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THE ROLE OF AGRICUTURAL INSURANCE COMPANY IN INDIAN ECONOMY.



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ABSTRACT

Insurance being an integral part of the financial sector, plays a significant role in India's Economy. Apart from protecting against mortality, property and causality risks and providing a safety net for individuals and ; agriculture and enterprises in urban and rural areas. The insurance sector encourages saving and provides long term funds for infrastructure development and other long qeastation project of the nation. The development and of the insurance sector in India is necessary to support its continued economic transformation.

KEYWORDS : *Agricultural Insurance Company , Indian*

Economy , financial sector.

2.0 OBJECTIVES OF THE RESEARCH PAPER:

- 1)To study the significant of Insurance sector.
- 2)To study the significant role of agricultural Insurance company in India's economy.
- 3)To study the growth of agricultural Insurance sector.

2.1 HYPOTHESIS:

- 1)Insurance protect the farmers against the losses
- 2)Possible apprehension of consecutive poor monsoons.
- 3)Indemnify the losses and restore their credit
- 4)National level sufficiently of food
- 5)To give rise for food export

2.2 METHODOLOGY :

Any study, to be authentic has to be representative of the universe and depends upon the data collected and analyzed. The characteristics of data collected and the validity of the analysis depend mainly on the methods and the methodology adopted in the study. This research paper based on secondary data which collected from various sources such as books; journals; Internet, etc.

3.0 LIFE INSURANCE COPORATION OF INDIA(LIC):

LIC of India was incorporated on 1st September 1956 by amalgamating 243 companies by the act of Parliament called Insurance Act 1956. LIC is governed by the Insurance Act 1938, LIC Act 1956, LIC Regulation 1956 and Insurance Regulatory and Development Authority Act 1999.

3.1 PERFORMANCE OF LIC DURUING THE YEAR 2013-14.

LIC of India Procured Rs. 90123.75 Crore First year Premium [FYP] under 3,45,11,781 Policies and registered 17.83% growth in FYP & a de growth of 6.17 % in number of policies as at 31st march 2014. The market share of the corporation in F.Y.P is 75.33% (LY.71.25%) and 84.44% [LY 83.25%] in number of policies.

The total premium Income of the corporation provisionally for the Finance Year (FY) ending. 31st march 2014 is Rs. 2,36,000 Crore cross investment of the corporation for Fy 2013-14 stand at Rs. 2,78,000 Crore and the market Value (provisional) of Investment as at 31/03/2014 is Rs 17.24 Lakh Crore . The conservation Ratio has improved to more than 90% as against 87.16% and overall expenses Ratio has Reduced to 14.03 % From 15.09% last year. The Corporation recruited 1,90,048 agents during the fiscal 2013-2014 and the number of agents asat 31/03/2014 stand at 11,95,916.

4.0 AGRICULTURE INSURANCE COMPANY OF INDIA:

Agriculture insurance company of India Limited (AIC) was incorporated to later to the insurance need of the persons engaged in the agriculture and allied activites in India under the companies ACT 1956 on 20th December 2002. The Authorized share Capital of the company is Rs 1500 Crore. The paid –up equity share capital of the company of Rs 200 Crore percentage- wise is held by following Government corporation company.

The percentage of Government insurance company's in India :

1	General Insurance corporation of India.	35.00%
2	National Bank For Agriculture & Rural Development.	30. %
3	National Insurance Company Limited.	8.75%
4	The New India Assurance Company Limited.	8.75%
5	The oriental Insurance Company Limited.	8.75%
6	United India Insurance Company Limited.	8.75%
	TOTAL	100%

TABLE NO. 1

SOURCE: Annual Report of IRDA 2013-14.

4.1 NATIONAL AGRICULTURAL SCHEME :

The scheme was introduced during 1999-2000 season replacing comprehensive crop insurance scheme (CCIS) the scheme was implemented by agriculture insurance company of India limited on behalf of ministry of agriculture. The main objective of the scheme was to protect the farmers against

the losses suffered by them due to crop failure on account of natural calamities, such as drought, flood, hailstorm, cyclone, fire, pest/diseases etc. So as to indemnify the losses and restore their credit worthiness for the ensuing season. The scheme was available to all farmers both, loanee and Non loanee irrespective of the size of their holding. The scheme envisages coverage of all crops including cereals, millets, pulses, oilseeds and annual commercial and horticultural crops in respects of which past yield data is available. As per provisions of NAIS, the flat and capped premium rates were charged for food crops and oilseeds and actuarial rates were charged for annual commercial and horticultural crops. Premium subsidy of 10% was allowed for small and marginal farmers, shared equally by central and state government.

PREFORMANCE OF NATIONAL AGRICULTURAL INSURANCE SCHEME:

SR NO.	Season	No. of Farmers covered	Sum Insured	Premium	Claim Reported (In Rs. Lakh)
1	Rabi 2010-11	4967878	1101055.62	29816.72	65792.83
2	Kharif 2011	11554561	2348710.36	71434.90	166537.54
3	Rabi 2011-12	5239299	1128393.63	25767.81	54548.20
4	Kharif 2012	10645405	2718136.05	87823.90	278951.73
5	Rabi 2012-13	6136713	1570211.63	44680.56	190410.87
6	Kharif 2012	10322401	2979601.57	221231.56	347306.73

TABLE NO. 2

SOURCE: Annual Report of IRDA 2013-14.

