

# PARLIAMENT OF CEYLON

1st Session 1960-61



## Crop Insurance Act, No. 13 of 1961

*Date of Assent: April 25, 1961*

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*Crop Insurance Act, No. 13 of 1961*

L. D.—O. 53/57.

AN ACT TO PROVIDE FOR COMPULSORY INSURANCE AGAINST LOSS OF CROPS DUE TO ANY SPECIFIED CAUSE; TO MAKE PROVISION FOR THE ESTABLISHMENT OF A CROP INSURANCE ADVISORY BOARD; AND TO PROVIDE FOR MATTERS CONNECTED WITH OR INCIDENTAL TO THE MATTERS AFORESAID.

(Date of Assent: April 25, 1961)

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Crop Insurance Act, No. 13 of 1961.

Short title.

ADMINISTRATION.

2. The Commissioner of Agrarian Services shall be responsible for the administration of this Act.

The Commissioner to administer this Act.

3. The Commissioner shall, in the exercise of his powers and the discharge of his duties under this Act, be subject to the general or special direction of the Minister.

The Commissioner to be subject to Minister's directions.

4. All or any of the powers conferred on the Commissioner by this Act, other than the power to hear and determine appeals made to him under this Act, may be exercised by a Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner.

Powers of Deputy Commissioner, Senior Assistant Commissioner and other officer authorised by the Commissioner.

5. An Assistant Commissioner appointed to any Administrative District may exercise within such District all or any of the powers of the Commissioner under this Act other than the power of the Commissioner to hear and determine appeals made to him under this Act.

Power of an Assistant Commissioner appointed to an Administrative District.

6. The Commissioner may, in the administration of this Act, utilise Co-operative Agricultural Production and Sale Societies and such other organisations as the Minister may determine.

Organisations that may be utilised in administering this Act.

## COMPULSORY INSURANCE OF CROPS.

Specified  
crops and  
specified  
areas.

7. (1) The Minister may from time to time by Order published in the *Gazette* determine the crop or crops in respect of which, and the area or areas in which, there shall be compulsory insurance as provided in this Act against loss of such crop or crops.

(2) Each crop and each area determined by Order made and published under sub-section (1) is hereafter in this Act referred to respectively as a "specified crop" and a "specified area".

Determination  
of insurable  
acreage and  
persons  
entitled to  
the specified  
crops on such  
acreage, and  
appeals from  
such  
determination.

8. (1) Subject to the provisions of sub-section (3), a Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner shall, in regard to each specified area, determine—

(a) the total extent of land bearing each specified crop, and

(b) the persons who, whether as owners or as tenants, are entitled to the whole or any part of the specified crop on such extent, and their respective shares of such crop:

Provided that where according to a determination made under section 22 of the Paddy Lands Act, No. 1 of 1958, the rent payable for any extent of paddy land is a portion of the total yield of paddy from that extent, the owner's share of the paddy crop from such extent shall be determined under the preceding provisions of this sub-section to be such portion, and the tenant's share of such paddy crop shall be determined under the preceding provisions of this sub-section to be the portion of such paddy crop remaining after deduction therefrom of the owner's portion.

(2) Any such total extent of land bearing any specified crop as is determined under paragraph (a) of sub-section (1) in respect of any specified area is hereafter in this Act referred to as the "insurable acreage" in respect of that crop in that area.

(3) Any of the following lands may, if a Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the

Commissioner in his discretion so determines, be excluded from the insurable acreage determined for any specified area:—

- (a) land which is known to be frequently subject to heavy loss or damage owing to drought, flood, wind, excessive rain or other unavoidable cause;
- (b) newly reclaimed or colonised land including chena lands in which production is still very uncertain;
- (c) land newly brought under cultivation of any specified crop;
- (d) land forming part of any irrigated area where irrigation has recently commenced;
- (e) land the extent of which is less than such extent as the Minister may by Order published in the *Gazette* declare to be the minimum insurable extent in respect of a specified crop.

(4) A Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner shall notify the determination made under sub-section (1) in such manner as he may consider expedient to the persons affected by such determination.

(5) Any person who is affected by a determination made under sub-section (1) may, if he is aggrieved by that determination, make a written appeal from such determination to the Commissioner within fourteen days after such determination is notified to him under sub-section (4). Every such appeal shall state the grounds of appeal.

