
ARGICULTURE INSURANCE IN INDIA - NEED AND CHALLENGES

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Abstract

India is an agriculture based country. Agriculture is the main source of employment in India more than 50 percent population is involve in agriculture. The agriculture sector is contributing more than 14 percent in the GDP of the country. The agriculture system is very poor and also has no support from the government as it's required. The farmers are suiciding in absence of proper support. As per the report of NCRB 2014, 17.2 percent farmer has been suicide from farming reason/ crop failure. Bankruptcy and poverty is also a big reason of farmer's suicide. The crop failure is a reason of bankruptcy and poverty. It creates insecurity in the farmer's life. The need of agriculture Insurance is feeling from a long time. The government established a separate corporation for agriculture Insurance in the year 2002. It started the work from 2003. Some schemes are also launched by the government and corporation. National Insurance Scheme, Modified National Insurance scheme, Weather Based Insurance Scheme and Coconut palm insurance scheme was issued by the government for betterment of farmers. All these schemes the government is providing the subsidy on premium. But it was not sufficient to change the scene of the agriculture sector. Present government launched Pime Minister Insurance scheme at a low premium rate which is 1.5%, 2% and 5% for Rabi, Khareef and issued 3100 cor for this scheme.

Introduction

India is the second largest country of the world in the agriculture production. It is an agriculture based economy. The 50 percent population of India is based on agriculture to earn their bread and butter. A big part of Indian population is concern with agriculture or agriculture based industry. India is also an exporter of 1.5% food product in the total world. The contribution of agriculture in GDP is 14.2 % at present. It acquires more than 14 percent part of national income from agriculture or agriculture based industry.

Table -1**Agriculture Contribution in GDP**

Year	1980	1990	2001	2011	2013
Contribution	38.1	31.1	24.7	14.1	13.7

The agriculture sector is not properly focused by the governments. Those people who involved in agriculture are fully unsecured and based on God's grace for agriculture production. The Farmers producing wheat and other food product are fully unsecured in absence of technology, irrigation system, and market. The price of agriculture product is not deciding scientifically according the cost and price methods. The proper market is not available for agriculture product.

History of insurance: -

Insurance provides a security against a small payment. The payment which paid for insurance is called premium. It is paid by the person who wants to insure the crop/person or product. The roots of insurance in India are very deep. It starts from rig Veda time. It is also found in Manu smriti as form of collective protection. Some reference is also available in Chankya Arthsastra as welfare state. The modern insurance in India was introducing 1818. When the oriental insurance company was established in India. In the British rule many insurance company were established in India. These all was in private sector and maximum company govern by foreigners. The company receives the two kinds of premium. The premium collected from Britishers was less and it was high rate from Indians. The first insurance regulation passed by the temporary government in 1938. After freedom the government of India established LIC and GIC respectively and nationalized the insurance business. The both corporation enjoyed monopoly for a long period. The government of India deregulates the insurance business. The government passed an act IRDA act 1999 and establishes a body to regulate the insurance business in India. It was called insurance regulatory development authority (IRDA). There are two segment of insurance now in India life and non life. The agriculture insurance is comes under the non life insurance.

India and agriculture insurance: -

The government of India incorporated the agriculture insurance business in India established Agriculture Insurance Company on 20 December 2002. The company has a authorized capital of Rs. 15 billion. It started the business from the year 2003. Presently company operated with 17 regional offices in India. The company started some schemes for agriculture insurance. The premium paid partially by state government/ central government farmer respectively.

Need of agriculture Insurance in India:-

Weather/climate: - The agriculture of India highly based on weather. There is no sufficient availability of irrigation resources which fulfill the requirements of crops. Rain is only a resource of irrigation at many places.

Lack of skilled labor: - The Indian have not skilled labor. The farmers are not educated about the agriculture system. A big percentage of population involve in agriculture are illiterate. The government is also failed to educate the farmer however the efforts are making by the government.

Price of agriculture product: - The government has no any scientific system to decide the price of agriculture product. A big variation has seen in the prices at the time of season and off the season. In absence of proper pricing the benefit goes to middle man.

Storage facility:- the of storage facility is also big problem for the government. After the 67 years of freedom. The government has no any develop storage system to store the agriculture production. The farmer is also suffering by this problem.

Availability of fertilizers and seeds:- The availability of fertilizer and seed is not proper. It effects the production of agriculture.

Objectives of the study: -

1. To study the present status of crops insurance in India and available schemes.
2. To study the requirement of agriculture insurance.
3. To study the suicidal of farmers and their causes in different states of India.

Methodology: The secondary data will be used in the present study. Some statical tools will also apply. The reports of the schemes and national bodies are the main source of data to reach the conclusion.

