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#### NOTIFICATION

**No. B.13015/1/2012-AGR, the 14<sup>th</sup> December, 2012.**

Reference is made to:

1. Letter No. 13011/02/2008-Credit II(Pt.) dated 17<sup>th</sup> September 2010 from Government of India, Ministry of Agriculture, Department of Agriculture & Cooperation, New Delhi reg. Approval of Modified National Agricultural Insurance Scheme (MNAIS) on Pilot basis during Rabi 2010-11- issue of Administrative Instructions
2. Letter No. 13011/02/2008-Credit II(Pt.) dated 28<sup>th</sup> September 2010 from Government of India, Ministry of Agriculture, Department of Agriculture & Cooperation, New Delhi reg. Modified National Agricultural Insurance Scheme (MNAIS) on Pilot basis - issue of Operational Guidelines
3. Letter No. 13011/02/2008-Credit II(Pt.) dated 10<sup>th</sup> March 2012 from Government of India, Ministry of Agriculture, Department of Agriculture & Cooperation, New Delhi reg. Approval of Modified National Agricultural Insurance Scheme (MNAIS) on Pilot basis during 2012-13-- issue of Administrative Instructions

The 'State Level Coordination Committee on Crop Insurance (SLCCCI)' of Mizoram under the Chairmanship of the Principal Secretary, Agriculture Dept., Government of Mizoram, in its meeting on 5th December 2012 has decided to continue the **Pilot Modified National Agricultural Insurance Scheme (MNAIS)** in selected areas of the State during Rabi 2012-13 season on the following conditions:

**1. Districts and Areas Covered:**

The Pilot scheme shall be implemented by Agriculture Insurance Company of India Ltd. (AIC) in selected Villages of 4 Circles in Serchhip district of Mizoram. The list of villages is given in **Annexure - I**

**2. Crops Covered under MNAIS**

During Rabi 2012-13, notified crop for insurance under Modified National Agricultural Insurance Scheme (MNAIS) is **Field Pea**.

**3. Unit Area for Crop Insurance**

The unit area for crop insurance for Field Pea will be **Village**.

**4. Farmers Eligible for Coverage**

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

The Scheme covers following groups of farmers:

- (a) On a compulsory basis: All farmers growing notified crop [Field Pea] and having sanctioned credit limits for Seasonal Agricultural Operations (SAO) loans from Financial Institutions for notified crops [Field Pea] as on 10/01/2013 i.e. Loanee Farmers. (Loans sanctioned through KCC and Crop loans advanced against hypothecation of gold / ornaments for the crop for the period are also eligible for this coverage)

Bank branch will apportion coverage among insurable crops, based on acreage mentioned in loan application or on the basis of actual area sown as declared by the farmer.

- (b) On a voluntary basis: All other farmers growing notified crops (i.e., Non-Loanee farmers), who opt for the Scheme. These farmers could be:
- (i) Individual owner-cultivator farmers
  - (ii) Farmers enrolled under contract farming, directly or through promoters / organisers
  - (iii) Groups of farmers / societies serviced by Fertiliser Companies, Pesticide firms, Crop Growers associations, Self Help Groups (SHGs), Non- Governmental Organisations (NGOs), and Others
  - (iv) Corporate farms

For crops and Areas where Modified National Agricultural Insurance Scheme is implemented National Agricultural Insurance Scheme (NAIS) will not be available.

## 5. Sum Insured Limits & Coverage

LOANEE FARMERS:

**COMPULSORY COVERAGE :-**The Sum Insured for individual farmer will be the product of farmer's 'area under cultivation' (in hectare) declared/ as mentioned in loan application for that notified crop and maximum sanctioned credit limit (Compulsory Coverage Sum Insured) per hectare.

In case if the loan amount (per Hectare) sanctioned is more than the value of Threshold Yield (per Hectare) the entire amount of loan sanctioned to be compulsory covered.

