

Beyond Harvest

Empowering Smallholder Farmers Through
Post-Harvest Price Insurance



Overview

India's agricultural sector is vast, with **over 140 million farmers** cultivating diverse crops. However, most smallholder farmers have **limited protection against price drops**, often forced to sell immediately after harvest at low prices to meet urgent financial needs. Recognizing this critical issue, Agtually developed an innovative post-harvest price insurance product, backed by underwriting partners such as the Agriculture Insurance Company of India (AIC). This solution, in collaboration with Arya Collateral, empowers farmers to store their crops longer, helping them secure better prices without the fear of losses.



The Challenge

Smallholder farmers often experience significant **financial pressure immediately after harvest**. The need for quick cash to repay loans and cover household expenses forces them to sell their produce rapidly, frequently at low prices. This urgency means they **miss out on the potential price increases of 13-20%** that typically occur in the months following harvest.

Additionally, many farmers are risk-averse regarding storing their crops due to price volatility. Without a safeguard, the **risk of market fluctuations** makes it difficult for them to hold onto their produce, creating a barrier to better financial outcomes.

The Solution

Agtual, in partnership with Arya Collateral, designed a post-harvest price insurance product specifically for smallholder farmers, ensuring a guaranteed **minimum price of Rs. 5,200 per quintal** throughout a six-month storage period. In the Kharif 2023 season, this insurance was **piloted with 9 Farmer Producer Organizations (FPOs)** covering 900 quintals of soybean.

Basic product flow and payout for FPO



During the pilot, **3 FPOs received claim payouts** because their sales prices fell below the insured price, while the **other 6 sold their soybeans for prices higher** than the minimum. This outcome highlighted the value of the price insurance: the three FPOs maintained stable income, while the others benefitted from increased earnings.

Impact and Future Insights

This pilot demonstrates the potential of **post-harvest price insurance to transform the lives of smallholder farmers** in India and beyond. With Agtuall's data-driven risk models and the support of underwriting partners like AIC, alongside warehousing solutions such as Arya Collateral, farmers can now access better financial security and storage options. The success of this initiative paves the way for broader implementation across more regions and crops, offering even more farmers the chance to confidently store their produce and achieve stronger incomes.

Agtuall aims to ensure that farmers' average sales realization, along with any payouts, meets or exceeds the minimum price assured by the policy, while also protecting lenders' credit risk in a price decline scenario. To scale this product effectively, **Agtuall is exploring more efficient risk pricing** by evaluating it at a portfolio level, taking into account the diverse price movements across different crops and markets.

Stay tuned for follow-up posts that will delve into the technical details of this innovative insurance model and explore its impact on smallholder farmers' lives.