(6) An appellant in any appeal made to the Commissioner under sub-section (5) shall be entitled, by himself or by representative, to appear before and be heard by the Commissioner on such appeal.

(7) The Commissioner may confirm or vary the determination from which an appeal is made to him under sub-section (5), and his decision on such appeal shall be final and conclusive and shall not be called in question in any court.

(8) A determination made under sub-section (1) shall not take effect during the period within which an appeal may be made from such determination.

(9) Where no appeal has been made to the Commissioner from any determination under sub-section (1), such determination shall take effect immediately after the expiry of the period within which an appeal from such determination may be made.

(10) Where a determination under sub-section (1) is confirmed by the Commissioner in appeal, that determination shall take effect from the date of such confirmation.

(11) Where a determination under sub-section (1) is varied in appeal by the Commissioner, that determination as so varied shall take effect from the date of such variation.

(12) A determination which takes effect in accordance with the preceding provisions of this section shall be in force until it is superseded by a fresh determination.

Certain facts  
to be notified  
to the  
Assistant  
Commissioner  
by owners and  
tenants of  
certain lands.

9. (1) Where a land in a specified area is for the first time cultivated for the purpose of producing any specified crop, the owner or tenant of such land shall, before such cultivation is concluded, notify in writing to the Assistant Commissioner of the Administrative District in which such land is wholly or mainly situated or to the local insurance agent that such land is being cultivated for the first time for the purpose of producing such crop.

(2) Where a land in a specified area is not being cultivated in any season, the owner or tenant of such land shall notify to the Assistant Commissioner of the Administrative District in which such land is wholly or mainly situated or to the local insurance agent that such land is not being cultivated in that season.

(3) Where a change of ownership or tenancy of a land included in an insurable acreage occurs, the new owner or tenant shall, within thirty days after he becomes such owner or tenant, notify in writing the new ownership or tenancy and the new owner's or the

new tenant's share of the crop produced from such land to the Assistant Commissioner of the Administrative District in which such land is wholly or mainly situated or to the local insurance agent.

(4) Any person who fails to comply with the provisions of sub-section (1) or sub-section (2) or sub-section (3) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding two hundred rupees.

(5) Any such facts relating to a land included in an insurable acreage as are notified under sub-section (1) or sub-section (2) or sub-section (3) shall be taken into account for the purpose of revising such acreage.

10. (1) Where one land or two or more lands in an insurable acreage is or are owned by only one person or in common by two or more persons and there is no tenant in respect of such land or lands, the insurance unit of such owner or co-owners shall be such land or lands.

Insurance  
unit.

(2) Where one land or two or more lands in an insurable acreage is or are owned by only one person or in common by two or more persons and there is one tenant or there are several tenants of such land or lands, then—

(a) the insurance unit of such owner or co-owners shall be such land or lands, and

(b) the insurance unit of such tenant or each such tenant shall be the area of which he has a tenancy :

Provided that where in respect of any land in any insurable acreage there are a tenant and one or more sub-tenants, then, for the purposes of the preceding provisions of this sub-section, the person entitled to receive the rent from the sub-tenant who is the cultivator of that land shall be deemed to be the owner of that land and such cultivator shall be deemed to be the tenant of that land, and accordingly the insurance unit of each of the persons so deemed to be owner and tenant shall be such land.

(3) Where a person who is the owner of any land or lands in any insurable acreage is a tenant of any land or lands in that acreage, then, the insurance unit of that person shall be the land or lands of which he is the owner and the land or lands of which he is the tenant.

Compulsory insurance of specified crops in specified areas.

11. (1) Before the commencement of each term of insurance for the specified area in which the insurance unit of any person or persons is wholly or mainly situated, he or they shall, subject to the provisions of sub-section (3) and sub-section (4), be deemed to have entered into a contract of insurance with the Commissioner against the loss of any specified crop on that unit due to any such cause (hereafter in this Act referred to as a "specified cause") as the Minister may specify by Order published in the *Gazette*.

(2) Every specified cause shall be notified to the public by the Commissioner in each specified area in such manner as he may determine.

