

## **The Indian Agricultural crisis and growing Farmer distress amidst COVID-19: Ways to restore the distorted supply chain to stop the dampening of agricultural prices.**

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**Abstract:** Agriculture plays an important role in the development of the Country's economy, as India is basically an agrarian economy. In this present scenario, the economy of the country is affected and no sector is being escaped from the impact of Covid-19. The Global Pandemic of COVID -19 has severely crippled the income of the Indian farmers . But what is more interesting is that, this time we aren't very concerned about the crop yield because it is good enough and the standing crops are ready to be harvested. Therefore, there has been an unusual shift of our focus from agricultural output to " depressing" agricultural prices. The term 'unusual' is primarily implies that this time ,the dampening agricultural prices is not due to excess supply but due to 'Depressing Demand' . Its impact on agriculture is complex and varied from the other sector and it is basically related with the problems of labour availability, inability to access markets for production and marketing, etc. However, commercial crops are drastically hit as they tend to be more dependent on migrant labour. The paper mainly focused on the impact of Agriculture in the livelihood of the farmers due to Global Pandemic. It also study about how the smoothening of supply chains will save the farmers from distress. Lastly, it try to understand the crisis and losses of the agriculturist and to provide some suggestion how to overcome in this situation. However, from the study it is found that the end of the lockdown will not end the problems. Though, what kind of reforms Indian Agriculture and its workforce may witness is worthy question at hand and will be analyzed in the last part of this paper.

**Keywords:** Agriculture, Global, Economy, Depression, Losses, Crisis

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Date of Submission: 27-07-2020

Date of Acceptance: 11-08-2020

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### **I. Introduction:**

Sustainability is the biggest challenge for the agricultural sector, due to this pandemic situation nothing is seems to be right for the Indian economy. The rate of growth of agricultural output is gradually declining in the recent years but due to this situation it has gone to a very worst situation for the farmers. The performance of the agricultural crops is clearly indicating the slow down the process of agriculture. With a sharp decline in takers of the vegetables, fruits and flowers, farmers are looking for the Government for help and with a hope that they will get little bit of relief. For the farmers who are facing huge losses during the month of January and February due to the climatic problems, but after that lockdown from March owing to coronavirus outbreak proved a double whammy. The future is seeming to be so uncertain and clueless. Now, the priority is taken for protecting lives of people suffering from the disease and from poverty due to this lockdown. During this challenging time, agriculture respond to the crisis and but the government is facing difficulty in helping and measuring the problems of 140 million farm household. But there is no need for the world to panic . As of now, there is enough food for everyone, because disruptions have been minimal as food supply has been adequate and markets have been stable so far.

### **II. Review Of Literature:**

❖ **Dev Mahendra S,(2020);** in his paper discuss about impact on agriculture, food security and livelihoods in India. In this paper researcher understand that the testing should be expanded significantly as the pattern of the spread of COVID-19 is increasing day by day. It is found that due to COVID-19, Agricultural and supply chains are disrupting as the non-availability of migrant labor is interrupting and also transportation problems is one of the issues. Some measures are suggested like farm populations must be protected from coronavirus by testing and maintaining social distance and the farmers and agricultural workers should be included in the Government Assistance Package.

❖ **C.Ushe,(2018);**The study focused on using agri-business to boost job creation, increase productivity and the income bases of the farmers. But it focused mainly on Nigerian and the place of agripreneurship in the

scheme of Nigeria's economic development. Though the peculiarities of Nigeria's agricultural sector make it very dire for agripreneurship development. From the study, it is observed that agriculture is the highest contributor to Nigeria's GDP with an estimate of over 40% from the colonial period to about 29% presently and followed by services and the petroleum sectors that contributed about 15%. Agriculture therefore is pivotal to the country's economic development and should be properly linked in efforts to rejuvenate the economy.

❖ **Kadir,(2014);**The agricultural sector has been an important one in Malaysia since before the country's independence, and was the main contributor to the Malaysian economy during the First National Agriculture Policy. The history of agriculture can be traced back to during British administration in Malaya. So, the Young agropreneurprogramme is designed specifically for young people under the age of 40, to facilitate and encourage the involvement of the target group in entrepreneurship based on agricultural activities which include all activities within the agricultural industry and value chain encompasses the agricultural sector.

