



“A CONCEPTUAL STUDY OF ECONOMIC CRISIS IN AGRICULTURE SECTOR IN INDIA AFTER COVID -19”

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Abstract: The COVID-19 pandemic was the greatest global humanitarian challenge the world has faced. The COVID-19 pandemic had a disastrous impact on human health and global economy. COVID-19 had disrupted activities in agriculture and supply chains. In many countries, the measures taken to control the transmission of the virus were initiated to obstruct the supply of agricultural commodities to markets and consumers across the borders. However this impacts on food safety, nutrition and the livelihoods of many workers like fisherman, farmers and others working in the food supply chain depends mainly on short term, medium and long term policy responses. Post pandemics in the world have shown that quarantine and panic affect human activities and economic growth and also have a huge impact on agricultural activities. Agriculture sector is one of the most important areas of human development and is related to food security. As the disease progresses, the situation worsens, movement restrictions become stricter, labour shortages for harvesting and it is very hard for farmers to bring their products to the market. This pandemic poses severe challenges to the agri- sector and also offers an opportunity to face challenges and accelerate the economic growth in post pandemic era. The main aim of the research is to study the challenges of the agriculture sector in COVID-19 and analyse the impact of COVID-19 on the Indian agricultural sector and rural economy, as well as potential strategies for post –pandemic recovery. Further also highlights the response of the Government of India.

Keywords: Agriculture, Economic growth, Pandemic, Supply chain, Policy.

Introduction

The COVID-19 crisis has exposed the vulnerability of India's Agricultural sector. A novel corona virus was identified in 2019 in Wuhan, China. The COVID-19 pandemic also known as corona virus pandemic, is a global pandemic of corona virus disease 2019 (COVID-19) caused severe acute respiratory syndrome corona virus 2 (SARS-COV-2). Attempts to contain it there failed, allowing the virus to spread to other parts of China and later worldwide. The World Health Organization (WHO) declared a Public Health Emergency of International Concern on 30 January 2020 and a pandemic on 11 March 2020. As of 12 July 2022, the pandemic had caused more than 556 million cases and 6.35 million confirmed deaths making it one of the deadliest in history.

It hampered the economy with complete closure imposed on enterprises across all sectors. Even though agricultural activities were spared in the initial phases of the lockdown, the agriculture value chain also faced large scale disruptions. This had a serious detrimental effect on the rural Indian economy.

India reported his first infection on 30 January 2020, prompting the authorities to soon initiate various measures to prevent the spread of the epidemic. Given that the disease is highly contagious the much needed nationwide lockdown was enforced starting 25 March 2020 in order to contain the spread of COVID-19 pandemic.

During the initial few weeks, the restrictions were strict and all non essential activities and businesses, including retail establishments, educational institutions, and places of religious worship across the country were prohibited from operating. Subsequently, these restrictions are being gradually eased in a phased manner in most parts of the country.

As the restrictions imposed due to the lockdown are being lifted, it is an opportune moment to analyse the impact of COVID-19 on agricultural sector of Indian economy. Post pandemics in the World have shown that quarantine and panic affect human activities and economic growth and development. It also has a huge impact on agricultural sector activities. Agriculture is one of the most important aspects of human development and it is related to food security. When pandemics occur, hunger and malnutrition also increase. As the disease progresses, the situation worsen, movement restrictions become stricter, labour shortages for harvesting, and it is difficult for farmers to bring their products to the market.

Millions of farmers in low income countries are extremely vulnerable to food supply crisis, from a climatic change perspective, reducing this vulnerability remains complicated. The limiting factors that curbed the spread of COVID-19 pandemic have caused severe supply –side crisis in rural areas, including friction in the agricultural market in sub Saharan Africa. Under COVID-19 restrictions, large scale field experiments will be used to study the impact of improved farm storage on household food security (Dilnashin, H.et al., 2021).The presence of corona virus disease has a negative impact on all the four pillars of food security, viz. Availability of food, accessibility of food, utilisation of food and stability of food (Okolie, C.et.al., 2022).

