

Weather Insurance: To tackle the uncertainty

Agriculture is still the dominant sector in India, contributing around 24 per cent of GDP and providing employment to two-third of its population. However, most of it is rain-fed and prone to unfavourable weather conditions like deficit or excess rainfall and variations in temperature. Though phenomenon of unpredictable rainfall in India remains an unresolved issue, weather insurance has emerged as a ray of hope to farmers to tackle the uncertain pattern of their crops.

Weather Insurance- an insurance cover against crop losses incurred due to unfavorable weather conditions such as deficit, excess or untimely rainfall or variations in temperature. Weather insurance product is designed on the basis of location's agricultural and climatic properties and productivity levels over the last several years. This serves as a good alternative to farmers for mitigating their production-related losses.

Oxfam India organized a state level consultation in collaboration with **Sajjata Sangh** and Development Support Centre on March 6 in Ahmedabad. The event was attended by farmers, government officials and companies offering weather insurance to share their experiences to promote weather insurance in the state of Gujarat, talk about the benefits, and challenges of the weather insurance scheme.

The workshop also helped in experience sharing regarding promotion of weather insurance in Gujarat as well as neighbouring states. The associated issues were communicated to various stakeholders and were encouraged for higher patronage of the risk mitigation tool among the farmers.

"Promotion of rainfall insurance as risk transfer tool is being promoted by Sajjata Sangh, a network of 28 prominent NGOs working on issues of natural resource management, in Gujarat. Sajjata Sangh is making efforts to popularize the concept, and generating awareness on the benefits for wider adoption. The Sangh also makes collective efforts to create a favorable policy environment for the promotion of participatory policies and procedures in natural resource management programmes", explained Natu Macwana, Coordinator, Sajjata Sangh.

Oxfam India, through its project on "Promoting Community Resilience to Disaster Risks through Promotion of Weather Insurance", is playing a crucial role in scaling up this initiative. For the past two years, intense efforts are on for creating demand among the small and marginal farmers and thus reduce their vulnerability. The project is being implemented in 17 blocks of 7 districts- those facing frequent drought due to deficient and excessive rainfall. This year, Oxfam India, in consultation with farmers, has helped in designing area-specific rainfall insurance products for Groundnut, cotton and maize.

Theme lead, Humanitarian Response and Disaster Risk reduction, Oxfam India, Zubin Zaman said that Oxfam India works towards institution-building and also in building the confidence of communities to understand insurance in right terms. We work with the support organisations, working at grassroots level. Our objective is to reduce vulnerability and loss, improve income of farmers, secure their livelihood and resilience, and enhance equity so that they contribute to economic development. The experience has demonstrated that insurance gives solid economic support to the poor but services needs to be tailor-made & contributory after closing examining the community's needs. Insurance is possible, financially viable and sustainable only if it is linked with the insurance companies.

Talking about the challenges in implementing the Weather Insurance Scheme with farmers, Natu said that high premium rate was one of the major hurdles in popularizing weather insurance scheme among farmers with small land-holdings. The other challenges are absence of reference Weather Stations at all places, lack of support from AIC [full form of the abbreviation] in promotion of the insurance (in terms of fund, manpower, data, literature and experiences), lack of marketing skills among NGO workers, no support from rural banks and cooperatives and delay in payment of service charges. AIC need to be aggressive in promoting this scheme and grant subsidy is not good for long term strategies.

Sarthak Gaurav, a research scholar, shared his field experiences on 'Barriers to Rainfall Insurance' and said that it is a complex financial product and is being confused with crop insurance. Due to this, individuals educated in financial literacy and insurance are significantly more likely to purchase rainfall insurance.

Chief Executive Officer, Agha Khan Rural Support Programme, Apoorva Oza, while talking about the Farmers' Risks in Gujarat, said that farming is a risky livelihood. Seventy percent of the farmers in Gujarat

are dependent on groundwater and rains. These risks are basically yield risks, timely availability of seeds and input quality, weather, disasters like flood, drought, cyclone, pests and diseases. Additionally, there are risks related to appropriate storage of the yields.

Crop Insurance in Gujarat, so far, is linked to bank loans. Most poor farmers and tribal farmers are not covered under any kind of weather or crop insurance. Taking into account the growing interest and participation of key stakeholders, including the State and its agencies, private sector entities, social sector organisations and international development institutions; it would be worthwhile to examine the key issues influencing the adoption of Weather-based Crop Insurance by farmers and the experiences from the recent initiatives in Gujarat and neighbouring states.

The workshop concluded with a note that it is possible to influence adoption behavior of farmers towards weather insurance through information campaigns. Low take-up, even among the most intensely treated, and the high cost of treatment, suggest that substantial increases in the efficiency of delivery are necessary for weather insurance to be a financially sustainable product. The weather based insurance is to insure farmers against the probability of financial loss due to weather vagaries like rainfall, temperature and humidity. It is different from crop insurance as it is based on the fact that weather conditions affect crop production even when a cultivator has taken all the care to ensure good harvest. However, to ensure that farmers get maximum benefit during weather changes, infrastructure like weather station is required. At least, two weather stations are required for a group of 25 to 30 villages for accurate data. The government has failed to promote or provide any support on this. Tie-ups with private companies are needed to install weather stations at least in their areas of operations.

Farmers' Voices



Vipulbhai Buha, Dhari village, Amreli

“Having got the feel of rainfall insurance, we now want to fully understand how it works. It is good to have weather insurance because climate is becoming very unpredictable in every season. If government provides support for premium, then farmers will feel more enabled to buy weather insurance”

Govindbhai Chavda, Shahpur, Junagadh

“Since an NGO was involved, I convinced myself to give it a try without looking into the policy and other nitty-gritty(s). Subsidy provided by the NGO was a key motivator, or I would have been reluctant to take chance with entire premium burden on myself.





Soning Bhai Baccha, Dhaninej, Junagarh

“Weather Insurance is very beneficial though I think premium is high. I pay Rs. 907 per acre but some farmers got subsidy and are paying Rs 530 per acre. Subsidy should be provided to all farmers. At present, we are getting insurance for mainly groundnut crop but it would be good if we get insurance for mango and cotton crops as well”.