

Impact of Covid-19 on Indian Agriculture Sector

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INTRODUCTION

The Covid-19 virus that has exploded through different countries of the world causing major upheaval and spreading rampantly to geographical locations such as a wildfire not initially affected by the deadly viral pandemic where the overall number of cases is close to 29 million and deaths nearly a million. The outbreak of Covid-19 is confirmed to have significant environmental consequences, such as increased environmental waste. The outbreak of Covid-19 decreases greenhouse gas emissions, but more effort is required to stop air pollution.

Rural demand is driving up India's electricity consumption, backed by a 3.4% farm sector growth amid 23.9% contraction in GDP in the first quarter of the current fiscal. Primarily agrarian states in the northern and eastern regions are posting healthy growth in power consumption, while heavily industrialized states in the western and southern regions continue to falter due to sluggish recovery in industrial activity.

After announcing a lockdown, the Indian government was quick to declare agriculture as an essential sector. Implementation and enforcement in a country of 1.3 billion people comes with its challenges, such as maintaining smooth logistics and countering misinformation. However, the situation has also provided opportunities for innovative approaches, and may lead to lasting changes. When the corona crisis started, India's agriculture sector was on the way to recovery after three years of subdued prices. In the Indian economy, agriculture contributes 11 percent of the GDP but provides a livelihood for 52 percent of the working population.

Lockdown Period occurs simultaneously with *rabi* harvesting Season:

As *Rabi* crop harvest season coincides with the coronavirus pandemic lockdown, the

ready to be harvested crops unabatedly stands in the fields, on account of the dearth of agricultural laborers. Already reeling under an unprecedented confluence of pressure, the agrarian economy is now struggling to keep its head above water. However, timely intervention by the center and state govt. has brought a big respite to the farmers of India.

The Center and State Governments are now working in harmony to redress the grievances of farmers by introducing a hantle 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.

With a 16.5 percent contribution to GVA (Gross Value Added) and 43 percent population engaged, the food and agriculture sector has immense potential to wean India out of the economic crisis abyss.

Tackling labour issue:

For starters, the available labour should be put to use. Workers should be given unemployment allowances, while district authorities should deploy the available labour to the most critical areas, given how crucial the current harvesting season is. Outside of these domestic woes, the experts point out the range of export challenges unfolding. Lockdowns in major economies across the globe have caused delays and backlogs in supply chains. Currently, around half a million tonnes of Indian rice is locked up in the supply chains, while perishable crops are not being transported at all for fear of deterioration in delayed transit.

Inputs:

Record fertilizer sales were witnessed during the lockdown period in the month of April. The forecast of a normal monsoon this year would normally increase the crop area and the consumption of fertilizers. However, if the lockdown persists, there may be a reduction in cropping area due to the unavailability of labour and agribusiness inputs as well as logistical challenges and limited capital for inputs (also due to lower remittances as workers return from cities). This shows the importance of having access to and relations in various parts of the country. Bayer recently joined hands with Pune based e-commerce firm for farm inputs

‘AgroStar’ for home delivery of seeds and crop protection products in Central, Northern and Western India.

Processed food:

Processed food companies ramped up production after the lockdown, as people are stocked up on (packaged) groceries. Modern retail, representing only 2.4 percent of grocery retail India, benefited from this in the short term. However, regulations limiting store operations as well as disruptions in logistics and labour movement led to low inventory and sales. Private label branded products were introduced or their distribution ramped up. India’s import of palm oil dropped by 58 percent in the month of March when compared to March 2019. In general, there was a drop of 40 percent in edible oil processing, packaging and distribution due to labour shortage. Animal markets were closed and affected export of meat.

A healthcare crisis in rural India:

The pandemic has also highlighted the potential public health crisis awaiting rural India and farming communities. Basic preventive measures such as regular hand washing, social distancing and self-isolation pose a unique challenge for rural communities. In a country which is already water-scarce, and where there is irregular water supply in many areas both rural and urban, repeated hand washing is a luxury that cannot be put into practice.

In addition, social distancing and isolation are a huge challenge for farming communities who rely on daily labour and wages for their subsistence. As we adjust to a new normal and “business as unusual”, it is imperative for a predominantly agrarian country like India to leverage the lessons from the pandemic and the severe impacts it has had on the farming community.

Deforestation and reforestation:

The pandemic's destruction provided cover for illicit deforestation operations. This was observed in Brazil, where satellite imagery showed Amazon rainforest deforestation increasing by more than 50 per cent compared with baseline levels. Unemployment caused by the COVID-19 pandemic encouraged the recruiting of staff over five years for Pakistan's 10 Billion Tree Tsunami programme to plant 10 billion trees, the projected annual global net loss of trees.

The key lessons are:

- Long food supply chains involving multiple stakeholders and entities are clearly vulnerable to shocks such as the pandemic. Mapping and optimizing supply chains will be key for future resilience.
- Building a resilient food system is not about production, but also about ensuring access to nutritious food to people in times of crisis.
- Smallholder farmers are highly vulnerable to crisis as a result of their limited access to resources, credit and basic healthcare facilities. Measures will need to be taken by governments and businesses to protect the community.

Conclusion

Time will tell how the Indian economy will be impacted by COVID19 and the measures taken. It is expected that India will remain among the world's fastest growing economies. According to Nielsen India, urban Indian consumers are likely to cut spending on discretionary items (restaurants, luxury brands, etc.) in the coming months but spending will increase on organic food and fitness. Consumers are expected to increasingly demand safety-branded food, and buy animal proteins from the organized sector rather than wet markets. Ready to eat /easy to cook products will also become popular, as out of home consumption will be restricted.