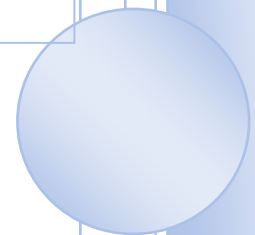




## SBP TASK FORCE REPORT ON CROP LOAN INSURANCE FRAMEWORK

**Agricultural Credit Department  
State Bank of Pakistan**



## ACKNOWLEDGEMENTS

The task of formulating a Crop Loan Insurance Framework was challenging, particularly when it has been long overdue and many efforts in the past remained unfruitful coupled with limitations of market based scheme without any government subventions, subsidies or interventions. However, I am pleased that the Task Force in collaboration with SBP, SECP, MINFAL, PARC, insurance companies, banks and other stakeholders has accomplished the task and came out with a workable, commercially viable and sustainable solution. It is indeed a pride that the scheme will not only facilitate borrowers of farming community and banks but will also pave the way for adoption of the crop insurance scheme for the non borrower farmers.

I would like to acknowledge the valuable contribution and support provided by members of the Task Force and its Working Group including representatives of private insurance companies, MINFAL, SECP, PARC, farming community and banks that helped in accomplishing the gigantic work of developing crop loan insurance framework.

I hope that the successful implementation of scheme will prove to be a corner stone in improving the access of agri. credit to the farming community.

Dr. Shamshad Akhtar  
Governor



## ABBREVIATIONS

ABL	Allied Bank Limited
ADBP	Agriculture Development Bank of Pakistan
CLIS	Crop Loan Insurance Scheme
HBL	Habib Bank Limited
IAP	Insurance Association of Pakistan
MINFAL	Ministry of Food, Agriculture & Livestock
NBP	National Bank of Pakistan
NICL	National Insurance Corporation Limited
NJI	New Jubilee Insurance Limited
PARC	Pakistan Agriculture Research Council
PPCBL	Punjab Provincial Cooperative Bank Limited
SBP	State Bank of Pakistan
SECP	Securities & Exchange Commission of Pakistan
UBL	United Bank Limited
ZTBL	Zarai Taraqiati Bank Limited



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# 1. *Preamble*

In line with the Government's priority to develop agriculture sector, SBP has been endeavoring since its inception to ensure credit availability to meet the credit needs of the farming community. Notwithstanding the robust increase in agricultural credit disbursement from Rs 39 billion in 1999-2000 to Rs 212 billion in 2007-08, banks are still reluctant in adopting agricultural financing as viable business line mainly due to the nature of agriculture sector business.

Agriculture is very much vulnerable to the unpredictability of nature. With agricultural production representing the only livelihood for many resource constrained Pakistani farmers, the impact of natural disasters and other agricultural risks cannot be taken lightly. In case of natural calamities, the farmers not only have to bear the loss of their produce/crop but also have to face defaults for the bank credit. The need to safeguard the interests and investments of farmers is, therefore, of paramount importance.

Crop insurance is a risk management mechanism designed to even out agricultural risks and blunt the consequences of natural disasters to make losses, especially to the marginalized farmers, more bearable. In countries having multiple-risk insurance schemes, government's intervention or its heavy support to agricultural insurance operations has been regarded justifiable and inevitable due to the market failures. Such support has been provided in the form of subsidies on premium to farmers, operational subsidies to private insurers to cover some of the high administrative costs associated with agricultural insurance contract underwriting and subsidized reinsurance.

The method of government intervention also varies from country to country. For example, in Canada, Japan and Philippines, the insurance schemes are operating under a central government or local government body, while in United States, Spain and Mexico they are operated under a partnership between government and private insurance companies with the former assuming the role of reinsurer of the latter. In India, governments allows 50% subsidy in premium to small & marginal farmers. WTO's regulations

also support subsidization of crop insurance premiums by the governments. However, the government support programs are often fiscally burdensome.

### **Rationale**

The introduction of crop insurance in Pakistan has been under consideration since 1947. A number of committees constituted by the government had deliberated and reported on the subject from time to time which inter alia includes: -

- ADBP Pilot Project with a private Insurer – 1986-1988
- Various proposals by ADBP
- IAP Crop Insurance Scheme – 1990
- IAP Catastrophe Crop Insurance Scheme to SBP – 1990
- IAP Crop Insurance Scheme (Flood/Excessive Rain only) – 1996
- NIC Comprehensive Crop Insurance Scheme – 1996

All the past schemes with the exception of the earliest ADBP scheme had the characteristics of pilot projects with limited risks; insurance for specified crops and specified areas; Government subsidies in sharing of premiums or through reinsurance for the programs and high premium rates.

Some individual experts have also examined the issue. It has been their view that crop insurance would serve as a powerful instrument in promoting and adopting modern techniques in agriculture especially by small farmers. However, despite doing exhaustive exercises spanning nearly three decades, our economic and agricultural experts are still looking for a model Crop Insurance Scheme for Pakistan, while India and Sri Lanka had actually been insuring the crops of their farmers for decades.

SBP is striving for financial inclusion of rural and farming community. However, the banks who are operating under market based system find it difficult to size up their agri. credit portfolio as agriculture is prone to risks of natural calamities that inflict the risks of losses to the agricultural borrowers & repayments of banks loans and its mitigate in the form of crop insurance is not available in the country.

In order to mitigate the risk of losses happened to agricultural borrowers due to natural calamities and risks of defaults to banks by such borrowers, Governor SBP formulated a **Task Force on Crop Loan Insurance Framework** in July, 2006 comprising of all stakeholders for development of

a commercially viable and sustainable Crop Loan Insurance Scheme with the help of all stakeholders. The Task Force has been working since it met on 3<sup>rd</sup> October, 2006 for the first time. Task Force members held various meetings and formulated working group. SBP provided various data series on agri. credit disbursements including recoveries, write-offs, NPLs, crop & district wise and yield per acre information to facilitate insurance companies in development of crop loan insurance framework. After detailed deliberations and discussions, a framework has been finalized and largely agreed upon by banks, representatives of farming community and insurance companies.

NICL also used SBP Task Force's Crop Loan Insurance framework and have already announced a crop insurance scheme. Some of the banks and insurance companies are negotiating their arrangements to facilitate their agricultural borrowers by providing crop loan insurance.

The report is aimed at disseminating details of the work carried out by the Task Force to the stakeholders. Section 2 provides some international practices on crop insurance followed by types of crop insurance products given in Section 3 and role of government in crop insurance provided under Section 4. Section 5 elaborates on the proceedings of Task Force and its working groups. Details of the framework are given in Section 6, and conclusion/recommendations have been provided in its last section.

## 2. *Crop Insurance – Global Perspective*

Risk management is of crucial importance in the investment and financing decisions of farmers in developing countries and in transition economies. Agricultural insurance, although one of the most often quoted tools for risk management, can only play a limited role in managing the risks involved in farming. The applicability of insurance in any given situation is based on consideration of whether it is a cost-effective means of addressing a given risk. In practice, agricultural insurance is almost invariably adjunct to a whole set of risk management measures, of which adequate farm management practices constitute an important element.

There have been many attempts to establish crop insurance programs in developing countries. A few of them have succeeded in laying the foundation for a sustainable risk management service. But there have also been many failures. Most of such programs that did not prove durable were set up on the basis of unrealistic expectations. A crop insurance brief on various countries

experiences is give below which illustrates the types of situations where insurance is used or being considered as a risk management mechanism involving a variety of both farming systems and agricultural enterprises.

### *a. Argentina*

This country has many features of a developed agriculture, and therefore it is not surprising that some 25 percent of its total crop area is insured – mostly against hail damages - although a start has been made to introduce multi-peril policies. Concerned crops include soybean, wheat, sunflower and maize. Insurance on grapevines and other fruits is also important.

As the agricultural insurance business is considered competitive, some 25 companies and mutual entities operate in this area. Some of them have invested significantly in technical expertise. For example, one company having about 12 percent of the market share employs eight fulltime agriculturists in order to have an in-house team, both to design policies and to manage insurance products being sold.

On the other hand, however, very few (9%) of the surveyed farmers, had crop insurance. Lack of affordability, lack of information and general distrust were cited as reasons for not having contracted insurance by those farmers. In the 1980s, farmers were obligated to purchase insurance from a government parastatal with the loans they received from the public agricultural bank, BANRURAL. Repeated difficulty in receiving insurance payments, however, left farmers distrustful of insurance initiatives. Lack of guarantees and the high insurance premiums are the principal problems for small farmers.

### *b. Brazil*

This major agricultural producing country has had a crop insurance program subsidized by the government. This has undergone some serious problems, originating from its desire to cover too much risk too quickly. The result was that the insurer bearing the risk had insufficient understanding of that risk – a major error for any branch of insurance.

The first national experience with crop insurance in Brazil occurred when Decree Law 2168 created the National Crop Insurance Company in 1954. Decree Law 73 also reorganized private insurance in Brazil and created the National Council of Private Insurance. Furthermore, it created the Crop Insurance Stabilization Fund within the administrative supervision of the



Institute of Reinsurance of Brazil. This decree established the legal foundations for crop insurance in Brazil. Through Resolution, the National Council of Private Insurance approved regulations for an experimental crop insurance program in 1970 in the state of Sao Paulo. Through Law 5969 in 1973, the federal government created the Program of Guarantee of Agricultural Activities (or PROAGRO). The program established that the program should be supervised by the National Monetary Council and administered by the Central Bank. Besides the revenue from the premium rates, the program was funded through resources allocated by the federal budget, under the control of the National Monetary Council. The program was not experimental and was intended to cover all crops in all states financed under the National System of Agricultural Credit.

During its early years, PROAGRO experienced high loss ratios. In earlier days severe losses in wheat and rice contributed to these ratios. Due to high losses at the beginning some corrections were soon adopted, such as compulsory participation, increases in premium rates, and voluntary coverage of the 30 percent of basic production costs not otherwise insured. There are a few positive features of PROAGRO which deserve mention. First, financial institutions only started to lend to small-scale farmers in significant volume when credit was insured under the system. PROAGRO extended both supervised and unsupervised credit operations to medium-sized and small-sized farms. Second, in reducing farmers borrowing risks, PROAGRO has contributed to the adoption of modern technologies and helped increase agricultural production. Third, because credit insurance acts as a substitute for collateral, PROAGRO has enabled financial institutions to lend to landless farmers (tenants and sharecroppers). This is a very important consideration in Brazil, given the size of this group of farmers.

### *c. Cyprus*

The Agricultural Insurance Organization of Cyprus (OGA) was established under an Act in 1977, following the earlier attempts to structure relief payments to farmers affected by adverse climatic events. After investigation, the format of a parastatal insurance corporation was adopted. A wide variety of crops are covered, against a range of perils like cereals against draught, rust and hail; deciduous fruits against hail and grapes & citrus against frost and hail.

The loss ratio has a strong variation over time due to the high volatility of natural disasters. Reinsurance and public support become essential conditions. There is continuous demand from growers to extend the range of risks covered, especially windstorm, excessive rain and excessive heat. The OGA employs professional agriculturists, both for product development and for supervision of loss assessment.

#### *d. India*

The crop insurance scene in India is two-pronged. One is a government program (National Crop Insurance Scheme India – Annexure-A) that has a strong social objective and loses vast sums each year. The government allows 50% subsidy in premium to small & marginal farmers. The claims are around three-folds of the premiums. As such, officials are considering to re-design this program, in order to make it more efficient and sustainable. On the other hand, a few insurance companies are active in offering commercially sound insurance products, especially to producers of high quality fruits, and much developmental work is being done in India on new products and approaches, following actuarially sound underwriting practices. The General Insurance Corporation (GIC) of India has formed a specialized subsidiary, Agricultural Insurance Corporation (AIC) in order to provide an institutional focus for this class of business.

Learning from Indian Model revealed the following: -

Types	Pilot Crop Insurance Scheme 1979 –	Comprehensive Crop Insurance Scheme 1985 -99	National Agriculture Insurance Scheme
Risk Sharing b/w GIC & State	2.1%	2.1%	All claims in excess of 100% to be shared at
Insurance Premium	5 - 10%	1 - 2%	1.5 - 3.5%
Farmers Covered	0.627 million	76.30 million	78.98 million
Premium generated	IR 19.7 million	IR 4.04 billion	IR 23.27 billion
Claims	IR 15.7 million	IR 23.19 billion	IR 72.18 billion
Claim Ratio	N.A.	575%	322%
Burning Cost	N.A.	9.29%	9.55

### *e. Malaysia*

Malaysia formed a National Task Force on Agricultural Insurance in 1985 through the Malaysian Insurance Industry Association to plan, co-ordinate, monitor, and evaluate the implementation of a crop insurance program. Malaysia's agricultural sector combines large-scale plantation enterprises with large numbers of small-scale producers. Both types have access to crop insurance, but the larger scale farms are more likely to buy insurance. Cover is available for oil palm, cocoa, rubber, for several species of timber trees, as well as for tropical fruits such as durian, mango and mangosteen.

As with many other countries, the Malaysian experience with crop insurance has been mixed, but companies are taking a professional attitude to understanding the risks and to the design policies accordingly. A new initiative is a possible pool of commercial insurers to develop insurance for paddy rice.

### *f. Mauritius*

A parastatal agency, the Mauritius Sugar Insurance Fund (MSIF) was established some 50 years ago in order to provide protection to the island's sugar farmers against losses from cyclones. As experience has been gained, and staff trained, this program has gradually taken on the coverage of other risks. For example, fire and excessive rain and losses from yellow spot disease (only in conditions of excessive rain).

There are crop insurance programs in Mauritius and Chile provided by the private sector on a commercial basis. However, they are both relatively new, and it is too soon to determine whether they will survive without government subsidies.

The program has also developed a sophisticated method for rewarding growers whose claims experience has been good for the insurer. All growers are placed, for each insurance/growing season, somewhere on a 100 point scale. Their position on this scale determines the level of premium to be paid, and the indemnity level they will receive in the event of a claim for that insurance period. The scale is dynamic, with movements up and down being dictated by claims experience.

### *g. Philippines*

Some 22 cyclones, on average, strike the Philippines each year, and out of these four cause significant damages. The northern and central parts of the county are more affected than the south, where main perils for farmers are drought and pests. The present crop insurance program grew out of an agricultural guarantee fund, which was operated by the Land Bank of the Philippines, the principal government bank servicing the agricultural sector. The insurance is operated by a parastatal entity, the Philippines Crop Insurance Corporation (PCIC), which began business in 1981, after a three year preparatory period.

Designed initially to provide risk management to borrowing farmers and their lenders, PCIC also offers policies to self-financed farmers. Participation in insurance is compulsory for farmers in the higher-potential agricultural areas for two crops viz. maize and rice. This element of compulsion has not resulted in a negative reaction by growers because the premiums paid to PCIC, are heavily subsidized, by the government and by institutional lenders, therefore, farmers pay only a proportion of these amounts.

Agricultural insurance is a government program that provides insurance protection to agricultural producers against loss of the crops, livestock and agricultural assets on account of natural calamities, plant pests and disease and/or other perils. The Philippine Crop Insurance Corporation (PCIC) is directly responsible for its implementation.

### *h. Syria*

The Syrian government has investigated introducing crop insurance, and is still undecided as to whether to direct the state-owned insurance company, a monopoly insurer, to develop and market crop policies.

A major constraint to the introduction of crop insurance is that the most important peril by far is drought. As is well known, drought is perhaps the most difficult peril to include in any insurance cover, especially in the early years of a program, when procedures are still being developed, and when staff are gaining experience.

The Syrian position illustrates a classic dilemma that has fairly general applicability in arid and semi-arid countries. Officials understand that drought will be difficult to include at the start of any crop insurance program, yet are well aware that unless insurance products cover this peril, then there

will be a very negative reaction from farmers. This may justify investigating the applicability of one of the new developments in crop insurance, namely index (coupon) insurance products.

## 3. *Types of Insurance Products*

### *a. Classic Crop Insurance Products*

These crop insurance products account for by far the bulk of all crop insurance written globally. There are two main types, damage-based and yield-based products respectively. Details are given below.

#### *i. Damage-based Products*

Insurance against crop losses from hail have been insured for more than 200 years. This type of crop insurance still accounts for a considerable proportion of crop insurance worldwide. Hail policies are based on a measure of the actual damage which results due to hail. Other named-peril policies, such as those for frost and fire, are very similar to hail cover in essentials. The key features are:

- Damage resulting from the peril is localized;
- low degree of correlation of risk over a given area;
- sum insured is agreed when the policy is purchased;
- loss adjustment and eventual indemnity based on measurement of the percentage of damage after the incidence of the loss event;

This type of insurance is not suitable for perils which can impact over wide areas, e.g. drought, pest, disease.

#### *ii. Yield-based Products*

Yield-based or Multi-peril crop insurance (MPCI) products have the defining characteristic that insurance is geared to a level of expected yield, rather than to the damage that is measured after a defined loss event. Other features are:

- MPCI policies are suited to perils the nature of which mean that their individual contribution to a crop loss is difficult to measure;
- similarly these yield-based policies are suited to perils which impact over a period of time;

- establishing a farmer's yield history provides the basis for determining the percentage of shortfall after a loss event;
- the yield is measured at harvest; insured yield may typically be in the range of 50 to 70 percent of historic average yield;
- yield shortfall may be determined on either an area or individual farmer basis.

