

COVID-19 Lockdown: Impact on Agriculture and Rural Economy

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Key Messages

Lack of planning and preparation by the Central government for tackling the COVID-19 pandemic has dealt a massive blow to India's economy and has caused enormous hardships to working people of the country.

Harvesting of *Rabi* crops

- Unplanned and sudden imposition of the lockdown resulted in a massive and unprecedented disruption to agricultural activities such as harvesting, sale of agricultural produce, and purchase of inputs.
- The lockdown caused major disruption to the harvesting of wheat. Combine harvesters were not available in villages since the government took weeks to allow inter-state movement of harvesters. Consequently, a large part of the crop was harvested manually by farmers themselves or by using whatever labour was locally available.
- The post-harvest operations, such as threshing, winnowing, loading and storage were also very slow because of lack of workers in most of the places.

Perishables

- Demand for milk has fallen by 20–25 per cent. While the cooperatives continued to procure milk, many private dairies and informal milkmen sharply reduced purchase of milk from dairy farmers. Procurement price of milk fell in many States.
- Farmers who produce fruits, such as mangoes, litchis, melons and water-melons, have suffered massive losses because of disruption of exports and collapse of domestic demand.
- Poultry farmers incurred massive losses since February, because of rumours associated with the poultry products led to a collapse in demand for poultry products.

Crop losses

- Between March 1 and April 29, about 59 per cent of the area of the country had a large excess (over 60 per cent) of rainfall. The excess moisture at this stage of the crop is likely to have resulted in considerable losses to all crops including wheat.
- Lack of availability of cold-storages for perishable crops such as potato, tomato and other vegetables and fruits resulted in massive losses to producers of these crops.
- The Finance Minister (FM) announced that claims of Rs. 6400 crores have been paid through PM Fasal Bima Yojana during the period of the lockdown. This is misleading as the figure refers to settlements of pending claims for the previous seasons and not to losses during the current season. Under PMFBY, farmers contribute the major part of the premium. Payment of claims under PMFBY cannot be treated as support from the government.

Functioning of mandis

- The sudden imposition of the lockdown resulted in a disruption of supply chains and, the farmers could not take their produce to the wholesale markets and haats, and traders could not go to villages to buy the produce.
- There was a sharp drop in the number of mandis that were reporting market arrivals when the lockdown was first announced. The number of mandis reporting arrivals of wheat fell from 746 in the week ending March 22 to just 235 in the week ending March 29.
- Because of restrictions on the number of farmers who were allowed into the mandis and the quantity each farmer could sell on any day, there were long queues of farmers, waiting outside the mandi gates for hours and days.
- Because of these problems, many farmers have still not been able to sell their produce. During the first three phases of the lockdown, total arrival of wheat in the market was 38 per cent less than in the same period last year. The shortfall in market arrivals was 73 per cent for chickpea (chana), 61 per cent for mustard, 48 per cent for potato, 59 per cent for onion, 9 per cent for tomato and 12 per cent for cauliflower.
- Since the government did not make any arrangements for safety of traders, workers and farmers in the mandis, several mandis closed down again in the third phase of the lockdown because of spread of infections in many mandis.

Procurement

- Procurement was delayed by several weeks and, until May 15, was only 83 per cent of the total amount of wheat procured last year. Only a negligible amount of mustard and chickpea (chana) have been procured.
- 96 per cent of procurement of wheat has happened in just four States. In most other States, farmers have been left to sell the produce to private traders.
- The prices of wheat in major mandis in different States, shows that wheat was being sold at prices considerably below the MSP; this was because of delay in public procurement.
- In most mandis, prices of chickpea varied between Rs. 3500 and Rs. 4000 per quintal while the MSP was supposed to be Rs. 4875 per quintal.
- In case of mustard, the prices during the lockdown varied between Rs. 3700 and Rs. 4000 while the MSP was Rs. 4425 per quintal.
- The FM claimed that Rs. 74300 crore had already been spent on procurement by the government. This was a false claim. As per data available from the FCI, government agencies had procured only 283 lakh tonnes of wheat until May 15, amounting to a total purchase of Rs. 54598 crores only.

Deregulation of agricultural markets

- Government is using this crisis to aggressively push for the reforms of APMC Acts and the Essential Commodities Act.

- The agenda is to use the restrictions on street protests during the lockdown to quickly introduce reforms that are likely to be unpopular among farmers.
- At the behest of the central government, several State governments led by BJP have used ordinances to amend their APMC Acts.
- Deregulation of agricultural markets is being done to facilitate corporate penetration in agriculture through systems such as contract farming. This will strengthen the monopoly power of corporate buyers, traders and commission agents, and open ways for them to purchase agricultural produce directly from farmers at low prices.

Inputs

- In the first few weeks of the lockdown, producers of vegetables and fruits were unable to get fertilizers and pesticides for their crops. Dairy farmers were unable to buy cattle feed. Delays in harvesting of rabi crops resulted in a disruption in the supply of fodder.
- The demand for fertilizers is likely to increase in June as farmers would need them for the *Kharif* crop. The disruptions in global supply chains could result in shortages in fertilizer availability during the kharif season.