There are several reasons of Indian farmer scudding. The failure of crop is also a reason of suicide of Indian farmers. The agriculture is the source of employment in India, more than 49% of Indian population directly or indirectly involve in agriculture activity. The government is trying to fulfill the needs of Indian farmers. But the support of government is not sufficient. The farmer is suffering from the problems. A number of farmers are suicide. The National Crime Records Bureau (NCRB) collects the data of farmer's suicides. The following table is showing the data of farmer's suicides in India in the year 2014

TABLE - 2
Suicides of Farmers in India
(Year 2014)

Male farmers	Female farmers	Male	Total suicides
5178	472	5650	131666
3.93%	0.35%	4.3%	100%

Source: NCRB India, Reports.

According to the table-1, 5650 farmers commit suicides in the year 2014. The number of male female farmer to commits suicide was 5650 and 472 respectively. The percentage on total of farmers suicides are 4.3. Telangan was at highest position in female farmer suicides, where 172 female farmers commit suicide out of total 472. Madhya Pradesh Maharashtra and Chhattisgarh are the next positions where the female farmer commits suicides. The reason to commit suicides by farmers is different. But a big percentage of farmer's suicides were economic reason. The Failure of crops and bankruptcy was also a reason of farmer's suicide. Maharashtra is at the highest position in farmer's suicide as of total 2568 farmer's suicide in Maharashtra. Telangana was at second position in suicide of farmers where 898 farmers committed for suicide. Madhya Pradesh was at third position where 826 farmers committed for suicide.

Reason of farmer's suicide: -

Economic condition and bankruptcy was the major reason in the suicides of farmers. Economic condition creates the deferent types of pressures to the family. It plays a major role in the suicidal of the family. As per NCERB report more than 40% farmer's suicide by reason of bankruptcy and family problems. The Failure of crops was also a main reason of suicide of farmer in 2014, 16% farmer commits suicide by reason of crops failure. Illness was also a reason to commit suicide by the farmers. The farmers was suicide in absence of proper treatment of illness. Maharashtra, Telengana and Himachal Pradesh in these three state crops failure was the biggest reason to commit suicide in 2014. The Maharashtra is famous as capital of farmer suicide in India. The Drought and unavailability of water supply for proper irrigation was the basic reason behind the failure of crop. Vidrbh is highly effect part of Maharashtra through drought. The following table is showing the reasons of farmer's suicides in India.

TABLE-3
Reasons of Farmers Suicides
Year -2014

CAUSES	MALE	FEMALE	TRANGENDER	Total	Percentage
Poverty	140	09	0	149	2.6
Property Dispute	52	0	-	52	0.9
Marriage Related Issues	63	58	-	121	2.1
Family Problems	1038	97	0	1135	20.1
Farming Related Issue	838	101	0	969	17.2
1. Failure Of Crop					
2. Due To	851	101	0	952	16.8

Natural Calamities	449	42	0	491	8.7
3.Due To Other Reason	402	59	0	461	8.2
Inability To Sale	17	0	0	17	0.3
Illness	682	63	0	745	13.2
Alcoholic Addictions	250	0	0	250	4.4
Social Reputation	06	1	0	07	0.1
Bankruptcy & Indebt	1112	51	-	1163	20.6
Causes Not Known	208	69	0	231	4.1
Others Causes	759	69	0	828	14.7
Total	5178	472		5650	100

Source: National Crime Record Bureau Report 2014.

The above table is showing a clear picture of farmer's suicides in India. The bankruptcy and indebtedness is the main reason, 20.6 percent of farmer's suicide by this reason. The second reason is family problems of the farmers. 20.1 percent suicide by family problems. The farming related issues are at third position, 17.2 percent suicides by this reason. The illness is also a big reason of suicides of farmers more than 13 percent is suicide by this reason. The poverty, marriage issues, social issues and some other reasons is also play a role in the suicides of farmers.

Available schemes for agriculture Insurance in India:-

Agriculture insurance company established to facilitate the agriculture insurance in the year 2002. The General Insurance Co., NABARD, National Insurance Company Limited, New India Insurance Company Limited, United India Insurance Company And Oriental Insurance Company was the promoters and shareholders in Agriculture Insurance Company. The company incorporated on 2nd December 2002. It starts functioning from 1st April 2003. The head office of AIC was established in Delhi.

National Agriculture Insurance Schemes:-

The agriculture insurance introduces this scheme in year 2000 from Rabi season. It replaced compressive crops insurance scheme COIS. The basic objective of this scheme was to protect the farmer from the crop failure due to natural calamities such as drought, flood, hailstorm, fire and paste disease. It covered to all the crops commercial or non commercial and horticulture crops also. The scheme is available for all farmers' loane and non loane and for every size of farmers.

Provision: - A flat and capped premium will charged from food and oil seed crops. Actuarial rates charged for horticulture crop 10% subsidy was allowed to marginal and tinny farmers, it will bear state and union government equally, however some state and union territory was providing higher subsidy for this scheme to the farmers.

