



A STUDY ON CROP INSURANCE IN INDIA - WITH REFERENCE TO NAIS

INTRODUCTION:

Agriculture plays vital role in economic development of India. At present 70 percent population of the country dependent on agriculture but Indian agriculture relying on monsoon which is always flexible. It leads to operating risk in cultivation of altered crops. Natural calamities may distress the yield in agriculture sector. There is need to some endowment and crop insurance is only device available to safeguard against production risk in agriculture.

This article is based on the crop insurance in India with reference to National Agriculture Insurance Scheme (NAIS).

REVIEW AND LITERATURE:

Review of literature on relevant aspects is of great significance to bearing a brief and compacted study. Several investigates have been directed to discover the progression of Agriculture Insurance in India, the position and prospects of NAIS in India is to fight against different agriculture risks and review as well as the assessment of the act of agricultural insurance schemes.

Ramesh C. (2008) critically analyzed the act of National Agriculture Insurance Scheme [NAIS] in India and advised some variations to make it more operative. It could be set as equal to the share of agriculture in national income. Their findings show that the overall performance of Agriculture Insurance Co. Of India Ltd. [AIC] and the private companies is not at all acceptable to the farmers of the whole nation.

Vatta, K. (2012) examined the major agricultural risks based on three different agro-zones of Punjab. Through their study, they emphasized the major trends in Punjab Agriculture, allied risk factors and recommended some future course of action, especially the effective use of agro-insurance schemes.

Dhaliwal R. K. (2014) a notable studied the genesis of agriculture insurance in India as well as observed how effectively various agricultural schemes are operated. Their study wanted to address the challenge of diversification where agriculture insurance could act as a powerful tool of agricultural risk management.

National Agricultural Insurance Scheme:

The government of India in co-ordination with General Insurance Corporation of India (GIC) had introduced scheme called the National Agricultural Insurance Scheme which commenced from Rabi season 1999-2000. Agriculture Insurance Company of India Ltd (AICIL) which was incorporated in December 2002 and started operating from April 2003 took over the implementation of the NAIS.

Crop insurance scheme prior to NAIS

Ans: yes. From 1972-73 to 1978-79, crop insurance scheme for crops such as cotton, groundnut, potato, etc., was executed in selected places on “individual approach” basis. During the period a model crop insurance scheme was implemented for Food crops & oilseeds on “Area approach” basis.

Risks covered under NIAS

The scheme provides inclusive risk insurance for crop losses due to:

- Drought, dry spells.
- Pests/ diseases etc.

States are participating In NIAS scheme

At current this scheme is being applied in 23 states and UTs (excluding Punjab, Manipur, Nagaland, and Arunachal Pradesh among the states and Chandigarh, Delhi, and Lakshadweep among the UTs).

Crops covered under the scheme

The scheme covers the following crops they are as follows:

- Food crops (cereals, millets & pulses).
- Oilseeds
- Annual commercial/ annual horticultural crops (sugarcane, cotton, potato, onion, ginger, turmeric).

Administration of Insurance schemes:

The Scheme is being executed by Agriculture Insurance Company of India Limited (AICL) on behalf of Ministry of Agriculture, through its Regional Offices located at 17 State capitals.

Settlement of the claims under NAIS

In case of general calamities leading to damage and loss of crops, claims have been settled on area approach basis. Any covered crop in a inform area recording lower actual yield than the definite yield as per the crop estimation surveys conducted by the state government shall mechanically become eligible for reward /claim. The shortage % is firm by expressing the shortfall as a proportion of definite Yield.

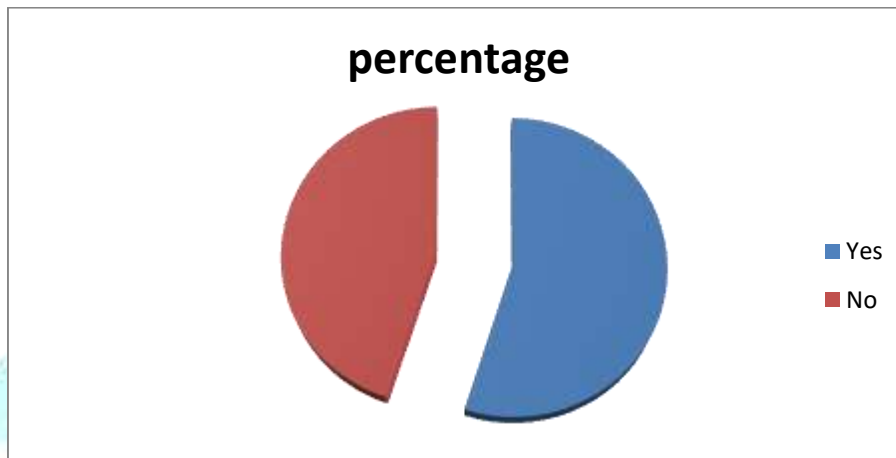
OBJECTIVES:

