

# Govt to discontinue existing agri insurance schemes

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**New Delhi, March 30:** The government will, from April 1, discontinue the existing National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS) as these are being replaced by the Pradhan Mantri Fasal Bima Yojana (PMFBY), which envisages substantially low premium outgo for the farmers.

Official sources told *FE* that NAIS and MNAIS have been discontinued from kharif 2016, but the existing Weather Based Crop Insurance Scheme (WBCIS) and Coconut Palm Insurance Scheme would continue to operate while premium to be paid under WBCIS has been brought on a par with PMFBY.

Announced by PM Narendra Modi last month, under the new scheme—PMFBY, the premia paid by farmers would be reduced to 2% of the insured value for the more rain-dependent kharif crop and 1.5% for the rabi season, compared with 3.5-8% at present under the two existing schemes. In case of horticultural crops, farmers' premium burden will be 5% of the sum assured or 50% of the total premium. The premium will be shared by the Centre and states.

Besides, a Pilot Unified Package Insurance Scheme aimed at covering all the insurance needs of the farmers including crop insurance, tractor insurance etc would be piloted in 45 districts

across the country from next kharif season. "Loanee farmers will be covered on a compulsory basis under these insurance schemes," an agriculture ministry official said.

The official further said many drought-hit states have increased fund allocation under PMFBY significantly. Maharashtra has allocated a higher amount of ₹1,855

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crore in the 2016-17 budget for PMFBY while only ₹725 crore was earmarked in 2015-16.

"Damages to crops in post harvesting, cutting and harvesting, storm, unseasonal rains, flooding of fields, landslides and hailstorms have been included in the norms for granting compensation under the scheme," Maharashtra agriculture minister Eknath Khadse recently said in the Assembly.

Madhya Pradesh has allocated ₹1,898 crore next fiscal for the crop insurance which is substantially higher from the current fiscal. Karnataka, Uttar Pradesh and Odisha have increased alloca-

tions for the crop insurance.

For PMFBY, finance minister Arun Jaitley had allocated ₹5,501 crore in 2016-17 while ₹2,995 crore was allocated for various crop insurance schemes in the current fiscal. At present, only 20 million of an estimated 120 million farmers in the country—earning for a population four to five times as many—had crop insurance cover in 2014-15, even as the facility was just against the cost of cultivation and barely provided any income protection.

According to agriculture ministry data, most of the farmers who took crop insurance were in Rajasthan, Bihar, Uttar Pradesh, Maharashtra, Karnataka and Andhra Pradesh. In terms of the value of the farm output, the current schemes—the MNAIS and the WBCIS fare even more dimly, with a coverage of just 5.5%.

For dealing with delay in settlement of compensation, the new crop insurance policy proposes immediate payment of 25% of the sum insured amount to farmers for crop damage and use of latest technologies—drones, smartphones, mobile apps and satellite imagery—to assess crop damages in the shortest possible time.

"The expansion of the crop insurance scheme would depend on the number of farmers voluntarily opting for it. Lower premium rates might encourage more farmers to take up crop insurance," Ajay Vir Jakhhar, chairman, Bharat Krishak Samaj, told *FE*.

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1/c Newspaper Unit