A Study on Insurance Schemes of Government of India

(Final Report)

Mita Choudhury*

R. Srinivasan

National Institute of Public Finance and Policy

18/2 Satsang Vihar Marg

New Delhi – 110067

March 2011

* We are thankful to Mr. Pritam Datta for providing excellent research assistance in the project.

Table of Contents

Page No.

Executive Summary …………………. 5

Acknowledgements …………………..13

Chapter 1:
Introduction …………………15

Chapter 2:
An Overview of Insurance Schemes of Government of India…..20

Chapter 3:
Insurance Schemes: Public Expenditure and Performance…….38

Chapter 4:
Overlapping of Central and State Insurance Schemes ……58

Chapter 5:
Conclusions ……67

List of Tables and Figures

Page No.

Table 1.1 Year of Initiation/ Revision, Implementing Insurance Company and Sharing of Financial support for different Insurance Schemes ……..19

Table 2.1 Premium Structures, Benefits Received and Claims Ratio of Different Insurance Schemes ……..35

Table 3.1 State wise Distribution of GoI's Liability on account of excess of claims over premiums under NAIS, 2004-05 to 2008-09 (per cent) ……...40

Table 3.2 Expenditure by Government of India and Share of expenditure (by Government of India) by States ………43

Table 3.3 Coverage, Claims Ratio and Settlement time for Selected Insurance Schemes ………56

Table 3.4 Response of Insurance Companies to Call for Bids in Non-Life Insurance Schemes ………57

Table 4.1 Features of Life Insurance scheme supported by the Centre and the State of Rajasthan and Andhra Pradesh ………60

Table 4.2 Features of life insurance scheme for sheep breeders supported by the Centre and the Government of Rajasthan ………62

Table 4.3 Features of Aarogyasri, Health Insurance Scheme for Handloom Weavers and the Rajiv Gandhi Shilpi Swasthya Yojana for Handicraft Artisans …..64

Table 4.4 Health Insurance Schemes Operational in Karnataka ……...64

Table 4.5 Features of Cattle and Buffalo Insurance Supported by the Government of Rajasthan and the Livestock Insurance Scheme of the Central Government ……….66

Table 4.6 Features of Sheep Insurance Scheme of the State of Rajasthan and the sheep insurance scheme of the Central Government ……….66

Figure 3.1 Share of different types of insurance schemes in total expenditure, 2008-09 ………40

Annexure

Tables

Annexure I **Page. No.**

Table A1: Expenditure by Government of India on various insurance schemes, 2006-07 to 2009-2010 (Rs. Crores) ………………………………… 77

Annexure II

Table A2: State wise Distribution of Farmers Insured under National Agriculture Insurance Scheme (NAIS), 2002-03 to 2008-09 (per cent)…………………78

Table A3: State wise Distribution of Farmers Insured under Weather Based Crop Insurance Scheme (WBCIS), 2007-08 to 2009-10 (per cnt)…………………79

Table A4: State-wise Distribution of Handloom Weavers Enrolled under MGBBY, 2006-07 to 2009-2010 (per cent) ………………79

Table A5: State-wise Distribution of Handloom Weavers Enrolled under Health Insurance Scheme, 2006-07 to 2009-2010 (per cent)…………………………...80

Table A6: State-wise Distribution of Handicraft Artisans Enrolled under Janashree Bima Yojana, 2004-05 to 2009-2010 (per cent)…………………………………81

Table A7: State-wise Distribution of Handicraft Artisans Enrolled under Rajiv Gandhi Shilpi Swasthya Yojana, 2006-07 to 2009-2010 (per cent)………………82

Table A8: State-wise Distribution of Khadi Artisans Enrolled under Khadi Karigar Janashree Bima Yojana, 2006-07 to 2009-2010 (per cent)………………………83

Table A9: State-wise Distribution of Powerloom Workers under Group Insurance Scheme for Powerloom Workers, 2003-04 to 2009-2010 (per cent)……………..84

Table A10: State-wise Distribution of Landless Households Enrolled under Aam Aadmi Bima Yojana (AABY), 2007-08 to 2009-2010 (per cent)…………………..84

Table A11: State-wise Distribution of BPL Households Enrolled under Rashtriya Swasthya Bima Yojana (RSBY), March 2011 (per cent)…………………………..85

Annexure III

Figures

Page No.

Figure A1: Trend in Coverage of National Agriculture Insurance Scheme (NAIS)..86

Figure A2: Trend in Coverage of Group Accident Insurance Scheme for Active Fishermen ……...86

Figure A3: Trend in Coverage of Mahatma Gandhi Bunkar Bima Yojana for Handloom Weavers (MGBBY)…………………………………………….86

Figure A4: Trend in Coverage of Health Insurance Scheme for Handloom Weavers ……………..87

Figure A5: Trend in Coverage of Bima Yojana for Handicraft Artisans……87

Figure A6: Trend in Coverage of Rajiv Gandhi Shilpi Swasthya Yojana (RGSSY) for Handicraft Artisans ……………………………………..87

Figure A7: Trend in Coverage of Sheep Breeders Insurance Scheme………88

Figure A8: Trend in Coverage of Group Insurance Scheme for Powerloom Workers ……………..88

Figure A9: Trend in Coverage of Khadi Karigar Janashree Bima Yojana…..88

Executive Summary

Government supported insurance schemes are a form of social security in India. These schemes are initiated by the Government to provide protection to certain sections of population against income losses. The need for public support for these schemes arises from the fact that risk adjusted premium rates are often unaffordable for the weaker sections of the population to which the schemes are targeted and the Government needs to step in to provide financial support to facilitate the provisioning of insurance for these sections of population.

In India, a number of Government supported insurance schemes have been initiated over the last decade. A number of schemes that existed earlier have also been modified substantially. While some of these changes have taken place at the State-level, the most important changes, in particular some of the largest insurance schemes in terms of implementation across the country have been initiated by the Central government.

This report focuses on the insurance schemes being implemented by the Central Government for the vulnerable sections of the society. It provides an overview of the nature of schemes and their basic features, analyzes aspects of their performance and the factors affecting them, highlights expenditure commitment of Government of India on these schemes, and discusses issues related to the design and implementation of these schemes. Further, the report also provides some insight into the extent of overlap between Central and State schemes, and the possibility of implementing some of the Central schemes through a common implementing agency.

Identification of insurance schemes for the purpose of the study was carried out on the basis of information reported in three documents of each Ministry, viz. the Detailed Demand for Grants, the Outcome Budgets and the Annual Reports. Additional information on individual schemes was collected from the respective

Ministries. For life insurance schemes, data were also collected from the Life Insurance Corporation of India (LIC). For the National Agricultural Insurance Scheme, data were collected from the Agricultural Insurance Company of India Ltd. Data on expenditure by Government of India were compiled from the Detailed Demand for Grants of the respective Ministries. These were supplemented with additional information collected from individual Ministries. For State-level schemes, information was collected on the discussions held and data provided by State Government officials during visits to the States of Rajasthan, Orissa, Andhra Pradesh and Karnataka.

An overview of the nature of insurance schemes indicates that four broad categories of insurance schemes are supported by Government of India: (i) crop insurance schemes providing insurance against yield loses (ii) life and group accident insurance schemes insuring against death and disability of an earning member of a family (iii) health insurance schemes against unforeseen health expenditure and (iv) livestock and sheep insurance schemes providing insurance against death of cattle, buffalo and sheep. Until recently, the initiation of most of these schemes was done in an ad hoc and segmented manner based on the initiatives taken by individual Ministries. Identification of population groups for the purpose of insurance schemes was primarily based on occupation. Almost all life insurance schemes and health insurance schemes with varying financial support from the Government of India have been targeted towards specific occupational groups.

An analysis of the volume of expenditure on insurance schemes by the Government of India indicates that the total direct expenditure on insurance schemes by Government of India in 2008-09 was about Rs. 1142 crore (Rs. 2096 crore R.E. in 2009-10). This constituted about 0.1 per cent of the total expenditure by the Government of India and about 0.02 per cent of the country's GDP. For most schemes, financial support was primarily in the form of premium contribution. The only exception is the National Agricultural Insurance Scheme (NAIS), where financial support is provided by the Government of India to both premiums and claims. For life insurance schemes, support was also provided through an indirect premium contribution by way of subsidization from the social security fund placed with LIC. Indirect support to life insurance schemes through contribution from social security fund was only about Rs. 267 crore in 2008-09 and did not add significantly to the expenditure by the Government of India.

Disaggregated analysis of the expenditure on different types of insurance schemes indicates that the crop insurance schemes account for the bulk of the expenditure. In 2008-09, about two-thirds of the total expenditure on insurance schemes by Government of India was towards crop insurance schemes. The National Agricultural Insurance Scheme alone accounted for more than 60 per cent of the expenditure. Health insurance schemes accounted for nearly 27 per cent, life insurance schemes about 5 per cent and the remaining schemes account for less than 1 per cent of the total expenditure on insurance schemes for Government of India.

Bulk of the increase in expenditure by Government of India on insurance schemes by the end of the Eleventh Plan is likely to be on account of the National Agricultural Insurance Scheme and the health insurance scheme for the BPL population, the Rashtriya Swasthya Bima Yojana (RSBY). The share of health insurance in total expenditure on insurance schemes by Government of India is likely to increase significantly in the near future. A rough estimate of the extent of resource requirement for insurance schemes by the end of the Eleventh Plan based on different assumptions on coverage and premium rates related to crop insurance and the Rashtriya Swasthya Bima Yoajna, indicates that the resource requirement is likely to be of the order of Rs. 6000 crore. This is based on the assumption that 100 per cent of the BPL population will be covered by RSBY and coverage under NAIS will increase to 30 per cent. If one assumes a coverage of 70 per cent under RSBY and 20 per cent under NAIS, the requirement is likely to be around Rs. 5000 crore. If the estimate of expected expenditure under NAIS and WBCIS reported by the Agriculture Insurance Company Ltd. is used, the requirement is around Rs. 7000 crore.

The coverage of beneficiaries under most of the insurance schemes appears to be low. In a number of schemes, the share of beneficiaries covered in the targeted population is less than 20 per cent. This points at the low reach of these insurance schemes in the targeted population. Also, in many schemes, a few States account for the bulk of the beneficiaries. The share of the top three States in total beneficiaries is significantly higher than the share of target group in those States for many of the schemes. The time taken for the settlement of claims is also relatively high in many schemes. Delay in settlement of claims in most cases happens in the process of submission of required documents, and not after the submission of claims. In some schemes the claim to premium ratio is also low. In life insurance schemes where claims ratio is relatively high, a significant portion of the claims is in the form of scholarships, which is not the primary objective of the insurance scheme.

The performance of the schemes is affected by a number of factors. Bulk of the targeted population is not affiliated to any organized group through which these insurance schemes are operated. This adversely affects the coverage. Also, illiteracy and lack of basic schooling leads to problems in carrying out the operational modalities of the schemes in terms of premium requirements and submission of claims with the required documents. Also, in life insurance schemes, as the benefits obtained in the event of occurrence of deaths or disability is not frequently visible, there is a lack of incentive to contribute premium annually. The only incentive for the workers to join the scheme is when death is anticipated or workers have children studying in standard IX to XII and are assured of a scholarship of Rs. 1200 per annum. This leads to adverse selection problems. Moreover, at the State-level, the staff assigned with the task of increasing coverage and implementing the scheme is also burdened with other work. Notably, these officials act as crucial links between the beneficiary groups and the insurance company and the active involvement of these officials are indispensable for improving the performance of the schemes.

At the State-level, the extent of overlap between Central and State schemes in terms of target groups and benefits appears to be small. This is primarily due to the fact that the target group under the Central schemes at the State-level is significantly smaller than the target group for the State schemes. In States like Andhra Pradesh, state-level schemes have also been merged with Central schemes to avoid overlap and extend a wider coverage to the poorer sections of the population. Similarly, in Rajasthan and Karnataka, there are schemes where the Central and the State schemes are not being operated in the same districts to avoid overlapping. The overlap between different insurance schemes of Government of India is also small in terms of target groups and benefits. In case of health insurance, although both the Universal Health Insurance Scheme (UHIS) and the Rashtriya Swasthya Bima Yojana provide insurance cover to the BPL population against hospitalization expenses, the UHIS is likely to be less relevant in the presence of RSBY as there is no requirement of premium contribution in RSBY unlike UHIS. Besides, UHIS has a negligible coverage. Also, with the introduction of RSBY, there has been some discussion on the withdrawal of the health insurance scheme for the handloom weavers and handicraft artisans for the BPL population (as they are covered under RSBY) and retain the scheme only for APL handloom weavers and handicraft artisans. In this context, it may be noted that the benefits extended under the health insurance scheme for handloom weavers and handicraft artisans and under RSBY are different. Unlike RSBY, the health insurance scheme for handloom weavers and handicraft artisans include expenses for outpatient treatment. With more than two-thirds of the out-of-pocket expenditure on health in India being towards outpatient treatment, this component could be important. In life insurance, it is potentially possible that a rural landless household is covered under Aam Aadmi Bima Yojana as well as the life insurance schemes for specific occupational groups. However, given that the coverage under the scheme for most occupational group is remarkably small, the extent of overlap is likely to be negligible. Besides, the premium contribution and the benefits derived under the life insurance scheme for specific occupational groups and the Aam Aadmi Bima Yojana are also different.

To overcome some of the problems associated with the insurance schemes, it may be helpful to consolidate the individual life insurance schemes for different occupational groups (and groups like the rural landless households), and provide a universal common life insurance scheme for the entire BPL population. Consolidating the schemes for the entire BPL population is likely to be advantageous in two ways. First, it increases pooling of individuals and diversifies the risk associated with the insurance schemes. Secondly, the costs associated with identifying individual members in each of the targeted groups separately are likely to be reduced substantially. It may also be important to note that the Government of India has already identified 45 occupational groups as 'weak and vulnerable' and whose workers are mostly either below or marginally above the poverty line (to be considered for insurance support). The inclusion of non-BPL workers belonging to these occupational groups further, may not only help in increasing pooling and diversification of the risk associated with these schemes, but also to ensure that the workers belonging to these occupational groups who are marginally above the poverty line do not fall below the poverty line in the event of unforeseen adverse circumstances.

Some of the implementation issues also need to be looked into in the context of life insurance schemes. Experience from Aam Aadmi Bima Yojana in Andhra Pradesh, indicates that the coverage of rural landless households under the scheme far exceeds the total number of rural landless households declared by the Central Government (based on figures of the National Sample Survey). With earlier studies indicating that the number of landless households reported by the National Sample Survey is significantly lower than the actual number of landless households, the stated commitment of Government of India of covering 1.5 crore rural landless households may need to be reconsidered. Also, given that a substantial share of the Government's future expenditure commitment is likely to be directed towards the Rashtriya Swasthya Bima Yojana, a few issues related to the scheme need a deeper exploration. First, the premium rate appears to be on the higher side in comparison to schemes like Aarogyashri in Andhra Pradesh. Secondly, the institutional mechanism set up for monitoring the scheme appears to be weak in comparison to the much lauded Aarogyashri scheme of Andhra Pradesh. In Aarogyashri, the monitoring of the scheme is carried out by a separate trust set up by the Government, which is actively involved in delisting of hospitals misusing the scheme and pre-authorizing the procedures to be conducted. The establishment of a strong monitoring mechanism for RSBY will be important given the extent of Government's financial commitment.

Given the nature of the target group and the problems associated with these schemes, the scope of capital market solutions to providing insurance, appear to be limited. Also, launching of catastrophe bonds is unlikely to address the core problems associated with the implementation of these insurance schemes. Catastrophe bonds (CAT) have been issued in a number of countries around the world like the United States, Japan, Western Europe and Mexico to meet sudden financial obligations arising from unforeseen natural disasters like earthquakes, hurricanes and floods, which strike large sections of the population simultaneously. The sponsors of these bonds invest resources generated through these bonds in low-risk securities. The sponsor provides additional funds, which together with the returns from these investments, are used to pay returns to the bondholders. Catastrophe bonds are typically high risk bonds and, therefore, carry a high rate of return. The higher risk in comparison to regular bonds arises from the fact that, if the disaster strikes, bondholders loose part or all of the invested capital. These bonds relate only to major natural disasters and are not issued in the context of life and health insurance schemes. In the Indian context too, among the insurance schemes supported by the Government of India, these bonds are relevant only in the context of agriculture and weather insurance schemes i.e. NAIS and WBCIS, as both these schemes are for events that affect large sections of the population simultaneously. A number of recent studies have argued for introduction of such bonds in low-income countries. The introduction of such bonds, however, needs a careful examination of the financial burden of the Government arising from launching these bonds vis-à-vis the Government's present annual financial commitments to these schemes. Studies have indicated that the transaction cost of launching these bonds in low-income countries can be high. Apart from the transaction costs, the annual financial burden of the Government due to launching of these bonds will depend on the difference between the returns on investment of resources generated through these bonds and the annual payout to the holders of these high-yielding bonds. Since the catastrophe bonds are high-yielding bonds and funds generated from these bonds are used in low-risk investments, substantial additional funds have to be provided by the sponsor to cover the balance. In general, a careful approach needs to be adopted for the launching of these bonds in India as little evidence exists on the experience of these bonds in developing countries and their effectiveness in reducing the financial burden of the Government.

Acknowledgements

This study would not have been possible without the support, cooperation and guidance of a number of people. We would like to express our sincere thanks and gratitude to them. While we would not be able to put down the names of all the people who had spared time and effort to shape this report in its present form, we are greatly indebted to all of them for their help.

We owe thanks to a number of officials in the Ministry of Textiles, Ministry of Agriculture, Ministry of Labour and Employment, Ministry of Micro, Small and Medium Enterprises, Ministry of Women and Child Development, Ministry of Health and Family welfare and Ministry of Finance. Within each of these Ministries, we would also like to thank a number of officials from organizations dealing with specific insurance schemes like the Khadi and Village Industries Commission (KVIC), the Central Wool Development Board (CWDB), Office of the Development Commissioner (handlooms), Office of the Development Commissioner (handicrafts), Office of the Textile Commissioner (Powerloom Development Cell) and Coir Board. In particular, we owe a very special thanks to Meenu S. Kumar, P.K. Khullar, Jatinder Kaur, Prabhakar Rao, Govindarajan, Antonel Vaz, A.B. Joshi, N.S. Rawat, S. P. Goswami, Tarun Bajaj, Anil Swarup, B.K. Sinha, Om Prakash, Arun K. Jha, O.P Misra, A.K. Mathur, B.N. Nanda, and Lalit Kumar. We express our sincere thanks to all of them.

We also owe thanks to a number of officials of the Agriculture Insurance Company of India and the Life Insurance Corporation of India for sharing information, insights and experience on the insurance schemes operated by them. We are particularly grateful to M.Parshad, M.K.Poddar, S.S. Saxena, Nidhi Satija, Sunita Sharma, Ashok Kumar and Mr. Dhar. Without their cooperation, this report would have been incomplete.

The cooperation and support extended by officials of the four States of Rajasthan, Andhra Pradesh, Karnataka and Orissa during visits to these States has provided the base for understanding State-level implementation issues. We are deeply indebted to all of them. In this context, we owe a very special thanks to Deepak Upreti, C.K. Mathew, G. Sudhir, Shamsher Singh Rawat, R.N. Senapati, Bikash Mohapatra and S.R. Sreenivasa Murthy for providing support during our visits.

We are also grateful to the Planning Commission for giving us an opportunity to undertake this study and extend support, cooperation and guidance on the study whenever required. We are particularly thankful to R. Sridharan, Arun Kumar and Kusum Mishra in this context. At the institute, we are deeply indebted to M. Govinda Rao Director NIPFP, for his constant support and encouragement throughout the course of this study.

Authors

Chapter 1:
Introduction

Government supported insurance schemes are a form of social security in India. These schemes are initiated by the Government to provide protection to certain sections of population against income losses and can be categorized as social security as per the definition of the International Labour Organization (ILO 1984).[†] The need for public support for these schemes arises from the fact that moral hazard and adverse selection problems associated with insurance markets often make it difficult for certain sections of the population to access private insurance markets. Risk adjusted premium rates are often unaffordable for the weaker sections of the population and the Government needs to step in to provide financial support in the form of premium contribution towards these schemes to facilitate the provisioning of insurance for these sections of the population.

