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**Part II—Section 2
(Supplement)**

NOTIFICATIONS BY GOVERNMENT

AGRICULTURE DEPARTMENT

Government Notification of Crops / Districts / Village Panchayats under Modified National Agricultural Insurance Scheme for Samba Paddy Season - Kharif 2011-2012.

[G.O. Rt. No. 261, Agriculture (AP1), 25th August 2011, Aavani 8, Thiruvalluvar Aandu-2042.]

No. II(2)/AG/396/2011.

With reference to the Government of India File No.13011/02/2008 - Credit II (pt), Ministry of Agriculture, New Delhi, dated 10th March 2011, the Government of Tamil Nadu vide Letter No.11255/AP1/2011, dated 8th June 2011, the Commissioner of Agriculture Letter No. G1/20665/2011, dated 14th June 2011, regarding implementation of Modified National Agricultural Insurance Scheme, the following orders may be issued.

Modified National Agricultural Insurance Scheme is proposed to be implemented on pilot basis in Namakkal, Cuddalore and Sivagangai District of Tamil Nadu, during Kharif 2010-2011, (Samba Paddy Season) by the State Government through Agriculture Insurance Company of India Ltd., Chennai-1 with the following guidelines :—

1. MAIN FEATURES OF THE SCHEMES :

1. Actuarial rate of premium will be charged for insuring crops and hence claims liability will be on insurers.
2. Unit area of insurance for major crops is Village/Village Panchayat.
3. Indemnity amount will become payable, for prevented sowing/failed sowing, planting risks, post harvest losses and due to natural calamities .
4. On account payment up to 25% of likely claim, under Modified National Agricultural Insurance Scheme will be released as advance, for providing immediate relief to the farmers.
5. Uniform seasonality norms will be applicable for both loanee and non-loanee farmers.
6. More proficient basis for calculation of threshold yield (average yield of last 7 years excluding upto two years of declared natural calamity) will be applicable.
7. Minimum indemnity level under Modified National Agricultural Insurance Scheme is 70% instead of 60% under National Agricultural Insurance Scheme.

2. OBJECTIVES :

- To provide insurance coverage and financial support to farmers in the event of prevented sowing and failure of any of the notified crops as a result of natural calamities, pests and diseases.

- To encourage the farmers to adopt progressive farming practices, high value inputs and better technology in Agriculture.

To help stabilize farm incomes, particularly in disaster years.

3. CROPS COVERED :

Food crops (Cereals, Millets, Pulses)

Oilseeds

Annual Commercial/ Horticultural Crops

The crops are covered subject to availability of (i) the past yield data based on crop cutting experiments for adequate number of years and (ii) requisite number of CCE's are conducted for estimating the yield during the proposed seasons.

4. FARMERS TO BE COVERED :

All farmers including sharecroppers, tenant farmers, growing the notified crops, in the notified areas are eligible for coverage.

Loanee farmers would be covered under compulsory component.

Non-loanee farmers would be covered under voluntary component.

5. SUM INSURED / LIMIT OF COVERAGE :

In case of Loanee farmers under Compulsory Component, the Sum Insured would be at least equal to the amount of crop loan sanctioned/advanced, which may extend up to the value of the threshold yield of the insured crop, at the option of insured farmer. Where value of the threshold yield is lower than the loan amount per unit area, the higher of the two is the Sum insured Multiplying the Notional Threshold-Yield (district/region/state level) with the minimum support Price (MSP) of the current year arrives at the value of Threshold Yield. Wherever Current year's MSP is not available, MSP of previous year shall be adopted. The crops for which, MSP is not declared, farm gate price established by the marketing department / board shall be adopted.

Further, in case of Loanee farmers, the insurance Charges payable by the farmers shall be financed by loan disbursing office of the Bank, and will be treated as additional component to the Scale of Finance for the purpose of obtaining loan. For farmers covered on voluntary basis, the sum-insured is up to the value of Threshold yield of the insured crop. If the farmer so desires, he / she may be provided with higher level of risk coverage. Sum insured up to 100% of threshold/average yield of notified area with normal premium subsidy but sum insured above 100% and up to 150% of the value of average yield without premium subsidy.

