

Original Research

Plight of Farmers during Pandemic in India: An Overview and Suggestions for Governance

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ABSTRACT:

The recent COVID-19 pandemic has not only resulted in the loss of human lives but also distressed economies. The pandemic is impacting global as well as domestic food systems, disrupting regional agricultural value chains, and posing risks to household food security. The Center and State Governments have worked in harmony to redress the grievances of farmers. Both have introduced a series of measures every day such as subsidies, including crop insurance to farmers, free flow of agricultural credit, unemployment allowance to rural landless/migrant workers under MANREGA, etc. There are four key steps that state governments, supported by the Centre, need to immediately prioritize such as redirect farm supply chains to local areas, move away from cash crops, increasing allocations for direct transfers and Set up mobile food vans.

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BRIEF INTRODUCTION TO COVID-19

Coronavirus disease 2019 (COVID-19) is a contagious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The first case was identified in Wuhan, China in December, 2019. It has since spread worldwide, leading to an ongoing pandemic. The Covid-19 pandemic is unprecedented in its global reach and impact, posing formidable challenges to policymakers and to the empirical analysis of its direct and indirect effects within the interconnected global economy.

REVIEW OF LITERATURE

Ali & Khan (2020) analysed the impact of COVID-19 lockdown on wholesale prices of the agricultural commodities particularly fruits and vegetables in the Union Territory of Jammu and Kashmir, India. This study is based on the daily data collected from AGMARKNET of all major agricultural markets under the Agricultural Produce Market Committee (APMC). The difference in weighted wholesale prices has been analysed before and during COVID-19 and across various phases of the lockdown. The analysis of the difference in the weighted average wholesale prices across markets and commodities has shown a mixed response. The most

hydrating perishable fresh fruits and vegetables with high water content have faced a significant decline in wholesale prices during the lockdown. On the contrary, other perishable fruits and vegetables have realized a gain in the average wholesale prices. The weighted average wholesale price has also declined over the phases of the lockdown. This study provided timely feedback for preparing all the stakeholders of the agricultural marketing chain to understand and formulate coping strategies to make the system resilient.

Poudel et al. (2020) analysed the impact of COVID 19 on agriculture and food across the globe. Agriculture serves as the most important economic sector endorsing food security and human development. It is important to assess the effect of COVID-19 pandemic on Agricultural sector and Food as it primarily involves the sustainability of human life and secondarily involves the economy. The pandemic protocols and provisions interferes the supply chain of the market with impaired production and distribution accompanied with lack of labor and supply of inputs. This vastly affects the livestock, poultry, fishery as well as dairy production. The planting of spring crops like maize, sunflower, spring wheat, barley, canola and open field vegetable cannot be operated amidst

pandemic. Thus, the pandemic has seeded a serious impact on the food security due to distortion of the supply chain which is needed to be addressed quickly by the government.

Varshneyet.al. (2020) assessed the impact of the spread of COVID-19 and the lockdown on wholesale process and quantities traded in agricultural markets. The difference in impact across non-perishable (wheat) and perishable commodities (tomato and onion) were compared. The study also focused on the adoption of a greater number of agricultural market reform measures in order to mitigate any adverse impacts. The study used a granular data set comprising daily observations for 3 months from nearly 1000 markets across five states and used a double-and triple-difference estimation strategy. The results differ by type of commodity and period of analysis. Wheat prices were anchored in large part by the minimum support price, while tomato prices were lower in some months. Supply constraints began easing in May with greater market arrivals perhaps reflecting distress sales. Market reform measures did help in insulating farmers from lower prices, but these effects are salient for the perishable goods and not so much for wheat where the government remained the dominant market player. It was concluded that there is considerable resilience in agricultural markets in dealing with the COVID-19 shock buffered by adequate policy support.