In India, a number of Government supported insurance schemes have been initiated over the last decade. A number of schemes that existed earlier have also been modified substantially. While some of these changes have taken place at the State-level, the most important changes, in particular some of the largest insurance schemes in terms of implementation across the country have been initiated by the Central government.

This report focuses on the insurance schemes being implemented by the Central Government for the vulnerable sections of the society. It provides an overview of the nature of schemes and their basic features, analyzes aspects of their performance and the factors affecting them, highlights expenditure commitment of Government of India on these schemes and discusses issues related to the design and implementation of these schemes. Further, the report also provides some insight into

† The International Labour Organization defines social security as ".. the protection which society provides for its members through a series of public measures against the social and economic distress that otherwise would be caused by the stoppage and substantial reduction of earnings, resulting from sickness, maternity, employment injury, invalidity and death' (ILO 1984).

the extent of overlapping between Central and State schemes and the possibility of implementing some of the Central schemes through a common implementing agency.

1.1 Basic features of insurance schemes of Government of India

The insurance schemes are administered by various Central Ministries through insurance companies. For most schemes, the role of insurance companies is limited to settling claims forwarded to them. The responsibility of implementing the scheme lies either with the State Government or State-level organizations of Central Ministries. The implementing agencies act as links between the targeted groups and the insurance companies.

Both public and private sector insurance companies are involved in operating the insurance schemes. In most schemes, the notable exceptions being health insurance schemes, the public sector insurance companies dominate the operations. In health insurance schemes, the three private sector insurance companies are also important players along with the public sector insurance companies. Typically, insurance companies are chosen through financial bids. While in most insurance schemes a single insurance company is selected to implement the scheme, there are schemes where multiple insurance companies operate at the State level. In such schemes, bidding is done at the State-level and one or more insurance companies are selected to operate the scheme. For life insurance schemes however, no bidding is done and the schemes are directly handed over to the Life Insurance Corporation of India (LIC) for implementation.

In most schemes, financial support by the Government of India is in the form of premium contribution. The only exception is the National Agricultural Insurance Scheme (NAIS), where financial support is provided by Government of India (GoI) to both premiums and claims. Apart from direct contribution, the Government of India also provides support through contributions from the Social Security Fund (SSF) maintained with the Life Insurance Corporation of India (LIC). The Social

Security Fund was created in 1988-89 with contributions of both LIC and Government of India to support the provisioning of insurance to the 'weaker and vulnerable sections' of the society. At present, forty five occupational groups are identified to be eligible for insurance support from this fund. Besides, in most schemes initiated by Government of India, financial support is provided by the Centre alone. In a few schemes, notably the ones in which the extent of public financial support is relatively high, the financial burden is shared by the Centre and the States.

1.2 Data and Methodology

Identification of insurance schemes for the purpose of the study was carried out on the basis of information reported in three documents of each Ministry. These include the Detailed Demand for Grants, the Outcome Budgets and the Annual Reports. Additional information on individual schemes was collected from the respective Ministries. For Life Insurance Schemes, data were also collected from the Life Insurance Corporation of India (LIC). For NAIS, data were collected from the Agricultural Insurance Company of India Ltd.

Data on expenditure by Government of India were compiled from the Detailed Demand for Grants of the respective Ministries. These were supplemented by information compiled from individual Ministries. For State-level issues, information was based on discussions held and data provided by State Government officials during visits to the States of Rajasthan, Orissa, Andhra Pradesh and Karnataka.

The study methodology involved two steps. First, a detailed analysis of different insurance schemes supported by GoI was carried out based on information compiled from secondary sources of data mentioned above, information compiled from the concerned Ministries, evaluation studies and discussions with concerned officials of Ministries and insurance companies related to various schemes. In the second step, visits to the four above mentioned States were carried out to comprehend the extent of overlapping of State schemes with the Central schemes and understand the issues at the State level related to the implementation of Central schemes.

The rest of the report is organized as follows: Chapter 2 provides an overview of the basic features of insurance schemes being supported by Government of India. Chapter 3 analyzes the expenditure commitments of Government of India, a few aspects of performance related to these insurance schemes and the factors affecting them. Chapter 4 highlights the extent of overlap between Central and State insurance schemes, and Chapter 5 summarizes the findings of the study.

Table 1.1: Year of Initiation/ Revision, Implementing Insurance Company and Sharing of Financial support for different Insurance Schemes

Ministry	Schemes	Year of Initiation/Revision	Implementing Insurance company	Financial support from
Ministry of Agriculture	National Agricultural Insurance Scheme	1999-2000	AIC	Centre and States (50:50)
	Weather Based Crop Insurance Scheme	2007-08	AIC	Centre and States (50:50)
	Livestock Insurance	2005-06	Varies across States	Centre
	Group Accident Insurance Scheme for Active Fishermen		Four subsidiaries of GIC	Centre and States (50: 50)
Ministry Of Textiles	*Handloom Weavers Comprehensive Welfare Scheme*	2007-08 *		
	1. Mahatma Gandhi Bunkar Bima Yojna	2005-06	LIC	Centre
	2. Health Insurance Scheme	2005-06	ICICI Lombard	Centre
	Handicrafts Artisans Comprehensive Welfare Scheme	2007-08 *		
	1. Bima Yojna for Handicrafts Artisans	2003-04	LIC	Centre
	2. Rajiv Gandhi Shilpi Swasthya Yojna	2006-07	ICICI Lombard	Centre
	Wool Sector			
	1. Sheep Breeders Insurance Scheme	2007-08	LIC	Centre
	2. Sheep Insurance Scheme	2007-08	OIC	Centre
	Powerloom			
	1. Group Insurance Scheme for Power Loom workers	2003-04	LIC	Centre
Ministry of Micro Small & Medium Enterprises	Khadi Karigar Janashree Bima Yojna	2003-04	LIC	Centre
	Coir Workers Group Personal Accident Insurance Scheme	2005-06	UIC	Centre
Ministry of Women and Child Development	Anganwadi Karyakarti Bima Yojna	2004-05	LIC	Centre
Ministry of Health and Family Welfare	Family Welfare Linked Health Insurance Plan	2005-06	ICICI Lombard	Centre
Ministry of Labour and Employment	Rashtriya Swasthya Bima Yojana	2007-08	Varies across States	Centre and States (90:10) in N.E States and J &K (75:25) in others
Ministry of Finance	Aam Aadmi Bima Yojana	2007-08	LIC	Centre and States (50:50)
	Universal Health Insurance Scheme	2003-04	Four subsidiaries of GIC	Centre
	Janashree Bima Yojana	2000-01	LIC	Social Security Fund

Notes: AIC indicates Agriculture Insurance Company of India Ltd., LIC Indicates Life Insurance Corporation of India, OIC indicates Oriental Insurance Company of India, UIC indicates United India Insurance Company Ltd. GIC indicates General Insurance Corporation of India * Schemes introduced to bring multiple schemes under a single umbrella N.E. -- North Eastern J& K -- Jammu and Kashmir

Chapter 2:

An Overview of Insurance Schemes of Government of India

The Government of India provides insurance against income losses of vulnerable sections arising out of four major reasons (i) yield losses in agriculture (crop insurance), (ii) death and disability of an earning member of a family (life insurance and group accident insurance schemes), (iii) unforeseen health expenditure (e.g. health insurance) and (iv) death of cattle, buffaloes and sheep (e.g. livestock and sheep insurance). This chapter provides an overview of the basic nature, premium rates and compensation structure of these schemes.

2.1 Crop Insurance Schemes

Two insurance schemes are supported by Government of India in this category: the National Agricultural Insurance Scheme (NAIS) and the Weather Based Crop Insurance Scheme (WBCIS). While the NAIS is the major scheme being implemented across the country, WBCIS is being implemented on a pilot basis in selected States. NAIS is implemented exclusively by Agriculture Insurance Company of India (AIC), whereas WBCIS is implemented jointly by AIC and two private insurance companies viz. ICICI Lombard and IFFCO Tokio General Insurance. Both these schemes are administered by the Ministry of Agriculture. In order to widen the scope of NAIS, the GoI has approved the implementation of Modified NAIS on a pilot basis in 50 selected districts of the country from Rabi 2010-11.

2.1.2 National Agricultural Insurance Scheme (NAIS)

The National Agricultural Insurance Scheme (NAIS) was initiated in the year 1999-00 by redesigning an existing insurance scheme called the Comprehensive Crop Insurance Scheme of India (CCIS), which operated in the country since 1985. The NAIS provides insurance cover for yield loses of food crops, oilseeds and annual commercial/horticultural crops due to natural calamities, pests and diseases. The scheme is available to all States in the country. The States, however, have the option to choose whether to participate in the scheme or not, and decide on the crops and areas to be covered under the insurance. The scheme is compulsory for all farmers availing seasonal agricultural operations loans (SAO) from financial institutions for the crops covered by the scheme (loanee farmers), but is optional for others (non-loanee farmers). At present, the scheme covers about 35 crops and is being implemented in 25 States and 2 Union territories of India.

The scheme operates on the basis of an area approach, in which a specified area in each State is decided as the unit of insurance. The unit of insurance is crucial for the scheme as the compensation under the insurance is based on the gap between the threshold yield and the estimated yield for the unit area. At present the unit of insurance varies from districts (for specific crops in certain States) to panchayats for others. The decision on what constitutes the insurance unit lies with the State governments and Union territories. It is obvious that given the wide variation in yield, the smaller the unit of insurance, the better would be the insurance protection against risks. In the long run, all States are required to have panchayats as the unit of insurance. At present, the insurance unit in most States and for most crops is block/tehsil Notably, the scheme does not provide insurance against losses faced by individual farmers, but only against widespread losses faced by a large number of farmers in the insurance unit.

The compensation structure of the scheme is based on the shortfall of the actual average yield in a season in a unit from the 'threshold yield'. The 'threshold yield' is the average yield of a crop in a season in the unit area over a specified number of years in the past.[3] If the actual yield in the specified insurance unit for a specific crop is lower than the threshold yield in any season, all farmers insured in that insurance unit are eligible for compensation.[4] The amount of compensation (indemnity) is determined by

[3] The 'threshold yield' is estimated based on the average yield (moving average) for a specified number of years in the past. It is estimated for each crop in each unit area (may be panchayat,mandal,circle,block,taluka, or the district as the case may be) for every season in every State.

[4] The actual yield for each crop in each season is based on a requisite number of crop cutting experiments conducted by the State governments.

a combination of the shortfall of actual yield from the threshold yield and the amount insured by the farmer.[5] Specifically, the indemnity is calculated as

Indemnity = (Shortfall in Yield/Threshold Yield) * sum insured for the farmer

where, shortfall= 'threshold yield - actual yield' for the defined insurance unit.

Adjustments are also made for the extent of risk in determining crop yields in different insurance units while calculating the indemnity levels. At present, insurance units are classified into high, medium and low risk units and the indemnity levels corresponding to these categories are 60 per cent, 80 per cent and 90 per cent respectively.

The upper limits of the premium rates charged for food crops and oilseeds under the scheme are fixed by the government. For foodcrops and oilseeds, premium rates vary between 1.5 to 3.5 per cent of sum insured (SI) or actuarial rate, whichever is less (Table 2.1). For annual commercial and horticultural crops, actuarial rates are charged. These limits are however applicable only if the insured amount is equivalent to the value of the threshold yield or less. If the farmer chooses to insure more than 100 per cent of the value of the threshold yield, actuarial rates are charged. For annual commercial and horticultural crops also, actuarial rates are charged.

The NAIS is subsidized to the extent of 75 per cent by the Government (GoI 2004). Bulk of the subsidy is in the form of excess of claims over premiums for food crops and oilseeds. Additionally, a premium subsidy of 10 per cent is provided to small and marginal farmers for food crops and oilseeds. The subsidy provided under NAIS is shared equally by the Centre and States (50:50). The financial liability of Government of India is, therefore, limited to half the amount subsidized by the Government.[6]

---

[5] A farmer may insure a sum upto 150 per cent of the value of the threshold yield. However, beyond 100 per cent of the value of the threshold yield, the farmer will have to pay premium at commercial rates. Also, for a loanee farmer, the sum insured should be at least equal to the amount of loan advanced.

[6] The extent of subsidy provided to farmers through crop insurance in India is comparable to the level of subsidy in several, other developed and developing nations. As per the Report of the Joint Group on Crop insurance set up by the Ministry of Agriculture in 2004, the level of subsidy provided in India is not particularly high. Even in the most developed countries of the world, which have significantly higher level of irrigated cropped area than India and a lower exposure to risk due to variability in rainfall, Government crop insurance is heavily subsidized.

2.1.2 Weather Based Crop Insurance Scheme (WBCIS)

The Weather Based Crop Insurance Scheme (WBCIS) was introduced by the Government of India in 2007-08 on a pilot basis in selected areas of a few States. The introduction of WBCIS was based on the fact that a similar scheme piloted by the Agriculture Insurance Company of India (AIC) since 2004 was argued to have distinct advantages over NAIS. Unlike NAIS, in which the compensation is based on deviation of yield from the threshold yield, WBCIS is based on deviation of weather parameters (such as rainfall, humidity, frost and temperature) from the desired value in a period in the insurance unit. If the deviation of the weather parameter is significantly different from its desired value in the unit area over a period of time, all the farmers insured in the unit area are liable for compensation. WBCIS is implemented on a pilot basis and the number of participating States varies from season to season. In 2009-10, the scheme covered about 30 crops in 13 States during Kharif and 11 States during the Rabi season. In areas and crops where WBCIS is being implemented, NAIS is not available to farmers. Also, as in NAIS, for areas and crops for which the scheme is implemented, participation is compulsory for loanee farmers and is optional for others.

As in NAIS, the scheme is based on an area approach, whereby a certain area is defined as the unit area of insurance (reference unit) and all farmers within the unit are treated as homogeneous for the purpose of compensation. Each insurance unit is linked to a reference weather station, where values of weather parameters are recorded. If the recorded value of the weather parameter is lower or higher than the 'trigger value' of the parameter mentioned in the insurance contract, all farmers in the insurance unit are eligible for compensation. The amount of compensation depends on the cost of inputs per unit area decided and declared by AIC in the beginning of

---

Subsidy provided on Government crop insurance was about 70 to 75 per cent in the United States of America, 70 per cent in Canada, 50 to 70 per cent in Phillipines and 50 to 60 per cent in Spain (GoI 2004).

each season in consultation with experts in the State governments. This unit cost is further distributed by different weather parameters depending on their relative importance. The total amount of compensation is determined by multiplying the pre-declared unit cost of inputs with the acreage declared in the 'insurance proposal form' for non-loanee farmers and 'loan application form' for loanee farmers.

The premium rates of the scheme are capped and the subsidy provided by the Government is shared by the Central and the State Government in the ratio of 50:50. For food crops and oilseeds, the premium rates vary between 1.5 to 3.5 per cent of the sum insured. The actuarial rate for food crops and oil seeds is capped at 10 per cent for kharif and 8 per cent for rabi season (Table 2.1). For annual commercial and horticultural crops, the premium rate varies between 2 per cent and 6 per cent of sum insured while the actuarial rate is capped at 12 per cent. Unlike NAIS, Government support for WBCIS is provided in the form of subsidy in premium, but the claims liability is provided by the implementing insurance company.

In India however, unavailability of adequate regular and consistent weather data is a major constraint in the implementation of weather based insurance. For an accurate design of such insurance, weather data and corresponding yield data are required for about 20 to 30 years. Very few rain gauge stations in India have data for such a long period of time. Besides wherever available, there are gaps and inconsistencies and data are not accurate enough to determine the payout or estimate the relationship between yield and weather parameters. The Joint Group on Crop insurance analyzed the experience of some of the past experiences with weather data and pointed out that timely data on weather parameters were not available even at the district-level. Given these conditions, it was felt that the network of rain gauge stations in the country needed to be expanded substantially and the data availability strengthened before weather insurance can be considered as an option to NAIS (GoI 2004).

2.2 Life and Group Accident Insurance Schemes

The Government of India supports two kinds of insurance schemes against death and disability of workers in specific occupational groups: life insurance schemes operated through the Life Insurance Corporation of India (LIC) and Group Accident Insurance Schemes operated by other GICs. The former covers insurance against death and disability due to natural causes in addition to those due to accidents covered in the later. Additionally, the Government of India also extends life insurance support to rural landless households.

2.2.1 Life Insurance Schemes for Specific Occupational Groups and Rural Landless Households

Six occupational groups are supported by Government of India through direct premium contribution for life insurance. These include handloom weavers, handicraft artisans, sheep breeders and powerloom workers, khadi artisans and anganwadi workers. Insurance schemes for the first four occupational groups are implemented by the Ministry of Textiles, while the last two are implemented by the Ministry of Micro Small and Medium Industries and the Ministry of Women and Child Development respectively (Table 2.1). Workers in the age group of 18 to 59 years, who are below the poverty line or are marginally above the poverty line, are eligible. The schemes operate under the Janashree Bima Yojana (JBY) of LIC and provide insurance cover against death and disability of the insured member. Additionally, scholarship benefits are provided to the children of the insured member.

The premium rate for insurance schemes of six occupational groups varies between Rs. 200 and Rs. 330 per annum for each insured worker (Table 2.1). The premium is subsidized partly from the social security fund and partly by contribution from Government of India (GoI). For most insurance schemes, the worker also shares part of the premium burden. Only in a few schemes, the premium is entirely subsidized by GoI and the social security fund and workers do not share the premium burden.

The compensation for the schemes varies between Rs. 30,000 to Rs. 60,000 for natural death and Rs. 37,500 to Rs. 75,000 for partial disability. For accidental death and total disability, the compensation varies between Rs. 75,000 to Rs. 1,50,000. Individuals insured under JBY can also avail a scholarship of Rs. 1200 per year per child (upto two children) for students studying in class IX to XII without any additional payment of premium under the Shiksha Sahayog Yojana. The details of premium structure and compensation for the schemes are outlined in Table 2.1.

Notably, the Government of India also provides indirect support to a number of other occupational groups, which are identified among the 'weaker and vulnerable sections' of the population. Schemes for these occupational groups are implemented by LIC under the purview of the Ministry of Finance. The occupational groups are supported through subsidization of premium through the social security fund maintained with LIC under the Janashree Bima Yojana. The social security fund was created in 1988-89 with contributions from both Government of India and LIC to subsidize insurance premium upto 50 per cent for 23 vulnerable occupational groups. At present, forty five occupational groups are eligible for subsidy from the fund, including the six occupational groups (mentioned earlier). The premium rate for schemes indirectly supported by GoI through the social security fund is fixed at Rs. 200 per member per annum. Fifty per cent of this premium is subsidized from the social security fund and the rest from either the insured member or the nodal agency implementing the scheme. It is noteworthy that unlike the six insurance schemes mentioned earlier, these schemes do not receive any direct premium subsidy from GoI.

Support to rural landless households was initiated by GoI in 2007 through the Aam Aadmi Bima Yojana (AABY). Under the scheme, the head or one principal earning member of all rural landless households in the age group of 18 to 59 years is eligible for insurance. Identification of rural landless households is done by the State Government. The scheme provides insurance cover against death and disability and extends scholarship benefits to the children of the insured members. The scheme is operated by LIC and entirely subsidized by the Government. The premium of Rs. 200 per household per year is shared equally by the Centre and the State. A separate fund has been created and kept with LIC to meet the premium contribution of Government of India for the scheme.

Under the scheme, a rural landless household will receive a compensation of Rs. 75,000 in the case of accidental death and permanent disability, Rs. 37,500 for partial disability and Rs. 30,000 for natural death of the insured member under the scheme. Also, as in JBY, an insured member can also avail a scholarship of Rs. 1200 per year per child (upto two children) for students studying in class IX to XII without any additional payment of premium under the Shiksha Sahayog Yojana

2.2.2 Group Accident Insurance Schemes

Two group accident insurance schemes are supported by Government of India: The Coir Workers Group Personal Accident scheme and The Group Accident Insurance Scheme for Active Fishermen.