6. PREMIUM RATE AND SUBSIDY :

Premium rates are to be worked out on actuarial basis, with the following subsidy pattern as Per Annexure

S.No. (1)	Premium Slab (2)	Subsidy to Farmers (3)
1	Up to 2%	Nil
2	> 2-5%	40% subject to minimum net premium of 2%
3	>5-10%	50 % subject to minimum net premium of 3%
4	>10 -15%	60% subject to minimum net premium of 5%
5	>15%	70% subject to minimum net premium of 6%

7. RISKS COVERED & EXCLUSIONS :

a. Standing Crop (Sowing to Harvesting)

Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, viz.

- (i) Natural Fire and Lightning
- (ii) Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc.
- (iii) Flood, Inundation and Landslide
- (iv) Drought, Dry spells
- (v) Pests/Diseases etc.

b. Prevented Sowing/Planting Risk

In case, farmer of an area is prevented from sowing/planting due to deficit rainfall or adverse seasonal conditions, such insured farmer who failed to sow/plant (but otherwise has every intention to sow/plant and incurred expenditure for the purpose), shall be eligible for indemnity.

The indemnity payable would be a maximum of 25% of the sum-insured. The scale of payment for different crops will be worked out by implementing agency in consultation with experts.

c. Post Harvest Losses

Coverage is available only for those crops, which are allowed to dry in the field after harvesting against specified perils of cyclone in coastal areas, resulting in damage to harvested crop. Further, the coverage is available only up to a maximum period of two weeks from harvesting. Assessment of damage will be on individual basis.

GENERAL EXCLUSIONS :

Losses arising out of war & nuclear risks, malicious damage and other preventable risks shall be excluded.

8. SEASONALITY DISCIPLINE :

(a) The broad seasonality discipline for Loanee and Non-Loanee farmers can be as under:

<i>Activity</i> (1)	<i>Kharif</i> (2)
Loaning period (loan sanctioned) for Loanee farmers covered on Compulsory basis.	April to June / July
Cut-off date for receipt of Proposals of farmers covered on Voluntary Basis from Banks	31st June / 15th July
Cut-off date for receipt of Declarations of Loanee farmers covered on Compulsory basis from Banks	31st July
Cut-off date for receipt of Declarations of farmers covered on Voluntary basis from Banks	31st July
Cut - off date for receipt of yield data	Within a month from final harvest

In case of Kharif crops, the cut off dates are fixed in such a way that these dates correspond to historical onset / coverage by the South-West Monsoon. The tentative schedule is as follows:—

Historical onset and coverage by South-West (SW) Monsoon and proposed cut-off dates for Kharif :

<i>S.No.</i> (1)	<i>States</i> (2)	<i>SW Monsoon coverage by</i> (3)	<i>Proposed cut-off dates</i> (4)
1	Kerala & Tamil Nadu	1st Week of June	15th June
2	Andhra Pradesh, Karnataka, Orissa, West Bengal, North - Eastern States	15th June	30th June
3	Maharashtra, Chhattisgarh, Jharkhand, Bihar	3rd Week of June	30th June
4	Gujarat, Madhya Pradesh, Uttar Pradesh, Uttarkhand, Himachal Pradesh	4th Week of June	30th June
5	Rajasthan, Punjab, Haryana, Jammu & Kashmir	1st Week of July	15th July

Further, in case of these crop/season, pattern, a modified discipline keeping in mind the overall seasonality discipline prescribed above, will be adopted by the State Level-Co-ordination-Committee on Crop insurance (SLCCCI).

Farmers covered on voluntary basis can buy insurance before actual sowing/planting based on advance crop planning for the season. For any reason, if farmer changes the crop planned earlier at the time of buying insurance, such changes should be intimated to financial institution at which insurance proposal was submitted, within 30 days from the cut-off date for buying insurance, accompanied by sowing certificate issued by concerned official of the State at village level. where required, the farmer will pay the difference in premium or implementing agency will refund difference in premium, as per the premium structure.

9. ESTIMATION OF CROP YIELD :

The State Government/UT will plan and conduct the requisite number of Crop Cutting Experiments (CCEs) for all notified crops in the notified insurance units in order to assess the crop yield. The State Government / UT will maintain single series of Crop Cutting Experiments (CCEs) and resultant yield estimates, both for Crop Production estimates and Crop Insurance.

Planning and supervision for all CCEs will be of the same order as that of General Crop Estimation Surveys (GCES).

