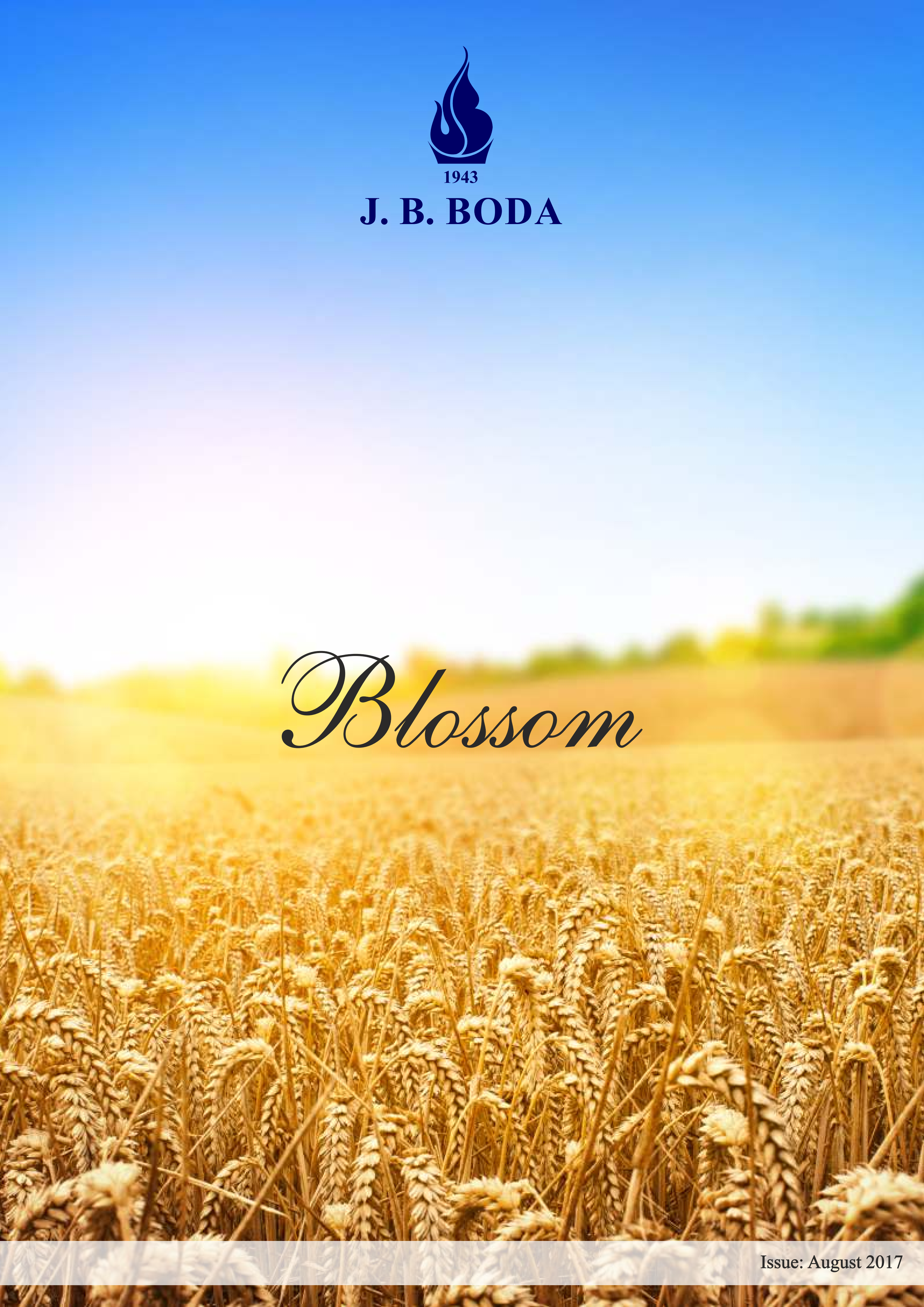

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J. B. BODA

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India: State Government urged to form their own crop insurers

The Indian central government has asked state governments to set up their own insurance companies for better implementation of the crop insurance scheme, Pradhan Mantri Fasal Bima Yojna (PMFBY).

As per the Agriculture Ministry of India, there are implementation issues in the government's flagship farm insurance scheme, which was launched in 2016. While assessing the first year's implementation of PMFBY, we decided to allow states to set up their own insurance companies to implement the scheme. States like Gujarat and Punjab have already shown interest in this.

Some states have said the premium amount is too much, which is putting pressure on them. So Agriculture Ministry asked the states to form their own companies and let there be competition.

PMFBY is aimed at expanding coverage of farm insurance. Farmers pay 1.5% of the premium for winter crops, 2% for monsoon crops and 5% for commercial crops. The central government and the states pay equal amounts of the remaining premium. At present, several governments owned and privately held insurers offer the PMFBY in a number of states.

As an indication of the burden of the scheme on public coffers, in the financial year ended March 2017, the central government had to drastically increase the subsidies to run the PMFBY from an original estimate of INR55 billion (USD854 million) to INR132.4 billion (USD 2037 million).