The Coir Workers Group Personal Accident Insurance Scheme in its present form was introduced by Government of India in 2005. Although the scheme was initiated in 1998, the scheme has been substantially revised in 2005 with increased benefits to provide insurance coverage against accidental death and disability of coir workers. At present, the scheme is implemented by the coir board (under the Ministry of Micro, Small and Medium Industries) and operated through the United India Insurance Company Ltd. The scheme is universal in nature and covers 4 lakh coir workers across India. Any coir worker ‘ who is employed for wages to do any work in connection with the various processes in coir industry and who gets his wages directly or indirectly from the employer or through a contractor or through an agent and depends mainly on coir industry for his livelihood’ is eligible to be covered under the scheme. The premium charged by the insurance company at present was as low as Rs. 1.93 per worker and is paid by Government of India on behalf of the coir workers. No premium contribution is made by the coir workers. Under the scheme, an insured worker is entitled to a compensation of Rs. 50,000 for accidental death and permanent disability and Rs. 25,000 for partial disability.

The Group Accident Insurance for Active Fishermen provides insurance against accidental death or disability of licensed fishermen in the age group of 18 to 70 years. Fishermen operating in both marine and inland sectors and registered with fishermen's cooperative society, any organization of fisheries/fishermen or fishermen certified by competent authority are eligible for coverage. The annual maximum premium per fisherman under the scheme is Rs. 30 of which Rs. 29 is shared between the Centre and the States and the remaining Re. 1 per fisherman per annum is paid by FISHCOFED for implementation of the scheme. In States other than those belonging to the north eastern region, the burden of expenditure is shared equally by the Centre and the State Government (Rs. 14.5 each per fisherman per annum). In case of north-eastern States, sharing of expenditure between the Centre and the State is done in the ratio of 75:25. In case of Union Territories, the burden is borne entirely by the Centre. No premium contribution is required from fishermen for coverage under the scheme. A compensation of Rs. 1 lakh is paid to the fishermen's family in case of accidental death or permanent total disability and a sum of Rs. 50,000 paid in case of partial disability. The scheme is implemented through the four subsidiaries of General Insurance Corporation of India (GIC).

Notably, fishermen are also among the 45 occupational groups identified among the 'weak and vulnerable sections' of the population by Government of India and are eligible to get subsidy from the Social Security Fund under the Janashree Bima Yojana (JBY) of LIC. While under JBY, insurance against natural death is also covered in addition to accidental death and disability, the compensation is relatively lower (Table 2.1). Also, while no premium contribution is required from fishermen in the case of Group Accident Insurance Scheme, they are required to pay 50 per cent of the premium of Rs. 200 (i.e. Rs.100) in case of JBY.

2.3 Health Insurance Schemes

Four health insurance schemes are supported by Government of India, two for specific occupational groups and two for the BPL population as a whole. For occupational groups, the Government supports Health Insurance Scheme for Handloom Weavers and the Rajiv Gandhi Shilpi Swasthya Yojana for handicraft artisans. For BPL population, the Rashtriya Swasthya Bima Yojana (RSBY) and Universal Health Insurance Scheme (UHIS) are supported by Government of India (GoI). Schemes for occupational groups are operated by ICICI Lombard, UHIS is operated by the four public sector insurance companies and RSBY by both private and public sector insurance companies across the country.

2.3.1 Health Insurance Schemes for handloom weavers and handicraft artisans

The health insurance scheme for handloom weavers was introduced by the Government of India in the year 2005-06 but was subsequently subsumed under the Handloom Weavers Comprehensive Welfare Scheme (HWCWS) in 2007-08. Similarly, the health insurance scheme for handicraft artisans called the Rajiv Gandhi Shilpi Swasthya Yojana initiated in 2006-07, was subsumed under the Handicraft Artisans Comprehensive Welfare Scheme (HACWS) in 2007-08. Although subsumed under umbrella schemes, these schemes continue to operate as individual components under the larger schemes. The schemes are operated by ICICI Lombard and administered by the Ministry of Textiles.

The health insurance schemes provide insurance coverage for health expenditure of handloom weavers and handicraft artisans in the country. Under the schemes, four members of a weaver's/artisan's family (in the age group of 1 day to 80 years) are covered: the weaver/artisan, his/her spouse and two children. For handicraft artisans, apart from the artisan, any three members can be chosen among spouse, children and dependents. The scheme covers both pre-existing and new diseases with a maximum overall coverage of Rs. 15,000 per year, of which upto Rs. 7500 can be used for outpatient treatment. The weaver/artisan can avail treatment without payment of any cash in a panel of hospitals recognized by ICICI Lombard or can get reimbursement of medical expenditure if incurred in other health facilities. Each eligible weaver/artisan family is provided a 'health card' using which treatment can be availed in selected health facilities without payment or expenses reimbursed if treated in other health facilities.

For handloom weavers, the premium contribution per weaver is about Rs. 988 annually, of which about Rs. 809 is contributed by the Government of India and Rs. 179 by the weaver or the State government on his/her behalf. However, the weaver is required to make a minimum contribution of Rs. 50 even in the case where the State Government bears the burden of weaver's contribution. For handicraft artisans, the annual premium for the scheme is Rs. 897 per artisan per annum. Bulk of this is contributed by the Government of India. The handicraft artisan contributes only Rs. 200 in case of General category artisans and Rs. 100 in case of artisans belonging to the north eastern region, Scheduled Castes and Scheduled Tribes or artisans who are below poverty line. The rest of the premium burden is borne by Government of India.

2.3.2 Health Insurance for BPL Population

The most widely discussed Government supported health insurance scheme for BPL population is the Rashtriya Swasthya Bima Yojana (RSBY) initiated in 2007. This scheme was initiated in addition to the Universal Health Insurance Scheme (UHIS) for the BPL population, which existed in the country since 2003. At present, GoI supports both the RSBY and the UHIS.

The Rashtriya Swasthya Bima Yojana provides insurance coverage for certain hospitalization expenses and daycare procedures to the BPL population. Under this scheme a BPL family can avail free hospitalization care upto Rs. 30,000 per annum in selected private and public health facilities. A maximum of five members of a family can be covered under the scheme on a floater basis. Of Rs. 30,000, Rs. 1000 per annum (a maximum of Rs. 100 per visit) can be used for meeting transportation costs under the scheme. The scheme is implemented by insurance companies selected through bids at the State level. The number of BPL families covered under the scheme would be on the basis of Planning Commission estimates. The eligible BPL families are identified by the State Government and the list conveyed to the selected insurance companies for enrollment. The eligible BPL families are provided with a smart card by the insurance company, using which cashless treatment can be availed at selected health facilities. The health facilities in turn claim reimbursement directly from the insurance company. At present, enrollment of BPL families has been completed in 172 districts and is in progress in 65 districts across 23 States in India.[7]

The premium rate is estimated to be upto Rs. 750 per annum per family. The actual premium rates however vary between Rs. 449 to Rs. 697 per annum per family based on the bids submitted by insurance companies. The premium burden is shared between the Centre and the State in the ratio of 75:25, subject to a maximum subsidy of Rs. 565 per family per annum by GoI. For north-eastern States and Jammu and Kashmir, the premium burden is shared between the Centre and the States in the ratio of 90:10. Additionally, the Central Government also bears the cost of the smart cards at the rate of Rs. 60 per card. While the cost of enrollment and issuance of smart cards under the scheme is borne by the insurance company, the cost of setting up a State nodal agency is borne by the State Government. Although the beneficiary family does not contribute to premium, it needs to pay Rs. 30 per annum as registration fee.

Prior to the introduction of RSBY, the Universal Health Insurance Scheme was introduced in 2003 to provide health insurance to the BPL population. The scheme continues to be supported by GoI along with RSBY. As in RSBY, the scheme provides insurance against hospitalization expenses of BPL families upto 30,000 on a floater basis. Additionally, the scheme provides for a compensation of Rs. 25,000 in the event of death of the earning head of the family due to accident as well as compensation for loss of livelihood to the earning head of the family @ Rs. 50 per day upto a period of 15 days.

Unlike RSBY, the premium rate of UHIS is only partially subsidized by the Government. The premium rate under the scheme is Rs. 300 for individuals (of which Rs. 200 is subsidized by GoI), Rs. 450 for a family of five (of which Rs. 300 is subsidized by GoI) and Rs. 600 for a family of seven (of which Rs. 400 is subsidized by

[7] Based on data provided at http://www.rsby.in/Overview.aspx, accessed on 8th April, 2010

GoI). Also, unlike RSBY, the premium is subsidized only by GoI and no contribution is made by the State Government.

Although both RSBY and UHIS are implemented for the BPL population and in some sense overlap with each other, RSBY is likely to be more attractive to the BPL population as it does not require a premium contribution from the beneficiaries. With the introduction of RSBY, UHIS is likely to be less relevant. Also, some of the handloom weavers and handicraft artisans may belong to BPL families and in that sense may be covered under the health insurance schemes of the Ministry of Textiles. However, it is important to note that the nature of diseases covered under RSBY and the health insurance schemes of the Ministry of Textiles are significantly different. While RSBY provides insurance against inpatient treatment only, schemes of the Ministry of Textiles also provide insurance against outpatient treatment in addition to coverage of certain requirements not covered under RSBY. Given that bulk of the out-of-pocket expenditure on health in India is towards outpatient treatment, the scheme for the weavers and artisans assume importance by itself even in the presence of RSBY.

The Government of India has also initiated the Family Welfare Linked Health Insurance Scheme in 2005 to provide insurance cover against death and complications arising from sterilization procedure. The scheme was introduced as a modified version of the earlier scheme of paying ex-gratia to persons facing death or complications following the sterilization procedure. In the revised family welfare linked health insurance scheme introduced in 2005, a compensation of Rs. 2 lakhs is paid in case of death in hospital or seven days from the date of discharge from hospital following a sterilization procedure. In case of death following sterilization within 8 days to 30 days from the date of discharge from the hospital, a compensation of Rs. 50,000 is paid. In the event of failure of sterilization a person is provided compensation of Rs. 30,000 and for complications arising out of sterilization within 60 days of discharge, a maximum compensation of Rs. 25,000 is paid. Additionally, an indemnity upto Rs. 2 lakhs is paid per doctor or facility for at most four cases a year. The scheme is being implemented by ICICI Lombard at present. The premium paid by Government of

India to ICICI Lombard is based on the expected number of sterilizations in a year. For the year 2010, premium per person (without service tax) for the scheme was Rs. 26 with an estimated 50 lakh sterilizations to be conducted in that year.

2.4 Livestock and Sheep insurance

GoI initiated two schemes to provide insurance to cattle rearers and sheep breeders against income losses due to death of sheep and cattle: the livestock insurance scheme and the sheep insurance scheme.

The livestock insurance scheme was introduced by the Government of India in 2005-06 to provide insurance to 'cattle rearers' against income losses due to death of crossbred and high yielding cattle and buffaloes. Under the scheme, an animal is insured at its market price and the beneficiary is compensated by that amount in the event of death of the animal. The scheme is implemented through one or more insurance agencies at the State-level, under the supervision of the State Livestock Development Board and State Department of Animal husbandry. The selection of insurance companies at the State-level is based on premium rates offered through bids and their ability and exposure in providing specific insurance services. While in most States a single insurance company is selected, multiple insurance agencies have been selected in some States for providing insurance services related to the scheme. In 2007-08, 17 out of 27 States have selected a single insurance company for implementing the scheme. Andhra Pradesh, Tamil Nadu, Haryana and Karnataka are the only States where more than three insurance companies were implementing the scheme in 2007-08. Also, services of veterinary practitioners employed by the State Government were used during insuring and registering of claims. If veterinary practitioners employed by the State Government are not available, the services of private veterinary practitioners are used. At present, the scheme is being implemented on a pilot basis in 300 selected districts across 27 states in India.

The premium rate of the scheme is subject to a maximum of 4.5 per cent for annual policies and 12 per cent for a three-year policy. However, the actual premium rate varies substantially from State to State. In 2007-08, the premium rate for a three year policy varied between 3.6 to 11.5 per cent across different insurance companies in different States. The Government of India provides a 50 per cent subsidy in the premium for a maximum of two animals per beneficiary. In addition to the premium subsidy, the Government of India also spends on payment of honorarium to veterinary practitioners who are involved at the time of insuring and registering claims (at the rate of Rs. 50 and Rs. 100 per animal respectively).

The Sheep Insurance Scheme was introduced by the Government of India in the 11th plan. The Sheep Insurance scheme provides insurance coverage against death of sheep in the age group of 1 to 7 years in the area covered under the Central Wool Development Board. The premium per sheep for the insurance is Rs. 44 of which Rs. 19 is contributed by the beneficiary and Rs. 25 by Government of India Against this premium, the insuree is entitled to a compensation of Rs. 1200 per sheep in the event of death of sheep. The scheme is implemented through the Central Wool Development Board and operated through insurance companies. The Oriental Insurance Company of India has been selected by the Central Wool Development Board to operate the scheme.

Table 2.1: Premium Structure, Benefits Received and Claims Ratio of different insurance schemes

Schemes	Premium Structure	Benefits received from the scheme
National Agricultural Insurance Scheme	For **Food crops and oilseeds** : ranges from 1.5 to 3.5 per cent of SI or actuarial rates, whichever is less **Annual Commercial and horticultural crops**: actuarial rates	Varies depending on the shortfall of actual yield from the threshold yield in the unit area of insurance and the sum insured by the farmer
Weather Based Crop Insurance Scheme	For **Food crops and oilseeds** : ranges from 1.5 to 3.5 per cent of SI or actuarial rates (capped at 10 per cent for kharif and 8 per cent for rabi), whichever is less **Annual Commercial and horticultural crops**: ranges from 2 to 6 per cent of SI (actuarial rates capped at 12 per cent)	Varies depending on the difference between the actual value and the trigger value of the weather parameter and the cost of inputs per unit area declared by AIC
Livestock Insurance	Varies across States: subject to a maximum of 4.5 per cent for annual policies and 12 per cent for three year policies	Market price of the animal insured
Group Accident Insurance Scheme for Active Fishermen	Maximum annual premium of Rs. 30 per fisherman (Rs. 14.50 by State, Rs. 14.50 by Centre, Re. 1 by FISHCOFED)	Rs. 1,00,000 for accidental death and permanent total disability Rs. 50,000 for permanent partial diability
Handloom Weavers Comprehensive Welfare Scheme		
1. Mahatma Gandhi Bunkar Bima Yojna	Annual premium per worker is Rs.330 of which Rs. 150 is contributed by GoI, Rs. 100 by LIC and Rs. 80 by the worker	For natural death Rs. 60,000 For partial disability Rs. 75,000 For accidental death and permanent disability Rs. 1,50,000
2. Health Insurance Scheme	Annual premium per worker is Rs.988.3 of which Rs. 809.1 is contributed by GoI and Rs. 179.2 by the worker	Covers expenditure on health subject to an annual limit of Rs, 15,000, of which Rs. 7500 is for outpatient treatment)

Handicrafts Artisans Comprehensive Welfare Scheme		
Schemes	**Premium Structure**	**Benefits received from the scheme**
1. Bima Yojna for Handicrafts Artisans	Annual premium per worker is Rs.120 of which Rs. 60 is contributed by GoI, and Rs. 60 by LIC	For natural death Rs. 30,000 For partial disability Rs. 37,500 For accidental death and permanent disability Rs. 75,000
2. Rajiv Gandhi Shilpi Swasthya Yojna	Annual premium per worker is Rs.800 of which Rs. 650 is contributed by GoI, and Rs. 150 by the worker	Health expenditure subject to an annual limit of Rs, 15,000, of which Rs. 7500 is for outpatient treatment)
Wool Sector		
1. Sheep Breeders Insurance Scheme	Annual premium per sheep breeder is Rs 330 of which Rs. 150 is contributed by GoI, Rs. 100 by LIC and Rs. 80 by the sheep breeder	For natural death Rs. 60,000 For partial disability Rs. 75,000 For accidental death and permanent disability Rs. 1,50,000
2. Sheep Insurance Scheme	Annual premium per sheep is Rs 44 of which Rs. 25 is contributed by GoI and Rs. 19 by beneficiaries	Rs. 1200 per sheep in the event of death of sheep
Powerloom		
Group Insurance Scheme for Power Loom workers	Annual premium per worker is Rs.330 of which Rs. 150 is contributed by GoI, Rs. 100 by LIC and Rs. 80 by the worker	For natural death Rs. 60,000 For partial disability Rs. 75,000 For accidental death and permanent disability Rs. 1,50,000
Khadi Karigar Janashree Bima Yojna	Annual premium per worker is Rs.100 of which Rs. 50 is contributed by LIC, Rs. 25 by the khadi institution and Rs. 12.5 each by KVIC (Government of India) and the worker	For natural death Rs. 30,000 For partial disability Rs. 37,500 For accidental death and permanent disability Rs. 75,000
Coir Workers Group Personal Accident Insurance Scheme	About Rs. 1.93 per worker contributed by GoI	Rs. 50,000 for accidental death and permanent disability and Rs. 25,000 for partial disability
Anganwadi Karyakarti Bima Yojna	Annual premium per worker is Rs. 200, of which Rs. 100 is contributed by each LIC and GoI	For natural death Rs. 30,000 For partial disability Rs. 37,500

		For accidental death and permanent disability Rs. 75,000
Schemes	**Premium Structure**	**Benefits received from the scheme**
Family Welfare Linked Health Insurance Plan	In 2010, the premium per person (without service tax) was Rs. 26 (assuming 50 lakhs sterilizations to be conducted in the year)	2 lakhs in case of death in hospital or 7 days from the date of discharge from hospital following sterilization procedure Rs. 50,000 in case of death following sterilization within 8 days to 30 days from the date of discharge from the hospital Rs. 30,000 in the event of failure of sterilization Rs. 25,000 in case of complications arising out of sterilization within 60 days of discharge
Rastriya Swastha Bima Yojna	Rs. 750 per annum per BPL family of which 75 per cent would be borne by the Central Government and the remaining 25 per cent by the State Government	Rs. Hospitalization care upto Rs. 30,000 per annum Of which Rs. 1000 can be used for meeting transportation costs
Aam Admi Bima Yojna	Annul premium of Rs. 200 per household per year shared equally by the Centre and the State	For natural death Rs. 30,000 For partial disability Rs. 37,500 For accidental death and permanent disability Rs. 75,000
Universal Health Insurance Scheme	Annual Premium of Rs. 300 for individuals (of which Rs. 200 is provided by GoI), Rs. 450 for a family of five (of which Rs. 300 by GoI) and Rs. 600 for a family of seven (of which Rs. 400 by GoI)	Hospitalization expenses upto 30,000 Rs. 25,000 in the event of death of the earning member Compensation to the earning head of the family @ Rs. 50 per day upto a period of 15 days.
Janashree Bima Yojana	Annual premium Rs. 200 (Rs. 100 from the Social Security Fund and Rs.100 by beneficiary)	Rs. 30,000 on natural death Rs. 75,000 on accidental death and total disability Rs. 37,500 on partial disability due to accident

Chapter 3:
Insurance Schemes: Public Expenditure and Performance

Two issues assume importance from the point of view of public policy for insurance schemes: the financial implication of operating these schemes and the effectiveness with which these schemes reach out to the targeted population. This chapter attempts to provide some insight on these issues. It highlights the expenditure commitment of Government of India on different insurance schemes and analyzes specific aspects of performance of these schemes. It also discusses the possible increase in expenditure commitment of Government of India by the end of the eleventh plan and some of the factors affecting the performance of these schemes.

3.1 Public Expenditure on Insurance Scheme

Public expenditure on insurance schemes is primarily in the form of premium contribution. This is done to subsidize the premium rate for the beneficiaries and make insurance policies more affordable for the vulnerable sections of the population. Premium support for life insurance schemes is provided either through a direct premium contribution (as in schemes initiated by Central Ministries) and/or through an indirect premium contribution by way of subsidization from the social security fund placed with LIC.[8] In crop insurance schemes where premium rates are subsidized, the Government also bears the cost of excess of claims over premiums in addition to premium subsidy. In health insurance schemes and group accident insurance schemes, support is provided only through direct premium contribution. Although in most schemes the Central Government bears the burden of expenditure, in certain schemes where the extent of financial support is large the State Government also shares the burden of Government expenditure (Table 2.1).

[8] See discussion on social security fund earlier.

