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Challenges of COVID-19 on Indian agriculture and government's role towards its removal

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Abstract

Agriculture in India is a State subject, and as has been observed in past years, policies and programs vary from one State to the other. Waiver of farm loans, evidences suggest, have not fully benefitted the majority of small and marginal farmers. Rather, it affects the future credit behavior of the borrowers and thus negatively impacts the agricultural credit culture altogether. As the kharif (rainy/wet) season is fast approaching, institutional lending of crop loans should be expanded and facilitated for smooth (and sufficient) flow of credit to borrowing farmers. Agri-inputs, seeds, fertilizers, agro-chemicals, etc. have to be pre-positioned for easy availability. Private sector must play a significant role with necessary policy support. Lack of planning and preparation by the Central government for tackling the COVID-19 pandemic has dealt a massive blow to India's economy and has caused enormous hardships to working people of the country. The informal rural economy has been hit the hardest by this. Central government's refusal to acknowledge the crisis and their mis-management in handling it has aggravated the suffering of people and has deepened the crisis further.

Keywords: Agriculture, COVID-19, Indian Economy, Lockdown

Introduction

Agriculture is the backbone of any economy. It is the primary sector which generates employment so that the entire circle of economic circulation goes on. When we talk about the Indian economy, the majority of the population is restricted to this sector. With the ongoing pandemic, livelihoods of all the farmers and the people who are indulging in this sector are at high risk. In some nations, COVID-19 has disappeared while in some it is coming back. Just a short span of the pandemic will leave an everlasting effect on the agricultural sector. The pandemic will go away surely, but we do not know when and we do not know the quantum of the negative impact it will leave on the economy. Leading authors and researchers have said that there might be a food crisis unless measures are taken fast to protect the most vulnerable food supply chains alive.

The ongoing health crisis around COVID19 has affected all walks of life. Protecting lives of people suffering from the disease as well as frontline health responders have been the priority of nations. Governments have swung into actions since the Corona virus attack created an unprecedented situation. India declared a three-week nation-wide lockdown till mid-April in the initial phase, which was subsequently extended for achieving satisfactory containment of the virus spread. During these challenging times, how does Indian Agriculture respond to the crisis and how do government measures affect 140 million farm households across the country and thereafter impact the economy of a very important country in the developing world? We assess the immediate challenges that COVID19 has posed to the farm sector and suggest mitigation measures to ensure a sustainable food system in the post-crisis period.

Immediately after the nation-wide lockdown was announced, the Indian Finance Minister declared an INR 1.7 trillion package, mostly to protect the vulnerable sections (including farmers) from any adverse impacts of the Corona pandemic. The announcement, among a slew of benefits, contained advance release of INR 2000 to bank accounts of farmers as income support under PM-KISAN scheme. The Government also raised the wage rate for workers engaged under the NREGS, world's largest wage guarantee scheme. Under the special scheme to take care of the vulnerable population, Pradhan Mantri Garib Kalyan Yojana has been announced.

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Additional grain allotments to registered beneficiaries were also announced for the next three months. Cash and food assistance to persons engaged in the informal sector, mostly migrant laborers, have also been announced for which a separate PM-CARES (Prime Minister Citizen Assistance and Relief in Emergency Situations) fund has been created.

The Indian Council of Agricultural Research (ICAR) has issued state-wise guidelines for farmers to be followed during the lockdown period. The advisory mentions specific practices during harvest and threshing of various rabi crops as well as post-harvest, storage and marketing of the farm produce.

The Reserve Bank of India (RBI) has also announced specific measures that address the “burden of debt servicing” due to COVID19 pandemic. Agricultural term and crop loans have been granted a moratorium of three months by banking institutions with 3 percent concession on the interest rate of crop loans up to INR 300,000 for borrowers with good repayment behavior.

Challenges of COVID-19 on Indian agriculture

In spite of all these measures and in view of continuing restrictions on movements of people and vehicular traffic, concerns have been raised regarding negative implications of COVID19 pandemic on the farm economy. This is the peak of rabi season in India and crops like wheat, gram, lentil, mustard, etc. (including paddy in irrigated tracts) are at harvestable stage or almost reaching maturity. This is also the time when the farm harvests reach the mandis (market yards) for assured procurement operations by designated government agencies. Moreover, any severe disruption to the supply of perishable fruits and vegetables, dairy products, fish, etc. having mobilized to meet the increasing demand from a bulging middle class as well as urban and rural consumers, may create irreparable damage to all actors in the supply chain. The migration of workers from few parts to their native places has also triggered panic buttons, as they are crucial for both harvesting operations and post-harvest handling of produce in storage and marketing centers. The Union Home Ministry, in a very significant move, has notified to exclude movement of farmers, farm laborers and harvesting and sowing-related machines from the purview of lockdown.

Making the food grains, fruits and vegetables and other essential items available to consumers, both in rural and urban areas, is the most critical challenge for Government machinery during the lockdown period. Smooth functioning of the supply chain, with adequate safety measures for the people involved, is of paramount importance. Transportation of public distribution system (PDS) items to last mile delivery agents, by both rail and road, has to be ensured by respective Government agencies. Distribution of the commodities to vulnerable population, while maintaining prescribed guidelines and protocol, particularly of social distancing, must be effectively monitored.