Instantly after the lockdown was announced, the finance minister of India announced a package of 1.7 trillion rupees under the scheme of “Pradhan Mantri Garib Kalyan Yojana”. The main aim of this scheme is to protect vulnerable crops including farmers from the negative effect of corona pandemic. This scheme included providing rice or wheat to 800 million people, providing employment opportunities to the poor sections of society and providing a health cover of 0.5 million to different health workers employed under the PM-KISAN “program. Under this same scheme, 6000 rupees in the farmer’s bank accounts was circulated as income support annually in three instalments .As per the finance Ministry, these benefits were given to 86.9 million farmers. The wage rates of workers working under NREGA (National Rural Employment Guarantee Act) were also increased.PM–CARES fund was set up with the main objective of dealing with any kind of distress or an emergency posed by the COVID-19 pandemic.

The Indian Council for Agricultural Research (ICAR) had also announced and issued guidelines for farmers to follow during the lockdown. The advisory mentions the practices and measures to follow during the post-harvest storage and sales of agricultural commodities. Suggestions and Measures to grow and threshing various Rabi (winter sowing) crops were included in the advisory. The Reserve Bank of India had also announced different ways to deal with the burden of debt servicing of the pandemic .Banks and Financial institutions suspended agricultural period and crop loans for 3 months (until 30 may 2020) and the interest rates of the high paid borrowers crop loans were also reduced.

Contemporary Challenges

The negative impact of the COVID-19 pandemic on the agricultural economy has influenced more and more attention due to continued restrictions on migration of labours and traffic. During the peak time of Rabi crop season when crops such as wheat, lentils, gram, and mustard have been harvested or are close to maturity. During the Rabi harvest season the farmers were completely relied on Government to make sure proper crop harvesting without any disruptions. The supply and demand of fruits, vegetables, dairy products in the market were also disrupted, and thus it did not meet the needs of rural and urban consumers’ .The workers and labours migrated towards their homes which also created an emergency and critical situation. The Ministry of the internal affairs informed that a very important measure to be taken is to exclude blocked farmers, migrant workers, and harvesting and planting related machinery (Dilnashin, H.et al.) .The most critical challenge for the national Government was to providing fruits, vegetables and other necessary items to the rural and urban consumers as suppliers and stakeholders were disrupted in the lockdown. Government agencies should monitor regularly that there should be effective transportation and distribution system so that the needs of consumers fulfilled by maintaining established guidelines and social distancing norms. The pandemic wreaked a substantial physical, social, economic and emotional havoc on all the stakeholders of Indian Agricultural system. Seizing the crisis as an opportunity, the state announced a raft of measures and long pending reforms. Is very important to propose a strategy ranging from social safety nets, family farming, and monetizing buffer stock, staggered procurement to secondary agriculture to revive and prosper post pandemic.

Precautionary Measures

COVID-19 is an unrivalled challenge for India, its huge population and the economy's dependence on informal labour make lockdowns and other social distancing measures largely disruptive. Approximately in India almost 85% of the farmers are marginal/small farmers and most of these are landless farmers. Indian government has taken many welfare measures to control the spread and damage caused by COVID-19 pandemic. Relevant measures have been implemented by the Government for the benefit of farmers and Agriculture Sector. The main focus of the Government should save the life of farmers. Agriculture is the mainstay of the Indian economy. Many people engaged in agriculture and related activities, mainly those who lost income due to informal employment during the lockdown, have other options like cash transfer until the economy recovers from this worsen situation.

The Indian Government implemented policy recommendations to prevent the spread and recover the post COVID-19 economy. There should be an immediate expansion (Tenant farmers should be included) of the Pradhan Mantri Fasal Bima Yojana (PMFBY) is an insurance service to farmers affected for their yields affected by the COVID-19 pandemic. MSPs for farmers in the 220-21 seasons should be substantially raised to 1.5 times the cost of production. Procurement should also be significantly enlarged.

Motivating better functioning food markets through improved regional, potential and economic integration and better functioning for trade in food. Government has decided to reduce VAT and other taxes temporarily. Reduce post harvest crop losses and improve food stocks along the value chain. The removal of artificial constraints to domestic trades throughout the food supply chain in order to connect small marginal farmers to markets.

