

Impact of COVID-19 on Agriculture and Allied Sectors: Challenges and Mitigation

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SUMMARY

Coronavirus cases in India have reached 1lakh figure and government announced fourth phase of lockdown. Amongst other sectors agriculture sector is facing less challenges during this crisis. The government has exempted farm activities from the lockdown rules. Union Finance minister Nirmala Sitharaman announced a Rs 1.63 lakh crore package for agriculture and allied sectors aimed at strengthening infrastructure, logistics and capacity building at farm gate. But still there are some challenges like shortage of agricultural labours and machinery, marketing of perishable commodities, maintain of social distancing along with farming activities. At the end of this article we have discussed some strategies to mitigate these challenges.

INTRODUCTION

The coronavirus outbreak came to light on December 31, 2019 when China informed the World Health Organisation of a cluster of cases of pneumonia of an unknown cause in Wuhan City in Hubei Province. Subsequently the disease spread to more Provinces in China, and to the rest of the world. The WHO has now declared it a pandemic. The virus has been named SARS-CoV-2 and the disease is now called COVID-19. The Covid-19 pandemic is spreading across the world at a rapid pace. India has crossed the one-lakh mark in the number of coronavirus cases. The impact of COVID-19 on Indian Economy is devastating. Now its impact can be seen throughout the agriculture sector as the lockdown imposed across nationwide to combat and contain spread of the virus. But the impact on agriculture is quite less as compared to other sectors. “The country's farm sector is functioning smoothly despite COVID-19 lockdown and there will not be much impact on its growth in the current fiscal unlike other sectors”, Agriculture Minister Narendra Singh Tomar said on 29th April, 2020. Agriculture GDP was at 3.7 per cent last year. Farm sector growth is estimated to be 3 per cent in the 2020-21 fiscal despite prevailing adverse circumstances.

The nationwide shutdown, announced by the government in March to tackle the pandemic that originated in China's Wuhan city, has been eased in the fourth phase. The ease in restrictions come as the government turns focus on reviving the economy hit by the pandemic. The government has exempted farm activities from the lockdown rules.

Following are some steps undertaken in this regard:

- 1.To ease the lockdown selectively for rural areas to allow harvesting of Rabi crops.
- 2.Indian Council of Agricultural Research (ICAR) has also issued an agro-advisory to maintain hygiene and social distancing among farmers working on their fields.
- 3.The Government of India has announced that the first instalment of the PM-Kisan Yojana payment to farmers, i.e., Rs. 2,000 will be paid up front to farmers, benefitting over 8.7 crore Indian farmers. It has also announced that the wages under MGNREGS will be raised from Rs. 182 to Rs. 202 per day.
- 4.The Reserve Bank of India (RBI) has announced a moratorium on agricultural term loans (including crop loans) for a period of three months.

5. The Indian Railways has been roped in to ease transport logistics of agricultural produce.
6. Allowing critical agricultural activity, filling in gaps in agricultural supply chains and ensuring farmer's ease is imperative for the smooth functioning of the backbone of our economy.

Union Finance minister Nirmala Sitharaman on 15th May, 2020 announced a Rs 1.63 lakh crore package for agriculture and allied sectors aimed at strengthening infrastructure, logistics and capacity building at farm gate. Here is the list of all key measures announced by the finance ministry as part of Aatma Nirbhar Bharat Special Package with regard to agriculture.

1. Government to amend Essential Commodities Act to enable better price realisation for farmers which will result in the deregulation of prices for foodstuffs including cereals, edible oils, oilseeds, pulses, onions and potato. The minister said the amendment would help in attracting investments and making agriculture sector competitive. Stock limits- a feature of the old act-- to be imposed under very exceptional circumstances like during national calamities like famine that see a surge in prices.
2. A Central law will be formulated to provide adequate choices to farmer to sell produce at an attractive price and for barrier-free interstate trade. It will also set up the framework for e-trading of agriculture produce. The move is aim to end fragmentation of markets available to farmers who are currently forced to sell only to licensed APMC marketers.
3. Rs 1 lakh crore Agri Infrastructure Fund for farm-gate infrastructure for farmers for projects at farm-gate & aggregation points-- primary agricultural cooperative societies, farmers producer organisations, agriculture entrepreneurs, startups, etc.
4. Rs 20,000 crore for fishermen through Pradhan Mantri Matsya Sampada Yojana (PMMSY) for integrated, sustainable, inclusive development of marine and inland fisheries and to fill critical gaps in the fisheries value chain. Out of this, Rs 11,000 crore will be allocated for activities in marine, inland fisheries and aquaculture and Rs. 9000 Cr for infrastructure including fishing harbours, cold chain, markets etc. It is expected to lead to additional fish production of 70 lakh tonnes over 5 years and employment to over 55 lakh persons apart from double exports to Rs 1,00,000 crore.
5. Rs. 13,343 crore for National Animal Disease Control Programme for foot and mouth disease (FMD) and brucellosis launched. It will help in 100% vaccination of cattle, buffalo, sheep, goat and pig population (total 53 crore animals).
6. Animal Husbandry Infrastructure Development Fund worth Rs 15,000 crore will be set up with the aim to support private investment in dairy processing, value addition and cattle feed infrastructure. Incentives to be given for establishing plants for export of niche dairy products.
7. Promotion of herbal cultivation with a fund of Rs 4,000 crore to cover 10,00,000 hectare land under herbal cultivation in the next two years. It is expected to lead to Rs. 5,000 crore income generation for farmers. The programme hopes to create a network of regional market places for medicinal plants. National Medicinal Plants Board (NMPB) will bring 800-hectare area by developing a corridor of medicinal plants along the banks of Ganga.
8. Rs 500 crore for beekeeping initiatives -- Infrastructure development related to integrated beekeeping development centres, collection, marketing and storage centres, post-harvest & value addition facilities etc. This will lead to a likely increase in income for 2 lakh beekeepers and quality honey to consumers.
9. Rs 500 crore for Operation Green to prevent distress sale leading to a reduction in the price of perishable fruits and vegetables at the farm level. All fruits and vegetables will be covered under this initiative for the next 6 months. It includes 50 % subsidy on transportation from surplus to deficient markets and 50 % subsidy on storage, including cold storages. This is

