

VARSHA BIMA / RAINFALL INSURANCE

Background

Sixty five percent of Indian agriculture is heavily dependent on natural factors, particularly rainfall. Studies have established that rainfall variations account for more than 50% of variability in crop yields. It is known that yields are variable, however, it is now being realized that the weather, particularly rainfall is also becoming increasingly unpredictable and uncertain. Although there is no way of controlling weather-factors, there is now a hope of mitigating the adverse financial effects that rainfall can have on the rural economy, particularly farm incomes.

Scope

Varsha Bima covers anticipated shortfall in crop yield on account of deficit rainfall. Varsha Bima is voluntary for all classes of cultivators who stand to lose financially upon adverse incidence of rainfall and they can take insurance under the scheme. Initially Varsha Bima is meant for cultivators for whom National Agricultural Insurance Scheme (NAIS) is voluntary and Weather based Crop Insurance Scheme (WBCIS) is not available.

Period of Insurance

The insurance operates during June to September for short duration crops; June to October for medium duration crops; and June to November for longer duration crops. Further, these periods are State-specific. In case of Sowing Failure option, the risk period is usually from 15th June to 15th August.

How to Buy Varsha Bima

Proposal forms are available at all the loan disbursing outlets viz PAC branches of all Cooperative/ Commercial/ Rural banks. The coverage under Varsha Bima at the grass-root level shall be made mostly through the existing network of Rural Finance Institutions (RFIs) as in NAIS, particularly Cooperative Sector Institutions. AIC shall also directly market / provide insurance subject to the availability of its network. The network of formal and informal institutions working in the rural areas, such as NGOs, Self Help Groups (SHGs), Farmers Groups could also be utilized for delivery of Varsha Bima. The cultivators proposed for insurance under Varsha Bima is required to have a Bank Account at the RFI Branch, which will facilitate his / her insurance transactions.