In this section we primarily focus on direct financial support by Government of India. However, we also indicate the indirect support extended to life insurance schemes through contribution from the social security fund (SSF). It may be argued that expenditure from SSF is self sustaining and fund contributed from SSF is not spent annually from the budget of Government of India, and in that sense need not be considered as part of Government expenditure in a particular year. Besides, methodological problems arise in estimating the extent of contribution of Government of India from the SSF as the fund was created with contribution from both LIC and Government of India. For this exercise, we estimate the share of GoI funds in SSF in 2008-09 and attribute this share of the total outgo from SSF as the indirect support by Government of India.

Table 3.2 indicates the direct support by Government of India towards different insurance schemes in 2008-09 and 2009-10 (R.E.). As the table indicates, the total support by GoI towards insurance schemes in 2008-09 was about Rs. 1142 crore.[9] This constituted about 0.1 per cent of the total expenditure by Government of India and about 0.02 per cent of the country's GDP in 2008-09. The extent of indirect support to life insurance schemes through contribution of social security fund was relatively small; about Rs. 267 crore in 2008-09 and did not add significantly to expenditure of GoI.

Disaggregated analysis of different types of insurance schemes indicates that crop insurance schemes accounted for the bulk of public expenditure on insurance (Figure 3.1). In 2008-09, more than 60 per cent of the expenditure by the Government of India was towards the National Agricultural Insurance Scheme (NAIS) alone. The two crop insurance schemes, NAIS and Weather Based Crop Insurance Scheme (WBCIS), together accounted for nearly two thirds of the total expenditure on insurance by Government of India in that year (Figure 3.1). Health insurance schemes accounted for nearly 27 per cent of the total expenditure by Government of India and life insurance

[9] It may be noted that in 2007-08 and 2008-09, an amount of Rs. 2500 crore was released to LIC towards creation of a separate fund for Aam Aadmi Bima Yojana. Premium support by Government of India towards AABY would be provided out of the fund by LIC for the next few years. Although Rs. 2500 crore was the total budgetary expenditure on AABY by GoI in 2007-08 and 2008-09, the actual outgo from the fund as reported by LIC was Rs. 43.53 and 117.52 crore respectively. We use the outgo from the fund as the actual expenditure on the scheme in those years.

schemes 5 per cent. The multitude of sector specific insurance schemes together accounted for less than 1 per cent of total expenditure.

Figure 3.1: Share of different types of insurance schemes in total expenditure, 2008-09

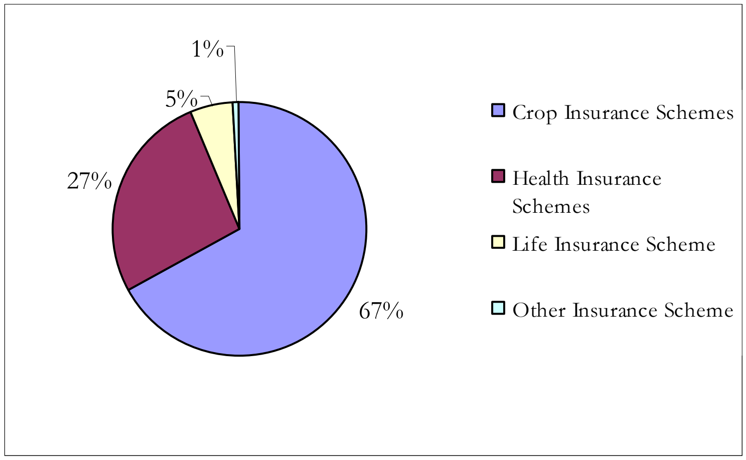

Table 3.1: State wise Distribution of GoI's Liability on account of excess of claims over premiums under NAIS, 2004-05 to 2008-09 (per cent)

State	2004-05	2005-06	2006-07	2007-08	2008-09	Average share 2004-05 to 2008-09
Andhra Pradesh	0.6	39.6	28.2	0.0	23.2	20.3
Assam	0.1	0.1	0.0	0.0	0.0	0.0
Bihar	28.2	13.5	3.4	32.1	6.6	13.2
Chhattisgarh	0.2	0.0	0.0	0.0	1.4	0.6
Gujarat	28.7	0.0	31.0	0.0	12.7	14.4
Haryana	0.0	1.3	0.0	0.8	0.0	0.3
Himachal	0.0	0.1	0.0	0.0	0.1	0.1
Jharkhand	1.1	9.6	0.0	0.1	0.8	1.7
Karnataka	0.0	0.0	3.0	0.1	3.2	1.9
Kerala	0.0	0.1	0.0	0.4	0.0	0.1
Madhya Pradesh	1.8	0.1	0.5	19.4	1.4	4.0
Maharashtra	12.5	0.2	7.2	4.5	13.3	8.8
Orissa	0.0	0.2	0.2	0.0	0.4	0.2
Rajasthan	11.1	21.3	9.9	7.2	7.5	10.1
Tamil nadu	4.1	4.1	0.0	20.8	20.1	12.3
Uttar Pradeah	11.1	4.4	4.7	11.9	0.2	4.7
Uttrakhand	0.0	0.2	0.0	0.2	0.4	0.2
West Bengal	0.4	5.2	11.8	2.5	8.7	7.0
All India	100	100	100	100	100	100

Source: Agriculture Insurance Company of India Limited.

As subsidy provided by the Government of India is primarily in the form of premium contribution (with the exception of the National Agricultural Insurance scheme), the distribution of subsidy is directly associated with the distribution of beneficiaries across States for most schemes. As the distribution of beneficiaries for most schemes is concentrated in a few States (discussed in details in the next section), subsidy provided by Government of India is also concentrated in a few States. In NAIS, as the Government also provides subsidy to meet the excess of claims over premium, the distribution of Government expenditure depends on the difference between the subsidized and the actuarial rate of premium associated with different crops across States. However, on the whole, as NAIS account for a very substantial portion of the total expenditure, distribution of subsidy across States is primarily determined by the distribution of subsidy under NAIS. The State wise distribution of GoI's liabilities on account of excess of claims over premiums is indicated in Table 3.1.

An estimation of the increase in the requirement of expenditure for these schemes by 2011-2012 requires assumptions on the level of increase in coverage and premium rates. At the current premium rates, two scenarios are assumed for this exercise. As expenditure requirement is driven primarily by the two major schemes National Agricultural Insurance Scheme and Rashtriya Swasthya Bima Yojana, the two scenarios are built based on differing assumptions on coverage under the two schemes in 2011-2012. For other schemes the assumptions remain the same in both the scenarios.

In both the scenarios, it is assumed that the coverage under all schemes will double (from 2007-08 levels) except in the case of family welfare linked health insurance scheme, Coir Workers Group Personal Accident Scheme, Anganwadi Karyakarti Bima Yojana, Livestock Insurance Scheme and the Aam Aadmi Bima Yojana. For Family Welfare Linked Health Insurance Scheme it is assumed that expenditure under the scheme will not change significantly. Also, as the coir workers group personal accident insurance scheme is universal in nature, expenditure under the scheme is likely to be similar in 2011-2012. It is also assumed that no additional expenditure will be required for Aam Aadmi Bima Yojana as a separate fund has already been created with LIC for the purpose. For Anganwadi Karyakarti Bima Yojana, it is assumed that anganwadi workers and helpers in all sanctioned anganwadis (as on 2008) will be covered. Also, it is assumed that the coverage in the Universal Health Insurance Scheme will remain similar as with the introduction of RSBY, coverage under UHIS is unlikely to increase significantly. Also, it is assumed that coverage under the Livestock Insurance Scheme will remain similar as the scheme will continue to be piloted in the next few years.

With respect to the two major schemes the National Agricultural Insurance Scheme and the Rashtriya Swasthya Bima Yojana, the assumptions differ in the first and the second scenarios. In the first scenario, it is assumed that the coverage under the National Agricultural Insurance Scheme will increase to 20 per cent (from the present level of 10 per cent) and the coverage under RSBY will increase to 70 per cent of the BPL population. In the second scenario, it is assumed that the corresponding coverage for NAIS will be 30 per cent and 100 per cent of the BPL population will be covered under RSBY. The estimation of expenditure requirement for NAIS, is based on the Report of the Working Group on Risk Management in Agriculture for the XI plan. For RSBY, estimation is based on a premium rate of Rs. 750 per family per annum.

Table 3.2 Expenditure by Government of India and Share of expenditure (by Government of India) by States

Schemes	Expenditure by Government of India (Rs. Crore)			Top three States in terms of expenditure by Government of India (per cent share of total)*
	2008-09 (Actual)	2009-10 (R.E.)	2011-2012 (Estimated)	
National Agricultural Insurance Scheme (including Modified NAIS)	694	1419	3839 @	Andhra Pradesh, Gujarat, Rajasthan (60)
Weather Based Crop Insurance Scheme	69	50	450	
Livestock Insurance	6.5	28	30	Tamil Nadu, Andhra Pradesh, Haryana (55)
Group Accident Insurance Scheme for Active Fishermen	2.3	4.7	5	Tamil Nadu, Kerala, Orissa (55)
Handloom Weavers Comprehensive Welfare Scheme				
1. Mahatma Gandhi Bunkar Bima Yojna	3.1	3.1	26 ^^	Tamil Nadu, Andhra Pradesh, West Bengal (75)
2. Health Insurance Scheme	120.82	115.85	205 ^^	Assam, Uttar Pradesh, Tamil Nadu (67)
Handicrafts Artisans Comprehensive Welfare Scheme				
1. Bima Yojna for Handicrafts Artisans	4.44	0.46	3	West Bengal, Kerala and Uttar Pradesh (42)
2. Rajiv Gandhi Shilpi Swasthya Yojna	79.47	67.97	138	Uttar Pradesh, West Bengal, Assam (76)
Wool Sector				
1. Sheep Breeders Insurance Scheme	Adjusted with earlier payment	Adjusted with earlier payment	2	Karnataka, Himachal Pradesh, Rajasthan (63)
2. Sheep Insurance Scheme	1.5	3.38	2 ^^	Rajasthan, Gujarat, Madhya Pradesh (94)
Powerloom				
1. Group Insurance Scheme for Power Loom workers	1.7	2.13	2.6 ^^	Gujarat, Karnataka, Tamil Nadu (62)
Khadi Karigar Janashree Bima Yojna	Adjusted with earlier payment	Adjusted with earlier payment	1	Uttar Pradesh, Haryana, Rajasthan (59)
Coir Workers Group Personal Accident Insurance Scheme	0.072	.066	0.08	Kerala, Tamil Nadu, Karnataka
Anganwadi Karyakarti Bima Yojna	6.7	6.91	21	Uttar Pradesh, Maharashtra, Bihar (32)
Family Welfare Linked Health Insurance Plan	4.92	18.33	5	N.A.
Rastriya Swasthya Bima Yojna	101.64	230.9	2400	--
Aam Admi Bima Yojna	43.53**	117.52**		Andhra Pradesh, Madhya Pradesh, Maharashtra (70)
Universal Health Insurance Scheme	2	28	20	N.A.
Total	1142	2096	7150	

Notes: * For all schemes except NAIS, expenditure is determined by the coverage. In NAIS, the top States indicate GoI liability in terms of claims over premiums.@ Projected figures of NAIS and WBCIS are based on the figures of estimated expenditure on NAIS, Modified NAIS and WBCIS reported by the Agriculture Insurance Company of India ^^ Estimates based on actual or projected coverage provided by Ministry, N.A. Not Available, **Although Rs. 2500 crore was released to LIC towards Aam Aadmi premium and scholarship fund in 2007-08 and 2008-09, the actual outgo on the scheme in 2008-09 and 2009-2010 was Rs 43.53 crore and 117.52 crore respectively.

Estimates indicate that if the assumptions hold true, expenditure by Government of India on insurance schemes is likely to be around Rs. 4800 crore in the first scenario and about Rs. 5800 crore in the second scenario by 2011-2012. If the estimate of expected expenditure on NAIS and WBCIS reported by the Agriculture Insurance Company of India Ltd. is used, the estimates are around Rs. 7100 crore (Table 3.2). Notably, the introduction of RSBY is likely to bring about a substantial change in the level and composition of spending by Government of India on insurance schemes. If coverage under RSBY increases as planned, the share of Government spending on insurance schemes is likely to increase substantially towards health insurance schemes.

An important assumption in arriving at the above projections is the fact that in most schemes premium support by GoI will continue at the present rate. In this context, it is important to note that the differential premium support extended by GoI to various occupational groups may need to be reconsidered. In life insurance schemes, while GoI contributes Rs. 150 per beneficiary per annum for occupational groups like handllom weavers, sheep breeders and powerloom workers, it contributes Rs. 100 for anganwadi workers and rural landless households and Rs. 12.5 for khadi artisans (Table 2.1). Along with differential premium support by GoI, the benefits received on death or disability by different occupational groups also differ. Given that the threat to life associated with specific occupations is unlikely to differ much, premium support provided by Government of India should be similar across occupational groups. Also, notably, the premium rate under RSBY in most States is higher in comparison to similar schemes like Aarogyasri (in Andhra Pradesh). Under RSBY, premium rates can be upto Rs. 750 per family (for five persons) per annum and extends an annual benefit of Rs. 30,000. In Aarogyasri on the other hand, while the benefits extended per family is upto Rs. 2 lakhs, the annual premium rate is relatively lower at Rs. 439 per family per annum. Besides, there is no restriction on the number of family members who can be covered under Aarogyasri. Although part of the reason for high premium rate could be the higher risk associated with the nature of diseases covered under RSBY, given that the benefits are also relatively lower in RSBY (than Aarogyasri), this calls for a careful look.

3.2 Performance of Insurance Schemes

This section analyzes four specific aspects of performance of insurance schemes: the extent of coverage, the distribution of coverage across States, the claims ratio (claim to premium ratio) and the time taken for settlement of claims. While the extent of coverage has direct implication for the level of public expenditure and vice versa, the distribution of coverage provides insights into the equity aspect of public spending on insurance schemes. The third aspect 'claims ratio' provides some insight into the utilization of premium expenditure by Government of India and the fourth reflects the problems in accessing benefits provided by these schemes.

3.2.1 Coverage of Intended Beneficiaries

Coverage is measured as the percentage of people insured under any particular insurance scheme to the total population in the target group. Size of the target group is based on figures reported by the respective Ministries or are culled out from secondary sources of data. The estimates of coverage are approximate as the reported figures of the size of the target group are based on the latest available figures, but not necessarily corresponding to the year for which the number of people insured is available.

In 2008-09, the number of farmers insured under the National Agricultural Insurance Scheme constituted less than 15 per cent of the total number of operational holdings reported in agricultural census 2005-06 (Table 3.3). It is noteworthy that an operational holding may be jointly held by more than one farmer and as such the denominator is likely to be an underestimate. The actual coverage of farmers is therefore likely to be even lower. As a proportion of the area under operational holding (as per census 2005-06), the area insured under the scheme was about 18 per cent in 2008-09.[10] Additionally, most farmers insured under the scheme have taken it up under compulsive conditions (associated with loans). In 2008-09, about 68.5 per cent of the farmers insured under the

[10] The low coverage of farmers has also been pointed out by a number of earlier studies (Sinha 2004, GoI 2004).

scheme were loanee farmers, for whom the insurance was mandatory.[11] As the insurance is a part of the process and requirement for loans, many of the farmers were unaware of the compulsory insurance clause. This is possibly reflected in the fact that as per NSSO (2005) only about 4 per cent of farmer households reported having insured their crops.[12]

The coverage has also been low for most life insurance schemes. In 2009-10, the scheme with the highest coverage among the life insurance schemes viz. the Group Accident Insurance Scheme for Active Fishermen covered only about a third of the targeted population (Table 3.3). The scheme for Khadi workers had coverage of around 30 per cent, while that for handloom weavers around 18 per cent (Table 3.3). For the other schemes, the coverage was less than 10 per cent.. The estimates of coverage for handicraft artisans were based on data on the number of handicraft artisans reported in the Joint Census of handlooms and powerlooms 1995-96. For handloom weavers, estimates have been based on the Handloom Census of India 2009-10. Estimate of coverage of khadi workers is based on the khadi employment figures reported in the Annual report of Khadi and Village Industries Commission 2007-08. Estimate of the total number of fishermen (male and female) was taken from the 17th Livestock Census 2003. Estimate of coverage of sheep breeders is based on data provided by the Central Wool Development Board and that of powerloom workers is based on data provided by the Office of Textile Commissioner Mumbai.

In Aam Aadmi Bima Yojana, it is important to note that the number of rural landless households in the country is much larger than NSSO's estimate, which is quoted by Government of India in this context. Studies have indicated that NSSO's land and livestock surveys underestimate the proportion of landless households in rural India because of a methodological reason.[13] As a result, in States like Andhra Pradesh where AABY is implemented in a major way, the number of rural landless households covered

[11] The fact that bulk of the farmers have taken up insurance under compulsive conditions is also indicated in state-specific primary surveys (Bhatt 2005).

[12] As the Weather Based Crop insurance Scheme was introduced only in 2007-08 and piloted in selected areas, the performance of the scheme is yet to be ascertained.

[13] Rawal (2008), "Ownership Holdings of Land in Rural India: Putting the records Straight", *Economic and Political Weekly*, Special Article, March 8

under the scheme is double the NSSO's estimate of total number of rural landless households in the State.

In livestock and sheep insurance, the coverage was less than 5 per cent. In 2009-10, a total of 6.8 lakh cattle and buffaloes were insured under the livestock insurance scheme, which constituted about 3.04 per cent of the total number of female exotic and cross breed cattle and buffaloes (as per the 18th livestock census 2007) in the 100 selected districts. Notably, as data on high yielding cattle and buffaloes are not available separately from the livestock census, the denominator includes all female exotic and cross breed cattle and buffaloes. Under sheep insurance, about 4 lakhs of sheep were covered by the end of March 2009, which constituted less than 1 per cent (0.7 per cent) of the total sheep population of the country.[14] This coverage is estimated based on the total sheep population in the country based on the 17th Livestock Census 2003.

The coverage of health insurance schemes is relatively better. The Rashtriya Swasthya Bima Yojana (RSBY) has been able to cover about 23 per cent of the total BPL households in the country (about 49 per cent of the BPL households in the implemented districts). The coverage of weavers under the health insurance schemes for handloom weavers and handicraft artisans under the Rajiv Gandhi Shilpi Swasthya Yojana is also relatively better. In 2009-10, the number of health cards issued to handloom weaver families, constituted about 55 percent of the total number of handloom weavers reported in the country. Similarly, under the scheme for handicraft artisans in 2009-10, the number of handicraft artisans insured constituted about 17 per cent of the total number of handicraft artisans employed in the handicraft sector. Estimates of coverage under the scheme for handloom weavers is based on data on the number of people associated with handloom weaving (full time and part time) reported in the Handloom Census of India 2009-10. The corresponding figures for handicraft artisans have been taken from the Joint Census of Handlooms and Powerlooms 1995-96. The Universal Health Insurance Scheme for the BPL population however, has a negligible coverage. In 2008-09, less than 0.5 per cent of the BPL population was covered under the scheme.

[14] The total Sheep population in the country has been taken from the annual report (2007-08) of the Department of Animal Husbandry, Ministry of Agriculture.

3.2.2 Distribution of beneficiaries across States

An analysis of the distribution of beneficiaries across States indicates that in many schemes, a few States account for a bulk of the beneficiaries (Table 3.3). In 2008-09, although the National Agricultural Insurance Scheme was operational in 23 States, only 5 States accounted for more than 60 per cent of this coverage. The top three States (Maharashtra, Uttar Pradesh and Rajasthan) which accounted for 33 per cent of the farmers in the country accounted for 41 per cent of the insured farmers (Table 3.3). Similarly, the livestock insurance scheme was operational in 25 States in 2009-10, but 5 States accounted for more than two-thirds of the total coverage. The top 3 States which constituted 35 per cent of the target population accounted for 60 per cent of beneficiaries. Andhra Pradesh alone accounted for about 38 per cent of the coverage in the country. In life insurance scheme for handicraft artisans and Group Accident Insurance Scheme for Active Fishermen, the concentration of beneficiaries was even higher relative to the share of the target population. In these schemes, the top three States in terms of the number of beneficiaries accounted for 61 and 54 per cent respectively of the total coverage in 2009-10 relative to 15 and 11 per cent of the target population in these States (Table 3.3). In life insurance scheme for handloom weavers, Tamil Nadu alone accounted for about 46 per cent of the total coverage. Similarly in the scheme for khadi artisans, Uttar Pradesh alone accounted for about 48 per cent of the total coverage in the country. In the scheme for khadi karigars, Uttar Pradesh alone accounts for about 44 per cent of the coverage.

