

## Preface

Government of India (GOI) has introduced several crop insurance schemes over the past three decades to insure the farming community against various risks like natural calamities, pests and disease that lead to partial or full failure of crops. Comprehensive Crop Insurance Scheme (CCIS), launched in 1985, was the first nation-wide scheme. CCIS was replaced by the National Agriculture Insurance Scheme (NAIS) in 1999, and Agriculture Insurance Company of India Ltd. (AIC), was designated as implementing agency (IA), w.e.f. 1<sup>st</sup> April 2003. GOI also introduced a Pilot Weather Based Crop Insurance Scheme (WBCIS) from *Kharif season 2007* in 20 states to cover the risks to farmers against extreme climatic conditions such as deficit, excess or untimely rainfall, frost, variations in temperature, etc.

GOI introduced the Modified National Agriculture Insurance Scheme (MNAIS) and implemented it on pilot basis in 50 districts from the *Rabi season 2010-11*. From the *Rabi season 2013-14*, GOI merged MNAIS and WBCIS into a new programme, the National Crop Insurance Programme (NCIP) replacing NAIS. However, at the request of states, NAIS continued till *Rabi season 2015-16*. AIC and other empanelled private insurance companies were designated as Implementing Agencies (IAs) under NCIP. Unlike the NAIS, where GOI and state governments subsidised insurance premium (over and above the farmers' share) and insurance claims (above a threshold to be borne by AIC), from WBCIS onwards, government subsidy was limited to insurance premium alone. From *Kharif season 2016*, GOI replaced NAIS and NCIP, and introduced the Pradhan Mantri Fasal Bima Yojana (PMFBY) and Re-structured WBCIS.

The present performance audit report reviews the utilisation of governments' funds, implementation of the schemes and monitoring during the period 2011-12 to 2015-16.

Despite the three decade long efforts of GOI to provide crop insurance, coverage of farmers under these schemes continues to remain low. Coverage of non-loanee farmers continues to be particularly low, primarily because the schemes have been targeted at loanee farmers, for whom the schemes stipulate mandatory coverage.

GOI and state governments did not maintain databases of insured farmers. AIC also did not maintain comprehensive data under any of the schemes. Most of

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the farmers had opted for sum insured equivalent to loan amount under NAIS indicating that either the loanee farmers were intent on covering the loan amount only (in which case, the scheme acted more as loan insurance than as crop insurance) or were not aware or were not informed appropriately by loan disbursing Bank/FIs about the full provisions of the scheme. There were discrepancies in the data relating to area sown and area insured. Further, the integrity of the data provided by the state governments in this respect and used by AIC was not ensured. Delays and omissions by state governments and by loan/insurance disbursing banks and financial institutions, resulting in denying or delaying insurance coverage to the farming community were noticed. There was no effective mechanism to monitor the implementation of the schemes.

This report has been prepared for submission to the President of India under Article 151 of the Constitution of India.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.