

Govt may provide market-linked insurance for plantation crops

Government is likely to initiate a market-linked insurance scheme for plantation crops such as tea, coffee, tobacco and rubber to help growers tide over the impact of price and yield fluctuations.

The revenue insurance scheme for plantation crops, an official said, will be launched once the operational parameters are finalised by the government.

It would be implemented on a pilot basis in 7 districts and will provide insurance cover against fluctuation in prices and yield, the official added.

The scheme will be funded from the price stabilisation fund for plantation crops.

The price of these crops are sensitive to developments in the international markets. Besides, natural calamities too impact the productivity of these crops.

According to a Commerce and Industry Ministry report, these crops are grown in about 16 lakh hectares and they provide direct employment to about 17.10 lakh workers.

Though the plantation crops occupy only about 1 percent of the total cropped area, they generate about 15 percent of the total agricultural export earnings.

The report has also stated that the growers of plantation commodities are vulnerable to large risks in terms of production caused by adverse climatic conditions, as also to price risks caused by demand and supply situations and changes in domestic and international prices.

"The plantation crops are traded in an extremely competitive international market, which causes enhanced vulnerability in times of severe price drop. Cartelisation and indirect subsidies in international markets further increase price risks," it had said.

On the other hand, India needs to remain a credible supplier in the global market for which price stability is an essential consideration.

India is the largest producer and consumer of black tea in the world. It is the sixth largest producer of coffee and 4th in natural rubber production. The country is among the largest producers and exporters of tobacco in the world.