

Peer reviewed Journal

Impact Factor: 7.265

ISSN-2230-9578

# *Journal of Research and Development*

*A Multidisciplinary International Level Referred Journal*

June-2021 Volume-11 Issue-20

*Changing Perspectives of Language, Literature,  
Science and Social Science*

Chief Editor

Dr. R. V. Bhole

'Ravichandram' Survey No-101/1, Plot  
No-23, Mundada Nagar, Jalgaon (M.S.)

Dr. Mahadeo Walunj

Principal

College of Arts, Bhigwan, Indapur, Dist.  
Pune Maharashtra

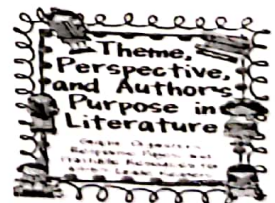
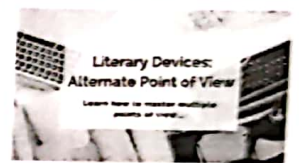
Dr. Ranjan Kalita

Principal

Rangapara College, Amaribari,  
Rangapara, Assam

Executive Editors

Dr. Prashant Chavare, Rakesh Ch. Sarkar, Mr. Santosh P. Mane



Address

'Ravichandram' Survey No-101/1, Plot, No-23,  
Mundada Nagar, Jalgaon (M.S.) 425102



## **A Study of National Agricultural Insurance Scheme in Indapur Tehsil Dist. Pune Maharashtra State**

**Mr. Sagar Bhosale<sup>1</sup> Dr. Gajanan Kadam<sup>2</sup>**

<sup>1</sup>Assistant Professor, Department Of Commerce Arts, Science and Commerce College, Indapur  
Maharashtra State, India.

<sup>2</sup>Assistant Professor, Department Of Economics Arts, Science and Commerce College, Indapur-413106  
Maharashtra State, India. E-mail: [gajukadam81@gmail.com](mailto:gajukadam81@gmail.com)

### **Abstract**

Agricultural production and farm income in India involve several risks. Crop insurance is the only mechanism available to safeguard against production risks. Against this background, this paper has examined the features and performance of National Agricultural Insurance Scheme (NAIS) operating in Indapur tehsil Dist. Pune of Maharashtra state and has suggested some modifications to make it more effective. NAIS coverage in terms of crop area, number of farmers and value of agricultural output is very small. If crop insurance programme is to be made an important tool in agricultural risk management, the present level of coverage will have to be improved, at least by 3-4 fold. Such an expansion can occur only with improvements in and broad-basing of the insurance scheme. Every suggested improvement has financial implications and affects the concerned insurance practices. It requires renewed efforts by the government in terms of designing appropriate mechanisms and providing financial support to agricultural insurance. Providing of similar support to the private sector insurers would help in increasing the insurance coverage and improving the viability of insurance schemes over time.

**Keyword:** farmer, agricultural, insurance, debt, indebt, loss, agriculture risk, remedies.

### **Review of National Agricultural Insurance Scheme (NAIS)**

Agricultural production and farm income in India involve several risks. These relate to natural events, weather aberrations, epidemics and manmade disasters. All these affect both crop area and yield. Further, with the growing of agricultural commercialization and climatic changes, the degree of risk due to unfavorable eventualities is increasing. Sharp fluctuations in agricultural prices are causing a wide variability in farm income. For a section of the farming community, the Minimum Support Prices (MSP) for certain crops provide a means of their income stability (Vyas and Singh, 2018). But, for most of the crops and in many of the states, MSP has not been implemented. Recently, mechanisms like 'contract farming' and 'future trades' have been introduced and these are expected to provide some risk cover against price fluctuations, directly or indirectly. It is believed that crop insurance is the only mechanism available to safeguard against production risks in agriculture. Considering this need, the Government of India had introduced a Comprehensive Crop Insurance Scheme (CCIS) in 1985 and later, a National Agricultural Insurance Scheme (NAIS) in 1999-2000. But, this scheme also has not been able to make the expected impact and acceptability. Against this background, this study has examined the features and performance of National Agricultural Insurance Scheme (NAIS), operating in the country and has suggested changes to make it more effective. The main objective of the scheme is to protect farmers against losses suffered by them due to crop failure on account of natural calamities, such as drought, flood, hailstorm, cyclone, fire, pest/ diseases, so as to restore their credit worthiness for the ensuing season. The paper has presented the results of detailed analysis of secondary data for 13 crop seasons, since the inception of NAIS, covering the period rabi 1999-2000 to rabi 2005-06. Field investigations were also conducted for the state of Maharashtra special in Indapur tehsil Dist. Pune during October, 2019 to assess the perception of loanee and non-loanee insured farmers, bankers and other functionaries of NAIS. Besides the field study, discussions were also held with experts in Agriculture Insurance Company (AIC) and agricultural departments, and bankers, academicians and farmers' representatives.