The concentration of beneficiaries in specific States arises from two reasons. First, certain States have a larger concentration of the targeted groups. For example, in the case of Life Insurance Scheme for Active fishermen, coastal States have a larger concentration of the targeted group. Similarly, in NAIS, some States like Andhra Pardesh, Rajasthan and Maharashtra are more prone to droughts and large scale yield loses and this leads to the concentration of beneficiaries in these States. Secondly, certain States are more capable in reaping the benefits from these insurance schemes. In life and health insurance schemes, the capacity and involvement of the State and implementing agencies like cooperative societies, NGOs, etc. is an important factor in determining the extent of coverage in selected States. In health insurance schemes, factors like the number of hospitals empanelled is also a contributing factor in determining concentration of beneficiaries in selected states. The capacity of certain States in reaping the benefits from many of the insurance schemes is reflected in the fact that States like Tamil Nadu and Andhra Pradesh figure in the top three positions in a number of schemes (Table 3.3).

3.2.3 Time taken for settlement of claims

An understanding of the time taken for settlement of claims is derived from a look at three sources of data. For some schemes, data is provided by insurance companies like LIC and ICICI Lombard. The settlement time referred to in these cases is the time taken from the submission of claim documents to the settlement of each case. Notably, delay in receiving claim benefits is often in the process of submission of relevant documents, and not after the submission of claims. As bulk of the targeted population is poor and illiterate, submission of claims with all the relevant documents becomes difficult and this data does not capture this aspect. For some schemes, data provided by respective Ministries/Organizations have been used to indicate the settlement time. An idea of the time taken for settlement of claims is also derived from responses of beneficiaries in primary surveys in case of schemes for which such studies were available. Both the second and the third indicator are likely to capture at least partially, the difficulties faced by beneficiaries in submitting claims with the relevant documents. In case of NAIS however, an idea on the time taken for the settlement of claims is provided by the Report of the Joint Group on Crop Insurance set up in 2004.

In NAIS, the time lag between the occurrence of loss and settlement of claims is about 8 to 10 months. As per the Agriculture Insurance Company of India Limited, the delay in the settlement of claims in NAIS is primarily due to the delay in the receipt of yield data from the State based on crop cutting surveys and release of funds from the State Government. Data from ICICI Lombard indicate that in case of health insurance schemes for specific occupational groups, most claims are settled within a month. Similarly, in life insurance schemes, data from LIC indicate that most claims are settled within a month. In contrast, data provided by Ministries and State Government officials indicate that the time taken for settlement of claims in some life insurance schemes is much longer. In the Group Insurance Scheme for Powerloom Workers, data provided by the Office of the Textile Commissioner, Mumbai indicate that of the 87 per cent of claims settled in 2006-07 and 2007-08, only about 16 per cent were settled in one month and 27 per cent in three months. Similarly, data provided by the Coir Board indicate that the time required for settlement of claims in the Coir Workers Accident Insurance Scheme is about 3 to six months. Data from State Government officials of four States (Rajasthan, Andhra Pradesh, Orissa and Karnataka) also indicate that the time taken for settlement of claims in schemes for occupational groups is about 3 to 6 months. Responses of beneficiaries in primary surveys also indicate delay in settlement of claims. In an evaluation study of the Bima Yojana for handicraft artisans in the States of Delhi &NCR, Gujarat, Karnataka and West Bengal, more than 70 per cent of the respondents reported delay in settlement of claims (NPC).[15] Similarly, in a survey of karigars covered under Khadi Karigar Janashree Bima Yojana, beneficiaries reported substantial delay in settlement of claims.[16] In livestock insurance also, as per data compiled by the Department of Animal Husbandry, Dairying and Fisheries, the time taken for settlement of claims can be upto 3 months (IRMA 2008). In livestock insurance, although the guidelines of the scheme suggest that claims should be settled within 15 days after the submission of documents, on average, about 50 percent of the States take more than 15 days to settle the claims (IRMA 2008).

3.2.4 Claims Ratio (Claims to Premium Ratio)

[15] Refer Evaluation – *Bima Yojana for Handicraft Artisans* (undated), conducted by the Economic services Group of the National Productivity Council. The study was based on a sample survey of artisans (both policy holders and non-policy holders) in the States of Delhi and NCR, Gujarat, Karnataka and West Bengal and secondary data on targets and achievements of the Bima Yojana for handicraft artisans (collected from the head office of DC handicrafts and regional offices). The survey of artisans was based on a stratified random sample of 161 policy holders and 54 non-policy holders using criteria like geographical location, concentration of handicraft artisans, representation of major crafts etc.

[16] Refer *Impact of Welfare Scheme for Khadi – All India Study Report 2008*, conducted by Development and Research Services Private Ltd. for Khadi and Village Industries Commission. The study was based on a sample survey of 259 khadi institutions and 14878 artisans covered under the Khadi Karigar Janashree Bima Yojana across 109 districts of 25 States of India. This constituted about 20 per cent of the khadi institutions and about 5 per cent of the artisans covered under the Khadi Karigar Janashree Bima Yojana in the country. Each State was divided into six zones based on NSSO. In each zone, districts, khadi institutions and artisans were randomly selected.

The claims ratio indicates the total outgo of claims to total premium collected. The ratio provides some indication of the utilization of government premium contribution by insurance companies for paying off the benefits under the schemes. If premium rates were actuarial in nature and insurance companies made no profits, the claims in any insurance scheme would be roughly equal to the premium collected and the claims ratio would be equal to one. In general, lower the claims ratio, lower is the utilization of the Government's premium contribution to the insurance companies. Keeping this in view, in some schemes, the Government has introduced a provision for rolling over a certain share of the excess of premiums over claims to the subsequent years.

The claims ratio (the ratio of claims to premiums) is significantly less than 1 for a number of schemes. In health insurance for handloom weavers, the claims ratio is 0.5, while that for life insurance schemes of khadi karigars, anganwadi karyakartis/workers and Aam Aadmi Bima Yojana, less than 0.5 (Table 3.3). In Livestock Insurance Scheme, the claims ratio was about 0.6 in the period 2006-07 to 2009-10. In RSBY too, the claims ratio is around than 0.5. Even among schemes where claims ratio is relatively high, there is large variation in claims across States. In life insurance scheme for handloom weavers, although the claims ratio is higher than 1 (at the all-India level) more than 80 per cent of claims (including scholarships) were concentrated in the States of Andhra Pradesh and Tamil Nadu alone. While the high concentration of claims in Tamil Nadu is also due to higher coverage, Andhra Pradesh with 18 per cent share of coverage accounted for nearly 42 per cent of the total claims – the highest claim to premium ratio in the country. Similarly, in the group insurance scheme for powerloom workers, of the 937 death claims settled in 2009-10, nearly 50 per cent was from the States of Karnataka and Maharashtra alone.

It is noteworthy that the claims ratio is substantially high in NAIS as the premium rates are kept low. Also, the claims ratio of large farmers is significantly higher than small and marginal farmers insured under the scheme. In the period 2004-05 to 2008-09, while the average claims ratio in the scheme was about 3.07, the claims ratio for large farmers was 3.37, which was significantly higher than that of small and marginal farmers insured under the scheme (2.75). This indicates that the extent of subsidy reaching a large farmer is higher than a small/marginal farmer insured under the scheme. Also, the claims ratio is higher for non-loanee farmers than for loanee farmers. In the period 2004-05 to 2008-09, the claims ratio of non-loanee farmers was about 4.7 in comparison to 2.9 for loanee farmers. This is likely to be driven by the fact that only farmers facing substantial risk voluntarily opt for the insurance, while loanee farmers have to enroll for the scheme even if the risk they face is lower.

Importantly, in life insurance schemes, the share of scholarships in total claims is remarkably high. While the scholarship clause was introduced in life insurance schemes as an incentive for joining the scheme, a substantial proportion of claims are in the form of scholarships alone. The share of scholarships in life insurance schemes varied from 24 per cent to 57 per cent in 2007-08. In general, in 2007-08, the share of scholarships in total claims of Janashree Bima Yojana (for all the occupational groups together) is around 38 per cent. This fact requires attention in view of the fact that the primary objective of life insurance schemes was to provide financial support to family members of the poor and vulnerable sections of the society and scholarship benefit was added only as an incentive to join the scheme.

3.3 Factors Affecting Performance of Insurance Schemes

Design problems act as impediments to increasing coverage under many insurance schemes. Life insurance schemes are affected by problems of adverse selection. As the schemes are annual in nature and the benefits obtained from occurrence of deaths are not very frequently visible, workers do not have much of an incentive to renew policies and invest in premium (which often means a cut in their wages) every year, particularly as bulk of them are relatively poor. The only incentive for workers to join the scheme despite a wage cut is when they anticipate death in near future, or have children studying in standard IX to XII and are assured of a scholarship of Rs. 1200 per year per child. This is possibly reflected in the fact that, on average, more than a third of the claims under Janashree Bima Yojana are in the form of scholarships alone, which is not the primary objective of the scheme. An evaluation of the insurance scheme for khadi artisans highlights the resistance to premium contribution by artisans and the persuasion required to convince them for the outgo in their wages.[17] Similarly, under NAIS, due to the large unit area of insurance, farmers receive compensation only if there is a failure of crop in the entire unit area of insurance. With the unit area of insurance in some States as large as a district or a block, the incentive for an individual farmer to get insured under the scheme is low as there is considerable variability in yield within the unit area. Also, due to this variability, farmers whose yield is higher than the average in the area are at a disadvantage as the threshold yield is estimated based on the average yield in the area and hence receive a lower compensation (GoI 2004). Moreover, at present, the scheme covers risk only from sowing to harvesting and does not cover the pre-sowing and post-harvesting risk (GoI 2004).

The unorganized nature of work of bulk of the targeted population is also partially responsible for the poor coverage under the schemes. In almost all schemes, organized groups like milk federations/unions, State Sheep and Wool Development Boards/cooperative societies, service centers and NGOs working with specific occupational groups are involved. Lack of belonging to any such groups adversely affects the coverage of the scheme. In general, the extent of coverage in many schemes is directly associated with the size of such organized groups in States. The relatively large coverage of life insurance for the BPL population in Andhra Pradesh through Self-help groups (SHGs) is an example of expansion of coverage through an organized network. Besides, in some schemes only full time workers are eligible (not part time workers) and this reduces the coverage.[18] The report of the National Commission for Enterprises in the Unorganized Sector (2007)[19] highlighted that less than a third of the full-time handloom weavers in the country in 1995-96 worked under cooperative societies or under master weavers (structures through which the schemes for handloom weavers were implemented) and the majority were self employed. Similarly, less than a third of

[17] Refer *Impact of Welfare Scheme for Khadi – All India Study Report 2008*, conducted by Development and Research Services Private Ltd. for Khadi and Village Industries Commission
[18] Refer *Impact of Welfare Scheme for Khadi – All India Study Report 2008*, conducted by Development and Research Services Private Ltd. for Khadi and Village Industries Commission
[19] *Report on Conditions of Work and Promotion of Livelihoods in the Unorganized sector (2007)*, National Commission for Enterprises in the Unorganized Sector

the persons engaged in preparatory works in the handloom sector worked on a full-time basis.

Problems associated with the implementation machinery at the State-level also affect the performance of many of these schemes. Discussion with State officials indicate that the staff involved in schemes like the livestock insurance scheme, scheme for handloom weavers and handicraft artisans and anganwadi workers/helpers are also assigned other work, and this limits their involvement in increasing coverage under the schemes. Besides, the number of officials involved per district in some of these schemes was reported to be relatively low. Notably, in most schemes, these officials act as crucial links between the beneficiary groups and the insurance company as collection of claim forms and premium is carried out by them. The problem of accessibility of farmers to rural credit institutions marketing NAIS has also been pointed out in the Report of the Joint Group set up in 2004 (GoI 2004).

An important factor that also has a close bearing on the performance of insurance schemes is the fact that a substantial share of the targeted population is illiterate and uneducated. Illiteracy and lack of basic schooling lead to problems in understanding the benefits of the scheme and the operational modalities in terms of premium requirements and submission of claims along with required documents, which in turn adversely affects the performance of the schemes. While dissemination of information about the scheme and providing assistance in filing in forms etc. is required to be carried out by nodal agencies (which in some schemes involve NGOs and cooperatives), studies have indicated that many of these agencies are not clear about the benefits and operational modalities of the scheme and therefore unable to disseminate the required information in the targeted population.[20] The evidence on awareness among the targeted group is mixed. While the evaluation study on Bima Yojana for handicraft artisans indicated low awareness among handicraft artisans, the evaluation of health insurance for handloom weavers found that awareness is not an issue in the targeted group. Discussions with

[20] Refer *Evaluation – Bima Yojana for Handicraft Artisans*, by the Economic Services Group, National Productivity Council, New Delhi, sponsored by the Office of the Development Commissioner (Handicrafts), (2008) and *Evaluation Study of Handloom Sector Schemes: Health Insurance Scheme*, National Institute of Small Industry Extension Training Yousufguda, Hyderabad

State-level officials also indicate that part of delay in settlement of claims is due to difficulties faced in terms of submitting the required documents, which arises at least partially from illiteracy. In crop insurance schemes, where beneficiaries need not submit claims, delay in settlement of claims is primarily due to the delay in the receipt of the yield data from the State based on crop cutting surveys and release of funds from the State Governments.

The performance of insurance schemes in terms of premium rates and claims is also possibly affected by response of insurance companies to the call for bids. In life insurance schemes, the responsibility of operating the schemes is directly handed over to LIC. In other schemes, an analysis of the response of insurance companies to call for bids indicate that for most schemes apart from the four public sector insurance companies viz. the Oriental Insurance Company of India, the New India Assurance Company Limited, the National Insurance Company Limited and United India Insurance Company Limited, only three private sector insurance companies expressed interest; ICICI Lombard, Cholamandalam M.S. General Insurance Company and Reliance General Insurance Company (Table 3.4).

Table 3.3: Coverage, Claims Ratio and Settlement time for selected insurance schemes

Schemes	Coverage (per cent) 2009-10	Coverage in top 3 states@ (per cent) 2009-10	Top three States in Coverage	Claims ratio 2009-2010	Time taken for settlement of claims
National Agricultural Insurance Scheme	15 (in 2008-09)	41.3 (33) (n 2008-09)	Mah, U.P, Raj	3.07**	8-10 months
Weather Based Crop Insurance Scheme	1.6			0.76***	
Livestock Insurance	3.04	60.23 (35.4)	T.N., A.P., Guj	0.62^^	6 months
Group Accident Insurance Scheme for Active Fishermen	37.9	54.5 (11.1)	T.N., Orissa, A.P.	-	
Mahatma Gandhi Bunkar Bima Yojna (for handloom weavers)	18.1	74.1 (62.3)	T.N., A.P. Assam	1.2 (E.S) 1.6(IS)	Less than a month
Health Insurance Scheme (for handloom weavers)	55.4	59.3 (68)	Assam, T.N, W.B	0.5	1 month
Bima Yojna for Handicrafts Artisans	Universal	60.74 (14.6)	W.B. , Kerala, T.N.	1.2 (E.S) 3.3 (I.S.)	70 % of respondents in P.S. reported delay As per LIC, less than a month
Rajiv Gandhi Shilpi Swasthya Yojna (for handicraft artisans)	16.9	46.5 (38.5)	U.P., W.B., Assam	0.8*	
Sheep Breeders Insurance Scheme	1.5			-	Less than a month
Sheep Insurance Scheme	0.7			-	
Group Insurance Scheme for Power Loom workers	2.6	59.9 (70.8)	T.N., Kar, Mah	1.1 (E.S) 1.3 (I.S.)	Less than 30 % claims settled in 3 months As per LIC, less than a month
Khadi Karigar Janashree Bima Yojna	29.6	62.9 (49.9)	U.P, Har, Raj	0.27 (I.S.)*	Complaints of delay
Coir Workers Group Personal Accident Insurance Scheme	Universal			0.8*	
Anganwadi Karyakarti Bima Yojna	Universal			0.05(E.S) 0.14(I.S.)	Less than a month
Family Welfare Linked Health Insurance Plan	Universal			2.6	Till Dec 2009, nearly 80 % of claims of 2009 policy settled
Universal Health Insurance Scheme	0.5 (in 2008-09)	80 (8.8) (in 2008-09)	Gujarat, Kerala, A.P.	0.34 (in 2008-09)	
Rashtriya Swasthya Bima Yojana	23^	48.3 (34.2)	U.P, Bihar, Guj	0.35	
Aam Aadmi Bima Yojana		71.4	U.P, A.P, Bihar	0.48 (E.S.) 0.5 (I.S.)	

Note: ** in the period 2004-05 to 2008-09 @ figures in brackets indicate share of target group in the top three States. *** in the period 2007-08 to 2009-2010^^iin the period 2006-07 to 2009-10. ^49 per cent if estimated as a percentage of the BPL population in the implemented districts * relates to the year 2007-08 -- E.S. indicates excluding scholarship, I.S. indicates including scholarship, Mah – Maharashtra, A.P. -- Andhra Pradesh, Raj – Rajasthan, T.N. Tamil Nadu, A.P. - Andhra Pradesh, W.B. - West Bengal, U.P. – Uttar Pradesh., Kar – Karnataka – Har – Haryana, Chattis -- Chhattisgarh

Table 3.4. Response of Insurance Companies to Call for Bids in Non-Life Insurance Schemes

Schemes	**Insurance Companies**
Health insurance for handloom weavers	United India Insurance
	Oriental Insurance Company
	Reliance General Insurance company
	ICICI Lombard
	Cholamandalam M.S. General Insurance Company
Health insurance for handicraft artisans	Cholamandalam M.S. General Insurance Company
	National Insurance Company
	ICICI Lomabard
	Reliance General Insurance company
	United India Insurance
Sheep Insurance Scheme	ICICI Lombard
	Oriental Insurance Company
	United India Insurance
	State Insurance and Provident Fund Jaipur
Family Welfare Linked Health Insurance scheme	Four public sector Insurance companies
	ICICI Lombard
	Cholamandalam M.S. General Insurance Company
	Reliance General Insurance company

Chapter 4:
Overlapping of Central and State Insurance Schemes

In India, insurance schemes initiated by both Centre and States operate simultaneously in many States. For both the levels of Government, the target group for insurance schemes is the population below or marginally above the poverty line. This induces the possibility of overlapping of some of the Central schemes with those of the State Government in terms of the population being targeted or the benefits extended. This chapter tries to examine whether there is any overlap between the Central and the State schemes and the consolidation arrangements that have been made by State Governments to avoid overlapping.

The analysis is based on the data provided by officials during visits to the four States of Rajasthan, Andhra Pradesh, Orissa and Karnataka. As Orissa did not have any major insurance scheme which overlapped with schemes of the Central Government, the discussion is primarily restricted to schemes in Rajasthan, Andhra Pradesh and Karnataka. Also, the discussion is restricted to only those State-level schemes, which are similar to the Central schemes in terms of the targeted population/benefits not all insurance schemes being implemented by the State Government. Also, crop insurance scheme is not discussed as State support for crop insurance scheme is primarily in the form of share of subsidy provided for the schemes initiated by the Central Government and no parallel crop insurance scheme is operated by any of the four States. Notably, most often, inclusion of a beneficiary in State or Central Government scheme requires a self declaration that 'he/she is not covered under any other government insurance scheme'. In practice however, this clause is not strictly monitored.

4.1 Life Insurance Schemes

Both the Government of Rajasthan and Andhra Pradesh have initiated life insurance for the poorer sections of the population in the State. In Rajasthan, the State has initiated the Pannadhyay Jeevan Amrit Yojana (PJAY), which provides life insurance to the head of all BPL households in the State. Similarly, in Andhra Pradesh, the State has initiated the Indira Jeevitha Bima Padakam (IJBP), a life insurance scheme for members of self help groups (SHGs). Notably, the Indira Jeevitha Bima Padakam in Andhra Pradesh is a combination of three insurance schemes, Aam Aadmi Bima Yojana (AABY), Janashree Bima Yojana and the Other Group Insurance. The first scheme is for landless agricultural laborers families, the second scheme is for the spouses of those SHG members not covered under the AABY and the third for SHG members. As bulk of the members of SHGs (about 10 million women) belongs to relatively poor families, the scheme provides life insurance coverage to a significant section of the poor in the State.