#### **OBJECTIVE OF THE STUDY:**

- To study about the impact of agriculture in the livelihood of farmers due to global pandemic.
- To study how the supply chain will smoothening the lives of the farmers from distress.
- To understand the crisis and losses of the agriculturalists.
- To provide some suggestion to overcome the situation.

#### **SIGNIFICANCE OF THE STUDY:**

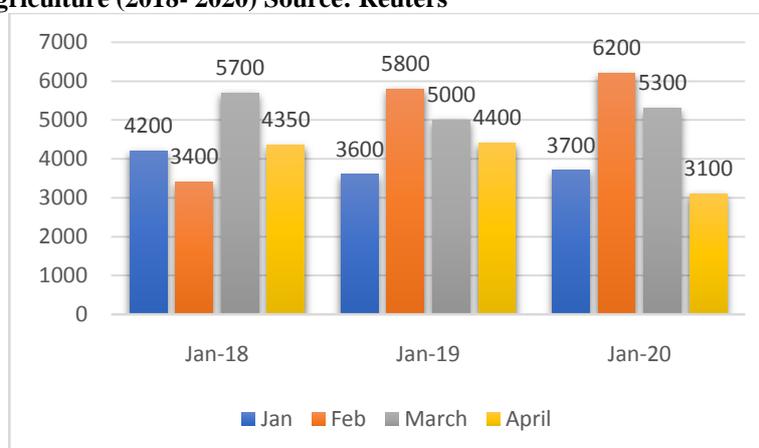
Agriculture is the vital source for the Indian economy. The world is rapidly sliding towards recession. As India moves from regulations and controls to total lockdown due to the impact of COVID-19. As such the distributions in goods and services are disturbed. Thus, as a result reduced consumption and overall demand also falls. But the majority of the income in the GDP is increase up to 17% due to agriculture before this pandemic situation. But now the farmers are suffering from a very dangerous situation and their livelihoods are affected and study about the impact of COVID-19 will be very much beneficial for the upcoming policy makers and for the researchers so that they can provide some helps and solution to overcome this situation.

#### **METHODOLOGY OF THE STUDY:**

The study is descriptive and analytical in nature. The farmers who are engaged in various agricultural activities are taken into consideration for the survey. As they are the most desirable respondents to have touch with entrepreneurship. The study is conducted during the period of April 2020- 1<sup>st</sup> week of June 2020 . The sampling frame consists from various websites, newspaper, television etc from the chosen universe . Convenience Sampling method was used in the study. Digital questionnaires in the form of Google forms were sent to the respondents deliberately through email and direct messaging. The amount of data collected in the study is processed and analyzed through diagrams and with passages.

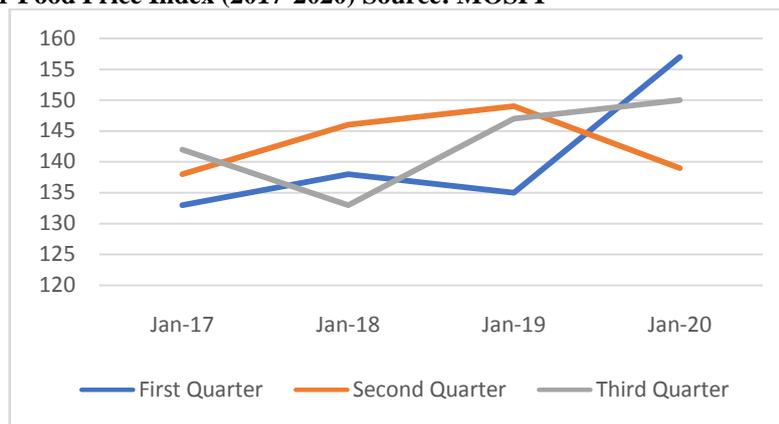
#### **ANALYSIS AND INTERPRETATION OF THE STUDY:**