The Government ensure that local purchases of food and food components for generous purposes are exempt from restrictions. There is hold down core inflation and inflation expectations. Assess and comprehensively cost all fiscal measures taken in response to the rise in food prices. There is protection of basic consumption needs of vulnerable populations. The efforts have been put by the government to scale up nutritional support and support management and prevention of malnutrition, hunger.

Fortunately, the Indian Government is currently focusing on nutrition, safety and increasing farmer's income (rather than increasing agricultural productivity). Proper plans and incentives to change consumer behaviour are already on the agenda. For all of these things to happen, the current state of policy incentives that favour the two main staple foods, wheat and rice needs to be changed. In the post –COVID-19 scenario, agricultural policy design should include these basic elements of the transformation of India's food system.

Impact of COVID-19 on India's Agriculture and Allied sector

In the middle the COVID -19 crisis, agricultural activities related to marketing and production have been deemed "essential services" and were not restricted in any state. However, the lockdowns shut the operations of retail sellers and restricted their movement, constrained the movement of goods severely, closed processing units that consume agricultural commodities, and despite their essential service tag-shut down some mandis and markets. As the country begins to open up again, summarise the impact of COVID-19 lockdown on the different sub –sectors (Srinivasan, N.et al.).

1. **Floriculture** – Flower farmers have incurred substantial losses due to the sudden fall in demand. The sector will continue to remain depressed until the lockdown restrictions ease up, while many farmers may move away from floriculture.
2. **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 segregated business models-particularly with the return of urban migrants to their rural homes.
3. **Vegetables**-The impact of the lockdowns on the sector was high due to disruptions in transportation services, especially in rural areas away from urban centres. The current situation presents a big chance to move away from the Agriculture Produce Marketing Committee (APMC) regime and explore direct to –consumer models. Several state governments have already started this.
4. **Fisheries**-The impact of the lockdowns on the fisheries sector was moderate, in the form of delayed stocking of ponds and disruptions in access to traders. The fisheries sector is expected to bounce back once lockdown restrictions are lifted and demand returns.
5. **Dairy** –The impact of the lockdowns on the dairy sector was average, in the form of a drop in procurement prices by 30%from farmers due to decrease demand from institutional buyers. Dairies have tried to keep down 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.
6. **Farm Inputs**-The supply of inputs was disrupted in the initial days as the movement of stock has halt 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 upgraded after easing up of lockdown rules.

7. **Farm Mechanization-** Tractor sales have declined more sharply in the last quarter of financial year 2019-20 and the first quarter of FY 2020-21. The surplus availability of labour in rural areas may lead to reduced demand for mechanization in the medium term.
8. **Farm labour-** 50 million internal migrants have returned home during the lockdowns. States like Punjab and Haryana will have shortfall of labour while eastern states like Bihar, Jharkhand and West Bengal will have overabundance labour. The situation will remain the same in medium term, so Kharif sowing may be affected by the lack of labour in regions like Punjab and Haryana.

Problems and issues faced by Agriculture and Supply Chain

- COVID-19 has disordered activities in agriculture and supply chains.
- The unavailability of migrant labour interrupted some harvesting activities, particularly in North West India where wheat and pulses were being harvested.
- There were disruptions in supply chains because of transportation problems and other issues. Prices have declined for wheat, vegetables and other crops, yet consumers are often paying more.
- India's \$ 14 billion (or RS 1 trillion) poultry market has begun a slaughter exercise as consumers have started keeping off chicken products for catching corona virus.
- Sick demand from the poultry sector has resulted in a sharp decline in feed prices too, with both soybean and maize prices falling by 25 % in the past two months the poultry market consumes around half of soybean and maize production in India. Industry estimates peg the loss to the market at rupees 1,000 crore.
- According to media report, the closure of hotels, restaurants, tea -coffee shops, candy shops has depressed milk sales.

Using of Social Safety nets as a bridge between health crisis and economic crisis.

