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Impact of Covid-19 pandemic on Indian rural livelihood

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Abstract

India being the highest populated country tried its best to overcome COVID-19 pandemic with country wide lockdown on time to prevent health implications but the pandemic has hit India's economy very badly. It affected agriculture and allied sectors in such a way that the India's GDP has been impacted in a negative way. At initial stage of lockdown, farmers faced huge losses as it was the harvest season for rabi crops. Other allied sectors like poultry, fisheries, floriculture, etc. also suffered with heavy losses. Post COVID -19 periods started when GOI excluded agribusiness, agriculture, poultry, fishery, etc. from lockdown limitations; workers could move, agri-inputs markets were open. Government came forward to help the needy with schemes and major reforms.

Keywords: GDP, lockdown, schemes, reforms

Introduction

Indian agriculture is considered as the backbone of Indian economy as the sole farm harvests are obtained by dedicated farmers who work hard to cultivate crops, even in uncertain weather conditions and supply them to mandis. Our farmers always face challenges such as low rainfall, price fluctuations and rising debts and have learned how to tackle these problems due to long term experiences, but they were unaware of a new challenge (COVID-19) which made a devastating effect in rural livelihood and economy. The national lockdown from 25th March, 2020 affected agriculture and allied sectors tremendously as half of the workforce in India was employed in these sectors. Almost 85% of farmers belong to small and marginal category whose source of living depends on farming whereas there are more than nine million fishermen, out of which 80% are small scale farmers. Fishery sector provides employment to over 14 million people (Fisheries policy brief — <https://www.mssrf.org/content/covid19-impact-livelihoods-marine-fishing-communities-0>). This lockdown has entrenched the economy badly. According to FY 2019–20 (Indian Agriculture and Allied Industries Report, March 2020), agriculture and allied sectors contributed about 2.1% growth in Gross Value Added (GVA).

Major impacts on rural livelihood

Labour shortage and delay in procurement of Rabi crops

In India, Rabi season crops like grams, wheat, mustard, etc. and plantation crops (banana, coffee, etc.) are harvested in the months of March and April. But due to lockdown period, migrant labours were not able to move to rural areas for harvesting of rabi crops that leads to delay in harvesting and procurement operations, resulting in crop loss in terms of quality and quantity due to unexpected rainfall in this season. Shortage of labours leads to increase in daily wages of labourers. As in Chehar Kalan of Haryana, previously labourers used to get two quintals/ acre of fresh harvests for harvesting and bundling operations in rabi wheat but due to shortage of labour during lockdown, labourers charged two-and-a-half to three quintals/acre for same operations. Price of threshing operations also increased from Rs. 1,500 to Rs 3,000 per acre. As the farm produce were not able to reach mandis on time, procurement operations also gets delayed.

Problems in selling of perishable products

Due to lack of market access, transportation stoppage and movement restrictions, prices of perishable products have collapsed and farmers faced very huge losses. Hence, farmers left crops to rot in field itself.

Some videos and photos got viral on social media platform of some vegetable farmers of Ranchi, Jharkhand who were leaving their farm produce in field. Also in Jagannath temple of Puri, Odisha where food were made for almost 50,000 people daily but due to shutdown, vegetable sellers faced distress. It was also observed that due to closure of hotels and restaurants during lockdown, bulk demand of vegetables and fruits has dropped down, along with drop in prices, i.e., 20-25%. Fruits like mango and jackfruit are mainly harvested and procured during these periods but due to this pandemic, there was no medium for supply. Due to closure of hotels, events, religious places, floriculture sector along with vegetable suppliers witnessed a great loss. Being flowers the most perishable item, they got damaged and rotted on farmer's field. Hence, due to all these problems, there were news of farmers suicide in many places.