**NON-LOANEE FARMERS:**

**VOLUNTARY/OPTIONAL COVERAGE:-** Farmers desirous of joining the Scheme for a Notified Crop under Notified Region in a Crop Season and who are not covered as Loanee Farmers for the set of land and are eligible for coverage can fill up Proposal Form and within stipulated cut-off-date submit the proposal form along with the premium to nearest Bank Branch or Authorised channel partners or Insurance Intermediaries of the Insurance Company. Operating a Saving Bank Account is Essential.

(a) **NORMAL COVERAGE:-** Coverage/ Sum Insured limit is the Value of Threshold Yield (TY) as per **Table - 1**. The net premium rate as per Premium Table is payable by the farmer. The farmer has to mention in the proposal form, the area proposed under Normal Coverage.

**TABLE - 1**

District	Crop	Value of Th. Yield (Rs.)/Ha
Serchhip	Field Pea	46,000

## 6. Seasonality Discipline

Seasonality discipline (cut-off dates) as applicable to various crops during Rabi 2012-13 season is as follows:

ACTIVITY	CUT OFF PERIOD/DATE
Loaning period (loan sanctioned) for Loanee farmers covered under Compulsory basis	Upto 10 <sup>th</sup> Jan. 2013
Cut-off date for receipt of Proposals of non loanee farmers by Banks/PACs.	10 <sup>th</sup> Jan. 2013
Cut-off date for receipt of Declarations of Loanee farmers from Banks by AIC	10 <sup>th</sup> Feb. 2013
Cut-off date for receipt of Declarations of non loanee farmers from Banks by AIC	10 <sup>th</sup> Feb. 2013
Cut-off date for receipt of Declarations of non loanee farmers from Intermediaries by AIC	10 <sup>th</sup> Feb. 2013
<b>Cut-off date for receipt of yield data</b>	<b>31<sup>th</sup> August 2013</b>

## 7. Indemnity Level (IL) and Premium Rates

Under the Scheme, Premium is calculated on actuarial basis but the insured farmers shall pay as per the following table:

**Premium Table:**

District	Crop	Indemnity Level(%)	Actuarial Premium Rate(%)	Farmer Premium to be collected (%)
Serchhip	Field Pea	80	5.00	3.00

## 8. Premium Subsidy and Sharing of Premium Subsidy

Premium subsidy shall be available to farmers up to Compulsory coverage or value of Threshold Yield, whichever is higher for loanee farmer and value of TY for non loanee farmers. The difference between the Actuarial (Gross) Premium and the Premium payable by the farmer is shared equally between the Government of India and State Government on 50:50 basis.

District	Crop	Subsidy(%)	State Share of Subsidy (%)	Centre Share of Subsidy(%)	Total Subsidy (%)
Serchhip	Field Pea	40%	1.0	1.0	2.0

The subsidy part of the premium shall be remitted by the State Government to AIC in advance, i.e, at the beginning of the Season, based on fair estimates.

## 9. Withdrawal of NAIS

NAIS is withdrawn for those area(s)/crop(s) of district(s) where the pilot MNAIS is being implemented. (NAIS will not be available in Serchhip district for Field Pea crop for Rabi 2012-13 season)

## 10. Coverage Procedure

### (A) LOANEE FARMERS (COMPULSORY BASIS):

The present Nodal Bank system under NAIS, will continue for MNAIS as well, wherein the insurance company is not required to deal with all the loan advancing points (branches/PACs) and instead, deals only with designated 'nodal points', at district level who are mostly the controlling offices of the branches/PACs. Loanee farmer shall continue to be covered by the present Nodal Bank system. All the Banks (including private sector Banks) where Crop loans are Sanctioned/Advanced for the Notified Crops in a Notified Insurance Unit (IU) for a Notified Crop Season, are required to be COMPULSORILY insured under MNAIS.

For loanee farmers, the modalities will be the same as in the existing NAIS. Wherever a bank sanctions loan for notified crop in notified area, the same is eligible for compulsory coverage as per seasonality discipline.