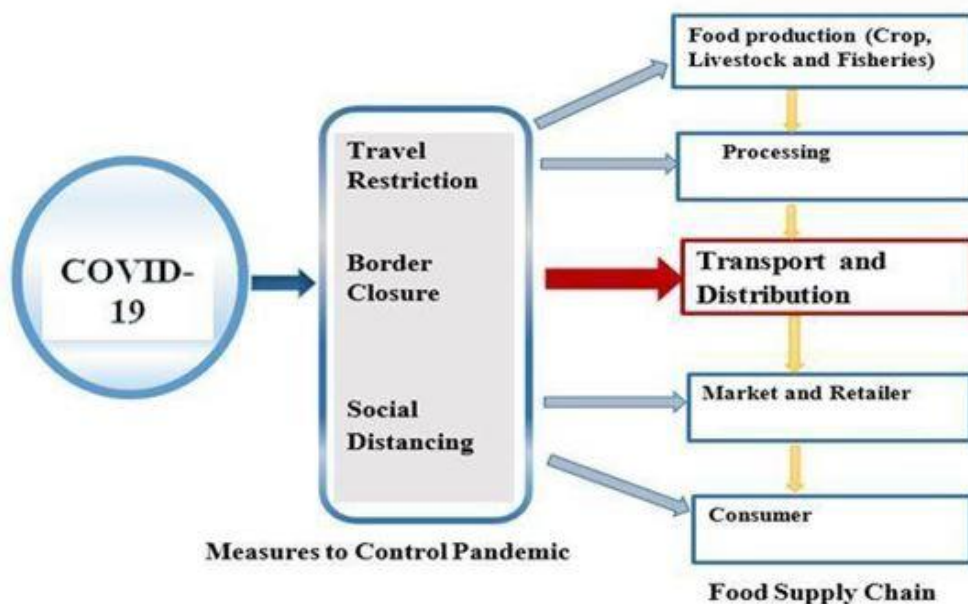
Wani (2020) observed the impact of the imposition of nationwide lockdown due to COVID-19 on agricultural economy. Its impact on agricultural (farm economy) in particular is complex and varied across diverse segments that form agricultural value chains faced a severe hit, because of halted transportation and stagnating the harvest as the produce could not

reach mandis. This resulted in disruption of supply chain. Moreover there is unavailability of migrant labourers, intercepting the harvest and post-harvest operation. Thus the pandemic has given rise to several challenges in procurement operation as well. It was concluded that effect will reverberate across the large economy and will have longer impact.

Workie et.al. (2020) performed the comprehensive assessment of the effect of COVID-19 on food security and agriculture. The containing measures and restrictions adopted by various countries are likely to intensify the food insecurity, specifically for food-insecure and developing countries. The global food availability and food prices are also affected since the pandemic started to proliferate through various countries. Vulnerable groups including landless labourers, wage earners, and smallscale farmers have been obstructed from their day-to-day work and faced the worst hit among all. The migrant labourers will also be hit hard by job and income losses. In the long term or post-pandemic, food availability could be harshly impacted if no actions have been taken by the concerned. The governments must swiftly plan to enhance their capacity in the agricultural sector by implementing new risk management programs and reforms coupled with insulating the livelihood of people by cash or food assistance programs to meet their basic needs. These measures would in turn be beneficial to achieve the SDG goals. The impact of the pandemic is analogous to that of a natural calamity, which is hence a justified reason for devising prevention and risk reduction strategies. The posed recommendations would help to rejuvenate the agricultural sector, which is also expected to revive the economies and therefore transform them to be self-reliant.

IMPACT ON GLOBAL AGRICULTURE

COVID-19 has major impact on agriculture and food security.



FOLLOWING ARE THE IMPACTS OF COVID-19 ON AGRICULTURE

- **Crop production and availability of seeds:** For crop production, the largest part of the seeding process remained almost unaffected. So there is no impact as such on seeds availability for now. But if the same scenario continues till year end, then surely seed availability can be an issue.
- **Fertilizers shortage:** Due to global trade disturbance, farmers are facing the **shortage of agricultural inputs like fertilizer and pesticides:** In a shorter span, there is little shortage to be expected. In the longer term, the delivery of fertilizer via international markets may become a problem since some of the production plants in China have been shut down
- **On food production and distribution:** Most of the countries have taken measures such as **home confinement, travel bans and business closure** to control the rate of infection. Agriculture produce is mostly **perishable** in nature, so farmers are compelled to hold their unsold produce for a longer period of time. This has led to a **reduction in food quality** as well as an increase in the cost of production.
- **On livestock:** Different agricultural sector such as livestock and fishery have been hit hard by the pandemic. In India, COVID-19 has caused a higher impact on livestock farming due to **limited access to animal feed and a shortage of labour.** For example, the travel ban has affected the **delivery of breeding stock** of poultry.