### *b. New Crop Insurance Products*

The dynamism of research and development into new methods of managing risk through insurance mechanisms revealed two fairly new types of products. These are (i) products based on insuring a level of crop revenue, and (ii) products where insurable damage is determined on the basis of an index derived from data external to the insured farm itself.

#### *i. Crop-revenue Insurance Products*

The essence of this product is to combine production and price risk, the combination of production and price being the determinants of gross revenue from a given crop. Under normal supply/demand conditions a production shortfall might be expected to result in a rise in price. To some extent such a rise will cancel out the financial loss for the grower who suffers a production shortfall. But this will only be the case if he harvests sufficient crop and sells it at sufficient premium over the expected price. Crop-revenue insurance is designed to meet any remaining shortfall in revenue from crop sales. Frequently, too, crop-revenue products involve the determination of loss on an area basis, introducing important economies in the loss assessment process.

At present crop-revenue products are marketed mainly in North America, where they first became available to all corn and soybean growers in Iowa and Nebraska in 1996. Here their use is facilitated by commodity markets being highly developed and by related information being reliable and readily available. In this connection it is important that the price element of the policy be market based, that is, on futures prices for the coming season. The alternative, to use some sort of target price, could lead to a distortion of supply. Furthermore, it is unlikely that a crop revenue product based on a target (i.e. non-market price) would find underwriting support.

Crop-revenue products define the insurable interest as an income stream rather than as the intrinsic value (or expected value) of the biological item at

risk. This redefinition leads readily to a consideration of farm loan and insurance linkages, since the servicing of interest and principal payments on an agricultural loan depend on the income stream produced. Some crop insurance programs have been administratively arranged so that the insurance element is made a part of the loan, with the bank being the first recipient of any indemnity paid by the insurer, while the premium is a working capital item that is packaged with the loan itself. A more recent development is that some banks are believed to be interested in direct coverage of portions of their loan portfolios, more particularly for catastrophic losses following a systemic peril.

### *ii. Whole-farm Insurance*

This insurance product offers coverage on a whole-farm basis rather than on a crop-by-crop basis. The whole-farm insurance product was first introduced in 1999 in United States as Adjusted Gross Revenue (AGR), an expansion of revenue insurance. AGR provides protection against low revenue due to unavoidable natural disasters and market fluctuations that occur during the insurance year.

### *iii. Index-based Insurance Products*

In a classic crop insurance policy, evidence of damage to the actual crop on the farm, or in the area of the farm, is needed before an indemnity is paid. But verifying that such damage has occurred is expensive, and making an accurate measurement of the loss on each individual insured farm is even more costly. An index (also known as ‘coupon’) policy operates differently. Index-based crop insurance is a very new product. It has only started recently in a small way in a few parts of the developed world. With an index policy a meteorological measurement is used as the trigger for indemnity payments. These damaging weather events might be:

- a certain minimum temperature for a minimum period of time;
- a certain amount of rainfall in a certain time period - this can be used for excess rain and also for lack of rain (drought) cover;
- attainment of a certain wind speed - for hurricane insurance.

The classic insurance policy is replaced with a simple coupon. Instead of the usual policy wording, which would give the indemnity, or range of indemnity levels, on say a per hectare basis for a given crop, for losses from specific causes, the coupon merely gives a monetary sum which becomes payable on

certification that the named weather event, of specified severity, has occurred. The face value of the coupon may be standard, to be triggered once the weather event has taken place for the area covered. Alternatively it could be graduated, with the value of the coupon then being proportional to the severity of the event.

A trigger such as this cannot be used for certain perils, such as hail, where the adverse event normally impacts on a very limited area of land. On the other hand, it is suited to weather perils which impact over a wide area, for example drought.

Since there is no direct connection between a farming operation and the coupon, even those without crops at risk could theoretically purchase risk cover of this type. This is not a disadvantage. On the contrary, there are many persons besides farmers who stand to suffer financial losses from adverse weather events. Fishermen, tourist operators, outdoor vendors are among the many categories making up the potential clientele for index insurance products.

## 4. *Role of Govt. in Crop Insurance*

One of the policy-making priorities of governments is to facilitate trade. For most developing countries, agricultural exports are important and vital, therefore, WTO's regulations also support subsidization of crop insurance premiums by the governments. They are considered as falling into the 'Green Box' of measures by which a government can support its producers. Whereas this development is still relatively new, the commercial insurance industry has experienced an upsurge in demand for information, from governments, on crop insurance. The nature of these enquiries makes it clear that they are prompted by awareness of this apparent avenue for permitted assistance to the farming community.

There are several types of assistance by which a government can facilitate crop insurance. Among these are the following:

- Provision of information, on weather patterns, incidence of perils, evidence of past losses following adverse weather events, numbers, areas and locations of farms/crops, historical crop yields (data and trends). Most countries do this on a regular basis. Some charge for information. The quality of the data varies greatly.



- Meeting the costs of the research needed before any crop insurance program can be started. Often this responsibility is shared by development organizations such as FAO - e.g. in the case of Pakistan in 1995 and Syria in 2000, and the World Bank - e.g. in the case of Morocco in the late 1990s.
- Subsidization of premiums payable by farmers. This is very common, with Canada, Cyprus, India, Japan, the Philippines and the United States being examples.
- Providing a layer of reinsurance. Although less common than premium subsidy, it is practised, for example, in the United States, Cyprus and India.

## 5. *SBP Task Force*

The introduction of crop insurance is a long outstanding issue and many schemes were developed in the past by the Government and insurance sector, however, none of them could be materialized. Non-availability of crop insurance is also one of the major impediments in access to credit to farmers. Therefore, in order to enhance the flow of agri. credit to the farming community and to mitigate the risk of losses to farming community caused due to natural calamities which also affect the repayment of bank loans, SBP has constituted a Task Force comprising the following. Chairman: Mr. Zakir Mahmood, President HBL.

- Representatives of Agricultural Credit Department, SBP
- Representative of Securities Exchange Commission of Pakistan
- Representative of Ministry of Food, Agriculture and Livestock
- Representative of Pakistan Agriculture Research Council
- Representatives of Leading Commercial Banks: NBP, HBL, MCB, UBL, ABL, Askari Bank, Bank Al-Falah, Bank of Punjab, ZTBL and PPCBL
- Representatives of Insurance Association of Pakistan
- Representatives of Provincial Chambers of Agriculture

*(Complete list of the representatives of insurance companies, farmers associations, banks and other is attached at Annexure-J).*

In the first meeting of the Task Force held on 3<sup>rd</sup> October 2006, it was proposed by the representatives of the farming community that at first stage the framework for the introduction of crop loan insurance need to be developed to facilitate the borrows of banks in case of losses due to natural calamities. Therefore, it was unanimously agreed that the scope of the Task

Force would be confined for development of crop loan insurance scheme which will provide the insurance cover to the extent of loan amount and not to the full value of crop.

### *a. Sub-committee/ Working Group*

For focused discussions and deliberations, a sub-committee was constituted comprising of major bankers, MINFAL and representative of Insurance Association of Pakistan. The sub-committee had two meetings and reviewed the existing crop loan insurance schemes being offered by East West Insurance Companies through The Bank of Punjab and Askari Bank Ltd, respectively. The findings of the sub-committee were as under: -

- All previous programs could not be materialized due to little involvement of private insurance companies.
- The experience of the two companies with two banks who have piloted the crop loans insurance in the country can facilitate the other insurance companies for development of their specific products to participate in the scheme.
- Agricultural credit disbursement data, rate of recovery, crops involved, banks write offs/waivers due to natural calamities, agri. Non Performing Loans, data about calamities declared by provincial governments etc. would need to be analyzed

Therefore, the sub-committee decided that a Working Group comprising of leading private insurance companies including EFU, Adamjee, NJI, UBL Insurers, East West and United Insurance companies and banks including UBL, Askari and NBP be formed in addition to representative of SBP to liaison/ coordinate.

The insurance companies of the Working Group were assigned to review the existing systems of agricultural credit, crop loan insurance being offered and other modalities and pre-requisites of the crop loan insurance scheme including reinsurance arrangements. The banks and SBP were required to facilitate the insurance companies in all respects.

Accordingly, SBP has provided the following data to the Working Group to facilitate the development of draft crop loan insurances scheme.

- Consolidated information/data about the province wise calamity announcements by the government during last 5 to 10 years containing the details in terms of Notification No., District, Tehsil / Taluka, no of

villages, reason and crop season of all provinces. (Annexure-B). Summary of the same is as under: -

Punjab	Sindh	NWFP	Balochistan
70 calamity affecting 10,000 villages.	10 calamity declarations affecting 30 districts, 84 talukas/ tehsils.	22 calamity declarations affecting 81 districts, 500 talukas/ tehsils.	The province remained under drought for almost 7 years.

- Crop wise position of Agri Loans disbursements and recoveries by banks
- Data on yield of major crops
- District wise Agri credit data from 2002-03 to 2005-06 regarding: -
  - Disbursement
  - Recovery
  - Outstanding of crop production loans of banks from 2002-03 through 2005-06
- Agricultural Non Performing Loans & loans write-off and waived by banks
- 10 years data on the relief provided by the ZTBL to its borrowers on account of calamity

### *b. Re-insurance*

Very limited re-insurance is available in crop insurance sector. The insurance companies of the Working Group had detailed negotiations with M/s Hannover Re of Germany with their office at Malaysia. Hannover Re, with a gross premium of around 8 billion euro, is one of the leading reinsurance groups in the world. It transacts all lines of non-life & life and health reinsurance including crop reinsurance and maintains business relations with more than 5,000 insurance companies in about 150 countries. Its worldwide network consists of more than 100 subsidiaries, branch and representative offices in around 20 countries with a total staff of roughly 1,800. The rating agencies most relevant to the insurance industry have awarded Hannover Re very strong insurer financial strength ratings (Standard & Poor's AA- "Very Strong" and A.M. Best A "Excellent").

M/s Hannover Re has also provided re-insurance to East West Insurance companies, however, the arrangements were of limited nature. As per requirement of the re-insurers further data on yield of major and minor crops

was also obtained from MINFAL by SBP. Banks Working Group provided its specific disbursements for crop production and recoveries there against.

## 6. *Crop Loan Insurance Framework*

In spite of various initiatives taken in the past to introduce crop insurance, no fruitful result could be come out mainly due to little involvement of private sector insurance companies and non-availability of reliable data on calamities, cropping pattern, etc. As such, the risk of losses of natural calamities to farming community remained without insurance cover and also banks considered agri. credit a high risk and non-viable business which hampered the expansion of credit to the farming community. Therefore, in order to improve access to credit to the farming community especially to the small farmers, SBP initiated the task of development of crop loan insurance framework with the help of stakeholders.

The member insurance companies of the Working Group reviewed the existing structure of agri. financing and various schemes and products of agricultural production loans with the objective of perspective risk portfolio and size of the business to develop a workable market based insurance framework. The biggest challenge was the acquisition of data on calamities, district wise & crop wise agri. disbursements/recoveries, NPLs, cropping cycles, etc. The required data was collected and compiled by SBP to facilitate insurance companies in assessing potential risks and negotiating with reinsurers abroad. Insurance companies also reviewed the crop loan insurance schemes offered by two insurance companies viz. East West Insurance and United Insurance to the agri. borrowers of The Bank of Punjab and Askari Bank Ltd. respectively.

Based on the information provided by SBP, banks and negotiations with reinsurers, a well structured & comprehensive framework was jointly prepared by the member insurance companies of the Working Group. The framework covered all dimensions of crop loan insurance which, inter alia, include crops to be covered, insured risks, maximum sum insured per borrower, maximum rate of premium, indemnities, etc. It was also suggested that in order to save the time and efforts, the insurance companies could jointly reinsure the entire portfolio of agri. crop production loans but the suggestion was not supported by insurance companies as most of them have developed their own products based on the SBP framework. However, Salient features of the scheme (Annexure-C) are as under: -

**Table 6.1: SBP Task Force – Crop Loan Insurance Framework**

Item	Coverage
PARTICIPATION	<ul style="list-style-type: none"> <li>• ALL commercial &amp; private banks and Insurers registered with SECP</li> </ul>
AMOUNT INSURED	<ul style="list-style-type: none"> <li>• Amount of loan subject to per acre borrowing limit prescribed by SBP with maximum Rs 2,000,000 per farmer per crop per season</li> </ul>
CROPS COVERED	<ul style="list-style-type: none"> <li>• All field crops</li> </ul>
PERIOD OF INSURANCE	<ul style="list-style-type: none"> <li>• From time of sowing or transplanting till harvesting</li> </ul>
INSURED RISKS	<ul style="list-style-type: none"> <li>• Excessive Rain, Hail, Frost, Flood, Drought and Crop related diseases like viral and bacterial attacks or damage by locusts</li> </ul>
DECLARATION	<ul style="list-style-type: none"> <li>• Name of farmer and crop must be entered in the Usher/Land Revenue/Jammabandi at the Village/Deh/Chak level.</li> </ul>
PREMIUM	<ul style="list-style-type: none"> <li>• Maximum 2% of amount insured per crop per season plus applicable levies. Bank will be responsible for collection and payment of premium to the Insurer</li> </ul>
INDEMNITY	<ul style="list-style-type: none"> <li>• Claims for damage directly caused by the Insured Risks to be based on declaration of Calamity by the competent authority (Provincial or Federal) in the area where the insured risk is located and such declaration is notified in the Gazette AND the final yield of the subject risk is less than 50% of the reference of that area.</li> <li>• Indemnity is also subject to the name of farmer/borrower and the insured crop has been earlier declared.</li> </ul>
REFERENCE YIELD	<ul style="list-style-type: none"> <li>• Three year average yield of the particular area. The three years will be from the five preceding years discounting the best and worst years.</li> </ul>
MAIN EXCLUSIONS	<ul style="list-style-type: none"> <li>• War, Civil war, Strikes, Riots, Terrorism etc</li> <li>• Non-utilization or wrong utilization of loan.</li> <li>• Earthquake or Volcanic eruption</li> <li>• Loss before risk declaration or after harvesting</li> <li>• Price fluctuations and loss of market</li> </ul>
SPECIAL CONDITIONS	<ul style="list-style-type: none"> <li>• Declaration of Calamity</li> <li>• The maximum limit of liability of the Scheme in any one year to be 300% of the Premiums for that year</li> <li>• Insurers reserve rights for review of terms annually</li> </ul>

The draft scheme was largely agreed upon by the members of the Task Force and it was decided that the scheme would be presented to the Governor SBP, and once the scheme was finalized, issues of premiums, making scheme mandatory for the borrowers of banks and other operational modalities would be decided by banks and insurance companies as per their policies.

It was also recommended by the Task Force that as the framework was developed with limitations of historical data and past trends of calamities, losses, cropping patterns, farming practices for various crops, etc, therefore, the framework would regularly be reviewed and revised based on the experiences of the insurance companies, banks and farming community. Further, crop loan insurance being a totally new domain/ discipline in the country (Pakistan) required to establish infrastructure or basis from very beginning or foundation stage of the scheme. This also necessitated development of a strong database regarding district-wise/ area-wise crop pattern, yield, rain fall index, loan default, use of fertilizers, use of pesticides & weedicides, data regarding pests/ viral attacks (disease diagnosis) etc. Insurance companies also needed to develop proper infrastructure and network for the coverage of entire rural area of the country so that the crop loan insurance facility (cover) could be should be offered (made available) to all farmers/ borrowers at the same time, all over the country.

### *a. Presentation to the Governor*

Working Group of Task Force made a presentation on the subject framework to Governor, State Bank of Pakistan on 24th August, 2007 (Annexure-D) which was attended by the CEOs/heads of leading insurance companies, presidents of selected banks, Chairman NICL, agri. heads of banks and representatives of ACD, SBP. While giving a brief historical background of various pilot schemes / proposals developed in the past, it was cited that despite being made many sincere efforts, no fruitful results thereof have come out as yet. The past schemes / proposals had mainly characterized as pilot projects with limited risks, insurance for specified crops & specified areas, government subsidized reinsurance and schemes offered at high premiums.

Moreover, the current proposal is unique and distinct from all the previous crop insurance schemes due to the following characteristics:

- The proposal is free from any sort of government subsidies either as sharing of premium or risk assumption,
- The scheme will cover all Pakistan.

- The proposal is cost effective and affordable as the premium rate is only up to 2% premium per crop as compared to 9 to 13% in the region.
- The scheme will cover all field crops in the country.

Thereafter, the international experience of crop insurance companies was given which showed that crop insurance has been highly state-owned sector and in most of the countries, crop loan insurance is mandatory, while the experience of all the countries except a few developed economies is not encouraging. Very limited re-insurances are available. Further, the administrative cost is high in crop loan insurance sector and there is a lack of specialist knowledge.

The Governor, while appreciating the efforts of the Task Force, advised insurance companies and banks to review the framework and ensure its workability using empirical evidences, international modeling/practices and market based premium rates based on actual losses/calamities before its implementation.

### *b. Adoption of Framework by NICL*

In the meanwhile, on the advice of the Governor, the Director, ACD had a couple of meetings with Chairman, National Insurance Corporation Limited (NICL) and shared SBP's schemes & policies on agricultural credit and also provided various data series on agri. loans compiled along with the draft framework prepared by it. Further, Chairman NIC was also invited in the presentation of Crop Loan Insurance Framework presented to the Governor by Working Group of SBP Task Force.

