More Reform than Relief: Indian Agriculture and the Pandemic

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A series of national lockdowns beginning 24 March 2020 until 31 May 2020 has been the main response by the Government of India to contain the spread of COVID-19. Announced just a few hours before it was implemented, the weeks that followed saw a seismic collapse of livelihoods and the economy. Amidst the economic crisis that ensued, narratives in the popular media and government announcements seemed to convey a sense that agriculture has been resilient and that the sector offered a ray of light and a beacon of hope (Tiwari 2020; Sharma 2020; Pandey 2020). As evidence, government spokespersons and media commentators have highlighted that the area sown increased 49.9 lakh hectares to 67.25 lakh hectares as of May 2020, that horticulture production has increased to a record 320 million tonnes this year and foodgrain production reached a robust 295 million tonnes, all signalling that agriculture had come through unscathed. Estimates released in April 2020 put growth rate in agricultural GDP at 3.1% in Q4 (2019–2020); this figure does stand out relative to the poor performance of other sectors that typically spearhead growth in India and has served as the basis for a widespread perception that agriculture would lead India out of the economic shock.

Indeed, Indian agriculture has been somewhat resilient and less affected by the lockdown, relative to manufacturing, for instance. The timing of the lockdown was fortuitous; in many cases, harvests were either complete or would not begin until well into the lockdown period. With just one crop per year during the monsoon, a segment of farmers in rain-fed regions remained unexposed to the consequences of the lockdown for the agri-food sector. Preparations for the following season too would not commence for weeks after the lockdown, allowing time for various actors in the agri-food chain to navigate the lockdown. Further, large-scale factory farms, big processors, traders and retailers that dominate, for example, agriculture and

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supply chains in the USA, are limited in Indian agriculture and food processing continues to be diverse, with most segments dominated by small producers and processors. For example, an estimated 85% of all farmers are small and marginal farmers, operating less than 2 ha. Agro-based industry too comprises a mix of large-scale and Micro, Small and Medium Enterprises (MSMEs). As for food retail industry, estimates suggest that 90% continues to be ‘informal’ food retail (*kirana stores*, street vendors), 8% organized modern retail, and at most 2% is accounted for by online food retail. Some industry estimates suggest that online grocery retail might account for much lower shares at 0.1% (Narayanan and Saha 2020a). In general, while these are labour-intensive enterprises and were hit hard by the lockdown and the exodus of migrants from their place of work, the existing evidence suggests that Indian agri-food supply chains continued to be functional albeit on a smaller scale (Narayanan and Saha 2020a). The lockdown has also seen effective interventions by Farmer Producer Organizations (FPOs) and several state governments in enabling market access for farmers and massive public procurement of foodgrains. Yet, it would be erroneous to assume all is well with Indian agriculture for several reasons.

1 Bracing for a Crisis in Agriculture

The National Sample Survey’s Situation Assessment Survey of Agricultural Households, 2013, notes that 32% of income for agricultural households comes from wages and 12% from animal agriculture. This suggests that a large number of farming households are likely to have been affected by the collapse in opportunities for wage employment.

As for agriculture itself, it is now well documented that the lockdown triggered an unravelling of agri-food supply chains—from farm to the consumer, entailing significant losses for farmers, notably for those growing high-value perishable crops. Dairy, poultry and marine fishing have been especially impacted. These are evident not only in credible newspaper reports but also from field surveys and narrative accounts from across the country. For example, farming operations were hampered by the lockdown. Several farmers were unable to access their farms due to movement restrictions; unavailability of labour and machinery constrained harvest operations due to migrant workers leaving for their homes. Mandis, wholesale agricultural markets, became high-risk areas for virus transmission leading to intermittent mandi closures (Rawal and Kumar 2020; Ramakumar 2020). Village itinerant traders had stopped coming to villages to pick up produce; reluctant to procure and offering low prices. Transporters became scarce, and costs of transport had doubled. Warehouses/cold storages too faced labour constraints for operations. Agro-processors were operating below capacity, if at all (30–50%) by some accounts. To add to this, HORECA (hotels, restaurants and catering) demand as well as exports collapsed (Fig. 1), triggering a fall in prices that farmers received, even as consumer prices rose in the cities (Fig. 2).

