

## CHAPTER -IV CROP INSURANCE

1. Crop Insurance is one of the instruments that protect farmers from production risks, mainly arising from the vagaries of weather. The State Government has been implementing the broad-based scheme for Crop Insurance introduced by the Govt. of India. The Comprehensive Crop Insurance Scheme (CCIS) was in operation in the State from Kharif-1985 to Kharif-1999 and was replaced by the National Agricultural Insurance Scheme (NAIS) — also known as the 'Rashtriya Krishi Bima Yojana' (RKBY) — which was introduced from Rabi — 1999-2000.

### 2. NAIS Scheme

2.1. The NAIS is available to all farmers — both loanee and non-loanee — irrespective of the size of the holdings. For loanee-farmers, the scheme is compulsory and for non-loanees it is optional. The scheme provides insurance coverage and financial support to the farmers in the event of failure of any of the notified crops as a result of natural calamities like flood, cyclone, storm, hailstorm, pest attack and plant diseases and other non-preventable risks like natural fire, lightning etc.

### 2.2. Implementing Agency

The Agriculture Insurance Company of India Ltd. (AIC) with equity participation of the General Insurance Corporation of India (GIC), four public sector general insurance companies and NABARD, has been established for the implementation of the Crop Insurance Scheme. The AIC calculates the indemnity claims of the farmers based on the yield data compiled through the Crop Cutting Experiments (CCE) which is furnished by the Directorate of Economics & Statistics and the Directorate of Agriculture and Food Production through the Co-operation Department. The last date for submission of the yield data for the Kharif season is 15<sup>th</sup> March of the following year and that for the Rabi season, 15<sup>th</sup> August. The implementing Nodal Banks would collect the premium and the declaration of the farmers and remit the amount to the Agricultural Insurance Company before the cut-off date prescribed by them.

2.3. The Scheme envisages coverage of crops like Paddy, Groundnut, Maize, Niger, Arhar, Mustard, Cotton, Jute, Turmeric, Ginger are covered in Kharif and Paddy, Groundnut, Mustard and Potato crops are covered in Rabi season.

### Unit Area for Crop Insurance

The Gram Panchayat has been made the Unit of Crop Insurance for Paddy since Rabi 2010. The unit area for crop insurance is Block / Clustered Blocks for Niger, Turmeric & Ginger and district / Cluster of districts for other crops.

### Yield Data

The Yield Data in respect of the notified crops is furnished by the Director, Economics & Statistics & Director of Agriculture & Food Production to the Government in Cooperation Department to the AIC by 15th Aug for Rabi and 15th March for Kharif based on minimum number of crop cutting experiments.

### Claims

Indemnity claim is settled only on the basis of yield data furnished by the State Government based on requisite number of Crop Experiment (CCEs) conducted under General Crop Estimation Survey (GCES) and not on any other basis like Annavari / Paisawari etc.

If the 'Actual Yield' (AY) per hectare of the insured crop for the defined area (on the basis of requisite number of Crop Cutting Experiments (CCEs) in the insured season, falls short of the specified 'Threshold Yield' (TY), all the insured farmers growing that crop in the defined area are deemed to have suffered shortfall in their yield. The Scheme seeks to provide coverage against such contingency.

'Claim' shall be calculated as per the following formula :

$$\{ \text{Shortfall} = \text{'Threshold Yield} - \text{Actual Yield' for the Defined Area} \}$$

### Sum Insured

For the Loanees farmer, the Sum Insured is cent per cent of the crop loan at normal premium rate. Sum Insured can be upto the value of the threshold yield (TY) at the same normal premium rate. Further there is option to cover upto 150% of the average yield (AY) of the crop, on payment of premium at actuarial rate for the differential amount between value of TY and 150% of AY and in case of non-loanees the limit of coverage is upto threshold yield (TY) value at normal premium rate with an option to cover 150% of the average yield (AY) on payment of actuarial premium rate for the differential amount of Sum Insured.



### Subsidy

The premium subsidy for small marginal farmer is 10% of the total premium for Rabi 2009-10 crop seasons as per Government of India administrative approval which will be equally shared by Central and State Government.

