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(1997) 07 AP CK 0047

In the Andhra Pradesh High Court

Case No : Writ Petition No. 6614 of 1988

Primary Agricultural Co-operative Society — APPELLANT

Vs

Nalgonda District Co-operative Central Bank and Another — RESPONDENT

Date of Decision : 29-07-1997

Acts Referred:

Citation : (1997) 6 ALT 200

Hon'ble Judges : N.Y. Hanumanthappa, J;A.S. Bhate, J

Bench : Division Bench

Advocate : D. Prakash Reddy, for the Appellant; Government Pleader, for the Respondent

Final Decision : Dismissed

Judgement

N.Y. Hanumanthappa, J. 1. Heard.

2. The petitioner-society filed this writ petition praying to issue an order or direction, more particularly one in the nature of writ of mandamus declaring the action of the respondents in deducting the crop insurance premium from the crop loan amounts to be advanced to the members of the petitioner-society as illegal, arbitrary, unconstitutional and consequently directing the respondents to advance and disburse the crop loan amounts for the year 1988-89 and all further crop loan advances to all the members of the petitioner-society without making any deductions towards crop loan insurance premium on the ground that introducing comprehensive crop insurance scheme, demanding and collecting the premium for the said scheme from the members of the petitioner-society, in the absence of any obligation on the part of the society or its members to be covered by such scheme is quite arbitrary and illegal. It is further contended that on several occasions amounts collected from the society and its members for the years without notifying how either the society or its members are liable to pay the premium, were not refunded to the petitioner-society or its members in spite of the requests made by them. Lastly, it is contended that the comprehensive crop insurance scheme is illegal, arbitrary and unconstitutional.

3. The Andhra Pradesh State Co-operative Bank Limited, Hyderabad, addressed letter dated May 31, 1986, to the general manager(s) of all the co-operative central banks in the State stating that the comprehensive crop insurance scheme has to be implemented during the year 1986-87 on the same pattern of 1985-86. The relevant portion of the said letter reads as follows :

"1. 13 crops, viz., rice, jowar, bajra, maize, ragi, greengram, black-gram, red-gram, groundnut, castor, gingelly, korra and horsegram will be covered during kharif 1986.

2. The scheme is compulsory wherever loaning is to be done by the banks for the above 13 crops.

3. The premium to be charged is 2 per cent. in respect of paddy and millets and 1 per cent. in respect of oil-seeds and pulses on the sum insured.

4. 50 per cent. subsidy is available to small and marginal farmers on the premium payable by them.

5. 150 per cent. of the sum disbursed shall be the sum insured.

6. 80 per cent. of the average yield of the insured crop per hectare per insured area during the previous five years is defined as threshold level.

7. The banks are requested to send declarations with 50 per cent. premium only in respect of small and marginal farmers and with 100 per cent. in respect of other farmers.

8. The banks are requested to adopt strictly the declaration form already furnished by the department of agriculture.

9. The banks are also requested to send a consolidated statement at the end of the each season cropwise in respect of various declarations sent by them, as per the pro forma enclosed.

10. Copies of all declarations shall be invariably marked to Director of Agriculture, Government of Andhra Pradesh.

11. As was done during 1985-86, declarations have to be sent mandal-wise, cropwise and month-wise.

12. Relative entries in the books of account at the PACS''s and at the members level shall be effected without fail."

4. The validity of the comprehensive crop insurance scheme was challenged before this court, as well as before other High Courts. This court in Writ Petition No. 11882 of 1987 and batch, after considering the salient features of the scheme and also the various aspects, its applicability to the farmers, delivered a detailed judgment on August 23, 1988, speaking through Sri Justice Y.V. Anjaneyulu, upholding the validity of the scheme. Following the same another learned judge of this court (Justice Syed Shah Mohammed Quadri) disposed of

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another Writ Petition-Writ Petition No. 13510 of 1987 on April 23, 1991, on similar lines. Even a Division Bench of this court in Writ Appeal No. 346 of 1992, dated February 5, 1997, has confirmed the order passed by a learned single judge of this court upholding the comprehensive crop insurance scheme.

5. The correctness of the similar orders passed was also challenged before the Kerala High Court in Original Petitions Nos. 11380 of 1985 and batch. On September 8, 1989, these petitions were disposed of holding that :

"The comprehensive crop insurance scheme is a mutual security measure for the benefit of farmers, with a laudable object. The insurance is to indemnify the insured in terms of money, for loss, from a common pool of funds created by contributions from a large number of similarly exposed persons. It covers all perils except war and nuclear risks. The ascertainment of loss is also done in a scientific manner. A substantial portion of the premium to be paid by small and marginal farmers is borne by the State and Central Governments. It is in these circumstances, as a social security measure, that the scheme was envisaged. It is not as if each and every cultivator is required to take out insurance. It is only those who avail of loans from certain category of financial institutions that have to insure their crops. It is, therefore, not obligatory. Any particular cultivator who wishes to insure his individual crops against loss is entitled to do so by himself. If only he takes a loan for the purpose of agriculture from certain financial institutions, he is obliged to take out insurance under the scheme. The coverage under the insurance benefits the cultivator by indemnifying him against the loss. The amount of the loan will be recovered from out of the insurance amount. Thereby a double purpose is served. The poor cultivator is indemnified against loss and the financial institutions which are co-operative banks and such others, are indemnified against loss by the General Insurance Corporation. These cultivators are benefited. The financial institutions are also saved from loss. The insurance thus serves a very laudable and double purpose. This is a social security measure meant for the benefit of the rural population and visits only those who take loans from the financial institutions. It is limited to that class of people as are getting subsidised loans for such calamities affecting the area in question. Such a scheme meant for the benefit of rural population and for the benefit of the real agriculturists cannot be said to be in any manner unreasonable or liable to be struck down by this court."

6. In our considered view, the question involved in this writ petition is the same question in the writ petitions referred to above, which were dismissed. For the reasons aforesaid and following the orders passed in the above writ petitions and the writ appeal, this writ petition is also dismissed. No costs.

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