The potential for any overlap between the State and the Central life insurance schemes arises from the fact that some of the head of BPL households in Rajasthan or spouses of members of SHGs in Andhra Pradesh may be workers of specific occupational groups, for whom life insurance support is extended by the Central Government. This is so as both the State and the Central schemes provide insurance against death and disability and are implemented by the same insurance company LIC. The requirement for premium contribution by beneficiaries and the benefits derived from the schemes are however different in the State and the Central schemes (Table 4.1). In the Central scheme, although the benefits are higher than the State schemes for some occupational groups, the beneficiaries are required to make a premium contribution (Table 4.1). In two of the three State schemes, the premium is entirely subsidized by the State Government and no premium contribution is required from the beneficiaries.

Data on coverage under the State and Central schemes indicate that in practice the extent of overlapping is small. In Central schemes, the extent of coverage is negligible in comparison to the coverage under the State schemes. In 2007-08, while more than 26 lakh families were covered under the Pannadhyay Jeevan Amrit Yojana in Rajathan, only about a lakh targeted workers of selected occupational groups were covered under the Central schemes in the State. Similarly, the total coverage under life insurance scheme supported by the Centre for specific occupational groups (excluding anganwadi karyakarti bima yojana) is about 1 per cent of the total number of SHG members in Andhra Pradesh.

Table 4.1 Features of life insurance scheme supported by the Centre and the State of Rajasthan and Andhra Pradesh

	State scheme			Central Scheme
Criteria	**Rajasthan**	**Andhra Pradesh**		
	Pannadhyay Jeevan Amrit Yojana	**Aam Aadmi Bima Yojana**	**Janashree Bima Yojana**	**For specific vulnerable occupational groups**
Eligibility	BPL population (head of household)	Husbands of SHG members belonging to rural landless agricultural labourer families	Husbands of SHG members not covered under AABY	Workers below or marginally above the poverty line: handloom weavers, handicraft artisans, powerloom workers, khadi karigars, anganwadi workers and helpers
Premium (per annum)	Rs. 200	Rs 200 (per annum)	Rs. 150 (per annum)	*Varies:* Rs. 330 for handloom weavers and powerloom workers Rs. 200 for handicraft artisans and anganwadi workers and helpers Rs. 100 for khadi karigars
Premium subsidy from Social Security Fund kept with LIC	Rs. 100	Rs. 100	Rs.75	*Varies:* Rs. 100 for all workers excluding khadi karigars Rs. 50 for khadi karigars
Subsidy by State and Central Government	Rs. 100	Rs. 100		*Varies:* Rs. 150 for handloom weavers and powerloom workers Rs. 60 for handicraft artisans and Rs. 100 for anganwadi workers and helpers Rs. 12.5 for khadi karigars
Beneficiary contribution	Nil	Nil	Rs. 75	*Varies:* Rs. 80 for handloom weavers and powerloom workers Rs. 40 for handicraft artisan, Rs. 12.5 for khadi karigars, nil for anganwadi worker and helper
Benefit	Rs. 30,000 for natural death, 75,000 for accidental death and total disability and Rs. 37,500 for partial disability in addition to scholarship	Rs. 30,000 for natural death, 75,000 for accidental death and total disability and Rs. 37,500 for partial disability in addition to scholarship	Rs. 30,000 for natural death, 75,000 for accidental death and total disability and Rs. 37,500 for partial disability in addition to scholarship	*For natural death:* Rs. 30,000 for handicraft artisan, khadi karigars and anganwadi workers and helpers, Rs. 60,000 for others *For accidental death and permanent disability:* Rs. 75,000 for handicraft artisans, khadi karigars and anganwadi workers and helpers, Rs. 1,50,000 for others *For partial disability:* Rs. 37,500 for handicraft aritisans, khadi karigars and anganwadi workers and helpers, Rs. 75,000 for others

Interestingly, in Andhra Pradesh, the State has merged some of its own schemes with the Aam Aadmi Bima Yojana of the Central Government to provide a wider coverage of life insurance to the poorer sections. Specifically, the State Government has complimented the Aam Aadmi Bima Yojana by adding the Janashree Bima Yojana and Other Insurance Scheme to extend wider coverage. In Rajasthan however, as the Aam Aadmi Bima Yojana was not being implemented, the possibility of overlapping of Pannadhyay Jeevan Amrit Yojana with rural landless households does not arise.

Two other life insurance schemes for sheep breeders, the Avikapal Jeevan Rakshak Yojana and the Avirakshak are supported by the Government of Rajasthan. These schemes potentially overlap with the life insurance scheme for sheep breeders supported by the Central Government. While the Avikapal Jeevan Rakshak Yojana provides insurance against both death and disability as in the Central scheme, Avirakshak is an accident insurance scheme for sheep breeders, which potentially overlaps with the accident benefit clause of the Central scheme. There are however differences in eligibility criteria of the State and the Central scheme. In the Central scheme, sheep breeders who are members of State Sheep and Wool Development Board/Federation/Cooperative Societies and NGOs authorized by the Central Wool Development Board (CWDB) are eligible. In the State schemes, no such affiliation is required. Also, the Central scheme does not have any specification on the number of sheep a sheep breeder is required to posses to be eligible for the scheme. In case of the State scheme, a sheep breeder is required to have at least 25 sheep to be eligible for insurance under the scheme. Also, Avikapal covers only those sheep breeders who are above the poverty line (sheep breeders below the poverty line are covered under the Pannadhyay Jeevan Amrit Yojana). Moreover, given that the benefits are nearly double in the case of the Central Scheme with a difference of only Rs. 5 in the beneficiary contribution, the Central scheme is likely to be more attractive for the sheep breeders (Table 4.2). Similarly in Avirakshak, the premium rates and benefits are significantly lower than the benefits of the Central Scheme (Table 4.2). The coverage under the State schemes is comparable with the Central scheme. However, given different nature of sheep breeders covered under the State and the Central scheme and the fact that the total coverage of sheep breeders in insurance schemes (both State and

Centre taken together) is only about 7.5 per cent of the estimated sheep breeders in the State, the extent of overlapping is likely to be negligible. Notably, the number of claims under the Central scheme in 2008-09 was only 13 in 2008-09.

Table 4.2: Features of life insurance scheme for sheep breeders supported by the Centre and the Government of Rajasthan

Life Insurance Scheme for Sheep Breeders			
Criteria	**State Schemes**		**Central Scheme**
	Avikapal	**Avirakshak**	**Kendriya Bhed Palak Yojana**
Eligibility	Group of 25 sheep owners (only APL)	Should have a minimum of 25 sheep	Should be a member of State Sheep and Wool Development Board/Federation/Corporation/Cooperative Society/NGO authorized by CWDB
Scope	Natural and accidental death	Accidental death only	Natural and accidental death
Premium (per annum)	Rs. 200	Rs. 15	Rs. 330
Contribution from LIC's Social Security Fund	Rs. 100	Nil	Rs.100
Subsidy by State and Central Government	Rs. 25	Rs. 5	Rs. 150
Beneficiary contribution	Rs. 75	Rs. 10	Rs.80
Benefit	Rs. 30,000 on natural death Rs. 75,000 on accidental death/complete disability Rs. 37,500 for partial disability	Rs. 25,000 for death or complete disability due to accident Rs. 12,500 for partial disability due to accident	Rs. 60,000 on natural death Rs. 1,50,000 on accidental death or complete disability due to accident Rs. 75,000 on partial disability due to accident
Coverage (2008-09)	4378	5265	5604
Claims (2008-09)	117	8	13

4.2 Health Insurance Scheme

The possibility of overlapping between State and Central health insurance schemes arises only in the case of Andhra Pradesh and Karnataka. In Andhra Pradesh, a major health insurance scheme Aarogyasri is being implemented by the State. Similarly, in

Karnataka, two health insurance schemes: the Suvarna Aarogya Suraksha (now renamed as Vajpayee Aarogyasri scheme) for the BPL population and the Yeshaswini scheme for members of cooperative societies in the rural areas are being supported by the state. These schemes may potentially overlap with some of the health and life insurance schemes of the Central Government. Additionally in Karnataka, the possibility of overlap arises due to the implementation of the Central scheme RSBY in the State in addition to the State schemes. RSBY is not implemented in Andhra Pradesh.

Aarogyasri is being implemented for the BPL population in Andhra Pradesh. Some of the BPL households in the state may comprise of handloom weavers and handicraft artisans who are also covered under the health insurance scheme for handloom weavers and the Rajiv Gandhi Shilpi Swasthya Yojana (RGSSY) for handicraft artisans. The overlapping in the targeted group however is likely to be negligible as the total number of handloom weavers and handicraft artisans in the State (APL and BPL together) constitute less than 2 per cent of the BPL families in the State. Besides, the coverage of health interventions and benefits derived from the State and the Central insurance schemes are significantly different (Table 4.3). While the Central schemes provides a maximum benefit of Rs. 15,000 per family per annum (including Rs. 7500 for OPD), the State scheme primarily provides inpatient services with a maximum limit per family per annum of Rs. 2 lakhs. Besides, the nature of diseases covered under the State and the Central scheme differ. Also, the benefits of the Central schemes can be availed only by four members of a family, while in the State scheme every member of BPL families is covered.

In Karnataka, the Suvarna Aarogya Suraksha Scheme (SASS) and the RSBY is not being implemented in the same districts and as such does not overlap. Both these schemes are however likely to be implemented throughout the State from the next financial year. The Suvarna Aarogya Suraksha Scheme may potentially overlap with the health insurance schemes for handloom weavers and handicraft artisans supported by the Central Government. It is also likely that some of the members of cooperative societies may also belong to BPL families covered under SASS and the RSBY. Besides, some of the BPL families and members of cooperative societies may also be handloom weavers and handicraft artisans who are covered under the health insurance scheme supported by the central Government. However, as the nature of diseases covered under different insurance schemes varies and the number of handloom weavers and handicraft artisans in the State is negligible in comparison to the BPL population of the state, the possibility of overlapping in terms of actual benefits offered is negligible.

Table 4.3 Features of Aarogyasri, Health insurance scheme for handloom weavers and the Rajiv Gandhi Shilpi Swasthya Yojana for handicraft artisans

Criteria	**Aarogyasri**	**Heath Insurance Scheme for handloom weavers**	**Rajiv Gandhi Shilpi Swasthya Yojana (for handicraft artisans)**
	State Scheme	**Central Schemes**	
Benefits	Upto 2 lakhs per family per year	Rs. 15,000 (Rs. 7500 for OPD) per family per annum	Rs. 15,000 (Rs. 7500 for OPD) per family per annum
Type of benefits	Primarily inpatient services	Both inpatient and outpatient services	Both inpatient and outpatient services
No. of members covered in the family	All members	4 members	4 members
Beneficiary contribution in premium	Nil (entirely paid by the State Government)	Rs. 100 per weaver family	Rs. 100 per artisan family
Coverage (2007-08)	2.03 Crore BPL families	1,27,594 weavers	19,097 artisans

Table 4.4 Health Insurance Schemes operational in Karnataka

Criteria	**Suvarna Aarogyasri Suraksha Scheme (SASS)**	**Rashtriya Swasthya Bima Yojana (RSBY)**	**Yeshaswini Scheme**
Eligibiity	BPL families which posses BPL cards issued by the State Government	BPL families (as per Planning Commission Estimates)	Members of Cooperative Societies
Nature of Coverage	Primarily tertiary care hospitalization	Hospitalization for less expensive treatments	Selected surgical procedures and medical emergencies
Beneficiary contribution	Nil	Nil (Rs. 30 for registration)	Rs. 150 per year per member
Benefits	Upto Rs. 2 lakhs per family	Rs. 30,000 per family	Upto Rs. 2 lakh per member

4.3 Livestock and Sheep Insurance Scheme

In the context of livestock insurance, the Government of Rajasthan supports two insurance schemes Kamdhenu and Bhais Bima, which provides insurance against death of cows and buffaloes and is similar to the livestock insurance scheme of the Central Government. However, as the nature of cows and buffaloes covered under the State schemes are different from that of the Central scheme, the potential for overlapping is low (Table 4.5). Besides, neither of the two State schemes is implemented in the districts in which the Central scheme is operational and this prevents any overlapping of the targeted group. Notably, even if the schemes were operational together in the same districts, due to the different nature of the animals covered under the State and the central scheme, there would be little overlapping of the targeted group.

For sheep too, the State Government's Avika Kavach scheme provides insurance against death and disability of sheep as in the Sheep insurance scheme of the central Government. However the premium rates and beneficiary contribution are higher in the State scheme than the Central Scheme and as such the Central scheme appear to be more attractive (Table 4.6). The benefits are however marginally higher in the State scheme than the Central scheme (a maximum of Rs. 1600 per sheep in the State scheme in comparison to Rs. 1200 per sheep in the Central scheme). Also, as in the case of insurance for sheep breeders, the eligibility criterion for the State scheme is that the sheep breeders should have at least 25 sheep. However, the coverage under both the State and the Central scheme constitute less than 1 per cent of the total sheep population of the State and as the overlapping is minimal.

Table 4.5 Features of Cattle and Buffalo Insurance Supported by the State of Rajasthan and the livestock insurance scheme

Cattle and Buffalo Insurance			
Criteria	**State Schemes**		**Central Scheme**
	Kamdhenu	**Bhais Bima**	**Livestock Insurance**
Eligibility	Indigenous/crossbred milking cows	Milking buffaloes	High yielding cattle and buffaloes (more than 1500 litres/per lactation)
Maximum cost of animal	Rs. 10,000	Rs. 20,000	No limit
Number of animal that can be insured	No limit	No limit	Max of two animals per beneficiary
Premium (per annum)	4 % of animal cost (max of Rs. 400)	4% of animal cost (max of Rs. 800)	4.5 % (for annual policy) to 12 % (for three year policy)
Subsidy by State and Central Government	25 % (max of Rs. 100)	25 % (max of Rs. 200)	50%
Beneficiary contribution	75% (max of Rs. 300)	75% (max of Rs. 600)	50%
Benefit	100% cost of animal in case of natural death or partial/complete disability	100% cost of animal in case of natural death or partial/complete disability	100 % cost of animal in case of death
Coverage (2007-08)	12048	Implmented in 2009-2010	17279
Claims	1134 (in 2008-09)	-	689 (cumulative claim between 2006-07 and 2008-09)

Table 4.6: Features of Sheep Insurance Scheme of the State of Rajasthan and the sheep insurance scheme of the Central Government

Sheep Insurance		
Criteria	**State Scheme**	**Central Scheme**
	Avika Kavach	**Sheep Insurance**
Eligibility	Sheep owner should have a minimum of 25 sheep	Sheep owner should be member of State Sheep and Wool development Board or Federation or Corporation or Cooperative Society or NGOs as authorized by the Central Wool Development Board
Cost of animal	Rs. 1600 (max)	Rs. 1200
Premium (per annum)	5% of cost of sheep (max Rs.80)	Rs. 44
Subsidy by State and Central Government	25% (max of Rs.20)	Rs. 25
Beneficiary contribution	75% (max of Rs. 60)	Rs. 19
Benefit	100% cost	100 % cost on death or disability
Coverage (2007-08)	18337	2,92,229
Claims	261 (in 2008-09)	9235 (Between 2007-08 and 20th April 2009)

Chapter 5:
Conclusions

This study highlights four specific aspects related to insurance schemes of Government of India. It provides an overview of the nature of insurance schemes being supported by the Government of India and highlights the financial implication of operating these schemes. It also examines specific aspects of performance of these schemes and the factors affecting them, and discuses issues related to the extent of overlapping between different insurance schemes of the Central Government and between schemes of the Central Government and the State Government. Additionally, it discusses some of the problems associated with the design and implementation of these insurance schemes.

An overview of the nature of insurance schemes indicates that four broad categories of insurance schemes are supported by Government of India: (i) crop insurance schemes providing insurance against yield loses (ii) life and group accident insurance schemes insuring against death and disability of an earning member of a family (iii) health insurance schemes against unforeseen health expenditure and (iv) livestock and sheep insurance schemes providing insurance against death of cattle, buffalo and sheep. Until recently, the initiation of most of these schemes was being done in a segmented manner based on the initiatives taken by individual Ministries. Identification of population groups for the purpose of insurance schemes was primarily based on occupation. Almost all life insurance schemes and health insurance schemes with varying financial support from the Government of India have been initiated for specific occupational groups. Although earlier attempts have been made to provide life and health insurance for the BPL population, these schemes have been rather ineffective in terms of coverage. Only recently, a universal health insurance scheme (for the entire BPL population) and a life insurance scheme (for the rural landless households) were launched that were not targeted at a specific occupational group.

An analysis of the extent of expenditure on insurance schemes by the Government of India indicates that the total direct expenditure on insurance schemes by Government of India in 2008-09 was about Rs. 1142 crore. This constituted about 0.1 per cent of the total expenditure by the Government of India and about 0.02 per cent of the country's GDP in 2008-09. For most schemes, financial support was primarily in the form of premium contribution. The only exception is the National Agricultural Insurance Scheme (NAIS), where financial support is provided by the Government of India to both premiums and claims. For life insurance schemes, support was also provided through an indirect premium contribution by way of subsidization from the social security fund placed with LIC. Indirect support to life insurance schemes through contribution from social security fund was only about Rs. 267 crore in 2008-09 and did not add significantly to the expenditure by the Government of India.

Disaggregated analysis of the expenditure on different types of insurance schemes indicates that the crop insurance schemes account for the bulk of the expenditure. In 2008-09, about two-thirds of the total expenditure on insurance schemes by Government of India was towards crop insurance schemes. The National Agricultural Insurance Scheme alone accounted for more than 60 per cent of the expenditure. Health insurance schemes accounted for nearly 27 per cent, life insurance schemes about 5 per cent and the remaining schemes account for less than 1 per cent of the total expenditure on insurance schemes for Government of India.

Bulk of the increase in expenditure by Government of India on insurance schemes by the end of the Eleventh Plan is likely to be on account of the National Agricultural Insurance Scheme and the health insurance scheme for the BPL population, the Rashtriya Swasthya Bima Yojana (RSBY). The share of health insurance in total expenditure on insurance schemes by Government of India is likely to increase significantly in the near future. A rough estimate of the extent of resource requirement for insurance schemes by the end of the Eleventh Plan based on different assumptions on coverage and premium rates related to crop insurance and the Rashtriya Swasthya Bima Yoajna, indicates that the resource requirement is likely to be around Rs. 6000 crore. This is based on the assumption that 100 per cent of the BPL population will be covered by RSBY and coverage under NAIS will increase to 30 per cent. If one assumes a coverage of 70 per cent under RSBY and 20 per cent under NAIS, the requirement is likely to be around Rs. 5000 crore. If the estimate of expected expenditure under NAIS and WBCIS reported by the Agriculture Insurance Company Ltd. is used, the requirement is around Rs. 7000 crore.

The coverage of beneficiaries under most of the insurance schemes appears to be low. In a number of schemes, the share of beneficiaries covered in the targeted population is less than 20 per cent. This points at the low reach of these insurance schemes in the targeted population. Also, in many schemes, a few States account for the bulk of the beneficiaries. The share of the top three States in total beneficiaries is significantly higher than the share of target group in those States for many of the schemes. The time taken for the settlement of claims is also relatively high in many schemes. Bulk of the delay in settlement of claims is often in the process of submission of relevant documents, and not after the submission of claims. In some schemes the claim to premium ratio is also low. In life insurance schemes where claims ratio is relatively high, a significant portion of the claims is in the form of scholarships, which is not the primary objective of the insurance scheme.