Based on the information provided by SBP and SBP Task Force draft framework, NICL launched its crop insurance scheme (Annexure-E) for the borrowers of agri. loans of banks as well as to the selected farmers. The Chairman, NICL vide his DO letter dated 12<sup>th</sup> June 2008 to the Governor, thanked her cooperation, acknowledged the feedback of SBP and appreciated the working of its Task Force which was subsequently adopted by NICL in its crop loan insurance scheme (Annexure-F).

### *c. Adoption of Framework by Other Banks and Insurance Companies*

Some private insurance companies including New Jubilee Insurance and Adamjee Insurance have also developed their crop loan insurance products and a few major banks viz. NBP (Annexure-G), ZTBL, ABL and HBL are

negotiating and finalizing operation modalities with public and private insurance companies for the insurance of their crop loans to the farmers. Incidentally, it may be mentioned that The Bank of Punjab and Askari Bank Limited are already providing crop loan insurance to their borrowers in collaboration with East West and United Insurance companies respectively (Annexure-H & I).

## 7. *Conclusion & Recommendations*

The key objective of the task force was to put in place a proper Crop Loan Insurance Framework to have the banking community, the insurance industry, borrower representatives, regulators and the Government together to develop a common framework. The challenge before the SBP Task Force was to convince the insurance industry to make concerted effort to develop a workable and cost effective program for providing insurance cover. However, after extensive discussions and detailed meetings, the insurance industry convinced and developed a workable framework. Since major banks and insurance companies have developed their crop insurance programs/ products based on the framework developed by SBP Task Force and some of these have already come to the market, the objective of the task force to develop such a commercially viable and sustainable Crop Loan Insurance Scheme (CLIS) that can be adopted by the market players viz. banks & insurance companies have been accomplished. Thus, the SBP Task Force in its concluding meeting held on 17th July, 2008 under the chair of the Governor, SBP decided to launch the crop loan insurance from the forthcoming Rabi crop of 2008 and banks may negotiate their terms, conditions and operational modalities including rate of premium, making the scheme/crop insurance mandatory to their borrowers etc. with any insurance company as per bank's policy and applicable rules and regulations.

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# Annexure

## National Crop Insurance Scheme (India)

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### Objectives:

The objectives of the scheme are as under: -

1. To provide insurance coverage and financial support to the farmers in the event of natural calamities, pests & diseases.
2. To encourage the farmers to adopt progressive farming practices high value in-puts and higher technology in Agriculture.
3. To help stabilize farm incomes, particularly in disaster years.

**Salient features of the scheme: -**

#### 1. Crops covered:-

The crops in the following broad groups in respect of which i) the past yield data based on Crop Cutting Experiments (CCEs) is available for adequate number of years, and ii) requisite number of CCEs are conducted for estimating the yield during the proposed season:

- a. Food crops (Cereals, Millets & Pulses)
- b. Oilseeds
- c. Sugarcane, Cotton & Potato (Annual Commercial/annual Horticultural crops)

Other annual Commercial/annual Horticultural crops subject to availability of past Yield data will be covered in a period of three years. However, the crops which will be covered next year will have to be spelt before the close of preceding year.

#### 2. States and areas to be covered:

The Scheme extends to all States and Union Territories. The States/Uts opting for the Scheme would be required to take up all the crops identified for coverage in a given year.

Exit clause: The States/Union Territories once opting for the Scheme, will have to continue for a minimum period of three years.

#### 3. Farmers to be covered:

All farmers including sharecroppers, tenant farmers growing the notified crops in the notified areas are eligible for coverage.

The Scheme covers following groups of farmers:

- a. On a compulsory basis: All farmers growing notified crops and availing Seasonal Agricultural Operations (SAO) loans from Financial Institutions i.e. Loanee Farmers.

## National Crop Insurance Scheme (India)

b. On a voluntary basis: All other farmers growing notified crops (i.e., Non-Loanee farmers) who opt for the Scheme.

#### 4. Risks covered & exclusions:

Comprehensive risk insurance will be provided to cover yield losses due to non-preventable risks, viz.:

- i) Natural Fire and Lightning
- ii) Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Torando etc.
- iii) Flood, Inundation and Landslide
- iv) Drought, Dry spells
- v) Pests/Diseases etc.

Losses arising out of war & nuclear risks, malicious damage & other preventable risks shall be excluded.

#### 5. Sum insured /limit of coverage:

The Sum Insured (SI) may extend to the value of the threshold yield of the insured crop at the option of the insured farmers. However, a farmer may also insure his crop beyond value of threshold yield level upto 150% of average yield of notified area on payment of premium at commercial rates.

In case of Loanee farmers the Sum Insured would be atleast equal to the amount of crop loan advanced.

Further, in case of Loanee farmers, the Insurance Charges shall be an additionality to the Scale of Finance for the purpose of obtaining loan.

In matters of Crop Loan disbursement procedures, guidelines of RBI/NABARD shall be binding.

#### 6. Premium Rates:

S N.	Season	Crops	Premium rate
1.	Kharif	Bajra & Oilseeds	3.5% of SI or Actuarial rate, which ever is less
		Other crops (cereals, other millets & pulses)	2.5% of SI or Actuarial rate, which ever is less
2.	Rabi	Wheat	1.5% of SI or

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			Actuarial rate, which ever is less
		Other crops (other cereals, millets, pulses & oilseeds)	2.0% of SI or Actuarial rate, which ever is less
3.	Kharif & Rabi	Annual Commercial annual Horticultural crops	Actuarial rates

Transition to the actuarial regime in case of cereals, millets, pulses & oilseeds would be made in a period of five years. The actuarial rates shall be applied at District/Region/State level at the option of the State Govt./UT.

### 7. Premium subsidy:

50% subsidy in premium is allowed in respect of Small & Marginal farmers to be shared equally by the Govt. of India and State/UT Govt. The premium subsidy will be phased out on sunset basis in a period of three to five years subject to review of financial results and the response of farmers at the end of the first year of the implementation of the Scheme.

The definition of Small and Marginal farmer would be as follows:

**Small Farmer:** A Cultivator with a land holding of 2 hectares (5 acres) or less, as defined in the land ceiling legislation of the concerned State/UT.

**Marginal Farmer:** A Cultivator with a land holding of 1 hectare or less (2.5 acres).

### 8. Sharing of risk:

Risk will be shared by IA and the Govt. in the following proportion.

Food crops & Oilseeds: Till, complete transition to Actuarial regime in a period of five years takes place, claims beyond 100% of premium will be borne by the Govt. Therefore, all normal claims, i.e. claims upto 150% of premium will be met by IA and claims beyond 150% shall be paid out of Corpus Fund for a period of three years. After this period of three years claims upto 200% will be met by IA and above this ceiling out of the Corpus Fund.

Annual Commercial crops/annual Horticultural crops: Implementing Agency shall bear all normal losses, i.e claims upto 150% of premium in the first three years and 200% of premium thereafter subject to satisfactory claims experience. The claims beyond 150% of premium in the first three years and 200% of premium thereafter shall be paid out of Corpus Fund. However, the period of three years stipulated for this purpose will be reviewed on the basis of financial results after the first year of implementation and the period will be extended to five years if considered necessary.

To meet Catastrophic losses, a Corpus Fund shall be created with contributions from the Govt. of India and State Govt./UT in 50:50 basis. A portion of Calamity Relief Fund (CRF) will be used for contribution to the Corpus Fund.

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### 9. Area approach and unit of insurance:

The Scheme would operate on the basis of 'Area Approach' i.e., Defined Areas for each notified crop for widespread calamities and on an individual basis for localised calamities such as hailstorm, landslide, cyclone and flood. The Defined Area (i.e., unit area of insurance) may be a Gram Panchayat, Mandal, Hobli, Circle, Phirka, Block, Taluka etc. to be decided by the State/UT Govt. However, each participating State/UT Govt. will be required to reach the level of Gram Panchayat as the unit in a maximum period of three years.

Individual based assessment in case of localised calamities, would be implemented in limited areas on experimental basis, initially and shall be extended in the light of operational experience gained. The District Revenue administration will assist Implementing Agency in assessing the extent of loss.

### 10. Seasonality discipline

a) The board seasonality discipline followed for Loanee farmers will be as under:

Activity	Kharif	Rabi
Loaning period	April to September	October to Next March
Cut-off date for receipt of declarations	November	May
Cut-off date for receipt of yield data	January/March	July/September

The broad cut-off dates for receipt of proposals in respect of Non-loanee farmers will be as under:

a. Kharif season: 31<sup>st</sup> July

b. Rabi season: 31<sup>st</sup> December

However, seasonality discipline may be modified, if and where necessary in consultation with State/UT and the Govt. of India.

### 11. Estimation of crop yield:

The State /UT Govt. will plan and conduct the requisite number of Crop Cutting Experiments (CCEs) for all notified crops in the notified insurance units in order to assess the crop yield.

The state/UT Govt. will maintain single series of Crop Cutting Experiments (CCEs) and resultant yield estimates, both for Crop Production estimates and Crop Insurance.

Crop Cutting Experiments (CCE) shall be undertaken per unit area/per crop. On a sliding scale, as indicated below:

S N.	Unit Area	Minimum number of C.C.E.s required to be done
1.	Taluka/Tehsil/Block	16
2.	Mandal/Phirka/any other smaller unit area comprising 8-10 villages	10
3.	Gram Panchayat comprising 4-5 villages	08

## National Crop Insurance Scheme (India)

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A Technical Advisory Committee (T.A.C.) comprising representatives from N.S.S.O., Ministry of Agriculture (G.O.I.) and IA shall be constituted to decide the sample size of CCEs and all other technical matters.

### 12. Levels of Indemnity & Threshold Yield:

Three levels of Indemnity, viz., 90%, 80% & 60% is corresponding to Low Risk, Medium Risk & High Risk areas shall be available for all crops (cereals, millets, pulses & oilseeds and annual commercial/ annual horticultural crops) based on Coefficient of Variation (C.V.) in yield of past 10 years' data. However, the insured farmers of unit area may opt for higher level of indemnity on payment of additional premium based on actuarial rates.

The Threshold yield (TY) or Guaranteed yield for a crop in an Insurance Unit shall be the moving average based on past three years average yield in case of Rice & Wheat and five years average yield in case of Other crops, multiplied by the level of indemnity.

### 13. Nature of Coverage and Indemnity:

If the 'Actual Yield' (AY) per hectare of the insured crop for the defined area [on the basis of requisite number of Crop Cutting Experiments (CCEs)] in the insured season, falls short of the specified 'Threshold Yield' (TY), all the insured farmers growing that crop in the defined area are deemed to have suffered shortfall in their yield. The Scheme seeks to provide coverage against subcontingency.

'Indemnity' shall be calculated as per the following formula:

Shortfall in Yield

----- x Sum Insured for the farmer

Threshold yield

{ Shortfall = "Threshold Yield – Actual Yield' for the Defined Area }

### 13A. Indemnity in case of localised risks:

Loss assessment and modified indemnity procedures in case of occurrence of localised perils, such as hailstorm, landslide, cyclone and flood where settlement of claims will be on individual basis, shall be formulated by IA in coordination with State/UT Govt.

The loss assessment of localised risks on individual basis will be experimented in limited areas, initially and shall be extended in the light of operational experience gained. The District Revenue administration will assist IA in assessing the extent of loss.

### 14. Procedure for approval & settlement of claims:

Once the yield data is received from the State/UT Govt. as per the prescribed cut-off dates, claims will be worked out and settled by IA.

## National Crop Insurance Scheme (India)

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The claim cheques along with claim particulars will be released to the individual Nodal Banks. The Bank at the grass root level, in turn, shall credit the accounts of the individual farmers and display the particulars of beneficiaries on their notice board.

In the context of localised phenomenon, viz., hailstorm, landslide, cyclone and flood, the IA shall evolve a procedure to estimate such losses at individual farmer level in consultation with DAC/State/UT. Settlement of such claims will be on individual basis between IA and insured.

### **15. Financial support towards administration & operating (A & O) expenses:**

The A & O expenses would be shared equally by the Central Govt. & respective State Government on sunset basis [100% in 1<sup>st</sup> year, 80% in 2<sup>nd</sup> year, 60% in 3<sup>rd</sup> year, 40% in 4<sup>th</sup> year, 20% in 5<sup>th</sup> year and 'zero' thereafter.]

### **16. Corpus fund:**

To meet Catastrophic losses, a Corpus Fund shall be created with contributions from the Govt. of India and State/UT. On 50:50 basis. A portion of Calamity Relief Fund (CRF) shall be used for contribution to the Corpus Fund.

The Corpus Fund shall be managed by Implementing Agency (IA).

### **17. Reinsurance cover:**

Efforts will be made by IA to obtain appropriate reinsurance cover for the proposed RKBY in the international Reinsurance market.

### **18. Management of the scheme, monitoring and review:**

In respect of Loanee farmers, the Bank shall collect the premium along with the Declarations and send it to IA within the prescribed time limits. However, in areas where IA has requisite infrastructure, a non-loanee farmer will have option to send premium along with Declaration, directly to IA within the time limits.

Selection of the Banks will be on the basis of Service Area Approach (SAA) of RBI or at the option of the Banks (Where co-operative banks have good network). The Department of Agriculture, Agricultural Statistics, Directorate of Economics and Statistics, Department of Co-operation, Revenue Department of the State Government will be actively involved in smooth implementation of the Scheme.

The Scheme will be implemented in accordance with the operational modalities as worked out by IA in consultation with Dept. of Agriculture & Co-operation.

During each crop season, the agricultural situation will be closely monitored in the implementing State/UT. The State / UT Department of Agriculture and district administration shall set up a District Level Monitoring Committee (DLMC), who will provide fortnightly reports of Agricultural situation with details of area sown, seasonal weather conditions, pest incidence, stage of crop failure {if any} etc.

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The operation of the Scheme will be reviewed annually, and modifications as may be required would be introduced. Periodic Appraisal Reports on the Scheme would be prepared by Ministry of Agriculture, the Government of India/Implementing Agency.

### **19. Implementing Agency (IA):**

An exclusive Organization would be set up in due course, for implementation of RKBY. Until such time as the new set up is created, the 'GIC of India' will continue to function as the Implementing Agency.

### **20. Benefits expected from scheme:**

The scheme is expected to:

1. Be a critical instrument of development in the field of crop production, providing financial support to the farmers in the event of crop failure.
2. Encourage farmers to adopt progressive farming practices and higher technology in Agriculture.
3. Help in maintaining flow of agricultural credit.
4. Provide significant benefits not merely to the insured farmers, but to the entire community directly and indirectly through spillover and multiplier effects in terms of maintaining production & employment, generation or market fees, taxes etc. And net accretion to economic growth.
5. Streamline loss assessment procedures and help in building up huge and accurate statistical base for crop production.



## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Punjab During 2002\*

S.No.	Notification No.	District	Tehsil	No. of Villages.	Reason	Crop Season.
1.	04-2002/4/CR-III 04-01-2002	Bahawalpur	Hasil pur	5	P, R	Kh-01
2.	29-2002/26/CR-III 15-01-2002	Vehari	Burewala	12	P, (Ballworm)	Kh-01
3.	215-2002/224/CR-III 19-04-2002	Bahawalpur	Hasil pur Khairpur Tarnawali	45 4	P, R	Kh-01
4.	469-2002/237/CR-III 23-04-2002	T.T. singh	Gojra	37	V	Kh-01 (Cotton)
5.	525-2002/270/CR-III 06-05-2002	Bhakkar	Mankara Kallurkot Darya Khan Kallurkot	86 9 20 12	DR  HS	R-01-02
6.	411-2002/288/CR-III 13-05-2002	Pak Pattan	Pak Pattan Arifwala	318 255	P	Kh-01
7.	578-2002/312/CR-III 20-05-2002	Khushab	Khushab Noorpur	78 85	DR	R-01-02
8.	593-2002/328/CR-III 23-05-2002	Bhakkar	Bhakkar Mankara	38 2	DR	R-01-02
9.	671-2002/461/CR-III 14-06-2002	Cholistan Entire Area			DR	R-01-02
10.	925-2002/832/CR-III 27-06-2002	Khushab	Khushab	113	DR	R-01-02
11.	934-2002/836/CR-III 27-06-2002	Jhang	Jhang	11	DR, V	R-01-02
12.	871-2002/820/CR-III 27-06-2002	Chakwal	Chakwal Talagang Choa Saiden Shah	309 85 51	DR	R-01-02
13.	967-2002/842/CR-III 28-06-2002	Attock	Attock Fatehjang Hasanabdal Jand Pindigheb	22 109 45 76 76	DR	R-01-02
14.	968-2002/852/CR-III 29-06-2002	Rajanpur	Rajanpur Jampur Rojhan	219 183 69	DR	R-01-02

\* Source: Office of Relief Commissioner, Govt. of Punjab

## Statement Showing Calamity Declared Areas

## Statement Showing Calamity Declaration by Government of Punjab During 2002\*

S.No.	Notification No.	District	Tehsil	No. of Villages.	Reason	Crop Season.
15.	850-2002/863/CR-III 29-06-2002	Bahawalpur	Yazman	62	DR	R-01-02
16.	1046-2002/920/CR-III 15-07-2002	T.T. Singh	T.T. Singh Kamalia	8 Chaks 2 Chaks	P, Shortage of canal water	Khand R-01-02
17.	972-2002/941/CR-III 24-07-2002	D.G. Khan	D.G. Khan Taunsa Tribal Area	91 51 335	DR, Flash Floods due to Hill torrent	R-01-02
18.	1147-2002/978/CR-III 02-08-2002	T.T. Singh	Gojra	73	V	Kh-001
19.	1200-2002/1063/CR-III 23-08-2002	Attock	Attock	21	DR	R-02
20.	1330-2002/1115/CR-III 16-09-2002	Bahawalnagar	Chishtian	1	DR	R-02
	46-2002/95/CR-III 14-03-2002	Lahore		75	Threat of war	R-01-02
	47-2002/103/CR-III 14-03-2002	Norowal		44	Threat of war	R-01-02
	48-2002/71/CR-III 14-03-2002	Bahawalnagar	Michanabad Bahawalnagar Haroonabad Fortabbas	38 28 13 25	Threat of war	R-01-02
	61-2002/87/CR-III 14-03-2002	Sialkot	Sialkot Pasrur	60 35	Threat of war	R-01-02
	56-2002/79/CR-III 14-03-2002	Okara	Depalpur	49		R-01-02
	625-2002/346/CR-III 27-05-2002	Kasur	Kasur Chunian	70 33	Deployment of Armed forces defence work	R-01-02
	505-2002/458/CR-III 07-06-2002	Narowal		18	Deployment of Armed forces defence work	R-01-02
	1042-2002-995/CR-III 07-08-2002	Kasur	Kasur	1	Deployment of Army and Construction of protection Bond.	R-01, Kh-002

\* Source: Office of Relief Commissioner, Govt. of Punjab

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Punjab During 2003\*

S.No.	Notification No.	District	Tehsil	No. of Villages.	Reason	Crop Season.
1.	930-2003/538/CR-III 09-07-2003	Faisalabad	Sadar	4	DR, and shortage of canal water.	R-01-02
2.	1537-2003/828/CR-III 15-09-2003	Sialkot	Pasrur Deska	51 7	FL	Kh-03
3.	1298-2003/1040/CR-III 08-12-2003	Mianwali ,		31	DR	R-02
4.	1841-2003/1080/CR-III 19-12-2003	T.T. Singh	Gojra T.T. Singh	14 25	V	Kh-03
5.	1860-2003/089/CR-III 20-12-2003	Rajanpur	Rajanpur Jampur Rojhan	21 31 24	R, Hill Torrents & FL	Kh-03

\* Source: Office of Relief Commissioner, Govt. of Punjab

## Statement Showing Calamity Declared Areas

## Statement Showing Calamity Declaration by Government of Punjab During 2004\*

S.No.	Notification No.	District	Tehsil	No. of Villages.	Reason	Crop Season.
1.	25-2004/33/CR-III 19-01-2004	Sheikhupura	Ferozewala	7	FL-03	Kh-03
2.	55-2004/41/CR-III 19-01-2004	R.Y. Khan	Liaquatpur	174	V	Kh-03
3.	27-2004/65/CR-III 26-01-2004	Bahawalpur	Yazman	82	P/V	Kh-03
4.	1911-2003/73/CR-III 26-01-2004	Chakwal	Talagang	5	HS	R-02-03
5.	120-2004/96/CR-III 31-01-2004	T.T. Singh	T.T. Singh Kamalia Gojra	31 40 1	V	Kh-03
6.	59-2004/109/CR-III 10-02-2004	R.Y. Khan	Khanpur	255	R, P	Kh-03
7.	236-2004/202/CR-III 03-04-2004	D.G. Khan	D.G. Khan	72	FL, V	Kh-03
8.	408-2004/327/CR-III 06-05-2004	Bhakkar	Mankera Kallurkot Bhakkar Darya Khan	94 64 8 14	DR	R-04
9.	409-2004/335/CR-III 06-05-2004	Khushab	*	111	P, DR	R-04
10.	548-2004/416/CR-III 26-05-2004	Mianwali	Mianwali Piplan	6 2	DR	R-04
11.	601-2004/437/CR-III 31-05-2004	Bahawalpur	Hasilpur	14	P/V	Kh-03
12.	610-2004/446/CR-III 01-06-2004	Jhang	Jhang	14	DR	R-04
13.	694-2004/487/CR-III 14-06-2004	R.Y. Khan	Liaquatpur	33	P/V	Kh-03
14.	786-2004/544/CR-III 28-06-2004	Layyah	Choubara	4	DR	R-04

\* Source: Office of Relief Commissioner, Govt. of Punjab

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Punjab During 2005\*

S.No.	Notification No.	District	Tehsil	No. of Villages.	Reason	Crop Season.
1.	200-2005/96CR-III 10-03-2005	D.G. Khan	D.G. Khan	27	HR/ HS	Kh-04
2.	530-2005/198/CR-III 12-04-2005	Mianwali	Mianwali Esakhel	4 16	HR/ HS	R-05
3.	496-2005/234/CR-III 13-04-2005	Khushab	Noorpur Khushab	3 3	HS	R-05
4.	560-2005/261/CR-III 19-04-2005	Attock	Fatehjang Hasanabdai Jand Pindigheb	5 47 50 64	HR/ HS	R-04-05
5.	775-2005/715/CR-III 27-05-2005	Bahawalnagar	Chistian Minchanabad Fortabbas	21 9 13	R/ HS	R-04-05
6.	792-2005/725/CR-III 30-05-2005	Rajanpur	Rajanpur Jampur	5 32	R/ HS	R-04-05
7.	875-2005/774/CR-III 07-06-2005	Bhakkar	Kallurkot	11	R/ HS	R-04-05
8.	890-2005/756/CR-III 09-06-2005	Okara	Okara Depalpur	5 4	R/ HS	R-04-05
9.	1006-2005/812/CR-III 29-06-2005	Rajanpur	Rajanpur	11	HS/ HT	R-04-05
10.	1392-2005/1098/CR-III 10-08-2005	Layyah	Layyah Karor	64 24	FI	Kh-05
11.	1430-2005/1117/CR-III 11-08-2005	Khanewal	Kabirwala	6	FI	Kh-05
12.	1429-2005/1125/CR-III 11-08-2005	Bhakkar	Kallurkot Bhakkar	4 12	FI	Kh-05
13.	1399-2005/1133/CR-III 13-08-2005	R.Y. Khan	R.Y. Khan Liaquatpur Khanpur Sadiqabad	7 11 9 13	FI/ 05	Kh-05
14.	1478-2005/1345/CR-III 18-08-2005	Mianwali	Mianwali Isakhel	8 6	FL	Kh-05

\* Source: Office of Relief Commissioner, Govt. of Punjab

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Punjab During 2006\*

1.	2421-2006/08/CR-III 02-01-2006	Bhakkar	Bhakkar	37	HS/ FL	R-04-05
2.	2417-2006/01/CR-III 02-01-2006	Khushab	Khushab	Roda 1	HS	R-04-05
3.	372-2006/391/CR-III 17-05-2006	Bhakkar	Mankera Darya Khan Kallurkot	78 37 24	DR	R-05-06
4.	478-2006/474/OP-III 14-06-2006	Khushab	--	258	DR	R-05-06
5.	766-2006/791/OP-III 01-09-2006	Bhakkar	Bhakkar Kallurkot	14 7	FL-06	Kh-06
6.	704-2006/726/OP-III 23-09-2006	R.Y. Khan	R.Y. Khan	1	Breach of Sadiq Br. canal	Kh-06
7.	817-2006/853/OP-III 30-11-2006	R.Y. Khan	R.Y. Khan Khanpur Liaquatpur	4	FL-06	Kh-06
8.	832-2006/861/OP-III 02-12-2006	D.G. Khan	D.G. Khan TaunsaSharif	75 22	FL-06	Kh-06
9.	874-2006/888/OP-III 19-12-2006		Liaquatpur	1	FI-05	Kh-05

Heavy Rainfall (HR)  
Hail Storm (HS)  
Hill Torrent (HT)  
Flood (FL)  
Drought (DR)

\* Source: Office of Relief Commissioner, Govt. of Punjab

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Sindh During the Year 1997 To 2007<sup>+</sup>

S. No	Notification No and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
1	R/F-2865/96 dated 07-01-97	Entire Tharparkar	1	Except six dehs of barrage areas viz Dodharo (ii) Bhitaro (iii) serhi (iv) Phant of taluka Diplo and (v) Naukot and (vi) Wassaipoto of Taluka Mithi and three Tapas viz (i) Kaplore (ii) additional Kaplore and (iii) Dinore of taluka & District Umerkot				Drought	
2	R/F-3136/99 dated 22-06-99	Thatta	2	Jati,	4			Cyclone	Kharif - 1999
				Shah Bunder,					
				Kharo Chan,					
				Keti Bunder					
		Badin		4					
		Badin,							
		Talhar							
				Shaheed Fazal Rahu,					
				Tando Bago					
3	R/F-410 /2000 dated 06-06-2000	Sanghar	1	Khipro	1	Ranak Dahar Ranaha	2	Drought	
						Ranaha			
4	R/F- 3147/2000 dated 23-05- 2000	Dadu	2	Thana Bula Khan	1	Desvi	21	Drought	
						Wahi Arab			
						Kalo Kohar			
						Takk Makan			
						Toung			
						Bell Thap			
						Tiko Baran			
						Hathal Buth			
						Uth Palan			
						Babur Band			
						Sari			
						Ganghiaro			
						Dhamach			
						Khoh Tarash			
Bachani									
Thano Arab Khan Bhajoor									
Batharo Karchat									

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Sindh During the Year 1997 To 2007<sup>+</sup>

S. No	Notification No and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season	
		Thatta Kohistan area		Thatta	1	Rani Kot	5			
						Pat karchat				
						Pokhan				
						Jungshahi				
						Kohitan 7/1				
						Kohitan 7/2				
						Kohitan 7/3				
						Kohitan 7/4				
5	R/F- 3268/2001 dated 08-03- 2001	Tharparkar	3	Mithi	4	44 Dehs except 2 barrage dehs	44	Drought		
				Diplo		37 Dehs except 5 barrage dehs	37			
				Chachro		40 Dehs entire taluka	40			
				Nagarparkar		38 Dehs entire taluka	38			
				Sanghar	Khipro	1	Ranahu			2
							Ranak Dahar			
				Mirpur Khas	Umarkot	1	Dinore			25
							Shekhro			
							Dhoodhar			
							Laplo			
							Mokhal			
							Beh			
							Horingo			
							Khalrai			
							Thar			
							Umerkot Thar			
							Kharoro thar			
							Bahrai Thar			
							Diatbeh			
				Janhero Thar						
		Sinohi Thar								
		Sabhri Thar								
		Thar Samon								
		Vehro Thar								



## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Sindh During the Year 1997 To 2007<sup>+</sup>

S. No	Notification No and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
						Nabisar Thar			
						Rajar Thar			
						Rajari Thar			
						Sodori Thar			
						Kaplore			
						Soonhari			
						Lalabeh			
						Kachooli			
						Chhor Thar			
6	R/F-342/2002 dated 14-06-2002	Tharparkar	13	Entire Distt.				Drouht	
		Dadu		Entire Distt.					
		Thatta		Thatta	8				
				Shah Bander					
				Jati					
				Keti Bander					
				Mirpur Sakro					
				Ghora Bari					
				Kharo Ghhan					
				Mirpur Bathoro					
		Mirpur Khas		Unarkot	6				
				Pithero					
				Kunri					
				Kot Ghulam Muhammad					
				Digri					
				Samaro					
		Badin		Badin	4				
				Tando Bago					
				Shaheed Fazal Raho					
				Talhar					
		Ghotki		Mirpur Mathelo	3				
				Ghotki					
				Khan Garh					
		Sanghar		Khipro	4				
				Sanghar					
				Sanjhor					
				Jam Nawaz Ali					
		Larkana		Sahdadkot	3				

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Sindh During the Year 1997 To 2007<sup>+</sup>

S. No	Notification No and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
				Warah					
				Qanbar Ali Khan					
		Jacobabad		Jacobabad	3				
				Thul					
				Ghari Khairo					
		Sukkur		Rohri	3				
				Saleh Pat					
				Pano Aqil					
		Khairpur		Nara	3				
				Faiz gunj					
				Mir Wah					
		Shikarpur		Shikarpur	2				
				Ghari Yasin					
		Karachi		Dehs of defunct taluka of Malir Taluka Malir	1	Modian	35		
						Jhang kand			
						Kond			
						Khar			
						Sherkand			
						Wankad			
						Insar			
						Bhad			
						Terari			
						Soondi			
						Jhunjhar			
						Meharjabal			
						Gadap			
						banderwah			
						Longheji			
						Karmatiani			
						Shering			
						Bolhari			
						Shahi Chib			
						Kathore			
						Chubar			
						Khaeji			
						Abdar			
						Bell			
						Amilane			
						Ghanghar			
						Pipri			
						Dhebegi			

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Sindh During the Year 1997 To 2007<sup>+</sup>

S. No	Notification No and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
						Koterie			
						Bakran			
						Konkar			
						Kherkharo			
						Tare			
						Thado			
						Khakhar			
7	R/F- 786 /2002 dated 01-08-2002	Hyderabad	1	Matari	1	Deh Bhiri	4	Breach in Rohri Kanal	
						Deh Luthrioo			
						Deh Wasan			
						Deh Lakhisar			
8	R/F-609/2003 dated 30-09-2003	Badin	3	Badin (Entire)	5			Heavy Rain	
				Tando Bago (Entire)					
				Shaheed Fazul Rahu (Entire)					
				Talhar (Entire)					
				Matli (Entire)					
		Thatta		Jati (Entire)	9				
				ShahBander (Entire)					
				Ghorabari (Entire)					
				Kati Bunder (Entire)					
				Kharochan (Entire)					
				Mirpur Sakro		Gharibabad No.I	30		
						Gharibabad No.II			
						Gharibabad No.III			
						Gharibabad No.IV			
						Khatikun			
						Kunno			
						Karkarnd			
						Makhiaro			
						Pat Mahro			
						Lakha			
						Moulapota			
						Dubo			

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Statement Showing Calamity Declaration by Government of Sindh During the Year 1997 To 2007<sup>+</sup>

S. No	Notification No and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
						Sinhoroo	25		
					Kalar Sarkari				
					Masoodi				
					Dhandhi				
					Piniladho Shah				
					Khaghan				
					Pumbri				
					Milko				
					Halathi				
					Ladu				
					VerhroJagir				
					Dandhro				
					Hanjtal				
					Kajri				
					Morajhar				
					Ghaghi				
					Rajwah				
					Balki				
				Mirpur Bathoro	Moojri				
					Larhoharho				
					Layari				
					Kamaro				
					Junejo				
					Sandhanji				
					Kumhgadhi				
					Damri				
					Sonheri				
					Amra				
					Chelryoon				
					Kukrath				
					Karimpu				
					Parhiarki				
					Abral				
					Lakpur West				
					Tarai				
					Charbati				
					Dalidal				
					Gunero				
					Hussanpur				
					Choubandi				
					Dachri				

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S. No	Notification No and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season		
				Sajawal		Kutkia	19				
						Laikpur Est.					
						Udhejan					
						More					
						Dadwah					
						Choubandi					
						Waso Shah					
						Dhambrolo					
						Budho Talpur					
						Muradpur					
						Miranpur					
						Bollo					
						Khazano					
						Vikia					
						Bijoro					
						Layaro					
						Chachato					
						Kharar					
						Bhusta					
						Piniladho					
						Abad					
						Gul Bahar					
				Not readable		33 Dehs					
		Tharparkar		Diplo (Entire)	2		9				
				Mithi		Mithi					
						Pabohar					
						Lakhmiyar					
						Bhakus					
						Chaho					
						Jhun					
						Giryanchho					
						Naukot					
						Wassaipota					
9	R/F-3596/2004 dated 11-10-2004	Tharparkar (Entire)	1					Drought			
10	R/F-3596/2005 dated 19-05-2005	Sanghar	2	Khipro	2	Ranaha	2	Drought			
											Ranak Dahar
		Umerkot		Umerkot						Dinore	25
										Shekhro	
										Doodhar	

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S. No	Notification No and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
						Laplo			
						Mokhal Beh			
						Horingo			
						Khalrai Thar			
						Umerkot Thar			
						Kharoro Thar			
						Bahrai Thar			
						Diatbeh			
						Janhero Thar			
						Sinohi Thar			
						Sabhri Thar			
						Thar Samon			
						Vehro Thar			
						Nabisar Thar			
						Bajar Thar			
						Rejari Thar			
						Sadori Thar			
						Kaplore			
						Soonhari			
						Lalabeh			
						Kachooli			
						Chhor Thar			
11	R/F-3697/2005 dated 19-12-2005	Tharparkar	1	Diplo	4	Excluding five above mentioned Dehs		Rain	
				Mithi		Excluding two above mentioned Dehs			
				Chachro					
				Nagarparkar					
12	R/F-742/2006 dated 24-08-2006	Mipur Khas	2	Mirpur Khas	3			Heavy Rain	
				Sindhri					
				Hussain Bux Mari					
		Sanghar		Sanghar	4				
				Snajhoro					
				Khipro					
				Jam Nawaz Ali					

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of Sindh During the Year 1997 To 2007<sup>+</sup>

S. No	Notification No and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season	
13	R/F-749/2006 dated 25-08-2006	Umerkot	4	Umerkot	2			Heavy Rain		
				Samaro						
		Badin			Badin					3
					Matli					
					Tando Bago					
		Thatta		Shah Bander	4					
				KetiBander						
				Kharo Chhan						
				Jati						
		Mirpur Khas			Kot Ghulam Muhammad					1
14	R/F-836/2006 dated 12-09-2006	Hyderabad	3	Latifabad	2			Heavy Rain		
				Qasimabad						
		Thatta		1						
		Tando Allahyar		Jhando Mari	1					

<sup>+</sup> Source: Office of Relief Commissioner of Sindh.

