



The Impact of COVID-19 on Small-Holder Farmers in India and the Way Forward

The ongoing COVID-19 as a health catastrophe has affected all ways of life. In this pandemic, protecting people's lives as well as the frontline facilities is now the current priority for both the State Governments and the Central Government. Both the Governments have rolled-up their sleeves for getting into actions to tackle this health disaster which also led to imposing a nation-wide lockdown to limit virus transmission. In this context, the panellist will explore – “how does small-holder farmers respond to this crisis and how do government measures affect millions of farm households across the country?” and suggest the possible mitigation strategy.

In India more than 80% of the agriculture sector comprises of small and marginal farmers (Ministry of Agriculture and Farmers Welfare, 2015). Agriculture and its allied sectors are the source of livelihood of around 54.6% of the population and as per the Economic Survey 2019-20, its contribution was around 16.5% of Gross Domestic Product (GDP). Furthermore, the small-holder farmers contribute to both diversification and food security significantly in terms of production of high value crops (Dev, 2014). But the current pandemic disrupted maximum activities in agriculture and supply chains. The gaps in communications and co-ordinations between the Centre and the States towards the agriculture has been evident in terms of release of notifications and circulars to manage agricultural activities during the lockdown. The early reports suggested that the non-availability of labour interrupted the harvesting activities. There are disruptions in supply chains because of nation-wide lockdown. During the period, the prices have declined for maximum agri-products, yet consumers are paying more.

A rapid assessment survey conducted by Foundation for Agrarian Studies (FAS) in April 2020 also concurs the fact that the access to marketing channels and price of produce was disrupted due to the pandemic (Singh et al. 2020). The local market channels had collapsed for the small-holder farmers. Apart from that, the shift in purchasing behaviour with the increased use of digital services in agri-food marketing and more people buying food through online services than the traditional markets also raise concern on the efforts needed for disrupted rural-urban connection (Bhandari 2020). Thus, the concerns largely remain regarding the aggregation and marketing the produce by small and marginal farmers. On access to credit, evidence suggests poor access to formal credit by small and marginal farmers (Kumar et al. 2017). Kak (2020) suggests that “while the storage loan system is important for farmers, asset-collateralised loans could augment the current system for long-term borrowing by providing more security of collateral”. Ensuring credit accessibility and availability during the pandemic for smallholder farmers who are mostly cash-strapped should be one of the priorities of the Government.

Immediately after the nation-wide lockdown, the Ministry of Finance has declared an INR 1.7 trillion package as an interim relief, mostly to protect the vulnerable sections (including farmers). As part of the announcement, under the PM-KISHAN scheme, farmers received INR 2000 as income support. The Reserve Bank of India (RBI) has also announced specific measures to address the “burden of debt servicing” due to pandemic. Agricultural term and crop loans have been granted a moratorium of three months with 3% concession on the interest rate of crop loans. In May 2020, post Finance Minister's announcement on agricultural policy changes, the Centre's steps to mitigate pandemic effect on farmers is being seen on a positive note. Centre's announcement of recent changes such as deregulation of the Essential Commodities Act and reforms in APMC where farmers can sell their produce to anyone across India is a very positive step toward liberalising the agricultural sector (Gulati, 2020).

In this Webinar, the panellist will discuss to build an understanding of the impact of pandemic on the small-holder farmers in India and ways to ensure an uninterrupted supply-chain distribution and access to credit and thereby explore – “How does small-holder farmers respond to this crisis and how do government measures affect millions of farm households across the country?”. And present a way forward for policy makers and decision makers in terms of improving outreach and delivery of these schemes.