One study observed that an overwhelming majority (approximately 85%) who identified themselves as farmers were either unable to harvest, could not sell or sold at reduced prices (Azim Premji University 2020). A Harvard T.H. Chan

Source and notes: Ministry of Commerce, Government of India (Quick estimates) Relative to April 2019, 29.6% dip in export of major agri-commodities of Rs.5106 crores

Fig. 1 International exports of agricultural commodities (April 2020, relative to April 2019)

Source: Narayanan and Saha (2020a)

Fig. 2 Consumer prices increase in urban centres

School of Public Health-PHFI-CSA survey in May 2020 found that 10% of farmers who cultivated this season could not harvest; 63% harvested, but 22% could not sell their crops. The People's Archives of Rural India (PARI) notes, for example, that farmers were holding on to their cotton harvests unable to sell.

We conducted a dipstick survey of farmers and interviewed about 370 farmers across nine states in April–May 2020 by telephone. Table 1 presents key results, which are broadly consistent with findings from other surveys. Among farmers who had harvested some produce this season, 29% were still holding on to it; 13% had sold the harvests at throwaway prices, and about 7% reported that they had to let the produce go waste. While a few farmers indicated that they faced no change in price relative to before the lockdown, an overwhelming majority reported a large fall in prices. Prices of tomato, for example, fell from Rs. 18 to Rs. 5 per kg; paddy was selling at Rs. 1000–1500, while the minimum support price was set at Rs. 1815/quintal; price of gourds had dropped from Rs. 20 to Rs. 10, and watermelon from Rs. 12 to Rs. 4. The fall in prices that farmers reported in the survey is broadly consistent with those evident from our analysis of prices at mandis (wholesale markets) that suggests that on average by end-May, prices had plummeted to a fourth of what it was on the eve of the lockdown (Fig. 3).

More crucially, close to a quarter of the households interviewed report that some member of the household had lost work on account of the lockdown with 23% also indicating that a member of the household had to skip meals, borrow or rely on others for food at least once during the week preceding the survey. An overwhelming majority worried about finding work, earning incomes and paying back loans with 39%, suggesting that the lockdown had affected them badly. Most were coping by cutting back expenses or by borrowing.

The existing evidence from the field points to emerging distress in agricultural households, a very different picture from the optimistic prognosis in popular narratives.

Table 1 Results from the IGIDR Farmer Survey, 2020. *Source:* IGIDR Farmer Survey, 2020. The survey was conducted by telephone and covered 370 farmers in nine states, April–May 2020

Lockdown had affected them very badly	39%
A household member lost his/her job	23.50%
Had to borrow food, rely on others for food or skip a meal at least once in the past 1 week?	23%
Faced a problem	
Getting food in adequate quantity and variety in the village	40.70%
Finding work	70.50%
Earning income	81.20%
Paying back loans (for those with debt)	85.10%
Coping strategy	
Borrowing	38%
Cutting back on expenses	85%
Selling assets	3%
Relying on friends and relative	20%

Sources and Notes: 5-day moving average Modal price weighted by arrivals33 commodities All reporting mandis (1.95 million data points), Dotted line represents *lowess* (locally weighted scatterplot smoothing)

Fig. 3 Prices farmers receive have collapsed

2 Relief Rather than Reform

Throughout the pandemic, it seemed that the Government of India was always a step behind, with states having a better handle on the situation. A crucial problem was that several states had already taken steps for statewide lockdowns before the national lockdown was announced with clear guidelines and action on maintaining agricultural activities. The existing evidence suggests that the centre's notifications relating to agricultural activities during the lockdown were largely reactive and were often not consistent with actions already implemented by the states (Narayanan and Saha 2020b). This disjunct was never fully resolved, leading to considerable confusion on the ground.