(3) Where co-owners of an insurance unit cultivate that unit in rotation under the system of cultivation known as "thattu maru", then, subject to the provisions of sub-section (4), the co-owner who cultivates that unit for any season shall, before the commencement of that season, be deemed to have entered into a contract of insurance for that season with the Commissioner against the loss of any specified crop on that unit due to any specified cause:

Provided that any such co-owner who cultivated an insurance unit in the 1958-1959 Maha season shall, notwithstanding that the whole or part of such season has elapsed, be deemed to have entered into a contract of insurance for that season with the Commissioner.

(4) A Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner may exempt any person from the provisions of sub-section (1) or sub-section (3).

Term of Insurance.

12. (1) The first term of insurance shall be three years reckoned from the date of commencement of the 1958-1959 Maha season notwithstanding that the whole or any portion of such season has already elapsed

when such term of insurance applies to any specified area, and every other term of insurance shall be determined by the Minister by Order published in the *Gazette*:

Provided that in the case referred to in sub-section (3) of section 11, a term of insurance shall consist of a season.

(2) The Assistant Commissioner of an Administrative District in which a specified area wholly or mainly lies shall, at least thirty days before the commencement of each term of insurance, notify the period constituting such term to the owners and tenants of the lands constituting the insurable acreage in that area. Where a term of insurance is once notified, no further notification shall be made until that term is altered:

Provided that the preceding provisions of this sub-section shall not apply in regard to the first term of insurance referred to in sub-section (1):

Provided further that where a term of insurance consists of a season and a part of that season has already elapsed in any specified area when that area is determined under section 7, then, in lieu of the thirty days' notice referred to in the preceding provisions of this sub-section, notice of the period constituting the term of the insurance shall be given forthwith after the determination of the specified area.

13. (1) The Commissioner shall issue to every person who is deemed to have entered into a contract of insurance with him under this Act an insurance policy in such form as he may determine.

Policies of  
Insurance.

(2) The Commissioner may insert in any insurance policy issued under this Act any term or condition not inconsistent with any provision of this Act.

(3) The following conditions shall be inserted in every insurance policy issued under this Act:—

(a) The insured shall observe in regard to the insured extent of land such farming practices as the Commissioner may from



time to time determine for the Administrative District or part thereof within which that extent is wholly or mainly situated and notify in such manner as he may consider best for giving publicity.

- (b) In the event of any damage to the crop on the insured extent, the insured shall take all the necessary measures to protect the crop from further damage if such extent is not released by the Commissioner from the insurable acreage.

Duration of  
cover of  
insurance.

14. (1) An insurance policy issued under section 13 in respect of any insurance unit shall be deemed to cover such unit during the period of cultivation in each season in the term of the insurance:

Provided that where any specified crop is cultivated in any specified area during the Maha season and the Yala season, the expression "each season" occurring in the preceding provisions of this sub-section shall, in the application of those provisions to an insurance policy issued under section 13 in respect of an insurance unit wholly or mainly situated in that specified area, be deemed not to include the Yala season if it is so determined by the Minister by order made under sub-section (2).

(2) The Minister may, before the commencement of a term of insurance for any specified area in which any specified crop is cultivated during the Maha season and the Yala season, declare, by Order published in the *Gazette*, that the expression "each season" occurring in sub-section (1) shall, in the application of that sub-section to an insurance policy issued under section 13 in respect of an insurance unit wholly or mainly situated in that specified area, be deemed not to include the Yala season:

Provided that where the first term of insurance referred to in sub-section (1) of section 12 is applicable to any specified area, such declaration may be made by the Minister forthwith after the date of application of that term to that specified area.

(3) A Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner shall determine the cultivation period for each specified area in respect of each

season, and shall notify, in such manner as he may consider expedient, the determination to the owners and tenants of the lands constituting the insurable acreage in that area. A Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner may amend a determination in force under this sub-section, and any such amendment shall be notified in like manner as the determination to which the amendment relates and shall take effect from the season succeeding that in which the amendment is made.

15. (1) The Commissioner shall determine, and may from time to time alter, the amount of the premiums to be paid for insurance policies issued under this Act.

Premiums.

(2) The Commissioner may fix different amounts of premiums for different specified areas or for portions of the same specified area.

