Volume XIV, No. 1

भा बी वि वि प्रा
irdai

Journal

January, 2016

Crop Insurance
– For protection of Farmers and prosperity of Nation

भारतीय बीमा विनियामक और विकास प्राधिकरण

Printed by
K. RAVINDRANATH
and published by T.S. VIJAYAN
on behalf of INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA.

Printed at Lakshmisri Enterprises
#3-4-417, G-3, Near Kachiguda X Roads, Hyderabad.
and published from Parishram Bhavan, 3rd Floor
Basheer Bagh, Hyderabad - 500 004
Phone: +91-40-23381100
Fax: +91-40-66823334
e-mail: IRDAIjournal@IRDAI.gov.in

From the Publisher

Crop insurance is important in a country like India with millions of farmers largely dependent on monsoons for the success of their crops. Monsoons also have a bearing on the production costs and agricultural production in respect of irrigated areas too in the country.

The need for crop insurance has to be seen in the light of improved security for farmers, enthusing them for investing in better agricultural inputs, blending with other insurance products for overall improved risk cover, assured access to institutional credit facilities and an overall boost to the agricultural sector in particular, the rural economy at large and growth of the country in general.

There is a gross mismatch between the risk associated and the profit margins in the agricultural economy making it necessary for subsidy inputs to the farmers through the Governmental mechanism. The recently launched **'Pradhanmantri Fasal Bima Yojana'** factors this subsidy component suitably and also addresses needs of integration with other available insurance covers to the farming families. This coupled with initiatives that the insurers may take in the rural areas may provide an overall improved risk cover that is much needed for the rural sector. IRDAI on its part would endeavor to provide the necessary regulatory environment to support the required development in this area.

It is hoped that through a concerted approach, the subscription to the crop insurance in the country by the farmers would go from the current level of 20% to much larger levels that are needed not just for the farmers alone but also to lend viability to the lending institutions working in the area of rural credit. It is hoped that the quantum of insurance coverage in the farm sector would go from the present level of about 10% to majority of the agricultural output. This will not only boost the agricultural sector but also the Insurance sector more particular the General Insurance segment.

I am pleased to find that the articles being published in this issue have covered various aspects of Crop Insurance. I hope the articles presented in this issue will not only incite further debate but also provide necessary inputs and fresh solutions that would boost the Crop Insurance in the country. The importance of intermediaries is significant and hence the next issue would Focus on **"Role of Intermediaries in Insurance Industry"**

T.S. Vijayan

ISSUE FOCUS

A take off from Curtain Raiser

Crop Insurance

Protection from vagaries of nature in one's livelihood has been the practice from time immemorial. It is for such reason, joint family system in vouge in our country is considered as natural form of social insurance. With favourable weather conditions & low input costs in the past, farmers were mainly self reliant. However with climatic change & consequential so called green house effect, they are now regularly facing crop losses due to natural disasters, besides the effect of market fluctuations involving farm products. Hence the need for **Crop Insurance** to support the farmers and his family in conditions of dire straits.

The recent launch of the **"Pradhanmantri Fasal Bima Yojana"** which is marked by affordable premium, full insurance cover and use of mobile/satellite technology is definitely a great opportunity and challenge for the general insurers. With this initative along with effective awareness programme by the service providers, it is expected that farmers will develop the habit of insuring their crops. This will certaintly increase insurance penetration as far as farm sector is concerned, thereby ensuring higher productivity & prosperity for the agriculture sector - in turn for the economy as a whole.

B.K. Sahu

Consultant, Communication

ISSUE FOCUS

Crop Insurance : a few perspectives, somesuggestions and considerable hope

- Sriram Taranikanti

Background

In the country of 130 million farmers, 28% of the farmers subscribe to crop insurance. It is also seen that less than 25% of the cropped area falls under crop insurance while in terms of agricultural output, it is less than 10%. This being the scenario on one hand and the difficulties farmers face on the other, provide a paradox as to why crop insurance, despite serious efforts on the part of the Government, keeness of the insurers to expand their business and promotion of insurance among inclusive groups on the part of the regulator, has not been lifted to any significant level. In terms of numbers, even if agricultural output constitutesonly 15% of the GDP of the country, in terms of the shareof people engaged in agriculture,it is more than 50%.Nine crore of the thirteencrore rural households are dependent on agriculture. The well being of this sector could be ensured through better risk management strategies of which Crop Insurance should be an integral part.

Current Status

A large number of those dependent on Agriculturalsector also subscribe to institutional credit. The target for farm institutional credit for the year 2015-16 has been fixed at 8.5 lakh crores, higher over the previous year by Rs 50000 crores. Ordinarily, it would be natural to expect that the extent of Crop Insurance should atleast cover the loan taken, more so when crop insurance is compulsory for loanee farmers to subscribe to. Besides, credit institutionsare also required to show the required numbersin this category of the priority sector. Given this backdrop, the low subscription to this class of Insurance in the country is rather surprising. Should not subscription to crop insurance give the required comfort to the credit institutions to improve ease of lending to Agriculture sector ? Should it not take it as an opportunity to have assured return of loans in the event of crop failures ? Will it not help in reduction of NPAs in the Agricultural sector ? However, even for the loanee farmers, the quantum of Crop Insurance taken is only a fraction of the total institutional credit made to them.The total Crop Insurance premium in the year 2014-15is ofthe order of about Rupees 5000 crores and the Sum Insured isof the order of Rs.82000 crores.This Sum Insured accounts for just 1/10th of the credit taken for the farm sector alone and of much lesser order when compared with the value of agricultural output, even at factor costs. Allowing for consideration of only short term loans which are generally covered under Crop Insurance which could be of the order of Rs 300000 crores, this would still constitute just over 25% of the Credit taken, revealing an implementation gap. It is also reported that contrary to banks taking it as an opportunity to secure the loans made by them, they complain that crop insurance is a reason for their inability to fulfil their priority sector commitments.If we take the average Sum Insured of the Loanee farmers for the year 2014-15, it is about Rs 22000/-. On the other hand, the average institutional credit when spread over perhaps the 50 million active short term borrowings byfarmers is of the order of Rs 60000/-.

Issues

There is gross mis-match between the Institutional Credit given to loanee farmers taking crop insurance and the quantum of Sum Insured covered for them. The huge gap of possibly Rs 150000 crorescan be explained by the fact that these farmers do not find it attractive enough to take crop insurance and subscribe to it only to the minimum extent required. National Agricultural Insurance Scheme (NAIS), which constitutes about 2/3rds of the total Sum Insured under Crop Insurance does not have features of coverage of prevented sowing and post harvest losses. Under Modified National Agricultural Insurance Scheme (MNAIS), the extent of subsidy is also limited by the Premium cap thereby making it necessary for a proportionate reduction of Sum Insured available to the farmers. The Premium to be paid by the farmers in this scheme is much higher too as it is based on the Actuarial Premium. Besides, some of the loanee farmers do not subscribe to Crop Insurance at all either due to slippages in the system or taking of loans outside the window when Crop Insurance is generally available. Some states like Punjab do not subscribe to Crop Insurance at all. Some other farmers have got court rulings that stayed subscription to Crop Insuranace. Beyond the subsidy limit, the loanee farmers have to pay the actuarial premium which is both unaffordable and unviable.The number of non-loanee farmers taking crop insurance is abysmally low in any case.That farmers do not generally find current form of Crop Insurance asa useful tool for risk mitigation explains this virtual non participation of non loanee farmers. The banks too, which are the credit institutions, find it extremely difficult to convince the farmers to take Crop Insurance and are also at a loss to explain this short fall especially when crop insurance is compulsory to the loaneefarmers.

During the interaction that IRDAI had in meetings in a few states with some stakeholders including farmers, farmer associations and officials, a cross section of interesting responses emerged for the poor subscription to the Crop Insurance. One of the reasons mentioned is the high premium that the farmers have to pay, which even if in the order of 3%, is perceived by the farmers as an additional interest charged to the crop loans that are offered by the State Governmentat rates as low as 3% and in some cases even zero interest. The farmers are unable to perceive the premium paid as the costs to cover the risks associated with farming and are seeing compulsory subscription to Crop Insurance as a straight increase in the quantum of interest. In some other cases, there were responses that in irrigated areas, the comparative risk to the farmers is less and even during lean seasons, the agricultural output has been seen on the higher side. This has been explained as greater extraction of ground water and increased effort on the part of the farmers during such times. As the production cost in respect of electricity towards increasedpumping charges is generally borne by the State Government that provides freeor subsidised power to farmers, a view was even expressed whether the risk of the State Government could be covered instead.One of the more important reasons that is made for poor subscription to Crop Insurance is that as the yield assessment is made at the area level, individual farmersfind the basis risk far too high and the vagaries in individual farms are not covered. Parametric based measurements such as the weather based indices also fall under similar category as area based yield assessments. On the other hand it is not practically viable for insurance companies to make the assessment at an individual level not just from the moral hazard point of view but also the associated administrative costsfor such assessment. Besides, the availability of historical data for each field/plot, the associated land records, boundaries etc are also issues to contend with.There are also multiple crops with different type of measurements that need to be factored which is difficult at individual level. As such area/parametric based measurements appear unavoidable.Efforts to reduce the basis risk, as has been attempted in MNAIS, has increased the Actuarial Premium far beyond the paying capacity of farmers adversely affecting the viability in Agricultural sector itself should Crop Insurance be subscribed to.

Different Scenarios

Countries like USA and Canada have Crop Insurance subscription close to about 85% of their agricultural output. In these countries, three crops, namely Corn, Soyabean and Wheat, account for about 80% of their agricultural output. The farm sizes there too are also large enough and provide the critical mass to allowyield assessment even at individual plot level. Besides there is considerable mechanised farming wherein usage of combines etc., which when also fitted with gadgets, can make measurementof the quantum of farm producemuch closer to reality. Now there is some talk of sending such assessment through satellite technology to a central location. We also understand that agricultural income in these countries is also assessed for taxation purposes and a parallel system of reporting is available that would itself make data manipulation discouraging. As agricultural production makes its way to market yards / factories, there is also another assessment that could be possible which makes correlation with farm level output possible.

On the other hand,in the Indian context, the farm sizes are small, a large quantum of production is consumed at family level, crops and varieties widely varying and there is no independent mechanism of reporting the farm outputs at an individual level. All these make the yield assessment process administrative costly and cumbersome on one hand and open to uncertainty and risk to the Insurers themselves. Besides, when the basis risk is brought down, the actuarial premium goes up substantially which was experienced under the MNAIS scheme. The Crop Insurance in the current form has a high Premium and there is no further scope for enhancement. Given this challenge, the country had opted for an area based yield measurements and parametric triggers as a substitute for individual assessments. This in itself may not be inappropriate as weather factors are generally not localized to farms and crop failures generally affect larger areas rather than individual farms. Even then localised distress cannot be ruled out but in the absence of feasible solutions for individual assessments, other alternatives will have to be explored to address them rather.

Governmental support & Challenge of Subsidies

Agriculture itself is a risky proposition and the vagaries of weather and climate changes have only accentuated in this regard. Worldwide, even where crop insurance is subscribed to a large level such as in US and Canada, the actual premium rates are of the order of around 9 to 10%. Even in these two countries, notwithstanding the margins in agricultural profits, given the economies of scale, there is substantial amount of federal subsidy which is learnt to be of the order 10 billion dollars in USA. This accounts for about 7% of Agricultural output and over 70% of the Agricultural premium in that country.In the other countries, where such economies of scale are not possible, the component of support has to be perhaps higher. Therefore, any initiative on the part of the Insurer or the Government to come out with products of Crop Insurance has to necessarily factor elements of subsidy from the Governments more particularly Government of India, in Indian context. Likewise, if the entire Crop loans have to be insured, there would be a total premium requirement close to Rs.70000 crores at 9-10% premium cost, of which at least about Rs. 50000 crores may perhaps have to come in the form of Governmental Subsidy, State and Central government put together. This figure would be much higher if the entire agricultural produce of the country were to be insured and Given the current level of subsidies, this itself would a big challenge. As mentioned earlier, the cap on premium in MNAIS has itself been a limitation on the subsidy component. While no such limit was existing in the form of claim subsidy for NAIS, given the general low subscription to Crop Insurance, whether the Government would have been in a position to step up its subsidy component, had the need arisen, is a matter of conjecture.

In this context, the launch of Pradhanmanti Fasal Bima Yojana is a significant milestone that addresses the important challenges faced in the promotion of Crop Insurance. A bold step of not keeping a cap on Premium while keeping a cap on the amount payable by farmers is significant in itself. This open ended approach would no doubt send the right message across, that crop insurance is the priority of the Government and the partner institution such as Insurers, banks etc can go full stream to provide the same. The factoring of Post Harvest Losses and Localised calamities at an individual level might also address some of the concerns of the farmers relating to Basis risk. These positive features may enthuse the stakeholders including farmers, insurers and banks to subscribe and boost the numbers in crop insurance substantially thereby improvingthe viability. The Government's positive reachout to the stakeholders will help in popularising the scheme and the law of large numbers, so critical for success of any Insurance scheme, could come into play. No doubt there could be challenges faced by the Central and State Government in the form of subsidies but on a larger platform, the Governments could also be in a position to bear the same with the indirect benefit that boost in Agricultural Production, Rural incomes and Rural consumption could bring about.

Firstly, subscription to crop insurance may improve the risk appetite of farmers and enthuse them to go for better inputs which could lead to boost in the agricultural production. Secondly, the direct involvement of Insurers would make them take up extension activities that may help the farmersto boost their agricultural production on one hand, and on the other, may make the Insurers minimise their losses which may inturn reduce the premium rates and consequently subsidy burden. Thirdly, subscription to Crop Insurance may further liberalise institutional credit for loanee farmers and for the non loanee farmers, access to Institutional credit. This in itself may improve the viability of rural credit institutions, who are very important stakeholders. Fourthly, liberalization of institutional credit could trigger drop in interest rates by local money lenders on one hand and on the other,reduce their interest rates on their own with the comfort of assured risk mitigation for the borrowing farmers. Over a third of credit in Agriculture is through non institutional mechanism and 80% of it through the moneylenders. Over aperiod of time, they could even strive to become agents of Crop Insurers. All these would augur well for the demand of Agricultural inputs which in the form of increased seed intake, pesticides, fertilizers etc. would also boost the indirect taxes significantly. The growth in agricultural output and productivity could lead to surplus that in turn would have a positive impact on the development of SMEs in the food and Beverages sector in particular and the service sector in general. Finally, it may reflect in theboost in agricultural and rural income as well as their consumption pattern which, on a larger platform,could boost the growth of the country. At a governmental level, it would boost the collection of indirect taxes significantly. The above propositions may be theoretical but perhaps logical enough and have a presupposed understanding that crop insurance would reach to such levels and create an overall economic impact that may help fund associated subsidies.

Alternative approaches

Some time back, IRDAI made an attemptto explore the possibility of subscription of Crop Insurance at an individual farm level. The initiative was first taken up with the hope that Remote Sensing imageryobtained from Satellites would be available to make individual yield assessment possible and that it would be possible to make estimations at plot level at a reasonable cost. An end to end approach was also conceived that would make liberal use of satellite technology and mobile technology. The leveraging of one lakh odd Common Service Centres with access to a portal system was also planned. However, the applicability of Satellite technology seemed to be a work in progress for several decades now with no meaningful estimations having been reported to a reasonable level of accuracy beyond estimations at a regional level. Though a few works have been done by researchers showing some correlation at small unit sizes but no such extension was ever made nor was conceived to go for practical substitution of physical assessment by Remote Sensing Imagery based assessments. Thereafter, in consultation with some Insurers, the approach was shifted to one of physical measurements. However, given the conventional costs associated with insurance products, it was conceived that if crop insurance is subscribed only by a majority of farmers, say 60 % or so, in a particular area or any village, given the size of agricultural produce, it may still be possible to provide yield assessment at an individual level. Even calculations in this regard were made in consultation with a few Insurers. The key for the success of the same, would require, apart from critical mass of subscription to Crop Insurance, methods to overcome moral hazards for which apart from increased used of technology, substantial cooperation of local administrative machinery would be needed. This approach when converged with other Insurance schemes could improve the viability of the same. However, this calls for a conventional distribution model of an 'agents' for sale and'surveyors' for assessment, making distribution and administrative costs higher at a significant 20% or so. This is different from the current banking model of distribution of Crop Insurance that has comparatively much lower costs. Some discussions with a few State Governments was also made but the bottleneck appeared to be the size of funding of subsidy as well as assurance of a substantial intake of Crop Insurance. The latter was difficult in itself given the current level of subscription which is atmost 10 % of the value of Agri produce. In respect of the subsidy requirement, for an average district size, this works out to Rs.500 crores. Given this dimension and the heavy dependence on the Government of India for the subsidy and the possibility of the Government of India itself revisiting the Crop Insurance schemes in a holistic manner, this concept has been currently put in the backburner.

Conclusion & Hope

Perhaps with the success of the Pradhanmantri Fasal Bima Yojana in the form of subscription by the majority of the farmers, of say 50% or more, as envisagedby the Central Government, the required platform may be available to the Insurers and encourage them to ultimately also develop insurance products suitable to the farmers at an individual plot level. Given the possible large quantum of subscription to the Pradhanmantri Fasal Bima Yojana, there would be a need for infrastructure on the part of the Insurers to be created, if not at the village level, atleast for a cluster of villages. The promotion of technology in the form of Mobile Technology and Innovative Technogy including Satellite Technology under Pradhanmantri Fasal Bima Yojana could motivate the Insurers and the other Stakeholders to work in this direction. The existing IT infrastructure of Common Service Centres, availablefor one for six villages and likely to be extended to one for 2.5 villages as a part of Digital India, besides the rapid growth of internet and its reach to the villages could also be leveraged by the Insurers. Ultimately, for real inclusiveness, there is a need for scale neutral insurance products which is possible only by increased use of Technology. Such scale neutral products can provide risk mitigation mechanism for all and bring allround development.

Insurance is generally recognised as one of the drivers for economic growth. Can Crop Insurance too be the driver for economic growth in Agricultural Sector ? It seems so, given the recent approaches made so far.

Acknowledgements : From IRDAI, S/Shri Vivek Nayak, Assistant (Statistics) and Dhiraj Kumar Nath, OSD (Research) for crosscheck of data & Shri H Ananthakrishnan, Joint Director(Legal) for editorial help, Dr. K.L.Rao, Ex- Chief Risk Officer, Agriculture Insurance Company of India Ltd (AICL) for his insights from time to time and various newspapers, magazines, journals, websites and internet for content.

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ISSUE FOCUS

Issues and Challenges for Rural Insurance in India: A brief disposition

- *A. Sudhakar & V. Jayalakshmi*

Introduction

The Indian insurance industry has witnessed a sea change in terms of volume and numbers over the past decade ever since the sector has been opened to private and foreign participation in year 2000. Further, the Insurance industry is also seen as the "engine for growth" by the Regulator IRDA. The contribution of this segment of the financial system has been very significant, next to the software industry as various reports and surveys reveal. The Insurance industry as a whole has recorded a CAGR of about 18.71 percent during period from 2001-13, evidencing increased awareness levels amongst the public. More specifically, while the life insurance business experienced a CAGR of 19.20 percent, the non-life insurance business recorded a CAGR of 16.76 percent during the same period. (IRDA Handbook of statistics 2011-12).The general public, today in India still see insurance products more like an investment product rather than as a risk mitigation tool. However, even after a decade and a half, insurance penetration and density is dismally low, and not very encouraging. Life insurance to a certain extent is preferred because of the inherent tax incentives in-built, but for the general insurance business, people in India have not yet understood the need and importance of protecting themselves against any property and liability risk exposures.

However, the insurance companies on their part are making all efforts to ensure availability of insurance through innovative products and innovative distribution channels, but the Indian mindset is still not tuned to buying insurance. Even with the mandated rural and social sector obligation guidelines of the Regulator in place, the growth statistics is not encouraging in rural India too. The need of the hour is make insurance, available accessible and affordable through tailor made policies based on the risk coverage required by people with different needs and capacities. This is particularly important when policies are to be given to people in rural areas with lot of capacity variation and needs variation.

This paper, therefore, attempts to document some impending critical issues and challenges in rural insurance segment with particular focus on the regulatory provisions, products, and distribution channels under the life, non-life and micro insurance business segments. The paper also attempts to identify the existing gaps that need to be bridged to ensure outreach of insurance to the needy populace from the review of literature briefly attempted from Research articles on the topic.

The paperis divided into five sections: Section I throws light on the regulatory provisions of IRDA on rural insurance, Section II presents an overview of rural products,Section III documents the growth trends in the micro-insurance segment, Section IV evaluates the distributional channels, and Section V summarizes the observations, findings and suggestions.

Section I Regulatory Provisions - Section 32B and 32C of the Insurance Act,1938 and IRDA (Obligations of insurers to rural orsocial sectors) Regulations, 2002, stipulate obligations toinsurers in respect of rural and social sector during the first five years of their operations. In case of the public sector insurers these obligations have been linked to their performance in the year 2001-02 in these sectors. However, the IRDA amended the provisions for the year 2009-10 and for years thereafter. For the Life Insurers, the Rural Sector Obligations was twenty five per cent of the total policies written direct in that year, which is also applicable for all financial years thereafter. As regards the Social Sector Obligations, it was fixed at twenty lakh lives to be coveredfor 2009-10, as years thereafter. It can be observed that in passing there regulations the intention of the IRDA is clearly reflected that of every ten policies that are sold by any life insurance company, at least two or three policies need to be sold to the rural people. IRDAI clearly visualizes insurance as an engine for growth and Life insurance as a Family financial security tool.

On the other hand the IRDAI also spelt out the mandated provisions for the Non-life insurance companies in the rural and social sectors. The mandated provisions was seven per cent of the total grosses premium income written direct in the year 2009-10 which is also applicable for all financial years thereafter. The Social Sector Obligations is the average of the number of lives covered by the respective insurer in the social sector from the financial years 2002-03 to 2004-05 or 5.50 lakh lives whichever is higher. With a view to further integrate the efforts to promote a healthy insurance market the IRDAI is today aligning the rural and social sector obligations with the micro insurance regulations. However, although the IRDAI is leaving no stone unturned to make insurance affordable, accessible and available, even then today it is still a distant dream for many. It is heartening to observe that during the year 2013-14, and 2014-15, all the twenty three private sector life insurance companies had fulfilled their rural and social sector obligations. Similarly all the twenty two private non-life insurance companies were compliant with their rural sector obligations in the financial year 2014, while in 2015, LIC procured 25.65 percent of its policies from rural sector, the private companies had 23.09 of its policies. Thus, it can be seen that now a quarter of new life insurance policies sell in rural India today. Similarly, as regards the social sector obligator business procurement, LIC and the private sector had covered well above the mandated 20 lakh lives during both the years as seen in Table 1.

As far as the non-life insurance

Table: 1
Compliance of Rural & Social Sector Obligations by Public & Private Life and Non-Life Insurers for the year 2013-2015

Life Insurers	Rural Sector (Mandated No of Policies as a percent of Total Policies 25%)		Social Sector (Mandated 20 Lakh lives)	
	2013-14	2014 – 15	2013-14	2014 – 15
Public Sector (LIC)	25.4 %	25.65	118.87	205.96
Private Sector (23)	25.6%	23.09	109.07	97.40
Non-Life Insurers	(Mandated Gross Direct Premium as a percent of Total Premium 7%)		(Mandated 5.50 lakh lives)	
Public Sector (4)	12.39 %	11.96 %	2,167.08 lakh	2570.53 lakh
Private Sector(22)	11.83 %	11.98 %	300.17 lakh	262.03 lakh

Source: IRDAI Annual Report 2013-15

business performance is concerned, it can be observed that all the insurers have adhered to the mandatory compliance as laid by the IRDAI. While the public sector general insurance companies have procured 12.39 percent of their business from this segment during 2013-14 and 11.96 percent in 2014-15, which is a laudable achievement. The private sector companies had earned 11.83 percent and 11.98 percent in 2013-14 and 2014-15, and covered lives much more than the mandated 5.50 lakh lives under various schemes, which reflects not only the commitment of the companies, but also the increasing awareness for the need for insurance amongst the rural populace too. The positive growth trends also reflect the latent potential untapped market in India.

