



1943

**J. B. BODA**

# *Blossom*

Issue: October 2017



### **INDIA: Satellite data-based crop insurance offers hope for Bihar's flood-stricken farmers**

In a first-of-its-kind initiative in flood-prone Bihar, the International Water Management Institute (IWMI) is helping flood-affected farmers with Index-Based Flood Insurance (IBFI). It uses an advanced modelling technique with satellite data to enable quick insurance pay-outs to those affected.

IWMI officials are trying to help flood-affected farmers in some villages in Muzaffarpur with IBFI -- for the first time not only in Bihar but in the country. Never before has satellite data been used for providing insurance to flood-affected farmers.

More than 200 farming households in villages under Gaihat block had signed up for a pilot IBFI scheme in July. These farmers, mostly marginals, are likely to get the insurance money either by October-end or early November for the damage caused to their crops. IWMI is experimenting with IBFI to show that it is a more reliable and credible way to safeguard rural livelihoods.

A team from IWMI, a non-profit, scientific research organisation focusing on the sustainable use of water and land resources in developing countries, visited the farmers to collect more information from ground zero after the floods receded -- and to assure farmers that they would get their insurance money. IWMI selected Bihar for this pilot project as it is the country's most flood-prone state that suffers heavy agriculture losses every year. IBFI is going to be a unique model for farmers in flood-affected areas across India.

Farmers were provided index-based flood insurance free of cost this year as it was the first such initiative to build confidence among them. Farmers have not been asked to pay any premium. IBFI is free of cost. These farmers have insured crops worth around INR 5 million.

It is expected that index-based insurance will help insurers to rapidly and accurately predict a farmer's yield loss after a flood, unlike traditional insurance that involves assessment of losses on a case-by-case basis, which is time-consuming and unsustainable.

IWMI will evaluate the index-based insurance product to identify issues and challenges for any improvement in coming seasons.

Bihar this year faced one of its worst floods in the last two decades as 17.16 million people in 2,371 panchayats fewer than 187 blocks in 19 districts had been affected. The floods claimed 514 lives.

Source: <http://economictimes.indiatimes.com>



### **INDIA: Monsoon in India to be below normal estimated by IMD.**

As the southwest monsoon (June-September) withdrew from India, the India Meteorological Department (IMD) has revised the season's rainfall estimate to "below-normal. The country recorded rains of 95% of benchmark long period average (LPA), while a range of 96-104% of LPA is considered normal.

Last year, the monsoon rains were normal (97% of LPA), while the previous two years witnessed "deficient" rains — 2014 (88%) and 2015 (86%). The rains were above-normal in 2013 (106%) and "below-normal (93%) the year before.

Parts of central India such as eastern and western Uttar Pradesh, eastern and western parts of Madhya Pradesh, Punjab, Haryana and the Vidarbha region in Maharashtra have received 'deficient' rainfall this season. These regions witnessed a significant shortfall in precipitation during the second half of the monsoon season.

The agriculture ministry of India estimated the country's kharif food grain production will be 3% lower than last year's at 134.67 million tonne (MT) mainly because of patchy monsoon rains in parts of central India along with floods in parts of Rajasthan, Gujarat, Uttar Pradesh, Bihar and Assam. However this year's kharif production would still be higher than the average production of the five years between 2011-12 to 2015-16, that is, 128.24 MT.

In its forecasts in June and July, IMD had stated that the monsoon rainfall in 2017 would be 98% of LPA with a model error of  $\pm 4\%$ .