Animal Husbandry sector

The animal husbandry sector has witnessed huge losses due to COVID-19. Shops selling animal feed were open for only 3-4 hours a day and were selling their products at much higher prices. For example, in Haryana, price of cotton seed cake was increased by Rs. 500 to 600 per quintal. Meanwhile, when there was hike in price of cattle feed, price of milk fell down due to decrease in demand of milk. In some villages of Haryana, procurement of milk decreased due to reduction in price from Rs. 60/litre to Rs. 50/litre. Also, in Ranchi, Jharkhand milk was procured only one time by Medha and Sudha diaries. Prices of eggs crashed down to INR 1.95 per egg and the demand of poultry declined resulting in deflation in price as various rumours were spread amongst people that if they consume eggs or meat, they might get affected by COVID-19 virus. The demand of meat used to be higher during Holi "The festival of colours" which was celebrated in March but due to outbreak of COVID-19, prices declined to a very low rate, i.e., Rs. 10 per kg sold in Maharashtra and Rs. 28-30 / kg in Haryana. It is one of the largest festival of India, where meat consumption is very high. Hence, videos of poultry farmers got viral who were killing their chickens and dumping them. Also due to restrictions imposed on invitees during marriage functions, sales of meat has gone down.

This lockdown provided hindrance for fishing boats to reach the shores and even if they reach shores, there was no transport facility for shipping those perishable items to the processing centres. According to the Central Institute of Fisheries Technology, India's fishery sector had faced losses of around 28 million euros per day. Hence, 700,000 tonnes of fish were thrown away. In Chennai, as the time allotted to sell fishes were very short, they were forced to sell their catch at a very cheap rate. Example: If the fish rate was Rs. 500/kg, they sold it at Rs.300 to 350/-. It was reported that on 16th April, 2020, bleaching powder was procured @ 1.5 times more than that of original price for fish farming.

Hike in Agricultural input costs and necessary essentials

Cost of agricultural inputs such as seeds, fertilizers, machineries such as tractors, harvesters, threshers, etc have increased to a greater extent due to drying up of supply-chain of agricultural inputs market as restrictions were imposed on transportation at the beginning of lockdown. Truck drivers had to abandon their trucks full of harvests in the middle of interstate highways. In some villages of Haryana, agricultural inputs were sold at mark-up of 10-20% over MRP.

It was observed that there was also hike in necessary

essentials like rice, sugar, flour, oil, etc. This has happened because at initial stage of lockdown, some people were frightened of not able to move out of their houses, as a result they stored daily essentials in bulk. Due to which vendors increased prices of these essentials as supply was limited due to transport restrictions. Example- It was reported that in villages of Haryana, price of potatoes increased to more than double, leafy vegetables price increased by 20-30% and mustard oil price also increased by 20-25%.

Problems of Tribal Communities

Tribal communities have witnessed a lot of difficulties during lockdown in terms of health, food and nutrition security. Due to shortage of healthcare facilities and lack of awareness endangered lives of tribal communities as there was prevalence of many diseases such as malnutrition, malaria, leprosy, tuberculosis, etc. As per government's data, 100 million tribals were dependant on Minor Food Produce whereas this MFP collection season coincided with lockdown. It was reported that the tribal communities of Odisha who used to collect and sale non- timber forest products such as kendu leaves, mahua flowers, etc., but due to lockdown they couldn't sell and earn their daily source of income. It was observed that more than 90 percent of total *tendu* leaf procurement happens in 5 states – Madhya Pradesh, Chhattisgarh, Odisha, Maharashtra and Andhra Pradesh. According to a report by Indira Gandhi National Forest Academy, Dehradun procures 200,000 tons of *tendu* leaf every year from M.P and Chhattisgarh which is more than 50 percent of the total procurement. Particularly Vulnerable Tribal Groups in MP faced problems due to restrictions on their movement and lack of access to Public Distribution System. Also pastoral and nomadic communities were reported to get stucked in other states or districts without access to PDS. Besides, they were also affected by sudden decrease in demand and sale of milk. People employed under mining activities in Gujarat and Odisha were also affected due to sudden closure of factories during lockdown.