Section II: Overview of Rural Policies

While the Life insurers target the rural populace through the mandatory procurement of business provisions and through micro insurance policies, which will be detailed in the Section III, the Non-life insurers in fact have a plethora of policies to offer for the people in the rural areas, to take care of their personal and property loss exposures. The specially designed crop insurance policies offered by the Agricultural Insurance Corporation of India deserve a mention. Some of the successful schemes include the National Agricultural Insurance Scheme (NAIS)to protect the farmers against the losses suffered by them due to crop failure on accountof natural calamities, such as drought, flood, hailstorm, cyclone, fire, pest/ diseases, etc. the Weather Based Crop Insurance Scheme (WBCIS) which is a parametric insurance product designed to provide insurance protection to the cultivator against adverse weather incidence during the cultivation period, such as deficit and excess rainfall, frost, heat (temperature), relative humidity, wind speed etc., which are deemed to adversely impact the crop yield. Of late, the AIC is entering into strategic partnership with other organizations to offer risk policies such as the Coconut Palm Insurance Scheme (CPIS) in collaboration with Coconut Board for all coconut growing states/UTs in the country. Besides the above, AIC has developed various crop insurance products for risk mitigation of various crops viz. Rainfall Insurance Scheme-Coffee (RISC) in collaboration with Coffee Board, Rubber Plantation Insurance, Bio-Fuel Plants Insurance, Grapes Insurance, Mango Weather Insurance, Potato Contract Farming Insurance, Pulpwood Tree Insurance, Rabi Weather Insurance, and VarshaBima or Rainfall Insurance. All these policies are in addition to the regular policies offered by the General insurance companies which include cattle insurance, pump-set insurance, poultry insurance, duck insurance, Gobar Gas Insurance, Janata personal Accident insurance, composite package insurance for Tribals, Honey bee Insurance, Silkworm Insurance. In other words, it is clear that the general insurance companies are today designing need based polices to protect all occupational assets and liabilities of the rural people. However the need of the hour is to increase the awareness for the need for insurance amongst the rural people by documenting the good experiences of the people who have benefited from the covers, conducting workshops, Focus Group discussions and also by advocating personal interactions through the marketing intermediaries, and media and social sites, as the rural people also have increased access to internet and tele-services.

Section - III Micro Insurance

With the objective of making insurance accessible and affordable, the Government of India, based on the recommendations of the consulting group in 2003, issued the IRDA (Micro insurance) Regulations, 2005. Today, the social and rural sector obligations as mandated by IRDA in fact are contributing to the development andpromotion of micro insurance products by insurers inIndia. The Life insurance companies have achieved significant growth in the micro insurance business segments as seen in the Table 2.

Table: 2
New Business Premium under Micro Insurance Portfolio for the period 2010-15

Premium in Lakhs

Insurers	Individual					Group				
	2010-11	2011-12	2012-13	2013-14	2014-15	2010-11	2011-12	2012-13	2013-14	2014-15
Private	735.09	964.22	1018.54	929.29	1249.22	1719.14	1150.84	756.89	1595.23	3366.22
	23.12	31.17	5.63	-8.76	34.42	12.10	-33.06	-34.23	110.76	111.01
Public	12305.76	10603.49	9949.05	8635.77	1640.23	13803.67	9831.63	21045.76	12581.45	28193.80
	10.12	-13.83	-6.17	-13.20	-81.01	20.17	-28.78	114.06	-40.22	124.09
Market share (LIC)	94.36%	91.66%	90.71%	90.28%	56.76%	88.92%	89.52%	96.52%	88.74%	89.33

Source: IRDA Annual Reports 2010-15

It is evident from the data in Table 2 that in the Individual Life insurance policies business the private companies experienced a steady growth in the two years from 2010-12, following which the growth slowed down and declined in the year 2013-14, but again bounced back in 2014-15 registering a growth of 34.42 percent growth over the previous year. However, in the group polices, the private companies a steep decline in from Rs. 1719.14 lakhs in 2010-11 to 3366.22 lakhs in the year 2014-15, but in the next year the premiums increased by about 110.76 percent to Rs. 1595.23 lakhs, which means that private insurance companies are targeting, promoting and advocating sale of group insurance more through the self-help groups and NGOs.

On the other hand the LIC has been registering decline in its individual and group insurance policies over during the same period, specially a very steep decline fo 81.01 percent in 2014-15. But in the group policies, the LIC registered a significant improvement of 124.09 percent growth in 2014-15. But what is significantly observed is that even after a decade and half of the liberalized insurance market in India, LIC still holds about about 90 percent of the Individual business segment and 88 percent of the Group Insurance business segment, till 2014, but however, interestingly in 2014-15, the micro individual life insurance business was shared almost equally with LIC holding 56.76 percent of the market and the private sector holding 34. 42 percent of the market share. The growth trends of the private and public sector in the Individual and Corporate business segments is depicted in the Figure 1 & 2.

In case of non-life business, there are a number of products offered by the general insurance companies for the rural masses. For example some of the most commonly available policies include Janata PersonalAccident Policy, Gramin Personal Accident Policy, Cattle or Livestock insurance, for the lower income segment.Further, some of the Private General insurance companies are today designing

Figure: 1
Growth Trends in the Premiums (Individual Policies) in Rural India During the period 2010 - 2015

Source: Based on data in Table:2

Figure: 2
Growth Trends in the Premiums (Group / Corporate Policies) in Rural India During the period 2010 - 2015

Source: Based on data in Table:2

tailor-madegroup micro insurance policiesfor the benefit of these segments.

Thus, today, Micro insurance provides a very amenable answer for the rural people. However, micro insurance being a low price-high volume business, its success and sustainability depends mainly on keeping the transaction costs down, which is a challenge in itself. On the other hand the high claims in this segment are also a challenge and an opportunity. Today the Non-Government Organizations and Self Help Groups (SHGs) are acting as agents toinsurance companies in marketing the micro insurance policies. With the recent provisions from 31st Jan, 2014, the IRDA has also permitted several more entities like district co-operative banks,regional rural banks, individual owners of kirana shopsetc. who are banking correspondents to be appointedas micro insurance agents facilitating better penetrationof micro insurance business. With all these policies and reforms in place, it is very likely that micro insurance is going to become a powerful medium for all the insurance companies to reach out to the rural masses at large.

Section IV Distributional Channels for Rural Penetration

Most of the insurance company's bank on the agency channel and the brokers as their key distribution channels for retails as well as corporate or group insurance respectively. Of late the Bancassurance channel is also evolving as an important channel too. Although in other countries, internet ant telemarketing is becoming a popular channel, in India it may take some time as the common masses are not very tech savy. In the rural areas however, understanding the rural sentiments and understanding the mindset and psychology of the rural folks is very important for insurance to take ground. As the banking sector has identified, business correspondents, similarly the insurance companies also need to identify people who can influence the minds of the rural people, namely the Village Heads, Panchayats, Educated Elders who can play a strong referrals role.

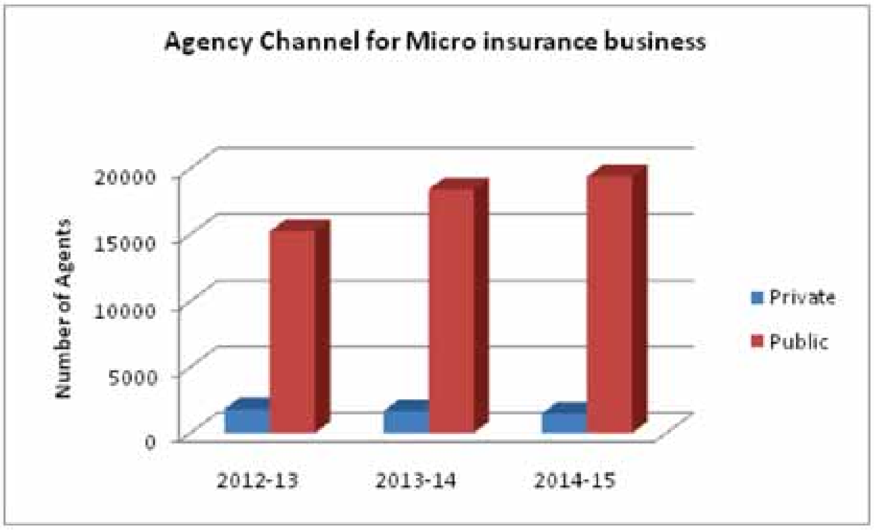
As seen in the Table 3 , Agency channels is one the most trusted channels for procurement of business from rural areas even today. As is evident, while the number of Agents have declined for the private companies during the year 2012-13 to 2013-14 from 1824 agents to 1656 and further to 1476 in 2014-15, during the same period the LIC agents have significantly increased from 15228 agents in 2012-13 to 18401 agents in 2013-14 and to 19379 in 2014-15. Thus, it is clearly seen that LIC totally is dependent on the Agency mode in the rural areas because of people centricity approach.

Table: 3
Micro Insurance Agents of Life Insurers

	Agents		
	2012-13	2013-14	2014-15
Private	1824	1656	1476
Public	15228	18401	19379
Total	17052	20057	20855

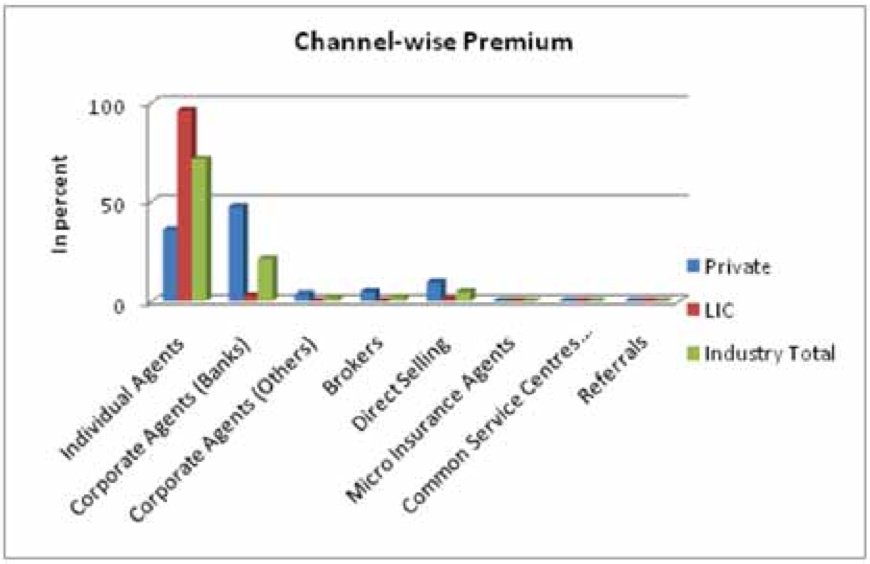
Source: IRDA Annual Reports 2012-14

Figure: 3 Micro Insurance Agents of Life Insurers



Source: Based on data in Table:3

Figure: 4
New Business Premium of Life Insurers for 2014-15 - Channel wise



Source: Based on data in Table:4

While the LIC predominantly is dependent on the Agency channel to connect to the rural masses, the decline in the private sector may signal that they are exploring other alternate channels such as banks, to reach out to the rural masses, because the institutionalized approach in the long run will be more productive as the innocent rural masses are more likely to be convinced when a bank in involved in the transaction of insurance. The growing faith and confidence in banks and Corporate channels is very evident from the experience of the life insurers in other cities and towns as seen in the data presented in the Table 4 and graphically presented in Figure 4.

It is evident that while Agency channel is the most preferred channel for all the companies, the Direct Sales Force is also becoming a trust worthy channel to procure new business by LIC as well as the private companies. However, the Bancassurance, other corporate agents and Brokers are also used by private companies to reach out the

Table 4
New Business Premium of Life Insurers for 2014-15 - Channel wise

In percent

Insurer	Individual Agents	Corporate Agents		Brokers	Direct Selling	Micro Insurance Agents	Common Service Centers (CSCs)	Referrals
		Banks	Others					
Private	35.73	47.37	3.35	4.49	9.06	0.003	0.0001	0.04
LIC	95.97	2.60	0.12	0.02	1.24	0.05	0.00	0.00
Industry Total	71.42	20.84	1.44	1.84	4.42	0.03	0.001	0.01

Source: IRDA Annual Reports 2013-14

people. Thus, the private companies seem to be more exploring other distribution channels than the LIC which believes more in people centric approaches and a human touch. Thus, insurance is more personalized and the other new channels that have emerged over the recent years will take little more time to make a mark in the Indian markets.

Conclusions & Suggestions

Insurance in India has come a long way. People have become better informed and more aware for the need for insurance. It is also a reality that almost a quarter of the total business in India is sourced from the rural areas. However, much needs to be done. The need of the hour is to educate the people with regards to Insurance as a concept and as a product. Although Insurance is the subject matter of solicitation, unprofessional practices are prevalent in India. The innocent people are cheated by unscrupulous Advisors who do not explain the benefits of the policy to the customers. Claims are either delayed or denied by the companies leading to distrust amongst the common people. The complaints and grievances of customers must be redressed so that the trust of the people is not lost. The need of the hour is to design policies specially for the rural areas rather than selling the same polices that are sold to the urban populace. This is because, the rural people have strong sentiments, influence of culture and tradition which may likely become a hindrance. "One size fits all" may not be the right approach. Some of the suggestions include, the policies should have Flexible premium payment options, Gender based policies, Long Term Care Policies, Disability Income polices, Income protection policies, Policies based on profession etc.

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Curtain Raiser For February 2016 Issue With Focus

In today's market driven economy involving Insurance Industry, Products, Pricing & Players (Call it 3 P"s) have significant roles. Accordingly Intermediaries as Players have a pivotal role – for the Consumers, for the Insurers, for the Regulator & above all for the Economy at large. Besides the traditional role of Intermediaries towards Selling & Marketing of Insurance Products, they can play a significant role in Designing new Products with Benefits of Low Pricing, in bringing required Awareness to tackle the menace of Mis- Selling's & above all to increase insurance penetration, particularly in Rural areas.

What should be the requirements for achieving the above discussed issues, keeping in view the interest of Consumers as well as Service Providers as far as Intermediaries are Concerned ? How far Modern Technology through IT & Mobile etc. could be utilized to upgrade their Knowledge & Skill to benefit all the stakeholders in the Insurance Industry ? How CSR as a concept reach our Intermediaries to tackle What is called "Conflict of Interest"?

Keeping in view this important arm of insurance, February, 2016 issue of the Journal will have Focus **"Role Of Intermediaries in Insurance Industry".**

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Pradhan Mantri Fasal Bima Yojana (PMFBY): Issues and Concerns

- Dr. Tapas Kumar Parida

I. Introduction

India is a land of farmers where the maximum proportion of rural population depends on agricultureand allied activities for their livelihood. However, in the recent years, agricultural GDP share is declining continuously and is about14% of the country's GDP in the year 2014-15. The fall out this is the widening disparities in the per worker earnings in agricultural and non-agricultural sectors. The per capita agricultural GDP (in current prices) was Rs 25,780 while Non-agriculture per capita GDP was Rs. 2,08,696 in 2014-15 thereby indicating that per capita agricultural income was around 12% of per capita non-agricultural income. The ratio of Non-agricultural to Agricultural per capita GDP which was 3.97 in 1999-2000 increased to 5.38 thereby indicating growing disparity.

In India, Agriculture heavily depends on monsoons with 60% of the cropped area being rain-fed. Given the fact that around 75% of rainfall occurs during June-September period, the fate of the Kharif crops depends on the Southwest monsoon. Farming community in India, thus, remain at the mercy of rain-Gods. The distress faced by farmers is clearly evidenced by large number of farmers' suicide committed during periods of deficit rainfall. According to the Ministry of Agriculture, the total of number of suicides committed by farmers for agrarian reasons in the last three years stands at 3313, with four states - Maharashtra, Telangana, Karnataka and Andhra Pradesh - accounting for 3280 of them. So, this alarming number of farmer suicides in India, is a burning issue not only in India, but also throughout the world. So, there was a need to relook the insurance policies available to the farmers to hedge the risk arises from the natural calamities, like draught, flood and irregular rainfall, etc.

So, the Government has planned to bring back a new crop insurance scheme in the country, by rectifying the loopholes from the existing one. On 13 January 2016, Prime Minister has launched the new scheme, namely **Pradhan Mantri Fasal Bima Yojana (PMFBY),** a uniform 'one nation-one scheme' type crop insurance scheme for the entire country, promises to change the face of the agricultural insurance sector in the country.

II. Crop Insurance in India

Since 1985, there have been crop insurance schemes in the country, when the Congress Government had launched a comprehensive Crop Insurance Scheme (CCIS) 1985. Further, in 1997-98, the Government re-launched the scheme but it continued till 1999. Again in 1999, Government launched a new scheme, namely National Agricultural Insurance Scheme (NAIS) but there were some loopholes in the scheme. The NAIS scheme was implemented only in 14 States of India. The insurance settlements were handled by the insurance company named, Agriculture Insurance Company of India Ltd (AIC). Under NIAS, the insurance premium rates were 1.5 % to 3.5 % of the total sum assured for food crops like pulses, oilseeds, cereals, etc. But, for commercial crops like cotton and horticultural crops, the actuarial premium rates were charged.Further, the NIAS facilities were given according to the areas where the calamities are frequent and later it was converted into MNIAS i.e. Modified NIAS. The MNIAS was also not a successful project as it was applied in 6 States of India. These schemes were not successful because of several reasons like low awareness, low sum insured amount and slow claim process etc.

Additionally, as per the reports of Home Ministry, in 2015, there were 207 draught hit districts throughout the country where the farmers suffered great economic losses on crop cultivation. Also reports show that more than 300 districts were affected by irregular rainfall. This resulted in a large number of farmer suicides as there was no strong insurance plan to get through the losses and start afresh. Over 3000 farmers have chosen the path of suicide in the last three years. Most suicide cases were registered with the state of Maharashtra.

So, to fight back this problem and to provide a good financial support to the farmers of the country, the Government has launched the new crop insurance scheme by making some alterations in the existing scheme. The new scheme is named as Pradhan Mantri Fasal Bima Yojana (PMFBY). Under this new crop insurance plan, the premium rates will be discounted from the existing rates for all types of crop like Kharif crops, Rabi crops, horticulture crops and commercial crops.

As PMFBY, the premium will be 2% of the sum insured for Kharif season crops and 1.5% for Rabi season crops. The rates are also applicable for oilseeds. The premium rates for commercial crops like cotton and other horticultural crops will be 5% of the insurance sum assured. The Government has also stressed on the use of technology to provide a strong insurance scheme to farmers and make the process efficient and fast.

At present, only those farmers who have taken loans from the Government for their cultivation is eligible for insurance of their crops. But according to the new scheme, all farmers whether he has taken a loan or not, is eligible for the new crop insurance scheme. The insurance plan will be handled under a single insurance company, AIC and entire insurance process, right from joining of farmers to disbursement of claim is to be made electronically to make it a fraud free and effective scheme.

This scheme will be implemented throughout the country and will start its functioning from the next Kharif season of crop harvesting, i.e. June. The insurance burden will be collectively taken by the centre as well as State Governments.A total of Rs 17,600 crorehas been approved by the cabinet, for the implementation of the scheme.

III. Pradhan Mantri Fasal Bima Yojana (PMFBY) - Issues & Concerns

The new PMFBY promises a departure from the existing crop insurance schemes. These currently cap the premiums at 8-9% of the sum insured (SI) for Rabifood grains and oilseeds, and at 12-13% for annual commercial and horticulture crops. In the normal course, if the SIs were to be set closer to the gross value of output (GVO), the actuarial premiums - i.e. based on proper statistical risk assessment - would work out even higher. In this case, the premiums have been lowered simply by keeping the SIsmuch below GVOs.The PMFBY, going by what has been notified, removes any artificial capping of the SI, resulting in low claims being paid to farmers.

The SI will be calculated by multiplying the minimum support price (MSP) of a crop with the average seven-year 'threshold' yield (excluding calamity years) for the particular village panchayat area where it is grown. The premiums would be determined by the SI and not the other way round, as is the case now. Farmers will, however, have to fork out a uniform premium of just 2% for all Kharif crops, 1.5% for Rabi and 5% for commercial/ horticulture crops. The gap between the actuarial premiums and the rates payable by farmers would be fully met by the Government. There is no upward limit on Government subsidy.Thus, if this scheme is implemented as promised, it will certainly be a significant step forward.This will not only save the farmers from getting their crops damaged in natural calamities, but also will provide financial support to them.

However, there are a few catches, which are outlined as follows:

a) As per media reports, there are 207 districts in nine States have been hit by drought and around 90 lakh hectare of land had been affected. The drought affected States had sought relief of over Rs 25,000 crore from the Central Government. Also, there are 302 districts in the country had received 20% less rain, which, though is not categorised as drought, will affect the farmers in these areas.But the new scheme will be applicable only from the next Kharif season, which may well witness a normal monsoon. The fact that it would not benefit farmers today, when they are in the grip of an excruciating drought, may somewhat limit the scheme's political appeal.

b) Implementing the scheme in mission mode, will entail huge premium subsidy outgo, more so in a drought year. The implicit assumption seems to be that if low premiums attract more farmers, the increased insurance penetration and crop area coverage will succeed in driving down actuarial rates, as it has happened with mobile call charges. The Commission for Agriculture Costs and Prices (CACP)reckons the premiums to drop to 3.5% of sum insured (SI) if 50% of India's gross cropped area is insured. On an SI of Rs 50,000 per hectare, this would come to Rs 1,750. For the farmer, the premium cost will be Rs 350 per hectare assuming 80% Government subsidy.

c) The success of the new scheme will depend on the support of State Governments. While the Central Government's support is ensured, it is not clear as to how many State Governments will support the scheme and pay their part of the expenditure (premium). If most states are unwilling or unable to pay, the scheme may not take off in a big way as expected.

d) It will be good if the farmer is enabled to recover his full loss. That will depend on how the sum insured is determined. At the minimum, the sum insured has to be the input costs plus a percentage to cover the farmer's loss of income. In other words, the policy has to be 'valued policy' instead of being a contract of strict indemnity.

e) From the insurer's side, the cover will be reinsurance driven since the losses can be catastrophic. Hence, the ability to quote for the cover will be dependent on how global reinsurers rate the risks. However, it is quite possible that some insurers quote rates on their own and retain the risk on their books if no reinsurance is available on the rates quoted by them. It is not clear as to how the total expenditure is estimated but appears to be a modest estimate.

f) A survey by ASSOCHAM-Skymet Weather joint study (2015) that at the all-India level, only 19% of farmer reported ever having insured their crops. A very large proportion of 81% were found to be unaware of the practice of crop insurance. Of the uninsured, 46%were found to be aware but not interested while 24% said that the facility was not available to them. The size of the crop insurance which is currently around Rs 5,000 crore is likely to double in one year,

g) Crop insurance sector is bogged down by frauds. According to an earlier report in 'The Economic Times', bank officials, insurance officials and farmers are hand in gloves to siphon off insurance money. How is the new scheme going to address this?

h) It is not yet clear what will be the yardsticks the revamped crop insurance scheme will use to assess crop losses. Although the low premium will drive penetration and enrolment and make the insurance scheme viable for insurers, it remains to be seen if the unit for assessing crop loss has been reduced to the village level

On the whole, though, there is a lot to commend about the PMFBY from a farmer's standpoint. If the conditions of low premiums and the SI covering the entire GVO are met - along with quick claim settlements enabled by mobile and satellite technology - it can turn out to be a game-changer for Indian agriculture. On the down side, it may be difficult for the Government to achieve the desired 50% coverage with the new scheme.

IV. Way forward

Going forward, in my view, an integrated bank database (using the Jan Dhan, Aadhaar, Mobile platform) can ensure that the area insured for a crop does not exceed its gross cropped area, by preventing multiple loans being taken for the same land. The growth of weather-based insurance and the entry of more players can provide checks and balances, but the insurance regulator should prepare for fresh challenges. To reduce fraudulent claims, a robust no-claims bonus will help. As for the demand side, while the Centre has declared a plain vanilla plan, there could be takers for products that, insulate against price risk. A fixed deposit model may also find acceptance.

The US, China and Japan run highly subsidised crop insurance schemes - so that it is quite the norm, given the livelihoods involved and the risks intrinsic to farming. The Centre can consider withdrawing gradually once the coverage picks up.

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Pradhan Mantri Fasal Bima Yojana (PMFBY).... Transforming Indian Farmer's Destiny

- Dr.Ashish Barua,

Crop insurance

Crop insurance is purchased by the agricultural producers, including farmers, ranchers, and others to protect themselves against either the probability of loss of their crops due to natural disasters, such as hail, drought, and floods, or the expected loss of revenue due to declines in the prices of agricultural commodities unexpectedly, Thus Crop insurance was conceived as an instrument of risk management process in agriculture and as a measure to provide relief to innumerable Indian farmers whose crops were damaged by one or the other means.

Need For Crop Insurance

Crop insurance is one alternative available to manage risk in yield loss by the farmers. It is a potent mechanism to reduce the overall impact of income loss on the farmer (family and farming). Thus, it is a means of protecting farmers against the probable variations in their yield, resulting from uncertainty of practically all natural factors beyond their control such as rainfall (drought or excess rainfall), flood, hails, other weather variables like (temperature, sunlight, wind), the pest infestation, etc. It is a financial tool to minimize the impact of loss in farm income by factoring in a large number of uncertainties occurring which affect the crop yields of the farmers. As such it is a risk management alternative process, where the production risk element is transferred to another party at a cost, which is called premium. To design and implement an appropriate insurance programme for the agriculture is therefore very complex process and a challenging task. There are two approaches to crop insurance, namely, the individual approach method, where yield loss on individual farms forms the basis for indemnity payment, and the homogeneous area approach method, where a homogeneous crop area is taken as a unit for assessment of yield and the payment of indemnity. Infact in both the cases the reliable and the dependable yield data for past 8-10 years are needed for the fixing premium on actuarially sound basis.

