

Giving agriculture a leg up

Farmers need financial support to soften the impact of the lockdown imposed by the government

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When the countrywide lockdown commenced on March 25, the wheels of manufacturing came to a halt, restaurants stopped welcoming customers, shops downed their shutters, trade slowed significantly, trucks were abandoned on highways and marriages put on hold. However, the rabi season progressed towards its logical end. Further, kharif planting is round the corner. Does that mean it is business as usual for agriculture? Clearly not, as agriculture does not operate in a vacuum; inputs are needed to nurture plants and animals, and the output has to be harvested, processed and made available for consumption.

Before laying out the steps required for shielding agriculture during these troubled times, it needs to be emphasised that agriculture is a highly heterogeneous and seasonal activity, and a "one size fits all" approach will not suffice. Let us look at some key elements in this landscape and how the government can soften the impact of the lockdown, particularly on farmers.

Inputs for kharif planting, which begins in May, have to be made available to the remotest village. Seeds have to be processed and packed, agrochemical companies need to produce crop care products, and bulk fertiliser has to be transported in railway rakes and trucks. Packaging material will be needed. The raw material for these in turn has to be manufactured or imported. The backward supply chain is long and fragmented. Input producers should immediately identify the linkages and update both central and state governments with the list of items whose movement should be allowed without hindrance. Once necessary government instructions are issued, industry should facilitate its communication down the line, including checkposts, ports, and transshipment points.

Perishable products need immediate transport and quick consumption. State governments have been mindful of this need, and by and large facilitated uninterrupted movement. However, within perishables there are three main sub-categories.

Fruits and vegetables have been relatively less impacted, as harvesting, transportation, wholesale aggregation, and retailing have largely remained in place. There has been no spurt in retail prices to suggest any major disruption. Movement of mangoes at this time of the year will require a special focus, as production and consumption centres are far apart, and exports have been curtailed. Railway rakes supported by adequate labour can address this.

Milk, however, has taken a hit, because the informal sector that converts it into *khoya* and sweets has been under lockdown. With no weddings and public functions, demand for *paneer* has shrunk and there are reports of milk prices dropping at the village level. Thankfully, the organised sector and the cooperatives continue to buy milk to maintain supplies for urban consumption centres. Government should step in and financially support the cooperative sector to lift larger quantities and convert it into milk powder. This will help in stabilising prices.

Poultry is where the impact is drastic, leading to large-scale distress. Covid-19 has created unfounded fears among consumers, resulting in a sharp drop in consumption of meat and eggs. Many states have shut slaughterhouses. Poultry farmers invest huge sums in raising birds, and with limited options for storage, most farmers would be forced to cull, or dispose them at throwaway prices. The government must intervene actively. Poultry being one of the most organised segments of agriculture with large aggregators, direct support by means of cash transfers duly verified by



The rabi season has to be brought to its logical conclusion, while kharif planting is round the corner. But it is anything but business as usual for the farmer

banks and state governments is urgently needed.

Foodgrains and oilseeds are more stable commodities, and the risks around them are of a different nature. The lockdown commenced when crops in many parts of the country were just harvested or ready to be harvested. Inefficient storage or a delay in harvest could mean poor quality and higher prices.

The Food Corporation of India must immediately gear up its procurement machinery as well as follow strict protocols for the safety of its employees, traders and farmers. Typically, grain procurement takes place during a short window, as farmers need liquidity, leading to overcrowding at mandis. Instituting a system of staggered delivery is the only way out. For this, financial incentives should be offered to farmers so that they hold on to their grains until end-June.

Movement of stocks by railway rakes will require labour at loading and unloading points. In a lockdown environment, state authorities will need to ensure that adequate manpower can be arranged without jeopardising safety. Safety training is a pre-requisite.

The sugar industry has its own issues. Exports are at a standstill, domestic sales are low and inventory buildup is leading to a liquidity crunch. The following steps can help tide over the crisis: Banks must immediately pass on the benefits of reduction in the repo rate by reducing their lending rates; the margin on sug-

ar and ethanol valuations must be relaxed to 10 per cent, from the current 15 per cent and 25 per cent respectively, so that drawing power can be increased; the repayment period for the soft loans announced by the central government in March 2019 for the sugar industry must be extended by a year; export subsidies to be paid to sugar mills should be released; and oil marketing companies should be asked to lift ethanol stocks, which are piling up. Delays could create bottlenecks in northern India's sugar factories and result in curtailment of operations.

Mandi operations will need to be streamlined, so that some of these suggestions yield results. Since this is a state subject, the central government will have to quickly nudge the states to adopt new practices. A mandi timetable could be drawn up, earmarking when produce from which village will be accepted. This could be communicated to villages in advance. Sanitation and hygiene protocols should be enforced. Traders' associations that have voluntarily stopped operations will need to be persuaded to open shops and operate within the social distancing guidelines.

Lastly, the government will have to evaluate the most efficient method of financial support to farmers. Some steps under the direct transfer system have already been announced, and more would be in the pipeline. All this adds up to a huge ask. But given the nature of the crisis, opening the purse strings is the only way out.

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