Crop insurance has emerged as the third largest line of business after motor insurance and health insurance in India following the implementation of the PMFBY. General insurance companies collected gross premiums of around INR194.25 billion (USD 2943 Million) under the PMFBY in the financial year ended March 2017 while claims were about INR168.1 billion (USD 2547 Million).

Source - *http://www.financialexpress.com*

India: Insurers grossed US$1.55 billion in profits from crop insurance in 1 season

Insurers gained nearly INR100 billion (US$1.55 billion) in gross profit during the last kharif (monsoon) season, from June to November 2016, according to an independent evaluation of the Indian Government's crop insurance scheme, the Pradhan Mantri Fasal Bima Yojana (PMFBY).

However, the insurers settled less than a third of the crop-loss claims that had been filed till early this year. They had only settled 32.45% of the claims made till April 2017. While farmers lodged claims for nearly INR 60 billion (USD 909 Million), payments to them were less than INR 20 billion (USD 303 Million).

The report released by the Centre for Science and Environment (CSE) showed state-level “implementation gaps” in the PMFBY, which was launched last year. These discrepancies could negate the benefits accorded by the scheme to farmers, the non-profit think tank said. Citing data from the IRDAI, the CSE pointed out that insurance companies grossed more than INR 158.9 billion (USD 2407 Million) in premiums. Claims amounted to a little over INR 59.6 billion (USD 903 Million).

The premium for crop insurance under the government scheme is heavily subsidised. Farmers have to pay 1.5% of the premium for winter crops, 2% for monsoon crops and 5% for commercial crops. The central government and the states pay equal amounts of the remaining premium.

However, the think tank said that the economics of poor states does not allow for a 50-50 sharing formula with the central government. “The government should come up with a graded subsidy-sharing arrangement.

Though the report described the PMFBY as “a classic case of poor implementation of a good scheme”, it also mentioned a few positives that arose through the central initiative. Foremost among them is the fact that farmer coverage had crossed 40 million, an increase of nearly 25% over the previous year.

Source - *http://www.kunmail.com*

India: Common Service Centres to push farm insurance

Common Service Centres (CSCs) have started offering crop insurance plans to small and marginal farmers who have not taken out any loan from any bank or financial institution.

The initiative, launched in June, will cover only farmers without bank loans. Farmers who have loans from banks already get insurance for their crops from the banks.

The crop insurance, which provides a cover of around INR100, 000 (USD1,560) for one agricultural season, is being provided under the government-backed Pradhan Mantri Fasal Bima Yojana which was launched in 2016. Most of the premium for crop insurance will be paid by the central and state governments while farmers will have to pay just 1.5-3% of the premium amount.

Only insurance companies which have been empanelled by the government and authorised agents can sell crop insurance, but for CSCs, an exemption has been made and every CSC can solicit customers for the crop insurance scheme.

There are over 250,000 CSCs across the country, of which 150,000 are in rural areas and the rest in cities. CSCs, which are overseen by the Ministry of Electronics and Information Technology, enable people to access government services online such as train tickets, birth certificates, online submission of various forms and bills. They are an important part of the government's Digital India initiative and function as a single access point for delivery of services electronically to the population.

Source - http://www.kunmail.com

China: Agriculture insurance aids poverty reduction in China

China's insurers paid 34.8 Billion Yuan (USD 5.12 Billion) in agriculture insurance in 2016, which helped with poverty reduction.

Some 45.75 million rural households received compensation from agriculture insurance as insurers developed various products for farmers, as per the reports from China Insurance Regulatory Commission.

By the end of 2016, critical illness insurance covered 1.01 billion rural and urban residents. More than 10 million people in poverty-stricken rural provinces such as Jiangxi, Henan and Yunan had access to supplemental medical insurance, beside their basic medical insurance.

About 90 million rural residents have bought micro-life insurance worth over 1.4 trillion Yuan in total.

Source - http://news.xinhuanet.com

Rwanda: Govt Introduces Scheme to Ease Access to Agriculture Insurance

Farmers have for long suffered losses due to different disasters such as floods, drought and pests and diseases. But most local farmers do not insure their farming activities. In case of calamities, they never get any compensation to rebuild their projects.

According to different studies, this threatens the sector's growth, farmers' income and livelihoods. However, woes of farmers that are affected by weather vagaries could soon end following a new initiative by government through the Ministry of Agriculture and Animal Resources, to help them insure their crops and livestock. To meet this goal, the ministry has set aside Rwf200 million (USD 238,199) for agriculture insurance support this farmers next fiscal year, according to officials.

This is the first time the government has come up with the initiative that targets farmers that are more prone to weather-related threats.

According to the ministry, the pilot phase of the initiative will kick off by September 2017, where farmers will benefit from a subsidised agriculture insurance scheme. The project will be implemented in partnership with insurance companies, enabling farmers to acquire policies to safeguard their agricultural activities against disasters.

Banks have been reluctant for so many years to give loans to the agriculture sector because they say it is risky. However, with the implementation of this scheme, many banks could start funding the sector and support its growth. That is why government have decided to fund the project to enable farmers to insure the agricultural activities at subsidised rates.

Source - http://allafrica.com

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