##### ➤ **GDP of Agriculture (2018- 2020) Source: Reuters**



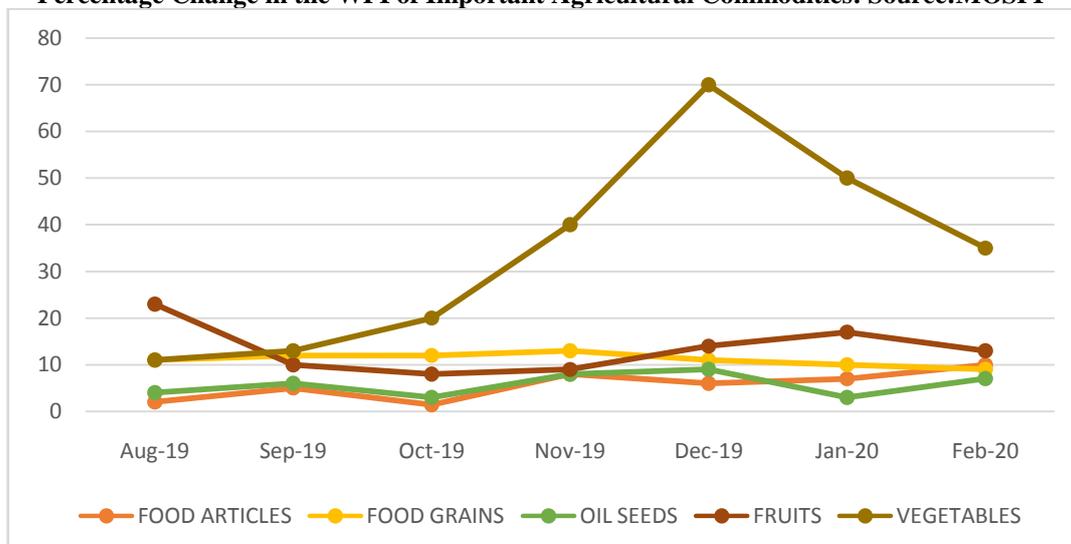
Interpretation: GDP from Agriculture in India decreased to 5306.26 INR Billion in the first quarter of 2020 from 6198.83 INR Billion in the fourth quarter of 2019.

➤ **Consumer Food Price Index (2017-2020) Source: MOSPI**



Interpretation: It is seen that Consumer Price Index in this year is increasing due to lack of transportation facility and also due to shortage of food. The seller are increasing the price of the goods and the farmers and the poor are affected.

➤ **Percentage Change in the WPI of Important Agricultural Commodities: Source:MOSPI**



Interpretation: It is seen that the price percentage of the regular commodities and the foods which are necessary are rising due to lack of availability.

• **Economic crisis during COVID -19 Pandemic:**

To save the masses from the spread of Coronavirus and to get ready the health infrastructure, starting from zero production of masks and Personal Protective Equipment's (PPE) to thousands in numbers , the nationwide lockdown was imposed by PM Narendra Modi. Therefore, all economic activities came to a halt. Initially, the supply of goods and services could not meet the demand. Thereafter , many people started losing their jobs, especially those who are daily wage earners and the workforce that's informally employed. Accordingly, there's a loss of income. Loss of income accompanied by people not venturing out of their houses to purchase goods and services implies reduced consumption ; that is Aggregate demand has started to fall . Hence, COVID -19 has already initiated a recession with both demand and supply falling.

Banking sector is also worst affected by the COVID -19 Pandemic . Even before the lockdown started, the banking sector was experiencing high NPAs( Non -Performing Assets) . Not only this, but close of all economic activities means low demand for credit plus no /poor debt repayment. Apart from this, export of agriculture produce basically spices and plantation sectors have experienced falling demand and hence falling prices too. The intermediate products or raw materials couldn't be imported for the time being at considerably low prices for which production in certain industries halted .

- **Crisis in Agriculture during COVID-19 Pandemic :**

Rabi crops such as wheat, gram, lentils, mustard are ready to be harvested /matured. This harvested agricultural produce need to reach the mandis ( market) timely. Apart from that, the Government agencies should also give the farmers an assurance for the procurement of such agricultural produce.

Food viz. Fish, meat, fruits, vegetables, dairy products are perishable ,their cost of production cannot be covered by any means if too much delay is made to reach the market. In such cases, the farmers or those engaged in allied activities bear huge losses. Due to the nationwide lockdown imposed by PM Narendra Modi, the transportation network for trade and commerce got totally broken and the supply chains got distorted. In the wake of the COVID-19 Pandemic, a large section population engaged in agriculture and allied activities are severely hit.

It's heart wrenching to see the workers walking back to their villages from the place of work after losing their jobs, in this lockdown. These workers were utmost needed during this harvest season and for post-harvest handling of produce in storage and marketing centers.

It's crystal clear that huge budgetary allocations will be made in the health sector owing to the rapid spread of coronavirus, but deviating the attention far away from the agricultural sector will threaten the resilience in food and nutrition security. Hence research and innovation for agriculture should continue .

