State-wise/season-wise business statistics of NAIS are at **Annexure-II & III**.