



World Bank's GIIF = 3.4 Farmer Suicides

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Droughts are common in India, so are the farmer-suicides. [Marathwada is emerging as India's farmer suicide capital](#). Governments have come and gone, but none seemed to have empathetically considered & understood the gravity of the situation, especially the impact of global warming on the lives of farmers in the years-to-come. [The number of suicide cases by farmers due to agrarian reasons have increased by 26 percent to 1,109 in 2014, says Indian Express](#). GIIF, a new insurance product by the World Bank, has the potential to mitigate the risk of farmer suicides in India to an unbelievable level.

If we consider the World as a global enterprise and farmers as the key players in that enterprise, GIIF is an appropriate Enterprise Risk Mitigation treatment for the healthy living and growing of the enterprise.

What is GIIF ?

Global Index Insurance Facility (GIIF) is an innovative insurance program by the World Bank, funded by the European Union, Japan, and the Netherlands aimed primarily at the Africa, Caribbean and Pacific Group of States (ACP) with EU being the primary donor-partner to the GIIF Trust Fund. GIIF works with both private sector and public sector players in order to build index insurance markets to insure farmers from financial risks due to natural

calamities like droughts, storms etc by predicting the probability of droughts or storms every year based on advanced weather forecasting systems. It has funded private sectors in Indonesia, Sri Lanka and public sector in Papua New Guinea to insure farmers, at an affordable premium, in these regions against such natural calamities.

Why should India adopt it ASAP ?

In India, one farmer committed suicide every 32 minutes between 1997 and 2005, says a UN report. With the climate change going under-controlled, many drought situations are likely in the years to come. Several studies have revealed that Farmer suicides have increased during drought years owing to mounting debts, stigma, pressure from lenders, and government's inadequate compensation.

6 farmers end life in 72 hours

IN VIDARBHA The victims took the extreme step despite the market rate of raw cotton being reasonably satisfactory

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NAGPUR: The agrarian crisis continues to drive distressed farmers in Vidarbha to suicide. Six more farmers ended their lives in the erstwhile cotton belt in the last 72 hours.

According to reports reaching here on Tuesday, most of the victims were cotton growers and the tragedy occurred when the prevailing rate of raw cotton in the market is approximately Rs 4,200 a quintal. Among the latest victims, two are from Yavatmal and one each from Wardha, Amravati, Akola and Bhandara districts.

The district collector of Yavatmal Sanjay Deshmukh was not available for comments.

Fifty-two farmers had committed suicide in December 2010.

Kishore Tiwari of Vidarbha Jan Anodolan Samiti, an organisation that is documenting farmers' suicides in the region, said crop failure was the primary reason for the latest farmers suicides.

"The market rate of raw cotton was reasonably satisfactory despite a meagre guarantee price of Rs 3,000 per quintal announced by the government. But the farmers could not cope with the situation because of crop failure due to untimely rains this season," he said.

Tiwari criticised the state government for its lackadaisical approach towards the cotton growers of Vidarbha while announcing the relief package

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after the unseasonal rains damaged crops.

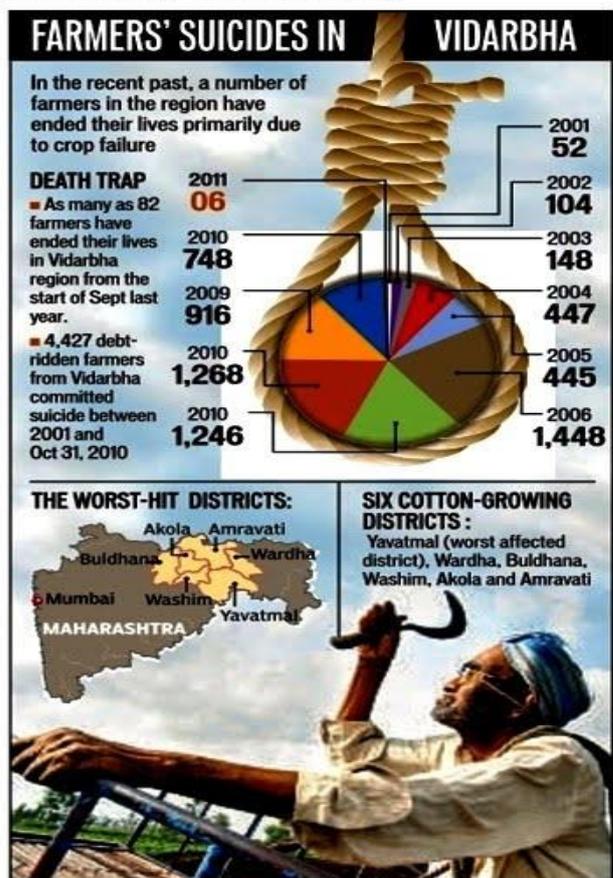
While grape growers of the state got a compensation of Rs 25,000 per hectare from the government, cotton growers got a only Rs 5,000 per hectare. "This is an insult to the crisis-ridden cotton growers of Vidarbha," he said.

The issue figured in the winter session of the state legislature held in Nagpur in December.

The state's rehabilitation minister, Patangrao Kadam, had told the Assembly that 4,427 debt-ridden farmers from Vidarbha had committed suicide between 2001 and October 31, 2010.

In the initial years when farmers distress came to attract public attention it was said that indebtedness through use of Bt Cotton were the main cause for farmers suicide.

Here it is important to notice that in the context of Indian history the moneylender is considered to be a particularly evil person and the farmer an unwitting subject of his machinations. Moreover, in recent times there has been a considerable ideologically driven movement against the use of Bt crops.



Despite our combined technological capabilities and near-accurate weather forecasting systems, it's a shame on our governments, banks, and insurance companies to have failed to

proactively protect the sincere & helpless farmers at the times when the help was needed most. It is at this juncture, the World Bank team has devised the innovative insurance program,GIIF,to help the farmers globally protect their investments (or agri-loans) when the nature fails to help them. The premium amount is made very small by the accuracy of the predicted probabilities and regions of droughts and storms in a given country during the ensuing year. Thus, the financial risk to the small-group of farmers that are likely to be affected in the predicted drought-region is either avoided by planting suitable alternate crops or transferred and shared by all farmers at a very low premium. A clear win-win-win situation for all the stakeholders.

Banks, NPAs and the GIIF:

If India's insurers, farmers, and bankers embrace the GIIF at the earliest possible time, we can not only bring down the levels of non-performing assets (NPA) of the banks, but also the farmers' suicide level to a mere 3.4 deaths per million opportunities (read as million affected farmers), a six-sigma level performance/ governance in dealing with agrarian risks.

It's high time India's public sector and private sector insurers created enough awareness among the farmers and made use of this excellent insurance facility by the World Bank, called GIIF, to save Indian farmers from committing suicides. GIIF ensures peace of mind and leaves the farmer to do what he does best with a smile.

If the farmers live longer and happier, so will the World.

References:

Global Index Insurance Facility (GIIF)
Economic Distress and Farmer Suicides in India

Image courtesy/credit : www.financialexpress.com,vidarbhatimes.blogspot.com

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