

ROLE OF CROP INSURANCE IN INDIAN AGRICULTRE SECTOR

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ABSTRACT

Indian agriculture dependent on monsoon which is always flexible. It leads to operating risk in cultivation of different crops. Natural calamities may affect on the yield from agriculture sector. Indian agriculture is heavily dependent on rainfall which largely occurs during monsoon season of about two and half months. The abnormal behavior of monsoon may cause natural disasters such as scarcity conditions or drought, floods, cyclones, etc. Nearly two thirds of the cropped acreage is vulnerable to drought in different degrees. On an average 12 million hectares of crop area is affected annually by these calamities severely impacting the yields and total agricultural production. There has been a consistent decline in growth of the agriculture sector since 1990 onwards as compared to 1980s. It was 4 per cent per annum during the 1980s on an average, which came down to 3.2 per cent during 1990s and 2 per cent in the last five years. Growth in real value of food grain production has been an abysmal -3 per cent during the 1990s and -5 per cent during 1999-2000 to 2002-03, with minor improvements estimated during 2003-04. While there has been decline in overall agricultural growth, there are considerable inter-regional variations across the country. With regard to the period 1993 to 2003, the state-wise analysis shows wide variations in growth from 28 per cent to -19 per cent taking the first three years and last three years, viz, 1993-96 and 2000-03. NAIS has insured nearly 2.5 crore farmers covering 3.43 crore hectares of land with sum insured of 50439 crore in the financial year 2011-12. To cover the risk which may occur in future, there is need to some provision and crop insurance is only mechanism available to safeguard against production risk in agriculture. For fulfilling this need the Government of India has made experiments & efforts by introducing various schemes of crop insurance.

KEYWORD: flexible, vulnerable, monsoon, financial year.
