



**Operational Guidelines**

**OF**

**Pilot Revenue Insurance Scheme**  
**for Plantation Crops(RISPC)**

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## Operational Guidelines

### for Pilot Revenue Insurance Scheme for Plantation Crops(RISPC)

#### **I. Objective of the scheme:**

Revenue Insurance Scheme for Plantation Crops(RISPC) aims at protecting plantation growers from the twin risks of weather and prices arising from yield loss due to adverse weather parameters, pests attacks, failure of crops etc and from income loss caused by fall in international/domestic prices through crop insurance mechanism, thereby stabilizing income of growers to ensure their sustainability.

#### **II. Duration of the scheme:**

The duration of the pilot scheme shall be one crop cycle commencing from the year 2016-17 which may spread over 2 years.

#### **III. Coverage of the scheme:**

1. The Insurance premium subvention under RISPC is for small growers of Rubber, Tea, Coffee (Robusta and Arabica), Tobacco and Cardamom (small and large) having 10ha. or less landholding. The scheme will be applicable to mature standing crops only.
2. The Scheme is compulsory for growers registered with the respective Commodity Boards(CBs) in the pilot districts/member growers availing themselves of benefits under other schemes of Government through CBs and/or growers availing themselves of loans from public financial institutions/bodies including the CBs. The Scheme is optional for other small growers. Large growers can also participate in the scheme by paying the actuarial premium as they are not eligible for premium subsidy.
3. The scheme would be implemented initially on pilot basis in selected **nine** districts of **seven** States. The total number of small growers expected to be covered are around 1.82 lakhs with an area coverage of around 2.15 lakh hectares. Details at Annexure.
4. The scheme will operate on the principle of 'Area Approach' in the selected districts. Commodity Board, in consultation with the concerned State Government

Operational Guidelines for Pilot Revenue Insurance Scheme for Plantation Crops shall designate an area as Insurance Unit (IU), which can be a village/village panchayat or any other equivalent unit.

5. Scheme will cover income loss arising out of yield loss / price fluctuations or both. Yield loss can be due to non-preventable risks viz., drought, dry spells, flood, inundation, pest and diseases, landslides, natural fire, lightening, storm, hailstorm, cyclone etc. Price fluctuation can be due to fall in international/domestic prices below the average price of last 5 years excluding the current year.
6. Losses arising out of war and nuclear risks, malicious damage and other preventable risks are excluded.

#### **IV. Methodology for Implementation:**

1. At least two months prior to the commencement of the crop season, Commodity Boards in consultation with the concerned State Government shall convene a meeting of all stakeholders to finalize the terms and conditions, issuance of bid notice and select Insurance Companies to carry out implementation of the pilot scheme during the insurance period.
2. Adequate publicity shall be given in all villages of the pilot districts using all possible means of electronic and print media, grower's fair, exhibitions, SMS, short films, and documentaries etc. The Commodity Boards in collaboration with Insurance Companies and concerned State Governments shall organize training/ workshops/sensitization programmes.
3. Commodity Board shall provide 5 years authentic historical yield and price data to Insurance Companies for calculation of indemnity limits, premium rates etc. in respect of insurance units. If the data is not available, data at next higher unit /weighted average of contiguous units shall be given.
4. Till standardised yield estimation method is finalized in consultation with NSSO, IASRI etc., during the pilot period, the existing method of yield estimation by the Commodity Boards or methodology acceptable to Commodity Boards/ Insurance Companies and growers shall be applicable.
5. The *Average price* shall be based on average domestic-auction /international auction/Indicator price of last 5 years depending upon the crop. Before the

commencement of the crop season, in consultation with stakeholders the Commodity Boards shall decide the modalities, mechanisms and work out the average price of the insured crops.

6. **Indemnity** for the calculation of Sum Insured which shall not be below 80% shall be fixed by the respective Commodity Board. The *average yield* of the insured crop in an Insurance Unit shall be taken as equal to the average yield of last 5 years excluding the current year. *Average Income* is equal to Average yield (per ha of last 5 years) X Average price (Rs./ha of last 5 years). *Sum Insured* in respect of a crop shall be average income of past five years multiplied by applicable indemnity level for that crop.