(3) Where any land referred to in sub-section (4) of section 8 is included in an insurable acreage, the amount of the premiums fixed by the Commissioner for insurance policies issued under this Act in respect of that land may be higher than in any other case.

(4) The amount of a premium in respect of an insurance policy issued under this Act may, according as the Commissioner may decide, be paid—

(a) in money, or

(b) in a quantity of the insured crop, the value of which is equal to the amount of the premium, such value being computed according to the price for the time being of such crop under the Guaranteed Price Scheme, if that Scheme applies to such crop, or, if that Scheme does not apply to such crop, according to such average of the market prices of the insured crop during the three years immediately preceding the year in which the premium is payable as may be determined by the Commissioner.

(5) The premiums in respect of an insurance policy issued under this Act shall be paid, within the time allowed therefor in such policy, to the local insurance agent.

(6) The Commissioner shall notify to the owners and tenants of lands constituting an insurable acreage in a specified area the local insurance agent or agents in respect of that area.

Apportionment of liability to pay premiums.

16. Where two or more persons are jointly the insured under an insurance policy issued under this Act, the liability to pay the premiums in respect of such policy shall be apportioned by the Commissioner among those persons in proportion to their respective shares of the insured crop.

Interest payable on premiums.

17. If a person who is liable to pay the whole or any part of any premium in respect of any insurance policy issued under this Act fails to pay, within the time allowed therefor in that policy, the amount payable by him, he shall be liable to pay interest on that amount at six per centum per annum.

The amount of a premium in default may be recovered in like manner as a debt due to the Crown, and may be deducted from certain sums due to the defaulter.

18. (1) If a person who is liable to pay any sum as the whole or a part of a premium in respect of any insurance policy issued under this Act fails to pay that sum within the time allowed therefor in that policy, that sum shall be deemed to be in default and, together with the interest payable thereon under section 17,—

(a) may be recovered in like manner as though it were a debt due from him to the Crown,

(b) may, where the Guaranteed Price Scheme applies to the specified crop to which the insurance policy relates, be deducted from any sum due to him as the price of any quantity of that specified crop purchased from him under that Scheme by or on behalf of the Commissioner, or

(c) may, where such person is the landlord of any extent of paddy land to which the Paddy Lands Act, No. 1 of 1958, applies, upon a request being made in that behalf by the Commissioner to the Cultivation Committee within whose local jurisdiction such extent wholly or mainly lies, be recovered for the Commissioner by that Cultivation Committee by deducting such sum and interest from the rent due to such person in respect of such extent.

(2) Where a Cultivation Committee is requested by the Commissioner under sub-section (1) to deduct any sum from the rent payable in respect of any extent of paddy land, the provisions of sub-section (3) of section 25 of the Paddy Lands Act, No. 1 of 1958, shall apply in respect of such deduction as if such Cultivation Committee were empowered by that Act to make such deduction.

(3) In this section, the expressions "Cultivation Committee", "landlord" and "paddy land" have the same meaning as in the Paddy Lands Act, No. 1 of 1958.

19. The Commissioner may, if sufficient funds have accumulated by receipt of premiums, allow a person who is liable to pay the whole or any part of a premium in respect of an insurance policy issued under this Act such rebate in respect of that amount as shall be determined by the Commissioner if no claim to indemnity under that policy has been made during the preceding three years or the aggregate amount of indemnity paid under that policy during those years is inconsiderable in the opinion of the Commissioner.

Rebate on premiums.

20. No person shall be entitled to any indemnity under any insurance policy issued under this Act for the loss of any specified crop in any season from the insurance unit in respect of which that policy has been issued—

Conditions for payment of indemnity

(a) unless—

(i) the loss is a loss of the entirety of such crop, or

(ii) the loss is such that the aggregate yield of such crop from such insurance unit for that season is less than seventy per centum of the average yield of such crop for that season from the specified area in which such insurance unit is wholly or mainly situated, such average yield being determined by the Commissioner, and

(b) unless the loss occurs at such a stage that there is no time to raise on the insured extent of land a fresh crop of the same kind as the damaged crop.

Notice of loss  
of specified  
crops to be  
given to the  
Assistant  
Commissioner.

