



Impact of COVID-19 on India Agricultural Sector

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Abstract

India's agriculture and its allied activities are the largest sources of livelihood for about 70 to 80% of the population. Due to this lockdown in Covid-19 period, many have lost their jobs and was unable to continue to earn their livelihood. Farmers incurred losses due to non-availability of labour as well as lack of transportation facilities and market closure. Poultry farmers reported that they incurred losses due to a huge stock of unsold eggs and were unable to go to the market to sell their products. Fishermen were not able to fish and were very much worried about the fishing ban in seas and rivers, subsequently delayed harvesting. Market closure and movement restrictions affected their job and incurred a huge loss. Thus the impact of the Covid-19 on the global economy was highly devastating. We summarized the impact of the Covid-19 lockdown on the different sub-sectors and look at the ones that are in a position to bounce back and the ones that will continue to struggle.

Keywords: Agriculture, Pandemic, Impact, production,

Introduction

Covid-19 pandemic has disrupted the Indian agricultural system extensively. Nevertheless, the quarterly GDP estimates post-Covid scenario showcase robustness and resilience in Indian agriculture, the only sector to register a positive growth of 3.4% during the financial year (FY here after) 2020–21 (Quarter 1: April 2020 to June 2020). At the same time, the immediate past quarter growth was estimated at 5.9% witnessing a decline by 2.5% point. Indian agricultural system *viz.*, production, marketing and consumption followed by a set of potential strategies to recover and prosper post-pandemic. Survey findings indicate that the pandemic has affected production and marketing through labour and logistical constraints, while the negative income shock restricted access to markets and increased prices of food commodities affecting the consumption pattern. The pandemic wreaked a substantial physical, social, economic and emotional havoc on all the stakeholders of Indian agricultural system.

Impact of Covid-19 in different sub-sectors of agriculture

There are short term and long term impact in different sub-sector of agriculture during covid-19 period:

Poultry: The poultry sector saw substantial losses due to reduced institutional demand, while the prices of chickens fell by over 25%. The sector will potentially shift its strategy from large corporate farms to other more decentralized business models—particularly with the return of urban migrants to their rural homes.

Floriculture: Flower farmers have incurred substantial losses due to the sudden fall in demand. The sector will continue to remain subdued until the lockdown restrictions ease up, while many farmers may move away from floriculture.

Vegetables: The impact of the lockdowns on the sector was high due to disruptions in transportation services, especially in rural areas away from urban centers. The current situation presents a huge opportunity to move away from the Agriculture Produce Marketing Committee (APMC) regime and explore direct to-consumer models. Several state governments have already initiated this.

Fisheries: The impact of the lockdowns on the sector was moderate, in the form of delayed stocking of ponds and disruptions in access to traders. The sector is expected to bounce back once lockdown restrictions are lifted and demand returns.

Dairy: The impact of the lockdowns on the sector was moderate, in the form of a drop in procurement prices by 30% from farmers due to reduced demand from institutional buyers. Dairies have tried to minimize losses by converting milk into skimmed milk powder. In the medium term, the status of the dairy sector will depend on how fast the demand for fresh milk picks up post lockdowns.

Agriculture Inputs: The supply of inputs was disrupted in the initial days as the movement of stock has ceased across geographies. Subsequently, the sale of fertilizer has increased due to good monsoons and a bumper Rabi crop. The availability of inputs for the Kharif season has improved after easing up of lockdown rules.

Farm mechanization: Tractor sales have declined more sharply in the last quarter of FY 2019-20 and the first quarter of FY 2020-21. The surplus availability of labor in rural areas may lead to reduced demand for mechanization in the medium term.

Farm labour: About 50 million internal migrants have returned home during the lockdowns. States like Punjab and Haryana will have deficit labour while eastern states like Bihar, Jharkhand, and West Bengal will have surplus labour. The situation will remain the same in the medium term, so Kharif sowing may be affected by the lack of labour in regions like Punjab and Haryana.

Strategy of Indian government to strengthen the agricultural sector post Covid-19

To overcome the impact of Covid-19 the govt. of India and state government decided the various new programs and also increases the budget of the various schemes:

PM Kisan Yojana: The program sends INR 6,000 (USD 78) per year as direct cash transfer to farmers' accounts in three instalments of INR 2,000 (USD 26) each out of total budget INR 54,000 crore (~USD 7 billion).

Agri infrastructure fund for farm-gate infrastructure for farmers: The fund will enhance infrastructure at the farm gate and aggregation points by investing in FPOs, primary agriculture cooperatives (PACS), and agriculture entrepreneurs, among others. Therefore the total INR 1 lakh crore (~USD 13.33 billion) budget was allocated.



Formalization of Micro Food Enterprises (MFE): The formalization exercise targets 200,000 MFEs to help them upgrade their technical knowledge, comply with Food Safety and Standards Authority of India (FSSAI) standards, build their brands, and take up marketing activities. The total budget for this scheme was INR 10,000 crore (~USD 1.33 billion).

Pradhan Mantri Matsya Sampada Yojana (PMMSY): The program works to enhance production and productivity, infrastructure development, post-harvest management, and improved regulatory environment for fisheries. Therefore the INR 20,000 crore (~USD 2.67 billion) budget was allocated.

National Animal Disease Control Program: The objective of the program is to achieve 100% vaccination of all large and small ruminants (530 million animals) in India. Therefore the total INR 13,343 crore (~USD 1.85 billion) budget was allocated.

Setting up of Animal Husbandry Infrastructure Development Fund: The total INR 15,000 crore (~USD 2 billion) budget was allocated under this scheme. The fund will support private investment in dairy processing, value addition, and cattle feed infrastructure. The fund will support private investment in dairy processing, value addition, and cattle feed infrastructure.

Promotion of herbal cultivation: Under this scheme total INR 4,000 crore (~USD 533 million) budget was allocated. The fund will create a network of regional market places for medicinal plants and target 1,000,000 hectares of land for herbal plants.

TOP (tomato, onion, potato) to TOTAL (all vegetables): The total INR 500 crore (~USD 66.67 million) budget was allocated under this scheme. The fund will help prevent farmers from resorting to distress sale of perishable commodities by subsidizing storage and transportation services.

Promoting of beekeeping: Under this programme INR 500 crore (~USD 66.67 million) budget was allocated. The fund will work to develop infrastructure for beekeeping production, collection, Storage and marketing

Conclusion

The pandemic led crisis has wreaked havoc on both the Indian and global agricultural system. A global food security crisis is in potentially looming that cannot be countered without understanding the impacts of Covid-19 on the agricultural system, especially of the developing countries. The Covid-19 crisis has brought to the fore some of the persistent problems that Indian agriculture faces. Despite the impressive strides made toward improved access to institutional credit, dependency on informal credit sources remains high, especially among smallholder farmers. The government has to step in to ensure farmers can access fresh credit for the Kharif season. The other important dynamic that policymakers and the wider development community need to look at is preserving the role of women in agriculture. The surplus labour in rural areas can potentially undermine the status of women in agriculture, and push them further into economic exclusion.

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