EARTH
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J.B.BODA

Centre sets up two panels to lower crop insurance premium

The Centre has appointed two separate groups of experts to suggest suitable working models with a cost-benefit analysis that will lower crop insurance premium and technology in crop yield estimation under the flagship Pradhan Mantri Fasal Bima Yojana (PMFBY). This follows the exit of several States including Gujarat, Andhra Pradesh, Telangana, Bihar and West Bengal from the scheme, citing high premium.

“There are now two sub-committees which have been instructed to submit their report by January 10 to the working group, constituted in September to examine alternate risk management mechanisms for rationalising the premiums,” a government official said. The two sub-committees were formed on November 29 and December 2.

A ten-member committee under scientist KR Manjunath of Indian Space Research Organisation (ISRO) will explore the feasibility of adoption of various technology-based approaches developed through pilot projects by ISRO and its arm National Remote Sensing Centre (NRSC) as well as Mahalanobis National Crop Forecast Centre (MNCFC) of the Union Agriculture Ministry, the official said.

Using drones

According to NRSC, satellite data at regular temporal intervals enables monitoring of the natural resources for their effective management. However, the government has also been considering utilising drones to capture yield data as satellite images are also considered not effective in case of fog or cloud.

The other sub-committee, headed by Saurabh Mishra, joint secretary in the Ministry of Finance, will conduct a cost-benefit analysis of all “accepted models – agriculture insurance pool, cup and cap 80-110 % and co-insurance 20-80 %” as well as any profit-loss sharing model. The committee has also been tasked to provide financial projections for the next five years with corresponding assumptions in each model.

In September, the government had formed the working group under PMFBY CEO to examine alternate risk management mechanisms and suggest financial and operational models with sustainable underwriting capacities and rationalised premium pricing. The working group has been asked to submit its report by March 13, 2022.

Under PMFBY, the balance premium is split equally between the Centre and States after farmers pay a fixed premium – 1.5 % (of the sum insured) in Rabi season, 2 % in Kharif and 5 % for cash crops. The premium is arrived at based on quotations from insurance companies in a cluster. The Centre has capped maximum premium at 30 % in un-irrigated areas, 25 % in irrigated areas.

Source - https://theoutreach.in/

Strong and Shallow Earthquake hits Sunda Strait, Indonesia

A strong earthquake hit Sunda Strait, Indonesia at 09:05 UTC on January 14, 2022. According to the USGS, the magnitude of the event was Mw 6.6 at a depth of 37.2 km (23.1 miles). The European-Mediterranean Seismological Centre (EMSC) estimated a depth of 39.6 km (24.6 miles).

Location of Epicenter | Source: TW/SAM, Google

The epicentre was located about 88 km (55 miles) SW of Labuan and 117 km (73 miles) SW of Pandeglang Indonesia.

Building in this region are susceptible to earthquakes; though, earthquake resistant structures exist. The predominant vulnerable building types are unreinforced brick with concrete floor and precast concrete frame with wall construction.