21. Where, due to any specified cause, there is a loss of any specified crop on any extent of land in respect of which an insurance policy issued under this Act is in force, the holder or any of the holders of that policy shall, within twenty-one days after the occurrence of the loss, give notice in writing of such loss to the local insurance agent, and such agent shall transmit such notice to the Assistant Commissioner of the Administrative District in which such extent is wholly or mainly situated.

Claim to  
indemnity.

22. (1) Where the loss of any specified crop is notified under section 21, the holder or holders of the insurance policy relating to such crop may prefer a written claim to indemnity in respect of such loss to the Assistant Commissioner of the Administrative District in which the extent of land to which such policy relates is wholly or mainly situated, and upon receipt of such claim that Assistant Commissioner shall transmit it, together with his report thereon, to a Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner.

(2) Upon receipt of a claim to indemnity, a Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner shall, if the claimant is not entitled to such indemnity, reject such claim, and shall in writing communicate his decision to reject such claim to the claimant.

Award of  
indemnity.

23. (1) Where a claim to indemnity under an insurance policy issued under this Act is proved to the satisfaction of a Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner, and the holder or holders of that policy is or are entitled to indemnity in accordance with the provisions of this Act and the terms and conditions of that policy, such holder or holders shall be awarded an indemnity computed as hereinafter provided.

(2) Where two or more persons are entitled to the indemnity awarded under sub-section (1), a Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner shall apportion the amount of the indemnity among those persons in proportion to their interests in the crop to which that indemnity relates.

24. (1) The rates at which indemnity is payable in respect of any specified crop shall be determined and notified in the *Gazette* by the Minister before each season.

Rates of indemnity.

(2) The rates determined by the Minister under subsection (1) shall vary—

(a) in the case of a total loss of the crop, according to the stage of production at which the loss occurs, and

(b) in the case of a partial loss of the crop, in proportion to the extent of the loss and according to the stage of production at which the loss occurs.

25. The amount of indemnity payable for each acre in the case of the loss of any specified crop in any season shall not exceed the value of fifty per centum of the average yield of that crop during that season in areas in which productivity and risk are similar to those in the area in which that acre lies, such value being computed according to the price for the time being of such crop under the Guaranteed Price Scheme, if that Scheme applies to such crop, or, if that Scheme does not apply to such crop, according to the average of the market prices of such crop during the three years immediately preceding the year in which the loss occurs:

Maximum amount of indemnity.

Provided that, where the Commissioner is satisfied that any insured follows methods of farming approved by the Commissioner, the preceding provisions of this section shall, in their application to such insured, have effect as if for the words "fifty per centum" occurring in those provisions there were substituted the words "sixty per centum".

26. (1) Where a Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner rejects a claim to indemnity under an insurance policy issued under this Act, the claimant may, within thirty days after the communication to him of the decision to reject such claim, make a written appeal from such decision to the Commissioner.

Appeal in respect of rejection of claim to indemnity or amount of indemnity awarded.

(2) Where a person who is awarded indemnity under a policy of insurance issued under this Act is dissatisfied with the amount of the indemnity, he may, within

thirty days after the award of indemnity, is communicated to him, make a written appeal from that award to the Commissioner.

(3) Every appeal under this section shall state the grounds of appeal.

(4) An appellant in any appeal under this section shall be entitled, by himself or by representative, to appear before and be heard by the Commissioner on such appeal.

(5) The Commissioner's decision on any appeal under this section shall be final and conclusive and shall not be called in question in any court.

Payment of indemnity on death of person entitled thereto.

27. Where any person to whom any indemnity payable under an insurance policy issued under this Act dies before receiving such indemnity, the Commissioner shall pay such indemnity to the District Court or Court of Requests within whose local jurisdiction the land to which such indemnity relates is wholly or mainly situated, according as such indemnity exceeds or does not exceed three hundred rupees, to be drawn by the persons entitled thereto.

Assignment of insurance policy by way of security for loan.

28. The holder or holders of an insurance policy issued under this Act may assign such policy to an approved credit agency as security for a loan given by such agency to such holder or holders for any purpose connected with the raising of any specified crop on the extent of land to which such policy relates.

Prohibition of seizure or sequestration of indemnity due to any person.