India is a land of farmers where the maximum proportion of rural population depends on agriculture. Agriculture is the backbone of Indian economy. So the Govt. of India is dedicated to protect its farmer's community's interest always. This will not only help in sustaining the livelihood of our farmers, but also increase the yield of crops grown. But there are several natural hindrances which infact, prevent growth of crops. These are droughts, irregular rainfall, floods, etc. Further, these natural calamities result in the poor yield of crops and as the crops gets damaged in midway and production becomes less.

Another concern is when there is an over production of the crops which happens sometimes. Then the market demand falls and thus the farmers do not get very good prices for their crops and they suffer great losses. This leads to greater economic losses for farmers and in some cases even, farmers have commit suicide. So to provide financial support to the farmers of this country, the Govt. of India has replaced the old crop insurance plan and it has drafted a new one this year, for the welfare of our farmers. A big initiative which will change the destiny of Indian farmers in the near future.

Crop Insurance: An Overview

New Crop Insurance is no doubt a Mega Initiative, because despite of implementing several crop insurance schemes in India, farmers needs more protection from the govt. so that their farming risk can be insulated from various uncertain risk that they may encounter in their farming profession. The govt.has realized that the reason for thousands of farmers killing themselves every year is not just because of climatic factors; it is also due to the lack of protection from risks and helplessness, and the crop insurance, is not reaching them effecvtively, when they need it the most in their life. Pradhan Mantri Fasal Bima Yojana is a mega step in this direction, and will impact deeply the economic condition of the farmers of India.

The fact is that , all the crop insurance models put in place so far since 1970s have met with only limited success and infact their effective implementation was lacking. In 1985, a crop insurance scheme in India called Comprehensive Crop Insurance scheme (CCIS) launched. In 1997, an Experimental Crop Scheme was launched which lasted only for a year. In 1999, National Agricultural Insurance Scheme (NAIS)launched to protect the farmers against losses suffered by them due to crop failures on account of natural calamities like; floods, drought, hailstorms, cyclone, pests and diseases etc. However, insurance was available for select crops "notified" crops only. This scheme was open to all farmers but was made compulsory for those farmers who had taken some kind of farm loans. The farmers had to pay flat insurance premium depending upon crop type and this premium was subsidized by government. There were several problems in NAIS model.

Firstly, this scheme operated on a so called on the basis of "Area Approach" which means that the states would notify the unit areas of insurance such as blocks, mandals, Tehsil etc. The states would notify the areas on the basis of past yield data. Since yield data is crucial for crop insurance, success of this scheme was dependent on the availability of the data. The reliable data was not available with most states. Secondly, the states needed to notify the unit areas on the basis of part yield data and Crop Cutting Experiments (CCEs) every year well in advance. Most states did not follow these prerequisites. The result was that Insurance companies started crying foul because payable claims turned out to be several fold higher than the premium charged and subsidy paid. It was assumed that the states would share the premium subsidy but somehow most states were reluctant to do so., The NAIS was latter modified and was called Modified NAIS or M-NAIS. In this scheme, the area approach was done away with and the premium would be calculated on actuarial basis.

This implies that the higher risk crops would have higher premium. The number of crops under the scheme was increased. Previously, only Agriculture Insurance Company (AIC) of India was allowed to implement the scheme but now, private insurers were also allowed to implement the modified scheme. Further, the unit area was reduced to be the Gram Panchayat. The MNAIS tried to modify several issues with the crop insurance but still failed to reduce the farmer distress. The key problems of this scheme was that – it covered risks partially, it had higher premium rates (3.5% for Kharif Crops and 1.5% for Rabi Crops), the coverage was capped (this implies that farmers could recover at best a fraction of the total loss). In 2007, another crop insurance scheme was launched Weather-based Crop Insurance Scheme (WBCIS). This was another scheme to protect farmers against vagaries of nature such as deficit and excess rainfall, high or low temperature, humidity, etc. This scheme was launched to settle claims in shortest possible time. Both these schemes (MNAIS and WBCIS) were made compulsory for loanee farmers. While former indemnified the cultivators against shortfall in crop yield; later protected against adverse weather conditions.

Pradhan Mantri Fasal Bima Yojana (PMFBY)

Transforming Indians Farmers Destiny

Pradhan Mantri Fasal Bima Yojana Pradhan Mantri Fasal Bima Yojana (PMFBY) is the new crop damage insurance scheme that has been approved by the Union Cabinet in January 2016. It is one of the major initiatives and Farmers Friendly launched by the Present BJP government for the farmer's welfare. A destiny changer for the farmers of India. It clearly indicates how our present government is seriously concerned for alleviating the problems of our farming communities in India and wants to provide every help to them always, who are the back bone of Indian Economy.

New crop insurance scheme will bring about a major transformation in the lives of farmers. A great initiative to transform Indian farming life style. The Scheme is a Laudable measure taken by Govt., as it is focussing more on Crop Insurance which is the most vulnerable part of agriculture. The scheme is Inclusive and will surely help the farmers of our country at the time of distress. The new scheme is significant as the country is facing drought for the second straight year due to poor monsoon rains and the government desire to enhance insurance coverage to more crop area to protect farmers from vagaries of monsoon.

How will the scheme benefits the farmers:

- With Low Premium rates and Total Coverage of Insurance of Crops, Farmers will benefit financially.
- Widening of the term Disaster(like Flooding of Crops and Damage after Harvest) ,will enlarge the Protection base and hence beneficial to farmers.
- Post Harvest Losses are also Included, So it will provide safety and confidence to the Farmers.
- Time Bound Payment of Losses will prevent delays and further worsening of Farmers's distress condition.
- Will Reduce Farmers' Suicide (Since Crop Failure and Financial Distress earlier was undressed but now ensured).
- Easy usage of technology like mobile phone, quick assessment of damage and disbursement within a timeframe.

It will replace the existing two crop insurance schemes National Agricultural Insurance Scheme (NAIS) and the Modified form of NAIS. The new scheme will come into force from the Kharif season starting in June this year. Crops covered The scheme covers kharif, rabi crops as well as annual commercial and horticultural crops. For Kharif crops, the premium charged would be up to 2% of the sum insured. For Rabi crops, the premium would be up to 1.5% of the sum assured. For annual commercial and horticultural crops, premium would be 5 per cent. The remaining share of the premium will be borne equally by the central and respective state governments. Insurance There will be one insurance company for the whole state. Private insurance companies will be roped along with Agriculture Insurance Company of India Limited (AIC) to implement the scheme. Losses covered Apart from yield loss, the new scheme will cover post-harvest losses also. It will also provide farm level assessment for localised calamities including hailstorms, unseasonal rains, landslides and inundation.

Use of Technology

The scheme proposes mandatory use of the remote sensing technology, smart phones and drones for quick estimation of crop loss. Definitely this will speed up the claim process faster. Other features within next 2-3 years, the scheme aims to bring 50% farmers under the scheme domain. The settlement of claims will be fastened for the full sum assured. Further about 25% of the likely claim will be settled directly on farmers account. Further there will not be a cap on the premium and reduction of the sum insured. Comparison with earlier crop insurance schemes.

The new scheme is different from earlier schemes on the account of following: It is open to all farmers but NOT mandatory to anyone. It is optional for loanee as well as non-loanee farmers. It has so far lowest premium. The existing premium rates vary in between 2.5% and 3.5% respectively for kharif crops and 1.5% for rabi crops respectively—but the coverage was capped, meaning farmers could, at best, recover a fraction of their farming losses. The farmers' premium has been kept at a maximum of 2 per cent for food grains and up to 5 per cent for annual commercial horticulture crops. For rabi crops, it is 1.5%. The balance premium will be paid by the government to furnish full insured amount to the farmers. Since there is no upper cap on government given subsidy, even if the balance premium is about 90 percent, the government will bear it. This scheme provides full coverage of insurance. While NAIS had full coverage, it was capped in the modified-NAIS scheme. It also covers the localized risks such as hailstorm, landslide, inundation etc. Earlier schemes did not cover inundation. It provides post harvest coverage. The NAIS did not cover while the modified NAIS covered only coastal regions.

Challenges in Implementation

Success of any government scheme largely depends on its sincere implementation effectively. The key problems issue such as poor land records, flawed land titles, and the major focus is corruption etc. are common challenges any crop insurance scheme in India faces. Further, the success of the scheme wholly depends on how sincerely it is implemented by the insurance companies throughout India. Further, we need to wait and watch as to how the scheme is monitored and supervised.

Conclusion

New crop insurance scheme will bring about a major transformation in the lives of our farmers. A great initiative to transform Indian farming life style. The Scheme is a Laudable measure taken by Govt., as it is focussing more on the Crop Insurance which is the most vulnerable part of our agriculture. The scheme is Inclusive and will surely help the farmers of our country at the time of distress. The new scheme is significant as the country is facing drought for the second straight year due to the poor monsoon rains and the government wants to enhance insurance coverage to more crop area to protect farmers from vagaries of monsoon. Thus, new crop insurance scheme has the biggest potential to deal with the vagaries of nature on Indian farming. The premium to be paid by the farmers is kept very low when compared with earlier crop insurance schemes. Finally we can say that it is going to prove as a destiny changer for our farmers.

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Insuring Agriculture

- P.C. James

Agriculture is the principal occupation of this country with more than half the population dependent directly on agriculture for their livelihood. Risk in the crop or agriculture sector is essentially a livelihood risk and hence is of critical importance for those at risk. Insurance covers in future will focus more and more on risks of livelihood and balance sheet. Therefore emphasis on agriculture insurance will be critical to give relevance to insurance inclusion of the highest order because 100 million farmer families are to be protected against loss of their livelihood in case of an unforeseen crop disaster.

Given the evolution of insurance as we know it, agriculture insurance was not in the purview of insurers till in the recent past owing to the complexities of agriculture risk, as well as the traditional focus on commercial insurances in the secondary and tertiary sector. Agriculture risk is not a random risk but is in the nature of a systemic risk, and this kind of risk is not a familiar territory for insurers. A peril like drought can be pervasive across the country. Even more importantly, climate at the local level will not affect farmers differently. Hence climatic zones in the micro sense will have the same weather effect for all farmers. However crop wise there could be difference, as some crops, for instance, need more water but others less. Similarly loss levels between irrigated and non-irrigated will be different. Such insights brought out useful innovations in agriculture insurance. For significant scaling up of an effective insurance protection to farmers, there was a felt need for non-traditional parameters for effective and cost reduced insurance. New methodologies had to be thought out to facilitate easy and formality-free insurance to farmers, who are less educated, more traditional and less accessible due to the poor infrastructure available in rural areas.

The most important insight for effective agriculture insurance was that ideally agriculture insurance should be ‘area based’ insurance instead of individual farm level insurance. Individual underwriting, the common way in all insurance underwriting, is a very difficult task in rural based crop insurance. It is much easier to cover risks on an area basis as the risk of loss arising from climate risks and their secondary risks owing to pests and diseases will be equal for all in the same climatic area for a given crop. In this model all farmers will receive the same amount of claim per hectare for the specific crop insured. This however is not always a boon to the farmer, arising from a problem known as basis risk, in which it is possible that the area may not be having a claim as per parameters adopted, but an individual farmer may be having a loss, but due to the area factor will not be receiving a claim. The opposite also can happen. Therefore care has to be taken to remove or reduce basis risk for effective implementation of crop insurance.

The second factor to promote easy insurance is to make crop insurance a parametric insurance. It is necessary to ensure that farmers do not defeat the system by adopting adverse selection and moral hazard approaches to gain advantage, which will ultimately drive insurance away from the agriculture sector. Therefore insurers enforce seasonality discipline, which means that insurance has to be taken before the sowing begins and not after getting an idea that possible losses can loom. Even more important is the moral hazard factor. It is possible for individual farmers not to manage the farm optimally as per best farming practices, fertilise or irrigate it properly, or plant sub-standard seeds and so on and then stage manage them as insured losses. Insurers will find it impossible to monitor such activities given the constraints in the vast number of farms in the country and their geographical inaccessibility.

To avoid such insurance problems and cut though difficult subjective approaches crop cutting experiments are conducted by competent government agencies under supervision on a statistically sound basis and farmers are indemnified if crop loss (yield) is below the threshold guaranteed. In the weather insurance model, weather parameters are set in such a manner that beyond the upper band of normal rainfall, claim will begin to trigger on partial loss basis, and reach an upper end, when the crop will be declared total loss, based on scientifically proven data and studies done by reputed agencies and checked by crop scientists. Similarly at the lower end of the normal rainfall, claims will trigger based on deficit rainfall peril metrics.

Weather insurance has brought in a further innovation by adopting the concept of proxy insurance, where weather is taken as a proxy for crop losses as it is the dominating risk, whether in the form of needed rain, or temperature, frost, wind-speed and so on. The significance of this innovation is that weather cannot be influenced by the farmer or for that matter by the insurance company and hence there will be no moral hazard if weather is used as proxy. Modern technology has facilitated the availability of automatic weather stations (AWS) which can be moved from place to place and hired for the season and which can send reports to servers used by insurers and other agencies. Due to this it is possible to monitor weather reports so that at the end of the crop season claims can be settled on the basis of weather reports, without delay and further formalities. Today proxy insurance is further strengthened by multiple approaches such as 'ground-truthing' by way of crop cutting experiments and the use of satellite based crop data to cross-validate claims.

All these innovations have great spin-offs in the area of ensuring ease of managing the cover given to farmers. Apart from the proposal form and ownership details to be given before the crop season begins, no further documents are normally required from the farmers, who more than usual customers are weak in paper work as well as dislike and distrust them. Unlike the standard claim processes in individual insurance like motor or fire, in weather insurance at the time of claim there is no need for claim intimation, claim form, estimates, survey reports, bills and so on. The area which is eligible for claim will be identified from weather reports and all farmers in that area will receive claim payment credited directly to their bank accounts.

Agriculture insurance is very complex and there can be no standard product across India like in usual insurances such as personal accident insurance, fire or motor insurance. Complexities arise because of the differential created in each climatic zone based on weather, season, soil and crop, and hence the term-sheets for insurance will vary from one climate geography to another. This will again vary from crop season to another. The principal crop season in India is the Kharif season, i.e. the monsoon period, where the principal crop risk factor is rainfall, and its deficiency or excess is the critical factor. In the Rabi (winter) crop season, the principal climate factors for the success or failure of the crop are temperature, frost etc. It is said for instance that wheat crop is a gamble on night temperature in the Rabi season.

Normally agriculture is dependent on credit financing and hence both governments and banking organisations make it compulsory for farmers who take loans to insure. However it is incumbent on insurers to insure non-loanee farmers also for ensuring protection to the farm sector. Insurance of all farmers whether loanee or not, is facilitated by banks and other intermediaries who are well distributed in rural areas to propagate this insurance. Since agriculture insurance is a high risk insurance governments all over the world are inclined to subsidise agriculture insurance premiums and/or claim payouts generously. In India both the Central and State Governments are deeply involved in crop insurance and promote it in various ways, using the government machinery, banks and insurers to ensure that all farmers are able to avail of crop insurance. Substantial subsidy is made available to the farmers by both central and state governments.

Given the risky nature of crop insurance and claims are high, the premium rates are naturally high and hence unaffordable to farmers. Hence apart from subsidy by governments it is incumbent on insurers to ensure that their management expenses are kept very low, and that most of the premium is paid out as losses to farmers. The unit value of insurance in crop insurance is usually low based on input costs, but crop damage is frequent and hence it is observed that around 25% of farmers normally receive claims each season, whereas even in Health insurance the ratio is around 9% in India, and in fire insurance it is less than 1%. These ratios starkly show the high risk that resides in the agriculture sector. The claim payout to farmers could go up in the future as climate change risks are increasing.

The need for government intervention and subsidy has compelled governments to frame suitable agriculture insurance schemes in the interest of farmers and there is a continuous progress in the improvements made in crop insurance schemes. While crop insurance in India began as small-scale experiments since 1973, the first major scheme launched across India was known as the National Agriculture Insurance Scheme, popularly known as NAIS. This scheme was introduced in the 1999-2000 Rabi season. In this scheme the insurer was given a mandate to collect minimum specified affordable premium from farmers through banks, monitor the scheme implementation and settle claims. Claims above 100% of the premium and in some cases above 150%, were paid from subsidies by the Government. However in this scheme the real risk fell on the government and the insurer was more of an implementer. The premium collected was not actuarially fixed and the excess of claims were settled on an unlimited basis by the governments (centre and state). However owing to this scheme all agencies concerned learned greatly about the nuts and bolts of agriculture insurance, so as to take it forward in the right manner.

An important innovation introduced in the India in agriculture insurance was the launching of weather insurance in 2007 on a national basis. Weather insurance was formulated in such a manner that the premium was actuarially fixed using past weather data, which was further scrutinised by the State Governments through scientists in Agriculture Universities and other institutes. Insurers received further validation and support by obtaining international reinsurance support, as all claim liability was to be borne by insurers, irrespective of the loss size. Weather insurance proved to be a success as claim payouts were speeded up, but there were problems on the ground that the weather stations apparently could not capture some weather phenomena like temperature and frost on the ground accurately and so on. Since the concept of weather insurance is very sound, insurers are continuously studying and improving weather recording parameters and techniques. Weather insurance will have many more applications in future owing to its many insurance friendly features. The discrepancies observed in capturing the weather data accurately will be diminishing because of the rapid progress of technology and the ability to geo-map and geo-fence regions having homogeneous climate risk profile.

In 2013, the government further improved and diversified crop insurance scheme, by launching the National Crop Insurance Programme (NCIP).It has three components: MNAIS, WBCIS and the Coconut Palm Insurance Scheme (CPIS). In MNAIS, upfront premium subsidy concept was introduced which put all claims liability on insurers, unlike the NAIS which was discontinued. The Unit area of insurance was uniformly rationalized to village level. Additional important risks were covered like prevented sowing/ planting risk and post-harvest losses due to cyclone etc. An on-account payment for certain claims up to 25% of the sum insured was also introduced.

Government of India has further updated the schemes by bringing out the Pradhan Mantri Fasal Bima Yojana recently (2016). This scheme has re-emhasised the role of all agencies related to the implementation of crop insurance schemes, directed for the management of the scheme at the state level and district levels to take effective care of implementation, and almost all types of yield losses along with prevented sowing, post-harvest losses and localised calamities are to be covered. The loss coverage by insurers is limited to 350% of the premium charged, and excess of that will be paid by the central and state governments. The use of technology is mandated to promote and simplify crop insurance.

Tale - 1 LIVELIHOOD INSURANCE FOR THE FARM SECTOR

No	Type of risk	Type of insurer	Remarks
1	Crop Insurance – seasonal cover	Agriculture Insurance Company or others in the panel of the government	It is a government scheme and will be monitored by governments as seen above
2	Animal Insurance	General Insurers	Animals are main/supplementary livelihood means for many in rural areas
3	a) Health & b) Personal accident Insurance	Medical expense cover as per policies of any insurer PA policy limited to accidental death and permanent total disability	If farmer is ill or disabled, farm operations will be affected and crops lost
4	Life Insurance	Life Insurers	Benefit policy to cover critical illnesses/death
5	Livelihood related property losses	General Insurers	To cover food grains, fertilisers, seeds storage and for other occupation related assets including buildings
6	Farm machinery and equipments	General Insurers for breakdown insurance	All farm machines like pump sets etc.
7	Farm motorized vehicles/ equipments	General Insurers – in line with motor insurance	Tractors and other mobile equipments
8	Farmers residence and other assets	General Insurers	Personal asset insurance

Table - 2 INSURANCE FOR EXPORT ORIENTED FLORICULTURE

No	Type of risk/insurance	Insurer	Remarks
1	Poly-house insurance – material damage as in fire package policy	General Insurer	
2	Flower plant insurance	Agriculture Insurance Company	Crop insurance of the growing plant
3	Storage (in cold conditions) insurance	General Insurance	
4	Transit abroad by air carriers	General Insurance	To be done in Miscellaneous department as delayed delivery is the principal risk
5	Rejection risk	ECGC or other general insurers competent in the field	
6	Credit/Political Risk	ECGC or other general insurers competent in the field	

A further innovation is the proposed introduction of the Unified Package Insurance Scheme (UPIS), with comprehensive coverage for citizens associated with the agriculture sector. It also offers life insurance cover as part of the scheme. This scheme furthers the objective of livelihood insurance. This, when read with the Micro-Insurance Regulations of IRDAI, can offer effective coverage with one or more insurers forming a consortium for coverage based on their core competencies as envisaged in micro-insurance approaches. A look at livelihood risks based on a hierarchy of livelihood needs as given in table 1.

There can be many more covers in the agriculture sector which can be led by insurer initiatives without much of Government support, such as cash crops, plantations, medicinal plants, commercial agriculture including contract farming, floriculture, commercial forests and so on. Some of these may need an end to end insurance which again can be effectively covered a consortium of insurers with relevant expertise. One such is export oriented floriculture. The needed covers as given in table 2.

Many more innovative insurances in the agriculture sector needs to be pioneered and mainstreamed using scientific knowledge, data collection capability and technology advancement now increasingly available. India is poised to become an agriculture super power given the abundance of arable lands and wide variety of climatic regions and crop varieties. Insurance would be the most effective tool enabling risk taking in the sector for value addition, technology infusion, wealth creation and sustainability.

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ISSUE FOCUS

Crop Insurance for Risk Management in Agriculture

- *Sh. Joseph Plappallil J,*

Risk is inherent in agriculture. Crops may be damaged due to natural calamities such as drought and flood or pest outbreaks. Farmers also run the risk of increase in input costs or decrease in market price for the produce. Farmers traditionally have found ways to manage the risks but events of catastrophic nature are beyond the traditional coping mechanism of farmers and therefore need to be addressed with outside support. This support usually comes from governments and at other times from international aid agencies or NGOs. The farmers also have the option of transferring the risks, in particular, catastrophic risks which affect a large number of farmers at the same time (covariate risk) through the mechanism of crop insurance. The premium rates for crop insurance are generally much higher than the rates applicable for other types of insurance and so crop insurance is heavily subsidised by the Governments in most countries to make it affordable for the farmers.

In India too several crop insurance schemes were implemented, the latest one being the Prime Minister's Fasal Bima Yojana (PMFBY) which will be implemented from Kharif 2016. The major schemes implemented in the past are National Agriculture Insurance Scheme (NAIS), Modified National Agriculture Insurance Scheme (MNAIS), Weather Based Crop Insurance Scheme (WBCIS) and National Crop Insurance Programme (NCIP). All these are area based index schemes which are subsidised by the State and Central Governments. Millions of Indian farmers have benefitted from the crop insurance schemes for the last three decades or more. But a large section of the farming community remains outside the insurance net for a variety of reasons. PMFBY has addressed many of the problems faced by the farmers vis-à-vis the existing crop insurance schemes and should therefore encourage higher level of participation by farmers in the future.

Non-life insurance penetration in India is low at 0.7% and rural insurance penetration even lower. In India insurance products are generally sold and not bought. Typically, non-life insurance products are sold throughout the year and the intermediaries can scout for potential customers and conclude a contract any time during the year. Compared to this, the time window available for an intermediary to canvass crop insurance is relatively short. There are two main cropping seasons Kharif and Rabi. Ideally, insurance cover should incept from the time of sowing and end with harvesting with some limited coverage post-harvest. To reach out to millions of farmers before every cropping season and convince them to buy crop insurance is a herculean task in the Indian context. Moreover, farmers like every other rational human being would opt for insurance when they perceive the risk to be high enough to adversely affect their production. Given a choice, the farmers who grow high risk crops or in high risk areas are most likely to come forward to buy crop insurance. In such a scenario, crop insurance will not be sustainable. For any insurance product to succeed, the actuarial outcome should be positive for the insurer in the long run. In order to overcome this challenge, crop insurance has been made compulsory for all farmers who borrow for short term agricultural operations from formal credit institutions. In effect, crop insurance is bundled with crop loans and premium is debited to the farmer's account and remitted to the insurer by the financial institution. The twin problems of adverse selection and distribution challenge are addressed to a great extent by this multi-stakeholder approach.

Traditionally insurance loss assessment is carried out by a loss adjuster who visits the place of loss and determines the extent of loss to make a payout. A similar approach is employed when an individual farm is insured under a specific crop insurance policy. This is a cost effective approach when farm sizes are large. But in countries where there is large number of small farm holdings this approach is impractical and costly. Area based index insurance is most suited to such countries and hence, India had introduced area based yield index insurance schemes. This was done to overcome the need for individual farm based yield assessment every season, instead, yield assessment was done by carrying out crop cutting experiments in sample plots within the insured unit area and payouts determined based on the yield assessed in the sample plots. This approach keeps down the cost of operations but the large number of Crop Cutting Experiments (CCEs) and the time taken to transmit the data often causes delay in payouts. There are also instances where the representative yield captured through sample crop cutting experiments does not reflect the actual yield in individual farms within an insured unit area. This problem is called 'basis risk' in insurance parlance and can be addressed to a great extent by reducing the size of the unit area of insurance. PMFBY requires the unit of insurance to be a village/ village panchayat for major crops in district and this will go a long way in reducing the basis risk.