Benefits of Scheme: -_After introduction of the scheme till the season 2014. This scheme has been covered 23.33 crore farmers. It has been insuring 34.85 hectare areas and sum insured of Rs. 365389.75 crore again the premium of Rs.11026.18 cor, 6.44 crore farmer benefitted from this scheme

National Crop Insurance Programme (NCIP)

NAIS has withdrawn by the government in the year 2013. A new scheme namely National Crop Insurance Programme launched by the government at the place of NAIS. There were three plans under this programme. The Modified National Agriculture Insurance Scheme, Weather Base Insurance Scheme and Coconut Palm Insurance Scheme were three plans under NCIP. First two schemes was launched by agriculture insurance company Ltd. Last one by other insurance company.

Modified National Agriculture Insurance Scheme (MNAIS):-

This scheme has much improvement village and panchayats. It covered major crops. The 25% part of the claim will paid in advance in local calamities like hail stormed/ land slide. It will be a immediate relief to the farmers. If there are several calamities the average of last seven years yield will be calculated as

per this scheme. The minimum indemnity level will now be 80% at place of 60% of NAIS. The Premium rates are supported by subsidy premium. Which range 40% to 45%. It will equally share between central and state government. The scheme was implemented in 102 districts in India for khareef and in Rabi 11 states and 85 districts are implemented. Modified insurance scheme covered 97 lakh farmers' insurance 1.08 crore hectare areas for sum insured of Rs.22195.89 crore against premium of Rs.2377.81 crore. 26.61 lakh farmers were benefitted from the scheme.

Table-4**Modified Insurance Scheme (MNAIS)**

Years	Season	No. Of Farmer	Sum Insured	Premium	Claim Reported
2011-12	Rabi	617328	163181.19	15506.86	7264.4
2012	Khareef	1605822	438324.52	51101.60	61077.94
2012-13	Rabi	805609	162406.22	17948.57	4626.48
2013	Khareef	142499	429557.29	53280.57	61951.09
2013-14	Rabi	2163543	441179.85	37314.38	43294.88
2014	Khareef	2347611	405412.47	46976.92	23022.86

Source: report of Scheme concerned year.

Weather Based Crop Insurance Scheme:-

The scheme operates actual bases. It operates on 25% to 50% subsidy. The payment of subsidy will be made by central government and state government both. It is a scheme which provides a protection against adverse weather at the time of cultivation. It is also protect from excess and deficit of rain fall, wind speed temperature which adversely effect to the crops. The scheme insured more than 35 different crops including apple, citrus crop, grapes, mango, and pomegranate oil palm. The scheme spread in 102 districts of 14 states. It Covered 3.45 crore farmers and insuring 4.63 crore hectare areas for sum insured

of Rs.63501.19 crore against premium of Rs.22.31 crore. It claimed amounting of Rs.4701.73 crore. All over India 216.32 lakhs farmer benefitted through this scheme.

Coconut Palm Insurance Scheme:-

This scheme designed for coconut for that states those involve in coconut development. It is now open for all states those want to develop the coconut crop. In this scheme 50% subsidy will be paid for coconut development board next 25% by state government and remaining will bear by farmer himself.

Prime Minister Crop Insurance Scheme:-

The present government issued Prime Minister Crop insurance scheme. It covered the maximum crops. It issued not only natural but also crop destroyed by other calamities. The farmer will pay a uniform premium for 2% kharif 1.5% Rabi 5% for horticulture and commercial crops. The farmer will pay 5 percent premium for horticulture and commercial crops. The balance payment of premium will equally bear by the central and state governments. The central government issued 3100 crore for premium subsidy. Only 23 percent crop is insured in the country at present. The government of India targeted 50 percent crop for insurance.

The scheme will be implemented through agencies. The state has a right to choose the IA. The existing state level coordination committee on crop insurance, district level monitoring committee and ongoing insurance schemes shall be responsible for proper management of this scheme.

CONCLUSION:-

The agriculture insurance is a very important task for that country where a big population depends on the agriculture. Agriculture is the source of livelihood of more than 50% families of India. The agriculture sector is contributing more than 14% in the GDP of the country. The growth of agriculture insurance in India is very slow. The Government of India established Agriculture Insurance Corporation separately to fulfill the need of agriculture insurance in the country. National insurance scheme, Modified national insurance scheme, and weather based crop insurance scheme running by the central government. The rate of premium was very high. The system of subsidy in the premium was not satisfactory. The subsidy was creating a dispute between state and union government however the scheme provides the benefit. But only 23 percent crops are insured till now in the country. Present government of India launched a new scheme Prime Minister Crop Insurance Scheme on 13th of January 2016. It is a positive effort for

improving the condition of Indian farmers. The rate of premium is also low 1.5, 2 % and 5% for Rabi, Khareef, and commercial crops. The government also issued 3100 cror for premium subsidy.

Suggestions:-

The government started several plans but it is not fulfill the hope in absence of proper handling and supervision. The lack of information is big problem. The government must create a setup of detailed information about the scheme to the farmers.

References:-

- NCRB report of several years
- AIC report of several years
- NAIS report
- MNAIS detailed reports
- PMFBY detail bulletin of government of India
- IRDA annual reports.