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007#

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
1	855/81 dated 17-06-2000	D.I. Khan	5	D.I. Khan	11	Shero Kahna	10	Drought	
						Chahkan	6		
						Shero Nali	14		
						Potah	5		
						Kurai Mal	3		
						Zadani	6		
						Muryali	1		
						Gillati	2		
						Yarik	3		
						Girsar	2		
						Hissam	1		
				Suthern Circle	10	Ragpur Janubi	7		
						Malaki	4		
						Gara Shin Khan	8		
						Mithi	8		
						Fatah	1		
						Parom	1		
						Makkar	1		
						Mahrro	3		
						Mirran	6		
				Rammak	3				
				Daraban	19	Saggu Miankheli	4		
						Gandi Ashiq	3		
						Gandi Umar Khan	3		
						Kikri	5		
						Kot Essa Khan	4		
						Kot Lalu	2		
						Drarban Kalan	1		
						Musazai	1		
						Shah Alam	1		
						Chaudhwan	1		
						Garra Tarkhoba	2		
						Kot Taga	3		
						Jandi	3		
						Bukhi	4		
Garra Mat	2								
Gur Wali	6								
Fateh Ali	5								
Kirri Shamozaai	5								
Hussana	5								
Paharpur	5	Paniala Shamali	5						
		Paniala Junubi	12						
		Wanda Khan Muhammad	6						



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Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
						Katta Khel	2		
						Rehmani Khel	6		
				Paharpur (Kot Jai Circle)	3	Kirri Khaisur Pakka	6		
						Mali Khel Pacca	3		
						Umar Khel Pakka	6		
2	742/81- A dated 10-06-2000	Tank	2	Tank			76	Drought	
		D. I. Khan		Kulachi	2		20		
				D. I. Khan			49		
3	1064/81- A/92 dated 29-06-2000	Lakki Marwat	4	Lukki Saddar	14	Dallo Khail	1	Drought	
						Mina Khel	3		
						Sahab Khel	3		
						Dabak Mandra Khel	1		
						Chowki Jand JanubiTarf Mehrdad	3		
						Mahal Palyana	2		
						Chowki Jand Shumali	1		
						Abbassa	4		
						Landiwah	1		
						Mahal Mushkana	2		
						Mir Azam Michan Khel	3		
						Dadi Wal	3		
						Shamoni Khattak	5		
						Ihsan Pur	1		
				TitterKhel Gul Jan	14	DaulatTaja Zai	4		
						Adam zai	2		
						Tajori	2		
						Behrram Khel	2		
						Khero khel Pacca	2		
						Pahar Khel Pacca	2		
						Jabu Khel	3		
						Ghazni Khel	2		
						Kaka Khel	2		
						Titter Khel Gul Jan	1		
						Langer Khel Pacca	1		
						Tabi Murad	4		
						Masha Mansoor	4		

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Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
		Lakki		Isak Khel Cicle	15	Shahbaz Khel	2		
						Pezu	2		
						Chunhar Khel	2		
						Badni Khel	3		
						Jhang Khel	3		
						Abdul Khel	2		
						Maidanwah	2		
						Ahmad Khel	1		
						Daulat Khel	2		
						Isak Khel	1		
						Langer Khel Hathi Khan	2		
						Begu Khel Tarf Mandra Khel	1		
						Regu Khel Tarf Achu khel	3		
						Nawar Khel	2		
						Mandra Khel	1		
						Aboba Khel	1		
				Baisat Khel	5	Bakhmal Ahmad Zai	1		
						Bachkan Ahmad Zai	1		
						Dharaka	1		
						Kot Kashmir	1		
						Passani	1		
4	1521/81- A/92 dated 17-10-2000	Swabi	3	Swabi	4	Pabini	2		Rabi-99-2000/ Kharif-2000
						Jhanda	2		
						Naraji	6		
						Ghulaman	2		
				Gadoon	9	Dewel Garhi Payan	6		
						Gandaf	2		
						Gani Chatra	10		
						Besak	2		
						Malikabad	1		
						Gabasani	9		
						Mangal Chai	5		
						Qadra	7		
						Utlā	5		
				Lahor	2	jalabi	1		
						Jalsai	1		
5	247/81- A dated 08-05-2002	D.I. Khan	10	Cahkan	6	Cahkan	6	Drought	1st July,2001 to 30th June,2002
						Potah	5		

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Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
						Kuri(Mahal	2		
						Zandani	4		
						Shero Nau	16		
						Sheru Kohna	10		
				Yarik	4	Gillati	5		
						Yarik	5		
						Budh	1		
						Katch	2		
				D.I.Khan	1	Missan	2		
				Malana	4	Fateh Mahal	2		
						Mithi	10		
						Rangpur Janubi	4		
						Malakhi	3		
				Paroa	3	Miran	2		
						Ramak	2		
						Mahra	1		
				Daraban	9	Suggu Mian Khali	4		
						Gandi Ashiq	3		
						Gandi Umar Khan	3		
						Kikri	5		
						Mahmood Pur Dil	4		
						Garra Baran	2		
						Mussa Zai	1		
						Daraban	1		
						Shah Alam	1		
				Chaudhwan	7	Chaudhwan	1		
						Tarkhoba	2		
						Kot Tagga	3		
						Jandi	2		
						Bhukki	5		
						Garra Mat	2		
						Gur Wali	5		
						Fateh Ali	4		
						Kirri Shamoza	5		
						Mohana	4		
				Kulachi	15	Takwara Char Nallah	1		
						Takwara Nallah Hussain Zai	1		
						Takwara Yaqub Zai	1		
						Hathala	2		
						Gara Muhabat	2		
						Rorri	1		
						Noskor Nehara	2		

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Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
						Looni	2		
						Moddi	1		
						Garra Janna	4		
						Kulachi Sharqi	1		
						Kulachi Gharbi	1		
						Garra Sardar	2		
						Zarkhani	2		
						Kot Daulat	2		
				Beharpur/ Pani Circle	5	Paniala Shumali	5		
						Paniala Junubi	12		
						Wanda Khan Muhammad	6		
						Rehmani Khel	6		
						Roddi Khel	2		
				Kot Jai Circle	3	Mali Khel Pakka	4		
						Mirri Khaisor Pakka	6		
						Umar Khel Pakka	6		
6	321//81- A dated 11-05-2002	Tank		Kundian	3		19	Drought	
				Dermiani			31		
				Gomal			26		
7	341/81- A dated 11-05-2002	Bannu	4	Gharbi Circle	9	Derdariz	11	Drought	1st July,2001 to 30th June,2002
						Haved	2		
						Mama Khel	2		
						Bakka Khel	4		
						Takhi Khel	1		
						Nurar	1		
						Jani Khel	1		
						Hindi Khel	3		
						Barakzai Khel	4		
						Madev	1		
				Kakki Circle	2	Nar Shah Khan	1		
						Nar jaffar khan	8		
				Saddar Circle	2	Bizen Khan	1		
						Umar Khan	1		
				Shirqi Circle	6	Aral-I	1		
						Aral-II	1		
						Asperka-I	1		
						Asperka-II	1		
						Zaraki Pir Ba Khel	3		
						Kjander Khan Khel	2		
8	285/81- A dated	Lakki	4	Basit Khel	15	wali	2	Drought	1st

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
	10-05-2002	Marwat		Circle					July,2001 to 30th June,2002
						Darake	2		
						Bakhmal Ahmad Zai	2		
						Bachkan Ahmad Zai	2		
						Basit Khel	3		
						Kot Kashmir	2		
						Passani	4		
						Takhti Khel	3		
						Sultan Mehmood	14		
						Zafar Mama Khel	14		
						Mama Khel	4		
						Gandi Khan Khel	3		
						Manji Wala	4		
						Paher Khel	1		
						Nar Muhammad Naurang	9		
				Circle Isak Khel	14	Dara Pezu	2		
						Chuher Khel	2		
						Badni Khel	3		
						Jhang Khel	3		
						Abdul Khel	2		
						Maindwan	2		
						Doult Khel	2		
						Issak Khel	1		
						Langer Khek Tati Khan	3		
						Begole Khel	1		
						Tarraf Achu Khel			
						Nawar Khel	3		
						Mandra Khel	2		
						Abba Khel	1		
				Circle Lakki Sarddar	14	Dallo Khel	1		
						Mina Khel	3		
						Shahab Khel	3		
						Dabak Mandra Khel	1		
						Chowki Jand Janobi Taraf Meherdad Khel	3		
						Mehal Playana	2		
						Chowki Jand Shomali	1		
						Abbassa	4		

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
						Landi Wah	1		
						Mahal Mushkana	2		
						Mirazam Michan Khel	3		
						dadi wala	3		
						Samoni Khattak	5		
						Ihsan Pur	1		
				Circle Titter Khel Guli Jan	14	Doulat Taja zai	4		
						Adam Zai	2		
						Tajuri	2		
						Beram Khel	2		
						Kheru Khel Pacca	2		
						Paher Khel Pacca	2		
						Jabo Khel	3		
						Ghazni Khel	2		
						Kaka khel	2		
						Titter Khel Gul Jan	1		
						Langer Khel Pacca	1		
						Tabi Murad	4		
						Masha Mansoor	4		
						Shahbaz Khel	2		
9	399/81- A dated 13-05-2002	Kohat	2	Sharqi	10	Dohda	4	Drought	1st July,2001 to 30th June,2002
						Shadi Khel	2		
						Kamal khel	2		
						Slab	3		
						Gumbat	2		
						Pershai	6		
						Khushal Garh	2		
						Chorlaki	2		
						Shadi poor	5		
						Ziarat Shekh alladad	3		
				Lachi	4	Lachi Summari	2		
						Khander Khel	6		
						Darmalak	6		
						Malgin	7		
10	229/81- A dated 08-05-2002	Karak	3	Karak	8	Latamer	2	Drought	2001-2002
						Tappi Karak	2		
						Kanda Karak	3		
						Karak	1		
						Lakki Ghundaki	3		

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
						Mitha Khel	3		
						Tarkha Koi	5		
						Kando Khel	4		
				Sabir Abad	9	Dabbo	2		
						Talab Khel	5		
						Jandari	3		
						Dhand Idal Khel	3		
						Deli Melahl	2		
						Kabir Killa	2		
						Shamshaki	1		
						Ghundi Mir Khan Khel	6		
						Ghani Khel	6		
				Band Daud Shah		Jatta Ismail Khel	8		
11	361/81- A dated 11-05-2002	Hungo	3	Hungo	10	Riasan	2	Drought	1st July,2001 to 30th June,2002
						Lodhkhel	3		
						Ibrahimzai	2		
						Kharsha	6		
						Hangu	1		
						Bandajat	5		
						Kotki	3		
						Togh	1		
						Barh Abbas Khel	2		
						Muhammad Khawaja	1		
				Doaba	6	Samana	9		
						Naryab	1		
						Kahi	1		
						Serozai	2		
						Torawari	1		
						Karbogha	3		
				Thall	4	Thall	3		
						Darsamand	1		
						Dallan	2		
						Minajee Khel	1		
12	267/81- A dated 10-05-2002	Swabi	5	Swabi	17	Swabi	1	Drought	1st July,2001 to 30th June,2002
						Zaroobi	1		
						Batakara	1		
						Shah Mansoor	1		
						Zaida	1		
						Panj Pir	1		

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
						Saleem Khan	2		
						Pabini	2		
						Garr Munara	2		
						Jhanda	1		
						Marghuz Yar Khel	1		
						Marghuz Aka Khel	2		
						Kalabat	3		
						Tarakai	1		
						Turlandi	3		
						Narangi	6		
						Ghulaman	5		
				Topi	20	Topi	1		
						Baja	1		
						Maini	2		
						Bam Khel	1		
						Tand Koi	1		
						Kotha	1		
						Darra	3		
						Maneri Pyan	1		
						Maneri Bala	1		
						Kaddi	2		
						Sheikh Jana	1		
						Check Nodah	4		
						Karnal Sher Killi	1		
						Asota	1		
						Spen Kani	4		
						Parmoli	1		
						Shewa	1		
						Adina	1		
						Kalu Khan	1		
						Gandaf	3		
				Dewal	12	Bagai	1		
						Bahai	2		
						Ismaila	2		
						galla	1		
						Dewal Garhi Payan	6		
						Gani Chatra	10		
						Besak	2		
						Malikabad	1		
						Gabasani	8		
						Mangal Chai	5		
						Qadra	7		
						Utla	6		
				Lahor I	10	Jehangira	3		





## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
				Icharian		Battai	7		
						Sachan Kalan	4		
						Panjool	2		
						Jabbar	1		
						Icharian	5		
						Bogarmang	8		
						Ahl	4		
						halkot	10		
						Jabori	4		
						Lachimong	8		
				Baffa		Baffa No. 2	2		
						Baffa No. 1	2		
						Nokot	3		
						Inayatabad	7		
14	381/81- A dated 14-05-2002	Haripur	4	Haripur	12	Darwash	5		1st July,2001 to 30th June,2002
						Pandak	4		
						Ali Khan	6		
						Sarai Saleh	2		
						Kot Najibullah	3		
						Maqsood	7		
						Noordi	7		
						Bagra	4		
						Bandi Seeran	8		
						Kholian	6		
						Mang	4		
						Durushkhel	7		
				Khanpur	14	Bareela	4		
						Bherarray	12		
						Garanthoon	10		
						Chajjian	2		
						Hattar	6		
						Jabri	8		
						Najafpur	7		
						Tofkian	10		
						Choi	8		
						jab	3		
						Gandhian	2		
						Kharian	8		
						Halli	4		
						Khanpur	4		
				Khalabat	13	Behdarr	8		
						Bakka	4		
						Jagal	3		

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
						Behra	4		
						Jatti Pind	4		
						Panian	5		
						Mankrai	4		
						Makhan	4		
						Khalabat	4		
						Darri	2		
						Sarai Niamat Khan	3		
						Noorpur Paswal	4		
						Pind Hashim Khan	6		
				Darband		Kachi	4		
						Kakotori	10		
						Beer	3		
						Swabi Maira	3		
						Pind Khan khel	4		
						Kharkkot			
						<b>page missing</b>			
15	764/81- A dated 28-06-2002	Abbottabad		Kanungos		Havelian		Drought	1st July,2001 to 30th June,2002
						Sherwan			
						Oresh			
						Bakot			
16	783/81- A dated 28-06-2002	Malakand Agency		Dargai					Kharif 20001& Rabi 2001-02
17	3899/81- A dated 02-09-2002	Swabi	4	Swabi	5	Ismailia	1	Rain/ Flood	One year up to 30-6-2003
						Darra	1		
						Shah mansoor	1		
						Jhanda	1		
						Zaida	1		
				Daiwal	4	Dagai	1		
						Gandaf	1		
						Malakabad	1		
						Ghahai	1		
				Lahor	13	Dhobian	1		
						Khundha	1		
						Yaqubi	2		
						Sardcheena	2		

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
						Anbar	3		
						Jalbai	1		
						Yar Hussain	1		
						hund	1		
						Lahor Sharqi	1		
						Lahor Gharbi	1		
						Manki	1		
						Tano	1		
						Sodher	4		
18	3811/81- A dated 31-08-2002	Peshawar	5	Kafoor Dheri				Rain/ Flood	One Year upto 30-06-2003
				Methra					
				Shahib Bala					
				Panam Dheri					
				Gari Sher Dad					
19	3256/81- A dated 26-05-2004	Mansehra	6	Daveli				Earth quack	
				Jaburi					
				Bhogramang					
				Mahandri					
				Kewai					
				Hangrai					
20	3726/81- A dated 13-07-2004	Hungo				Thall	11	Rain	Rabi Crop
						Dallan			
						Mianji Khel			
						Kandgha Sharif			
						Sorozai			
						Kahi			
						Mohammad Khwaja			
						Togh			
						Barh Abbas Khel			
						Kotki			
						Samana			
21	4304/81- A dated 10-09-2002	Mardan	3	Mardan		Chak Mardan	34	Rain/ Flood	
						Chatar Dheri			
				Hoti		Dagai			
						Baghdada			
				Sodam		Garhi Daulatzai/ Ismailzai			
						Kot Daulatzai/ Ismailzai			

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
						Grayala-Bhai Khan- Hosai			
						Gaddar			
						Hamza Khan			
						Fatma			
						Babeni			
						Char Banda			
						Kodinaka			
						Chak Toru			
						Shahbaz Garhi			
						Gujrat			
						Sawaldher			
						Jamal Garhi			
						Katti Garhi			
						Alo			
						Mian Khan			
						Kohi Barmol			
						Qasmi			
						Bakhshali			
						Beroch			
						Rori			
						Baghi Aram			
						Koragh			
						Mayar			
						Khora Banda			
						Allahdad Khel			
						Gumbat			
						Geedar			
						Surkh Dheri			
22	303/81- A dated 10-05-2002	Chtral (Whole District)						Drought	Kharif 2000 & Rabi 2000-2001
		Shangla (Whole District)							
		Lower Der (Whole District)							
		Buner	6	Daggar					
				gagra					
				Gadazai					
				Chamla					
				Totalai					
				Chagharzai					
23	1589/81- A dated 08-07-2005	Nowshera	3	Pabbi				Rian/ Flood	2005
				Nowshera					
				Khairabad					