In case of some crops it is not possible to develop yield index products for lack of historical yield data as well as due to challenges in collecting yield data every cropping season. Some of these issues can be addressed by weather index based insurance products which are in vogue in many countries either as full-fledged schemes or pilot schemes. Within the PMFBY, apart from the yield index insurance product, Weather Based Crop Insurance product is also being offered to the farmers for implementation by state governments.

But again, as mentioned above, for a successful crop insurance programme it is imperative that its design carries minimum basis risk. In order to reduce the basis risk in Weather Insurance, there is an urgent need to increase the number of weather stations. Protocols have to be finalised with respect to siting and maintenance of automatic weather stations which will increase credibility of the weather data used for determining payouts. There is no mechanism to capture the actual weather condition in each farm as setting up weather stations in every insured farm would be prohibitively expensive. All the farms which have a common reference weather station need not experience the same weather and hence the loss experience could differ from the one determined based on weather data captured by the reference weather station. The correlation between a weather event and loss of crop may not always be accurate and there is a possibility that the indemnity offered is less or more than the actual loss suffered.

There is also a possibility that the yield loss at the farm level is not reflected in the pre-determined weather triggers in the weather index product as the loss could be due to biotic factors like pests & diseases. This risk can be covered by offering 'double trigger' insurance products by splitting the sum insured between the two triggers (weather and yield) working independent of each other. The 'double trigger' product helps to reduce over-reliance on any particular index, and can minimize moral hazard. In effect, the 'double trigger' insurance product can combine the best features of weather index and yield index insurance. Agriculture Insurance Company of India Ltd. (AIC) has been trying out many such innovations in product design over past few years and implementing them on pilot basis in close coordination with the State Governments. In some such products implementation, new technologies viz. videography, mobile app, remote sensing, crop models are being tried out.

Apart from the above mentioned challenges, development of weather index products as such is a daunting exercise for insurance companies and state governments. The ever increasing demand for higher payouts season after season is affecting the long term sustainability of the scheme. Instead of targeting small payouts season after season the products should target less frequent but high payouts in the event of major weather events which significantly impact crop yield and severely affect the financial condition of the farmers.

Although the index based crop insurance schemes have been in existence for the last several years in India, technological interventions in the crop insurance space has been limited for a variety of reasons. There was an overwhelming view that large scale improvements are needed in the existing crop insurance schemes to enhance their growth and outreach. Remote sensing technology (RST) has potential use in crop insurance in many ways right from underwriting to claim settlement. AIC has taken up projects with various agencies to exploit usage of RST in acreage estimation, CCE audit, yield estimation etc. The potential benefits of the currently available satellite data sets, derived indices, improved weather data sets, geospatial tools and techniques offer scope for improving the crop insurance methodologies. Integration of tools and technologies to evolve robust products for crop insurance is a major research challenge to be addressed. PMFBY has duly recognized this need for integration of crop insurance service delivery with the latest technology. PMFBY also seeks to have a fully functional web-portal developed which, will very soon ease the process for managing crop insurance for all stakeholders viz; farmers, Central and State Governments, financial institutions, insurers. The portal will enable farmers to take informed decisions for purchasing crop insurance. It is expected that the launch of the portal and PMFBY will usher in a new era for crop insurance in India.

Indian crop insurance programme is currently the second largest in the world in terms of farmers covered and sixth largest in terms of premium volume*. India is already well known world over for its successful implementation of 'Index Based Insurance'. Introduction of PMFBY will further improve our position among the nations which implement successful crop insurance schemes.

The three existing Schemes i.e., NAIS, MNAIS and WBCIS under operation since last 15, 5 and 8 years respectively, have reasonably done well when compared with similar products implemented elsewhere in the world. These schemes, by virtue of their size in terms of number of farmers covered, crop types, varied agro-climatic risk covered, have attracted many global institutions working in the field of risk management in agriculture, rural financing, climate change and its impact on agriculture and food security etc. Introduction of PMFBY will further enhance their interest in the Indian crop Insurance program. Whilst we look forward to unfolding of PMFBY in terms of increased penetration in the future seasons; we may look back to find the relative performance of these schemes since their inception till Kharif 2015.

NATIONAL AGRICULTURAL INSURANCE SCHEME (NAIS)

Agriculture Insurance Company of India Ltd

Rs in Lakhs

S.No.	Season	Farmers Insured	Area Insured (ha)	Sum Insured	Premium	Claims	Farmers Benefitted
1	Rabi 1999-00	579940	780569	35641	542	769	55288
2	Kharif 2000	8409374	13219829	690338	20674	122248	3635252
3	Rabi 2000-01	2091733	3111423	160268	2779	5949	526697
4	Kharif 2001	8696587	12887710	750246	26162	49364	1741906
5	Rabi 2001-02	1955431	3145873	149751	3015	6466	453325
6	Kharif 2002	9768711	15532349	943169	32547	182439	4297155
7	Rabi 2002-03	2326811	4037824	183755	3850	18855	926408
8	Kharif 2003	7970830	12355514	811413	28333	65268	1712270
9	Rabi 2003-04	4421287	6468663	304949	6406	49710	2098125
10	Kharif 2004	12687104	24273394	1317062	45894	103833	2674743
11	Rabi 2004-05	3531045	5343244	377421	7585	16059	772779
12	Kharif 2005	12673833	20531038	1351910	44995	108645	2687605
13	Rabi 2005-06	4048524	7218417	507166	10482	33830	980748
14	Kharif 2006	12934060	19672280	1475936	46729	177622	3131511
15	Rabi 2006-07	4977980	7632882	654221	14288	51597	1391554
16	Kharif 2007	13398822	20754747	1700796	52432	91536	1591863
17	Rabi 2007-08	5044016	7387156	746664	15871	81018	1578668
18	Kharif 2008	12992272	17636187	1566607	51194	237780	4218975
19	Rabi 2008-09	6210648	8857836	1114871	29572	150982	1979705
20	Kharif 2009	18253072.0	25769817	2761671	86285	453745	7970699
21	Rabi 2009-10	5681148	7899761	1100750	29170	58040	1040659
22	Kharif 2010	12682242	17108888	2371090	72179	164178	2253293
23	Rabi 2010-11	4967878	6938628	1101056	29817	65794	1138465
24	Kharif 2011	11554561	15776489	2348711	71435	166542	1844727
25	Rabi 2011-12	5239299	7609278	1128394	25768	54320	1287183
26	Kharif 2012	10649354	15693701	2719906	87874	278579	1909594
27	Rabi 2012-13	6141726	8691157	1571009	44761	205277	2543953
28	Kharif 2013	9746756	14231771	2900504	97772	310122	2794882
29	Rabi 2013-14	3973611	6476054	1254945	29748	104750	996191
30	Kharif 2014	9683602	11547758	2438820	84467	292017	4345349
31	Rabi 2014-15	7009527	9179597	2137997	55056	151221	1940764
32	Kharif 2015	20496605	21765847	5184839	180449	under process	
	TOTAL	**260798389**	**379535679**	**43861875**	**1338131**	**3858553**	**66520336**

MODIFIED NATIONAL AGRICULTURAL INSURANCE SCHEME (MNAIS)

All Companies Combined (Rs. in Lakh)

S.No.	Season	Farmers Insured	Area Insured (ha)	Sum Insured	Gross Premium	Claims Reported	Farmers Benefitted
1	Rabi 2010-11	358421	323734	69364	4732	1615	46879
2	Kharif 2011	458157	665654	134588	12179	9610	100201
3	Rabi 2011-12	754999	707381	201008	16520	8428	122820
4	Kharif 2012	2062445	2239317	489694	56437	62346	605631
5	Rabi 2012-13	949009	741753	207715	18931	5347	112953
6	Kharif 2013	2361297	2274437	582583	64027	85679	962971
7	Rabi 2013-14	2997404	3253405	640654	43445	53292	810839
8	Kharif 2014	5896415	7000041	948118	94079	61984	1571622
9	Rabi 2014-15	3205933	3553445	910882	50152	87566	1406569
10	Kharif 2015	4809164	6348392	778182	82514	2839	35492
11	Rabi 2015-16	1681820	1809394	705533	49213	0	0
	Total	**25535064**	**28916953**	**5668321**	**492228**	**378705**	**5775977**

WEATHER BASED CROP INSURANCE SCHEME (WBCIS)

All Companies Combined (Rs. in Lakh)

S.No.	Season	Farmers Insured	Area Insured (ha)	Sum Insured	Gross Premium	Claims Reported	Farmers Benefitted
1	Kharif 2007	43790	50074	5301	703	524	35275
2	Rabi 2007-08	634635	1018254	173890	14132	10040	190610
3	Kharif 2008	183481	221202	35110	3616	1605	108975
4	Rabi 2008-09	191647	260908	53633	4553	3342	120804
5	Kharif 2009	1161340	1530782	264531	21438	15789	902866
6	Rabi 2009-10	1201525	1891091	285799	23553	18719	600336
7	Kharif 2010	4916784	7393242	567690	59550	19194	1790436
8	Rabi 2010-11	4383504	5745537	863379	69386	44264	2526629
9	Kharif 2011	6905831	9786279	1035162	102973	42588	3597644
10	Rabi 2011-12	4766033	5944759	985846	81472	75114	2732017
11	Kharif 2012	8008123	11124734	1287053	129474	87681	6752196
12	Rabi 2012-13	5591512	6565336	1065546	92303	104382	4052901
13	Kharif 2013	8854147	11172437	1462396	147033	119959	6870673
14	Rabi 2013-14	5302443	5335856	1090192	92345	81709	3785595
15	Kharif 2014	8170689	9636268	1325201	156564	123529	6719926
16	Rabi 2014-15	3079551	4756070	440068	55832	80213	2892611
17	Kharif 2015	5397709	6341391	853792	98748	105922	4326429
18	Rabi 2015-16	3373602	5943212	632910	73984	0	0
	Total	72166346	94717431	12427499	1227660	934576	48005923

Source: AIC

Sh. Joseph Plappallil J, Chairman-cum-Managing Director, Agriculture Insurance Company of India Limited

ISSUE FOCUS

Crop Insurance - Tool for Tackling Economic Distress & Economic Development

- Dr.S.Sankara Muthu Kumar, Dr.K.Alamelu

1. Introduction:

Agriculture is recognized as the world's largest industry, and is of major social and economic significance. However, it has been an uncertain business. In India, farming has become an inherently risky business and farmers face many types of risks. Crop insurance can reduce farmers' risk and increase average productivity. Crop insurance can increase access to credit.

2. Why Crop Insurance?

Agricultural production and farm incomes in India are frequently affected by natural disasters such as droughts, floods, cyclones, storms, landslides and earthquakes. There are man-made disasters such as fire, sale of spurious seeds, fertilizers and pesticides, price crashes, etc. All these events severely affect farmers through loss in production and farm income, and are beyond the control of farmers. Thus, Crop Insurance is considered to be an important mechanism to address the risks to output and income resulting from various natural and manmade events.

3. Crop Insurance: Worldwide

Crop Insurance is an universal phenomenon and it is widespread across the globe. However, the intensity of popularity is different from region to region. Figure-1 depicts the geographic distribution of agricultural insurance premiums. It is evident that USA & Canada together constitutes 56% of the world agricultural insurance premiums. At this juncture, one must also be aware of the contribution of agricultural sector to the total GDP of USA is just 1.2%. Asia region has contributed 23% to the World Agricultural Insurance Premium, followed by Europe with 16%. Latin American Countries and Africa has contributed only 3% and 0.7% respectively.

4. Crop Insurance in India: An Overview

In this section, a brief account on the different crop insurance schemes which are in operation is made.

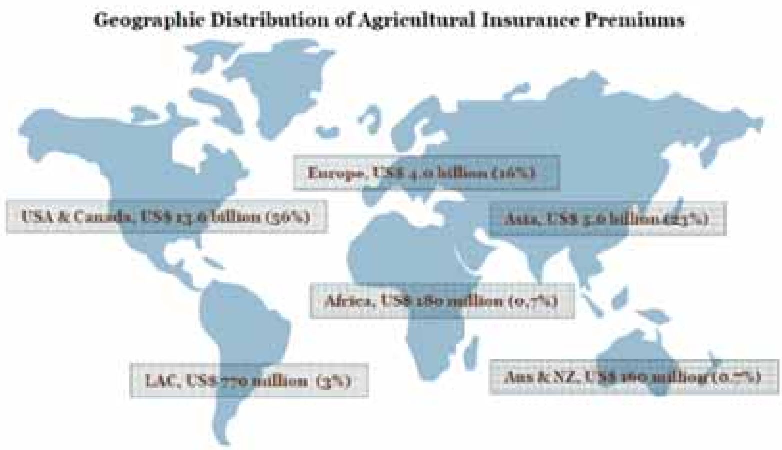
4.1 National Crop Insurance Scheme (NAIS)

The National Crop Insurance Scheme (NAIS), with the aim to increase coverage of farmers, crops and risk commitment, was introduced in the country from Rabi 1999-2000 replacing the erstwhile Comprehensive Crop Insurance Scheme (CCIS). The main objective of the Scheme was to protect the farmers against the crop losses suffered on account of natural calamities.

4.2 Modified National Crop Insurance Scheme (MNAIS)

To improve further and make the Scheme easier and more farmer friendly, a proposal on Modified

Figure 1: Crop Insurance Worldwide



Source: World Bank (2011)

National Crop Insurance Scheme (MNAIS) was prepared and was approved by Government of India for implementation on pilot basis in 50 districts from Rabi 2010-11 seasons. After evaluation of impact of pilot, the scheme is being implemented as a full-fledged component of NCIP from Rabi 2013-14.

4.3 Weather Based Crop Insurance Scheme (WBCIS)

With the objective to bring more farmers under the fold of Crop Insurance, a Pilot Weather Based Crop Insurance Scheme (WBCIS) was launched in 20 States in 2007. The Scheme provides insurance protection to farmers against adverse weather incidences, such as deficit and excess rainfall high or low temperature, humidity etc. WBCIS is implemented as a full-fledged component of NCIP from Rabi 2013-14.

4.4 Coconut Palm Insurance Scheme (CPIS)

The Coconut Palm Insurance Scheme (CPIS) was approved for implementation on pilot basis for the years 2009-10 onwards in the selected areas of coconut grown states. Now the CPIS is being implemented as a full-fledged component scheme of NCIP from Rabi 2013-14 in all Coconut growing States.

4.5 National Crop Insurance Programme (NCIP)

To make the Crop Insurance Schemes more farmer friendly, a restructured Central Sector Scheme in the name of 'National Crop Insurance Programme' (NCIP) was introduced from Rabi 2013-14. The existing MNAIS, WBCIS and CPIS were merged under this programme with various improvements and changes for implementation throughout the country.

4.6 New Crop Insurance Scheme 2016:

On January 13th 2016, the cabinet has cleared a new crop insurance scheme which will go into implementation from the next Kharif season and will probably feature prominently in the upcoming budget. This will subsume the other insurance schemes already in place that have fallen short of their objectives. By bringing up the crop insurance scheme, the government has taken the right initiative in moving away from plain subsidies, towards a market oriented approach.

5. Performance of Crop Insurance in India:

Table 1 depicts the Crop Insurance performance between 2011 and 2014. It shows the percentage share of each type of crop insurances operating in India excluding Coconut Palm Insurance Scheme (CPIS). The table shows four parameters of performance such as No. of farmers insured, Sum Insured, Gross Premium and Claims reported.

As far as number of farmers insured under each crop insurance schemes is concerned, NAIS has the highest share and it has increased from 58% during Rabi 2011-12 to 67% during Kharif 2014. It is also evident that the share of WBCIS has decreased over a period of time and it has contributed 35% during Rabi 2011-12, whereas during Kharif 2014 it has contributed only 17%. The contribution of MNAIS is the least, i.e. only 7% during Rabi 2011 – 12 and 16% during Kharif 2014.

The contribution of NAIS with Sum Insured is also high and its contribution increased from 58% during Rabi 2011-12 to 71% during Kharif 2014. Though the contribution of MNAIS to the overall Sum Insured is less it has shown a positive growth from 8% to 12%. Though WBCIS's contribution is better than MNAIS, it has drastically decreased from 34% to 17%.

The performance with regard to gross premium collected is inconsistent unlike the parameters discussed above. For instance, WBCIS's gross premium collection is 57% during Rabi 2011-12, whereas the NAIS's is only 27%. The MNAIS's gross premium collection is just 16% during the same period. However the trend reversed between NAIS & WBCIS during Kharif 2012 with 42% and 34% respectively. In the next crop season, i.e. Rabi 2012-13, the trend reverse again with NAIS's & WBCIS's gross premium collection is 37% and 48% respectively. However, during Kharif 2014, NAIS contributes 44% and WBCIS contributes only 32% to the gross premium collection.

The NAIS dominates the Claims reported except Rabi 2011-12, where WBCIS has the highest share of 49%. However, from Kharif 2012 to Kharif 2014, the NAIS exhibits its dominance with 71% to 79% respectively. The WBCIS's contribution with regard to claims reported has drastically decreased from 49% in Rabi 2011-12 to 15% during Kharif 2014.

6. Economic Importance of Crop Insurance in India:

The Crop Insurance must be seen from the economic perspective as it is not just connected with individual farmers' lives. The following points justify how important crop insurance is economically:

6.1 As the Crop Insurance is available the farmer will be induced to invest more in his land, or to resort to heavier mechanization. Advanced agricultural practices may also be the outcome of a crop insurance policy. The economic effects of a crop insurance contract start much before any loss occurs and these effects are expected to be reflected in the agricultural output of the country as a whole.

6.2 The indemnities paid on a Crop Policy will allow the farmers to continue buying new seeds, to repay loans and get new credits, to pay wages to labourers, and so on. In this way, it can be expected that disruptions in national economic life that generally go along with a natural calamity, can be staved off, at least partially.

6.3 Crop Insurance can also help indirectly towards the same objective by providing equipment and materials which are necessary to the control of

Table 1: Crop Insurance Performance 2011 - 2014

S.No.	Season	No. of Farmers Insured (%)				Sum Insured (%)				Gross Premium (%)				Claims Reported (%)			
		NAIS	MNAIS	WBCIS	Total	NAIS	MNAIS	WBCIS	Total	NAIS	MNAIS	WBCIS	Total	NAIS	MNAIS	WBCIS	Total
1	Rabi 2011-12	58	7	35	100	58	8	34	100	27	16	57	100	45	6	49	100
2	Kharif 2012	67	10	22	100	70	11	19	100	42	24	34	100	71	15	14	100
3	Rabi 2012-13	58	8	35	100	66	7	27	100	37	15	48	100	71	2	27	100
4	Kharif 2013	60	9	31	100	69	10	21	100	41	22	37	100	71	14	15	100
5	Rabi 2013-14	54	29	17	100	63	22	16	100	31	39	30	100	59	25	17	100
6	Kharif 2014	67	16	17	100	71	12	17	100	44	24	32	100	79	6	15	100

Source: Computed from the Data available in IRDA Annual Report 2014 - 15

Note: NAIS - National Agricultural Insurance Scheme; MNAIS - Modified National Agricultural Insurance Scheme; WBCIS - Weather Based Crop Insurance Scheme diseases and by advising the farmers on how to protect their crops. In this way, the insurance program not only contributes to increasing national agricultural productivity, but also protects the insurer from incurring claims.

6.4 In the absence of a formal system of insurance, farmers severely affected by agricultural hazards turn for direct help from the Government, which sometimes provides some kind of financial assistance out of general budget. This help, however, is given more on grounds of charity than as a matter of right. It is not only uncertain as to the extent the Government is capable of supplying, but it is usually insufficient to indemnify the farmers.

7. Why Role of Government in Crop Insurance?

Crop Insurance is essentially a commercial activity. However, one can see governments playing a role in theindustry. Governments have an interest from the perspective of maintainingproductivity for the economy and safeguarding the wellbeingof the rural community. According to a recentWorld Bank survey on public intervention in Crop Insuranceperformed in 65 countries, the most common mechanisms for publicsector involvement in Crop Insurance markets are:

7.1 Premium subsidies: The survey revealed that the most commontype of public sector support to Crop Insurance is throughpremium subsidies which are evident from 63% of the countries surveyed.

7.2 41% and 37% of the countries in the survey reported public sector investmentin R & D, training and information gathering for crop insurance, respectively.

7.3 The study showed that thedevelopment of specific Crop Insurance legislation is alsoan important form of support to Crop Insurance.

7.4 32% and 26% of thecountries in the survey reported public sector reinsuranceprograms for crop insurance and livestock insurance respectively.

7.5 The study also revealed that publicsector support through crop and livestock insurance administrationcost subsidies is a less common practice, with only 16% and 11% of the surveyed countries providing administrationcost subsidies for crop insurance and livestock insurance respectively.

8. How the government must support Crop Insurance in India?

The government's role in Crop Insurance is justified above. Now, we must also know how the government can support Crop Insurance. The following points depict the ways in which the government can support crop insurance:

8.1 Ensuring a proper Legal and regulatory frameworkby enacting specific Crop Insurance legislation.

8.2 Governments can create national databases on Time-series data and information on crop production and yields and climate and make these databases available to all interested private commercial insurers either free of cost or atconcessionary rates.

8.3 Governments can provide financial support to product design and rating, and then made available to all interested insurers.

8.4 Governments can play an important role in new Crop Insurance programmes by supporting farmer awareness programmes and technical training programmes for key Crop Insurance staff.

8.5 Premium subsidies are the most widely practiced form of governmentsupport to CropInsurance. Governments justify the provision of Crop Insurance premium subsidieson the grounds that they make insurance more affordable for farmers.

9. Conclusion:

The share of agriculture to the GDP of USA is just 1.2 %, but still they are updating their farming policy at periodical intervals. Followed by the drought in Missouri Valley in 2012, the government has come out with Comprehensive Food, Farm, And Jobs Bill, 2013. In India, irrespective of the farmers' suicides, there was no reaction from the Central government. However, very recently (13th January 2016) the present Central Government has cleared a new crop insurance scheme which will go into implementation from the next Kharif season and will probably feature prominently in the upcoming budget.

It is high time a serious and sustained effort was made to reform agriculture, rendering it economically viable and reducing its exposure to risks. The current agrarian crisis needs to be converted into an opportunity for change, one that benefits millions of our farmers.

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ISSUE FOCUS

Crop Insurance an Indian Perspective Outlook - A painful cryings from farmers

- S. Subashini

Abstract:

In India, the agricultural production is dependent on the nature. The Indian farmers have to suffer a huge loss during natural disasters such as flood, drought or earthquake. Therefore, insurance is one of the best ways to protect the farmers from such damages. This article explains the importance of farmers and crop insurance in India, Different schemes covered, Problems faced by the farmers, Suicide rates of the farmers, Suggestions and Governments various schemes in Crop Insurance.

Introduction:

India is an agrarian country where 58 percent of the population is engaged in agriculture and allied activities, for their livelihood and contributing about 14.1 percent to the country's GDP. Agriculture production and farm incomes in India are frequently affected by natural disasters. According to the crop loss data for the period 2009 more than 70 percent of the crop loss is a result of drought and about 20 percent owing to excess rainfall (Parchure, 2009). In recent times, mechanisms like contract farming and future's trading have been established which are expected to provide some insurance against price fluctuations directly or indirectly.

According to a study by private weather forecasting agency Skymet along with industry association Assocham, less than 20 per cent of India's 130 million farmer families have crop insurance, which is why a vast majority of them are exposed to the vagaries of weather. Of the un-insured farmers, 46 per cent were found to be aware but not interested while 24 per cent said the facility was not available to them," the study showed.

(Source:http://www.business-standard.com/article/economy-policy/new-crop-insurance-scheme).

Only 11 per cent felt they could not afford to pay the insurance premium. Poor design of insurance products, particularly related to claims settlement, has led to farmers not being covered, despite significant government subsidy, the study pointed out.

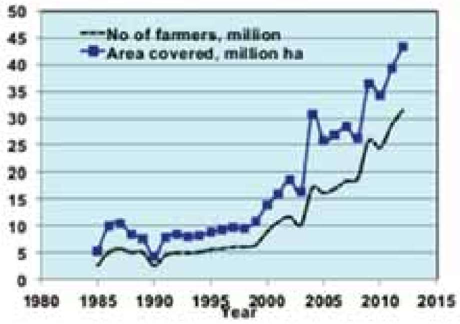
According to rules, farmers' insurance claims have to settle within 45 days of the risk assessment. However, often, claims are not attended even after six months. This was one of the factors behind farmers' not opting for crop insurance. However, there are some aberrations as well and in some states such as Rajasthan and Bihar, where 40-50 per cent of total area under crop is covered through insurance.

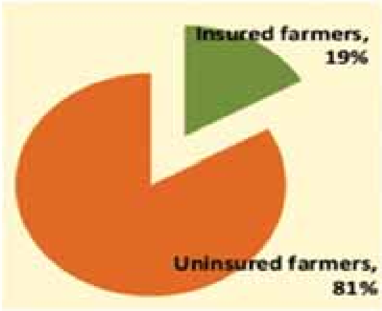
Indian Agriculture at a glance:

The Indian agriculture system includes nearly 120 million farm holdings in that 145 million hectares of cultivated area. Mostly it includes small farm holding size (Average of 1.2 ha) and less than 80 percent small/marginal farmers. About 50 percent of area is under cereals and millets. About 61 percent of rural households are farming households. It provides 50 percent of the employment. Predominantly Rain fed Agriculture. Large numbers of farmers produce for self consumption. Monsoon contribute 78 percent India's annual rainfall undergoes wide annual variations.

