

IMPACT OF COVID-19 ON DISTRICT LEVEL FARM CREDIT- MAHARASHTRA**Nandkishor C. Patil & Dr. Suresh Maind***PhD Scholars, Mumbai School of Economics, University of Mumbai, Mumbai.**Professor, Mumbai School of Economics, University of Mumbai, Mumbai.***Introduction:**

The Novel Coronavirus (COVID-19) pandemic origin from Wuhan city of China in Dec, 2019 (Zhou, Z. M. et al 2020) spread across globe and on 31st January 2020 World Health Organization (WHO), declared (PHEIC, 2020) the outbreak of Covid-19 as a international public health emergency. The first case of Covid-19 identified in Kerala on 27th January 2020 (Andrews, M. A., et al., 2020) in India and on 9th March 2020 in Maharashtra. In response to counter the pandemic the government of India had declared the first nation wise lockdown on 24th March 2020 for 21 days and further extended the lockdown three times and continued till 31st May 2020. The sudden lockdown declared by government had put the various types of economic crises on individuals. The complete shutdown of all economic activities across all sectors, industries and factories barring some essential services to counter the pandemic had put the pressure on the economy.

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The labour forces in the country started migrating to their home towns and villages due to lack of work in major metro cities on the one hand whereas pandemic had given opportunity to our earth to convalesce itself, compared to 2019-20, we could have noticed drop in coal consumption, carbon and nitrogen dioxide emission in 2020-21 (Saadat, S., et al., 2020), whereas, the agriculture sector has experienced major barriers due to amid concerns Covid-19 pandemic and lockdown. Travelling restrictions, self isolation, social distancing had emerged issues of food security, supply of farming inputs, even though banking services was functioning in pandemic period, the access to credit and credit recovery had affected (NABARD, 2020) and outputs due to partially or fully closures. The shortage of transport, migration of labours, closure of state borders had crumble farm gate prices of poultry, horticulture, dairy etc (Ananth, S., 2020; NABARD, 2020; Kumar, A., et al., 2020) and prices had experienced spike prices of agriculture produces in the retail market due to restrictions on movement of vehicles, the operations of agriculture produce mandis had affected and rural haats had adversely affected during complete lockdown ((Ramakumar, R. 2020; NABARD, 2020), shortage of storage infrastructure due to panic buying of urban (Maggo, D., 2020) and rural households.

The development of rural economy is the critical for the development of Indian economy as rural India; the rural population mainly depends on agriculture and allied activities for their livelihood and it's a key

stakeholder in generation of demand for goods and services. The agriculture sector had grown on average at 3.2% p.a. from 2014-15 to 2019-20 (Hari, H., et al., 2020). During the lockdown, the agriculture was the backbone of economy; it had offered a solitary in such situation to production strength of food supply as it not drastically affected by pandemic (NABARD, 2020). The agriculture sector had grown at 5.9% as compare to overall growth of 3.1% in Quarter 4 of financial year 2019-20 (Mukherjee, S., 2020) despite of falling income of farmers due to supply chain disruptions of agriculture and allied produces such as vegetables, poultry, dairy etc. The agriculture sector had grows at 3.4% in Quarter 1 of FY 2020-21 as compare to 5.9% in Quarter 4 of FY 2019-20 i.e. reduction of 2.5% between these two quarters majorly due to Covid-19.

Brief Steps taken by government and other agencies to support agriculture sector in Covid-19 pandemic March 2020 to March 2021 (RBI):

- The agriculture gold loans and other loans converted into Kisan Cerdit Card (KCC) accounts.
- The agricultural machinery and its supply chain, repaire shops, tuck repairs shops on highways, fuel pumps kept open to facilitate the transportation of farm produce.
- The Financing of Rs. 1 lakh crore funding for agriculture infrastructure projects at farm and aggregate points under Aatma Nirbhar Bharat Abhiyan - Part III.
- The extension of repayment of short term loan (upto 3 lakh) advance and 2% interest subvention (IS) to banks and 3 % prompt repayment incentive (PRI) to farmers for agriculture and allied sectors which hall due or become due between 1st March and 31st Aug. 2020.
- The subsidized fertilizer of Rs. 65 thousand to agriculture

The relief packages such as direct cash transfer to the targeted beneficiaries (89 to 94%) announced under various schemes such as Pradhan Mantri Garib Kalyan Yojana (PMGKY) implemented for April. May and June 2020. The Direct Cash Benefit (DBT) fund used by small and marginal farmers used for purchasing of farm inputs, which had address the liquidity constraints of small and marginal farmers in Rajashthan, Uttar Pradesh and Madhya Pradesh.