As per the shown in above table during Rabi 2010-11 Season under NAIS, 4967878 Farmers covered with sum insured of Rs. 1101055.62 with gross premium Rs. 29816.72 and claims amounting to Rs. 65792.83 (Lakh). During Kharif 2011 season under NAIS 11554561 No. of Farmers covered with sum insured of Rs. 2348710.36 with gross premium of Rs. 71434.90 (lakh) claims amounting to Rs. 166537.54 (lakh). During Rabi 2011-12 season 5239299 No. of Farmers covered with sum insured Rs. 1128393.63 with gross premium of 25767.81 claims amount Rs. 54548.20 (lakh). During Kharif 2012 Season 10645405 No of Farmers covered with the sum insured Rs. 2718136.05 (lakh) with gross premium of Rs. 87823.90 (lakh). Claims amount Rs. 278951.73 (lakh). During Rabi 2012-13 Season 6136713 No. of Farmers Covered with sum insured Rs. 1570211.63 (lakh) with gross premium of Rs. 44680.56 (lakh) claims amount Rs. 190410.87 (lakh). During Kharif 2013 season 10322401 No. of Farmers covered with the sum insured Rs. 2979601.57 (lakh) with gross premium of Rs. 221231.56 (lakh) claims amount Rs. 347306.73 (lakh).

The most important change is the introduction of NCIP from 1st November 2013 consequent to the withdrawal of NAIS. NCIP has three components Schemes viz, modified based Crop. Insurance Scheme (WBCIS) and coconut palm Insurance Scheme (CPIS) MNAIS and WBCIS are being implemented by AIC and 10 other Insurance Companies.

To modified National Agricultural Insurance Scheme(MNAIS)

The scheme before incorporation in NCIP was piloted from Rabi 2010-11 to Kharif 2013. The modified version has many improvement VIZ Insurance unit for major crops are village panchayat or other equivalent unit in case of prevented / failed showing claims upto 25% of the sum insured payable, During Kharif 2013, the pilot was implemented by AIC in 29 Districts across 13 States and During Rabi 2013-14 as part of NCIP in 127 Districts across 12 states.

During Kharif 2013 season 0.14 core Farmers were covered insuring 0.15 crore hectare with sum insured of Rs. 4062.26 Crore with gross premium of Rs. 492.75 core, since introduction as pilot in Rabi 2010-11 to Kharif 2013, MNAIS covered about 0.51 core Farmers insuring 0.57 core hectare area for sum insured of Rs. 13496.63 core against premium of Rs. 1494.93 Crore Claims amounting Rs. 1428.43 Crore became payable benefitting more than 909 Lakh Farmers.

5.0 WEATHER BASED CROP INSURANCE SCHEME (WBCIS):

Apart from the above two yield guarantee insurance scheme, the government of India had introduced another pilot namely, pilot weather based crop insurance scheme (WBCIS) with effect from Kharif 2007, which become full fledged scheme as a component of NCIP with its Introduction.

The scheme operates on an actuarial basis with premium subsidy with ranges from 25% to 50% equally shared by Centre and States. AIC has Since implemented the scheme in various states during all previous Kharif and Rabi seasons starting Kharif 2007. The company insured more than 35 different crops including perennial crops like Apple, Citrus, Crops, Grapes, Mango, Pomegranate, Cashewnut, Oil Palm, etc.

The scheme was implemented in 13 states in Kharif 2012 and 14 states in Rabi 2012-13. During Kharif 2013 the pilot was implemented By AIC in 112 Districts across 13 and during Rabi 2013-14 as part of NCIP in 123 Districts across 14 States, During Kharif 2013 season, 0.51% core Farmers were covered insuring 0.69 crore hectare with sum insured of Rs. 8840.43 Crore with gross premium of Rs. 901 Crore since Introduction as pilot in Kharif 2007 to Kharif 2013, WBCIS covered about 3.05 Crore farmers insuring 4.19 Crore hectare Area. For sum insured of Rs. 3511.33 Crore became payable benefitting more than 177 lakh Farmers.

CONCLUSION:

Finally and not of less importance, even the objective of national level sufficiency of food cannot yet be disregarded. True, the green revolution has gifted the nation with phenomenal increases in production of foodgrains resulting in huge surpluses, nearly eliminating import and giving rise to food export. Indeed India has managed to Export 10 Million tones of rice and 6 Million tones of Wheat in the year 2012-13. However, it is important to keep in mind that this achievement has been possible under the existing minimum support policy that gives farmers an insurance. Many of the farmers are poor and such as a result also risk averse, necessitating subsidies to be placed on outputs. Trials with crop yield insurance farm Income insurance, weather insurance,

In order to increase the penetration of crop. Insurance it is important to use the agency network of the four GIPSA companies to sell crop insurance. To cover not only non loanee farmers but also loanee farmers.

The main objectives of the national agriculture insurance scheme has been achieved by protecting farmers against the losses suffered by them due to crop failure an account of natural calamities, such as drought, flood, hail storm, pest/diseases etc to indemnify the losses and restore their credit.

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