The business statistics of Kharif-2010 and Rabi 2010-11 season is as follows:

Season	Farmers covered	Sum Insured (Rs. in crore)	Premium Collected (Rs. in crore)	Claims in (Rs. in crore)	Farmers benefited
Kharif -2010	1107710	1872.73	47.07	137.50	213325
Rabi 2010-11	34676	74.84	1.50	0.74	2941
Kharif-2011 (provisional)	1403831	2920.00	76.10	--	--

So far 19.68 lakhs farmers have been indemnified with ₹ 680.02 crore under NAIS up to Rabi 2010-11 season

### Weather Based Crop Insurance Scheme (WBCIS)

This crop insurance scheme insures the farmer against losses due to (a) shortage in rainfall (b) No rainfall and (c) excess rainfall during July to 15th November in 3 phases. Compensation is paid within December. The Scheme covers only Paddy crop. Areas where this scheme is operative NAIS will not be implemented. The insurance coverage of the scheme is as follows :

Crop	Season Claims	Type	Area Covered	Premium collected (Rs. In Cr.)	Claim settled (Rs. In Cr.)
Paddy	Kharif 2008	Non-loanee-Optional	8 blocks in Nuapada, Bolangir and Bargarh district	4.45	4.14
Paddy	Kharif 2009	Loanee-Compulsory Non-Loanee-Optional	19 blocks in Nuapada, Bolangir and Bargarh district	13.60	7.5
Paddy	Kharif 2010	-do-	-do-	13.46	1.25
Paddy	Kharif 2011	-do-	-do-	20.00	16.62

The premium rate is 10% of Sum-insured of Rs.12000/- per hectare. The farmer shall pay same premium rate of 2.5% as in NAIS. The balance 7.5% is shared by Govt. of India and State Govt. in 50:50 basis. However, entire claim is paid by Agricultural Insurance Company (AIC).

The Scheme was received with good response due to the fact that claims calculation does not depend on yield results and claims are released within December (45 days after the period of insurance).

#### **Modified National Agricultural Insurance Scheme (MNAIS)**

Government of Orissa has implemented Modified National Agricultural Insurance Scheme (MNAIS), during Rabi 2010-11 crop season for paddy crop on pilot basis with Gram Panchayat as Unit.

The unit area for crop insurance will be Gram Panchayat

The main objective of the scheme is to provide insurance coverage to the farmers in the event of failure of the any of the notified crop as a result Natural Calamities, pests, diseases or errant weather condition.

The Scheme was implemented in selected Gram Panchayats of five districts namely, Balasore, Bhadrak, Bargarh, Sonepur and Kalahandi during Rabi 2010-11 crop season. In Rabi 2011-12, the Scheme is being implemented in selected GPs of two districts, namely, Balasore and Bhadrak.

During Rabi 2010-11 season, 7792 farmers have been indemnified with claim payment of Rs.4.01 crore.

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## CHAPTER -V INTEGRATED COOPERATIVE DEVELOPMENT PROJECT (ICDP)

### **About the Project :**

The Scheme Integrated Cooperative Development Project (ICDP) was introduced in the Seventh Five Year Plan for promotion of various economic activities through cooperatives in the sphere of agriculture and allied sectors like Fishery, Poultry, Dairy, Handloom and Rural Industries etc. in the selected districts. This scheme of the Corporation has an integrated area based approach taking into account the local needs and resources. The scheme aims at development of cooperatives in agriculture and allied sectors, transforming cooperative as multi-purpose entities and promoting horizontal & vertical functional linkages so as to enable the cooperatives to cater to the overall needs of rural community.

### **Activities under the Project :**

On the recommendation of the State Governments, districts are selected for coverage under the ICDP Scheme. A detailed project report is then got prepared by a multi-disciplinary group of the State Govt. or by an outside consultancy organisation identified for the purpose. Subsequently, on-the-spot appraisal is carried out by a team of NCDC officers. Assistance to cooperatives is provided for i) development of infrastructural facilities ii) margin money to enable them to raise requisite working capital and iii) manpower development and motivation of personnel in cooperatives. A project implementation Agency (PIA), generally the concerned District Central Cooperative Bank (DCCB) is identified for each district for implementing the project. The PIA is assisted by a Project Implementing Team (PIT) created specially for implementing the project, the duration of which is normally five years. Project activities are monitored by a cell specially created for the purpose at the state level where more projects are being implemented.

Under ICDP emphasis is on infrastructure development by village level cooperatives, such as establishment of modern office & banking facilities, setting up of consumer shop, construction of scientific storage, godowns; facilities for food processing for value addition; marketing of agricultural and horticultural produce etc. A wide range income-generating activities such as horticulture, floriculture, handloom and handicrafts; dairy, goatery, sheep-breeding



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pisciculture and small processing units can be supported through the Project by providing margin money to enable the Primary Cooperative Societies to raise the requisite working capital to undertake these activities. Keeping in view the importance of manpower development and training, the Scheme provides subsidy for training, managerial assistance for project implementation and monitoring and preparation of project reports and documentation etc.