While the rabi crops are ready to be harvested, the Kharif season is approaching. Waiver of the farm loans are not enough to save the small and marginal farmers, rather the agriculture credit culture is seen to be negatively affected. Hence, crop loans availability should be ensured for smooth flow of credit during the crisis period. With migrant workers quitting agriculture and leaving for their villages, agriculture needs mechanical harvesters to make up for the shortages of human labour. But lockdown scenario has forcefully closed the machine shops ;mechanics and spare parts are unavailable.

Workforce in animal husbandry saw rising cost of production due to shortage of livestock feeds. Many birds have also died and farmers are trying to sell those under panic at low prices.

### **III. Findings**

- The Indian Government responded to the crisis and announced a relief package of \$22 Billion which includes food and cash transfers. Even various state government has announced different types of packages to overcome this situation.

- It is seen that the Indian Finance Minister declared INR 1.7 trillion package to protect the vulnerable sections of the country including the farmers.

- The farmers are getting INR 2000 to bank accounts as an income support under the PM KISAN Scheme, but from the various sources it is seen that many of the farmers are not getting this benefit instead of that various other people in the society are deriving this benefit. But here the question arise whether this INR 2000 will help in overcome their losses.

- From the source it is also seen that that wage rate has increased under the NREGS which is the largest wage guarantee scheme , with a hope that this will help in the livelihood of the workers.

- Pradhan Mantri Garib Kalyan Yojana( Prime Minister's scheme for welfare of the poor) has been announced during this pandemic situation which is a hope and happy moment for the poor people. Also, those who are already registered beneficiaries and are having BPL( Below Poverty Line) Certificate are getting additional grains for 3 months during the lockdown period.

- Another scheme named PM CARES( Prime Minister Citizen Assistance and Relief in Emergency Situation) has been announced by the government to the informal sector of the society which are mostly migrant laborers for cash and food assistant.

- The Indian Council of Agricultural Research(ICAR) has issued guidelines state wise to cope up during this harvesting period and various practices have been mentioned by them for different crops to storage and marketing of the farm products.

- Reserve Bank of India(RBI) has announced specific measures that address **“the burden of debt servicing”** due to COVID 19 Pandemic, where agricultural terms and crop loans have been granted a moratorium of 3 months( till 31<sup>st</sup> May) by various banking institutions with a 3% concession on the interest rate of the crop loans up to INR 3,00,000 for borrowers.

- In spite of all the measures and in viewing of the situation, negative implications of COVID 19 pandemic on the farm economy is increasing, as this is a peak time for agriculture farmers in India to start the new harvesting of crops like rabi, gram, lentil, mustard and also this is the time when the farm harvest reach to the customers and the marketing start. Now the farmers are looking for Government to ensure uninterrupted harvesting of crops as well as smooth procurement operations. Even the sale of dairy products: Fish, poultry, etc. , has also been hit during the lockdown period as the uptake by the organized sector has been affected due to shortage of workers and also transport issue. But the owner of Grocery Store are managing somehow to sell

their products and even they are earning higher than the regular days, still they facing problems in providing all the essential to the customers due to storage of storing facility and unavailability of the products in the market.

- As logistics are disrupted and efforts proceed to slow the spread of the virus, multiple connected industry sectors are already being impacted and for these logistic chains slowdown and there is lack of storages and this is how slowdowns are impacting fertilizer, fuel and other input movement and availability as it's the time for spring.

#### **IV. Suggestion**

1) During the ongoing COVID-19 Pandemic , some countries are restricted from exporting agricultural produce and some industrial countries are themselves finding difficulties to feed the countrymen due to fall in production and malfunction of markets. India can grasp this opportunity because it is a trade surplus in rice, meat, milk , honey and horticultural products. India's agricultural exports are valued at 38 billion dollars in 2018-19. For standing up in the pandemic situation, the country being a trade surplus in agricultural produce requires good infrastructure and support of the private players as well.

2) Since decades, we have been fundamentally dependent on rice and wheat. This is the time to reduce this fundamentalism and switching over to a nutrition rich diet with a range of choices. Transformation of existing food and agricultural policies should be emphasized.