## Statement Showing Calamity Declared Areas

Statement Showing Calamity Declaration by Government of NWFP During the Year 2000 To 2007<sup>#</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	Name of Patwar Halqa	No. of Village	Reason	Crop Season
24	16337/ dated 20-07-2005	Charsadda	3	Charsadda	18	Prang Sado Khel		Rian/ Flood	2005
						Prang Safer Khel			
						Mandori			
						Nissata			
						Chak Nissata			
						Agra			
						Jangal			
						Sheikh Killi			
						Sreh Bola			
						Gana Bola			
						Saboki			
						Dheri Zardad			
						Turlandi			
						Prang Yasinzai			
						Jamat			
						Sarwani			
						Sukur			
						Ghurambak			
				Shabqadar	11	Hajisai			
						Tarkha			
Dalazak									
rashaki									
Norani									
Mian Khel									
Bela									
Katozi Payan									
Mu;a Khel									
Marozai									
Utmanzai	2	Shahi Kolali							
		Dagi faizullah							
25	1601/ EQ/PRC/2005 dated 03-10-2005	Abbottabad						Earthquake	38574
		Mansehra							
		Kohitan							
		Battagram							
		Shangla							
26	2925/ 2007 dated 23-05-2007	Chitral						Rian/ Snofall	March & April, 2007

<sup>#</sup> Source: Office of Relief Commissioner, NWFP

Statement showing Calamity Declaration by Government of Baluchistan During the year 2000 To 2006<sup>©</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
1	280-7/2000 dated May 09,2000	Chagi	23		2			Drought	
		Kharan							
		Khuzdar							
		Kalat							
		Mastung							
		Loralai							
		Kila Saifullah							
		Pishin							
		Zhob							
		Kohlu							
		Lasbela							
		Musakhail							
		Barkhan							
		Sibi							
		Bolan							
		Jhal Magsi							
		Dera Bughti							
		Ziarat							
		Awaran							
		Turbat							
Panjgur									
Killa Abdullah									
				sub-tehsil Panjpai					
				Kuchlak Patwar Circle					
2	280-7/99-2000 dated July 24,2000							Land tax, in respect of the cultivable land situated in the calamity affected areas of the Province of Baluchistan	
3	280-7/2002 dated June 10,2000	Chagi	23					Drought	
		Kharan							
		Khuzdar							
		Kalat							
		Mastung							
		Loralai							
		Kila Saifullah							
		Pishin							
		Zhob							
		Kohlu							
		Lasbela							

## Statement Showing Calamity Declared Areas

Statement showing Calamity Declaration by Government of Baluchistan During the year 2000 To 2006<sup>©</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season				
		Sibi											
		Dera Bughti											
		Ziarat											
		Awaran											
		Kech											
		Panjgoor											
		Killa Abdullah											
		Gwadar Kachhi											
		Nasirabad								un-irrigated areas of Tehsils Chattar and Tamboo	2		
		Quetta								Barshore	2	Augburg	7
												Sariab	
												Saraghurgi	
												Patwar Circle Baleli	
												Hana Urak	
												Mian Ghundi	
												Kuchlaak Patwar Circle	
										Whole Union Council Zarkhoo with its 9 Mouzas		Zarkhoo Gharbi	8
			Bojatal										
			Deh Balez Sharqi										
			Hoshbal										
			Lais										
			Sheereenab										
			Takri										
			Chouki										
4	280-7/2002 dated June 11,2000							Land tax, in respect of the cultivable land situated in the calamity affected areas of the Province of Balochistan					
5	280-7/99-2000 dated January 17,2004	Chagi	26					Drought					
		Kharan											
		Khuzdar											
		Kalat											



## Statement Showing Calamity Declared Areas

Statement showing Calamity Declaration by Government of Baluchistan During the year 2000 To 2006<sup>©</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
		Mastung							
		Loralai							
		Kila Saifullah							
		Pishin							
		Zhob							
		Kohlu							
		Lasbela							
		Sibi							
		Dera Bughti							
		Ziarat							
		Awaran							
		Kech							
		Panjgur							
		Killa Abdullah							
		Gwadar							
		Bolan							
		Jhal Magsi							
		Barkhan							
		Musakhail							
		Nasirabad		un-irrigated areas of Tehsils Chattar and Tamboo					
		Quetta			2	Augburg	7		
						Sariab			
						Saraghurgi			
						Patwar Circle Baleli			
						Hana Urak			
						Miaan Ghundi			
						Kuchlaak Patwar Circle			
				Whole Union Council Zarkhoo with its 9 Mouzas		Zarkhoo	9		
						Zarkhoo Gharbi			
						Bojatal			
						Deh Balez Sharqi			
						Hoshbal			
						Lais			
						Sheereenab			
						Takri			
						Chouki			

## Statement Showing Calamity Declared Areas

Statement showing Calamity Declaration by Government of Baluchistan During the year 2000 To 2006<sup>©</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
6	280-7/99-2000 dated January 17,2004							Land tax, in respect of the cultivable land situated in the calamity affected areas of the Province of Balochistan	
7	280-7/99-2000 dated May 29,2006	<b>Most severely affected Areas</b>						Drought	
		Kharan	16						
		Washuk							
		Chagi							
		Naushki							
		Panjgur							
		Kech							
		Gwadar							
		Awaran							
		Jhal Magsi							
		Bolan							
		Dera Bughti							
		Kohlu							
		Sherani							
		Zhob		Qamar din Kareaz	1				
		Loralai		Loralai	1				
		Nasirabad		Chattar	1				
		<b>Severally affected Areas</b>							
		Sabi	10						
		Mastug							
		Kalat							
		Khuzdar							
		Lasbella							
		Musakhel							
		Killa Abdullah							
		Pishin		Khanozai	2				
				Barshore					
		Quetta		Panjpai	1				
		Loralai		Mekhtar	1				
		<b>Moderately affected Areas</b>							
		Pishin	5	Pishin	1				
		Kila Sifullah							

### Statement Showing Calamity Declared Areas

Statement showing Calamity Declaration by Government of Baluchistan During the year 2000 To 2006<sup>©</sup>

S. No	Notification No. and Date	District	Total	Tehsil/ Taluka	Total	No. of Village	Total	Reason	Crop Season
		Burkhan							
		Ziarat							
		Zhob		Zhob	1				

<sup>©</sup> Source: Office of Relief Commissioner of Balochistan

## SALIENT FEATURES OF CROP INSURANCE SCHEME

### CROP INSURANCE SCHEME FOR THE BORROWERS OF THE SCHEDULED BANKS

<b>NAME</b>	<b>CROP INSURANCE SCHEME</b>
<b>Participation</b>	All Commercial and Domestic Private Banks involved in Agricultural lending and Insurance Companies dealing in general Insurance interested to participate in this scheme.
<b>Eligibility</b>	All borrowers receiving Agri Loan from participating Banks.
<b>Mandatory</b>	All participating banks involved in Crop lending are required to make insurance compulsory and that all Agriculture production loans disbursed by the said bank are compulsorily insured.
<b>Declaration</b>	The name of the farmer and his crop must be entered in the Usher/Land revenue/ Jammabandi .The scheme will also be applicable to tenants, lessees, etc.
<b>Crops Covered</b>	All crops shall be included in the scheme for the purpose of insurance cover including; a). WHEAT, b). RICE (Paddy), c). SUGARCANE, d). MAIZE, e). COTTON, f) SUN FLOWER
<b>Period Covered</b>	The Insurance cover would be for the period from Sowing/transplanting of the crop till it's harvesting except in the case of sugarcane crop where in addition to the above a specific time period will also be prescribed.
<b>Perils Covered</b>	Indemnity would be payable on the happening of: a. Natural calamities like Excessive rain, Hail, Frost, Flood, and Drought. b. Crop related diseases like viral and bacterial attacks, or any other damage caused to the produce like locust attack etc.
<b>Sum Insured</b>	Sum insured will be based on the per acre borrowing limits prescribed by the State Bank subject to a maximum of Rs. 2,000,000 per farmer per crop per season.
<b>Aggregate Limit of Liability</b>	The maximum annual aggregate liability of the scheme would be limited to 300% of the total premium
<b>Premium</b>	Maximum 2% per crop per season plus standard levies
<b>Premium Payment</b>	The bank will collect the premium from the farmers on behalf of the insurance companies. For this purpose insurance companies will open a collection account with the bank which will deposit all premiums so collected on a weekly basis.

## SALIENT FEATURES OF CROP INSURANCE SCHEME

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**Indemnification** A valid claim under scope of cover will be payable subject to a declaration of calamity in the area where the farm is located AND when the final yield of the subject farm is less than 50% of the reference of that region (area or thesil).

Reference yield is defined as the three (3) year average yield of that particular region(area or tehsil). These three years will be chosen from the five (5) preceding years, discounting the extreme years that is the years with the best and worst yields during the last three years.

Any partial losses not falling under the above category would not be indemnified.

Indemnity payable would be subject to the Insured Crop being situated in an area declared as “Calamity Affected” by the Government (competent authority) and damage to the crop was due to any of the insured perils subject to:

- (i) The declaration is notified in the Gazette
- (ii) The name of the farmer borrower and the insured crop shall be entered in the usher/land revenue jammbandi at the village/deh/chak level.

**Payment of the Claims**

Claims shall be payable to the Banks by the insurers for credit to the insured borrower loan account.

In any case the maximum amount payable would be the outstanding loan amount or the assessed amount whichever is the lesser.

**Data Sharing**

Banks shall make all the necessary arrangements, to facilitate the Insurance Companies by providing them all the relevant data, as desired by them.

**Exclusions:**

1. Losses directly or indirectly caused by or arising from or in consequence of or contributed to by war, invasion, act of foreign enemy, hostilities or warlike-operations (whether war be declared or not), civil war, revolution, riot, strikes or labour disputes civil commotion, usurped power, martial law or state of siege or any events, or causes which determine the proclamation or maintenance of martial law or state of siege.
2. Any act of terrorism
3. Loss due to avoidable causes such as neglect and / or malfeasance of the insured/ members of his family his employees, poor farming practices or failure to reseed or replant if it is possible to do so under the circumstances.

**SALIENT FEATURES OF CROP INSURANCE SCHEME**

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4. Loss due to mis-utilisation / non-utilisation of insured loan for the purpose it was given.
5. Earthquake, volcanic eruption or other convulsion of nature, subsidence, landslide or erosion.
6. Loss due to theft, malicious act or due to reasons and risks not specifically covered by the policy.
7. Losses occurring before attachment of risk or after harvest
8. Any loss or damage arising out of measures taken by the government for public interest.
9. Price fluctuations (out put prices), and marketing etc.

## Presentation to Governor

### CROP LOAN INSURANCE DRAFT FRAMEWORK

To promote national welfare by improving economic stability of Agriculture through a sound system of Crop Insurance

### BACKGROUND

- ADBP Pilot Project with a private Insurer – 1986-1988
- Various proposals by ADBP
- IAP Crop Insurance Scheme to MOC – 1990
- IAP Catastrophe Crop Insurance Scheme to SBP – 1990
- IAP Crop Insurance Scheme (Flood/Excessive Rain only) to MOC – 1996
- NIC Comprehensive Crop Insurance Scheme - 1996

## Presentation to Governor

### PAST SCHEMES

All the past schemes with the exception of the earliest ADBP scheme had the following characteristics:

- Pilot Projects with limited risks
- Specified Crops
- Specified Areas
- Government Subsidies
- High Premiums

### INTERNATIONAL EXPERIENCE

- State Involvement
- Poor Experience
- Obligatory for Loans
- Limited Reinsurance
- High Administration Costs
- Lack of specialist knowledge



## Presentation to Governor

### CURRENT SCENARIO

Limited coverages are being done by two private sector insurers with specific banks.

It was felt by other banks and SBP that there should be more interest from the other insurers.

Special Task Force was constituted by SBP under chairmanship of Mr Zakir Mahmood, President, HBL.

### CRITERIA FOR FUTURE SCHEMES

Keeping in view the past experience the following issues needed to be addressed:

- No government subsidies either as sharing of premium or risk assumption
- Scheme should cover all Pakistan
- Cost Reduction
- All Crops to be covered

## Presentation to Governor

### PROPOSED CROP INSURANCE SCHEME

- **PARTICIPATION:** ALL commercial and private banks excluding ZTBL and all Insurers registered with SECP
- **AMOUNT INSURED:** Amount of loan subject to per acre borrowing limit prescribed by SBP with maximum Rs 2,000,000 per farmer per crop per season
- **CROPS COVERED:** All field crops excluding orchards
- **PERIOD OF INSURANCE:** From time of sowing or transplanting till harvesting

### PROPOSED CROP INSURANCE SCHEME

- **INSURED RISKS:** Excessive Rain, Hail, Frost, Flood, Drought and Crop related diseases like viral and bacterial attacks or damage by locusts
- **DECLARATION:** Name of farmer and crop must be entered in the Usher/Land Revenue/Jammabandi at the Village/Deh/Chak level.
- **PREMIUM:** 2% of amount insured per crop per season plus applicable levies (FIF 1% & FED 5%). Bank will be responsible for collection and payment to the Insurer

## Presentation to Governor

### PROPOSED CROP INSURANCE SCHEME

- **INDEMNITY:** Claims for damage directly caused by the *Insured Risks* to be based on declaration of Calamity by the competent authority (Provincial or Federal) in the area where the insured risk is located and such declaration is notified in the Gazette AND the final yield of the subject risk is less than 50% of the reference of that area.
- Indemnity is also subject to the name of farmer/borrower and the insured crop has been earlier declared.
- **REFERENCE YIELD:** Three year average yield of the particular area. The three years will be from the five preceding years discounting the best and worst years.

### PROPOSED CROP INSURANCE SCHEME

#### MAIN EXCLUSIONS

- War, Civil war, Strikes, Riots, Terrorism etc
- Non-utilisation or wrong utilisation of loan.
- Earthquake or Volcanic eruption
- Loss before risk declaration or after harvesting
- Price fluctuations and loss of market

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**Presentation to Governor**

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**PROPOSED CROP  
INSURANCE SCHEME****SPECIAL CONDITIONS**

- Insurance to be mandatory for all loans with the Scheme and not Voluntary
- Declaration of Calamity
- The maximum limit of liability of the Scheme in any one year to be 300% of the Premiums for that year
- Insurers reserve rights for review of terms annually

**PROPOSED CROP  
INSURANCE SCHEME****OPEN ISSUES**

- Premium Rate
- Aggregate Limit of Liability

## Presentation to Governor

### Calamities

#### Punjab

- Between 2002 and 2006 there have been 70 calamity declarations
- Affecting close to 10,000 villages
- Number of farmers affected – Not Known
- Resultant Amount of loan affected / written off - Not Known

### Calamities

#### Sindh

- Between 2002 and 2006 there have been 10 calamity declarations
- Affecting close to 30 district; 84 talukas / Tehsils
- Number of Villages affected – Not Known
- Number of farmers affected – Not Known
- Resultant Amount of loan affected / written off - Not Known

## Presentation to Governor

### Calamities

#### NWFP

- Between 2002 and 2006 there have been 22 calamity declarations
- Affecting close to 81 district; 500 talukas / Tehsils
- Number of Villages affected – Not Known
- Number of farmers affected – Not Known
- Resultant Amount of loan affected / written off - Not Known

### PROPOSED CROP INSURANCE SCHEME

#### ISSUES

- Premium Rate in relation to regional experience

## Presentation to Governor

### Crop Insurance – Regional Experience

#### INDIA

- Pilot Crop Insurance Scheme 1979 – 1984
  - 2:1 Risk Sharing b/w GIC & State Government
  - Insurance Premium ranged b/w 5% – 10%
  - Covered 627,000 farmers.
  - Premium generated IR. 19.700 million
  - Claims IR. 15.700 million

### Crop Insurance – Regional Experience

#### INDIA

- Comprehensive Crop Insurance Scheme 1985 - 1999
  - 2:1 Risk Sharing b/w GIC & State Government
  - Insurance Premium ranged b/w 1% – 2%
  - Covered 76.300 million farmers.
  - Premium generated IR. 4.04 billion
  - Claims IR. 23.19 billion
  - Claim Ratio 575%
  - Burning Cost 9.29%
  - Deficit rainfall accounted for 75 % of claims followed by cyclones / flood 20 %

## Presentation to Governor

### Crop Insurance – Regional Experience

#### INDIA

- National Agriculture Insurance Scheme 1999 - 2006
  - Risk Sharing – All claims in excess of 100% will be borne by Central and State Government on 50:50 basis
  - Premium rates - Kharif crops ranged b/w 2.5% – 3.5%
  - Premium rates – Rabi Crops ranged b/w 1.5% – 2.0%
  - Covered 78.98 million farmers.
  - Sum insured IR. 755.81 billion
  - Premium generated IR. 23.27 billion
  - Claims IR. 72.18 billion
  - Claim Ratio 322%
  - Burning Cost 9.55%