Lockdown induced debt and Cash Flow Constraints

Another problem faced by rural communities was to repay loans such as crop loans, gold loans and other informal debts in the months of April and May. But due to hindrance, farmers were not able to earn money, repay loans or could grant fresh loan at onset of a new season. Some reports states that the poor farmers were charged higher rates of interest, i.e., 24% by market agents in advance where credit was paid after harvesting of flowers or vegetables, which farmers are unable to repay due to disruption of the supply chain. Due to heavy losses faced by Poultry farms, Poultry Federation of India also asked for support from government for rescheduling of loans, promotion of frozen or cold chicken meat, cold storage, subsidies on feed, and eggs introduction in mid-day meal schemes.

Risks with mono-cropping system of crop cultivation

Indian farmers usually practise mono-cropping, i.e., cultivation of single crop in field due to commercialization to get maximum output. Example: Jharkhand state farmers cultivates only paddy in all the three seasons. But mono-cropping carries risks of crop failure and price fixation in market. Also the fertility of soil gets hampered. This pandemic has witnessed many such examples where there is either crop failure or less demand of produce. Those farmers

who have practiced mixed cropping haven't faced such a havoc situation.

Lack of traditional knowledge to grow crops

Now a days, farmers do not have stored traditional seeds to grow crop, they hardly remember traditional practices to protect crops from pests and diseases. Hence, they depend entirely on markets for all agricultural inputs. On one hand, farmers are on the verge of losing their traditional knowledge system, and on other hand, they are not equipped with technology. This is the reason for complete downfall of economy in Indian agriculture sector.

Whereas some tribal communities of Southern Rajasthan used their indigenous practices of food and agricultural management that helped them to survive over the difficult period of COVID-19 pandemic. These people started consuming and selling of turmeric in local areas. Along with turmeric, they also consumed food grains and vegetables, such as rajan, dhimda, kodra, bati, baota, kang, cheena, hama, hamli and gujro, which is rich in iron and dietary fibre content and maintained diverse food habits based on the locally available oilseeds, pulses, fruits and spices that helped them to boost their immunity against the virus.

Initiatives taken by goi to counteract problems

Financial support was given by government to farmers through the extension of Interest Subvention and Prompt Repayment Incentive till May 31, 2020 on short-term crop loans up to Rs 3 lakh.

1. PM Kisan Yojana- Budget allocated for this program was Rs. 54,000 crore. According to this program, govt permitted Rs. 6000 annually as direct cash transfer into farmers accounts in 3 installments of Rs. 2000 each. This programme reached to 85 million farmers and was successful in giving immediate relief and food security to poor farmers.
2. Agricultural Infrastructure Projects- The budget allocated for this program was Rs. 1 lakh crore. This fund was financed by govt for funding Agri- Infrastructure projects at farm gate and aggregation points for farmers by investing money in FPOs, PACS, agriculture entrepreneurs, etc.
3. PM Formalization of Micro Food Processing Enterprises (PM FME) - Budget allocated by GOI for this program was Rs. 10,000 crore. This program was built to target 2,00,000 micro food enterprises for increase in revenues, to enhance comply with food supply and safety standards, strengthen capacity of support systems, to build women entrepreneurs and to enhance minor forest produce in tribal areas.
4. Animal Husbandry Infrastructure Development Fund- GOI has promised to set up a Rs 15,000 crore budget for Animal Husbandry Infrastructure Development Fund to support private investment in dairy processing, value addition and cattle feed infrastructure.
5. National Animal Disease Control Program- Budget of Rs 13,000 crore was allocated by government for this program to get 100% vaccination of cattle, buffalo, sheep, goat and pig population.
6. PM Matsya Sampada Yojana- Govt. allocated Rs 20,000 crore budget for fishermen through Pradhan Mantri Matsya Sampada Yojana to achieve higher production and productivity in marine sector, development infrastructure, post-harvest management and to improve

regulatory environment for fisheries.