IMPACT ON INDIAN AGRICULTURE

Agriculture contributes about 17 per cent to Indian GDP. Agriculture, with its allied sectors, is the largest source of livelihoods in India. 70 percent of rural households still depend primarily on agriculture for their livelihood.

- **Peak harvest with no procurement:** This is the **peak of Rabi season** in India and crops like wheat, gram, lentil, mustard, etc. (including paddy in irrigated tracts) were at a harvestable stage or almost reaching maturity. This is also the time when the farm harvests reach the mandis for assured procurement operations by designated government agencies.
- **Labour unavailability due to reverse migration:** The non-availability of labour has hurt operations in many parts. Consequently, the **shortage of migrant labour** has resulted in a sharp increase in daily wages for harvesting crops. Some parts of agriculture that have the luxury of deploying technology for harvestings, like Paddy and Wheat, are relatively more insulated since they often do not have to depend on large numbers of manual labour.
- **Fall in prices:** Agricultural prices have collapsed due to lack of market access including the stoppage of transportation and closure of borders.

The **rise in labour costs and lack of access** means that farmers are staring at huge losses and hence allowing crops to rot in the fields, a better 'stop-loss' mechanism.

- **Scarcity of public goods:** 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.
- **Transportation of public distribution system (PDS) items** to last-mile delivery agents, by both rail and road, has been severely impacted in the beginning.
- **Restrictions on Sale:** There were **self-imposed restrictions on the inter- and intra-State** movements of farmers/labourers, as well as harvesting and related farm machines.
- **Disruptions in supply-chain:** The absence of transport facilities clubbed with vigilant blocking roads has a limiting effect on the movement of migratory harvest labour and agri-machinery. Also, trucks and tractors are not inclusive of 'farm machinery' by definition.
- **Lockdown induced debt and Cash Flow Constraints:** The most important issue that farmers have to surmount is the problem of **repaying their crop loans, gold loans and other informal debts.** Crop loans are repaid between April and May and a fresh loan is granted at the onset of a new season. Any failure to do so will mean that they will be forced to borrow money from the informal sector at high rates of interest for the new season.

IMPACT ON FOOD SECURITY

Border closures, quarantines, and market, supply chain and trade disruptions are restricting people's access to sufficient/diverse and nutritious sources of food, especially in countries hit hard by the virus or already affected by high levels of food insecurity. In slowdown times, as demand for food will decrease over the next months, prices should go down in 2020, and this will have a negative impact on farmers and the agricultural sector. As of now, disruptions have been minimal as food supply has been adequate and markets have been stable so far to meet the ongoing demands (though skewed).

CURRENT SCENARIO OF AGRICULTURE SECTOR DURING COVID-19

The recent COVID-19 pandemic has not only resulted in the loss of human lives but also distressed economies. The 21-day lockdown has coincided with the time of harvesting of Rabi crops and has hit farmers and agriculturalists both directly and indirectly. The pandemic is impacting global as well as domestic food systems, disrupting regional agricultural value chains, and posing risks to household food security. The further extension of this lockdown have adversely impacted this harvesting season had it not been for the timely action

undertaken by the central as well as various state governments.

The Prime Minister assured the country that there are ample reserves of medicines, food and other essential goods and that one of India's primary economic sector which is agriculture, will receive all aid in these times of challenges. With the economy coming to a complete halt in most of the informal and formal enterprises in urban areas, the lockdown is also affected the large population in rural areas, a majority of whom are dependent on agriculture.

At a time when the rural economy was witnessing declining incomes, both for casual workers and self-employed workers, even before the pandemic broke out, this lockdown is only going to hurt the agricultural economy further. Even before the lockdown, rural wages were declining in real terms but there were hopes for agricultural incomes rising with food prices rising until January 2020. However, recent data on prices suggest that the trend is reversing with the decline in agricultural prices in most markets. In the short run, farming sector will witness a breakdown of supply chains of agricultural produce with no facilities for transportation of produce. This is likely to hurt those engaged in the production of fruits and vegetables, which are perishable goods.