### Crop Insurance – Regional Experience

#### SRILANKA

- Crop Insurance on Commercial basis through Private Sector Insurance Companies
- Insurance Premium range b/w 9% – 13%



## Presentation to Governor

### Crop Insurance – Premium Taxes

Non-Life premiums are subject to following levies

- Federal Insurance Fee @ 1%
- Federal Excise Duty @ 5%
- Thus an additional 6% is added to the Premiums

### PROPOSED CROP INSURANCE SCHEME

#### ISSUES

Aggregate Limit of Liability

- Catastrophic in nature
- No State involvement
- Limited reinsurance

## Presentation to Governor

### Aggregate Limit of Liability

- Potential Premium Rs. 2 – 2.5 billion
- Liability of Insurance Companies Capped at Rs. 6 – 7.5 billion
- Based on the Average loan disbursed per farmer the aggregate limit of liability will be sufficient to cater between 80,000 – 100,000 farmers

### Open issues

ALL may be reviewed

- Data awaited as per formats submitted
- Information on banks loaning procedure
- Current flood losses

# NICL Crop Insurance Scheme

## NICL Crop Insurance Scheme

### REINSURANCE

- A STOP LOSS Reinsurance Cover is finalized under the lead of largest and AA rated Reinsurance Company, namely SWISS RE, ZURICH.
- Reinsurance Cover back up by 300- 500%

SBP Task Force - Report on Crop Loan Insurance Framework

S #	SCHEME'S PROVISIONS	AGRI-LOANS INS. (NATURAL PERILS)	AGRI-LOANS INS. (MULTI PERILS)	CROP INSURANCE (SELECTED FARMERS)
1	ELIGIBILITY	AGRI-LOAN Borrowers of Scheduled Banks	AGRI-LOAN Borrowers of Scheduled Banks.	SELECTED FARMERS
2	PERILS COVERED	- Natural Perils	- Natural PERILS, Crop related Diseases, Pest. - Fire, Theft - Accidental death of Borrower.	- Natural PERILS, Crop related Diseases, Pest. - Fire, Theft - Accidental death of Borrower.
3	COVERAGE	All field crops / orchards	- All Field Crop / Orchards - Live Stock (Rearing, milking or fattening)	Selected Crops
4	SUM-INSURED	PRINCIPAL + MARKUP	PRINCIPAL + MARKUP	Pre-Determined Amount of S.I, upto a Max. of Rs.2.00 Million
5	RATE OF PREMIUM	1.25 % of S.I plus levies, per crop	- Production Loans @ 1.50% of S.I, plus Levies, per Crop - Development Loans @ 1.50 %, plus Levies, per Annum - Live Stock @ 1.75% Plus Levies per head, per Annum	1.25% of sum insured plus levies, per crop
6	SCOPE	- Whole territory of Pakistan - Azad Jammu & Kashmir - Northern Areas	- Whole territory of Pakistan - AZAD Jammu & Kashmir - Northern Areas	Selected Districts
7	DURATION	Sowing to harvesting of the crop / tenure of loan, which ever is earlier.	a) Crop sowing to harvesting % tenure of the loan (whichever is earlier) b) Purchase of Live Stock till its selling / tenure of loan (whichever is earlier)	Sowing to harvesting of the crop / tenure of loan, which ever is earlier
8	INDEMNIFICATION (BASIS)	- Subject to Declaration of Calamity and - yield less than 50% of reference yield of the region	Loss sustained by the Agri-Loan borrowers Crop due to stated Perils or Declaration of Calamity	- Subject to Declaration of Calamity - or Average yield (calculated for past ten years % is less than 50% for the particular crop of the farmer.
9	EXCLUSION	Losses due to or caused by: 01. War, Invasion, Revolution 02. Volcanic Eruption, subsidence and Erosion 03. Malicious Act 04. Price Fluctuation 05. Measures taken by the Govt. for Public interest.	Losses due to or caused by: 01. War, Invasion, Revolution 02. Volcanic Eruption, subsidence and Erosion 03. Malicious Act 04. Price Fluctuation 05. Measures taken by the Govt. for Public interest.	Losses due to or caused by: 01. War, Invasion, Revolution 02. Volcanic Eruption, subsidence and Erosion 03. Malicious Act 04. Price Fluctuation 05. Measures taken by the Govt. for Public interest.

## Chairman NICL's Letter to Governor SBP

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**CHAIRMAN & CHIEF EXECUTIVE**  
NATIONAL INSURANCE COMPANY LIMITED

Ref: CH/NICL/CIS – 366/2008  
June 12, 2008

My dear Governor,

Thank you so much for the prompt meeting on the 10<sup>th</sup> of June to discuss certain issues regarding finalization of arrangement with National Bank of Pakistan. We indeed appreciate your kind encouragement in our attempt to introduce crop insurance in the country.

It is probably being felt that in course of various presentations made on its Crop Insurance product, NICL has not been acknowledging the contribution of State Bank in developing the said product.

Being a great believer in intellectual property I may like to address it and take a minute of your time to put the record straight.

During the course of several presentations made on the subject by me and my colleagues including the launch ceremony presided over by the then Commerce Minister and then the final presentation made for the then Prime Minister, I took special care in acknowledging at every forum that our scheme is a product of SBP task force recommendations and was developed keeping in view the primary parameters deliberated and agreed upon in the SBP framework; like the premium rates of 2%, procedure of claims resolution on calamity notification from the provincial government and fixing the aggregate limit of liability at 300% of the total premium.

## Chairman NICL's Letter to Governor SBP

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Continuation Sheet

As a matter of fact the framework developed by the SBP task force forms the center piece of our presentations and is acknowledged as such. I may refer to the page 5 of the presentation made for the then Prime Minister in October and page 6 of the revised version which I left with you. Page 11 even gives the comparison of the NICL product and the SBP agreed principles.

I have no hesitation in stating that NICL scheme was conceived on the above agreed framework of the SBP task force and was triggered by its recommendations.

We continue to look forward to your kind support for promotion of our products.

With warm regards,

Yours sincerely,

Abid Javed Akbar

Dr. Shamshad Akhtar  
Governor  
State Bank of Pakistan  
State Bank Building  
Karachi

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**NICL AGRICULTURAL LOAN INSURANCE SCHEME FOR NBP**


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**SCHEDULE  
OF  
AGRICULTURAL LOAN INSURANCE SCHEME  
FOR NATIONAL BANK OF PAKISTAN**

1. **Eligibility:** All borrowers availing AGRICULTURE FINANCES from the NATIONAL BANK OF PAKISTAN (Herein after called BANK) of whatsoever nature (Excluding BANK AGRI INDUSTRY FINANCES).
2. **Participation:** Mandatory for all borrowers of AGRI FINANCES from the BANK.
3. **Perils Covered:**
  - a) Excessive Rains, Floods, Drought, Hailstorm, Cyclones, Lightning, Earthquake & Landslide.
  - b) Endemic diseases, viral attack, pest, locust attack, death & disability of animal.
  - c) Canal breach.
  - d) Accidental Death & Disability of Borrower including due to Riots and Terrorism.
  - e) Loss due to theft, fire and burglary (proper FIR is required).
4. **Coverage:**
  - a. **CROPS:** All Field crops including orchards for which BANK is advancing finances to the borrowers.
  - b. **EQUIPMENT & MACHINERY INCLUDING TRACTOR:** Used for agriculture and livestock purpose.
  - c. **LIVESTOCK:** Animal heads for rearing, milking or fattening.
- 5.
6. **Sum Insured:** Amount of finances (Principal + Markup) granted by the BANK to the Insured.
- Rate of Premium:**
  1. Production Finances @ 1.50% net (inclusive of govt. taxes) of S.A per crop per season  
(Crop & Orchards)
  2. Development Finances @ 1.50% net (inclusive of govt. taxes) of S.A.  
per annum
  3. Livestock Finances @ 2.00% net (inclusive of govt. taxes) of S.A,  
per Animal Head, Per annum.
7. **Geographical Coverage:** Whole Territory of Pakistan, including AZAD JAMMU & KASHMIR and Northern Areas.
8. **Duration:**
  - a). From Sowing / planting till shifting of produce from farm/ up to the tenure of the finance, whichever is earlier.
  - b). From purchase of livestock till its selling / up to tenure of finance, whichever is earlier.
  - c). From the purchase of equipment and machinery including tractor till its zero residual value / tenor of the loan whichever is earlier.
9. **Premium Payment:** The BANK will receive insurance premium from borrower at the time of disbursement and it will be limited in NICL collection account to be

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**NICL AGRICULTURAL LOAN INSURANCE SCHEME FOR NBP**


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- maintained by BANK, whereas in case of long-term loans premium shall be received from borrower for the 2<sup>nd</sup> and following years of the term of loans, by adding same in the instalment and will be deposited in the NICL collection account at the beginning of each year. Upon the receipt of copy of voucher of payment of insurance premium from BANK branch NICL will fax / mail insurance cover note on the same day followed by the policy which will be subsequently issued within 15 days after dispatch of cover note.
10. **Payment of Claims:** NICL shall maintain claim account in the BANK main Branch Karachi for the payment of claims of AGRI-borrowers of the BANK.
11. **Indemnification:** When an insured sustains a loss or damage due to any listed perils, amount of loss incurred up to a maximum total loan amount (principal + markup), will be paid by NICL.  
  
There would not be any deductible or depreciation factor applicable to the claim amount.
12. **Procedure for Processing the Claim:** Borrower would intimate the BANK about loss and receive acknowledgment.  
  
The Agri Field Officer of BANK and NICL Official /deputed surveyor would jointly survey and submit their report to the BANK and NICL.  
  
NICL shall maintain claim account in the BANK main branch Karachi for the payment of claims of AGRI-borrowers of BANK.
13. **Exclusions:** Losses due to or caused by:  
1 War, Invasion, Revolution  
2 Volcanic Eruption, subsidence and Erosion  
3 Malicious Act  
4 Price Fluctuation  
5 Measures taken by the Govt. for Public interest.  
6 Losses or damage caused by wild animals.
14. **Aggregate Limit of Liability** The maximum annual aggregate liability of the NICL, under the above SCHEME would be limited to 300% of GNPI, per annum.

## Crop Catastrophe Policy for The Bank of Punjab

### CROP CATASTROPHE POLICY

#### OBJECTIVE OF POLICY

Crop sector contributes 50% towards overall Agriculture Sector of Pakistan and most importantly it provides food and fodder for Livestock. Crop farming is exposed to vagaries of nature, such as Floods, Droughts, Hailstorms, Windstorm, etc which are far beyond the farmers control. Uncertainty of CROP yield is thus one of the basic risks which every farmer has to face. In view of importance and indispensability of Crop Sector in overall Agriculture Sector, its protection is inevitable which can be done through Crop Insurance.

BOP took the initiative to provide Insurance coverage to Crops to safeguard the interest of the farmers as well as of the Bank. It provides them with a buffer against the harsh economic conditions which inevitably follow the failed crops resulting in the crop growers failure to repay the loan.

#### CROP CATASTROPHE POLICY

##### ELIGIBILITY:

All farmers receiving production loans from BOP.

##### PARTICIPATION:

All BOP Borrowers availing Input Loan.

##### CROPS COVERED:

All field **CROPS** for which the Bank is advancing input loans to its borrowers.

##### PERIOD COVERED:

From planting (sowing) till harvest i.e. Standing Crop.

##### COVERED:

Excessive Rain, Floods, Drought, Hailstorm, Cyclones and Insect/Pest attack.  
In Life Coverage Premature, Accidental and Natural Death of the borrower.

##### SUM INSURED:

Amount of Input Loan lesser of Rs.500,000/- or the outstanding amount of loan including mark-up (up to the amount shown on the Certificate/Policy)

##### EXTENT OF COVER:

subject to the clause that the Insurance Company will issue Catastrophe CROP Insurance Policy with indemnification of losses insured **CROP** falls in an area declared as 'Calamity Area' by the Government and requiring no subsidy

##### INDEMNIFICATION AND COMPENSATION:

###### INDEMNIFICATION

When the insured **CROP** falls in an area declared by the competent authority i.e., Federal/Provincial Government OR local revenue authorities as Calamity affected, Company will pay 100% of the amount disbursed/utilized by the insured farmer up to the time of declaration of Calamity to the **BOP. Crop means standing Crop before harvesting.**



## **Crop Catastrophe Policy for The Bank of Punjab**

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### **COMPENSATION:**

Crop Losses 25% or more will be compensated as follow:

- I. In addition to the fulfillment of the above condition as a condition precedent to pay ability of the loss, Certificate of “Fasal Kharaba” issued after the consensus of the representative of the Insurance Company, ACO and the representative of the Bank to the extent of 50% damage to the losses to the Crop or 75% less yield against reference yield of the area which ever is more. The Compensation will be maximum equal to 100% of the outstanding loan.
- II. Identified losses from 25-50% will be compensated as 50% of the outstanding loans.

### **PROCEDURE OF SETTLEMENT OF CLAIM FOR CROP CATASTROPHE POLICY:**

In case of any claim in respect of this Crop Catastrophe insurance Policy, the entertainment of claim by insurance company will be subject to furnishing the following documents:-

- a) Intimation letter from BOP within 72 hours, giving complete detail of the incident.
- b) Original and/or attested copy of the notification by the Government (competent authority) in the gazette declaring the effected area as calamity or notification/certificate by the local revenue authorities.
- c) The document showing the name of the farmer and the insured crop has been entered in the ushr/land revenue jamabandi at the village/teh/chak level.
- d) Copy of Insurance Policy issued by EWI from the date of initial loan grant.
- e) Computerized Loan statement showing date-wise detail of loan disbursement, recoveries and mark-up activity with dates duly attested by the concerned BOP Branch Manager and countersigned by an Authorized Officer of the Agriculture Credit Department at the BOP, Head Office, Lahore. This statement should be from the date of original loan grant to the borrower.
- f) Photocopy of the application and/or agreement between the borrower and the Bank duly attested by the BOP Branch Manager.
- g) CNIC copy of the borrower/claimant.
- h) Any other documents to establish the incident attracting the loss under the policy.

After the completion of documents by BOP, the Company will issue following documents to the Bank for the issuance of claim cheque:-

1. Acceptance letter.
2. Loss Voucher.
3. Claim Form.
4. Any other relevant documents.
- 5.

After receiving the above documents from the Bank, the Company will issue the claim cheque not later than 15 days. In the event of any dispute arising between the parties in respect of any claimable amount under the policy the same shall be referred to the Arbitrators to be nominated by BOP and Company shall settle the claim accordingly. Company reserves the right to investigate all claims submitted by the BOP.

1. **SCOPE:** The Scheme shall cover all branches of the Bank providing agriculture loans to its borrowers.

2. **OBJECTIVE OF THE MEMORANDUM:**

To provide peace of mind & comfort to the borrower against natural calamities.  
To provide hedging / risk cover and confidence to the bank for repayment of loans against incapability of the borrowers / contingencies.

Whereas Askari Commercial Bank Ltd. (hereinafter called "ACBL") has initiated a number of agri credit schemes under Askari Kissan Agriculture Finance Program.

And whereas we the above named Insurance Companies (hereinafter called "THE CONSORTIUM") lead by M/s United Insurance Company of Pakistan Ltd. are engaged in providing all classes of insurance such as Fire, Marine Cargo, Motor, Crop (Tractor, Rickshaw and all other Vehicles / Assets) etc. and also participating in the various schemes financed by ACBL.

And whereas there exists a need and scope for the cooperation between ACBL and THE CONSORTIUM for achieving the long term objectives of national development.

Therefore to achieve such objectives as stated above, ACBL has entered into this insurance arrangement with THE CONSORTIUM.

In view of above this Memorandum has been signed in order to define the arrangements of insurance, payment of premium, scope of the coverage and settlement of claims etc.

3. **RATES OF PREMIUM:**

After careful study and in consideration of the risk factors, we have agreed to the following premium rates (including government duties and taxes) on the following basis:

3.1. **Askari Kissan Evergreen Finance (Crop Insurance):**

One Year Premium: 2.00% of sanctioned loan.

3.2. **Askari Kissan Tractor Leasing:**

One Year Premium 1.00% of Tractor Price.

Lump sum Premium Rate for

The Currency of Finance

upto Five (5) Years

0.67% of Tractor Price (Per Annum).

3.3. **Askari Kissan Farm Mechanization Support Finance (Threshers, Implements, and Trolleys etc.):**

One Year Premium 1.50% of the Asset Price

Lump sum Premium Rate for

The Currency of Finance

upto Three (3) Years

1.00% of the Asset Price (Per Annum)

3.4. **Askari Kissan Transport Leasing (Pickup & Motor Cycle Loader etc):**

One Year Premium 3.00% of the Asset Price

Lump sum Premium Rate for

The Currency of Finance

upto Five (5) Years

2.50% of the Asset Price (Per Annum)

3.5. **Askari Kissan Aabpashi Finance (For Tube Wells & Equipment etc.):**

One Year Premium 1.50% of the Asset Price

Lump sum Premium Rate for

The Currency of Finance

upto Four (4) Years 1.00% of the Asset Price (Per Annum)

3.6. **Askari Kissan Livestock Development Finance:**

One Year Premium 3.00% of the Asset Price

Lump sum Premium Rate for

The Currency of Finance

upto Three (3) Years 2.50% of the Asset Price (Per Annum)

(A). **Additional Benefit / Coverage of Third Party Liabilities Including Death Or Bodily Injuries Caused To The Driver Other Than Borrower:**

In order to safeguard the interest of the Bank and the borrower, it was agreed that the following coverage shall be provided by the Consortium without charging any additional premium.

a. **Principal Borrower of Insured Vehicle:**

Payment of compensation on account of bodily injuries caused to the borrower will be.