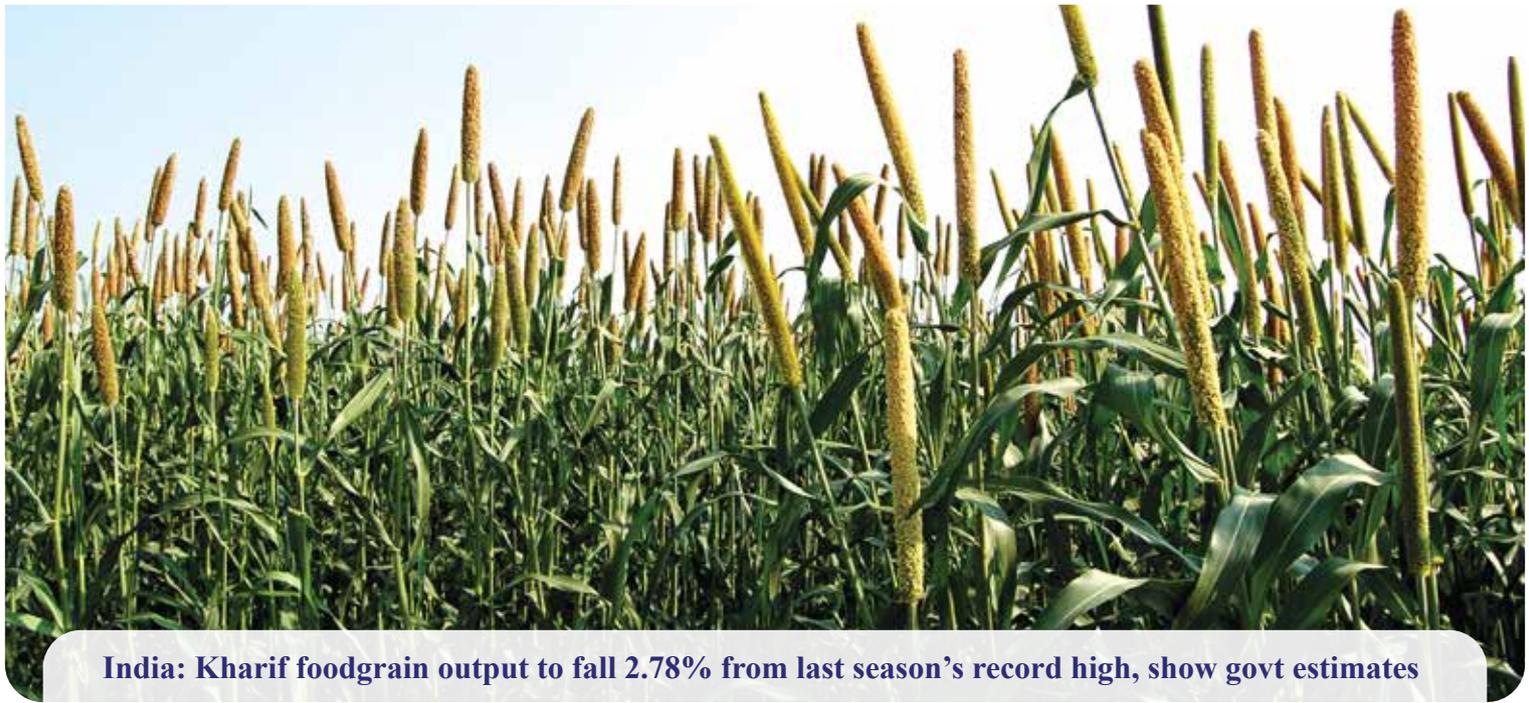
IMD data states that of the country's 36 meteorological sub-divisions, six falls under rain-deficit zone as on end of September; in terms of area, 17% is rain-deficient. Twenty five sub-divisions have received 'normal' rainfall while five subdivisions have received 'excess' rains.

According to a Met department official, June saw good spells of rain across most parts of the country. As a result, the actual rain during the month was 104% of LPA. In July also the cumulative rainfall was 102% of LPA while southern regions did not get sufficient downpour especially Kerala, Karnataka and Tamil Nadu.

In July and August, floods were reported from Gujarat, south Rajasthan, Assam, Bihar and parts of Uttar Pradesh and Odisha. However the month of September saw prolonged dry spell across India especially during first two weeks of the month. However there was adequate rainfall in southern India in the last two weeks of the September which wiped out rainfall deficiency in Kerala, Karnataka and Tamil Nadu.

Cumulatively while the first half (June-July) monsoon reported a rainfall of 102.5% LPA, during the August and September period the rains were only 87.5% of the benchmark.

Source: <http://www.financialexpress.com>



### **India: Kharif foodgrain output to fall 2.78% from last season's record high, show govt estimates**

India's summer-sown foodgrain production is likely to fall nearly 3 per cent, dashing hopes of higher farm income, because of erratic rainfall and farmers shifting to other remunerative crops.

