Project Report

Evaluation of Integrated Risk Management Projects, Gujarat, Maharashtra and Andhra Pradesh/ Telangana

Prepared for: GIZ

Prepared by
Institute for Governance, Policies and Politics
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List of Abbreviations
GDP  Gross Domestic Product
PMFBY  Pradhan Mantri Fasal Bima Yojana
SDG  Sustainable Development Goals
IRM  Integrated Risk Management
FPO  Farmer Producer Organizations
GIZ  Deutsche GesellschaftfürInternationaleZusammenarbeit
DFS  Department of Financial Services
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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>RISP</td>
<td>Rural Insurance Services Programme</td>
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<td>AICI</td>
<td>Agriculture Insurance Company of India</td>
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<td>NABARD</td>
<td>National Bank for Agriculture and Rural Development</td>
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<td>IRDA</td>
<td>Insurance Regulatory and Development Authority</td>
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<td>FMAE</td>
<td>Farmer-Oriented Multi-Stakeholder Agribusiness Enterprises</td>
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<td>SANG</td>
<td>Sustainable Agriculture Network Gujarat</td>
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<td>DISHA</td>
<td>Dedicated Initiative for Sustainable &amp; Holistic Agriculture</td>
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<td>SSKK</td>
<td>Shikshanane Samaj Kalyan Kendra</td>
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<td>VRTI</td>
<td>Vivekanand Research &amp; Training Institute</td>
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<td>FDC</td>
<td>Farmer Development Centre</td>
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<td>PRODUCE</td>
<td>Producers Organization Development and Upliftment Corpus</td>
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<td>NPM</td>
<td>Non-Pesticide Management</td>
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**Executive Summary:**

While providing employment and livelihood to a larger share of population, agriculture in India remains one of the most vulnerable economic activities. In past, while there have been some improvements in agricultural productivity, repeated efforts to improve farm income has failed owing to the institutional and market failures. In recent years, agricultural output prices have been susceptible to global market, as seen in case of BT cotton and rice. Emergent climate change effects, as evident in rising temperature, sea level rise, depleting groundwater tables, outbreak of pests, and erratic monsoon (delayed and unseasonal shower), have further added to the agricultural risks, especially affecting agricultural productivity. In addition, the instances of extreme weather events like drought, flood and cyclone have also increased in recent years.

In this backdrop, how governments manage these agricultural risks will be critical for national food security and livelihood of more than half of the population dependent on agriculture for livelihood. Recognising the importance of agricultural risk management, the government has time and again come up with crop insurance schemes, with the recent culmination in *Pradhan Mantri Fasal Bima Yojana*. This scheme, and its predecessors, tends to focus on one aspect of the agricultural risks, i.e. crop failure due to bad weather. However, given the local context for agriculture in India, it is important to have a holistic approach to agricultural risks and plan for an integrated risk management strategy.

The GIZ-RISP initiative seeks to fill the gap with a strategy for integrated risk management in agriculture, with pilot initiatives in three Indian states. At this pilot stage, the initiative was implemented in Gujarat, Maharashtra and Telengana, covering selected horticulture farmers. In 2014, GIZ initiated the Rural Insurance Service Programme (RISP) with cooperation from Department of Financial Services, Ministry of Finance. GIZ has previously been involved in similar initiatives in other parts of the world. Some of its most influential projects concerning crop insurance against climate related calamities have been implemented along with the respective local governments’ support in Ghana, Peru, and Philippines. The main objective of RISP was to provide economic security to small scale farmers in the form of financial products and related services. The programme was built of three components with independently acting partners and objectives, viz. i) crop insurance component; ii) integrated risk management component; and iii) micro insurance component. Integrated Risk Management refers to the establishment of organized and well-planned structure for handling the possibilities of an uncertain future. Risk management in agriculture ranges from informal mechanisms (like avoidance of highly risky crops, diversification of crops and income sources) to formal mechanisms (like agriculture insurance, minimum support price system and future markets). These services and supports were provided to selected horticulture farmers, growing mango, pomegranate vegetables and ground nut, in Gujarat, Maharashtra and Telengana.

Analysing the experience s in three Indian states, the evaluation study finds higher awareness and support to integrated risk management among the beneficiary farmers. Building on a survey of beneficiaries of the GIZ-RISP, the study claims that GIZ and its partner organisations in the initiative
have done really well in terms of creating awareness on different aspects of agricultural risks and ways to mitigate them among the farmers. The study found that farmers in the intervention regions has significantly changed their farming and marketing method which has lower input cost and increased the share in the profit. The supporting organisations working with the farmers to reduce their input cost and providing them better technical and business support.

Overall analysis of the survey data and stakeholders interview shows that the GIZ-RISP intervention is very much relevant for the farmers. It is also significant to note that most of the farmers found the IRM training useful for the future risk management endeavours. All of the partner organization interviewed mentioned that they are willing to continue this initiative in future even without GIZ support. However, sustainability of such initiatives would be critically dependent on external support to enable the farmers to adopt integrated risk management and sustainable farm practices. Moreover, market linkage of the farmers is a critical step to secure a minimum income for the farmers.