### **Main Features of NAIS**

The National Agricultural Insurance Scheme (NAIS) was introduced in the country from the rabi season of 1999-2000. Agricultural Insurance Company of India Ltd (AIC), which was incorporated in December, 2002, and which started operating from April, 2003, took over the implementation of NAIS. This scheme is available to both loanees and non-loanees. It covers all food grains, oilseeds and annual horticultural / commercial crops for which past yield data are available for an adequate number of years.



Among the annual commercial and horticultural crops, sugarcane, potato, cotton, ginger, onion, turmeric, chillies, coriander, cumin, jute, tapioca, banana and pineapple, are covered under the scheme. The scheme is operating on the basis of both 'area approach' for widespread calamities, and 'individual approach' for localized calamities such as hailstorm, landslide, cyclone, flood, etc.

#### **Objective of the Study**

1. To study National Agricultural Insurance scheme in Indapur tehsil Dist. Pune.
2. To study the problems face by farmer while adopting NAIS.
3. To study remedies in NAIS.
4. To study noninsured farmer compensation policy in Indapur tehsil Dist. Pune.

#### **Research Methodology**

For this study primary and secondary data collection methods are used. Primary data collected through questionnaires and observation. Secondary data collected with the help of report of NAIS, Internet, journals, books, reports etc.

##### **Sampling methods**

10 villages from Indapur tehsil are selected for the study. Convenient sampling method use for selection of the villages in Indapur tehsil Dist. Pune

#### **Major findings**

1. 67.74% debt farmers know about the NAIS and 32.26% debt farmer don't know about the NAIS in Indapur tahsil.
2. Survey also shows that 9.10% in Indebt farmers knows about NAIS and 90.90% Indebt farmers don't know about NAIS.
3. It is observed that from the selected sample of Indapur tehsil 9.68% debt farmer get the NAIS and 90.33% farmer denied NAIS.
4. Survey also shows that 100% in debt farmers don't get the NAIS.
5. The average damage of farmers crop is 70.96% of debt farmer suffer losses due to various natural reasons. 29.04% farmers don't have any type of loss.
6. 60.61% in Indebt farmer faced losses of their crop and 39.39% farmer don't have any loss of their crop.
7. 38.70% debt farmer takes loan from bank as the compensation for the loss of their crops, and 3.22% farmers get the helps from the government to compensate their loss.
8. 45.45% in Indebt farmer take loan from the bank to compensate their loss of crops, and 9.09% farmers take the help of money lenders to fill their loan.
9. 45.16% debt farmer face difficulties of *panchnam*, 6.45% farmers get the total amount very late. Besides, 9.67% farmers are the victim of slow official process.
10. 18.18% indebt farmer doesn't get the benefits of insurance schemes. It is observed during the survey that 9.09% indebt farmers don't trust this scheme.

#### **Suggestions to Make National Agricultural Insurance Scheme More Effective**

The farming community at large does not seem to be satisfied with the partial expansion of scope and content of crop insurance scheme in the form of NAIS over Comprehensive Crop Insurance Scheme (CCIS). There are issues relating to its operation, governance and financial sustainability. After extensive reviewing and gathering perceptions of the farming community in Indapur (Pune) of Maharashtra state on the performance of NAIS, some modifications have been suggested in its designing to make to it more effective and farmer- friendly

##### **1. Reduction of Insurance Unit to Village Panchayat Level**

As of now, the National Agricultural Insurance Scheme is implemented on the basis of "homogeneous area" approach, and the area (insurance unit) at present is the Mandal / Taluk / Block or equivalent unit, in most instances. These are large administrative units with considerable variations in yields and impact of natural calamities. For the scheme to become more popular, the unit for determining claim should be reduced to the level of 'village' in the case of large villages and to 'cluster of villages' in the case of small villages. Ideally, "Individual approach" would reflect crop losses on a realistic basis, and has been regarded most desirable (Dandekar, 1985). However, under the Indian conditions, implementing a crop insurance scheme at the "individual farm unit level" is beset with problems, such as:

1. Non-availability of the past records of land surveys, ownerships, tenancy and yields at individual farm level
2. Small size of farm holdings



3. Remoteness of hamlets and inaccessibility of some farm-holdings
4. A large variety of crops, varied agro-climatic conditions and package of practices, and
5. Inadequate infrastructure.

Researchers feel that lowering of the insurance unit to the Gram Panchayat (GP) level, is a welcome move, as it would reflect yield losses at a reasonable level. However, data being the lifeline of insurance, the actuarial rating of the product at GP level would be possible only if the historical yield data at that level (GP) is available for a reasonably long period. In real terms, such data at the GP level are not available and therefore, it would be difficult for the insurer to work out premium rates on sound actuarial principles (Planning Commission, 2007).

## **2. Threshold/Guaranteed Yield**

Presently, Guaranteed Yield, based on which indemnities are calculated, is the moving average yield of the preceding three years for rice and wheat, and preceding five years for other crops, multiplied by the level of indemnity. The concept does not provide adequate protection to farmers, especially in areas with consecutive adverse seasonal conditions, pulling down the average yield. It is proposed to consider the best 5, out of the preceding 10-years' yield.