Output of kharif, or summer-sown crops, is expected to fall to 134.67 million tonnes from the record 138.52 million tonnes last year, a fall of 2.8 per cent, according to the government's first formal estimate of the harvest. It makes four 'advance estimates' in the course of the year.

This is expected to hit rural incomes in some areas, although the government said the harvest of 134.67 million tonnes, estimated with the help of inputs from states and other sources, would still be 5 per cent higher than the five-year average of 128.24 million tonnes.

Production of rice, the main kharif crop, is estimated to be 94.48 million tonnes, or 1.98 per cent less than the previous year. There was a small drop in paddy acreage, to 37.68 million hectares from 38.18 million hectares a year earlier, on account of deficient rains in a number of districts in Chhattisgarh, Telangana, Madhya Pradesh and Karnataka.

Rice is one commodity in which India have been self-sufficient since 1991-92. There are unlikely to be a spike in prices. In winter, planting of rice will take place in Andhra Pradesh and Telangana which can make up the deficit

Output of kharif pulses such as tur, moong and urad is estimated at 8.71 million tonnes against 9.42 million tonnes last year.

Production of oilseeds such as groundnut, soyabean and castorseed is estimated to decrease by 7.68 per cent over the previous year to 20.68 million tonnes, with farmers shifting to urad, sugarcane and cotton on expectation of higher profitability. Indian farmer was losing interest in the oilseed crop as it was not remunerative compared with others.

Sugarcane production is estimated at 337.69 million tonnes, higher by 30.97 million tonnes than the last year. Area under sugarcane has increased by 9.4 per cent.

Despite an 18.68 per cent increase in area coverage this season, lower productivity of cotton has resulted in reduced estimated production of 32.27 million bales (of 170 kg each) as compared to 33.09 million bales in 2016-17.

Source: <http://economictimes.indiatimes.com>



## CHINA: Ant Financial's Agriculture Insurance Joint Venture Gets Regulatory Green Light

An agriculture insurance joint venture between Ant Financial Services Group and China United Insurance Holding Co. has received a green light from China's insurance regulator, making it the first agriculture technology company co-established by an insurer to achieve regulatory approval from the China Insurance Regulatory Commission (CIRC).

Nonglian Zhongxin Technology Co., Ltd. will be 60% owned by China Insurance and 40% owned by Shanghai Yunxin Venture Capital Management Co, a wholly owned subsidiary of Ant Financial, which is a financial services affiliate of Alibaba Group.

The joint venture between one of China's financial technology leaders and China Insurance, an insurer founded in western Xinjiang province and now based in Beijing, will aim to meet increasing demand for insurance products driven by modernization of the agricultural sector.

Nonglian Zhongxin will provide one-stop services such as financing, insurance and supply chain services to an emerging class of Chinese agricultural companies utilizing advanced technology in their operations, it said in an announcement.

Agriculture insurance is booming in China and represents a lucrative new frontier for Ant Financial and Alibaba. Agricultural insurance premiums expanded seven times to RMB 41.72 billion (USD 6.05 Billion) in 2016 from RMB 5.18 (USD 752 Million) in 2007, according to statistics from the CIRC.

Leveraging Ant Financial and Alibaba's vast resources in e-commerce, digital payment, logistics and offline presence, especially an expanding network of rural Taobao shops, the joint venture will aim to provide insurance and other financial services to agriculture firms with ease of transaction and after-sale services.

Ant Financial and Alibaba have made significant inroads into China's rural regions and the agriculture sector. Last December, Ant Financial said it would invest in CFPA Microfinance Management Co., and become the second largest shareholder of the company. CFPA Microfinance Management provides small loans to farmers in extremely poor rural areas in China.

Source: <https://www.chinamoneynetwork.com>

For more details email us at [blossom@jbbodagroup.com](mailto:blossom@jbbodagroup.com)

Address: J. B. Boda Reinsurance Brokers Pvt. Ltd. Maker Bhavan No. 1, Sir. Vithaldas Thackersey Marg,  
Mumbai 400 020, India | Phone :+91-22-6631 4949

[www.jbboda.net](http://www.jbboda.net) | [in](https://www.linkedin.com/company/jb-boda) company/jb-boda | [f](https://www.facebook.com/jbboda) <https://www.facebook.com/jbboda>