Since then, the Government of India has made a number of announcements focusing on relief for farmers. PMKISAN (PM-Kisan Samman Nidhi) and PMFBY (Pradhan Mantri Fasal Bima Yojana) have been paid out, some of which had been pending for months. Loan repayment dates had been extended. Kisan Credit Card (KCC)s have been extended to dairy farmers and procurement scaled up with higher Minimum Support Price (MSP) announced for several commodities. Each of these is important in its own right, but in their reach and volume fall well short of what might be effective to ensure that farmers keep their heads above the water. Further, as Kulkarni (2020) points out many of these measures also leave a large constituency of women (and tenant) farmers to fend for themselves, since they are less likely to be registered for government procurement and tend to not have title to land. Other initiatives such as the establishment of a Rs. 1 lakh crore agri-infrastructure fund, hold promise, but will likely take time to design and float and it is unclear it can serve the needs of farming communities any time soon.

An even greater concern is apparent shift in focus of the government to long-term market reform rather than relief. Three hastily drafted ordinances, amending the

Essential Commodities Act, restricting the payment of Agricultural Produce Marketing Committee (APMC) market fees to transactions conducted in the mandis and a legal framework for contract farming, are all longer-term reform efforts that offer little relief for farmers.

3 Prognosis and Prescriptions

Farmers and farm workers are in urgent need of relief. Many migrants from farming households and many landless workers have now returned to their native villages. While a few are likely to return to the cities for work, not all are committed to life in the city and retain ties to the land. Rural areas in regions where a large number of migrants have returned face multiple challenges.

The small size of holdings implies that agriculture has limited capacity for absorption. Having never prepared for a life in agriculture, many of the younger workers are differently skilled. Yet, there are few jobs available in the villages. While those with larger landholdings can absorb family labour, for the smallholder and functionally landless and women in general, there is an urgent need to proactively expand access to assets and work.

There are many interventions that can achieve this in the context of agriculture. Given that access to land will be a key constraint, group land leasing for the functionally landless could ensure that land is allocated to those who wish to enter or re-enter agriculture. We already have Kerala's group leasing efforts via Kudumbashree that offers a template for managing such an initiative at the local level. It is likely that many return migrants will require start-up assistance, including input kits and implements. The existing farmers will likely require asset transfers—of small ruminants, poultry, kitchen garden and input kits that can ensure that they do not sell assets at distress (or to recoup them if they have) to tide over the distress, while ensuring their capacity to feed themselves. Several successful models of kitchen gardens for those without land exist already, that rely on polybags and vertical farming structures (Phansalkar and Kundu 2018).

Apart from the announced fund for supporting the creation of infrastructure, the existing allocations within departments of animal husbandry, fisheries, agriculture, food processing and the Mahatma Gandhi National Rural Employment Guarantee Act can collectively be harnessed to support the construction of community milking stations, community dairy sheds, fodder and grain banks, modern small-scale storage and low-cost polyhouses. Technologies for each of these already exist and have been implemented with success in many parts of the country. There is also considerable scope around ancillary activities—grading, sorting, cleaning and packing, first stage processing—at the village level, that apart from generating employment would also help augment the prices that farmers get.

A key intervention by the government in the following kharif season ought to be decentralized procurement that is geographically dispersed reaching as many farmers as possible. This is crucial to buoy prices that producers get. Likewise, government-supported processing and distribution, especially via FPOs/women's groups, would be necessary to ensure that supply of food and agricultural materials

into rural areas is maintained. Lastly, an effective Mahatma Gandhi National Rural Employment Guarantee Act would serve as a credible fallback option.

Agriculture and agro-based activities in India continue to be highly labour intensive, and there is considerable scope to ensure that these activities are now located as close to the farming communities as possible, so that the returns to these investments accrue to local communities. Investing in such efforts can lay the foundation for a new trajectory for agriculture as a source of employment rather than as a sector that people want to leave.

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