

Crop insurance initiatives in India

Some observations from experience

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Overview of DHAN activities on crop insurance

- Currently working with around 250000 farming families as part of Tank-fed Agriculture and Rainfed Farming programs
- Has been taking up insurance related interventions since 1997 in 10 states
- Coverage including life, health, crop and livestock insurance products- 1.13 million
- Has been taking up crop insurance related interventions since 2004

Concept of crop risk management followed

- Risk management is an integral part in development of farming livelihoods
- Build upon farmers' own practice of risk management
- Insurance will be offered along with other physical, biological and diversification risk management measures
 - i) Land development, ii) Water conservation, iii) Crop diversification, iv) Credit support after drought, v) FPOs, vi) Livelihood diversification

Crop risk management measures undertaken besides crop insurance



Land development



Soil amendment



Farm pond



Supply of quality seeds



Participatory varietal selection



Promoting climate resilient crops

Crop insurance products implemented by DHAN

1. Deficit rainfall insurance – *2004 to 2006; with private insurer*
2. Mutual pest insurance – *2006 & 2007*
3. Mutual crop income insurance – *2006 to 2014*
4. Mutual deficit rainfall insurance – *2006 to 2014; with AIC using local rain gauges*
5. PMFBY- Area index insurance – *2016 onwards; 15 crops, 21336 policies, 24376 acres; Sum assured Rs. 779 million*

Observations from our experience

Positive developments

1. Improved understanding of farmers on non-traditional ways of crop risk management and the role of CI in it
2. Better client value' on 'access and experience'
3. Brought up the interest of farmers to enroll in crop insurance, if the terms are favourable

Challenges in scaling up

- In locations facing significant crop risks, actuarial premiums are above the affordable limit of small farmers
- Repair and replacement cost of rain gauges quite high
- The state schemes have access and performance issues

Streams of crop insurance in India

- I. State promoted area index schemes
 - a. NAIS- 1999-2015
 - b. MNAIS- 2010- 2015
 - c. PMFBY- 2016 onwards
- II. State promoted Weather index insurance
- 2003 onwards
- III. Private insurer promoted Weather index insurance- 2003 onwards
- IV. NGO promoted insurance initiatives

Prime Minister Fazal Bima Yojana

Sl. No	Feature	NAIS	MNAIS [2010]	PM Crop Insurance Scheme
1	Premium Rate	Low	High	Lower than even NAIS
2	One Season – One Premium	Yes	No	Yes
3	Localised Risk Coverage	No	Hail storm, Land slide	Hail storm, Land slide, Inundation
4	Post Harvest Losses Coverage	No	Coastal areas– for cyclonic rain	All India – for cyclonic + unseasonal rain
5	Prevented Sowing Coverage	No	Yes	Yes
6	Covering Lessee & Tenant Farmers & Sharecroppers	No	No	Yes
7	Unit for CCE	Firka	Firka	Revenue village

Prime Minister Fazal Bima Yojana...

I. Taking over other area index schemes

- a. Budget doubled in 2017 over 2016– Rs. 13240 crores from Rs. 5500 crores

II. Challenges

- a. Poor land records management impacting on crops coverage and enrollment
- b. Inadequate implementation mechanism
 - To do CCE at village level
 - To cover loss due to prevented sowing, failed sowing and post harvest losses
 - For enrolling farmers- no suitable agencies
- c. Do not cover wild animal damage

Way forward- Addressing the challenges of non-adoption

- Inadequate realisation of need for insurance
- Lack of knowledge on insurance
- Lack of customized products
- Gaps in insurance delivery mechanism
- Large scale insurance education
- Products customized to their crop and production environment
- Use of technology- For assessing loss, enrolling and monitoring the insurance delivery
- Collaboration between insurers and effective local institutions- CBOs

Way forward- Role of stakeholders

State	<ol style="list-style-type: none">1. Investing in a) Insurance education, b) Data infrastructure (rain gauges, web portal, etc.), c) Insurance design, d) Capacity building2. Bringing favourable regulatory framework
Insurance companies	<ol style="list-style-type: none">1. Offering customised products2. Collaborating with local institutions
Development Organisations	<ol style="list-style-type: none">1. Linking with viable CBOs/ other local institutions2. Taking up insurance education3. Serving as facilitator in piloting & implementation
Research institutions	<ol style="list-style-type: none">1. Designing effective customized products2. Doing pilot projects and impact studies



Thank You!