Crop Insurance System in India:

- Predominantly Index based.
- Credit linkage presently compulsory, but need not be in future
- Cost of insurance is additionally financed by the credit institutions
- Insurance acts as a collateral, lending agency has the first lien on claim
- Sum insured is based on production cost
- Claims process is automated being "index"
- Multi agency platform and it is convenient but insurer doesn't have full control
- Insurance with social dimensions as government provides for about 2/3rd cost of the program and has a larger say in dispute resolution
- Private insurers enjoy same level support as public insurer.





Present scenario of Crop Insurance in India:

During 2015, number of families covered in crop insurance is 32 million and area covered is 44 million. The coverage of crop insurance in India is increasing gradually. One side it increases, but the overall picture shows about 81 percent belongs to uninsured farmers and only about 19 percent belongs to insured farmers.

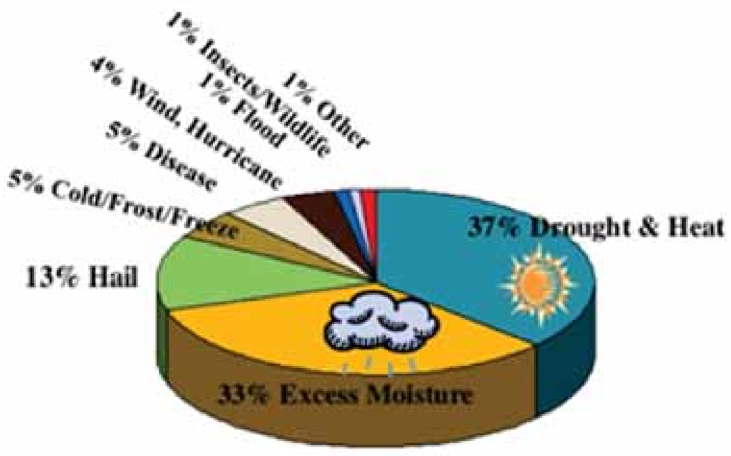
Need for Crop Insurance:

- It 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. It brings stability under area cultivation.
- It is protecting the farmers/ cultivators against financial loss on the account of anticipated crop loss arising out of practically all natural factors beyond their control such as natural factor, weather, flood, pest and diseases.
- 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.
- Fluctuation of weather: Rainfall, Temperature, Humidity, Wind, Cyclone, Hailstorm, Pest and Diseases, Fire, Quality of Inputs, Soil and Market prices
- There is 1/3 rd of the country is under the threat of drought and also 1/6 th of the country is prone to floods.

From the picture it is clear that the 75 percent of losses in crop is damaged due to extreme in moisture and heat. 37 percent is due to drought and heat, 33 percent is due to excess moisture, 13 percent is because is hail,5 percent is due to occurrence of cold/frost/freeze/ Diseases. Others are due to wind, Hurricane, Flood.

Coverage in Crop Insurance:

Level of coverage: When expressed as percentage of long term average yield



Summary: 75% of losses due to extremes in moisture and heat

Quantum of coverage: When expressed in terms of physical units Ex: Tones

Monetary coverage: Coverage of a crop insurance scheme expressed in monetary terms.

During the fiscal year from 2009-2011, there was substantial increase in sugarcane production followed by rice, wheat, cereals, pulses and cotton.

Types of Crop Insurance:

Based on Perils Insured

- Single Peril Insurance
- All Peril Insurance

Based on Object Insured

- Single Crop Insurance
- Multiple Crop Insurance

Based on Administration

- Public Insurance
- Private Insurance

Based on Scope and Application

- Voluntary Insurance
- Compulsory Insurance

Importance of Crop Insurance

For Farmer

- Can avoid the loose incurred due to vagaries of weather
- It brings stability in income
- Pest and Diseases
- Fire
- Market Prices
- Other unpreventable losses

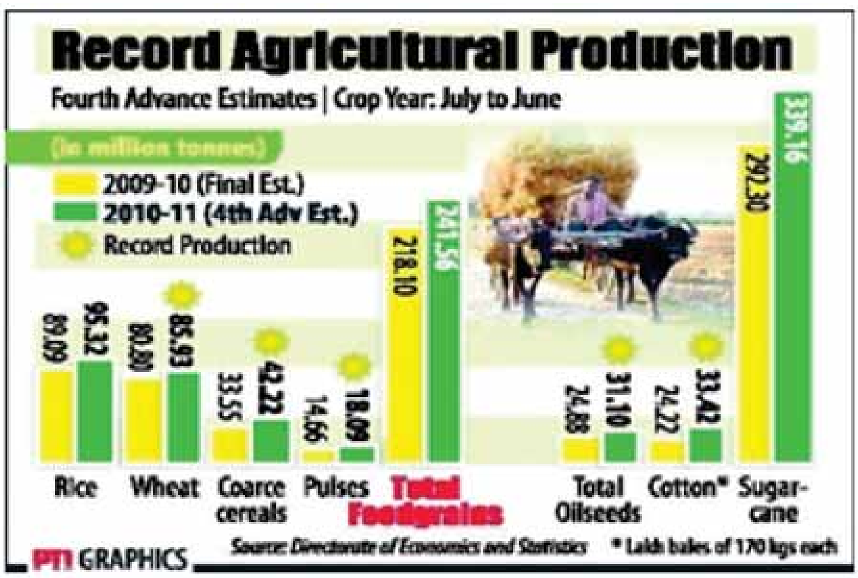
For Banks

- Increasing the repayment capacity of debtor
- Avoiding the risk of non payment in events of crop damage or failure.

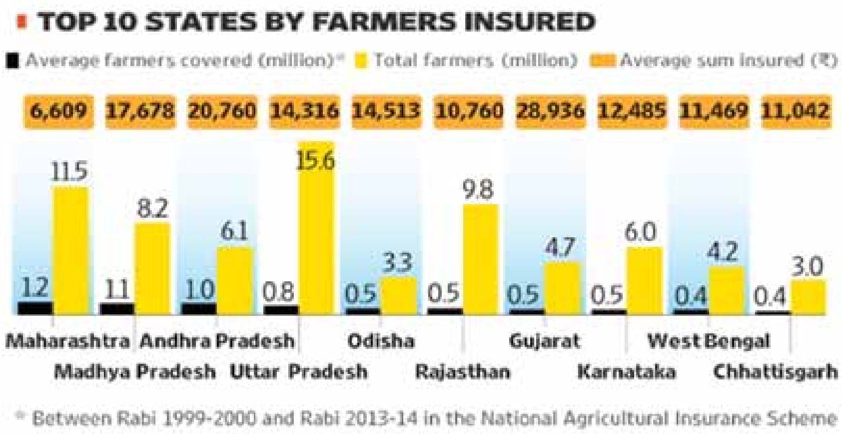
For Government

- Reducing the payment of relief package
- A prosperous, stable and happy nation

During the fiscal year 1999-2000 and the year 2013- 2014, the top 10 states by farmers insured were shown in the above picture. In that Maharashtra, Andhra pardesh, Odisha, Gujarat, West Bengal stands highly insured of crop insurance. Majority of the difference among the states is due to government and state government support the number varies.



(Source: www.Directorate of Economics and Statistics)



(Source:https://www.google.co.in search?biw=1252&bih=602&tbm=isch&sa=1&q=crop+insurance+in+india+2016)

Different Schemes of Crop Insurance:

1970: Expert committee on crop insurance appointed by GOI

1973: GIC set up by GOI to do all types of insurance business throughout nation with four subsidiaries

1985: Comprehensive Crop Insurance Schemes (CCIS) by GIC started

1999: NAIS (National Agricultural Insurance Scheme) launched GOI

1999- 2000: Seed Crop Insurance introduced for 11 crops in 10 states

2007: WBICS (Weather Based Crop Insurance Scheme)

2010: MNAIS was launched. It is modified version of NAIS. It was initially launched in 50 districts of India.

2004: FIIs (Farm Income Insurance Scheme) inaugurated by MOA and AIC jointly.

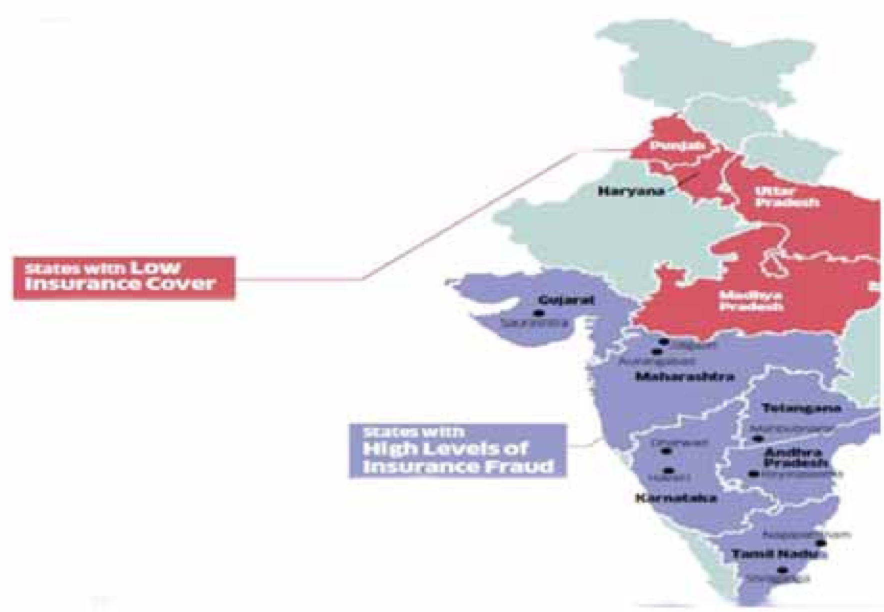
2016: The 'Pradhan Mantri Fasal Bima Yojana' (Prime Minister's Crop Insurance Scheme)

Problems Faced by the Agriculture Sector:

- Fragmented land holding
- Irrigation problems
- Seed problems
- Sustainability problems
- Over dependence on traditional crops like rice and wheat
- Supply channel bottlenecks and lack of market understanding
- Government handling of the issue

States with Low Insurance Cover (Source: Crop Insurance officials)

- Punjab, Haryana, Madhya Pradesh, Western Uttar Pradesh
- Farmers here don't have any knowledge about insurance and remain without cover
- Small farmers have no incentive as they have to pay the premium
- In many cases farmers have written to banks saying they do not want insurance
- The banks have complied with such requests to meet targets although insurance is a compulsory feature of agricultural loan schemes



States with High Levels of Insurance Fraud (Source: Crop Insurance officials)

Maharashtra (Aurangabad and Jalgaon), Gujarat (Saurashtra), Andhra Pradesh (Rayalaseema), Karnataka (Dharwad and Haveri), Tamil Nadu (Nagapattinam and Sivaganga) and Telangana (Mahbubnagar).Coverage in these regions is high and so is fraudulence. In some districts hundreds of farmers are literally living off fraudulent claims

In the picture it is clearly explained that states such as Gujarat, Maharashtra, Karnataka, Tamilnadu, Telangana and Andhra Pradesh have high levels of Insurance frauds. States such as Punjab, Uttarpradesh and Madhya Pradesh are with low insurance cover.

India's new farm suicides data: Myths and Facts

There has been a lot of misreporting and conspiracy theorising about the new farm suicide numbers.

- The number of suicides went up, not down - In 2014, India recorded 12,360 farm suicides. This is slightly more than the number of farmer suicides registered in 2013, but in general there is a slow decline in the number of officially recorded farm suicides. The NCRB splits farmers into 'cultivators' and 'agricultural labourers'. This is not a new or unusual classification system; the Census for instance uses it as well.
- Maharashtra is the higgest India's farm suicide epicentre

  Nearly half of all suicides by cultivators in 2014 were in Maharashtra alone, with Telangana following.
- The definition of a farm suicide has not changed

A leading newspaper claimed that from this year on, the NCRB is classifying only those suicides among farmers that were ostensibly for agriculture-related reasons as farm suicides.. For farmers, over 40 per cent of suicides can be attributed to bankruptcy or farming related problems. According to a report by the National Crime Records Bureau, as many as 16,632 farmers, including 2,369 women, killed themselves last year, constituting 14.4% of the total number of suicides in the country. More than 16,000 farmer suicides were reported across the country last year, representing a slight drop from 17,060 in 2006. But the broad trends of the past decade seem

Crop Insurance Schemes, Old and New

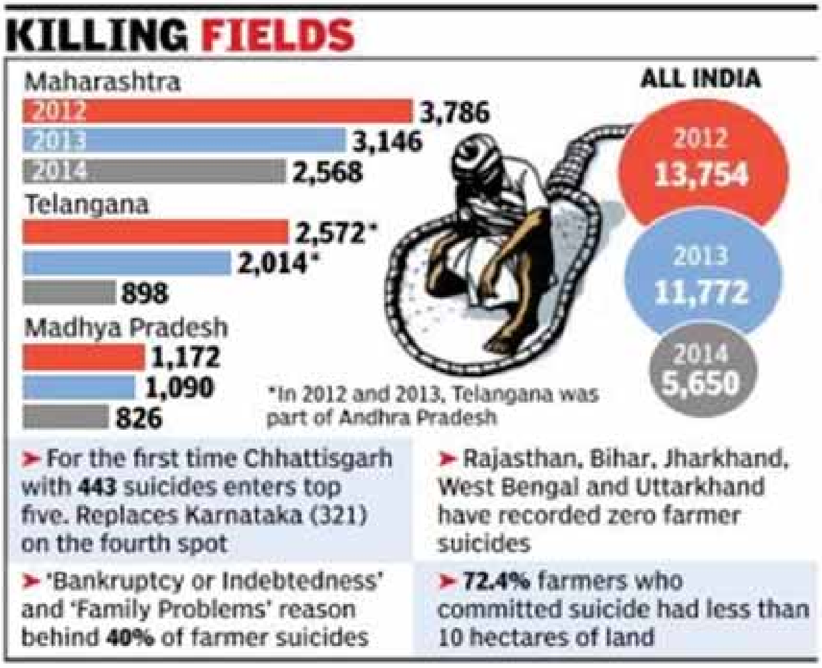
Parameter	Old Scheme(NAIS)	Modifies Scheme(MNAIS)
Insurance unit	District	Village Panchayat
Early settlement	Based on final yield estimates submitted by government state	Up to 25% of likely total claims
Pre-Sowing/Planting risk	Not covered	Prevented/failed sowing risk to be covered up to 25% of sum insured
Indemnity levels	60%,80% and 90%	70%,80% and 90%
Compulsory/Voluntary nature	Compulsory for farmers who take loans and voluntary for farmers who don't take loans	No change
Localised	Not covered	Individual claim assessment in case of hailstorm, landslide
Post-harvest losses	Not covered	Post-harvest losses due to cyclones to be covered in coastal areas
Weather factors	Different for farmers who take loan and those who don't	Uniform for farmers who take loans and those who don't

unshaken -- farmer suicides in the country since 1997 now total 182,936, according to a National Crime Records Bureau (NCRB) report 'Accidental Deaths and Suicide Report – 2007'.

Facts on Farmers Suicide:

Maharashtra retains the dubious distinction of reporting the largest number of suicides (4,238) -- for the third time in four years -- followed by Karnataka (2,135), Andhra Pradesh (1,797), Chhattisgarh (1,593), Madhya Pradesh (1,263), Kerala (1,263) and West Bengal (1,102). These states were in the top seven list in 2006 too. The five worst affected states -- Maharashtra, Andhra Pradesh, Karnataka, Madhya Pradesh and Chhattisgarh -- account for two-thirds of all such suicides -- 16,632 -- in the country.

Together, they saw 11,026 suicides in 2007.Maharashtra alone accounted for over 38%, despite registering a fall of 215 compared with 2006 figures. Of the Big Five, Andhra Pradesh saw a decline of 810 suicides, while Karnataka saw a rise of 415 over the same period. Madhya Pradesh posted a decline of 112. But Chhattisgarh's 1,593 reveals an increase of 110 over 2006.Maharashtra's 4,238 farmer suicides follows one-and-a-half years of farm relief packages worth around Rs 5,000 crore and a prime ministerial visit in mid-2006 to the state's distressed Vidarbha region.



(Source:https://www.google.co.insearch?biw=1252&bih=602&tbm=isch&sa=1&q=farmers+suicide+data+in+india+2016)

Between 2005 and 2007, Maharashtra also saw a plethora of official reports, studies, and commissions of inquiry aimed at tackling the problem. Farmer suicides in Maharashtra touched an all-time high of 4,453 in 2006.

Problems prevailing at present:

At present farmers' debts to private moneylenders. And, like numerous other state-sponsored programmes, the debt relief scheme is poorly implemented and reveals huge gaps in formal banking channels in rural India. In a bid to mitigate severe farmer distress in several states, the central government decided to provide additional financial support of around Rs 765 crore to implement programmes in suicide-prone districts. One of the most disquieting facts about farmer suicides in India has been their widespread occurrence, from drought-prone Andhra Pradesh, Karnataka and Maharashtra to heavy-rainfall states like Kerala, and also Punjab which has large areas under irrigation.

From the below picture it is clear that the main reason for the farmer's suicide is due to bankruptcy or indebtedness and family problems. At the other end, Rajasthan, Bihar, Jharkhand, West Bengal, and Uttarkhand have zero farmer suicides. It is evident that the majority of the farmer's suicide belongs to less than 10 hectares of land in India. The number of farmer's suicide is gradually decreasing which is one of the important aspect in agriculture sector to be noticed.

STATE	2012	2013	2014
Maharashtra	3786	3146	2568
Telangana	2572	2014	898
Madhya Pradesh	1172	1090	826
Overall India	13754	11772	5650

State wise Farmers Suicide Data 2012-2014

Reasons for Farmers Suicide in India:

The main reasons for the farmers suicide is due to bankruptcy for indebtedness, followed by family problems, framing related issues, other causes, illness, drug abuse/ alcoholic addiction, poverty, marriage related issues, property issues, fall in social reputation. It is most painful issues in India which needs immediate attention and remedial measures should be taken.

Total number of farmers covered	7,61,79,361
Total area covered (Hectares)	12,75,13,668
Total sum insured (Rs crores)	24922
Total insurance charges (Rs crores)	402.83
Total claim (Rs crores)	2302.68
Claims ratio	1:5.72

(Source: Shri R. C. A. Jain Secretary, Ministry of Agriculture & Cooperation, Govt. of India, New Delhi)

(Source:http://www.rediff.com/news/report/rediff-labs-explained-the-reasons-farmers-are-committing-suicide/20150727.htm)

- India is considered to be second most disaster prone country in the world. Natural catastrophes especially weather related events are increasing in number and magnitude especially in Asia.
- With a large and growing population, densely populated and low lying coastline and an economy that is closely tied to its natural resource base, India is highly vulnerable to climate change.
- Disaster insurance cover, is however low compared to international standards and plays only a complementary role. Disaster risk management, including financing relief and reconstruction is primarily the responsibility of governments, which provide actual assistance, or communities through informal risk sharing.
- There is more and more scientific evidence for causal link between climate change and increasing frequencies and intensities of natural catastrophes.
- Frequently governments and communities do not have sufficient resources, and households lacking insurance typically turn to money lenders, selling assets, and reducing inputs in farming or diversifying their activities. Another strategy is to send family members to work elsewhere and remit payments.

Reasons for purchasing the Crop Insurance Policy	Reasons for not purchasing the Crop Insurance Policy
Security/ Risk reduction	Do not understand the product
Need harvest income	No cash/credit to pay premium
Advice from progressive farmers	Rain gauge too far away
High payout	Too expensive
Trusted framers bought	No castor, groundnut
Resolution of queries is fast	Time delay in claim settlement
Convenience in enrolment	Quantum of sum assured is low
Responsiveness of Intermediary	Perils covered is less

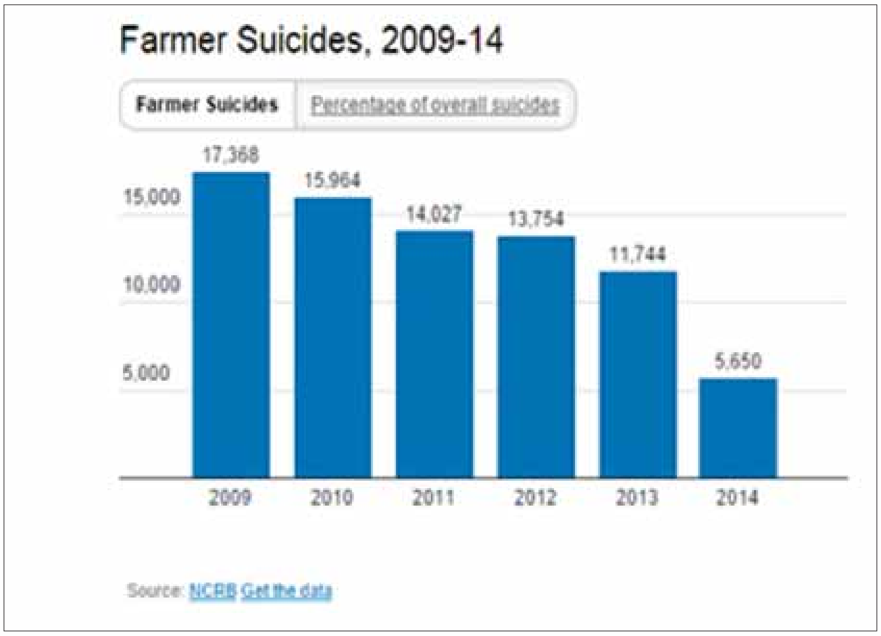
- Low insurance penetration in India can be traced to a number of demand and supply side factors. On the demand side, the foremost difficulty is the unaffordability of insurance for low income high risk regions. Other hurdles include public myopia and low awareness among the public about insurance and risk management.
- After the occurrence of the catastrophe losses, there is a rush for insurance cover , particularly for life and assets. But this is also short lived, and in majority of cases these policies are not renewed.
- Another issue is the easy access to the insurance products is still an issue. The problem of scaling up small scale schemes to encompass large rural areas is the biggest hurdle in enhancing overall penetration rates.
- The poor in many rural areas have higher disaster risk exposure and also suffer more vis-a-vis their urban counterparts.
- More precisely, their vulnerability to climate change risks and /or unwillingness to involve in high risk activities that promise higher returns, and their inability to reside in disaster safe locations.

Importance of Government Program:

- Weather trends to impact a large area
- Losses are correlated, insurance works best when losses are not correlated
- Without federal subsidies premiums would be too high for most farmers to participate
- Without federal reinsurance, federal capital requirements would be too high for most companies to participate.

Challenges in Implementation of Crop Insurance:

- Discrepancy in the crop is insured, as compared to the net area reported to have been sown
- Crop cutting experiments for accurate estimation of crop yield.
- Confidence in weather data
- Credit delivery related issues

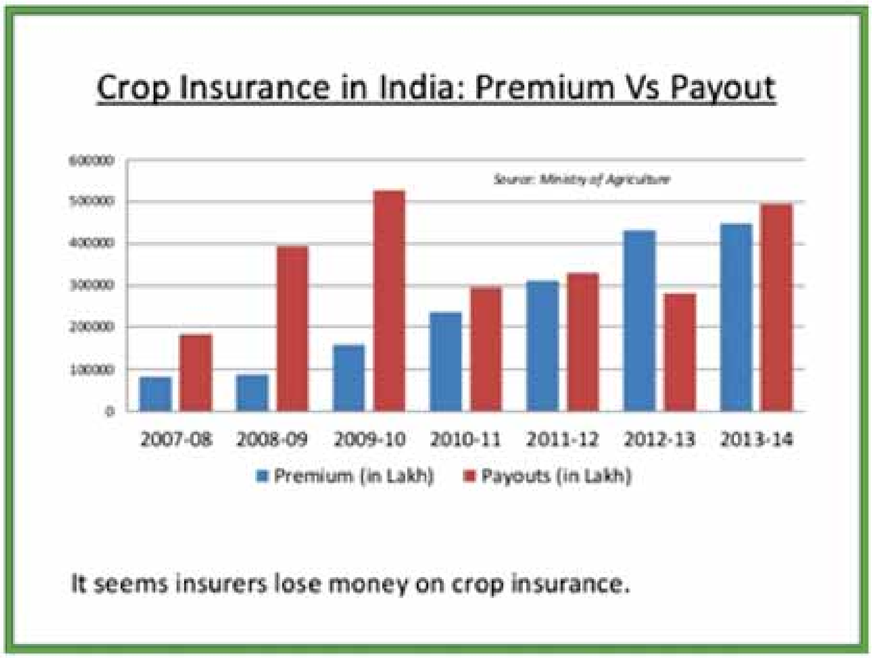


(Source:http://www.indiatvnews.com/news/india/dodgy-data-farm-suicides-drop-67percent-in-6-years-52878.html)

- Premium related issues
- Role of AIC and Banks
- Expeditious settlement of claims
- Capacity building and improving technical skills
- Allocation of districts to insurance companies
- Measure for insurance awareness/ literacy among farmers
- Product Design

Farmers Main Suggestions:

- Insurance literacy: Government has to provide greater understanding of crop insurance programs
- Product design: The insurers should design the product that is easy to understand and site specific.
- Site specific data: Weather, crop cutting samples for yield loss assessment
- Standardisation of process: It means based on agronomic and statistical principles to support robust actuarial design pricing.
- Bundling with other risk management initiatives such as drought/flood tolerant varieties, water management practices ie climate smart villages.
- Double trigger products
- Bundling with disaster relief/ management
- Engaging farmers in product design and MRV
- Huge penetrations of smart phones / Tablets, so that prior weather changes are easily noticed and necessary steps are taken to secure the crops.
- Rural service centres.
- Online policies and enrollement
- Easy documentation and claim settlement procedures.
- Crowd sourcing of farmers practices and digital images of crops
- Cloud computing of losses
- Continuous feedback to all stakeholders
- Direct benefits transfer - 115 million bank accounts for poor in 6 months
- Linkages with other schemes such as agro advisors.
- Improved insurance literacy
- Comprehensive risk management solutions: integrating insurance with other approaches.
- Engaging farming communities in product designing and MRV
- ICT for scaling out, farmers participation, and for quick settlement of claims.
- We have to mitigate global warming and adapt to the changing risks in respect to the regionally specific risk patterns.
- In Copenhagen ambitious Co2 reduction targets should be fixed to avoid dangerous, un manageable climate change.



