

Weather based agricultural microinsurance through partnership mode: A case study from the Indian state of Maharashtra



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National Agricultural Insurance Scheme

- **Since inception in 1999 to 2011-12 covered 171.3 million farmers**
- **Achieved the scale due to linkage to bank credit**
- **Banks were more keen than farmers to insure the crop**
- **Bank branches and credit cooperatives automatically deducted and remitted the premia of all loanee farmers to insurance companies**
- **Subsidised premium with government support**
- **Dissatisfaction amongst farmers as block (sub-district) was the unit**
- **Huge yield variations in same block**
- **Long drawn process of claim settlement**

Weather Based Crop Insurance Scheme



- **Introduced as a pilot in 2007 and later upscaled**
- **In the sample district farmers' satisfaction level was higher with WBCIS: reasons-**
 - **Presence of modern weather station locally was the greatest confidence booster**
 - **Reliability of weather data**
 - **Localised area**
 - **Transparency through data and information sharing locally**
 - **Belief that this data cannot be manipulated**
 - **Settlement of claims quicker**
 - **Premium subsidised by government**
 - **Flexibility in sum insured**

WBCIS...contd.



- **Partnership of NABARD, IMD and NGO**
- **Ensured the setting up of weather stations covering a smaller area for robust results**
- **Ensured local trained management of these stations**
- **Partnership made farmers' stake stronger**
- **NABARD could ensure stronger bank support for insurance coverage of all loanee farmers**
- **Partnership made claim processing and settlement easier and faster**
- **Reduced transaction costs for AICI also**