CCEs shall be undertaken per unit area/per crop, on a sliding scale, as indicated below :—

S.No. (1)	Insurance Unit (2)	Minimum sample size of CCEs (3)
1	District	24
2	Taluka / Tehsil / Block	16
3	Mandal / Frika / Revenue Circle or any other equivalent unit	10
4	Village Panchayat	4

In instances where required number of CCEs could not be conducted due to non-availability of adequate cropped area, the yield data for such units can be generated by Insurer by proxy indicators, such as clubbing with neighboring/ contiguous units, adopting yield of next higher unit, yield data generated by correction/ correlation factor with next higher unit, etc.

Alternative yield assessment techniques, such as satellite imagery, agro-meteorological and bio-metric and a combination of such techniques, etc. can be explored and adopted after establishing reasonable level of standardization.

10. LEVEL OF INDEMNITY AND THRESHOLD YIELD :

Three levels of Indemnity viz. 90%, 80% & 70% corresponding to Low, Medium and High Risks shall be available for all crops.

The Threshold yield (Ty) or Guaranteed yield for a crop in a Insurance Unit shall be the average yield of the preceding 7 years excluding the year in which a natural calamity such as drought, floods etc., may have been declared by the concerned Government/authority, multiplied by level of indemnity. However, it may be ensured that at least 5 years yield is available for calculating the threshold yield.

11. NATURE OF COVERAGE AND INDEMNITY :

(a) Wide Spread Calamities

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.

Indemnity' shall be calculated as per the following formula.

$$\frac{\text{Shortfall in Yield}}{\text{Threshold yield}} \times \text{Sum Insured, for the farmer}$$

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

(i) On Account Payment of Claims

In case of adverse seasonal conditions during crop season, claim amount upto 25 per cent of likely claims would be released in advance subject to adjustment against the claims assessed on yield basis. The on account payment will be considered, only if the expected yield during the season is less than 50 percent of normal yield. The criteria for deciding on-account payment of claims shall be based on proxy indicators such as weather, agro-meteorological data/satellite imagery/ acreage damaged or such other indicators to be decided by the Government, and will be implemented in States and for crops for which such proxy indicators can be established.

(ii) Prevented Sowing / Planting Claims

The extent of claims payable will be decided in respect of the insurance unit area on the basis of rainfall position issued by the concerned Indian Meteorological Department (IMD) for the area during the sowing season and acreage-sown particulars issued by the State Government. Other authentic rain gauge stations which the government shall install for the purpose/ insurer/insurer nominated agencies can also be considered for the purpose of measuring rainfall. The maximum claims payable will be 25 per cent of the sum-insured. Having received indemnity based on prevented sowing / planting, the insurance cover is automatically terminated.

(iii) Post Harvest Losses

Coverage is available only for those crops, which are allowed to dry in the field after harvesting against specified perils of cyclone in coastal areas, resulting in damage to harvested crop lying in the field in 'cut & spread' condition. In other words, the crop, which after harvest is left in the field for drying, is only covered against the peril specified above. The state/ UT concerned will bring out the list of such crops in consultation with Implementing Agency. The harvested crop bundled and heaped at a place before threshing is beyond coverage under post harvest losses. Further, the coverage is available only upto a maximum period of two weeks (14 days) from harvesting. Assessment of damage will be on individual basis.

(b) Localized Risks

The losses would be assessed on individual basis in case of Loss /damage resulting from occurrence or identified localized risks viz., hailstorm and landslide. The cost of inputs incurred until the time of occurrence of peril, and the expected loss in final yield due to the peril, would form the basis for loss assessment.

In case of localized risks, implementing agency may utilise the services of concerned departments of the State government, such as Agriculture, Revenue etc.

12. REINSURANCE COVER :

Efforts will be made by the implementing agency to obtain appropriate reinsurance cover for the Scheme in the national/ international reinsurance market. In the event of failure to procure such cover at competitive rates, and in case premium to claims ratio exceeds 1 : 5, at national level, the Government would provide protection to insurance company. (A Catastrophic Fund at the national level would be set up for this purpose, which would be contributed by the Centre and the State Governments on 50 : 50 basis. The overall loss exceeding 500% would be met out of this fund).

13. IMPORTANT-CONDITIONS /CLAUSES APPLICABLE FOR COVERAGE OF RISK :

(a) The banks will display the list of all insured farmers at the village panchayat office. Further, the banks will also display the list of benefited farmers together with claim amount soon after the claims are received from implementing agency.