As the ongoing lockdown coincides with the rabi harvesting season, farmers across the country look up to the Government to ensure uninterrupted harvesting of the crops as well as smooth procurement operations. The Union Home Ministry’s circular waiving restrictions on the inter- and intra-State movements of farmers/laborers, as well as harvesting and related farm machines, is indeed a step in right direction. While ensuring availability of laborers for critical farm operations, their safety (from any COVID

infection) and welfare must be prioritized by the Government systems. The sale of dairy products; fish; poultry, etc. has also been hit during the lockdown period as the uptake by the organized industry players has been affected due to shortage of workforce and transport issues.

As weather has been very erratic over past few months in many parts, harvested produce must also be protected from such risks.

Mitigation measures

The poor sections of society are always the hardest hit in any disaster or pandemic situation. With about 85 percent of Indian farm households being small and marginal farmers, and a significant part of the population being landless farm laborers, welfare measures to contain any damage from COVID are definitely going to help them with sincere implementation. The focus of the Government therefore has to be to protect the lives of every citizen. However, people living on agriculture and allied activities, mostly those losing their income from informal employment at this lockdown period, have to be provided with alternative avenues (cash transfers) till the economy bounces back.

To sustain the demand for agricultural commodities, investments in key logistics must be enhanced. Moreover, e-commerce and delivery companies and start-ups need to be encouraged with suitable policies and incentives.

The small and medium enterprises, running with raw materials from the agriculture and allied sector or otherwise, also need special attention so that the rural economy doesn’t collapse. To obviate the immediate concerns of scarcity of farm labor, policies must facilitate easy availability of machinery through state entities, Farmer Producer Organizations (FPOs) or custom hiring centers (CHCs) with suitable incentives. It is also suggested to explore leveraging NREGS funds to pay part of the farm labor (with farmers paying the balance wage amount) to lessen the monetary burden on the farmer, while ensuring wage employment to the landless laborers and workers.

To answer queries relating to the announced measures of Government and addressing grievances of farmers, besides providing advisories on farm operations; availability of agri-inputs, dedicated toll-free helplines/call centers (in local/vernacular languages) must be established by the Government.

Relaxation of the norms by Agricultural Produce Market Committees (APMCs) allowing farmers to sell their produce beyond the designated mandis will certainly ease the burdens of farmers. State Governments must gear up their machineries for smooth procurement operations of farmers’ marketable surpluses at MSP (minimum support price) or through other price support schemes.

Under the COVID19 pandemic, being a health crisis of unprecedented proportions, the major share of future Budget allocations obviously would be apportioned for the health sector. However, investments should not be crowded out of the primary sector to prevent irreversible damage to the farm economy. Manufacturing and services sectors may be severely hit in the short run till the time the economy bounces back. It will be thus very appropriate to focus attention on the agriculture sector as a growth engine and also to bring resilience in food security. At this critical stage, where climate change is already adversely impacting the agriculture sector, productive investments, including on research and innovation, would be very purposeful.

Structural reforms such as land leasing, contract farming and private agricultural markets, etc. have long been advocated to bring enhanced investments into the agriculture sector and to push its growth. However, there has not been uniform implementation of these legislations by State Governments and so the full potential of the sector is unrealized. These reforms need significant political will. Concerns of a slowdown in the zeal of States, post-COVID scenario, could be tackled with suitable incentive mechanisms by the Federal Government to the States.

With a burgeoning population, there is a corresponding rise in food demand in India. However, the negative externalities of the Green Revolution, particularly the environmental trade-offs and staple cereals fundamentalism, have since been realized. It is thus desirable to switch over to a suitable model with a far stronger nutrition focus where diets are more diverse. A post-COVID situation offers that unique opportunity to repurpose the existing food and agriculture policies for a healthier population.

There have been global concerns, rather speculations, on restriction of exports of agricultural commodities by a few global players. India, being trade-surplus on commodities like rice, meat, milk products, tea, honey, horticultural products, etc. may seize the opportunities by exporting such products with a stable agri-exports policy. India's agricultural exports are valued at 38 billion US Dollars in 2018-19 and can rise up further with conducive policies. Development of export-supportive infrastructure and logistics would need investments and support of the private sector that will be in the long term interests of farmers in boosting their income.

Many climate models predict a favorable monsoon in the 2020 season as the El-Nino weather phenomenon, that disrupts rainfall in India, is not evident. This is indeed good news in the COVID scenario, assuming agriculture can practice largely unscathed.

Conclusion

Present paper concluded that the Government of India has now increased its focus on nutrition security and raising farmers' income. Changing the consumer behavior with suitable programs and incentives is already in the agenda. For all these to happen, the existing landscape of policy incentives that favor the two big staples of wheat and rice has to change. Designing agricultural policies, post-COVID19 scenario, must include these imperatives for a food systems transformation in India.

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