#### **Sample Calculation**

*If Average Income is calculated as Rs.2,00,000/- per Ha (based on last 5 years moving average of yield and price ) and Indemnity level is predefined to 90% :*

*(all amounts in Rs./Hectare)*

$$\text{Sum Insured} = \text{Rs. } 2,00,000 \times 90/100 = 1,80,000/-$$

$$\text{Premium quoted by Insurance Company} = 5 \% \text{ of Sum Insured (SI)} = \text{Rs. } 9,000/-$$

$$\text{If Actual Income} = \text{Rs. } 1,60,000/-$$

$$\text{Claim amount payable to grower} = \text{Sum Insured minus actual income} = \text{Rs. } 1,80,000 - 1,60,000 = \text{Rs. } 20,000/\text{per hectare}$$

If actual income is equal to or more than the Sum Insured in an insurance unit, growers are not eligible for any payment during the crop insurance period. The Insurance Companies will work out premium on the Sum Insured (SI) and will declare the same for each crop.

7. The rate of insurance premium payable by the Government of India (through Commodity Boards), State Government and growers is in the *ratio of 75:15:10*. In case the State Government in the area/region covered by the scheme does not contribute its share of premium, the share of premium by growers shall increase to that extent.
8. Commodity Board, in consultation with the State Government, shall also ensure the circulation to all concerned agencies/ Departments at least 1 month in-

advance of the commencement of the crop season the necessary details incorporating all essential details about insured crops, areas, sum insured, premium rates for farmers, Government subsidy, seasonality discipline (cut-off dates) for each activity etc. This shall be done digitally and uploaded on the website of the Boards, State Governments and the Insurance Companies also.

9. Commodity Boards shall provide seasonality discipline (time-limit/cut-off date) for following activities under the scheme :
  - i. Submission of insurance proposals by growers to bank branches/PACS/ Regional offices of Commodity Boards etc;
  - ii. Submission of consolidated proposals by the Regional Offices of Commodity Boards/Bank branches/Primary Agriculture Cooperative Societies(PACS) to Commodity Boards/ Nodal Banks;
  - iii. Submission of consolidated proposals to Insurance Companies by the Commodity Boards/ Nodal Banks;
  - iv. Submission of yield/price data by the Commodity Boards to Insurance Companies,
  - v. Settlement of claims by Insurance Companies.
  - vi. Online payment of admissible claims to Nodal Banks by Insurance Companies.
  - vii. Crediting of admissible claims to growers' account by Bank branches/ PACS.
  - viii. Placing of list of insured growers in the notice board of the bank branch/PACS both digitally and manually for information.
  - ix. Uploading of details of beneficiaries on the website of Commodity Boards and Insurance Companies.
  
10. Regional Offices/Designated Agencies of Commodity Boards/branches of designated Commercial Banks/Regional Rural Banks (RRBs)/Primary Agriculture Cooperative Societies (PACS) shall **receive proposals** from growers. Insurance Company may also avail the service of Insurance Regulatory and Development Authority of India (IRDA) approved Insurance Agents/ Insurance Intermediaries for the coverage of non-loanee growers.
  
11. For **loanee growers**, whenever banks/PACS sanction loans for an insured crop in an insured area, the **crop loan** amount to the extent of scale of finance for insured crop and acreage of individual insured crops of loanee growers only shall be taken into consideration for compulsory coverage.

12. **Non-loanee growers** desirous of availing insurance shall fill up proposal form and submit the same alongwith premium to the nearest bank branch/ authorized insurance intermediaries/ directly by post to Insurance Companies. On-line portal' of concerned Insurance Company can also be used for availing the crop insurance.
13. The proposals to be submitted by Nodal Banks/Regional Office of Commodity Boards/Insurance Agents (non-loanee growers) shall contain **details like** name of the Insurance Unit, Sum Insured per unit, premium per unit, total area insured, number and category of growers covered (small/large), number of farmers under SC/ST/Other/Women along with their bank account details, Aadhar number etc. as per the format to be designed by the Commodity Board.
14. Insurance Company retains the right to accept or reject insurance proposal(s) in case the proposal is incomplete or not accompanied by necessary documentary proof, or insurance premium ordinarily within 1 month of receipt of proposal by Insurance Companies. If the proposal is rejected, the Insurance Company will refund the collected premium in full without any deductions or charges.
15. In case of **adverse seasonal event**, Joint Committee of concerned State Government, Commodity Board and Insurance Company(s) shall be formed before a crop season for each pilot district which shall issue a report on yield loss due to adverse seasonal events within 7 days from the occurrence of the event based on weather data, Satellite imagery etc. Based on the above report, Joint inspection of affected area may be done by Insurance Company along with State Government and Commodity Board officials to arrive at the extent of losses. If the entire crop in an insurance unit is damaged due to the occurrence of adverse seasonal events, average yield of the previous 5 years should be taken as the yield of the affected insurance units in the crop season.
16. Once yield/price data is received from Commodity Board as per the cut off dates, claims will be worked out as per proposals received from banks/channel partners/insurance intermediaries for each insured area and crops and claims will be approved by Competent Authority of Insurance Company.
17. In case of growers covered through Financial Institutions, claims shall be released only through electronic transfer, followed by hard copy containing claim particulars to nodal banks. Bank branches/PACS at grass root level will

Operational Guidelines for Pilot Revenue Insurance Scheme for Plantation Crops credit the claim amount into account of individual growers within a week of receipt of funds from the Insurance Companies and shall provide a certificate to the Insurance Companies along with list of growers benefited. Bank branch/PACS shall display particulars of beneficiaries on notice boards. The same shall be uploaded on the Websites of Commodity Boards/Insurance Companies.

