



Insurance and Investments

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- Each BPL family is eligible for a total sum insured of Rs. 30,000 per annum on a family floater basis. This means that anyone in the family who needs it can use it; there is no limit per person but only an overall limit for the family.
- Pre-existing conditions are covered. Usually, insurance companies do not allow insured

individuals to claim expenses on illnesses that they already had when they are first covered by a policy. Here, even though individuals may already be suffering from a particular illness, they will still be covered for it.

- Cashless coverage of all health services related to hospitalization, including maternity benefit and such services of a surgical nature which can be provided on a daycare basis. (Though OPD facilities are not covered under the scheme, OPD consultation is free)
- Provision for pre and post-hospitalization expenses for one day prior and 5 days after hospitalization.
- Provision for transport allowance.

◦ **Rashtriya Krishi Bima Yojana (RKBY):** On June 23, 1999 the Prime Minister launched a new crop insurance scheme called RKBY, under the National Agricultural Insurance Scheme (NAIS). Participation in RKBY was compulsory for farmers growing notified crops and availing crop loans from formal credit institutions. In case of farmers who took these loans, the sum insured was equal to the amount of crop loan advanced. The objectives of the scheme are:

- To provide insurance coverage and financial support to the farmers in the event of failure of crops as a result of natural calamities, pests and diseases.
- To encourage farmers to adopt progressive farming practices, high value inputs and higher technology in agriculture.
- To help stabilise farm incomes, particularly in disaster years.
- To support and stimulate primarily production of food crops and oilseeds.

◦ **Agriculture Insurance Company of India Limited** is a public sector undertaking

headquartered out of New Delhi, India. It currently offers area based and weather based crop programs in almost 500 districts of India. It covers almost 20 million farmers.

- **Personal Accident Insurance Scheme under Kisan Credit Card:** Through Kisan Credit Cards, the Government of India provides adequate and timely credit to farmers with flexible and simplified procedures. An additional benefit of the scheme is that it covers card holders in case of death or permanent disability resulting from accidents caused by external, violent and visible means.

- The bank that issues the KCC ensures that the name of the nominee for the insurance amount is in the card-cum-pass book issued to the farmer. The scheme has a simplified claim settlement procedure whereby an enquiry-cum-verification committee, comprising a branch manager of the implementing bank, lead bank officer and representatives of the insurance company certify the nature of the accident causing disability/death and recommend settlement of insurance claims.

- The objective of the scheme is to provide life insurance protection to the rural and urban poor persons below poverty line and marginally above the poverty line. A State Government Department, which is concerned with the welfare of any such vocation/occupation group, a Welfare Fund/ Society, Village Panchayat, NGO, Self-Help Group, etc. can be the nodal agency for this scheme. This means that it can be the medium through which the benefits of the scheme can be passed on to those who need it.
- A person who is aged between 18 and 59 years can avail of this insurance if they are below or marginally above poverty line. The person must also be a member of any of the approved vocation/occupation groups. The nodal agency will have to collect a group of at least 25 such people under the scheme.

- A number of micro finance institutions offer their own variants of insurance products. As in the case of loans from micro finance institutions, the types of insurance varies from institution to institution. For example:
 - Area Networking and Development Initiative (ANANDI) offers emergency loans for health care to state health services in India: Village self-help groups (SHGs) set up a fund that provides emergency loans for members to obtain health care services. Members obtain the funds at low or no interest on condition that they access services at a public facility staffed by trained medical practitioners, who charge little or nothing to treat poor people. These are usually government-run secondary and tertiary health care facilities, which may be from 50 to 300 kilometres from the village. The loans help members pay for the patient's and caregiver's transport costs, food, medicine and lodging.
 - This example is only to give you an idea of the unique structure of insurance products developed by micro finance institution. However, you will need to approach the organisations in your area to find out what products are available to you.

- Where investment in financial products is concerned, there are ideally no boundaries. The best investment products are those which are simple and easy to use, give a good return and provide safety of investment.
- However, very often, we are required to invest in non-financial products. When we start up a business or invest in raw materials for a crop in the production season. Sometimes an investment can be in an education, which will pay good returns one it is applied in the work-place.

- Various Government aided projects, Self Help Groups and Micro finance institutions help us to make these types of investments. Banks, Self help groups and some government organisations also help us to invest in such a way that we receive a pension in our old age.
- They also have specific investment schemes to benefit farmers, women and students. Following are some schemes that have been structured for specific purposes (they may be available in only certain areas of the country).

- Government of Andhra Pradesh (AP) is trying to reduce poverty in rural and urban areas through the Indira Kranthi Patham (IKP) programme. This programme seeks to empower women through the formation, development and strengthening of women SHGs and their federations.
- One scheme promoted by Indira Kranthi Patham (IKP) programme aims to provide income security to women in their old age. This scheme is called the Abhaya Hastham (IKP Pension and insurance Scheme). It covers women members of Self Help Groups (SHGs) in rural and urban areas.
- Towards this end, the Government has decided to introduce a co-contributory pension scheme for women who are part of Self Help Groups. This will give them a monthly pension when they reach a certain age.

- The National Social Assistance Programme (NSAP) is a programme that was introduced to ensure a minimum national standard of social assistance. This is in addition to the benefits that states are currently providing or might provide in future. The NSAP comprises of the Indira Gandhi National Old Age Pension Scheme (IGNOAPS), the Indira Gandhi National Widow Pension Scheme (IGNWPS), the Indira Gandhi National Disability Pension Scheme (IGNDPS), the National Family Benefit Scheme (NFBS) and Annapurna. Below are the main criteria for applicants to the schemes and the benefits.

- Under this Scheme, Central Assistance is available for those who are 65 years or more. The applicant must be a 'destitute' in the sense of having little or no regular means of subsistence from his/her own sources of income or through financial support from family members or other sources. Such applicants receive an old age pension is Rs. 75 per month as Central Assistance.

- The Indira Gandhi National Widow Pension Scheme (IGNWPS) is designed to benefit widows in the age group of 40-59 years. To claim benefits, such widows must belong to a household living below the poverty line according to the criteria prescribed by the Government of India. Under this scheme, they receive a pension of at least Rs..400 per

month. This amount is partly contributed by the Central Government and partly by the State.

- The Indira Gandhi National Disability Pension Scheme (IGNDPS) is applicable to individuals with severe or multiple disabilities in the age group of 18-59 years. The applicant should belong to a household living below the poverty line according to the criteria prescribed by the Government of India. Such individuals receive a pension of at least Rs..400 per month. This amount is partly contributed by the Central Government and partly by the State.

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