The Loan advancing Bank Branch/Primary Agriculture Cooperative Society (PACS) shall prepare for each IU, a Premium Register giving details like Name of the Farmer, Crop Loan Account Number, crop-wise Area Insured, crop-wise Compulsory Sum Insured & Premium, etc.

Bank Branch will apportion coverage among insurable crops, based on acreage mentioned in loan application or on the basis of actual area sown as declared by the farmer.

Based on the Premium Register and other Crop loan records, a monthly consolidated statement of crop-wise and IU-wise details of crop insurance with insurance charges (Premium payable by Farmer), and remit the same to its Nodal Bank within 15 days of the month during which the loan was sanctioned (cut off date). The bank branch/ PACS shall finance the additional loan towards premium amount payable by the farmer, and debit the same in Crop loan account.

For the crop loans sanctioned through Kisan Credit Cards (KCC) which are eligible for compulsory coverage, banks shall maintain all back up records, registers relating to compliance with MNAIS and its seasonality discipline, cut-off-date for submitting the Declarations as in the case of normal crop loans. Bank branch shall apportion the coverage among the insurable crops based on either the acreage mentioned in loan application based on which the 'Maximum Borrowing Limit (MBL)' is fixed by the bank or in the proportion the farmer declares separately for the Season.

Crop loans advanced against hypothecation of gold/ornaments are also eligible for compulsory, subject to insurability of crop and seasonality discipline.

In case of loanee farmer an amount of value equal to the Crop Loan Sanctioned shall have to be compulsory insured under the Scheme.

The Nodal Branch, in turn, shall consolidate these statements from the bank branches/PACS under its jurisdiction into Month-wise, IU-wise, Crop-wise Declarations, and forward the same to the insurance company along with a bank cheque/demand draft towards the insurance premium, in accordance with the cut off dates as specified in the Notification for that particular crop and season for Loanee farmers.

N.B.: Any loan which is eligible for such compulsory coverage by any bank and has not been insured will be deemed to be self insured. The bank shall be liable to pay claim in such cases, if such claim arises.

## **B. PROCEDURE FOR COVERAGE OF NON- LOANEE FARMERS**

- (a) Non-loanee farmer has to operate an SB A/c in any Cooperative Bank/Schedule Commercial Bank/Regional Rural Bank in his area.
- (b) The farmer has to submit the duly filled-in prescribed proposal form along with other documents viz. Proof of ownership of land and/or Certificate of Sowing of the Insured Crop(s) and requisite premium at Bank Branch/PAC Ss
- (c) Apart from Banks, the Non-loanee farmer can also avail insurance through insurance intermediaries/ Authorized Agents of AIC.

## **11. Methods of Indemnification**

The crop loss shall be assessed on the basis of following indemnification methods, as per the provisions of the Scheme and Operational Modalities:-

**(A) Wide Spread Calamities :**

The Scheme will operate on basis of 'Area Approach' i.e. Defined Areas for each notified crop for wide spread calamities and insurance unit will be village for the notified crops.

(i) Based on Season End Yield:

State Govt. Agriculture Dept. will plan and conduct minimum 4 Crop Cutting Experiments (CCEs) in each notified insurance unit (village) for each notified crop, in order to assess crop yield. Claims will be worked out based on actual yield furnished by State at the end of harvest season. State Government will maintain single series of CCEs and resultant yield estimates, both for Crop Production estimates and Crop Insurance. Planning and supervision for all CCEs by State Govt. will be of same order as that of General Crop Estimation Surveys (GCES).

**Claim Formula:**

If 'Actual Yield' (AY) per hectare of insured crop for insurance unit (calculated on basis of requisite number of CCEs) in insured season, falls short of specified 'Threshold Yield' (TY), all insured farmers growing that crop in defined area are deemed to have suffered shortfall in yield of similar magnitude. MNAIS seeks to provide coverage against such contingency.