- To study the growth and development of (NAIS).
- To examine the important features, trends and performance of the scheme.
- To suggest the possible remedies to make this scheme more effective.
- To understand how far the NAIS policies get acceptance among the loanee and non-loanee farmers.

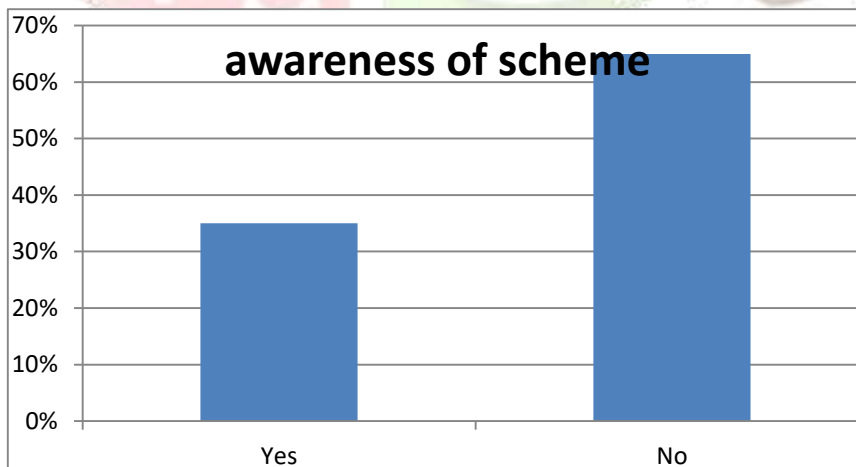
METHODOLOGY:

The primary data is collected from the farmers on crop insurance scheme. The sample size is 150 farmers.

The questionnaire is prepared comprising the question on crop insurance schemes. They are analyzed below. The survey is conducted in the rural areas of Rangareddy district in Telangana state.

1. Level of awareness regarding voluntary insurance benefits under NAIS.

Almost (45%) unaware of the facts that they can also get voluntary insurance benefits under NAIS.

2. Loanee farmers taking loan from different sources in NAIS

35% farmers of the respondents have not borrowed any kind of loan for farming.

3. Insurance coverage under disasters:



75% of the loans were covered under insurance due to natural calamities. Hence, the framers didn't repay the loans.

CONCLUSION:

It has been revealed from this study that farmers have to take loans depending on their income constraints. That is why simultaneously they have to take risks in farming. They may fail to pay the loans if their crops and properties are not properly insured.

Here, the noticeable fact is that till now the maximum (40.81%) loanee farmers taken loans from the money lenders in the rural areas of the Rangareddy district, Telangana state. Though AIC of India have always tried a lot to promote the compulsory scheme of NAIS with the farming loans to the poor farmers still the benefit is far behind to reach the rural poor farmers. It may be due to lack of proper distribution channel or bank branches or financial intermediaries. Therefore, it is consequence that the majority of loanee farmers are being deprived from receiving the compulsory agricultural insurances benefits of NAIS scheme of AIC of India for the loanee farmers.

Based on the finding emerging from this study, it can be concluded that mass acceptance of agricultural is still not in a satisfactory level as the larger part of the farmers of in the rural areas of Rangareddy District of Telangana are still unaware about how agricultural insurance scheme might be helpful in their agricultural risk management.

REFERENCE:

1.

[https://www.academia.edu/23962352/A Study on the Performance of National Agricultural Insurance Scheme and Sug gestions to Make it More Effective](https://www.academia.edu/23962352/A_Study_on_the_Performance_of_National_Agricultural_Insurance_Scheme_and_Suggestions_to_Make_it_More_Effective)

2. <http://www.economicdiscussion.net/india/agriculture-india/national-agricultural-insurance-scheme-nais/19069>