likely to result in better price realisation to farmers, reduced wastages and affordability of products for consumers.

List of Challenges Amid Covid 19 Crisis

Despite of all these measures taken during last two months the agriculture sector of the country will continue to face some formidable challenges.

1. Acute shortage of agricultural labours- Agriculture has also been hit hard by labour shortages. With labourers fleeing to their villages to contain the pandemic, farmers look at disruptions in the agricultural processes. The ongoing lockdown had already hit the harvesting season of wheat and pulses in northern India, boro rice in eastern India, and now it will affect the sowing of kharif rice. Experts predict that cost of labour is going to double due to the shortage.
2. Unavailability of machinery- Amid acute shortage of labourers due to prolonged lockdown in the wake of rapid spread of coronavirus, a major problem faced by farmers is a scarcity of combined harvesters, a versatile machine designed to efficiently harvest a variety of grain crops at low cost. With boro rice ready for harvest, prediction of India Meteorological Department of severe thunderstorm in West Bengal and Odisha coast has unnerved the farmers.
3. Perishable food- The producers of perishable products – such as milk, fruit and vegetables – are suffering because of the distortions in supply chains. Their products fetch higher prices in cities, but at the same time, the demand from hotels and restaurants has plummeted. In Punjab, for instance, dairy farmers are reportedly spilling milk on roads because their usual clients, sweet shops, hotels and restaurants, are shuttered.
4. Procurement of crops- The government is in a dilemma on how to maintain social distancing during the procurement of rabi crops in mandis. India has 2,477 principal regulated markets and 4,843 sub-market yards regulated by APMCs. In these mandis, post-harvest operations – transportation, cleaning, grading, packaging and loading – are conducted manually by workers. The embargo on movement means there will be fewer workers available this year. Even if mandis operate normally, how will the government ensure social distancing among large numbers of labourers, farmers, traders, government officials, transporters?
5. Problems associated with cold store- Farmers are unable to use cold storages for crops like potato because of closure of cold storages and short supply of ammonia which is urgently required in many cold storages as the temperature is rising and any delay would cause damage to the perishable stocks.
6. Flower market- Brightly coloured roses, chrysanthemums, lilies, marigold and other flowers that might normally have been destined for marriage decoration and temples, are now being destroyed by growers in unprecedented manner as the rapidly spreading coronavirus brings demand to a standstill. The situation in horticulture and floriculture sectors is worse, as fruit, vegetable and flower growers are unable to find markets due to restrictions in movement and fall in demand. This has resulted not only in mounting stocks of perishables such as grapes, strawberries, watermelons, bananas, broccoli, lettuce, red radish and Chinese cabbage but also in steep fall in prices.
7. Poultry farming- The Indian poultry sector is headed for a crisis as rumours and fears associated with novel coronavirus (Covid-19) hit consumption of chicken meat and eggs, resulting in a price crash. The coronavirus outbreak and the consequent lockdown have pushed the poultry sector in the country into a crisis with losses projected at Rs 22,500 crore.

Mitigation Strategies

1. Policymakers need to take steps to mitigate the acute labour shortage. Government may allow inter-state and inter-district movement of labours with mutual consent of both administrations

- at the time of harvesting and sowing of crops. Farm employers will need to provide adequate safety equipment and implement social distancing measures to keep workers safe. Government may suggest farmers to cultivate crops other than rice where labour shortage is acute as rice needs more labour than other crops.
2. Expanding PM-Kisan to cover rural landless/migrant workers- The PM-Kisan scheme is a major cash transfer programme launched in 2019, under which every farmer receives Rs 6,000 annually in three instalments. Landless agricultural workers, who are among the poorest of the poor, are not covered under this or any other such scheme. They constitute 55% of the total workforce (Census 2011) and should have the first right on government assistance, more so now that they are the hardest hit.
 3. Government should encourage farmers to use custom hiring centres of farm machineries amid acute labour shortage problem.
 4. Lack of credit in the agrarian economy may lead to distressed sale of produce to private traders and money lenders that may create distortion in food supply management in the near future. Therefore, credit provisioning to the agrarian economy is crucial in maintaining food reserves in the country.
 5. The system of procurement should continue to feed 1.35 billion Indians even as the entire country is locked down to fight against the spread of COVID-19. The government of India, through FCI and the state governments or their agencies, should procure rabi crops immediately before farmers are compelled to sell their produce to middlemen in villages. The distress sale to ease the ready cash required for kharif preparation can be averted if procurement happens at the village level. It will not only help farmers get the actual price of their produce, but also ensure that food grains stocks are maintained for the months to come.
 6. The government should compensate farmers for their crop loss during covid 19 crisis especially for perishable products.

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