(Source:https://www.google.co.in/search?q=Total+number+of+farmers+covered+in+crop+insurance+in+india+2015+data)

- The Copenhagen outcome should provide adaption funds for developing and emerging countries, including new insurance solutions.
- The insurance industry supports climate change mitigation and adaption measures by sharing its knowledge with the public and providing custom made covers for innovative technologies.

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ISSUE FOCUS

Crop Insurance : Truth Versus Hype

- Jagendra Kumar

According to a study by private weather forecasting agency Skymet along with industry association Assocham, less than 20 per cent of India's 130 million farmer families have crop insurance, which is why a vast majority of them are exposed to the vagaries of weather. Even among loanee farmers, insurance penetration is not 100 per cent, for whom it is mandatory to get an insurance cover as soon as they avail of a crop loan. Of the un-insured farmers, 46 per cent were found to be aware but not interested while 24 per cent said the facility was not available to them.. Only 11 per cent felt they could not afford to pay the insurance premium. At present, around 23 per cent of total cropped area of 194 million hectares is under insurance. Nearly 45 years experience of running agricultural insurance programmes has also made it amply clear that no single crop insurance instrument can work in all regions and for all types of farming ventures. The companies dealing with farm insurance would, therefore, have to evolve region-specific and crop-specific insurance products taking into account the local risk factors and the farmers' capacity to pay the premium. Such instruments, moreover, would have to be acceptable to the Central and state governments which have to bear the heavy subsidy burden. According to a government study, the Centre and the states incurred losses amounting to over Rs 2,600 crore in 2012-13 to provide insurance coverage for merely around five per cent of the total value of crop output.

The Financial Stability Report of the Reserve Bank of India (RBI) has favoured expansion of agricultural insurance coverage in the country. But it has, at the same time, cautioned that - being inherently riskier and costlier than other types of insurance - crop insurance schemes, unless carefully designed, are prone to turn unviable. This warning seems well-founded given that none of the dozen-odd insurance schemes tried out in the country since the early 1970s has proved successful. These schemes, run with government support by public and private companies, sought to cover various kinds of hazards, including production risk and income risk due to price movements. Attempts have also been made to link insurance cover to loans taken by the farmers. Given the practical glitches in implementing so many diverse insurance products, some experts have now begun to advocate creation of some kind of an agricultural calamity compensation fund for reimbursing full or part of the crop losses to the farmers due to weather-induced and other factors. The corpus of the fund can be built by contributions from both the Centre and the states. The existence of such a fund would obviate the need for announcing special compensation packages whenever a calamity strikes any particular area. The reasons for this were delayed settlement of claims due partly to belated availability of output loss assessment data through crop cutting experiments; lower level of indemnity; non-coverage of risks of inability of sowing for a variety of reasons and post-harvest losses; and the states' inability to pay their share of financial liabilities.

NATIONAL AGRICULTURAL INSURANCE SCHEME (NAIS):

The Scheme was introduced during Rabi 1999-2000 season replacing Comprehensive Crop Insurance Scheme (CCIS). The Scheme was implemented by Agriculture Insurance Company of India limited, on behalf of Ministry of Agriculture. The main objective of the Scheme was to protect the farmers against the losses suffered by them due to crop failure on account of natural calamities, such as drought, flood, hailstorm, cyclone, fire, pest/ diseases, etc., so as to indemnify the losses and restore their credit worthiness for the ensuing season. The Scheme was available to all the farmers both, loanee and non loanee irrespective of the size of their holding. The Scheme envisages coverage of all crops including cereals, millets, pulses, oilseeds and annual commercial and horticultural crops in respect of which past yield data is available.

NATIONAL AGRICULTURAL INSURANCE SCHEME (NAIS)

(In ₹ lakh)

S.No.	Season	No. of Farmers Insured	Sum Insured	Premium	Claims Reported
1	Rabi 2011-12	5239299	1128393.63	25767.81	54320.16
2	Kharif 2012	10649354	2719906.05	87874.18	278578.90
3	Rabi 2012-13	6141677	1571008.05	44769.98	205254.95
4	Kharif 2013	9749600	2900218.30	97752.19	310027.16
5	Rabi 2013-14	3973588	1255204.10	29752.22	104275.74
6	Kharif 2014	9683529	2438783.90	84465.84	289683.52

WEATHER BASED CROP INSURANCE SCHEME (WBCIS):

Apart from the above yield guarantee insurance Schemes, the Government of India had introduced another Pilot namely, Pilot Weather Based Crop Insurance Scheme (WBCIS) with effect from Kharif 2007, which became full-fledged Scheme as a component of NCIP with its introduction. The Scheme operates on an actuarial basis with premium subsidy which ranges from 25% to 50% equally shared by Centre and States. AIC has since implemented the Scheme in various States during all previous Kharif and Rabi seasons starting Kharif 2007. WBCIS is a parametric insurance product designed to provide insurance protection to the cultivator against adverse weather incidence during the cultivation period, such as deficit & excess rainfall, frost, heat (temperature), relative humidity, wind speed etc., which are deemed to adversely impact the crop yield.

WEATHER BASED CROP INSURANCE SCHEME (WBCIS)

(In ₹ lakh)

S.No.	Season	No. of Farmers Insured	Sum Insured	Gross Premium	Claims Reported
1	Rabi 2011-12	3169918	669577.58	55754.43	58211.10
2	Kharif 2012	3547463	724009.97	72647.97	54697.44
3	Rabi 2012-13	3706834	646623.46	57562.09	77740.13
4	Kharif 2013	5000339	891262.43	89820.20	66692.59
5	Rabi 2013-14	1287898	311593.89	28610.78	29798.38
6	Kharif 2014	2455421	600899.01	62123.08	55089.77

The payouts are made on the basis of adverse variations in the current season's weather parameters as measured at Reference Weather Station (RWS). Claim under WBCIS is area based and automatic. The Company insured more than 35 different crops. During Kharif 2014, the scheme was implemented by AIC in 102 Districts across 14 and during Rabi 2014-15 in 88 Districts across 11 States. During Kharif 2014 season, 0.24 crore farmers were covered insuring 0.27 crore hectare with sum insured of R6008.99 crore with gross premium of R 621.23 crore. Since introduction as pilot in Kharif 2007 to Kharif 2014, WBCIS covered about 3.45 crore farmers insuring 4.63 crore hectare area for sum insured of R63501.19 crore

MODIFIED NATIONAL AGRICULTURAL INSURANCE SCHEME (MNAIS)					
					(In ₹ lakh)
S.No.	Season	No. of Farmers Insured	Sum Insured	Gross Premium	Claims Reported
1	Rabi 2011-12	617328	163181.19	15506.86	7264.40
2	Kharif 2012	1605822	438424.52	51101.60	61077.94
3	Rabi 2012-13	805609	162406.22	17948.57	4626.48
4	Kharif 2013	1429499	429557.29	53280.57	61951.09
5	Rabi 2013-14	2163549	441179.85	37314.38	43924.88
6	Kharif 2014	2347611	405412.47	46976.92	23022.86

against premium of R6022.31 crore. Claims amounting R4701.73 crore became payable benefitting more than 216.32 lakhs farmers.

MODIFIED NATIONAL AGRICULTURAL INSURANCE SCHEME (MNAIS):

The Scheme before incorporation in NCIP was piloted from Rabi 2010-11 to Kharif 2013. The modified version has many improvements viz. Insurance Unit for major crops are village panchayat or other equivalent unit; in case of prevented / failed sowing claims up to 25 percent of the sum insured is payable, post-harvest losses caused by cyclonic rains are assessed at farm level for the crop harvested and left in 'cut & spread' condition up to a period of 2 weeks in coastal areas; individual farm level assessment of losses in case of localized calamities, like hailstorm and landslide; on-account payment up to 25% of likely claim as advance, for providing immediate relief to farmers in case of severe calamities; threshold yield based on average yield of past seven years, excluding up to two years of declared natural calamities; minimum indemnity level of 80 percent is available (instead of 60 percent in NAIS); and premium rates are actuarial supported by up-front subsidy in premium, which ranges from 40% to 75%, equally shared by Centre and States. Insurer is responsible for the claims liabilities. AICIL has been implementing MNAIS since its inception. During Kharif 2014, the MNAIS was implemented by AIC in 133 Districts across 13 States and during Rabi 2014-15 in 87 Districts across 9 States. During Kharif 2014 season, 0.23 crore farmers were covered insuring 0.31 crore hectare with sum insured of R4054.12 crore with gross premium of R 469.76 crore.

POOR DESIGN OF CROP INSURANCE PRODUCTS:

Poor design of insurance products, particularly related to claims settlement, has led to farmers not being covered, despite significant government subsidy, the study pointed out. In the currently operational modified National Agriculture Insurance Scheme, premium is charged at market rates due to which for some crop the farmer burden is as high as 10 per cent of the sum insured. The new improved crop will lower this burden. Village or block could continue to remain as a unit for measurement of insurance claim as with the existing schemes. The government has been working on a new crop insurance scheme for a long time, but there has been some differences over the premium to be charged from the farmers and its impact on the Centre's subsidy. According to the broad contours of the new crop insurance scheme, which has been prepared and is now awaiting Cabinet nod, the premium on horticulture crops has been fixed at five-six per cent of the sum insured or on actuarial basis, whichever is lower, while that on non-horticulture crops has been fixed at two-three per cent. The difference between the actual premium charged by the insurance company and what the farmer pays will be subsided by the Centre. The Union government's ambitious crop insurance scheme for farmers will be named 'Bhartiya Krishi Bima Yojana' and will aim to cover about 50 per cent of farmers in the next two-three year. According to the final draft of the Cabinet note on the scheme, banks have to play a big role in ensuring its success. The average premium rate for farmers under the new scheme will be a maximum of 2.5 per cent of the sum insured - it can be even lower - while the Centre's subsidy would go up to 90 per cent the premium. In the new scheme, assessment of farms for calamities such as hailstorm and unseasonal rains would be done to ensure that each individual farmer gets an insurance, even if the damage is highly localised.

CROP COVERAGE NEEDS TO EXPAND:

The Financial Stability Report of the Reserve Bank of India says Agricultural insurance needs to expand. Coverage remains low, it notes. Crop insurance is inherently riskier and costlier than other segments, as incidence of failure is not randomly or independently distributed. Weather-related events affect an entire area and population at the same time. The report says only four per cent of farmers reported having crop insurance and only 19 per cent ever used any. Coverage in terms of value of agri output is also small. With limited coverage and a relatively high premium, insurance schemes, unless carefully designed, are prone to become unviable. Since the threshold yield of the area (block) in the past three or five years is used as the basis for assessing the extent of crop loss for individual farmers, farmers are further discouraged from buying such an insurance product. Compulsory linking crop insurance with bank credit availed by a farmer makes the insurance product a 'compulsory' add-on cost for a farmer. According to an Assocham-Skymet study, 32 million farmers have been enrolled in various crop insurance schemes across India. However, issues in design, particularly related to delays in claims settlement, have led to farmers not being covered, despite significant government subsidy. Though such a linkage protects the interests of the banks by ensuring their loan repayment at the time of adversity, it leaves farmers high and dry as it does not compensate for their losses due to lower output. The financial institutions, too, are not keen to seek compulsory insurance cover for all loan takers because of the pressure of meeting their priority sector lending targets and the farmers' disinclination to pay the premium because of meagre indemnity.

The Insurance Regulatory and Development Authority of India is allowing micro insurance agents to work with Agriculture Insurance Company of India, (formed by the four government-owned general insurance companies) for distribution of schemes and, has imposed obligations on insurers for cover to the rural and poorer sections of society. It has also decided to use the agency network of the four government-owned general insurance companies to sell crop insurance. In this regard, IRDAI has given its approval for the co-insurance agreement between Agriculture Insurance Company (AIC) and the four public general insurers which will cover only non-loanee farmers under Weather Based Crop Insurance Scheme (WBCIS) and Modified National Agricultural Insurance Scheme (MNAIS). According to rules, farmers' insurance claims have to settle within 45 days of the risk assessment. However, often, claims are not attended even after six months. This was one of the factors behind farmers' not opting for crop insurance. However, there are some aberrations as well and in some states such as Rajasthan and Bihar, where 40-50 per cent of total area under crop is covered through insurance. Unsurprisingly, therefore, the extent of coverage under the crop insurance programme has remained dismally low. As per RBI's report, only four per cent of the farmers reported having crop insurance cover and only 19 per cent ever used any. This is an alarming situation and needs to be improved soon.

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ISSUE FOCUS

Awareness and Willingness of Farmers towards Crop Insurance in Punjab

- Pooja Kansra

Abstract

Crop insurance is a financial mechanism to minimize the impact of loss in farm's income by factoring in a large number of uncertainties which affect the crop yields. As such it is a risk management alternative where production risk is transferred to another party at a cost called premium. Therefore it is important to examine the awareness, perception and willingness of the farmers towards crop insurance. The study is based on primary data collected from 100 farmers located in Amritsar district. The analysis of the data has been made with the help of the descriptive statistics. The result of the study shows that awareness and perception of crop insurance is at elementary stage. Most of the farmers were not aware of the potential benefits of crop insurance. Need of the hour is to raise awareness of crop insurance among the farmers.

Keywords: Awareness, Crop insurance, Perception Willingness.

I. Introduction

Agriculture is a risky prospect, wherever it is subject to vagaries of nature like flood, drought and cyclone (Kumar et al, 2011). Susceptibility of agriculture to these disasters is compounded by the outbreak of epidemics and man-made disasters such as fire, sale of spurious seeds, fertilizers and pesticides, price crashes, etc. All these events severely affect farmers through loss in production and farm income and are beyond the control of farmers. With growing commercialization of agriculture the magnitude of loss due to unfavorable eventualities has increased (Sunder & Ramakrishnan, 2015). Crop insurance or agricultural insurance is a mechanism through which farmers can protect themselves for loss or destruction of their crop due to events like flood, drought, pests and diseases or as a result of other natural disasters (Singh, 2010).

How crop insurance can help the farmers?

Crop insurance have a significant and favorable effect on crop yield and income of the farmers as under (Ghosh &Yadav, 2008):

- Crop insurance helps to make necessary credit available to the farmer on a continuous basis regardless of the inconsistencies of agricultural performance.
- Crop insurance helps the risk-averse farmer to behave as a risk-neutral profit maximizing entrepreneur aiming for optimal resource allocation so that his resource use is higher under insurance.
- Crop insurance contributes to self-reliance and self-respect among farmers as in case of crop loss they can claim compensation as a matter of right.

II. Objective of the Study

Agriculture plays a significant role in the employment and income generation in India. But the production of agriculture highly depends on the weather and is severely impacted by its vagaries as also by attack of pests and diseases. In order to protect the farmers from the adverse consequences the government of India has designed different schemes. Thereby, the present paper examines the awareness of farmers towards crop insurance.

III. Research Methodology

The present study was based on primary data. The data has been collected from the farmers working in Amritsar district by convenient approach. For the collection of data a structured questionnaire has been prepared. The analysis of data collected has been carried out by using percentages, frequency and weighted average method (WAS). All this was done with the help of SPSS 16. The sample size for the present study was 100 farmers.

IV. Results

Table 1 shows the demographic profile of the farmers and found that five percent of the respondents were up to 30 years, 31.0 percent 30-40 years, 30.0 percent 40-50 years, 25.0 percent 50-60 years and only 9.0 percent above 60 years. 25.0 percent were illiterate, 40.0 percent were primary and 35.0 percent were secondary. The result shows that majority of the respondents were with an income of 2,00,000- 3,00,000.

Table: 1
Demographic Profile of Respondents

Characteristics	%
Age	
Up to 30 years	5.0
30-40 years	31.0
40-50 years	30.0
50-60 years	25.0
60 years above	9.0
Education	
Illiterate	25.0
Primary	40.0
Secondary	35.0
Annual Household Income	
Up to ₹1,00,000	20.0
₹1,00,000-₹2,00,000	50.0
₹2,00,000-₹3,00,000	30.0

Source: Author's Calculation Based on Primary Survey

Table 2 describes the awareness of crop insurance among the farmers and the result shows that only 23.0 percent of the farmers were aware of the crop insurance. The main source of awareness was T.V followed by followed by radio, friends/farmers and relatives.

Table 3 describes the willingness to join for the crop insurance by the sampled respondents. It has been found that 80.0 percent of the farmers are willing to join for the crop insurance.

Table: 2
Awareness of Crop Insurance

Awareness of Crop Insurance	Particulars	Percentage
	Yes	23.0
	No	77.0
Sources of Awareness	T.V	25.0
	Radio	15.0
	Friends/Farmers	55.0
	Relatives	5.0

Source: Author's Calculation Based on Primary Survey

Table: 3
Willingness to Join for Crop Insurance

Willingness to Join	Particulars	Percentage
for Crop Insurance	Yes	80.0
	No	20.0

Source: Author's Calculation Based on Primary Survey

Table: 4
Weights and Ranks of Perception of Respondents towards Crop Insurance

S.No.	Statements	Weighted Average Score (WAS)	Rank
1	I am not aware of crop insurance	4.18	1
2	I do not feel the need of the crop insurance	2.02	7
3	I do not have the paying capacity for crop insurance	3.95	3
4	I do not want to buy due to complex procedures	1.98	8
5	I prefer non-institutional source of finance	2.06	6
6	I do not know the benefits of crop insurance	2.42	5
7	I will buy if provided by government company	4.06	2
8	Crop insurance will not yield any return, rather it is a money loss	1.62	9
9	No one suggested about crop insurance	1.16	10
10	I will buy if other farmers in my area will buy	2.70	4

Source: Author's Calculation Based on Primary Survey

From the above table on the basis of the weighted average score, it was found that the first perception towards crop insurance was I am not aware of crop insurance (WAS=4.18) followed by I will buy if provided by government company (WAS=4.06), I do not have the paying capacity for crop insurance (WAS=3.95), I will buy if other farmers in my area will buy (WAS=2.70), I do not know the benefits of crop insurance (WAS=2.42), I prefer non-institutional source of finance (WAS=2.06), I do not feel the need of the crop insurance (WAS=2.02), I do not want to buy due to complex procedures (WAS=1.98), Crop insurance will not yield any return, rather it is a money loss (WAS=1.62) and No one suggested about crop insurance (WAS=1.16).

V. Conclusion

In the present study an attempt has been to assess the awareness, perceptions and willingness of the farmers towards crop insurance. The analysis of the data shows that only 23.0 percent of the respondents were aware of the crop insurance and the main source of awareness was T.V. followed by radio, farmers and relatives. The result indicates the respondents hold different opinion/perceptions about the crop insurance such as lack aware of crop insurance followed by preference of government company, lack of paying capacity for crop insurance, they will buy if other farmers in my area will buy, do not know the benefits of crop insurance, prefer non-institutional source of finance, do not feel the need of the crop insurance, do not want to buy due to complex procedures, crop insurance will not yield any return rather it is a money loss and no one suggested about crop insurance. It was observed that the farmers have different perceptions towards crop insurance and they were not clear with the exact role of crop insurance. The awareness of crop insurance is of immense importance for the welfare of the farmers and society as well as nation at large, as agricultural production is heavily dependent on the nature. The Indian farmers have to suffer a huge loss during natural disasters such as flood, drought or earthquake. Therefore, crop insurance is one of the best ways to protect the farmers from such adverse catastrophic situations. Steps are necessary from the policy makers and insurance companies to promote the penetration of crop insurance among the farmers.

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प्रकाशक का संदेश

फ़सल बीमा भारत जैसे देश में महत्वपूर्ण है जहाँ करोड़ों किसान अपनी फ़सलों की सफलता के लिए काफी हद तक मानूसन पर निर्भर हैं। देश में चिंचित क्षेत्रों के विषय में भी उत्पादन लागत और कृषि उत्पादन के साथ मानसून का गहरा संबंध है।

फ़सल बीमे की आवश्यकता को किसानों की सुरक्षा में सुधार और बेहतर कृषि निविष्टियों में निवेश करने के लिए उन्हें प्रोत्साहित करने के आलोक में देखना चाहिए तथा संवर्धित समग्र जोखिम रक्षा के लिए अन्य बीमा उत्पादों के साथ इसका मिश्रण करने, संस्थागत ऋण सुविधाओं के लिए आश्वासित पहुँच को सुनिश्चित करने एवं विशेष रूप से कृषि क्षेत्र को, बड़े पैमाने पर ग्रामीण अर्थव्यवस्था को और सामान्य रूप से देश की संवृद्धि को व्यापक तौर पर बढ़ावा देने के द्वारा यह किया जाना चाहिए।

कृषि अर्थव्यवस्था में संबद्ध जोखिम और लाभ मार्जिनों के बीच भारी असंतुलन है जिसके कारण सरकारी तंत्र के माध्यम से किसानों के लिए सब्सिडी निविष्टियों की आवश्यकता हुई। हाल में प्रारंभ की गई 'प्रधान मंत्री फसल बीमा योजना' इस सब्सिडी घटक को उपयुक्त रुप में सम्मिलित करती है एवं कृषि से जुड़े परिवारों के लिए अन्य उपलब्ध बीमा रक्षाओं के साथ समन्वयन की आवश्यकताओं का भी समाधान करती है। इसके साथ ही, बीमाकर्ता ग्रामीण क्षेत्रों में जो पहले कर सकते है, उनके द्वारा समग्र रूप से सुधारित जोखिम रक्षा उपलब्ध कराई जा सकती है जिसकी ग्रामीण क्षेत्र के लिए अत्यधिक आवश्यकता है। आईआरडीएआई अपनी ओर से इस क्षेत्र में अपेक्षित विकास को समर्थन देने के लिए आवश्यक विनियामक वातावरण तैयार करने का प्रयास करेगा।

आशा की जाती है कि एस संगठित दृष्टिकोण से, किसानों के द्वारा देश में फ़सल बीमे के लिए अभिदान 20% के वर्तमान स्तर से बढ़कर अधिक बृहत्तर स्तरों तक पहुँचेगा जिसकी आवश्यकता केवल एकमात्र किसानों के लिए ही नहीं, बल्कि ग्रामीण ऋण के क्षेत्र में कार्यरत ऋणदात्री संस्थाओं को अर्थक्षमता प्रदान करने के लिए भी है। आशा है कि कृषि क्षेत्र में बीमा रक्षा की मात्रा लगभग 10% के वर्तमान स्तर से बढ़कर अधिकांश कृषि उत्पादन तक पहुँचेगी। इससे न केवल कृषि क्षेत्र, बल्कि बीमा क्षेत्र, और अधिक विशिष्ट रूप से साधारण बीमा खंड को बढ़ावा मिलेगा।

मुझे यह देखकर प्रसन्नता है कि इस अंक में प्रकाशित आलेखों में फसल बीमा के विभिन्न पहलुओं को समाविष्ट किया गया है। मुझे आशा है कि इस अंक में प्रस्तुत आलेख न केवल आगे और चिंतन करने के लिए प्रेरणा देंगे, बल्कि आवश्यक निविष्टियाँ और नये समाधान भी उपलब्ध कराएँगे जो देश में फसल बीमा को बढ़ावा देंगे। मध्यवर्ती संस्थाओं का महत्व उल्लेखनीय है और इसलिए अगले अंक का फोकस **''बीमा उद्योग में मध्यवर्ती संस्थाओं की भूमिका''** पर रहेगा।