7. Fund for herbal cultivation- Fund of Rs. 4000 crore was allocated that targeted 10,00,000 hectares of land for herbal cultivation.
8. TOP (Tomato, Onion, Potato) Fund-Budget of Rs. 500 crore was allocated to help farmers in order to ensure availability of perishable commodities throughout the year without price volatility by subsidizing storage and transportation facilities.
9. Promotion of Bee- keeping Budget of Rs. 500 crore was allocated for infrastructure development for purpose of bee-keeping collection, production, storage and marketing.

The three major reforms brought by GOI are as follows

1. The Farmers' Produce Trade and Commerce (Promotion & Facilitation) Ordinance, 2020 removed restrictions and allowed farmers freedom to sell to any buyers of their choice in any places, including through e- platforms thereby diluting monopoly of APMCs. It will also eliminate barriers to inter- and intra-state trade and commerce outside physical market premises, which are normally regulated by state government Agricultural Produce Market Committees (APMCs). This aims to create additional trading opportunities outside established APMCs market, which were normally regulated by state govt. so that farmers could get more prices for their produce.
2. The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 creates a framework for contract farming for farmers to get involved with agri-business firms, processors, wholesalers, exporters or large retailers for production and sale of farm produce. This may reduce farmer's risk of market unpredictability and also provides opportunities to make use of new technologies; and aids farmers to obtain higher income.
3. The Essential Commodities Ordinance, 2020 was enforced in order to remove agricultural products such as cereals, edible oils, pulses, onions, and potato from list of essential commodities, which can only be regulated through stock limits under certain situations so that farmers could obtain better prices.

These ordinances were enforced by govt. so that farmers could increase their income and need not rely upon others for trading. This hampers the business of commission agents and private money lenders. Hence, they opposed these ordinances along with some farmers of states like Punjab, Haryana, etc. claiming that these ordinances may provide less MSP to farmers.

Impact of Post- COVID 19 Pandemic on Kharif crops

No impact of COVID-19 pandemic was observed with *kharif* sowing due to onset of south-west monsoon rainfall, availability of all agricultural inputs, labourers, no barriers to reach the harvests in market and also due to financial support received from government. It was reported that the total area of *kharif* sown crops has increased by 21.20% to 691.86 lakh hectare.

Conclusion

This year our farmers not only battled against uncertain weather conditions, interrupted supply chains and rising

inflation but also faced challenges from COVID 19 lockdowns and attack of locusts. At this phase, both expectations and burden have increased from agricultural and allied sectors for strengthening the economy of our country. Due to COVID-19 pandemic each and every individual have faced lots of problems but the worst affected was farmers associated with perishable commodities (vegetables, fruits, flowers) and migrant labourers. Also, the situation of animal husbandry sector was worse due to restrictions in movement. There were some news about farmers suicidal cases as these poor people were not able to sustain such havoc condition and have chosen to end up their lives.

Though several measures were imposed by govt such as PM Kishan, PM Sampada Yojana, etc., including exemption of agriculture and fisheries from lockdown restrictions, there has been some lags in delivery and implementation of these reforms at the ground level. Also some gaps exists in reaching relief in terms of cash to the poor and needy people. The 3 major reforms introduced by govt. will help farmers in getting better prices for their produce as they don't have to rely upon private money lenders and commission agents, could easily sell fresh harvests to any buyers of their choice in any places, and reduces risk of market unpredictability.

The government ensured farmers to access fresh credits for *Kharif* season due to which farmers were able to cultivate *kharif* crops successfully and got maximum production. Though farmers have faced transport barrier problems at initial lockdown, but later ITC introduced e-choupal infrastructure and network to procure farm harvests directly from farmer locations and introduced supply chain interventions like multi- point rake movements, and coastal container movements to ensure uninterrupted movement of produce. In order to counteract any challenges in future, farmers should not entirely rely upon mono-cropping system, they should store some traditional seeds for sowing crops in need and should be aware of new technologies and policies.

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