INDIAN RESPONSE TO COVID: AGRICULTURE VERSION

- The Center and State Governments have worked in harmony to redress the grievances of farmers. Both have introduced a series of measures every day such as subsidies, including **crop insurance to farmers, free flow of agricultural credit, unemployment allowance to rural landless/migrant workers under MANREGA, etc.**
- The govt. is using every arrow in its quiver to ensure the health of farmers by continuously **sensitizing the farmers** about working in fields with covered faces while **maintaining social distancing**.
- In order to reinforce a **zero hurdle harvest** season, the govt has exempted the **movement of farm machinery** from lockdown.
- **Reforms in e-NAM**
- The new features of National Agriculture Market platform were introduced as a welcoming move to decongest mandis.
- They aim to strengthen agriculture marketing by reducing the need for farmers to physically access the wholesale mandis for selling their harvested produce.
- **Technological support**
- **KisanSabha App** developed by CSIR to connect farmers to supply chain and freight transportation management system was recently launched to support farmers during the lockdown.
- The app aims to provide the most **economical**

and timely logistics support to the farmers and increase their profit margins by minimizing the interference of middlemen and directly connecting with the institutional buyers.

- **KisanRath app** was also launched to facilitate farmers & traders in searching for **transport vehicles for movement** of Agriculture & Horticulture produce.
- **Boost to Contract farming**
- Various states have promoted innovative model allowing investors and farmers to enter into an **agreement for contract farming** in view of the continuing uncertainties due to the pandemic.
- For example, the **Consumer-Farmer Compact in Telangana** has been ensuring food availability and access in COVID-19 times.
- In this system, the consumers support farmers with their agricultural needs; in return, farmers ensure consumers are able to access food in a hassle-free manner
- **COVID-19 and Agriculture: Strategies to mitigate farmers' distress**
- Prime Minister Narendra Modi has actively discussed proposals to ease the lockdown selectively for rural areas to allow harvesting of Rabi crops.
- Based on the policy directions of the Indian government, various Ministries/ Departments of state governments have issued implementation guidelines to facilitate continuation of activities related to agriculture and its allied sectors.
- Indian Council of Agricultural Research (ICAR) has also issued an agro-advisory to maintain hygiene and social distancing among farmers working on their fields.
- 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.
- The Reserve Bank of India (RBI) has announced a moratorium on agricultural term loans (including crop loans) for a period of three months.
- The central and state governments have done much to allay fears in the minds of farmers by quickly announcing exemptions for the agriculture sector – seeds, labourers and farm related activities. States such as Telangana, Punjab, Uttar Pradesh among others have been very proactive in this regard.

ALLOCATIONS FOR DIRECT TRANSFERS

- Increasing the allocations for **DBT to farmers through PM KISAN** and including everyone who is actively undertaken during the lockdown.
- This has helped most farming families to be

partially compensated for the losses seen in months of March and April.

- It has provided them with **some cushion against the deflationary effect** seen on farm-prices due to the prolonged lockdown.

FUTURE SCOPE OF REFORMS

Focussing on Alternative Market Channels: The alternative market channel works on the principles of **decentralisation and direct-to-home delivery**. The idea is to **create smaller, less congested markets** in urban areas with the participation of farmers' groups and Farmer Producer Companies (FPCs) so that farmers have direct access to consumers. It may provide a valuable option against the lockdown when efforts to **avoid crowding in the wholesale markets** are likely to continue.

Reforming APMC: With these reforms, the government has also set in motion plans to dismantle the decades-old monopolies of state-run APMCs, that were often blamed for unfair trading, and had become a barrier for farmers to get a fair price on their produce. There is an urgent need for **abolishing or reframing the APMC Act** and encourage direct buying of agri-produce from farmers/farmer producer organisations (FPOs). The companies, processors, organised retailers, exporters, consumer groups, that buy directly from FPOs need not pay any market fee as they do not avail the facilities of APMC yards.

Designating warehouses as markets: The warehouse receipt system can be scaled up. The private sector should be encouraged to open mandis with modern infrastructure, capping commissions.

Logistics transformation: 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.

Institutionalizing farm labour: To obviate the immediate concerns of the scarcity of farm labour, policies must facilitate easy availability of machinery through state entities, **Farmer Producer Organizations (FPOs) or custom hiring centres (CHCs)** with suitable incentives. It is also suggested to explore leveraging NREGS funds to pay part of the farm labour (with farmers paying the balance wage amount) to lessen the monetary burden on the farmer while ensuring wage employment to the landless labourers and workers.

