

PRESS RELEASE

Text of the D.O. Letter dated 5.1.2014 addressed by **Selvi J Jayalithaa**, Hon'ble Chief Minister of Tamil Nadu to **Dr. Manmohan Singh**, Hon'ble Prime Minister of India is reproduced below:

"The abrupt and sudden decision of the Government of India to withdraw the National Agriculture Insurance Scheme (NAIS) and replace it with the Modified National Agriculture Insurance Scheme (MNAIS) / Weather Based Crop Insurance Scheme (WBCIS) under the newly introduced National Crop Insurance Programme (NCIP) from Rabi 2013-2014 without proper consultation with the stakeholders and in particular the States, has come as a rude shock to the farmers. This is particularly so in Tamil Nadu as the State Government helps the farmers by extending a subsidy of 45% -50% on the premium payable besides 50% of the crop loss compensation shareable with the Government of India over and above the premium collected. I am writing this letter to you with a deep sense of anguish and out of concern for the farmers of Tamil Nadu, who will be suddenly subjected to an enormous financial burden due to the steep increase in the crop insurance premium under the new programme.

As Indian Agriculture is highly vulnerable to the vagaries of the Monsoons, crop insurance is the only weather proofing mechanism available to millions of farmers to mitigate their sufferings in the event of adverse climatic conditions. Therefore, my Government is taking all efforts to encourage more and more farmers to get enrolled under crop insurance for which the State Government extends 45% to 50% premium as subsidy, under the National Agriculture Insurance Scheme (NAIS) to all farmers, in addition to the meagre 5% subsidy extended only to Small and Marginal farmers by the Government of India. As a result, the number of farmers insured under NAIS has increased from 1.01 lakh farmers in 2000-2001 to 9.76 lakh farmers in 2012-2013.

I wish to point out that the National Crop Insurance Programme (NCIP) has been introduced by the Government of India in a very hasty manner without any consultation with the stakeholders. The administrative instructions on the introduction of NCIP with effect from the current Rabi season were issued by the Government of India only on 1st November, 2013, *i.e.* one month after the commencement of Rabi 2013-14. The State Governments and the farmers have not been taken into confidence while introducing NCIP. The introduction of the NCIP would increase the burden of premium on the farmers of Tamil Nadu manifold. NAIS guidelines stipulate premium level of 2% to 3.5% of the sum insured, depending on the season and crop. The Government of Tamil Nadu extends 50% premium subsidy, enabling the farmers to pay only 1% to 1.75% of the sum insured. In the new National Crop Insurance Programme the premium payable by the farmers increases to 3.75% and above under MNAIS, and to 4.8% and

above under WBCIS. With such high premia, I really doubt whether farmers will come forward to insure their crops and mitigate their risks.

Farmers of our State are already facing acute hardship due to the severe drought that prevailed during 2012-13 which has further been compounded by the deficit rainfall (-33%) during the North-East Monsoon this year. At this juncture, this steep hike in the premium burden on the farming community will adversely affect agricultural prospects and is totally unacceptable to my Government. **Therefore, I suggest that the additional burden of premium over and above 2% of the sum insured under the National Crop Insurance Programme may be borne equally by the State Government and the Government of India without passing on the burden to the farmers. This will go a long way in encouraging the farmers to adopt crop insurance on a large scale and enable them to mitigate their crop losses and continue their agricultural operations in a sustainable manner.**

I, therefore, request your personal intervention to take a speedy decision on my suggestion to equally share the increased commitment on premium for the farmers of Tamil Nadu over and above **2%** of the sum insured under NCIP from the current Rabi 2013-14 season onwards."

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