

Agriculture Insurance:

The history of Agriculture in India dates back to Indus Valley Civilization Era and even before that in some parts of Southern India. Today, India ranks second worldwide in farm output. Agriculture and allied sectors like forestry and fisheries accounted for 13.7% of the GDP (gross domestic product) in 2013, about 50% of the work force. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. Still, agriculture is demographically the broadest economic sector and plays a significant role in the overall socio-economic fabric of India.

In the years since its independence, India has made immense progress towards food security. Indian population has tripled, and food-grain production more than fourfold. There has been a substantial increase in available food-grain per capita. These gains have come mainly from India's green revolution, improving road and power generation infrastructure, knowledge of gains and reforms. Despite these recent accomplishments, agriculture has the potential for major productivity and total output gains, because crop yields in India are still just 30% to 60% of the best sustainable crop yields achievable in the farms of developed and other developing countries. Additionally, losses due to poor monsoons, flooding, other natural calamities, continue to afflict the Indian farmer, coupled with the burden of compounding legacy of debt.

Agricultural insurance is an effective mechanism for reducing the losses farmers suffer due to natural calamities such as floods, droughts, and outbreaks of pests and diseases. There are a number of schemes initiated by the Government to promote and protect interests of the agricultural sector-

- Pradhan Mantri Fasal Bima Yojana
- Crop Insurance
- Livestock Insurance
- Weather Based Crop Insurance

- Unified Package Insurance Scheme (UPIS).

Objectives

1. To provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases.
2. To stabilise the income of farmers to ensure their continuance in farming.
3. To encourage farmers to adopt innovative and modern agricultural practices.
4. To ensure flow of credit to the agriculture sector.

Highlights of the scheme

- There will be a uniform premium of only 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops. In case of annual commercial and horticultural crops, the premium to be paid by farmers will be only 5%. The premium rates to be paid by farmers are very low and balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss on account of natural calamities.
- There is no upper limit on Government subsidy. Even if balance premium is 90%, it will be borne by the Government.
- Earlier, there was a provision of capping the premium rate which resulted in low claims being paid to farmers. This capping was done to limit Government outgo on the premium subsidy. This capping has now been removed and farmers will get claim against full sum insured without any reduction.
- The use of technology will be encouraged to a great extent. Smart phones will be used to capture and upload data of crop cutting to reduce the delays in claim payment to farmers.

Farmers to be covered

All farmers growing notified crops in a notified area during the season who have insurable interest in the crop are eligible.

Compulsory coverage: The enrolment under the scheme, subject to possession of insurable interest on the cultivation of the notified crop in the notified area, shall be compulsory for following categories of farmers:

- Farmers in the notified area who possess a Crop Loan account/KCC account (called as Loanee

Farmers) to whom credit limit is sanctioned/renewed for the notified crop during the crop season. And Such other farmers whom the Government may decide to include from time to time.

Coverage of Crops

Food crops (Cereals, Millets and Pulses), Oilseeds, Annual Commercial / Annual Horticultural crops.

Risks covered under the scheme

Yield Losses (standing crops, on notified area basis). Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, such as Natural Fire and Lightning, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado. Risks due to Flood, Inundation and Landslide, Drought, Dry spells, Pests/ Diseases also will be covered.

- In cases where majority of the insured farmers of a notified area, having intent to sow/plant and incurred

expenditure for the purpose, are prevented from sowing/planting the insured crop due to adverse

weather conditions, shall be eligible for indemnity claims upto a maximum of 25 per cent of the suminsured.

- In post-harvest losses, coverage will be available up to a maximum period of 14 days from harvesting

for those crops which are kept in “cut & spread” condition to dry in the field.

- For certain localized problems, Loss / damage resulting from occurrence of identified localized risks like hailstorm, landslide, and Inundation affecting isolated farms in the notified area would also be covered.

Weather Based Crop Insurance Scheme (WBICS)

Weather Based Crop Insurance Scheme aims to mitigate the hardship of the insured farmers against the likelihood of financial loss on account of anticipated crop loss resulting from incidence of adverse conditions of weather parameters like rainfall, temperature, frost, humidity etc.

Risk period (i.e. Insurance Period)

Risk period would ideally be from sowing period to maturity of the crop. Risk period depending on the duration of the crop and weather parameters chosen.

General Insurance Companies empanelled under Crop Insurance Schemes

List of insurance companies empanelled under crop insurance schemes:

- Agriculture Insurance Company
- Cholamandalam MS General Insurance Company
- Reliance General Insurance Co. Ltd.
- Bajaj Allianz
- Future Generali India Insurance Co. Ltd.
- HDFC ERGO General Insurance Co. Ltd.
- IFFCO Tokio General Insurance Co. Ltd.
- Universal Sompo General Insurance Company
- ICICI Lombard General Insurance Co. Ltd.
- Tata AIG General Insurance Co. Ltd.
- SBI General Insurance

- United India Insurance Co. Ltd.

Live Stock Insurance

The component aims at management of risk and uncertainties by providing protection mechanism to the farmers against any eventual loss of their animals due to death and to demonstrate the benefit of the insurance of livestock to the people.

Animals covered

The indigenous / crossbred milch animals, pack animals (Horses, Donkey, Mules, Camels, Ponies and Cattle/Buffalo Male), and Other Livestock (Goat, Sheep, Pigs, Rabbit, Yak and Mithun etc.) are covered under the purview of this component.

Unified Package Insurance Scheme:

This policy is designed to take care of the insurance needs of farmers associated with agriculture activities. This policy provides yield based crop insurance to the farmer based on his ownership rights of land and sown crop. It covers both the personal assets of the farmer like the dwelling & its contents (Fire), the other assets which help him in earning his livelihood such as Agricultural Pump Sets, and Agriculture Tractor owned by farmer. The policy also provides protection to farmer and his/her family members in case of the Accidental Death / Disablement, accidental insurance protection of farmer's school/college going children and provisioning of education fee to the students in case of death of parent. Life insurance protection to the farmer and his/her family members and is issued for a period up to 1 year.