टी.एस. विजयन

टी.एस. विजयन
अध्यक्ष

फसल बीमा - सशक्त आर्थिक विकास का आधार

- डॉ अजय कुमार मिश्रा

भारत एक कृषि प्रधान देश है और देश की कुल आबादी का लगभग 68 प्रतिशत हिस्सा गावों में रहता है एवं उनकी आय का मुख्य जरिया कृषि पर आधारित है। भारतीय कृषि का 65 प्रतिशत हिस्सा वर्षा पर निर्भर रहता है। यही वजह है की अच्छी वर्षा हो जाने पर फसल का उत्पादन अच्छा हो जाता है जबकि अच्छी वर्षा न होने और कई प्राकृतिक आपदाओं के कारण फसल का किसान को अत्यंत नुकसान होता है यह कई अध्ययनों ने साबित भी किया है कि फसलों की पैदावार में 50 प्रतिशत विविधता वर्षा में अंतर के कारण होती है। मौसम और खास कर बारिश का पूर्वानुमान सटीक न होने की वजह से कृषि को आसमयिक नुकसान उठाना पड़ता है। यह एक कटु सत्य है की मौसम पर नियंत्रण असम्भव है, इस कारण ग्रामीण अर्थव्यवस्था, खास कर किसानों को होनेवाले आर्थिक नुकसान की भरपाई करना अत्यंत ही जरुरी है । किसानों को होने वाले नुकसान को मात्र बीमा के माध्यम से क्षतिपूर्ति की जा सकती है । फसल बीमा के माध्यम से बारिश के कारण फसलों की कम पैदावार और होने वाले नुकसान से कम प्रीमियम योगदान पर आर्थिक सुरक्षा प्राप्त की जा सकती है। फसल बीमा सभी वर्ग के किसानों के लिए एक वैकल्पिक उपाय के रुप में न होकर अनिवार्य होने चाहिये जिससे कम या अधिक बारिश के कारण फसलों के नुकसान की आशंका से आर्थिक क्षति को समाप्त किया जा सके।

कृषि क्षेत्र में सुधार के लिए यह अत्यंत जरुरी है कि हम पुरानी सोच को पीछे छोड़कर नए तौर तरीके और सुधार अपनाएं। जिसके लिये न केवल किसानों को जागरुक होना होगा बल्कि राज्य और केंद्र सरकार को इस कार्य में बढ़-चढ़ कर हिस्सा लेना होगा। नवीनतम तकनीक के बिना कृषि का काम कभी वांछनीय नही बना रह सकेगा। आजादी के बाद से शायद ही कोई किसान होगा जो अपने बेटे को किसान बनाना चाहता हो। कोई भी विकल्प होने पर वे सहर्ष खेती छोड़ देंगे। वजह साफ है कृषि के कार्य में जोखिम का अधिक होना और सरकारी तंत्र द्वारा अपेक्षित सहयोग न प्राप्त होना है। यह अव्यवस्था ही है की हम कृषि प्रधान देश होते हुए भी तकनीक, जानकारियों और सरकारी सहयोग के आभग में किसान अन्दर ही अन्दर क्षीण हो रहा है। जिसकी चिंता सिर्फ और सिर्फ कागजों तक सीमित है। यदि मैं आप सबसे यह प्रश्न करुँ की देश की अर्थव्यवस्था का वह कौन सा क्षेत्र है जिसमें सबसे कम सुधार अब तक हुआ है।? तो नि:संदेह आप सब का उत्तर एक ही होगा वह है कृषि जहाँ तकनीकी तौर पर हम विदेशों से कई दशक पीछे है। देखा जाए तो न्यूनतम समर्थ मूल्य, कच्चे माल पर दी जाने वाली सब्सिडी और कृषि उपज विपणन समिति सभी में भारी बदलाव की आवश्यकता है। इन सब पहलुओं पर कार्य करने के पश्चात ही हम सब कृषि क्षेत्र के विकास की कल्पना कर सकते है।

फसल बीमा योजना: देश के फसल बीमा योजानओं में समय-समय पर संशोाधन किया गया और वह वास्तव में ऋण से बचाव देता है। बेमौसम बारिश से हुए नुकसान में कच्चे माल पर दी जाने वाली सब्सिडी शामिल है। लेकिन वह खेती से होने वाली आयी की रक्षा नहीं करती। फसल बीमा में अत्यंत सुधार की आवश्यकता है क्योंकि प्रीमियम भुगतान करने वालों को भी तनाव का सामना करना पड़ता है। अन्य बीमा कारोबार में प्रीमियम की आय ज्यादा लोगों से होती है जबकि नुकसान उठाने वाले बहुत कम होते है। फसल बीमा व्यवस्था में सुधार की जरुरत है लेकिन इसके लिए नीतिगत प्रतिबद्धता नहीं नजर आती। जब तक ऐसा नहीं होता तब तक कृषि सुधार की बातें केवल बातें ही रह जाएगी। किसानों के लिए जमनी बोझ बन चुकी है लेकिन उनके पास और कोई चारा नहीं। अभी हाल ही में फसल बीमा को नये स्वरुप में माननीय प्रधानमंत्री जी द्वारा नयी योजना प्रधानमन्त्री फसल बीमा योजना का शुभारम्भ किया गया। इस योजना की सफलता तो भविष्य के गर्भ में निहित है परन्तु प्रधानमंत्री जी के द्वारा जारी योजना से यह बात स्वत: ही स्पष्ट हो जा रही है की वह स्वयं किसानों की समस्याओं से चिंतित है और सुधार की नींव रखनी शुरू कर दी है। दूरदर्शन के किसान चैनल का उद्घाटन, फसल बीमा सम्बन्धी नयी योजना उनकी दूरदर्शिता का जीवंत उदाहरण है। वर्तमान में निम्मिलिखित फसल बीमा योजना प्रचलन में है।

1. राष्ट्रीय कृषि बीमा योजना 2. राष्ट्रीय फसल बीमा कर्याक्रम 3. जैव ईंधन के पेड़ / सयंत्र बीमा 4. इलायची संयंत्र और उपज बीमा 5. आलू फसल बीमा 6. लुगद पेड़ बीमा पॉलसी 7. कॉफी के लिए वर्षा योजना 8. रबर बागान बीमा. 9. वर्षा बीमा 10. मौसम बीमा (रबी0 11. प्रधानमंत्री फसल बीमा योजना।

प्रधानमंत्री फसल बीमा योजना: भारत देश के सबसे सशक्त, दूरदर्शी, कद्दावर और समाज के हर पहलू पर पैनी नजर रखने वाले माननीय प्रधान मंत्री जी ने अपने सोच से न केवल नयी दिशा दी है बल्कि हर तबके के लोगों को सुविधा पहुचाने का पूर्ण सफल प्रयास किया है। देश में लगातार दो साल से सूखे की स्थिति और किसानों की चिता को समझतें हुए हाल ही में केंद्र सरकार ने एक नई फसल बीमा योजना को मंजूरी दी है। ''प्रधानमंत्री फसल बीमा योजना'' के जरिये अब किसान कम प्रीमियम देकर फसल बीमा का पूरा लभ उठा सकते है। यह बहु-प्रतीक्षित योजना इस साल खरीफ सत्र से लागू होगी। नई योजना मौजूदा राष्ट्रीय कृषि बीमा योजना (एनएआईएस) और परिवर्तित एनएआईएस की जगह लेगी। सरकार ने इस योजना के जरिये किसानों की समस्याओं को दूर करने की कोशिश की है। फसल बीमा को व्यापक बनाने हुए इसमें खेत में फसलों की बुवाई से लेकर खलिहान तक को समेट लिया गया है। जो एक अच्छा संकेत है किसानों की समस्याओं के निवारण के लिए। भारतीय कृषि बीमा कम्पनी लिमिटेड के साथ निजी बीमा कम्पनियो इस योजना का कर्यान्वियन करेंगी। सरकार ने फसल बीमा को मौजूदा 23 फीसद रकबे से बढ़ाकर 50 फीसद तक पहुंचाने का लक्ष्य तय किया है।

योजना के अंतर्गत प्रीमियम का निर्धारण: अनाज एवं तिलहन फसलों के बीमा के लिए अधिकतम दो प्रतिशत प्रीमियम रखा गया है। बागवानी व कपास की फसलों के लिए अधिकतम पांच प्रतिशत प्रीमियम रखा गया है। रबी के अनाज एवं तिलहन फसलों के लिए डेढ़ प्रतिशत, जबकि खरीफ के अनाज तथा तिलहन के लिए दो प्रतिशत प्रीमियम राशि देनी होगी। इसके अतिक्ति योजना में बाकी प्रीमियम केंद्र और राज्य सरकारें बराबर-बराबर देंगी। कम से कम 25 प्रतिशत क्लेम राशि सीधे किसानों के लिए फसल बीमा लेना जरुरी है। यह योजना सभी किसानों के लिए उपलब्ध है। इतना ही नहीं प्राकृति आपदा की वजह से बुवाई न होने पर भी किसानों को बीमा राशि मिलेगी जो की एक सराहनीय गुण इस योजना का है। फसल कटने के 14 दिन तक अगर फसल खते में है

बीमित राशि	रु. 1,00,000
प्रीमियम रेट बीमित राशि का 10% यानी	रु. 10,000
केंद्र सरकार द्वारा देय बीमित राशि का 4% यानी	रु. 4,000
राज्य सरकार द्वारा देय बीमित राशि का 4% यानी	रु. 4,000
किसन के द्वारा देय बीमित राशि का 2% यानी	रु. 2,000

और कोई आपदा आती है। तो नुकसान होने पर बीमा का लाभ मिलेगा। योजना पर साल में 17,600 करोड़ रुपये खर्च आने का अनुमान है। इसमें से 8,800 करोड़ रुपये केंद्र सरकार देगी, जबकि इतनी ही राशि सरकारें देंगी। योजना में अदा किये जाने वाले प्रीमियम को निम्नलिखित तरीके से आसानी से समझा जा सकता है।

दिए गए विवरण के यह स्पष्ट है की इस योजना के माध्यम से सरकार ने किसानों का समुचित ख्याल रखा है और अदा किये जाने वाले प्रीमियम का महत्वपूर्ण भाग स्वयं एवं राज्य सरकार द्वारा वहन किया जा रहा है। नई फसल बीमा योजना से यह दावा किया जा सकता है कि जोखिम वाली खेती पूरी तरह सुरक्षित हो जाएगी। योजना से देश के कम से कम आधे इलाके की फसलों को कवरेज मिलने की उम्मीद है। इस बीमा योजना में पूरी बीमित राशि किसानों को दी जाएगी।

निष्कर्ष: देश के किसानों की एक बड़ी समस्या के रुप में यह बाद सामने आई है कि वे मौसमी या अन्य प्राकृतिक आपदाओं की स्थिति में अपनी फसल का बीमा नहीं कराते और उसके बाद उत्पन्न हुई विषय परिस्थितियों में खुदकुशी जैसे दुस्साहसी कदम उठाते है। जो कि अत्यंत ही निंदनीय है। एक अध्ययन में यह बात निकलकर सामने आई है कि देश के मात्र 19 फीसदी किसान फसल बीमा के दाये में है। और इन सब में एक चौंकाने वाली बात यह रही कि देश के 81 फीसदी किसानों को फसल बीमा के बारे में पता हीं नही। जो कही न कहीं फसल बीमा के प्रचार-प्रासर पर नीतिगत कार्यवाही करने की आवश्यकता को दोहरा रहा है। किसानों द्वारा बीमा योजना न लेने की वजह, इस योजनाओं के डिजाइन, विशेष तौर पर दावा निपटान में देरी से जुड़ी समस्यायें है जिसकी वजह से किसान सरकारी सब्सिडी के बावजूद बीमा सुरक्षा नहीं ले रहे है। सरकारी प्रयास और जन मानस में फसल बीमा के बारे में जागरुकता से ही फसल बीमा का विस्तार किया जा सकता है। फसल बीमा न केवल किसानों के लिए जीवन प्रयास है बल्कि देश के आर्थिक विकास की मुख्य कड़ी है यही वजह है की पूर्व की समस्त असुविधाओं और फसल बीमा को अत्यधिक लाभ प्रदायक बनाने के लिए माननीय प्रधानमंत्री जी ने अनूठी योजना का शुभारम्भ किया है। फसल बीमा को प्रभावी रुप से प्रत्येक किसान तक पहुचाने के लिए यह अति आवश्यक है की राज्य सरकार भी सम्पूर्ण सहयोग करें इससे न केवल किसान को राज्य को बल्कि देश की अर्थव्यवस्था को नयी गति और मजबूत आर्थिक आधार प्राप्त होगा। फसल बीमा ही सशक्त आर्थिक विकास का मूल आधार है। देश की प्रगति के लिए यह अत्यंत आवश्यक है की आबादी का मुख्य भाग विकास की मुख्य कड़ी से जुड़े। कृषि प्रधान देश होने के नाते कृषि को भी मुख्य कड़ी से जोड़ने के लिए प्रधानमंत्री जी ने अनेकों सुधार किये है जिसके दूरगामी परिणाम अवश्य ही प्राप्त होंगे। किये गये सुधारों में श्रेष्ठ सुधार का यदि चुनाव करना होतो निंसदेह नवीनतम फसल बीमा योजना को शामिल किया जायेगा। इससे किसानों की निश्चितता बढ़ेगी और देश के विकास की मुख्य कड़ी में वो अपना योगदान पूर्ण तन्मयता से कर पाएंगे। सशक्त विकास के लिए बीमा का योगदान हर क्षेत्र में आवश्यक है।

डॉ. अजय कुमार मिश्रा, विचार लेखक के व्यक्तिगत है।

कृषि प्रधान देश में कृषि बीमा की सोचनीय स्थिती

- जगेन्द कुमार

भारत की 75 फीसदी आबादी गाँवो में रहती है और उसका 80 फीसदी हिस्सा अपने जीवन यापन के लिये खेती पर निर्भर है। राष्ट्रीय आय का तकरीबन 37 फीसदी भाग कृषि से आता है। सूखा, बाढ़, साइक्लोन, तूफान, भस्खलन, भूकम्प आदि प्राकृतिक आपदाओं के अलावा किसान का जोखिम आग, नकली बीज, खाद कीटनाशक से फसल खराब होता, कम उपज वभिन्न वजह से फसल की कीमतों में कमी मानव निर्मित आपदों भी है। ऐसे हालात में फसल बीमा किसनों के लिये अत्यन्त ही उपयोगी है। केन्द्र सरकार ने मौसम आधारित फसल बीमा योजानओं को लागू तो कर दिया, लेकिन कई खामियों की बजह से यह किसानों के लिये बहुत उपयोगी साबित नहीं हो पा रही है। राज्य सरकारों की उदासीनता भी कहीं न कहीं इसके लिये जिम्मेदार है।

अभी किसानों को राष्ट्रीय कृषि बीमा योजना का ही सहारा होती है। कर्ज लेने वाले सिकानों की तो इसी स्कीम के तहत बीमा कवरेंज मिलता है। केन्द्र सरकार इस नियम में बदलाव करते हुए मौसम आधारित फसल बीमा के प्रचलन का विकल्प भी पेश कर सकती है। उसमें प्रतिस्पर्धा बढ़ेगी जिसका फायदा किसानों को होगा। यद्यपि भारत सरीखे उत्तार-चाढाव भरे मौसम वाले देश में फसल बीमा खेती किसानी के लिये बढ़ा कारगर है। इसे किसानों का संकट मोचन कहा जा सकता है। भारतीय बीमा कम्पनियों ने इसे इतना सरल कर दिया है कि एक खास कम्पनी से खाद खरीदने वाला किसान बीमा धारक बन जाता है। यदि उचित प्राचार-प्रसार किया जाये तो फसल बीमा से खेती किसानी की कई समस्याओं का समाधान हो सकता है

कृषिक की दु:खद स्थिती:

भारत में कृषि व्यवसाय की प्रधानता है, लेकिन सबसे अधिक यदि कोई परेशान एवं तबाह है, तो वह है देश का किसान। अग्रेजों के जमाने में 23% सिचाई थी, आजादी के बाद 63 वर्षों में सिचाई का औसत अभी तक 40% हो पाया है। 60 प्रतिशित किसानों की खती भगवान भरोसे है। कृषि के उत्पादन का खर्च 125 गुना से अधिक बढ़ गया है। किसान हर साल घाटा उठा रहा है, कर्ज के बोझ में लदता जा रहा है इसलिये वह आत्मघाती कदम उठा रहा है। देश की अर्थव्यवस्था का आधार खेती है , लेकिन आज तक इसे उद्योग का दर्जा नही मिला। पहले 26% योगदान डीजीपी को था, अब घटकर 12% रह गया है। खेती काधन्धा हर रोज घाटे का होता जा रहा है। केन्द्र सरकार किसानों के लिये अपने बजट का एक प्रतिशत भी खर्च नहीं कर रही है, उल्टे खाद, डीजल, कृषि उपकरण बीज तथा दवाइयों के दाम रोज बढ़ रहे है। फसल बीमा से भी किसानें को सम्पूर्ण राह नही है कई जोखिमों से किसानों को बीमा दावे नहीं मिलते। जैसे पाला पड़ने से फसल को क्षति। पाला पड़ना यदि प्राकृतिक आपदा नहीं है। तो इसे किसानों का क्या दोष है। किसान ने जीमन की जुताई फैर सिचाई कर, बीडा डालकर फसल उगाई। और पाला पड़ने से तबाह हो गई तो बीमा कम्पनी

दावा देती है न सरकार मदद करती है। बीमा योजनाओं को प्रत्यक्ष लाभ किसनों को मिलना चाहिये। भारतीय कृषि ने प्रारम्भ से ही लाभप्रद उपक्रय के बजाय ऐसे जूऐ का रुप धारण कर लिया है जिसमें किसान जीतता कम है हारता ज्यादा है। भारतीय कृषि की सबसे बड़ी विड़बना यह है कि आजादी के 63 वर्ष बाद भी अधिकाँश राज्यों मे कृषि मानसून पर ही निर्मर है। भारतीय कृषि के विकृत रुप को सुधारने के लिये केवल बीमा योजनाओं पर निर्भरता ठीक नहीं ।

हाइटैक तकनीकः

फसल बीमा योजना का लाभ किसानों तक सही तरीके से पहुँचाने और फसलों के बरबाद होने के झूठे दावों को रोकने के लिये बीमा कम्पनियों ने अब हाइटेक तकनीक का सहारा लेना शुरु किया है। इफ्को टोकियो जनरल इंश्यारेन्स ने इसकी शुरुआत की है। कम्पनी ने नासा के साथ एक तकनीकी समझौता किया है। इसके तहत नासा का मोडिस सैटलाइट उन किसानों की जमीन और फसल की तस्वीरें उपलब्ध कराएगा जो फसल बीमा कराना चाहते है। इस तरह अगर कोई सूखे और फसल बरबाद होने पर बीमा का दावा करेगा वो सैटलाइट तस्वीरों से उसके दावे की सच्चाई का पता लग जायेगा। इस प्रोजेक्ट के लिये इंटरनेशनल लेबर आर्गेनाईजेशन की भी मदद ली गई है। अभी तक बीमा कम्पनियों को क्लेम की जांच के लिये जांच टीम पर निर्भर रहना पड़ता है। जब किसान सूखे या फसला के बर्बाद होने पर दावा करते है, तब भी कम्पनियों को जांच टीम की रिपोर्ट के आधार पर ही फैसला करना पड़ता है। इसमें बिचौ लिए बड़ा खेल करते है फसल बीमा योजना कराने और बर्बाद होने के दावां के निपटारे में भी फर्जीवाड़ा होता है। ऐसे में बीमा कम्पनियों को काफी नुकसान होती है और किसानों को पूरा पैसा नहीं मिलता । इस हाई टैक तकनीक के उपयोग के बाद अब किसानों को फसल बीमा के बिचौलिये और जांच टीम के पास नहीं जाना होगा न ही अफसरों के चक्कर काटने होंगे। वी सीधे कम्पनी के पास जायेंगे कम्पनी उसकी जमीन और फसल की पूरी जानकारीं लेगी। सैटलाइट फोटो से उनके जमीन और फसल की सच्चाई पता चल गायेगी और क्लेम का निपटारा कर दिया जायेगा।

मौसम बीमाः

भारत में मौसम बीमा की शुरुआत 2007 से हुई। भारत सरकार ने परीक्षा के तौर पर मौसम आधारित बीमा (डब्ल्यू वीसीआर एस) कुछ राज्यों में शुरु किया। राष्ट्रीय कृषि बीमा योजना (एनऐआई) के स्थान पर 2007 के खरीफ फसलों के बाद इस मॉडल की शक्तियाँ एवं कमजोरियों का मूल्यांकन करने के लिये। कर्नाटक में प्रायोगिक तौर पर 2007 की खरीफ फसलों के दौरान मोस आधारित फसल बीमा को कार्यान्वित किया गया। उसके बाद बिहार, छत्तीस गढ़, मध्यप्रदेश व राजस्थान में 2007-08 में खरीफ फसल के दौरान इसे कार्यान्वित किया गया। यह प्रायोजित अध्ययन आगे 10 राज्यों में 2008-09 में और फिर 14 राज्यों में 2009-10 में बढ़ाया गया। 2009-10 के दौरान ए आइ सी ने 20 लाख से ज्यादा लोगों को अपना ग्राहक बनाया जो 2.7 लाख हैक्टर पर फसल उगाते हैं, उसकी बीमित राशि 4000 करोड़ रुपये तथा प्रीमियम आय 360 करोड़ रुपये थी। निजी कम्पनियों को सरकार द्वारा ऐसे कवरेज में भागलेने की अनुमति दी गई जिन्होंने सात राज्यों में प्रायोगित तौर पर डब्ल्यू बी सी आर एस कार्यान्वित किया जिसमें 2.4 लाख किसान शामिल थे जो 6.4 लाख है जमीन पर फसल उगाते थे जिनकी बीमित राशि 93 करोड़ रुपये थी। देश में लागू डब्ल्यूबीसी आईएस का भविष्य 2010-11 के लिये उज्जवल रहा। मौसम बीमा दिसंबर से अप्रैल के महीनों के बीच होती है लेकिन काल अलग अलग मानदण्डों एवं फसलों के लिये अलग अलग होती है। मौसम बीमा उन व्यक्तियों एवं सस्थानओं को असरदार जोखिम प्रबन्धन प्रदान करने का तन्त्र है जिसमे विषम परिस्थितियों में मौसम से प्रभावति हानि का कवर किया जाता है। रबी की फसलें मौसम में अन्या ओलावृष्टि, तापमान के बदलाव से उससे प्रभावित होती है।

मौसस जोखिम प्रबन्धनः

कृषि क्षेत्र भारतीय सकल उत्पाद में प्रमुख योगदानकर्ता है। मौसम के कारण कृषि की सबसे ज्यादा जोखिम होता है, इसलिये सभी क्षेत्रों में कृषि में विकास की सबसे अधिक संभावना है। मौसम जोखिम प्रबन्धन एसोसिएशन ने हाल ही में भारतीय मौसम बाजार का उद्योग सर्वेक्षण जारी किया है। सर्वेक्षण का अनुमान है कि अगले दो वर्ष में भारतीय किसान और बैंक रुपये 93 अरब का बाजार बन सकते है तथा पांच सालों में कृषि के लिये मौसम जोखिम बाज़र में रुपये 314 अरब की वृद्धि की समावना है और यह 896 अरब तक ऊपर जा सकता है। यह वृद्धि साकार होती है या नहीं यह मौसम डैरीवेटिव के

सुनिश्चित करें - फसलें बीमाकृत हों

सम्बन्ध में सरकार की नीतियों पर निर्भार करता है। मौसम जोखिम प्रबन्धन उपकरणों के उद्योग की अवधारणा दुनिया भर में ज्यादा से ज्यादा सगठन स्वीकार करते हैं। जोखिम कम करने के ये उपकरण भारतीय अर्थ व्यवस्था के महत्वपूर्ण क्षेत्रों को लाभ पहुचा सकते है, विशेष रुप से कृषि क्षेत्र को जो मानसून परिणाम पर बहुत ज्यादा निर्भर करता है। मौसम जोखिम प्रबंधन उपकरणों का उपयोग करके इन क्षेत्रों में मौसम के प्रतिकूल प्रभाव को कम किया जा सकता है । भारत की औसत पैदावार चीन के मुकाबले आधी है। भारत और चीन में जो सबसे बड़ा अंतर है, वह वागवानी क्षेत्र में है। जहा चीन की पैदावार फल एवं सब्जियों में वर्ष 2003 मे 4500 लाख टन थी वहीं भारत में यह 1350 लाख टन के लगभग थी। इसी तरह चीन में कृषि विविधीकरण लागू किया गया है, जिससे कृषि उत्तम में वृद्धि हुई है। तेजी से बढ़ रही फसलों और वृक्षारोपण में अनिश्चितता कम करने के लिये भारत सरकार व्यापक फसल बीमा के प्रस्ताव पर भी विचार कर रही है, जिसमे चाय, रबर, तम्बाकू, इलाची, काली मिर्च आदि शामिल होगें।

चरमराती फसल बीमा योजना

भारत में हरित क्रांति के पथ पर चलने वाले राज्यों में फसल बीमा योजना की स्थिती दयनीय नजर आ रही है। किसानों की फसल बीमा का भुगतान राज्य सरकारों के प्रीमियम सहायता न देने के चलते अटका हुआ है। प्रीभियम भुगतान न करने वालो राज्यों में पाश्चिम बंगार, हरियाणा, उत्तर प्रदेश, झारखन्ड और बिहार शामिल है। राज्यों की इस लापरवाही के चलते किसानों का इस योजना पर से विश्वास खत्म हो रहा है। फसल कृषि बीमा योजना में बिहार ने प्रीमियम सब्सिडी के अपने हिस्से की 300 करोड़ से अधिक की राशि जमा नहीं की है। जबकि झारखन्ड ने 61 करोड़ हरियाणा ने 2.5 करोड़ और पश्चिम बंगाल ने 183 करोड़ की अपनी प्रीमियम हिस्से दारी जमा नही की है साथ ही मौसम आधिरत फसल बीमा योजना के पायलट प्रोजेक्ट का हाल भी बीहाल है। मौसम आधारित इस फलस बीमा योजना मैं उत्तर प्रदेश ने 2.50 करोड़ और उत्तराखण्ड ने 25 लाख की राशि रोकी है। इसके चलते सम्बन्धित राज्य के लघु व सीमान्त किसानों को उनकी नष्ट फसल का बीमा दावा नही मिल पा रहा है। वर्ष 1999-2000 के रबी सीजन से खरीफ 2010 तक इस योजना का लाभ लगभग 18 करोड़ किसानों को मिला है। कृषि फसल बीमा योजना में लघु व छोटे किसानों के प्रीमियम का आधा आधा हिस्सा केन्द्र व राज्य सरकारों को सब्सिडी के रुप में देने का नियम है। केन्द्र ने तो अपने अन्तर्गत आने वाली निधार्रित राशि का प्रीमियम जमा करा दिया है लेकिन राज्य सरकारों की लापवाही के चलते किसान योजना से लाभान्वित नहीं हो पा रहे है। केन्द्र व राज्यों की ओर से बीमा प्रीमियम सब्सिडी 6,300 करोड़ दी गई जबकि फसल बीमा के दावों के रुप से 20,439 करोड़ रुपये गा भुगतान किया गया। यह योजन देश के 25 राज्यों और दो केन्द्र शासित क्षेत्रों में छोटे बडे सभी किसानों पर लागू होती है।

कैसे उपयोगी बने फसल बीमा?