- i. In the event of injuries to the borrower of insured vehicle / asset, the total compensation not exceeding Rs:50,000/=.
- ii. In event of permanent total loss of both eyes OR two limbs Rs:37,500/=.
- iii. In event of permanent loss of one eye OR of one limb Rs:25,000/=.

b. **Driver of Insured Vehicle:**

Payment of compensation on account of Third Party Liabilities including death and / or bodily injuries caused to the driver (other than the borrower) will be.

- i. In the event of death of the driver of insured vehicle / asset, the total compensation not exceeding Rs: 50,000/=.
- ii. In event of permanent total loss of both eyes OR two limbs Rs: 37,500/=.
- iii. In event of permanent loss of one eye OR of one limb Rs:25,000/=.

c. **Persons Other Than Driver of Insured Vehicle / Asset:**

- i. In the event of death of any person accompanying the driver of insured vehicle / asset, the total compensation not exceeding Rs: 25,000/=.
- ii. In event of permanent total loss of both eyes OR of two limbs Rs:18,750/=.
- iii. In event of permanent loss of one eye OR of one limb Rs:12,500/=.

(B) **CROP LOAN INSURANCE COVER FOR THE BANK**

Agriculture Credit Division

- i). **TYPE OF COVER:**  
The consortium will provide two types of cover, as follows;
- a) Catastrophe Area Loss Cover (CALC)
  - AND
  - b) Catastrophe Individual Loss Cover (CILC)
- Note: CILC will be determined in conjunction with CALC.
- ii). **CROPS COVERED:**  
All field crops for which the Bank is advancing production loans to farmers subject to notification to the insurance company through bank.
- iii). **PERILS COVERED:**  
Natural calamities like Floods, Excessive rain, Hail Storm, Frost, Windstorm, Locust, Fire and Lightning etc.
- iv). **DURATION OF COVER:**  
From the time of sowing / transplanting till completion of harvest of the insured crop.
- v). **ELIGIBILITY:**  
The scheme is limited to the ACBL Borrowers of Agriculture loans.
- vi). **SUM INSURED:**  
It will be equivalent to the Agriculture loans sanctioned / outstanding including markup.
- vii). **PREMIUM RATE:**  
The rates will be applicable as defined under 3 above.
- viii). **PAYMENT OF PREMIUM:**  
The premium shall be payable in advance before sowing / transplanting the crop. The Bank will recover at source and pay premium to the insurer on behalf of their borrower.
- ix). **ISSUANCE OF POLICY:**  
One policy document will be issued to each borrower of the bank as per his notification showing data of the cultivated area and crops.
- x). **INDEMNITY AND COMPENSATION:**
- a) **CATASTROPHE AREA LOSS COVER (CALC) AND CATASTROPHE INDIVIDUAL LOSSES COVER (CILC):**
    - 1) The Indemnity shall become payable provided that:
      - i) The insured crops situated in an area declared as "Calamity affected" by the Government and the damage to the crop was due to any of the insured perils.
      - ii) The declaration is notified in the Gazette.
      - iii) The insured farmer is exempted from the ushr / land revenue, etc as a result of such declaration.
      - iv) The name of the farmer and the insured crop has been entered in the ushr / land revenue Khasra

Gardawari / Jamabandi at the village / deh / chak level.

2) Compensation:

- i) The ACO's certificate of "Fasal Kharaba" to the extent 50% damage / losses to the crop or 75% less yield against reference yield of the area whichever is more. The compensation will be equal to 100% of the outstanding loan.
- ii) Identified losses from 25 – 50% will be considered on proportionate basis.
- iii) Against losses less than 25% of outstanding loans there will be no compensation.

**Note: REFERENCE YIELD**

For the purpose of this insurance scheme Reference Yield means the average yield (Kg / Acre or Kg / hectare) of the insured crop & variety for the last three year (excluding any abnormal year) for the smallest of union council, tehsil, or district for which the official yield records are available with Agri Department / Revenue Department.

xi) **DETERMINATION OF CROPS LOSS**

In the event of a claim against crop loss, the farmer must inform the insurance company during the standing crop and it shall not be harvested without prior permission (in writing) from the Insurer. The Insurance Company shall not be liable for any loss reported after harvest. While the crop is standing the insurer must present himself at the site for crop loss assessment by the (licensed) surveyor by the appointed by the company. In case of any dispute or difference as to liability / quantum of loss shall be decided / finalized by AOCC.

**PROCEDURE AND PAYMENT OF PREMIUM:**

- 4.1. ACBL will enforce the Comprehensive Insurance Mandatory to all Askari Kissan Agri Crop / Vehicles / Assets / Tractor Program on case to case basis.
- 4.2. ACBL's branch will provide complete verified details of the Crop / Vehicle / Asset such as borrower Profile, Name, Address, Engine No., Chassis No., and Registration No. (If any) etc., to THE CONSORTIUM under intimation to Agriculture Credit Division (ACD), Lahore (where applicable).
- 4.3. On the basis of the information provided by ACBL, THE CONSORTIUM Leader **M/s United Insurance Company of Pakistan Ltd.** will immediately issue the Demand Note / Cover Note 30 days prior to payment of premium and insurance of policy. If any claim arises during the period of 30 days the Insurance Company will attend the claim but the same will be settled subject to the payment of premium by ACBL.
- 4.4. The Leader of THE CONSORTIUM i.e. **M/s United Insurance Company of Pakistan Ltd.** after receipt of payment of premium will issue the Insurance Policy for the individual crop / vehicle / asset which will be the

Agriculture Credit Division

- proof of assumption of risk. All relevant policy certificates, clauses and co-insurance clauses shall be submitted duly filled in signed and stamped.
- 4.5. This Insurance Policy will be valid for One Year subject to the payment of agreed / approved premium.
  - 4.6. However, if the ACBL failed to pay the premium within 30 days from the date of issuance of cover note the documents issued by the Leader of THE CONSORTIUM i.e. **M/s United Insurance Company of Pakistan Ltd.** will be null and void and not enforceable.
  - 4.7. THE CONSORTIUM will maintain his Company Account with ACBL Branches with minimum balance not less than 15% of Total Premium received from ACBL within year.
  - 4.8. This Insurance Cover will include all risk including accident on the road / off the road, theft, fire, riot / strike damages to crop / assets comprehensive and accidental death of the borrower and Third Party Liability.

#### 5. THE PROCEDURE OF SETTLEMENT OF CLAIMS WILL BE AS FOLLOW:

The Consortium in consideration of the Premium paid to them in respect of various insurance policies as stated above subject to respective clauses of this MOU and relevant Policy Terms, Conditions and Exceptions shall indemnify Askari Commercial Bank Ltd their insurable interests in this Kissan Agriculture Finance Program as prescribed under section 3 and its subsequent inclusion.

All claims shall be settled and paid through the leader of the Consortium without any delay and no claim amount shall stand to be adjusted against the premium payable to the Consortium.

- 5.1. In case of any claim in respect of this Comprehensive Insurance, the entertainment of claim by Insurance Company will be subject to furnishing the following documents:
  - a). Intimation letter from ACBL within 48 hours, giving complete detail of the incident.
  - b). Original and / or attested copy of F.I.R form Police Station concerned, also in case of theft of the vehicle / asset other than crop and submit final Investigation Report of Police Authorities after 90 days.
  - c). N.I.C. copy of the borrower / claimant and the driver of the vehicle / asset.
  - d). Copy of the valid driving license of driver concerned.
  - e). Copy of the Registration Book of the vehicle / asset.
  - f). Any other documents to establish the incident of loss under the policy.
- 5.2. All claims arising against accident will be surveyed by Government License Surveyor as required by the Insurance Act.

- 5.3. All the payments of claim will be made to the ACBL on the basis of Survey Report assessed and recommended by Government Licensed Insurance Surveyor and as per the terms and conditions of the policy schedule.
- 5.4. In case of theft, decoity or snatching on gun point, all such claim will be paid to ACBL within 90 days provided that:-
- a). ACBL will furnish all relevant documents mentioned in Para above (a to f).
  - b). ACBL and the borrower will discharge all necessary documents including letter of subrogation / assignment.
  - c). For all total loss claims THE CONSORTIUM will pay to ACBL the finance outstanding in the ledger with up-to-date mark up to the maximum of the sum insured.
  - d). If vehicle is found afterward THE CONSORTIUM will be the sole owner of such vehicle.
  - e). All claims arising against theft, decoity or snatching an Investigation Survey will be conducted by the Government Licensed Surveyor and Insurance Company will reserve all rights to file a F.I.R against the culprit causing the incident if so proven as per the finding of the Survey Report.
6. In case any Third Party claims over and above the amount described in this document remain in dispute the matter with the consent of ACBL will be taken up with the Competent Court of Law, which will be the final authority to decide and in the light of the final decision of the Court, THE CONSORTIUM will settle the claim accordingly subject to respective policy terms and conditions.
7. **THE CONSORTIUM will also facilitate and assist the ACBL in such matter where in spite of the efforts the ACBL failed in the recovery of finance amount and / or in the repossession of the vehicle / asset insured by THE CONSORTIUM and where there is a default in payment of 2 – 3 consecutive installments according to ACBL ledger, personal and monitory support will be provided by the consortium.**
- 7.1. The claims arising in all such incidents ACBL will not release landed property mortgaged through Zari Pass Book kept as a security till such time THE CONSORTIUM investigate the whole case and ruled out any malicious attempt in this regard or recovered the finance amount from the borrower subject maximum of 90 days.
8. **FORCE MEJEURE:**  
The rule of 'Force Mejeure' shall apply to the parties to this Memorandum.
9. **VALIDITY OF MEMORANDUM OF UNDERSTANDING:**  
The Memorandum of Understanding will remain valid and binding upon both parties, unless otherwise cancelled and / or terminated by ACBL by giving three month's notice or extended with mutual consent of both ACBL and THE CONSORTIUM.  
It is the responsibility of the Leader of the Consortium and the Companies performing as members of it, to provide accurate and full extent of insurance cover as per the requirements of Askari Kissan Agriculture Finance Program.

**Scheme of Askari Bank Limited with M/s United Insurance Company of Pakistan Limited**

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THE UNITED INSURANCE  
Agriculture Credit Division

IN WITNESS WHEREOF, the parties hereto have executed this MOU on the 13<sup>th</sup> day of September 2004 and signed the agreement in the light of this Memorandum.

Head Office:  
5th Floor, Nizam Chambers



## List of Members

### SBP Task Force on Crop Loan Insurance Framework

Sr. #	Name	Designation	Institution
1.	<b>Mr. Zakir Mahmood</b>	Chairman	President, Habib Bank Ltd.
<b><u>STATE BANK OF PAKISTAN</u></b>			
2.	<b>Mr. Muhammad Ashraf Khan</b> Director	Secretary	Agricultural Credit Department, State Bank of Pakistan
3.	<b>Mr. Kamran Akram Bakhshi</b> Joint Director	Coordinator	Agricultural Credit Department, State Bank of Pakistan
<b><u>FEDERAL GOVERNMENT</u></b>			
4.	<b>Raja Abdul Hameed</b> Economic Consultant	Member	Ministry of Food, Agriculture & Livestock (MINFAL)
5.	<b>Dr. Waqar Malik</b> Chief Scientific Officer	Member	Pakistan Agricultural Research Council (PARC)
6.	<b>Mr. Shoaib Soofi</b> Director Insurance Division	Member	Securities & Exchange Commission of Pakistan
<b><u>PROVINCIAL CHAMBERS OF AGRICULTURE.</u></b>			
7.	<b>Ch. Muhammad Nasir Cheema</b> President	Representative of Farmers/ Growers Association	Chamber of Agriculture (Eivan- e-Zarat), Punjab,
8.	<b>Syed Qamaruzzaman Shah</b> President	Representative of Farmers/ Growers Association	Chamber of Agriculture, Sindh
9.	<b>Mr. Abdur Rahim Khan</b> Vice President	Representative of Farmers/ Growers Association	Sarhad Chamber of Agriculture
<b><u>INSURANCE COMPANIES</u></b>			
10.	<b>Mr. Naved Yunus</b> Chairman	Insurance Specialist/ Representative of IAP	East West Insurance Co. Ltd.
<b><u>FINANCIAL INSTITUTIONS</u></b>			
11.	<b>Mr. Amir Siddiqui</b> SEVP / Group Chief Executive	Banker	National Bank of Pakistan
12.	<b>Mr. Muhammad Mansha</b> SVP	Banker	Zarai Taraqati Bank Ltd.
13.	<b>Mr. Tassaduq Hussain</b> Chief Manager	Banker	Punjab Provincial Cooperative Bank Limited.
14.	<b>Mr. M. Farooq Abid Tung</b> Country Head ACD	Banker	Askari Bank Ltd.
15.	<b>Mr. Moazzam Maneka</b> Head Agriculture	Banker	The Bank of Punjab
16.	<b>Mr. Kashif Umar Thanvi</b> Head Rural Finance	Banker	Habib Bank Limited

## List of Members

### Sub-committee and Working Group of SBP Task Force on Crop Loan Insurance Framework

Sr. #	Name	Designation	Institution
1.	<b>Mr. Amir Siddiqui</b> SEVP / Group Chief Executive	Chairman Sub-committee	National Bank of Pakistan
<b>STATE BANK OF PAKISTAN</b>			
2.	<b>Mr. Muhammad Ashraf Khan</b> Director	Secretary	Agricultural Credit Department, State Bank of Pakistan
3.	<b>Mr. Kamran Akram Bakhshi</b> Joint Director	Coordinator	Agricultural Credit Department, State Bank of Pakistan
<b>INSURANCE COMPANIES</b>			
4.	<b>Mr. Saifuddin N. Zoomkawala</b> Managing Director	Insurance Specialist	EFU General Insurance Ltd.
5.	<b>Mr. Mahmood Lotia</b> Sr. Deputy Managing Director	Insurance Specialist	EFU General Insurance Ltd.
6.	<b>Mr. Khurram Nasim Ghuman</b> Senior Executive Vice President	Insurance Specialist	EFU General Insurance Ltd.
7.	<b>Mr. Pervez Yunus</b> Executive Director Operations	Insurance Specialist	East West Insurance Co. Ltd.
8.	<b>Dr. M.M. Syed</b> Chief Agronomist	Insurance Specialist	East West Insurance Co. Ltd.
9.	<b>Mr. Riaz Hussain Shah</b> General Manager (Punjab)	Insurance Specialist	East West Insurance Co. Ltd.
10.	<b>Mr. Tinku I. Johnson</b> Executive Director	Insurance Specialist	Adamjee Insurance Company Ltd.
11.	<b>Mr. Yahya Hamid</b> Chief Information Officer	Insurance Specialist	Adamjee Insurance Company Ltd.
12.	<b>Mr. Tahir Ahmed</b> Managing Director	Insurance Specialist	New Jubilee Insurance Co. Ltd.
13.	<b>Mr. Akbar D. Vazir</b> Executive Director	Insurance Specialist	New Jubilee Insurance Co. Ltd.
14.	<b>Mr. Azfar Arshad</b> Senior Vice President	Insurance Specialist	New Jubilee Insurance Co. Ltd.
15.	<b>Mr. Muhammad Iqbal</b> Vice President (Reinsurance)	Insurance Specialist	New Jubilee Insurance Co. Ltd.
16.	<b>Mian M.A. Shahid</b> President & CE	Insurance Specialist	United Insurance Co. of Pakistan Ltd.
17.	<b>Mr. Saleem Shaikh</b> Executive Director	Insurance Specialist	United Insurance Co. of Pakistan Ltd.

## List of Members

<b>Sr. #</b>	<b>Name</b>	<b>Designation</b>	<b>Institution</b>
18.	<b>Mr. Muhammad Imran</b> Relationship Manager	Insurance Specialist	New Hampshire Insurance Co.
19.	<b>Mr. Khalid Hamid</b> CEO	Insurance Specialist	UBL Insurers Ltd.
20.	<b>Mr. Rehan Fahim</b>	Insurance Specialist	UBL Insurers Ltd.
<b>FINANCIAL INSTITUTIONS</b>			
21.	<b>Mr. Tariq Jamali</b> SEVP	Banker	National Bank of Pakistan
22.	<b>Mr. Farooq Ahmed</b> Vice President	Banker	National Bank of Pakistan
23.	<b>Mr. Niaz Ali Malkani</b> Officer	Banker	National Bank of Pakistan
24.	<b>Mr. Muhammad Mansha</b> SVP	Banker	Zarai Taraqati Bank Ltd.
25.	<b>Mr. Tassaduq Hussain</b> Chief Manager	Banker	Punjab Provincial Cooperative Bank Limited.
26.	<b>Mr. M. Farooq Abid Tung</b> Country Head Agri. Credit	Banker	Askari Bank Ltd.
27.	<b>Mr. Moazzam Maneka</b> Head Agriculture	Banker	The Bank of Punjab
28.	<b>Mr. Kashif Umar Thanvi</b> SVP	Banker	Habib Bank Limited