The most of the studies has done on the impact of covid-19 on livelihood, social schemes run by government during covid-19 pandemic, no study has been done except NABARD, to access the covide-19 impact on agriculture credit disbursement. The objective of this paper is to study the impact of covid-19 on disbursement of farm credit in Maharashtra.

Literature Review:

Ceballos, F., et al., (2021) had conducted the impact of Covid-19 on farm prices, farm income and food security in Panipat, Karnal, Kurukshetra, Yamuna Nagar of Haryana, study found that, 1.6% and 8.3% of surveyed wheat and tomato farmers respectively had taken the loan shows fall in Income of farmers during Covid-19 pandemic.

The study Hari, H., et al., (2020) found that lack of storage capacity with state and unavailability of farm input

would be disastrous for FY 2020-21 cropping season. The milk and poultry industry affected by virus, study experienced flaws in PDS process of procurement and distribution. The study suggested the financial support for dairy cooperatives and poultry farmers, opening of livestock trade gradually, ensure continue supply of farm inputs, universalisation and through monitoring process of PDS.

Varshney, D. et al (2020) found that the relief packages such as direct cash transfer had reached to the targeted beneficiaries in Rajasthan, Madhya Pradesh, and Uttar Pradesh during covid-19 lockdown, the relief packages had been benefited due to lower transaction cost, minimal leakages and instantaneous delivery in short period. Kulkarni, S., et al., (2021) had done the study the impact of Covid-19 on livelihood of women and single women farmers in Maharashtra, the study found that there is need of economic and social security in study area. The economic security includes incase the access to women in irrigation, land for farming, credit, market and remunerative prices. Social security such as pension, direct cash benefits, affordable health care, housing and education and nutritious food etc., study area 56.9% of surveyed women are not benefited by schemes for farmers, 66.9% of women deprived from cooking gas scheme, 60% women are not getting widow pension; 55.4% women does not have jan-dhan account.

Methodology:

The secondary data has been collected from various sources on agriculture credit. The data has been collected on agriculture credit published in reports, publication, data archives of Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD); state level banks committee database from website of Bank of Maharashtra. The district level credit disbursement of commercial banks data has been collected from 2019-20 to 2020-21 for the study.

Analysis of Data, Discussion and Findings:

The below table shows that, from the starting of lockdown from 24th March 2020, the outstanding credit average growth of 6.50%, 7.21%, 6.65% and 66.72% found in priority sector, agriculture and allied sector, agriculture and allied sector priority and non-priority respectively between 2019-20 and 2020-21. The negative growth found in Jan, Feb, June, July and Aug year on year basis, the credit flow during these months has been fallen in agriculture and allied activities non priority sector.

Table 1.

Deployment of Gross Bank Credit Outstanding by Agriculture Sectors between 2019-20 and 2020-21 (Rs. Lakh Crore)								
Month	Priority Sector		Agriculture & Allied Activities		Agriculture & Allied Activities- Priority Sector		Agriculture & Allied Activities- Non Priority Sector	
	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
January	36.15	38.81	11.53	12.68	11.26	12.47	0.28	0.21
Feb	35.83	39.19	11.56	12.74	11.23	12.49	0.33	0.25
March	34.87	39.18	11.11	12.71	10.97	12.35	0.14	0.36
April	35.28	36.55	11.08	11.60	10.97	11.44	0.11	0.16
May	34.79	36.31	11.08	11.65	10.97	11.38	0.11	0.27
June	35.32	36.10	11.26	11.53	11.14	11.44	0.12	0.09
July	34.75	36.89	11.13	11.73	10.95	11.55	0.18	0.17
September	35.30	37.52	11.32	12.02	11.07	11.53	0.25	0.49
October	35.48	38.14	11.38	12.20	11.17	11.76	0.21	0.44
November	35.33	38.13	11.38	12.17	11.14	11.88	0.24	0.30
December	27.88	29.54	11.39	12.46	11.33	12.21	0.06	0.25
August	34.93	36.66	11.18	11.72	10.99	11.55	0.19	0.17
Total	415.92	443.01	135.41	145.20	133.19	142.06	2.22	3.14

Source: https://www.rbi.org.in/Scripts/Data_Sectoral_Deployment.aspx accessed on 31-01-2022

The District wise data of State Level Bankers Committee (SLBC), shows that, the agriculture sector has experienced reduction of 10.12%, 10.84%, and 4.42% in agriculture, farm and crop credit in Maharashtra between 2018-19 and 2019-20. During Covid-19 period the agriculture sector credit has found growth of 61.29%, the farm credit has grown at 70.24% between 2019-20 and 2020-21. It shows that at macro level data shows increase in agriculture credit in Maharashtra.