#### **Funding Pattern :**

The NCDC-assisted ICDP Scheme, presently, has a funding pattern for cooperatively under developed states like Orissa where 20% subsidy is available for creation of infrastructural facilities and also for margin money assistance for business development programme under the restructured central sector scheme. As per NCDC norms, the State Govt. is to provide 50% as loan, 20% as subsidy and balance 30% as share capital totalling to 100% to the PIA towards various activities at the level of the cooperative societies.

However, no subsidy is available to DCCB for any kind of its activity. The share capital component may be provided as redeemable share capital where the share capital contribution exceeds the provision prescribed under Revival Package (Vaidyanathan Committee recommendations) for Short-Term Cooperative Credit Structure (STCCS). The entire PIT cost which includes the administrative expenses of PIT<sup>e</sup> personnel and other contingent expenditure in connection with monitoring and supervising implementation of the project at the Bank/District /State level, training and manpower development, etc. is provided as subsidy. The total subsidy component, however, should not exceed 30% of the total project cost. Thus, under the Scheme, assistance to cooperatives is provided for development of infrastructural facilities; margin money to enable them to raise requisite working capital and PIT cost which includes capacity building and training of the personnel and members of cooperatives.

#### **About ICDP Malkangiri & Koraput districts :**

The ICDP Malkangiri & Koraputs was sanctioned during 2001-02 with an outlay of Rs.909.25 lakhs but due to certain problems particularly relating to the interest rate, funds for the project could not be provided initially. The project was launched during 2006-07 which will be completed by 31.03.2011 as extended by NCDC. The State Govt. have so far provided financial assistance to PIA i.e. Koraput CCB Ltd. for an amount of Rs. 736.12 lakhs for implementation of 1st



and 2nd and 3rd year Action Plan. During the year 2010-11 FY, an amount of Rs.145.00 lakhs has been provided in the budget for implementation of 4th and 5th year Action Plan. The 4th and 5th year Action Plan was approved by the State Level Sanctioning Committee (SLCC) chaired by the Secretary, Cooperation Department.

#### **Implementation & Monitoring :**

The PIA for ICDP Koraput-Malkangiri is the Koraput DCCB. The PIA is assisted by the PIT created specially for implementing the project. The PIT is co-chaired by the Collectors of Koraput & Malkangiri and includes district level officers from different line Departments as members. The Action Plans with details of the different components of the programme for implementation for the scheme have been drawn up at the District Level and approved by the District Level Coordination Committee (DLCC) and then by the State Level Coordination Committee (SLCC) chaired by the Secretary, Cooperation Department for final approval and release of funds to the PIA for executing the approved schemes under the project. Monitoring is being done at various levels such as at district level & state level periodically.

#### **Action Plan :**

The Action Plans for the project were formulated with a view to strengthening the existing infrastructure of the 20 LAMPS of Koraput district and 8 LAMPS of Malkangiri district and creation of new infrastructure for facilitating their activities for dispensation of farms credit, supply of inputs like fertiliser, seeds and pesticides and marketing activities like paddy procurement. This would go a long way in serving the credit and agricultural marketing needs for the poor tribal farmers of these two districts.

As provided in the Action Plan, construction of 39 godowns; repair of 33 existing godowns; construction of 34 office & mini bank buildings; 23 mini bank counters; supply of 23 Nos. of Iron safe; construction of 5 agri-shopping complexes and provision of 15 Nos. of physical and functional infrastructure for paddy procurement in addition to construction of office building for the project at Jeypore have been accomplished. The project shall be achieved by end of March 2012.

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### ICDP Angul and Dhenkanal :

ICDP Angul and Dhenkanal was sanctioned by NCDC in 2004-05. Subsequently it was sanctioned in 2008-09 as adequate budget provision could not be made. However Govt. in Cooperation Deptment recommended NCDC for resanction of the project. NCDC has sanctioned the project for ICDP Angul and Dhenkanal which envisaged project cost of Rs.12.61 crores and Rs.13.32 crores respectively. The project would be completed in four years and would strengthen and augment infrastructure of PACS and other primary, central co-op societies.

Financial assistance comprising share capital of Rs.112.00, subsidy of Rs.78.00 and loan of Rs.110.00 lac has been sanctioned during the financial year 2011-12 out of the 1<sup>st</sup> year's outlay for implementation of the Project.

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