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

$$\frac{\text{(Threshold Yield - Actual Yield)}}{\text{Threshold Yield}} \times \text{Sum Insured for the Farmer}$$

(ii) On-Account Payment of Claims due to Mid-Season Adversity:

In case of adverse seasonal conditions during crop season viz. floods, prolonged dry spells, severe drought etc, AIC in consultation with Govt. of Mizoram, based on agro meteorological data (Rainfall), will decide about crops/areas for which on account payment will be made, not exceeding 25% of likely claims. Appraisal of mid-season adversity and quantum of on-account payment will be established jointly by Government of India/Govt. of Mizoram and A/C. On account payment will be implemented only in states where such proxy indicators can be established and will be considered for payment, only if the expected yield during the season is less than 50% of normal yield. In such an instance, insurance company based on declarations received from banks or insurance proposals, received from other authorized agencies or directly from farmers for such crops and areas affected by adverse season; shall work out likely claims which will occur based on end of season yield assessment, and will release claim up to 25% of likely claims, in advance to farmers through nodal banks subject to adjustment against claims assessed on yield basis i.e. in case end of season yield based claims works out to be higher, then difference of claim would be payable and in case end of the season claim based on yield happens to be lower, then the insurance company reserves the right to recover excess claims so paid to farmers.

In case of near total loss situation during the season (i.e. at a stage of the crop cycle when complete input cost is not incurred), the losses will be paid based on 'graded scale' of payment.

**Graded Scale of Payment vis-a-vis occurrence of peril:**

Nursery:	50%
Vegetative stage:	60%
Mid season or reproductive stage:	75%
Late season or ripening stage:	100%

**Illustration:**

District 'A' has been affected by floods having 100 insurance units under Crop 'X'. Out of which 50 insurance units were severely affected and as per the weather indicators / agro-met data, it has been assessed that 30 insurance units could have yield loss of more than 50% (compared to the Normal Yield). Out of these 30 insurance units, estimated yield loss for 5 units is 80% (Category-I), for another 10 units, it is 70% (Category-II) and remaining 15 units, it is 60% (Category-III) of **normal** yield, due to which likely yield may be in range of 20%, 30% and 40%. The likely claims for the above units (compared to Threshold Yield) may be 64%, 56% and 48% respectively. As per declarations received, if sum insured for notified areas in Category-I, Category-II and Category-III is Rs. 1 crore, Rs. 2 crore, and Rs 3 crore, respectively, then likely final claims will be Rs. 64 lakh, 112 lakh and 144 lakh respectively. Hence on-account claims upto 25% will be Rs. 16 lakh, 28 lakh and 36 lakh, which will be released during the season.

**(iii) Prevented Sowing / Planting Claims:**

Due to non receipt of sufficient rainfall or excess rainfall or other weather adversities, farmers in one insurance unit may not be in a position to either sow or transplant crop or grow crop (failed at an early stage). When this incidence is widespread i.e. majority of area in one insurance unit remains unsown/ failed sowing, (more than 75% of normal area), then insurance company based on weather / rainfall position in insurance unit, as issued by concerned office of IMD during the season, and acreage-sown particulars received from State Government; will decide extent of claims to be paid. In case of non availability of IMD stations at a location or else non availability of IMD data on certain days, other authentic weather stations / rain gauge stations by State Government/ autonomous bodies/agriculture universities/private agencies as approved by SLCCCI can also be considered for purpose of measuring weather /rainfall. GOI and State Government will arrange for weather/rainfall data from IMD/Other autonomous/government bodies, to insurance company, while data from private data providers will be arranged by insurance company. Area sown particulars will also be provided by State Government/UT, within one month after end of normal sowing season. Rainfall requirement for sowing a crop differs from crop to crop. Similarly, the quantum of inputs used before sowing (land preparation, seed fertilizer etc) varies from crop to crop.