उद्योग चैम्बर फिक्की के अनुसार केन्द्र सरकार को सब से पहले फसल बीमा योजानाओं को कम से कम तीन वर्ष की अविधि की रणनीति बनानी चाहिये। अभी हर फसल मोमस से पहले सरकार इस बारे में ऐलान करती है। उससे बीमा कम्पनियों के लिये लम्भी अवधि की रणनीति बनाना मुश्किल होता है। अगर केन्द्र सरकार इस स्कीम को कम से कम तीन वर्ष के लिये लागू करने की आधिसूचना जारी करते तो किसानों के प्रीमियम में काफी कभी हो सकती है। किसानों को फसल बीमा की सब्सिडी देने का काम सीधे तौर पर करना चाहिये । इसके लिये बीच में मध्यस्तथों का शामिल नहीं करना चाहिये। फिक्की की एक रिपोर्ट के मुताबिक देश में फसल बीमा को बढ़ावा देने के लिये बडे पेमाने पर मौसम केन्द्र भी खोलने की जरुरत है। अभी 176 मौसम केन्द्र है और 126 खोले जाने बाले है। जबकि देश में 14.1 करोड़ हैक्टेयर में खती होती है। उसके लिये 6000 मौसम केन्द्र होने चाहिये। आदर्श तौर पर हर 15 वर्ग किलोमीटर के क्षेत्रफल में एक मौसम केन्द्र स्थाति होना चाहिये। इसके लिये निजी क्षेत्र को भी सब्सिडी मिलनी चाहिये ताकि वे ग्रामणी इलाकों में मौसम केन्द्र खोल सकें। इसमें किसानों को समय पर उचित जानकारी मिल सकेंगी। साथ ही फसल बीमा स्कीम तौयार करने में भी बीमा कम्पनियों को सहूलियत होगी। मौसम आधारित फसल बीमा स्कीम अभी पायलट परियोजनो के तहत लगू की गई है। सरकार के बार बार कहने के बावजूद अभी तक हो थोडे ही राज्यों ने फसल बीमा की यह स्कीम लागू की है।

कृषि बीमा से प्रीमियम वृद्धि

देश मे कृषि बीमा के प्रति बढ़ रही जागरुकता के कारण बीते वित्तीय वर्ष में एग्रीकल्चर इंश्यारेंस

कम्पनी लिमिटेड का प्रीमियम बढ़कर दोगुना हो गया। है। मार्च 2011 को समाप्त हुये वित्तीय वर्ष में ए.आइसीआइएल को प्रीमियम 1959.99 करोड़ रु था जो कि सन् 2009-10 में 1518.61 रुपये था। कम्पनी ने गत वर्ष में 29.06% की वृद्धि दर्शाई है। मौसम के उतार-चढाव तथा अन्य अतिकारक कारणों से किसान अधिक से अधिक कृषि बीमा करा रहे है। इसके अलावा एआईसीआईएल ने केरल में नारियल के पेड़ पर भी इश्योरेन्स स्कीम चालू की है, जिसके तहत अब तक करीब 18000 नारियल के पेड़ों का बीमा किया गया है एआईसीआईएल की योजना उस स्कीम के तहत करीब 1.21 लाख पेड़ों को लाने की है। हरियाणा सरकार ने भी मोसम आंधारित फल बीमा योजना को राज्यों के तीन ब्लाक में पायलट परियोजनाओं के रुप में चलोने की घोषणा की है। फसल बीमा योजनाओं में किसान के प्रीमियम का कुछ भाग केन्द्र सरकार कुछ राज्य सरकार और थोड़ा बहुत किसान को देना होती है। देश में राष्ट्रीय कृषि बीमा योजना के अन्तर्गत फसल बीमा का काम 1999-2000 की रबी फसल से शुरु किया गया। इस योजना पर अमल करने का काम ए.आइसी देखती है। इस कम्पनी की आधिकृत पूजी 1500 करोड़ रुपये और चुकता शेयर पूजी 200 करोड़ रुपये है। इससे 35% हिस्सदारी साधारण बीमा निगम की, 35% हिस्सेदारी चार सहायक कम्पिनयों तथा 30% हिस्सेदारी राष्ट्रीय कृषि एवं ग्रामीण विकास बैंक की है। योजना का घोषित मकसद राष्ट्रीय आपदा, कीड़े मकौड़े और रोगों से फसल को हुये नुकसान से किसानों को बचाना है।

कृषि सम्बंधी बीमा पालिसियाँ:

राष्ट्रीय कृषि बीमा योजना में अनाज दलहन, और तिलहन जैसी फसलों के अलावा व्यावसयिक व हर्टिकल्चर फसलें भी शामिल है। बीमा के लिये प्रीमियम की रखम फसल के अनुमानित मूल्य का 1.5 से 3.5 फीसदी होती है। लघु व सीमांत (एक हेक्टेयर या ढाई एकड़ गोतवाले) किसानों को सरकार की तरफ से प्रीमियम में 10 फीसदी सब्सिडी दी जाती है। बैंकों से कर्ज लेने वाले किसानों के लिये फसल बीमा लेना अनिवार्य है जबकि दूसरे किसानों के लिये यह उनकी मर्जी पर निर्भर है। कृषि मन्त्रालय के अनुसार फसल बीमा के रुप में 2010 तक 15,521 करोड़ रु. अदा किये गये है, इसमें से सबसे ज्यादा दावे की रकम 3041 करोड़ रुपये के साथ गुजरात पहले नम्बर पर है। पिछले दस सालों में देख के 4.27 करोड़ किसानों ने फसल बीमा का लाभ उठाया है। भारतीय कृषि बीमा कम्पनी लिमिटेड की बीमा योजनाओं में निम्न प्रकार है।

1. राष्ट कृषि बीमा योजना
2. वर्षा बीमा योजना-2015
3. सूखा सुरक्षा कवच
4 काधी उत्पदकों के लिये वर्षा बीमा योजना
5. मौसम आधारित फसल बीमा योजना
6. गेहूँ बीमा पॉलिसी
7. मौसम आधारित रबि फसल बीमा
8. आम का मौसम बीमा
9. सेव बीमा योजना
10. आलू की फसल बीमा
11. बायो ईन्धन वृक्ष/पेड का बीमा
12. गूदेदार वृक्ष का बीमा
13. नारियल फसल बीमा
14. रबर वृक्ष बीमा
15. अफीम फसल बीमा
16. बीज फसल बीमा पर पायलट योजना की गई है।.

केंद्र सरकार ने एक नई फसल बीमा योजना को मंजूरी दी है।. **प्रधान मंत्री फसल बीमा योजना** के जरिये अब किसान कम प्रीमियम देकर फसल बीमा का पूरा लाभ उंठा सकते है. यह बहु प्रतीक्षित योजना इस साल खरीफ सत्र से लागू होगी, नई योजना मौजूदा राष्ट्रीय कृषि बीमा योजना (एनएआईएस) और परिवर्तित एनएआईएस की जगह लेगी. इनमें कुछ खामियां थीं, जिसे इस योजना के जरिये दूर करने की कोशिश सरकार ने की है. फसल बीमा को व्यापक बनाते हुए इसमें खेत में फसलों की बुवाई से लेकर खलिहान तक को समेट लिया गया है. भारतीय कृषि बीमा कंपनी लिमिटेड के साथ निजी बीमा कंपनियां इस योजना का कार्यान्वयन करेंगी. नई फसल बीमा योजना से दावा दिया रहा है कि जोखिम वाली खेती पूरी तरह सुरक्षित हो आएगी, योजना से देश के कम से कम आधे इलाके की फसलों को कवरेज मिलने की उम्मीद है. इसका ज्यादा फयदा पूर्वी उत्तर प्रदेश, बुंदेलखंड, विदर्भ, मराठवाडा और तटीय क्षेत्रों के किसानों को मिलेगा. इसके आलावा अभी

तक सरकारी सब्सिडी की ऊपरी सीमा तय होती थी. इसके चलते किसानों के नुकसान की पूरी भरपाई नहीं हो पाती थी. इन बीमा योजना में पूरी बीमित राशि किसानों को दी जाएगी. इसके कारण सरकार ने फसल बीमा को मौजूदा 23 फीसद रकबे से बढ़ाकर 50 फीसद तक पहुंचाने का लक्ष्य तय किया है।.

देश के कुछ भागों में हाल की मौसम की प्रतिकूल स्थितियों तथा उनकी फसलों के बीमा करने के बारे में उनकी गैर जागरुकता के कारण किसानों द्वारा उठाई गई हानियों की दशा में कृषि बीमा हेतु बीमा और उनके अनुप्रयोग पर भी किसानों के प्रशनें पर शीघ्र कार्यवाही को समक्ष बनाने वाले बीमा पोर्टल की तत्काल आवश्यकता है। वर्तमान प्रावधानों के अनुसार किसान 3 स्कीमों के अर्थात राष्ट्रीय कृषि बीमा योजना (एनएआईएस), संशोधित राष्ट्रीय कृषि बीमा योजना (एमएनएआईएस) और मौसम आधारित फसल बीमा योजना (डब्ल्यूबीआईएस) के तहत अपनी फसलों का बीमा करा सकते है। इसके अलावा देश के कुछ भागों में नारियल पॉम बीमा योजना (सीपीआईएस) भी लागू है, तथापि वर्ष 2014-15 की सांख्यिकी यह दर्शाती है कि केवल लगभग 20 प्रतिशत सकल फसली क्षेत्र बीमित है। ऐसे कम कवरेज के पीछे मुख्य कारणों में अन्य बातों के साथ-साथ बीमा उत्पादों और प्रक्रियाओं के बारे में किसानों की अनभिज्ञता तथा कभी-कभी राष्ट्रीय कृषि बीमा योजना (एनएआईएस) की तुलना में बहुत अधिक उच्च दर शामिल हैं। बहुधा ये दोनों कारक एक बुरे चक्र के रुप में किसानों को हतोत्साहित करने का कार्य करते हैं। कृषि बीमा के क्षेत्र में राष्ट्रीय कृषि बीमा कंपनी, आईसीआईसीआई लॉम्बार्ड, एचडीएफसी, इफ्को टोकियों और रिलायन्स जैसी कंपनियां काम कर रही हैं। सबका उद्देश्य किसानों को फसलों के लिए अधिकतम कवरेज उपलब्ध करना है। सरकारी आंकड़ों के अनुसार इस समय कुल कृषि भूमि का लगभग 20 प्रतिशत 4.027 करोड़ हेक्टेयर: विभिन्न मौजूदा योजनाओं के तहत बीमित है।

संदर्भ:

- IRDA Annual Report 2014-15
- http://pib.nic.in/newsite/hindirelease.aspx?relid=38378
- Newspapers & Journals.

जगेन्द्र कुमार, कार्पोरेट हेड (ट्रेनिंग) श्रीराम जनरल इन्श्योरेन्स

Snapshot of Life Insurance Industry as at 31.12.2015

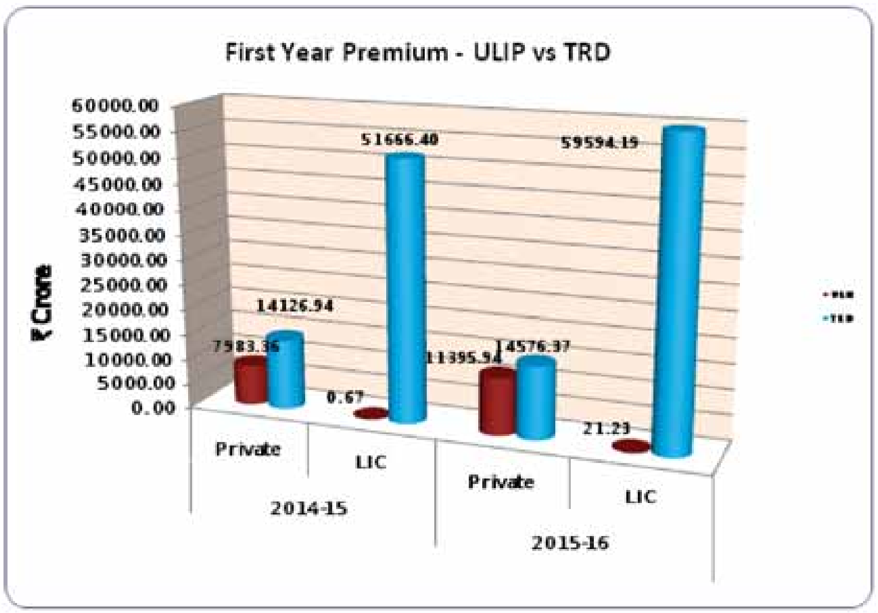
The Life Insurance Sector procured Rs. 85587.73 crore First Year Premium with a growth of 16.01% as at the end of 31st December, 2015. LIC procured Rs 59615.41 Cr with a growth of 15.38% where as Private Sector procured Rs 25972.31 Cr posting a growth of 17.47%. Private sector experienced a growth in both Individual NB and Group NB where as LIC shown a growth in Group NB and decline in Individual NB.

The number of individual policies has shown a growth of 2.13% by public sector and 8.20% by private sector and a overall growth of 3.53% at the industry level. The number of lives covered under Group policies has shown a growth by 47.75% at the industry level.

ULIP business has shown a growth of 43.00% up to the period ended 31st December, 2015 compared to the corresponding previous period. The Life Insurance Industry has procured Linked Premium of Rs.11417.17 crore as at 31st December, 2015 as against Rs. 7984.03 crore for the same corresponding period of previous year. This entire growth may be attributed to the Private Sector (growth of 42.75%) while LICI has a growth of 3068.66% with Rs.21.23 crore against the Rs. 0.67 crore business in the previous year corresponding period.

The share of Pension (31.01%), Annuity (8.14%) and Health (0.15%) segments has shown growth where as Life (60.70%) segment has shown a decline when compared to last year's performance. The individual pension business shows a decline both in terms of number of policies and premium. Group Pension premium has a growth of 10.38% for private sector and 49.62% for LICI. However, the share of individual pension premium out of the total pension premium remains at just around 2.7%.

The number of individual agents* in life insurance sector stood at



(Source data is from Life Council's MIS for the month of December, 2015)*

20,43,661 with a net reduction of 24,175 (1.2%) for the period. There is a net addition of 62,594 (6.9%) agents in private sector which has ended up with a total of 9,66,826 agents while there is a net reduction of 86,769 (7.5%) in case of LIC which closed the month of December 2015 with a total of 10,76,835 individual agents.

Analysis of ULIP business:

The Life Insurance Industry has procured Linked Premium of Rs.11417.17 crore as at 31st December, 2015 as against Rs.7984.03 crore for the same corresponding period of previous year. It shows an increase of 43.00%.

LIC's Premium is Rs.21.23 crore (PY Rs.0.67 crore), an increase of 3068.66%.

Private players have collected linked Premium of Rs.11395.94 crore (PY Rs.7983.36 crore), an increase of 42.75%.

Analysis of Traditional Business:

The Life Insurance Industry has procured Non-Linked Premium of Rs.74170.56 crore as at 31st December, 2015 as against Rs.65793.34 crore for the same corresponding period of previous year. It shows a growth of 12.73 %.

LIC's Premium is Rs.59594.19 crore (PY Rs. 51666.40 crore), a growth of 15.34%.

Private players have collected Non-linked Premium of Rs.14576.37 crore (PY Rs.14126.94 crore), an increase of 3.18%.

Compiled by Life Dept., IRDAI

STATISTICS NON-LIFE INSURANCE

Report Card : General

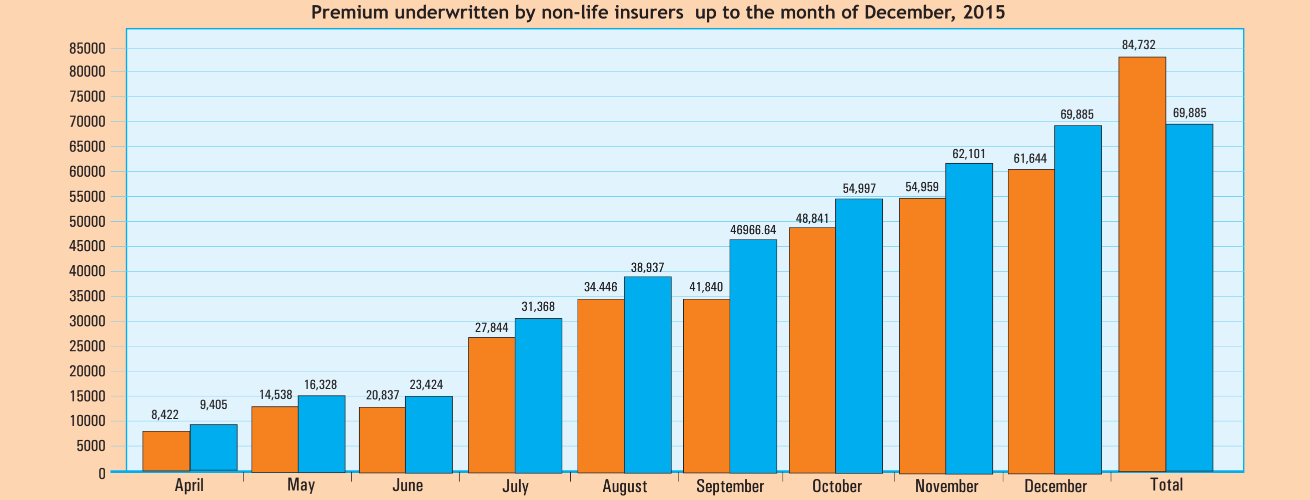
Gross Premium underwritten for and up to the month of December, 2015

(₹ in Crores) (%)

INSURER	DECEMBER		APRIL-DECEMBER		GROWTH OVER THE CORRESPONDENCE PREVIOUS YEAR
	2015-16	2014-15*	2015-16	2014-15*	
Royal Sundaram	137.36	122.46	1,211.12	1,150.19	5.30
Tata-AIG	228.46	236.95	2,222.75	1,973.46	12.63
Reliance General	214.79	202.29	2,151.69	2,065.97	4.15
IFFCO-Tokio	277.88	269.40	2,653.27	2,369.80	11.96
ICICI-lombard	625.69	514.78	6,021.96	5,000.47	20.43
Bajaj Allianz	439.01	372.10	4,112.10	3,780.67	8.77
HDFC ERGO General	297.57	237.93	2,407.85	2,328.83	3.39
Cholamandalam	212.39	127.67	1,698.04	1,377.80	23.24
Future Generali	122.03	186.76	1,118.27	1,126.30	-0.71
Universal Sompo	74.48	68.30	597.68	467.20	27.93
Shriram General	140.12	121.64	1,204.83	1,070.28	12.57
Bharti AXA General	98.30	106.03	976.24	1,109.82	-12.04
Raheja QBE	2.45	2.17	18.87	16.24	16.20
SBI General	174.53	131.94	1,327.01	1,031.41	28.66
L&T General	43.31	26.85	321.76	225.89	42.44
Magma HDI	29.70	41.57	288.63	335.29	-13.92
Liberty	29.06	19.49	300.93	201.50	49.35
Star Health & Allied Insurance	186.77	128.25	1,302.49	961.63	35.45
Apollo MUNICH	75.37	59.22	578.99	438.80	31.95
Max BUPA	42.67	35.21	325.27	249.12	30.57
Religare	40.31	28.53	342.68	172.69	98.44
Cigna TTK	37.76	1.82	96.65	9.60	906.76
Kotak Mahindra	0.00	-	0.00	-	N.A.
New India	1,369.45	1,143.07	11,133.80	9,658.07	15.28
National	964.25	893.24	8,829.73	8,168.30	8.10
United India	963.69	774.45	8838.22	7877.49	12.20
Oriental	731.16	594.74	6176.43	5529.78	11.69
ECGC	114.33	130.95	935.96	964.53	-2.96
AIC	110.37	104.89	2,691.40	1,982.55	35.75
PRIVATE TOTAL	**3,530.01**	**3,041.36**	**31,279.10**	**27,462.95**	**13.90**
PUBLIC TOTAL	**4,253.25**	**3,641.33**	**38,605.54**	**34,180.72**	**12.95**
GRAND TOTAL	**7,783.26**	**6,682.69**	**69,884.64**	**61,643.67**	**13.37**

Note: Compiled on the basis of data submitted by the Insurance companies
** Figures revised by insurance companies*

Premium underwritten by non-life insurers up to the month of December, 2015



* Compiled on the basis of data submitted by the Insurance companies
The total bar in the above chart represents the business figures of the entire financial year

PUBLIC NOTICE

Bima Bemisaal

IRDAI CAUTIONS PUBLIC AGAINST SPURIOUS CALLS AND FICTITIOUS OFFERS

Insurance Regulatory and Development Authority of India (IRDAI) has been receiving complaints, through email/letters and in its Integrated Grievance Management System, from members of public informing the Authority that they are receiving spurious calls from unidentified persons:

- Claiming to be representatives of IRDAI and offering insurance policies of different insurance companies with various benefits.
- Claiming that IRDAI is distributing bonus to insurance policyholders out of the funds invested by insurance companies with IRDAI.
- Claiming that the policyholder would receive bonuses being distributed by IRDAI if they purchase an insurance policy and wait for a few months after which the bonus would be released by IRDAI.
- Advising customers to subscribe to fresh policy after surrender of the existing policy and wait for a few months after which the fresh policy would be entitled for additional enhanced returns/ benefits.
- Informing that 'Survival Benefit or Maturity Proceeds or Bonus' is due under their existing policy and investing in a new insurance policy is mandatory to receive the amounts which are due.
- Advising public to invest in insurance policies to avail gifts, promotional offers, interest free loans, or setting up of Telecom towers or other such offers.

The general public is hereby informed that IRDAI is a regulatory body established by an Act of Parliament, i.e. the Insurance Regulatory and Development Authority Act 1999, to protect the interests of the policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto. Further, IRDAI informs the members of public that:

- IRDAI does not involve directly or through any representative in sale of any kind of insurance or financial products.
- IRDAI does not invest the premium received by insurance companies.
- IRDAI does not announce any bonus for policyholders or insurers.
- Any person making any kind of transaction with such individuals/agents will be doing the same at his own risk.

IRDAI hereby urges the public to remain alert and not to fall prey to frauds or scams perpetrated by miscreants who impersonate to be employees I officers of IRDAI or other insurance companies.

If any member of the public notices such instances, he or she may lodge a police complaint, along with the details of the caller and telephone number from which the call was received , in the local police station

A public awareness initiative by

भारतीय बीमा विनियामक और विकास प्राधिकरण

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

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BEWARE OF FAKE TELEPHONE CALLS

IRDAI Kisi Bhi Tarah Ki Telephone Calls Nahi Karta, Aise Fraud Calls Se Raho Hoshiyaar, Police Mein Karo F.I.R.

I.R.D.A of India:

- Never sells any insurance or financial products
- Never invests the premium of insurance companies
- Never endorse any bonuses

Report the name, phone number and other details of such callers to your nearest Police Station.

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