

**IMPACT OF COVID-19 ON AGRICULTURE****Dr. Gangambika C. Savagaon & Prof. Sairam Iyer**

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**Abstract:**

*This study reveals the effects of Covid-19 policies and measures on the Agriculture sector of India. From the beginning of the lockdown, the effects on agriculture sector have first been adverse but subsequently have also fared comparatively better than other sectors of the economy. In the post-covid 19, in the economy of India, it is possible that agriculture may arise as a cornerstone of the Indian Economic growth.*

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**Introduction:**

As on June 1<sup>st</sup>, the covid-19 has infected more than 19 lakh & killed 5598 people in India since it was first reported in China in December 2019. According to the Ministry of Health & Family Welfare, the highest numbers of confirmed cases are in the state of Maharashtra, followed by Tamil Nadu, Delhi & Gujarat. The disease has affected all sections of society. Following the rise of the pandemic of Covid-19, measures of complete lockdown and social distancing were enforced by the government in an attempt to curb the spread of the disease. These measures came at a heavy economic cost, with effects that ran deep for multiple periods. All sectors of the economy were hit to varying degrees, while various policies were employed to meet the unprecedented issue with varying degrees of success. This paper shall cover the impacts of Covid-19 measures on the Agriculture sector in terms of variables like agriculture production, Employment, credit facilities & its contribution to GDP.

**Research Methodology:**

This paper attempts to find out the insights in to various aspects of agriculture during Covid-19 pandemic. Even today economy is not completely out of clutches of this worst ever pandemic. However now good sign is economic activities are slowly catching up. Supply & demand status are showing positive growth at macro level. The paper title is “Impact of Covid-19 on agriculture” which explains the effect of covid-19 pandemic on agriculture.

The specific objectives of the study are-

1. To study the impact on agriculture production
2. To explain the implication on Employment
3. To find out the status of credit facilities
4. To explain the contributions of agriculture to GDP

The study is based on secondary data collected from reference books, journals & articles.

### **Agriculture Production:**

Indian Agriculture is primarily labour intensive. The important impacts on agriculture production following the imposition of lockdown came from migration of labourers and reduction in labour hours due to social distancing. As per the survey conducted by NABARD, it was revealed that a majority (47%) of the districts selected for study, showed a decrease in the output generated by agriculture and agro-allied Sector. Another portion of the districts (34%) witnessed no change in the final output of agriculture and allied sectors. These findings were intuitive to an extent. However, the survey further revealed that 19% of the districts under analysis, which amounted to 108 districts, instead presented an increase in final production.

To elaborate on this finding, it is pertinent to decompose the result of the survey to a more suitable degree. The data of changes collected and published by NABARD relates to not only Agriculture, but also to agro-allied sectors. In this, the output of agriculture is unique since its harvest is periodic in nature, and not continuous. When the lockdown was levied at the end of March of 2020, the Rabi session of nurturing was already at its final stage, awaiting harvest. In addition, the Rabi harvest of 2020 witnessed a bumper crop, further raising the output beyond the normal expected output. Comparatively, the production and collection activities of other agro-allied sectors like poultry, dairy, and fisheries is a continuous process. These were impacted to a larger degree by the lockdown. Among these, the largest decrease was seen in the case of poultry and fishery. Therefore, the decrease in output in 2020 was caused by the agro-allied industries, while the bumper crop aided in lessening this statistic. The proportion of agriculture production and the various agro-allied industries output in the total output determined the net change seen in the total output of each district. That is the reason for the varied results collected from the survey.

### **Employment Implications:**

The main remedial measures undertaken for the pandemic were the imposition of lockdown and social distancing. Both of these measures had an impact on the demand and supply for labourers employed in the agriculture sector. Indian agriculture is generally featured with small subsistence farms in farming communities on one hand, and large farmlands owned by a few, who employ labourers for agricultural operations on the other hand. While the subsistence farmers are larger in population, higher output contribution is received from the few landowners who employ hired labour for the agricultural operations. A large portion of such labour is migrant in nature.

The enforcement of social distancing and lockdown brought the agricultural activities to a halt following the harvest of the Rabi crops in the March and April of 2020. Thereafter, the labourers found themselves out of a

job, which also stopped any monetary receipts in form of wages. This led to many migrant labourers shifting back to their native places, causing an outflow of thousands of labourers from the local agricultural input markets. This created a scarcity of labour input, subsequently raising their wage levels, to an extent of almost doubling of wages when the activities were to be resumed. The study by NABARD revealed a decrease in labour supply in 70% of the studied districts due to such reasons. This migration also led to an increase in labour supply in 17% of the districts, which saw a greater inflow of labour, as a destination of migration. Since the movement caused a disparity in the quality of agricultural labour among the local, relevant labour markets, the ultimate implications are more complex and difficult to clarify.

### **Credit Facilities:**

With the intention of encouraging the economy, loose monetary policy was adopted, dropping interest rates to extremely low levels. This made credit available at a cheaper rate, encouraging borrowing and subsequent expansion of business. According to reports in the latter half of 2020, it was seen that due to the reduction in agricultural operations, the demand for fertilisers had decreased, a king them available at lower prices. The easy availability of credit also allowed the farmers to bring a higher area of land under cultivation for their kharif planting.

In the annual report of 2020-21 compiled by NABARD, the ground level credit was calculated from three sources - Commercial Banks, Cooperative Banks, and Regional Rural Banks. Among these, the largest share of credit was received from commercial banks. The smallest share came from Regional Rural Banks. These shares include crop loans and long term loans. From the data collected, it is made amply certain that the target increment expected in agricultural credit in the relevant Union Budget will be satisfactorily achieved.

### **Contributions to GDP:**

The output from Agriculture that forms part of GDP follows a cyclical pattern. It is high in the beginning months from January, and then continues to decline over the course of the year. This is caused by the seasonal nature of agricultural produce. But if this cyclical trend is factored away, it can be observed that over time, the annual proportion of Agriculture in GDP reveals a rising trend. This trend has been maintained without too much lag even during the pandemic times. Much of this is due to the easier access to capital and lower cost agricultural inputs allowing for increased agricultural activities on a wider scale. The nature of the agricultural products being necessities whose demand was also maintained by Government policies also helped to encourage supply. Although the GDP itself declined, the decline in agriculture was smaller and of a shorter duration than other sectors, thereby inflating the proportion of GDP contributed by agricultural produce during the pandemic period.

### **Conclusion:**

This paper thus briefly explains the effects of Covid-19 policies and measures on the Agriculture sector of India. From the beginning of the lockdown, the effects on agriculture sector have first been adverse but

subsequently have also fared comparatively better than other sectors of the economy. In the post-covid 19, economy of India, it is possible that agriculture may arise as a cornerstone of the Indian Economic growth.

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