3) Farmers should be allowed to sell their agricultural produce beyond the designated mandis by relaxation of the norms of APMCs ( Agricultural Produce Market Commodities) . As the farmers have to suffer monetary losses because of the marketable surplus which must be procured at Minimum Support Prices (MSP) or through different price schemes. This will save the farmers from distress at least to some extent.

4) As the government warehousing are overflowing with 71 million tons of rice and wheat, so the government should offer universal coverage of distribution in the next few months. Even several state governments have started innovative programs to help the informal workers and the poor.

5) To address the grievances of the farmers , advising for farm operations and availability of inputs, toll free helplines /call centers in local /vernacular languages should be effective soon.

6) HOPCOMS (Horticultural Producers Cooperative Marketing and Processing Societies) lack entrepreneurship. The infrastructure of HOPCOMS such as ripening chambers, cold storage and network of retail outlets have remained underutilized. The Department of Horticulture runs Farmer Produce Centers (FPCs) with much interest, but HOPCOMS are poorly run. At least, during the pandemic the FPCs should be allowed to run HOPCOMs , that will add to the low incomes of workforce engaged in agriculture and allied activities.

7) Migration of workers back to their villages, especially from Punjab and Haryana has highlighted the wrong strategy of excessive dependence on unsustainable water and labour intensive crops. Hence, COVID-19 Pandemic has offered an opportunity to correct the fallacies in agriculture and to diversify our crops.

8) Crop Diversification is possible only when the farmers are convinced to go for it. No matter if the crop diversification is sustainable and environmentally good and nutrition rich, but if the farmers think it to fetch monetary losses for them, they will never adopt this way of agriculture .Henceforth, farmers must be given financial incentives and assurance of stable incomes. Cereal, pulses , millets should be grown together to support Integrated Child Development Services and MDM (Mid-Day Meal) scheme along with the objective of support livelihood of rural people.

9) COVID -19 Pandemic has pushed into the human attention of how important it is to build up the immune system. Urban demand for products low in salt, sugar and fats is on rise but massive awareness campaigns has to be undertaken in rural areas. Therefore, it is the time to change the consumer behavior that will enhance the consumption of a nutrition rich diet. Women can impact this change in consumer behavior and nutrition greatly as they are mothers and caretakers , kitchen managers at household level. Increased women education can reduce the prevalence of anaemia, malnutrition etc.

10) It can be suggested that to sustain the demand for agricultural commodities, investment in key logistic must be enhanced. Even the e-commerce and delivery companies need to encourage various incentives and policies.

11)To cope up with the situation immediate concern should be taken for the scarcity of the farm labors, easy availability of machinery through state entities and more policies should be ensured and also who are registered under NREGS funds should get their pay to lessen the monetary burden on the farmers and government should ensure wage employment to the landless workers.

#### **V. Conclusion**

India has its record in exporting various agricultural products and the greatest employment generating sector is of course agriculture. But, in spite of this , the efforts to modernize agriculture has been unsatisfactory. The agricultural sector couldn't come over the drawbacks of poor irrigation, erratic rainfalls and crop destruction , market malfunction, improper market linkages and marketing strategies , farmers in debt trap due to crop loss or insufficient remuneration, fundamentalism as regards wheat and rice , crop insurance not for all crops and

inefficient functioning of various schemes announced by the Government now and then. But, in the awake of COVID-19, it has been seen that although many industries were stopped temporarily to prevent community spread of the virus plus the lockdown imposed, but agricultural sector has performed reasonably well. Not only this, the sector didn't let the food security of the entire country to be threatened in this period of crisis. But our sympathy goes to the farmers who faced huge monetary losses due to problems in transportation, with their perishable commodities not reaching the market in time. This crisis has focused our attention on restructuring our agricultural policies to save the farmers from increasing distress, need for crop diversification, enhanced crop insurance, MSP assurance to the farmers with proper implementation too etc. Also, the crisis that arose during the COVID-19 Pandemic has shown how important it is to have a strong immunity that is guaranteed only by a nutrition rich diet or a diversified diet. Hence, reducing the too much fundamentalism on rice and wheat is also necessary. For this, campaigns have to be undertaken in the rural areas to generate awareness along with providing assurance to the farmers that they won't make a loss by diversifying their crops, rather they will be provided some financial incentives alongwith. Henceforth, this seminar paper has pointed out the crisis in agriculture due to the recent COVID -19 Pandemic, along with that Government initiatives are highlighted and especially, the possible transformation in agriculture is also cited.

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