29. No sum due to any person as indemnity under an insurance policy issued under this Act shall be seized or sequestered in execution of a decree or an order of any court, other than a decree or an order for the payment of a sum of money to the Crown or to any approved credit agency, notwithstanding anything to the contrary in any other written law.

Deduction that may be made from the amount of indemnity.

30. Where any person is entitled to any indemnity payable under an insurance policy issued under this Act and the Commissioner is satisfied that any sum is due from that person to a co-operative society in repayment of the whole or any part of a loan granted by such co-operative society to that person or in payment of any interest on that loan, the Commissioner may cause the sum due to such co-operative society to be deducted from the amount of such indemnity and to be remitted to such co-operative society.

31. Where the right, title and interest of any person to or in any extent of land in respect of which an insurance policy has been issued to him under this Act are transferred to any other person, the transferee shall be entitled to all the rights of the transferor under such policy and shall, from the date of the transfer, be subject to all the outstanding obligations of the transferor under such policy and shall conform to the terms and conditions of such policy.

Effect of transfer of interest to which an insurance policy relates.

32. An insurance policy issued under this Act may be declared void, and the premiums paid in respect of such policy may be forfeited, by the Commissioner if the insured—

Voidance of insurance.

- (a) has concealed or misrepresented any material fact or committed any fraud relating to the insurance, or
- (b) fails to comply with any term or condition of such policy.

#### THE CROP INSURANCE ADVISORY BOARD.

33. (1) There shall be established a Board which shall be called the Crop Insurance Advisory Board and which shall consist of—

The Crop Insurance Advisory Board.

- (a) the Commissioner, who shall be the Chairman of the Board,
- (b) the Director of Agriculture or any officer nominated by him,
- (c) the Director of Census and Statistics or any officer nominated by him,
- (d) the Director of Social Services or any officer nominated by him,
- (e) the Commissioner of Co-operative Development or any officer nominated by him,
- (f) an officer of the General Treasury appointed to the Board by the Minister with the concurrence of the Minister of Finance,
- (g) an officer of the Central Bank of Ceylon nominated by the Monetary Board,
- (h) a person appointed to the Board by the Minister to represent the paddy growers, from a list of names submitted by the Cultivation Committees established under the Paddy Lands Act, No. 1 of 1958,



- (i) a person experienced in matters relating to insurance and appointed to the Board by the Minister, and
- (j) a Deputy Commissioner or the Senior Assistant Commissioner or any other officer authorised in that behalf by the Commissioner, who shall be the Secretary of the Board.

(2) The term of office of a member of the Board who is appointed by the Minister shall be determined by the Minister and be specified in the letter of appointment. The Minister may, without assigning a reason, terminate the appointment of such member.

(3) The quorum for any meeting of the Board shall be five.

Duty of  
the Board.

34. It shall be the duty of the Board to advise the Commissioner on the administration of this Act and on any such matter to which this Act relates as may be referred by the Commissioner to the Board for advice.

#### FINANCIAL AND GENERAL PROVISIONS.

Establishment  
of Insurance  
Fund.

35. (1) An Insurance Fund consisting wholly of money or partly of money and partly of the specified crops in which premiums may be paid in respect of insurance policies issued under this Act shall be established.

(2) There shall be credited to the Insurance Fund—

- (a) all sums paid or recovered as premiums in respect of insurance policies issued under this Act, and as interest on such sums, and
- (b) all sums granted by way of loan or donation by the Government for the purposes of this Act.

(3) Where the amount of the indemnities payable in respect of any season under the insurance policies issued under this Act does not exceed fifteen per centum of the maximum payable under section 25 as indemnities under such policies, such amount shall be paid out of the Insurance Fund.

Where such amount exceeds such fifteen per centum, the part of such amount which is equal to such fifteen per centum shall be paid out of the Insurance Fund and the balance of such amount shall be paid out of moneys provided for the purpose by the Government.

(4) The amount of any indemnity under an insurance policy issued under this Act shall be paid in cash or in the specified crop to which that policy relates or partly in cash and partly in that specified crop.

(5) The Commissioner may, as often as it is necessary, sell any part of the Insurance Fund which consists of specified crops, and shall credit to such Fund the proceeds of the sale after deducting therefrom the expenses incurred in the sale.

(6) The expenses incurred in the storing of any specified crops received as premiums in respect of insurance policies issued under this Act shall be paid out of the Insurance Fund.