State Govt./SLCCCI (based on proxy indicators like weather data, area enumeration, satellite imagery, etc.) will decide that majority of the area in the IU could not be sown or the sowing failed and AIC in consultation with SLCCCI will assess extent of claims payable based on the weather/ rainfall position, crop, acreage planted etc. and in any case maximum claims payable will be restricted to 25% of sum-insured. Having become eligible for prevented / failed sowing, insurance cover is automatically terminated. i.e. once the IU is chosen for this benefit, the insurance cover cease to operate for the subsequent period of the season. Process of determining prevented/failed sowing being automated, farmers need not lodge any claim for prevented/failed sowing.

**Payment Slabs:**

Prevented Sowing (No sowing at all):	50%
Failed Sowing (Sowing done, no germination)/Prevented Transplanting:	75%
Failed Germination (Germinated crop withered away)/Failed Transplanting:	100%

**Illustration:**

District 'B' with 100 insurance units has been affected by dry-spell, consequently about 80% of the area could not be sown in about 50 insurance units for Summer Paddy crop, where per hectare sum insured is Rs. 20,000. As per slab of payment for prevented sowing, is 50% and benefit payable is: sum insured X 50% X 25%, which on a sum insured of Rs. 20,000 works out to Rs.2,500. In case of failed sowing, the slab is 75%, benefit payable is: sum insured X 75% X 25%, which on sum insured of Rs. 20,000 works out to Rs. 3,750.

(iv) Post-Harvest losses:

In case of occurrence of specified peril of cyclone in coastal areas (as notified by State Government) resulting in damage to harvested crop lying in field in 'cut & spread' condition, insured farmer has to lodge a written claim intimation in standard format to the insurance company through Nodal Bank/Intermediary or direct within 48 hours of occurrence of event. This coverage is available only up to maximum period of two weeks (14 days) from harvesting. Harvested crop bundled and heaped at a place before threshing is beyond coverage under post harvest losses.

Assessment of damage will be on individual plot basis. Insurance company will nominate an authorized loss assessor who will visit the field and assess damage and submit report to insurance company. Services of local officials of Bank and Agriculture / Revenue authorities may be utilized for this purpose by insurance company.

Based on report submitted by loss assessor, insurance company will arrive at claim payable and loss as a percentage of sum insured. Claim payable will be higher of area approach based claim and claim assessed for post harvest losses.

**Illustration:**

As against a sum insured of Rs. 50,000, post harvest losses are assessed at 50%, i.e. Rs. 25,000, and subsequent claims estimated based on 'area approach', are Rs. 30,000. In such case the farmer will be paid Rs. 30,000 as claim. In case post harvest loss claim is paid immediately, balance claim estimated based on 'area approach' of Rs. 5,000 (being the difference between the two estimates) will be paid at time of pay

**(B) Farm Level Assessment:**

**LOCALIZED RISKS:**

Insured farmers who experience crop losses due to occurrence of localized perils/calamities, as notified by SLCCCI in the insurance unit(s) for the purpose, will give immediate notice (in standard format) to insurance company (AIC) through concerned financial institution/channel partner or directly, within 48 hours along with particulars of crop insured and extent and cause of damage. On receipt of loss intimation, insurance company shall depute Loss assessors (authorized loss assessors or technical personnel of the company) to area for assessment of crop loss. District Revenue administration and Agriculture Department shall assist insurance company in assessing extent of crop loss. Localized calamities for this purpose are **hailstorm and landslide**. Cost of inputs incurred until time of occurrence of peril, and expected loss in final yield due to peril, will form the basis for loss assessment.

**Graded Scale of Payment vis-a-vis occurrence of peril:**

Nursery:	50%
Vegetative stage:	60%
Mid season or reproductive stage:	75%
Late season or ripening stage:	100%

In case claims settled under localised claims are less than 'area approach' claims, only balance claims shall be paid to insured. However, if claims settled under localized calamities are higher than widespread calamity based claims, farmer is not required to refund balance claim.

**Illustration:**

As against a sum insured of Rs. 30,000, loss due to operation of hailstorm is assessed at 40%, i.e. Rs.12,000, and subsequent claim estimated based on 'area approach', is Rs. 18,000. In such case the farmer will

receive a total claim of Rs. 18,000. In case loss, due to operation of localized calamities, Rs. 12000/- is paid immediately and the balance claim of Rs. 6,000 (being the difference between two estimates) will be paid at the time of payment of 'area approach' claims. In any case the total claim shall not exceed sum insured.