In Beed, Hingoli, Parbhani, Wardha and Jalna districts have disburse the highest whereas Thane, Ratnagiri,

Yavatmal, Sindhudurg and Mumbai Suburb district has disbursed least agriculture credit during covid-19 crop season of 2020-21 in Maharashtra. The farm credit disbursement is concern the Washim, Wardha, Thane, Solapur, Sindhudurg district have disbursed highest and Ahmednagar, Akola, Amravati, Aurangabad and Beed had disbursed least during covid-19 crop season of 2020-21 in Maharashtra.

Table 2.

District Wise Agriculture Sector Disbursement 2018-19 to 2020-21					
District	Agriculture		Farm Credit		Agriculture Crop Loan
District	Change FY 2018-19 and FY 2019-20	Change FY 2019-20 and FY 2020-21	Change FY 2018-19 and FY 2019-20	Change FY 2019-20 and FY 2020-21	Change FY 2018-19 and FY 2019-20
Ahmednagar	-14%	59%	-12%	64%	-15%
Akola	-9%	90%	8%	84%	12%
Amravati	-13%	86%	-10%	88%	1%
Aurangabad	-14%	79%	-11%	85%	-11%
Beed	-36%	178%	-37%	200%	-8%
Bhandara	-5%	43%	-2%	40%	11%
Buldhana	15%	50%	-14%	154%	-14%
Chandrapur	-3%	61%	-2%	53%	-1%
Dhule	-1%	80%	-5%	60%	-19%
Gadchiroli	-4%	55%	-1%	31%	48%
Gondia	-11%	74%	-2%	64%	5%
Hingoli	-46%	164%	-44%	183%	-22%
Jalgaon	0%	30%	8%	31%	7%
Jalna	-44%	110%	-42%	110%	-46%
Kolhapur	-4%	60%	-16%	98%	-15%
Latur	-8%	27%	-2%	20%	14%
Mumbai City	-18%	38%	-37%	53%	0%
Mumbai Suburb	93%	22%	111%	39%	0%

Nagpur	-23%	42%	-24%	63%	-8%
Nanded	-12%	91%	-15%	98%	-17%
Nandurbar	-41%	42%	-47%	62%	-1%
Nashik	0%	30%	0%	36%	-1%
Osmanabad	-10%	77%	-13%	86%	-17%
Palghar	1%	36%	-1%	29%	-7%
Parbhani	-40%	143%	-39%	143%	-41%
Pune	8%	28%	-3%	33%	14%
Raigad	6%	27%	-1%	26%	13%
Ratnagiri	-14%	17%	-36%	42%	-28%
Sangli	-23%	41%	-19%	46%	-11%
Satara	-17%	33%	-12%	30%	-6%
Sindhudurg	-36%	19%	-39%	21%	11%
Solapur	-19%	42%	-20%	54%	-38%
Thane	2%	10%	3%	9%	-7%
Wardha	-19%	117%	-15%	166%	12%
Washim	-16%	88%	-7%	110%	15%
Yavatmal	8%	18%	9%	14%	10%

Source: Level Banker's Committee (SLB)- Maharashtra :

https://www.bankofmaharashtra.in/acp_achievements

The studies based on primary survey (Ceballos, F., et al., (2021); NABARD, 2020) shows that the farmers has faced the credit crunch in Covid-19 pandemic, whereas macro level data shows that the agriculture credit has been increased in FY 2020-21 as compare to FY 2019-20 both at national and state level for agriculture and allied sector in general and farm credit in particular. So, there is need to conduct the primary survey in each district for analysis of Covid-19 impact on farm or crop loan disbursement in the state.

Conclusion:

At national level the outstanding of agriculture and allied activities sector has not affected by Covid-19 pandemic. The credit flow was continue during pandemic, except in Jan, Feb, June, July and Aug on year on year (2019-20 and 2020-21) basis for agriculture and allied activities non priority sector. The state level data also shows similar trend of increasing agriculture and farm credit during Covid-19 pandemic. The data shows

that there was no impact of Covid-19 on agriculture credit in general and farm credit in particular. The agriculture credit disbursement had been increased during Covid-19 as compare to pre covid-19 in 2019-20.

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