(b) Implementing agency possesses the discretion to accept or reject, any risk of defined area (s) for any crop (s) considering the prevailing agricultural situation. Mere sanctioning/ disbursement of crop loans and submission of proposals/ declarations and remittance of premium by the farmer/bank without explicit intent to raise the crop, does not constitute acceptance of risk by implementing agency.

(c) In the event of near total crop failure during early or mid season affecting the entire defined area, implementing agency shall adopt a graded scale indemnity settlement restricting the indemnity to the proportion of input cost upto that stage. The graded scale shall be worked out by implementing agency.

(d) Implementing agency, if deemed necessary, shall investigate the coverage on its own or by an agency appointed for the purpose and shall for this purpose utilize satellite imagery data for identification of anomalies in crop insurance coverage vis-a-vis actual field conditions. Upon Identification of adverse phenomenon based on such investigations, implementing agency may resort to scaling down of sum insured.

14. BENEFITS EXPECTED FROM SCHEME :

The scheme is expected to:

Be a critical instrument in the field of crop production, providing financial support to the farmers in the event of crop failure.

Encourage farmers to adopt progressive farming practices and higher technology in Agriculture.

Help in maintaining flow of agricultural credit.

Provide significant benefits not merely to the insured farmers, but to the entire community directly and indirectly through spillover and multiplier effects in terms of maintaining production and employment, generation of market fees, taxes etc., and net accretion to economic growth.

Streamline loss assessment and enable expeditious settlement of claims.

Compensation payment is met by the Insurance Companies as actuarial rate of premium is charged and commitment to Government is negligible.

ANNEXURE

STATE: TAMIL NADU				SEASON: PADDY II UNDER MNAIS 2011							
Sl. No.	Name of the Crop	Sl Upto TY/Ha.	Additional Sum Insured- Upto 150% Ay/Ha.	Total Sum Insured Per Ha.	Dist. Pre Mium Rate%	District Subsidy %	Subsidy Allowed on Prem. Rate	Farmers Prem Rate Less Subsidy%	Dist. Farmers' Premium upto TY/Ha. (Rs.)	Premium for Additional Sum Ins./Ha/ (Rs.)	Farmers' Total Premium/ Ha.(Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	DISTRICT-SIVAGANGAI PADDY II Samba/Thalady/Pishana	11770	13460	25230	12.8	60	7.68	5.12	603	1723	2326
2	DISTRICT - CUDDALORE PADDY II Samba/Thalady/Pishana	17830	20370	38200	11.9	60	6.90	5.00	892	2424	3316
3	DISTRICT -NAMAKKAL PADDY II Samba/Thalady/Pishana	37920	25280	63200	4.5	40	1.80	2.7	1024	1138	2162

* DATA FOR 2004 AND 2009 NOT TAKEN AS THESE YEARS WERE DECLARED AS CALAMITY YEAR BY THE STATE GOVERNMENT

* Premium Subsidy is allowed only upto the Value of TY (in Column C)

* LOANEE FARMERS: SANCTIONED LOAN / ADVANCED LOAN AMOUNT is COMPULSORY

For full sanctioned loan amount, subsidised Premium Rate is payable, even if the Loan sanctioned is more than the Total sum Insured (i.e.in Col.E)

If Loanee farmers, want to cover additional Sum Insured (beyond loan amount upto 150% of AY Col.D), they have to submit

Loanee Proposal Form in the same Bank within the cut off date, i.e. 15-11-2011

* COMMON SEASONALITY DISCIPLINE FOR PADDY-II (Samba/Thalady/Pishanam) for above 3 Districts

Loanee Farmers		Non-Loanee Farmers		Cut Off Dt. For Rect. of Yield Data
Loaning Period	Final Cut-Off Date for Receipt of Declarations By A.I.C. Ltd	Cut Off Date For Receipt of Proposals By Bank Branchers/P.A.Cs.	Final Cut-Off Date for Receipt of Declarations By A.I.C. Ltd.	
01-08-2011 to 30-11-2011	31-12-2011	Within 1 month from the Dt. of Planting/sowing, whichever is earlier of 15-11-2011.	15-12-2011	30-04-2012

K. ARULMOZHI,
Agricultural Production Commissioner and
Principal Secretary to Government.