The performance of the schemes is affected by a number of factors. Bulk of the targeted population is not affiliated to any organized group through which these insurance schemes are operated. This adversely affects the coverage. Also, illiteracy and lack of basic schooling leads to problems in carrying out the operational modalities of the schemes in terms of premium requirements and submission of claims with the relevant documents. Also, in life insurance schemes, as the benefits obtained in the event of occurrence of deaths or disability is not frequently visible, there is a lack of incentive to contribute premium annually. The only incentive for the workers to join the scheme is when death is anticipated or workers have children studying in standard IX to XII and are assured of a scholarship of Rs. 1200 per annum. This leads to adverse selection problems. Moreover, at the State-level, the staff assigned with the task of increasing coverage and implementing the scheme is also burdened with other work. Notably, these officials act as crucial links between the beneficiary groups and the insurance company and the active involvement of these officials are indispensable for improving the performance of the schemes.

Given the nature of the target group and the problems associated with these schemes, the scope of capital market solutions to providing insurance, appear to be limited. Also, launching of catastrophe bonds is unlikely to address the core problems associated with the implementation of these insurance schemes. Catastrophe bonds (CAT) have been issued in a number of countries around the world like the United States, Japan, Western Europe and Mexico to meet sudden financial obligations arising from unforeseen natural disasters like earthquakes, hurricanes and floods, which strike large sections of the population simultaneously. The sponsors of these bonds invest resources generated through these bonds in low-risk securities. The sponsor provides additional funds, which together with the returns from these investments, are used to pay returns to the bondholders. Catastrophe bonds are typically high risk bonds and, therefore, carry a high rate of return. The higher risk in comparison to regular bonds arises from the fact that, if the disaster strikes, bondholders loose part or all of the invested capital. These bonds relate only to major natural disasters and are not issued in the context of life and health insurance schemes. In the Indian context too, among the insurance schemes supported by the Government of India, these bonds are relevant only in the context of agriculture and weather insurance schemes i.e. NAIS and WBCIS, as both these schemes are for events that affect large sections of the population simultaneously. A number of recent studies have argued for introduction of such bonds in low-income countries (Skees, Barnett and Murphy 2008, Cummins and Mahul 2009). The introduction of such bonds, however, needs a careful examination of the financial burden of the Government arising from launching these bonds vis-à-vis the Government's present annual financial commitments to these schemes. Studies have indicated that the transaction cost of launching these bonds in low-income countries can be high (Skees, Barnett and Murphy 2008). Apart from the transaction costs, the annual financial burden of the Government due to launching of these bonds will depend on the difference between the returns on investment of resources generated through these bonds and the annual payout to the holders of these high-yielding bonds. Since the catastrophe bonds are high-yielding bonds and funds generated from these bonds are used in low-risk investments, substantial additional funds have to be provided by the sponsor to cover the balance. In general, a careful approach needs to be adopted for the launching of these bonds in India as little evidence exists on the experience of these bonds in developing countries and their effectiveness in reducing the financial burden of the Government.

At the State-level, the extent of overlap between Central and State schemes in terms of target groups and benefits appears to be small. This is primarily due to the fact that the target group under the Central schemes at the State-level is significantly smaller than the target group for the State schemes. In States like Andhra Pradesh, State-level schemes have also been merged with Central schemes to avoid overlap and extend a wider coverage to the poorer sections of the population. Similarly, in Rajasthan and Karnataka, there are schemes where the Central and the State schemes are not being operated in the same districts to avoid overlap. The overlap between different insurance schemes of Government of India is also small in terms of target groups and benefits. In case of health insurance, although both the Universal Health Insurance Scheme (UHIS) and the Rashtriya Swasthya Bima Yojana provide insurance cover to the BPL population against hospitalization expenses, UHIS is likely to be less relevant in the presence of RSBY as there is no requirement of premium contribution in RSBY unlike UHIS. Besides, UHIS has a negligible coverage (less than 0.2 per cent of the BPL population). Also, with the introduction of RSBY, there has been some discussion on the withdrawal of the health insurance scheme for the handloom weavers and handicraft artisans for the BPL population (as they are covered under RSBY) and retain the scheme only for APL handloom weavers and handicraft artisans. In this context, it may be noted that the benefits extended under the health insurance scheme for handloom weavers and handicraft artisans and under RSBY are different. Unlike RSBY, the health insurance scheme for handloom weavers and handicraft artisans include expenses for outpatient treatment. With more than two-thirds of the out-of-pocket expenditure on health in India being towards outpatient treatment, this component could be important. In life insurance, it is potentially possible that a rural landless household is covered under Aam Aadmi Bima Yojana as well as the life insurance schemes for specific occupational groups. However, given that the coverage under the scheme for most occupational group is remarkably small, the extent of overlap is likely to be negligible. Besides, the premium contribution and the benefits derived under the life insurance scheme for specific occupational groups and the Aam Aadmi Bima Yojana are also different.

In general, it may be helpful to consolidate the individual life insurance schemes for different occupational groups (and groups like the rural landless households), and provide a universal common life insurance scheme for the entire BPL population. Consolidating the schemes for the entire BPL population is likely to be advantageous in two ways. First, it increases pooling of individuals and diversifies the risk associated with the insurance schemes. Secondly, the costs associated with identifying individual members in each of the targeted groups separately are likely to be reduced substantially. It may also be important to note that the Government of India has already identified 45 occupational groups as 'weak and vulnerable' and whose workers are mostly either below or marginally above the poverty line (to be considered for insurance support). The inclusion of non-BPL workers belonging to these occupational groups further, may not only help in increasing pooling and diversification of the risk associated with these schemes, but also to ensure that the workers belonging to these occupational groups who are marginally above the poverty line do not fall below the poverty line in the event of unforeseen adverse circumstances. Also, implementing the common scheme through a single agency like a single Ministry of Government of India or a public trust as in the case of Aarogyasri in Andhra Pradesh will reduce the administrative and operational costs associated with these individual schemes. The common insurance scheme may also be universal in nature and not voluntary as is the case in most of the schemes currently. This will reduce the adverse selection problems associated with the voluntary nature of these schemes. Besides, a universal scheme is also likely to generate more awareness about the scheme and make the benefits of the scheme more visible. The need for such universal life insurance schemes for the BPL population has been felt at the policy level for long and is reflected in the fact that the National Family Benefit Scheme (now transferred to the State Governments) was introduced as in early as 1995 to provide compensation to BPL families on death of the primary earning member. A number of State Governments are already implementing life insurance schemes for the BPL population of their State. Recently, the Insurance Regulatory and Development Agency has also suggested the formulation of a comprehensive life and health insurance scheme for the BPL population. The need for such a universal life and health insurance scheme for unorganized workers (about a third of whom are BPL) in India has also been argued by other studies (Mehrotra 2008).[21]

There are also other implementation issues that need to be looked into in the context of life insurance schemes. Experience from Aam Aadmi Bima Yojana in Andhra Pradesh, indicate that the coverage of rural landless households under the scheme far exceeds the total number of rural landless households declared by the Central Government (based on figures of the National Sample Survey). With earlier studies indicating that the number of landless households reported by the National Sample Survey is significantly lower than the actual number of landless households, the stated commitment of Government of India of covering 1.5 crore rural landless households may need to be reconsidered. Also, given that a substantial share of the Government's future expenditure commitment is likely to be directed towards the Rashtriya Swasthya Bima Yojana, a few issues related to the scheme need a deeper exploration. First, the premium rate appears to be on the higher side in comparison to similar schemes like Aarogyashri in Andhra Pradesh. Secondly, the institutional mechanism set up for monitoring the scheme appears to be weak in comparison to the much lauded Aarogyashri scheme of Andhra Pradesh. In Aarogyashri, the monitoring of the scheme is carried out by a separate trust set up by the Government, which is actively involved in delisting of hospitals misusing the scheme and pre-authorizing the procedures to be conducted. The establishment of a strong monitoring mechanism for RSBY will be important given the extent of financial commitment under the scheme.

[21] Mehrotra S. (2008), "Social Insurance System for India's Unorganised Sector Workers: The Case and the Cost", *The Indian Journal of Labour Economics*, Vol.51, No. 2, 2008

References

Bhende, M.J (2005): 'Agricultural Insurance in India: Problems and Prospects', Department of Economic Analysis and Research, National Bank for Agriculture and Rural Development, Occasional Paper-44.

Cummins,-J-David; Mahul,-Olivier (2009), Catastrophe Risk Financing In Developing Countries: Principles for Public Intervention, Washington D.C. World Bank.

D & RS (2008), "Impact of Welfare Schemes for Khadi, All India Study Report" Conducted by Development & Research Services Pvt. Ltd for Khadi & Village Industries Commission.

Detailed Demand for Grants 2009-10, Micro Small and medium Enterprises, Government of India

Detailed Demand for Grants 2009-10, Ministry of Agriculture and Animal Husbandry, Government of India

Detailed Demand for Grants 2009-10, Ministry of Commerce and Industry, Government of India

Detailed Demand for Grants 2009-10, Ministry of Health and Family Welfare, Government of India

Detailed Demand for Grants 2009-10, Ministry of Women and Child Development, Government of India

GoI (2004) Report of Joint Group on Crop Insurance, Dept. of Agriculture & Cooperation, Ministry of Agriculture, Government of India.

GoI (1994) Report of the Committee on Reforms in the Insurance Sector (January 1994): Ministry of Finance, Govt. of India.

GoI (2006) Rreport of the Working Group on Risk Management in Agriculture (2007-12), XI th Five Year Plan. .

Ghosh, Nilabja and S.S. Yadav (2008): 'Problems and Prospects of Crop Insurance: Reviewing Agricultural Risk and NAIS in India' Institute of Economic Growth, September 30.

Hazell, Peter and Jerry Skees (2006):"Insuring Aginst Bad Weather: Recent Thinking" in Radhakrisna, R, S.K.Rao, S. Mahendra Dev and K Subbarao (eds.) 'India in a Global Wold: Some aspects of Macroeconomy Agriculture and Poverty', Chapter 16, section III, Academic Foundation.

IRMA (2008): 'Evaluation of Livestock Insurance Scheme', Institute of Rural Management Anand, Report Submitted to Dept of Animal Husbandry, Dairying & Fisharies, Ministry of Agriculture, Govt of India.

Mehrotra S. (2008), "Social Insurance System for India's Unorganised Sector Workers: The Case and the Cost", *The Indian Journal of Labour Economics*, Vol.51, No. 2, 2008

NSSO (2006), *Some Aspects of Operational Landholdings in India 2002-03*, NSS 59th Round (January-December 2002-03), NSS Report No. 492 (59/18.1/3)

NCEUS (2007), *Report on Conditions of Work and Promotion of Livelihoods in the Unorganized Sector (2007)*, National Commission for Enterprises in the Unorganized Sector

NISIET, "Evaluation Study of Handloom Sector Schemes: Health Insurance Scheme,: National Institute of Small Industry Extension Training.

NPC, "Evaluation – Bima Yojana for Handicraft Artisans", Economic Services Group, National Productivity Council, New Delhi

Raju, S.S and Ramesh Chand (2007): 'Progress and Problems of Agricultural Insurance', *Economic and Political Weekly*, May 26.

Raju, S.S and Ramesh Chand (2008): 'Agricultural Insurance in India Problems and Prospects', National Centre for Agricultural Economics and Policy Research (Indian Council of Agricultural Research), Working Paper No. 8.

Rawal V. (2008), "Ownership Holdings of Land in Rural India: Putting the records Straight", *Economic and Political Weekly*, Special Article, March 8

SASMIRA (2006), *Evaluation of Powerloom Sector Schemes,* The Synthetic and Art Silk Mills' Research Association, Mumbai

Sinha Sidharth (2004): 'Agricultural Insurance in India Scope for Participation of Private Insurers' *Economic and Political Weekly*, June 19.

Skees,-Jerry-R; Barnett,-Barry-J and Murphy,-Anne-G (2008), 'Creating Insurance Markets for Natural Disaster Risk in Lower Income Countries: The Potential Role for Securitization', Agricultural-Finance-Review. Spring 2008; 68(1): 151-67

Vyas, V.S and Surjit Singh (2006): 'Crop Insurance in India Scope for Improvement' *Economic and Political Weekly*, November 4.

Vyas, V.S and Surjit Singh (2005): 'Crop Insurance Programme in India Performance and Needed Reform', Institute of Development Studies, Jaipur, Report Submitted to Agriculture Insurance Company of India

World Bank (2007), "India- National Agricultural Insurance Scheme: Market-based solution for better risk sharing" India Country Management Unit, South Asia Finance and Private Sector Unit, The World Bank.

Annexure I

Table A1: Expenditure by Government of India on various insurance schemes, 2006-07 to 2009-2010 (Rs. Crores)

Name of the Scheme	2006-07 (Actual)	2007-08 (Actual)	2008-2009 (Actual)	2009-2010 (R.E.)
National Agricultural Insurance Scheme	634.4	718.9	694.0	1419.0
Weather Based Crop Insurance Scheme	-	69.2	69.0	50.0
Livestock Insurance	50.6	16.0	6.5	28.0
Group Accident Insurance Scheme for Active Fishermen		1.3	2.3	4.7
Handloom Weavers Comprehensive Welfare Scheme				
1. Mahatma Gandhi Bunkar Bima Yojna	3.0	13.0	3.1	3.1
2. Health Insurance Scheme	37.0	102.6	120.8	115.9
Handicrafts Artisans Comprehensive Welfare Scheme				
1. Bima Yojna for Handicrafts Artisans	4.0	1.5	4.4	0.5
2. Rajiv Gandhi Shilpi Swasthya Yojna	-	74.6	79.5	68.0
Wool Sector				
1. Sheep Breeders Insurance Scheme	-	2	Adjusted against excess payment of premium earlier	Adjusted against excess payment of premium earlier
2. Sheep Insurance Scheme		2.0	1.5	3.4
Powerloom				
1. Group Insurance Scheme for Power Loom workers	0.7	1.0	1.7	2.1
Khadi Karigar Janashree Bima Yojna	1.4	Adjusted against excess payment of premium earlier	Adjusted against excess payment of premium earlier	Adjusted against excess payment of premium earlier
Coir Workers Group Personal Accident Insurance Scheme	0.1	0.1	0.1	0.1
Anganwadi Karyakarti Bima Yojna	12.0	2.0	6.7	6.9
Family Welfare Linked Health Insurance Scheme	2.4	3.2	4.9	18.3
Rastriya Swasthya Bima Yojna	-	-	101.6	230.9
Aam Admi Bima Yojna	-	44.8**	43.5**	117.5**
Universal Health Insurance Scheme	25.0	20.0	2.0	28.0
Total	745	1067	1142	2096

Notes: **Although the Government of India has contributed Rs. 2000 Crore towards the Aam Aadmi Bima Premium Fund maintained with LIC in 2007-08 and 2008-09 (Rs. 1000 Crore in each year) and Rs. 500 Crore towards the Aam Aadmi Scholarship Fund in 2007-08, the actual outgo for the scheme from both the funds is taken as the expenditure under the scheme.

Annexure II

Table A2: State wise Distribution of Farmers Insured under National Agriculture Insurance Scheme (NAIS), 2002-03 to 2008-09 (per cent)

State	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Andhra Pradesh	15.1	14.1	16.0	13.4	13.6	12.8	11.2
Assam	0.0	0.1	0.1	0.1	0.1	0.1	0.2
Bihar	0.8	1.2	2.5	2.5	4.1	5.0	4.0
Chhattisgarh	5.9	4.1	4.6	4.0	4.4	3.9	4.3
Goa	0.0	0.0					
Gujarat	9.9	8.4	6.6	5.3	5.3	4.6	4.4
Haryana			1.0	0.7	0.6	0.8	0.0
Himachal Pradesh	0.6	0.0	0.2	0.1	0.1	0.1	0.1
Jammu & Kashmir			0.0	0.0	0.0	0.0	0.0
Jharkhand	0.1	0.2	0.8	5.0	7.6	4.1	3.9
Karnataka	8.4	15.1	5.9	5.8	8.0	3.5	7.0
Kerala	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Madhya Pradesh	14.7	12.3	13.2	13.0	11.1	12.2	9.6
Maharashtra	16.9	22.4	24.3	27.5	18.7	10.9	18.3
Meghalaya	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Orissa	11.1	6.8	6.7	6.8	6.5	5.4	4.0
Pondicherry	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rajasthan		0.5	12.0	14.0	15.7	15.6	11.7
Tamil Nadu	0.7	0.5	0.9	0.7	1.9	3.1	4.5
Tripura	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Uttar Pradesh	9.4	8.1	10.7	7.6	12.0	13.2	11.4
Uttarakhand	0.1	0.1	0.0	0.1	0.1	0.2	0.3
West Bengal	6.1	6.1	5.0	5.4	6.0	5.8	5.0

Source: Agriculture Insurance Company of India Limited.

Table A3: State wise Distribution of Farmers Insured under Weather Based Crop Insurance Scheme (WBCIS), 2007-08 to 2009-10 (per cent)

State	2007-08	2008-09	2009-10
Andhra Pradesh			0.9
Bihar	2.4	64.7	38.7
Chhattisgarh	2.1	0.1	
Gujarat			7.0
Haryana		0.1	0.1
Himachal Pradesh		0.2	0.3
Jharkhand		6.8	0.8
Karnataka	6.5	8.6	5.1
Kerala		0.3	0.4
Madhya Pradesh	1.8	4.1	2.1
Maharashtra		0.9	2.5
Orissa		4.0	4.1
Punjab	87.1	0.0	
Rajasthan		3.1	37.0
Tamil Nadu		6.3	0.8
West Bengal		0.9	0.3
Total	100	100	100

Source: Agriculture Insurance Company of India Limited

Table A4: State-wise Distribution of Handloom Weavers Enrolled under MGBBY, 2006-07 to 2009-2010 (per cent)

State	2006-07	2007-08	2008-09	2009-10
Andhra Pradesh	22.1	17.9	21.4	17.2
Assam	3.2	3.5	11.2	10.5
Bihar	0.2	0.9	0.4	0.1
Chhattisgarh	0.3	0.5	0.5	0.4
Delhi	0.0	0.1	0.4	0.2
Gujarat	0.7	0.5	0.6	0.7
Haryana	0.0			
Himachal Pradesh	0.4	0.1	1.7	1.1
Jammu & Kashmir	0.1	0.1	0.1	0.1
Karnataka	4.6	10.0	5.4	6.2
Kerala	1.8	1.6	1.6	1.8
Madhya Pradesh	0.5	0.8	0.8	0.3
Maharashtra	0.1	0.2	0.1	0.0
Orissa	2.1	3.0	5.2	5.8
Punjab	0.0	0.0		0.4
Rajasthan	0.9	0.9	0.4	0.3
Tamil Nadu	48.0	44.0	41.9	46.5
Uttar Pradesh	4.3	3.1	3.7	2.5
Uttarakhand	0.2	0.2	0.2	0.2
West Bengal	10.5	12.8	4.4	5.8

Source: Office of Development Commissioner for Handlooms, Ministry of Textiles

Table A5: State-wise Distribution of Handloom Weavers Enrolled under Health Insurance Scheme, 2006-07 to 2009-2010 (per cent)

State	2006-07	2007-08	2008-09	2009-10
Andhra Pradesh	8.7	7.2	6.5	7.5
Arunachal Pradesh	0.5	0.7	0.9	0.1
Assam	0.0	26.2	23.7	21.9
Bihar	0.0	0.4	1.7	2.0
Chhattisgarh	0.0	0.0	0.2	0.2
Delhi	0.0	0.0	0.0	0.0
Gujarat	0.3	0.1	0.2	0.3
Haryana	0.0	0.0	1.4	1.0
Himachal Pradesh	0.1	0.0	0.6	0.8
Jammu & Kashmir	0.0	0.0	0.0	0.7
Jharkhand	0.2	1.3	1.3	1.6
Karnataka	5.0	2.3	2.4	2.2
Kerala	1.2	0.3	0.7	0.6
Madhya Pradesh	0.2	1.2	0.9	0.5
Maharashtra	0.0	0.0	0.1	0.1
Manipur	1.9	1.1	2.4	1.9
Meghalaya	0.0	1.0	1.8	2.2
Mizoram	0.0	0.0	0.0	0.0
Nagaland	0.0	0.0	1.7	2.0
Orissa	5.3	2.6	2.6	3.1
Pondicherry	0.0	0.0	0.0	0.0
Punjab	0.0	0.0	0.0	0.0
Rajasthan	0.6	0.1	0.3	0.3
Sikkim	0.0	0.0	0.0	0.0
Tamil nadu	35.9	16.1	15.4	19.8
Tripura	0.0	1.4	2.1	1.6
Uttar Pradesh	22.0	24.4	19.8	11.9
Uttarakhand	1.3	0.0	0.3	0.2
West Bengal	16.8	13.8	13.2	17.7