Safety net programmes, as part of the broader social protection agenda, aim to address risks, vulnerability and social exclusion. Safety nets help vulnerable households be protected against livelihoods risks, maintain an adequate level of food consumption and improve food security. The lock down has choked off almost all economic activity. In urban areas, the widespread loss of jobs and incomes for informal workers and the poor. Estimates by the centre for Monitoring Indian Economy show that unemployment shot up from 8.4% in mid March to 23% in the first week of April. The shutdown will cause untold misery for informal workers and poor, who lead precarious lives facing hunger and malnutrition.

The best way to super scribe this urgent need is to use social safety nets extensively to stabilize their lives with food and cash. The Indian government has quickly responded to the crisis and announced a \$ 22 billion relief package, which includes food and cash transfers. Several state governments have announced their own support packages. The central Government relief package, called Pradhan Mantri Garib Kalyan Yojana (Prime minister's plan for well being of the poor) is aimed at providing safety nets for those hit the hardest by the COVID-19 lockdown. COVID-19 is an unprecedented challenge for India; its large population and the economy's dependence on informal labour make lockdowns and other social distancing measures hugely disruptive.

The Indian Government has also taken a few important policy decisions, including Amendments to the Essential Commodities Act to deregulate the stock limits and prices of commodities like cereals, edible oils, pulses, onions and potatoes to allow farmers to realize better prices. Agriculture marketing reforms to remove restrictions and allow farmers to sell to any buyer of their choice in any geography, including through electronic market platforms.

The Government of India and many state governments have designed several measures to address the post COVID-19 problems that farmer face. Under PM Kisan Yojana, the government sends INR 6000 per year as direct cash transfer to farmer's accounts in three instalments. Agri infrastructure fund for farm gate infrastructure for farmers by investing in FPOs, primary agriculture cooperatives (PACS) and agriculture entrepreneurs, among others. Initiation of National Animal Disease Control Program with the objective is to carry off 100 % vaccination of all large and small ruminants (530 million animals) in India. The Government also awarded budget private investment in dairy processing, value addition and cattle feed infrastructure.

Recovery Post COVID-19

The pressure for growth and development cannot fall on agriculture alone. But agri sector importance and farmer's welfare cannot be neglected. Many initiatives started and implemented by the government helping in making agricultural credit finance available to farmers. For example concessional credit with low interest rate is given through credit cards under the PM Kisan scheme. Many farmers remain unaware of such schemes and facilities which are necessary to educate the farmers are essential for the revival of the economy.

Agriculture remains the backbone of India's economy. The contribution of the agriculture sector during and post lockdown will help India recover from COVID's economic impact.

Conclusion

The COVID-19 pandemic has brought to the fore some of the determined problems that Indian agriculture faces. The primary focus is necessarily on containment, treating the ill and helping the communities cope with the epidemic. Due to spread of COVID-19, the Indian Government announced 21 days lockdown at hotspots to limit the spread of the virus transmission. The precaution taken by the Indian government to limit the cases but the complete lockdown has thrust the economy into recession. Despite the splendid strides made toward improved access to institutional credit, dependency on informal credit sources remains high, especially among smallholder farmers. Farm labor shortages, input shortages, machinery shortages, poor access to credit and consultancy, and movement restrictions were pronounced (Habanyati, E.J, et al). The key characteristics of COVID-19 pandemic that there is complete disruption of supply chain, disruption in food procurement by government agencies, malnutrition, shortage of labour and workers collecting crops, merchants harvesting Rabi crops, disruption in transportation of commodities.

It is very important to understand the impact of COVID-19 on agricultural sector. If we do not understand the impact; we will not be able to respond to food security crisis. In India migration of labour, movement restrictions, transportation problem, and disruption in supply chain ultimately pushed up the wholesale and retail prices of agricultural commodities such as wheat, rice, soybean, flour, milk and vegetables.

The Indian agriculture sector deserves a new deal in the post COVID -19 scenario. The pandemic has highlighted the importance of major differences in the way agricultural policies implemented over the decades. It effectively reversed the importance of self reliance for production of essential food items and hazards of the free trade system. There is a great need that government help and activeness to implement each and every law in the agricultural sector and also assists in the agricultural inputs.

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