(7) The expenses incurred in the payment by way of commission to insurance agents of such sums as may be determined by the Minister with the concurrence of the Minister of Finance shall be paid out of the Insurance Fund.

(8) Such part of the Insurance Fund as is not required for the purposes of sub-section (3) or for the repayment of any loans granted for the purposes of this Act may be applied to any such purpose connected with agriculture as may be determined by the Minister with the concurrence of the Minister of Finance.

(9) The accounts of the Insurance Fund shall be audited annually by the Auditor-General.

36. (1) The Commissioner, a Deputy Commissioner, an Assistant Commissioner or any officer authorised in that behalf by the Commissioner may enter and inspect any land on which any specified crop is raised, and it shall be the duty of every person who is in occupation of such land to permit and assist such inspection.

Power of inspection of lands in which specified crops are raised.

(2) Every person who fails to comply with the provisions of sub-section (1) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred rupees.

Power to direct an insured to take measures to prevent damage to insured land.

37. The Commissioner, or any officer authorised in that behalf by the Commissioner or any local insurance agent may direct an insured to take such measures in respect of the insured land as may be necessary to prevent or minimize damage to such land.

Power of Commissioner to give directions, or to release insured land from the insurable acreage, upon occurrence of damage to insured crops.

38. (1) Where the damage to any specified crop on any insured extent of land occurs at such a stage that there is still time to raise on that extent a fresh crop of the same kind as the damaged crop, the Commissioner may direct the holder or holders of the policy of insurance relating to that extent to raise such a fresh crop on that extent.

(2) Where the damage to any specified crop on any insured extent of land occurs at such a stage that there is no time to raise on that extent a fresh crop of the same kind as the damaged crop, the Commissioner may release that extent from the insurable acreage so that—

(a) any other crop may be raised on that extent,  
or

(b) that extent may be put to any other use.

Prohibition of raising a crop other than a crop to which the policy of insurance relates and of the use of the insured land for any other purpose.

39. (1) No person shall raise on any insured extent of land any crop other than the crop to which the policy of insurance relates or put that extent to any other use unless that extent has been released from the insurable acreage.

(2) Every person who contravenes the provisions of sub-section (1) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred rupees.

Duty of persons entitled to specified crops from lands in a specified area to maintain records.

40. (1) Every person who is entitled to the whole or a share of any specified crop from any land in a specified area shall maintain such records relating to that crop and his interest therein as may be prescribed.

(2) The Commissioner or such officer as may be authorised in that behalf by him may inspect the records kept under sub-section (1), and it shall be the duty of the persons in charge of such records to permit and assist such inspection.

(3) Every person who fails to comply with any provision of this section shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred rupees.

41. (1) The Minister may make regulations for giving effect to the provisions of this Act. Regulations.

(2) In particular and without prejudice to the generality of the powers conferred by sub-section (1), the Minister may make regulations in respect of all matters which are stated or required by this Act to be prescribed.

(3) No regulation made by the Minister shall have effect until it is approved by the Senate and the House of Representatives and until notification of such approval is published in the *Gazette*.

42. In this Act, unless the context otherwise requires,— Interpretation.

“ approved credit agency ” means any co-operative society or other institution for the time being declared by the Commissioner, by notification published in the *Gazette*, to be an approved credit agency for the purposes of this Act;

“ Board ” means the Crop Insurance Advisory Board established under this Act;

“ Commissioner ” means the Commissioner of Agrarian Services;

“ Deputy Commissioner ” means a Deputy Commissioner of Agrarian Services;

“ insurance agent ”, with reference to any area, means any person or body of persons appointed by the Commissioner as insurance agent for the purposes of this Act for that area;

“ period of cultivation ” means the period commencing on the date of commencement of cultivation and ending on the date of conclusion of harvesting, such dates being determined under sub-section (2) of section 14;

“ prescribed ” means prescribed by regulation made under this Act;

“ season ” means a cultivation season, and, in relation to paddy crops, means the Maha or Yala season of paddy cultivation; and

“ Senior Assistant Commissioner ” means the Senior Assistant Commissioner of Agrarian Services in charge of the branch of the Department of Agrarian Services which deals with crop insurance.