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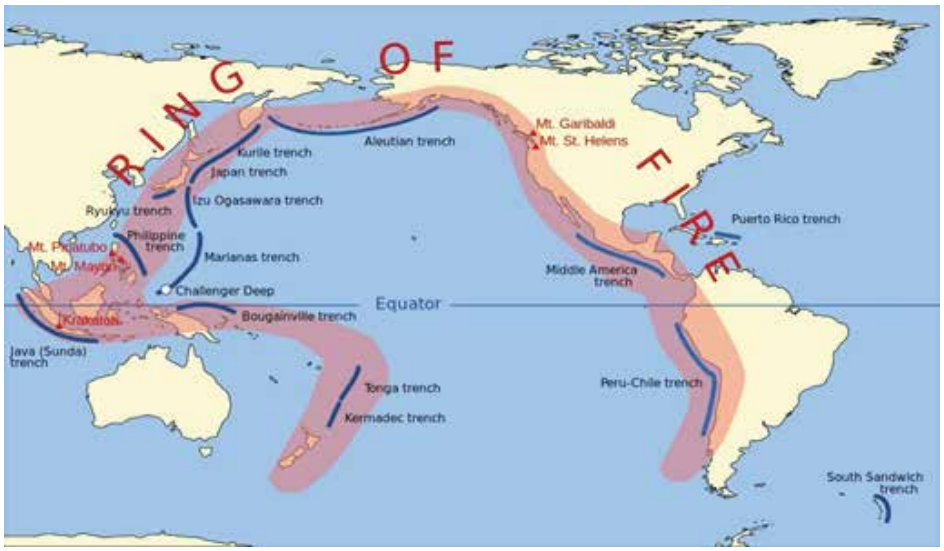
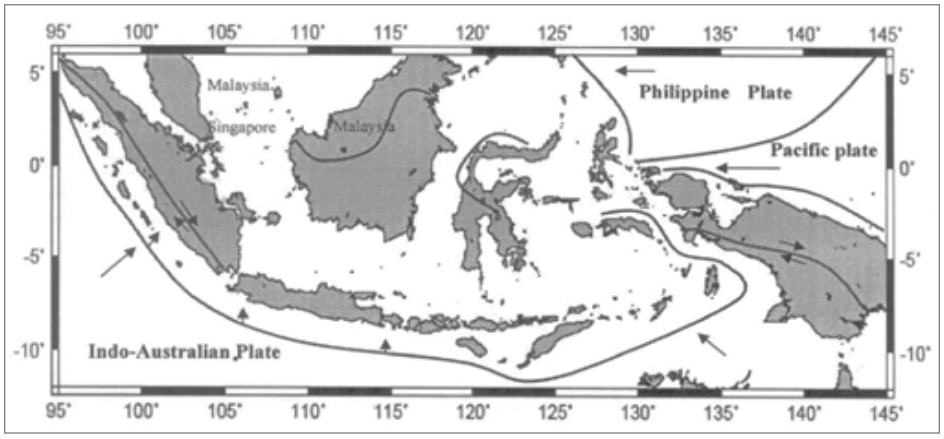
Earthquake Risk in Indonesia

Being located on the Pacific Ring of Fire (an area with a high degree of tectonic activity), Indonesia has to cope with the constant risk of volcanic eruptions, earthquakes and tsunamis. The country is positioned on the junction of the three mega plates, the Pacific, Eurasia, and Indo-Australia plate. Around 165 Mln people live in earthquake-risk areas. Since 1914, 129 earthquakes over magnitude 5 or more have occurred in Indonesia.



Ring of Fire. Indonesia is on the western side. | Source: www.indonesia-investments.com



Tectonic and plate boundaries, Large arrow indicate direction of plate motion | Source: R. Putra

Despite the earthquake risk, there is very little training and education about earthquake-resistant design and construction.

The traditional non-engineered buildings in Indonesia were built according to tradition, their types suiting the culture and materials available in a specific area. These structures generally had a good record or performance in past earthquakes. But, gradually, with economic prosperity, masonry buildings gained popularity. However, limitations on the resources available, including finance, skills, and building materials, result in poor workmanship and poor quality of construction.

The Seismic Resistance Design Standard for Buildings (SNI 03-1726-2012) is Indonesia's national building code and is implemented regionally.

After the April 2021 earthquake in East Java province, the National Disaster Management Agency (BNPB), found many building structures did not meet earthquake resistance requirements.

The notable earthquake during the past 20 years include:

26 Dec 2004, Mw 9.0: Economic Loss: USD 10 Bln excluding tsunami losses, Insured Loss: Over USD 2 Bln

27 May 2005, Mw 6.4: Economic Loss: USD 3.1 Bln, Insured Loss: Around USD 48 Mln

30 Sep 3009, Mw 7.6: Economic Loss: USD 2.3 Bln, Insured Loss: USD 50 Mln

General Insurance in Indonesia

As of 2020, the general insurance premium is USD 5.6 Bln and General Insurance penetration in Indonesia is 0.50 %. Due to low penetration, the government has to bear the brunt of natural disasters.