18. In case of growers covered on voluntary basis through intermediaries, payable claims shall directly be credited to the concerned bank accounts of insured farmers and details of the claims may also be intimated to them by post. The list of beneficiaries shall also be uploaded on the website of the Commodity Boards / Nodal Banks/ Insurance Companies immediately.
19. Insurance Companies shall resolve all the grievances of the insured growers and other stakeholders in the shortest possible time.
20. Disputed claims/substandard claims, if any, may be referred to Commodity Boards within three months of claim disbursement for consideration and decision in the matter. Interpretation of provisions of the scheme or disputes by the District Level Committee constituted by the respective Commodity Board for the monitoring of the Scheme and redressal of grievances will be binding on Insurance Companies/ Banks/ PACS and the farmers.
21. Claims should be settled within 3 weeks from the date of receipt of yield/price data from the Commodity Board. No relaxation in the cut-off date shall be normally considered/granted, once it is fixed by the Commodity Board for a crop season. The liability of payment of all claims shall be of the Insurance Companies.

#### V. Miscellaneous Conditions:

1. Insurance Companies should have received the premium for coverage either from bank, channel partner, insurance intermediaries or directly. In case of any **loss in transit** due to negligence by these agencies or non-remittance of premium by these agencies, the concerned bank/intermediaries shall be liable for payment of claims.
2. In case of any substantial **misreporting** by nodal bank/branch in case of compulsory growers coverage, the concerned bank only shall be liable for such mis-reporting.



3. Mere sanctioning/disbursement of crop loans and submission of proposals/declarations and remittance of premium by grower/bank without explicit intent to raise the crop does not constitute acceptance of risk by Insurance Company.
4. Bank branches/PACS involved in the implementation of the scheme shall be paid **service charges@ 4%** of the premium collected from growers by the Insurance Companies. Rural agents engaged in providing insurance related services to growers may be paid appropriate commission as decided by the Insurance Company, subject to cap prescribed under IRDA regulations.

#### VI. Monitoring and Evaluation of the Scheme:

1. Before the commencement of the crop season, the Commodity Boards have the flexibility to make modifications in the Operational Guidelines of pilot RISPC with the prior approval of Department of Commerce, Government of India.
2. A Monitoring/Grievance Committee chaired by the **District Collector** may be constituted at District level by the Commodity Board in consultation with the concerned State Government to monitor and guide the implementation of the scheme and for redressal of grievances. Nominees from Insurance Company, Lead Bank, Commodity Board and State Agricultural Department may be placed in this Committee. The decision of the Committee will be binding on Insurance Companies/ Banks/ PACS and the farmers.
3. National Level Monitoring Committee under the chairmanship of Additional Secretary(Plantation) of Department of Commerce, Government of India will monitor the scheme at the national level.
4. On the basis of feedback received from Commodity Boards and stakeholders, the performance of the scheme will be got evaluated by the Department of Commerce, Government of India at the end of year 2017-18 for up-scaling of the scheme.

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## List of 9 Pilot Districts under RISPC

Crop	State	Pilot Districts	No. of growers (having land holding upto 10 ha.)	Area covered (ha.)
Rubber	Kerala	Palakkad	18000	15000
	Kerala	Kottayam	50000	25000
<b>Total Rubber</b>			<b>68,000</b>	<b>40,000</b>
Tea	Tamil Nadu	Coonoor (Nilgiris)	38311	27000
	West Bengal	Jalpaiguri	9000	8000
	Assam	Golaghat	10044	9224
<b>Total Tea</b>			<b>57355</b>	<b>44224</b>
Coffee (Robusta)	Karnataka	Chikmagalur	14853	25574
Coffee(Arabica)	Karnataka	Chikmagalur		45520
<b>Total Coffee</b>				<b>71094</b>
Tobacco	Andhra Pradesh	West Godavari	11424	24406
Cardamom (small)	Kerala	Idukki	25000	28925
Cardamom (large)	Sikkim	East Sikkim	5200	6204
<b>Total</b>			<b>181832</b>	<b>214853</b>