## **3. Levels of Indemnity**

At present, the levels of indemnity are 60 per cent, 80 per cent and 90 per cent corresponding to high, medium and low risk areas. It is perceived that the 60 per cent indemnity level, does not adequately cover the risk, especially in the case of small/ medium-intensity adversities, since losses get covered only if and when, the loss exceeds 40 per cent. Consequently, suggestion was made that instead of three levels of indemnity, there should be only two levels of indemnity, viz. 80 per cent and 90 per cent. But, these higher levels of indemnity may escalate the premium rates, and would increase the subsidy burden of the government. Therefore, it may be wise to continue with the three levels, with up gradation of 60 per cent to 70 per cent. Since, majority of crops are being covered presently in the 60 per cent level category, its up-gradation to 70 per cent level would be a reasonable improvement

## **4. Extending Risk Coverage to Prevented Sowing / Planting, in Adverse Seasonal Conditions**

The NAIS under the existing mode covers risk only from sowing to harvesting. Many a times sowing / planting is prevented due to adverse seasonal conditions and the farmer loses not only his initial investment, but also the opportunity value of the crop. A situation where the farmer is prevented from even sowing the field, is a case of extreme hardship and this risk must be covered. Pre-sowing risk, particularly prevented / failed sowing / reseedling on account of adverse seasonal conditions, should also be covered, wherein up to 25 per cent of the sum insured could be paid as compensation, covering the input - cost incurred till that stage.

## **5. Coverage of Post-harvest Losses**

In some states, crops like paddy are left in the field for drying after harvesting. Quite often, this 'cut and spread' crop gets damaged by cyclones, floods, etc., especially in the coastal areas. Since, the existing scheme covers risk only up to the harvesting, these post-harvest risks are outside the purview of insurance cover. This issue was examined in the light of difficulties in assessing such losses at the individual level. One of the suggestions to address this could be to extend the insurance cover for two weeks after harvesting.

## **6. Service to Non-loanee Farmers**

The awareness generation about the scheme is poor, partly due to lack of adequate localized interactions and substantially due to the lack of effective image building and awareness campaigns. For loanee farmers, with premia being deducted at the time of loan disbursement and claim settlements being credited to the farmer's loan account, the illiterate or poorly educated farmer is hardly aware of the scheme's existence, let alone its benefits. The poor participation of non-loanee farmers is even worse. Hence, major pilot studies, to build effective communication models, in this regard need to be conducted, as an integral aspect of policy planning. NAIS being a multi-agency approach, the implementing agency presently has no presence, except in the state capitals. The scheme is marketed to non-loanee farmers through the rural credit agencies. These farmers are neither familiar nor comfortable in going to the distantly-located credit agencies. Dedicated rural agents, who could provide service, supported by the

effective communication and training programs, would be a needed initiative (Planning Commission, 2007).

### **Conclusions**

Despite launching the crop insurance scheme in a modified form in the country, National Agricultural Insurance Scheme has served very limited purpose in Indapur (Pune) of Maharashtra state. The coverage in terms of area, number of farmers and value of agricultural output is very small, payment of indemnity, based on area approach, miss affected the farmers outside the compensated area, and most of the other schemes are also not viable. If crop insurance programme is to be made an important tool in agricultural risk management, the present level of coverage of crop insurance will have to be improved, at least by 3-4 fold. This expansion can only occur with improvements in and broad-basing of the scheme. Every suggested improvement has financial implications and affects the concerned insurance practices. The cost of insurance will go up further with each improvement. It is observed that more number of farmers is unaware of NAIS due to all insufficient attempts and inadequate government mechanism to create awareness among farmers. It is also observed that more number of farmers denied this scheme due to low risk cover, bad experience of other farmers and low insurance cover. Therefore the very few percentage of farmers gets the benefits of this scheme. It is detected that debt and indebt farmer's crop are damaged. They don't get any insurance schemes for their lost crops. Ever though farmers are losing their crops due to various natural disasters they are not insuring their crops. It is saw that farmers are unaware about the benefits of insurance. They give preference to bank, money lenders and sale of animals to compensate their loss. Non-effective advertisement and delay in compensation are main reason for the less success of this scheme.

### **References**

1. Rudra Datt, K. P. M. Sundaram, *Indian Economy*, S. Chand and company Ltd Ram Nagar, New Delhi.
2. Government of India (2014). *Parliament library and source, research, documentation and information services (LARRDIS)*, new delhi. Available on agriculture insurance data/CROP INSURANCE IN INDIA\_pariliment.pdf.
3. *Economic survey of India 2014-15* Ministry of finance, new Delhi.
4. *Annual report 2014-15*. Department of agricultural and cooperation and farmers' welfare, new delhi.
5. <http://agricoop.nic.in/MNAIS%20Scheme.pdf>
6. [https://en.wikipedia.org/wiki/Primary\\_Agricultural\\_Credit\\_Society](https://en.wikipedia.org/wiki/Primary_Agricultural_Credit_Society)
7. <https://gocoop.com/.../primary-agricultural-credit-co-ope>
8. <http://Agri-insurancegov.com>.