Source: Office of Development Commissioner for Handlooms, Ministry of Textiles

Table A6: State-wise Distribution of Handicraft Artisans Enrolled under Janashree Bima Yojana, 2004-05 to 2009-2010 (per cent)

State	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Andhra Pradesh	9.2	9.1	8.3	5.1	3.2	0.0
Arunachal Pradesh	0.0	0.0	0.0	0.0	0.1	0.0
Assam	9.5	6.3	10.5	6.1	16.7	0.0
Bihar	0.5	7.5	2.8	3.1	0.8	0.4
Chhattisgarh	1.0	0.0	0.0	0.0	0.1	0.0
Delhi	1.8	0.2	2.7	0.5	0.2	8.2
Goa	0.8	0.5	0.3	0.6	0.0	0.0
Gujarat	3.2	8.3	8.9	8.6	0.7	0.0
Haryana	0.0	0.0	0.0	0.0	0.2	0.0
Himachal Pradesh	0.9	3.5	2.8	0.7	0.1	7.5
Jammu & Kashmir	4.8	4.8	3.9	3.3	2.0	1.0
Jharkhand	0.0	0.0	0.0	0.0	0.3	0.0
Karnataka	3.9	3.8	3.0	2.9	1.9	6.7
Kerala	10.1	15.0	10.6	13.7	3.1	33.3
Madhya Pradesh	2.3	3.2	1.6	2.1	0.5	0.0
Maharashtra	2.0	2.8	2.5	4.1	0.2	0.0
Manipur	0.0	0.0	0.0	0.0	4.6	0.0
Meghalaya	0.0	0.0	0.0	0.0	0.8	0.0
Mizoram	0.0	0.0	0.0	0.0	0.0	0.0
Nagaland	0.0	0.0	0.0	0.0	0.2	0.0
Orissa	14.0	4.7	3.5	1.2	0.7	0.2
Pondicherry	0.0	0.0	0.0	0.0	0.3	0.0
Punjab	1.8	2.1	1.5	2.5	0.7	1.4
Rajasthan	2.9	3.7	7.7	7.7	2.0	7.3
Sikkim	0.0	0.0	0.0	0.0	0.0	0.0
Tamil Nadu	8.8	5.9	9.8	7.9	3.3	9.6
Tripura	0.0	0.0	0.0	0.0	1.3	0.0
Uttar Pradesh	11.6	14.5	8.7	10.4	31.2	4.2
Uttaranchal	0.0	0.0	3.9	2.1	0.7	2.2
West Bengal	5.4	4.2	7.1	17.6	23.9	17.8
All India	100.0	100.0	100.0	100.0	100.0	100.0

Source: Office of the Development Commissioner (Handicrafts), Ministry of Textiles

Table A7: State-wise Distribution of Handicraft Artisans Enrolled under Rajiv Gandhi Shilpi Swasthya Yojana, 2006-07 to 2009-2010 (per cent)

State	2006-07	2007-08	2008-09	2009-10
Andhra Pradesh	7.4	2.2	4.1	7.0
Arunachal Pradesh	0.3	0.2	0.4	0.5
Assam	5.6	17.8	23.1	16.9
Bihar	3.2	0.7	0.9	1.8
Chhattisgarh	0.5	0.1	0.2	0.9
Delhi	0.9	0.2	0.4	0.6
Goa	0.6	0.0	0.1	0.1
Gujarat	12.1	0.5	3.0	2.8
Haryana	1.6	0.2	0.4	1.3
Himachal Pradesh	2.2	0.1	0.3	0.4
Jammu & Kashmir	3.3	1.7	1.6	5.5
Jharkhand	2.6	0.4	0.6	1.5
Karnataka	2.8	1.7	1.9	1.7
Kerala	3.5	1.3	1.7	2.8
Madhya Pradesh	2.2	0.6	0.8	2.3
Maharashtra	1.9	0.0	0.6	1.1
Manipur	6.7	5.1	7.9	2.9
Meghalaya	0.4	0.8	1.4	0.6
Mizoram	0.3	0.0	0.1	0.1
Nagaland	1.8	0.2	0.5	0.6
Orissa	5.0	0.6	1.1	4.4
Pondicherry	0.4	0.4	0.0	0.0
Punjab	1.3	0.8	1.6	2.2
Rajasthan	5.4	1.3	1.7	3.8
Sikkim	0.2	0.0	0.1	0.1
Tamil Nadu	6.8	3.0	3.3	3.7
Tripura	0.9	1.4	2.4	2.7
Uttar Pradesh	9.5	33.8	27.0	21.9
Uttaranchal	4.4	0.7	0.7	2.2
West Bengal	6.4	24.3	12.4	7.7

Source: Office of the Development Commissioner (Handicrafts), Ministry of Textiles

Table A8: State-wise Distribution of Khadi Artisans Enrolled under Khadi Karigar Janashree Bima Yojana, 2006-07 to 2009-2010 (per cent)

State	2006-07	2007-08	2008-09	2009-10
Andhra Pradesh	4.6	4.0	3.5	3.1
Arunachal Pradesh	0.0		0.0	0.0
Assam	0.6	0.6	0.7	1.2
Bihar	1.8	1.8	1.8	2.0
Chhattisgarh	0.6	0.5	0.9	0.8
Delhi	0.9	0.9	0.9	1.0
Gujarat	4.5	4.7	3.5	2.4
Haryana	5.9	7.9	8.5	8.9
Himachal Pradesh	0.2	0.4	0.3	0.4
Jammu & Kashmir	0.8	0.8	1.0	1.0
Jharkhand	0.6	0.5	0.6	0.5
Karnataka	5.8	5.8	4.2	4.0
Kerala	4.0	3.9	3.2	3.2
Madhya Pradesh	0.4	0.4	0.3	0.2
Maharashtra	0.5	0.5	0.3	0.3
Manipur	0.0	0.0	0.0	0.0
Meghalaya	0.0	0.0	0.0	0.0
Nagaland	0.0	0.0	0.1	0.1
Orissa	0.5		0.3	0.6
Punjab	5.4	6.3	3.2	3.0
Rajasthan	6.9	7.4	6.0	6.3
Tamil Nadu	5.1	4.8	4.4	3.9
Tripura	0.0	0.0	0.0	
Uttar Pradesh	45.2	43.4	49.1	47.8
Uttaranchal	1.9	1.6	2.3	4.6
West Bengal	3.9	3.9	4.9	5.0

Source: Khadi and Village Industries Commission (KVIC)

Table A9: State-wise Distribution of Powerloom Workers under Group Insurance Scheme for Powerloom Workers, 2003-04 to 2009-2010 (per cent)

State	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Andhra Pradesh	7.0	9.2	10.9	12.6	6.9	8.4	8.2
Assam			0.0	0.1	0.0	0.1	0.1
Bihar	0.4	0.3	0.3	0.7	0.7	1.3	1.3
Gujarat	8.7	10.6	10.6	15.8	28.6	17.6	15.2
Haryana	0.8	1.0	1.0	0.7	1.0	1.1	0.0
Himachal Pradesh	0.0			0.1		0.0	0.0
Karnataka	38.2	20.5	19.8	18.9	17.8	17.8	17.5
Kerala	1.3	0.5	0.3	0.6	0.7	0.9	1.2
Madhya Pradesh	4.9	11.5	9.2	7.0	3.7	2.6	0.0
Maharashtra	14.3	13.4	13.5	13.4	17.0	21.1	20.6
Orissa	0.2	0.2	0.3	0.3	0.2	0.2	0.2
Punjab	1.2	1.4	1.7	1.8	2.0	2.6	2.9
Rajasthan	3.2	3.2	3.8	2.8	2.1	2.4	0.0
Tamil Nadu	16.6	24.9	25.0	20.9	15.4	19.6	21.9
Uttar Pradesh	3.1	3.1	2.9	3.5	3.0	3.4	2.9
West Bengal	0.3	0.3	0.4	0.6	0.9	0.9	0.9

Source: Office of the Textile Commissioner (Powerloom Development Cell)

Table A10: State-wise Distribution of Landless Households Enrolled under Aam Aadmi Bima Yojana (AABY), 2007-08 to 2009-2010 (per cent)

State	2007-08	2008-09	2009-10
Andhra Pradesh	89.2		26.7
Bihar		13.1	13.3
Chandigarh		0.0	0.0
Chhattisgarh		0.0	5.7
Gujarat		4.7	4.2
Himachal Pradesh	0.1		
Jammu & Kashmir		1.8	0.6
Jharkhand		1.3	
Karnataka		7.8	6.4
Kerala		5.8	2.2
Madhya Pradesh		46.9	
Maharashtra	10.7	17.7	0.3
Pondicherry			2.5
Uttar Pradesh		1.0	31.3
West Bengal			6.8

Source: Life Insurance Corporation of India (LIC)

Table A11: State-wise Distribution of BPL Households Enrolled under Rashtriya Swasthya Bima Yojana (RSBY), March 2011 (per cent)

State	Enrollment
Arunachal Pradesh	0.1
Assam	0.9
Bihar	19.8
Chandigarh	0.0
Chhattisgarh	4.7
Delhi	0.9
Goa	0.0
Gujarat	8.3
Haryana	2.6
Himachal	1.0
Jharkhand	5.4
Karnataka	0.7
Kerala	7.8
Maharashtra	6.9
Manipur	0.1
Meghalay	0.2
Mizoram	0.1
Nagaland	0.2
Orissa	1.7
Punjab	0.8
Tamilnadu	0.0
Tripura	1.1
UP	20.2
Uttarakhand	1.3
All India	100.0

Source: http://www.rsby.gov.in

Annexure III

Figure A1: Trend in Coverage of National Agriculture Insurance Scheme (NAIS)

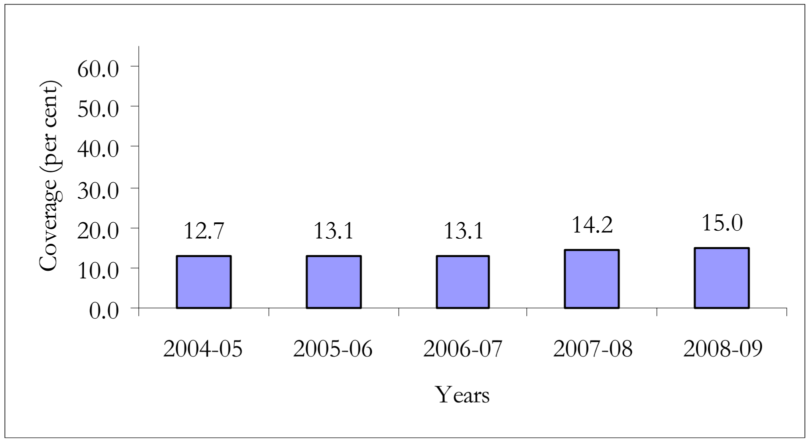

Figure A2: Trend in Coverage of Group Accident Insurance Scheme for Active Fishermen

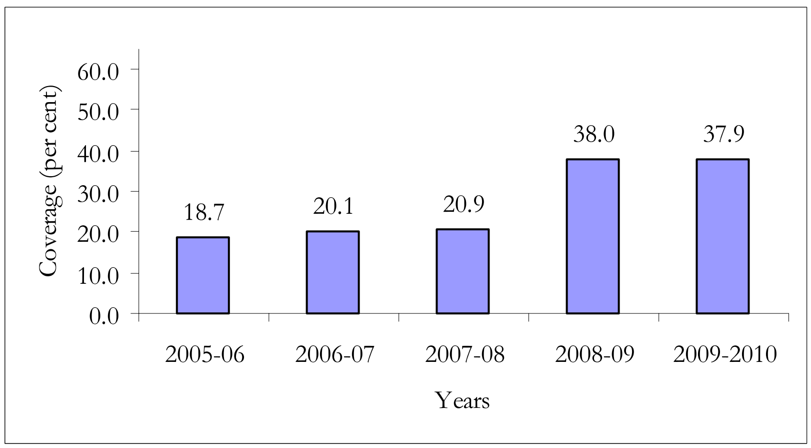

Figure A3: Trend in Coverage of Mahatma Gandhi Bunkar Bima Yojana for Handloom Weavers (MGBBY)

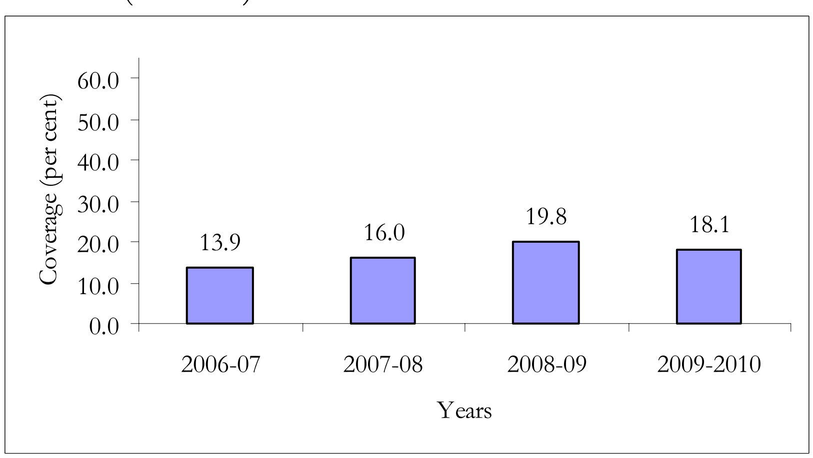

Figure A4: Trend in Coverage of Health Insurance Scheme for Handloom Weavers

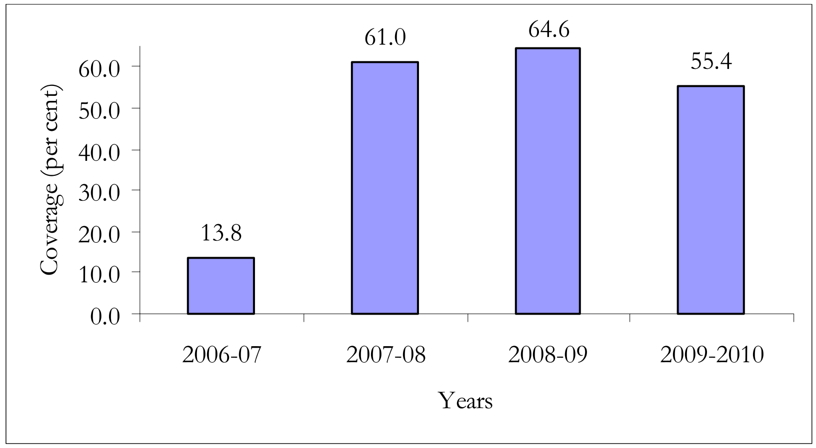

Figure A5: Trend in Coverage of Bima Yojana for Handicraft Artisans

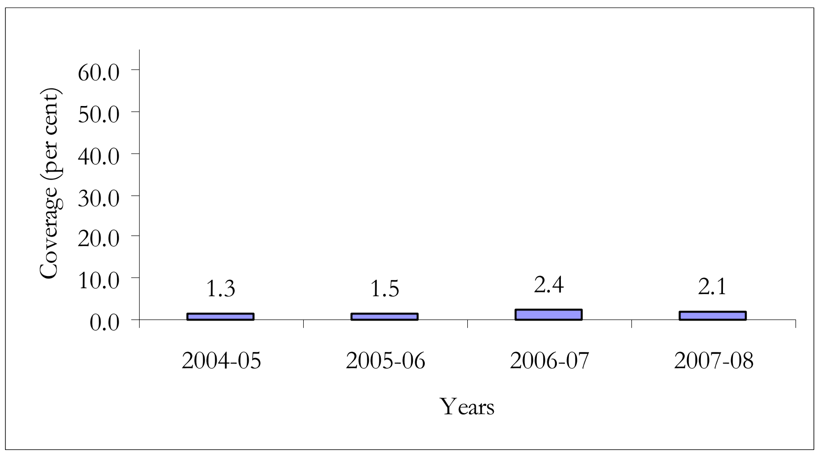

Figure A6: Trend in Coverage of Rajiv Gandhi Shilpi Swasthya Yojana (RGSSY) for Handicraft Artisans

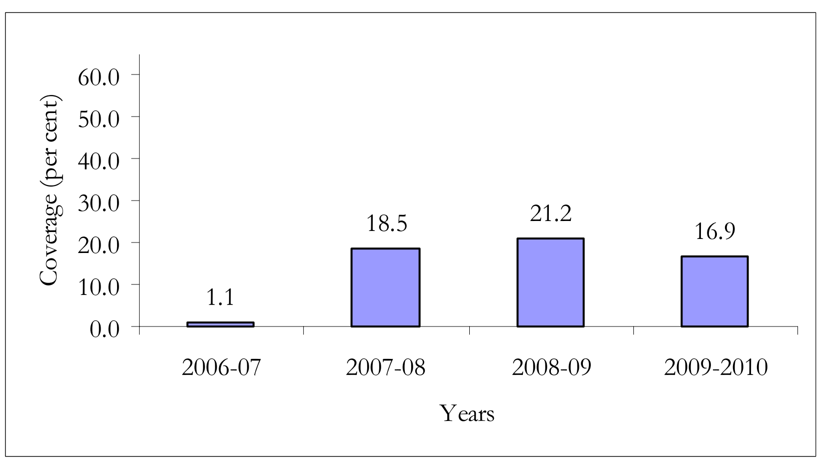

Figure A7: Trend in Coverage of Sheep Breeders Insurance Scheme

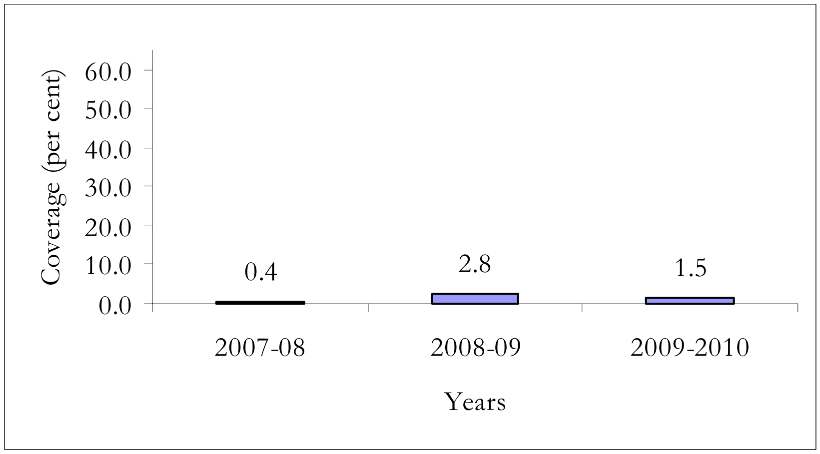

Figure A8: Trend in Coverage of Group Insurance Scheme for Powerloom Workers

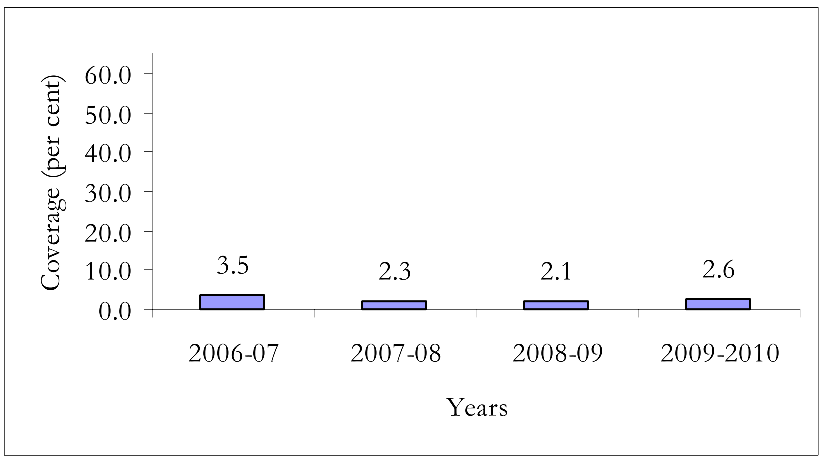

Figure A9: Trend in Coverage of Khadi Karigar Janashree Bima Yojana