***Claims paid for localized risks and on account payment shall be adjusted with the claims payable on the basis of yield data, if any, at the end of the season.***

**12. IMPORTANT CONDITIONS/CLAUSES APPLICABLE FOR COVERAGE OF RISK:**

- (a) AIC should have received the premium for coverage either from bank, channel partner, insurance intermediary or directly. Any loss in transit due to negligence by these agencies or non remittance of premium by these agencies, AIC is not liable for payment of claims.
- (b) In case of any substantial misreporting by nodal bank/branch in case of compulsory farmers coverage, concerned bank only shall be liable for such misreporting.
- (c) Banks shall display list of beneficiary farmers with claim amount (who are eligible for claims) at village panchayat office.
- (d) AIC will have discretion to accept or reject any risk of an insurance unit(s) for any crop(s) considering prevailing agricultural situation. Mere sanctioning/disbursement of crop loans and submission of proposals/declarations and remittance of premium by farmer/bank, without explicit intent to raise the crop, does not constitute acceptance of risk by insurance company.
- (e) In event of near total crop failure during early or mid season affecting entire insurance unit, AIC shall adopt a graded scale indemnity settlement restricting indemnity to proportion of input cost up to that stage.
- (f) AIC, if deemed necessary, will investigate coverage on its own or by an agency appointed for the purpose and may utilize technologies, including satellite imagery for identification of anomalies in crop insurance coverage vis-a-vis actual field conditions. Upon identification of adverse phenomenon based on such investigation, insurance company has the right to scale down sum insured. In such cases no refund of premium paid by farmers shall be made by AIC.

**13. Bank Service Charges**

The Nodal Banks shall be paid Service charge @ 2.50% of premium paid by the farmer.

**14.** The Scheme shall be implemented by the AIC, which shall be responsible for payment of all eligible claims.

**15.** MNAIS is exempted from Service Tax.

**16.** Nodal Bank/Bank Branch has to submit the consolidated Demand Draft (DD) in favour of "AGRICULTURE INSURANCE COMPANY OF INDIA LTD. - AXIS BANK A/c No. 1400 102 0000 1960" payable at GUWAHATI.

**17. Roles of various agencies**

The roles of various agencies i.e. State Government, Banks, Insurance Company and Farmers have been mentioned in the Operational Modalities issued by GoI.

**18.** Other details, if required can be ascertained from branches of Commercial, Co-operative and Rural Banks functioning in the areas notified under Modified National Agricultural Insurance Scheme (MNAIS) and from the Regional Office of Agriculture Insurance Company of India Ltd. (AIC), Guwahati.



**Annexure - I**

**Pilot MODIFIED NATIONAL AGRICULTURAL INSURANCE SCHEME (MNAIS)  
RABI SEASON 2012-13**

**List of Insurance Units (Villages) notified under MNAIS**

**District : Serchhip**

**Crop : Field Pea**

<b>Circle</b>	<b>Sl.No.</b>	<b>Village</b>	<b>No. of Crop Cutting Experiments (CCEs) Required</b>	<b>No.of Crop Cutting Experiments (CCEs) Planned</b>
Serchhip	1	Serchhip	4	4
	2	Chhiahtlang	4	4
	3	Chhingchhip	4	4
	4	Bungtlang	4	4
E.Lungdar	5	E.Lungdar	4	4
N.Vanlaiphai	6	N.Vanlaiphai	4	4
	7	Khawlailung	4	4
Thenzawl	8	Thenzawl	4	4
<b>Total CCEs for Each Crop</b>			<b>32</b>	<b>32</b>

**Lalramthanga,**  
Principal Secretary to the Govt. of Mizoram,  
Agriculture Department,  
Mizoarm : Aizawl.