

**SPEECH OF HON'BLE MINISTER OF AGRICULTURE GOVERNMENT OF
TAMIL NADU ON 27.01.2015.**

Hon'ble Union Minister for Agriculture, Hon'ble Ministers of agriculture from other states, Secretary to the Ministry of Agriculture and other officials
At the outset, on behalf of Government of TamilNadu and on behalf of Our Revered Leader Hon'ble Puratachi Thalaivi Amma I first extend my heartfelt thanks to all for having given this wonderful opportunity to express the views of our state in this important issue at this crucial time.

our great Tamil Poet **Thiruvalluvar** says

அருவினை யென்ப உளவோ கருவியான்

காலம் அறிந்து செயின்

செயல் முடிப்பதற்குத் தேவையான சிறந்த கருவியோடு தகுந்த காலம் அறிந்து செய்தால், முடியதற்கு அரிய செயல்கள் என்றும் ஏதும் இருக்காது.

yes

Is there anything difficult for one

who acts with right instrument at the right time. No there would not be....

So, I would like to say, that, this is the time to take a firm decision with the right tool as the right time has ripened now.

The proposed new scheme provides risk coverage against loss of crop yield and covers risk of price falling below MSP. The Guaranteed income under this scheme is to be calculated on the basis of average yield of the past seven years, **excluding two calamity years to be declared by the state**, uniform indemnity level of 70% and reference price which would be the MSP. Premium is to be

calculated on actuarial basis instead of nominal basis as in NAIS (National Agricultural Insurance Scheme).

The proposed scheme has the same features as in Old MNAIS **besides covering** the risk of market price falling below MSP. Considering the fact that market price for major crops rarely fall below MSP, the protection clause may **not** get activated for Tamil Nadu and scheme may get operated effectively only as MNAIS (Modified National Agricultural Insurance Scheme).

Under MNAIS the premium is calculated on actuarial basis resulting in high premium rates in almost all the districts. Further the cap on insurance premium ensures that the sum insured is very low in high risk districts.

தீரத்திலே படை வீரத்திலே-நெஞ்சில்

ஈரத்திலே உபகாரத்திலே

உயர்ந்த நாடு நம் பாரத நாடு

என்றான் தமிழ்க் கவிஞன் பாரதி

yes

great poet Bharathi says

In bravery, in kindness, in sympathy,

in wanting to help others,

In meaning of life and in discovering of science,

our country is the best country.

our Revered leader Hon'ble makkalin mudalvar Puratachi Thalaivi Amma is following the foot path of the great poet Bharathi, is very sympathetic to the real problems of the peasants. Hon'ble makkalin mudalvar Puratachi Thalaivi Amma wrote a letter to then Prime Minister on 5th Jan 2014 objecting the

implementation of the MNAIS scheme and requested that increase in premium should be fully borne by the central government. The State was allowed to implement NAIS for the year 2014-15. I would request that NAIS may be continued to be implemented and **the proposed new scheme namely NCIIS** should not be implemented as it adversely affects the farmers.

The premium is proposed to be calculated on actuarial basis. This means that based on the claims of compensation of previous years, premium rate will be decided by the Insurance company. So, the premium rate for most risk prone and vulnerable districts will be highest due to higher frequency of compensation claims. To bring down the premium, the sum insured will be reduced in proportion. This is ironic that the vulnerable and disaster prone area needing the insurance most will have the least quantum of insurance. The calculation for disaster prone Nagapattinam district of Tamil Nadu reflect that the sum insured for one acre of paddy come to only Rs 2,322, which is ridiculously low compared to Rs 13148/acre in low risk district of Tiruppur. This sum insured is much lower than the scale of finance of crop loan issued for the paddy. This not only discourages farmers to use crop insurance but also discourages banks to extend crop loans. This was effectively overcome in NAIS by fixing a nominal rate of insurance in proportion to the sum insured.

The high insurance premium rates, apart from increasing the financial burden on farmer raises manifold the subsidy component of premium to be borne by the State. Even after the sharing of subsidy on the insurance premium the extra burden on the State will increase atleast by 3-4 times. It is requested that full subsidy on insurance premium should be borne by the Centre.

Further, the State has to increase the manpower for crop cutting experiments calculate crop yield on village panchayat basis. Presently crop yield determination is carried out at a firka (group of villages) level. Increasing the number will require extra manpower and consequent increase in financial cost of administering the scheme.

The capturing of market price in districts through regulated markets may affect the functioning of markets. The markets with low arrivals will generally reflect a low and incorrect price due to lower number of transactions while the well functioning markets reflect the correct price. Compensation can only be claimed if prices are below the MSP thus it is advantageous to complete the transactions outside the markets to keep the price low in the market. Thus the good markets will slowly become non functional affecting the small and medium farmers gravely, **denying** them opportunity to use warehousing and other facilities offered by regulated markets .

MSP is generally calculated only for limited number of food crops. The calculation of MSP for all the other crops will be extremely cumbersome exercise, more so for the horticulture crops where **the** price fluctuations are frequent. There are no markets for these crops which can capture the price fluctuation truthfully. Without adequate mechanism for ascertaining and capturing the price fluctuation the claim process will be very cumbersome. Moreover, District level monitoring of price fluctuation and calculation of compensation may become too voluminous and time consuming to be of any benefit to the farmers.

The farmers growing premium varieties of crops will not get benefitted because the market prices are to be fixed for generic varieties only.

Lastly, claim of compensation beyond 500% of premium collected at national level is now being shared by the State and the Centre. Under the proposed scheme, compensation beyond 300 % of premium collected at the State level has to be shared. This may increase the financial burden on the state.

Because of these reasons the State is against the implementation of this new scheme.

உலகு எல்லாம் ஒளிவிளங்கும்

உழவர் உழும் உழவாலே

ஆம்... உழுகின்ற உழவர்கள் தம் செயலால் தான் உலகமே ஒளியினை உமிழ்கிறது என்கிறார் எங்களது மூத்த தமிழ்க் கவிஞர்... கம்பர்

yes

our ancient tamil poet Kambar says the prosperity of the world is only because of farming activities by the farming community. By knowing this truth, Our revered leader Manbumigu makkalin mudalvar puratchithalivi amma avargal raised these issues earlier.

Hence, I request that the issues raised by Our Revered Leader Hon'ble Puratachi Thalaivi Amma should be adequately addressed and Tamil Nadu should be allowed to continue with NAIS in the interest of small and marginal farmers.