KEY STEPS TO BE TAKEN BY GOVERNMENT

There are four key steps that state governments, supported by the Centre, need to immediately prioritise.

Redirect farm supply chains to local areas: Farm supply chains can be redirected to local areas by

incentivising farmers to sell more and more of their produce in local cooperative style channels.

Move away from cash crop: Farmers should be incentivised to move away from cash crops (say, for a year or so) and towards food crops. "Food crops" largely consist of grains, pulses, cereals, legumes (including dried beans), seeds and nuts, vegetables, herbs and spices, etc. A doubling up of minimum support price (MSP) for some of these can allow farmers across different states to proximately shift their cultivation-pattern towards food-based crops which can help in addressing the larger food insecurity concern for most of those living in urban slums, or, in rural areas with limited food supplies, and, at the same time, offer better prices to farmers in local areas for food crops.

Increasing allocations for direct transfers: Increasing the allocations for direct transfer to farmers through PM Kisan and including everyone who is actively involved in farming irrespective of where (s)he owns a given piece of land or not, from Rs 6,000 to at least Rs 10,000 per farming family for this year (2020-21). This will immediately help most farming families to be partially compensated for the losses seen in months of March and April and shall also give them some cushion against the deflationary effect seen on farm-prices due to the prolonged lockdown.

Set up mobile food vans: To ensure food supplies are frequent, more localised and involve direct procurement of a diverse food basket from farmers within different states, setting up of mobile food vans can be considered. As most weekly markets have now been suspended and may also find it difficult to enforce social distancing norms, mobile vans across each district can allow for food supplies in different societies and keep the choice of food offered to be aligned with the local palate and produce. Vegetable vendors too can coordinate directly with these mobile van operators for selling off their stock and supplies. This will also allow for retail distribution to be more seamlessly linked with largely wholesale supply-lines. Also, for warehouses where ration – as part of PDS, is overflowing with wheat and rice, mobile vans can serve as an essential – more localized supply chain (for exclusive PDS needs) to offload the available stock and distribute it in targeted areas, where needed.

CONCLUSIONS & RECOMMENDATIONS

No doubt that COVID-19 has affected every corner of the world. Agriculture and food security is also at the stake. Governments of various directions are working very hard to tackle the problems and challenges being faced by the general public during the period of Corona and much more has to be done by the government to get rid of the problem from its roots.

RECOMMENDATIONS FOR GOVERNANCE DURING PANDEMIC FOR FARMERS

- While it is clear that agriculture will be affected

due to short-term disruptions and the long-term economic impact of the pandemic, there is an opportunity for the government to help farmers through state support

- Political expediency and fiscal concerns led the government to stock up foodgrains, with the Food Corporation of India (FCI) reporting 77 million tonnes of cereals in stocks as against the buffer requirement of 21 million tonnes as on April 1.
- However, with the lockdown forcing a humanitarian crisis and with most migrants heading back to the rural areas, it is also time for the government to release the food stocks through the public distribution system.
- The Central government has already announced that for the next three months, 5 kg of free grains will be distributed in addition to what people are entitled to under the National Food Security Act, but this has not yet reached the State governments due to the lockdown. While this may free up FCI godowns to some extent, it will be prudent to extend the scheme to all residents, particularly migrants who may not be able to avail of free grain in urban areas.
- While raising procurements is desirable and may be necessary for the forthcoming rabi crops, the state is also expected to intervene and assure remunerative incomes to farmers.
- One way of ensuring this is to reduce the input costs through existing schemes of subsidies such as the fertilizer subsidy and through price reduction in petrol/diesel meant for agricultural purposes.
- But for the immediate short-term, farmers need to be compensated for the loss of income and the best way to do it is through the PM-KISAN scheme. Unfortunately, the only announcement in this regard is the disbursal of the first installment of the transfer which is due in April.
- However, the scheme only used two-thirds of its

budget allocation for 2019, so efforts should be made to not only enhance the coverage monetarily but also include tenant farmers and wage labourers who are as much dependent on agriculture as the land-owning cultivators.

- Such a step is necessary not just for the survival of the agricultural sector but also for the overall economy which is expected to see a sharp slowdown and decline in demand.
- While income transfers may not be the best way of supporting the agricultural sector at times like these, they are the best available instruments to raise rural incomes and create demand.

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