Food insecurity and public distribution system

- On May 1, 2020, the government had stocks of 878 lakh tonnes of grain (including unmilled paddy), which was 668 lakh tonnes in excess of the stocking norms.
- In a period when people have been dying of hunger and demands for providing ration have been made from across the country, the government has increased the amount of grain it is hoarding in its godowns. The total distribution of grain under both the PMGKAY and the National Food Security Act was only 132.7 lakh tonnes. On the other hand, the government procured (until May 15) 283 lakh tonnes more of wheat.
- The government does not have proper storage facilities for stocking such a large amount of excess grain, and a significant part of it is at risk of being spoilt if it is not distributed soon.
- While the grain is lying in the godowns, more and more people are suffering from food insecurity and hunger. A database of distress deaths shows that out of 672 distress deaths reported in the media until May 24, 114 were directly because of economic distress or hunger. Another 168 deaths were of migrants who, out of economic distress, were using desperate means to return to their native villages and died on the way.

Employment

- Sudden imposition of the lockdown also put a stop to creation of employment in the Mahatma Gandhi Rural Employment Guarantee Scheme (MGNREGS). In April 2020, only 3 crore person days of employment were created in India as a whole. This was just 12 per cent of what was originally projected to be the level of employment creation in that month.

- In the 44 villages across 18 States that were covered in the India's Villages during the COVID-19 Pandemic series, the MGNREGS was not functional in any village.
- The Finance Minister on May 17 announced that an additional allocation of Rs. 40,000 crore is being made for MGNREGS. With this additional allocation, the total budget available for MGNREGS this year is Rs. 90,000 crores.
- The Central government needs to allocate at least Rs. 246,000 crores if all the active job card holders (8.23 crores in 2019-20) and an additional 1 crore households have to be provided 100 days of employment.

COVID-19 Lockdown: Impact on Agriculture and Rural Economy

Lack of planning and preparation by the Central government for tackling the COVID-19 pandemic has dealt a massive blow to India's economy and has caused enormous hardships to working people of the country. The informal rural economy has been hit the hardest by this. Central government's refusal to acknowledge the crisis and their mis-management in handling it has aggravated the suffering of people and has deepened the crisis further.

Instead of providing relief to farmers and rural workers, the government is using this crisis as an opportunity to further dispossess the working people of their rights and resources. Liberalising land laws to make corporate land grab easier, handing over national assets and resources to big corporations, facilitating predatory capture of markets by big business while small enterprises are struggling in the crisis, and relaxations in laws that protect rights of workers are on top of the agenda of the state. As Amitabh Kant, CEO of Niti Aayog, recently expressed in an article, the government is seeing this as a "now or never" moment to introduce "bold" reforms in "key areas" such as agriculture (Kant, 2020).

In this paper, we have looked at the impact of COVID-19 lockdown on agriculture and rural economy of India. We also examine the major announcements of the government related to agriculture and the rural economy, and point out the several misleading claims made by the government. In reality, despite almost two months having passed since the lockdown was first imposed, the Central government has provided very little support to farmers. On the other hand, farmers have been confronted with newer challenges as the cropping cycle has progressed from March through May.

The paper uses whatever secondary data that have become available on different aspects of the rural economy. It uses insights from numerous village-level studies that were prepared by research scholars for the *India's Villages during the COVID-19 Pandemic* series. These scholars were involved in field-based research in villages across different parts of India before the lockdown, and used telephonic interviews with key informants during the lockdown to prepare these early assessments. Along with these, we also use information from various media reports.

Section 1 of the paper discusses problems related to agricultural production, marketing and public procurement. We also discuss problems for producers of perishable commodities such as milk, vegetables, fruits and poultry. We examine the announcements of the government, assess them using data that are available, and argue that the government has provided little support to farmers and rural workers for dealing with various problems that the lockdown has created. Section 2 of the paper deals with the public distribution system, and shows how the government is squandering one of the few resources, the large foodgrain stocks, that were available to it to prevent exacerbation of hunger and create demand in the economy. Finally, in Section 3, we discuss the situation of rural employment,

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and argue that the government needs to expand the rural employment guarantee programme significantly by increasing financial allocations.

1 The Impact on Agriculture

1.1 Harvesting of *Rabi* Crops

End of March and April is the time for harvesting of the *Rabi* crops. Wheat is the second most important crop (after rice) in the country with about 30 million hectares of land sown with it in the *Rabi* season. Chickpea (gram), sown on about 9 million hectares of land in the *Rabi* season, is the most important pulse crop of the country. Mustard, sown in the *Rabi* season on over 6 million hectares, is the second most important oilseed crop (after Soybean). Along with these, numerous other crops, including various fruits and vegetables, are produced in this season. The most important among these is potato, which is harvested in February-March, with Uttar Pradesh, West Bengal, Bihar and Gujarat having the largest share in national production.

Harvesting of wheat was already underway in Central and Eastern India when the lockdown was announced. Mustard was being harvested in Western India. Thanks to a prolonged winter, harvesting of wheat in north-western India, the most important wheat producing region of the country, was to start only around the middle of April.

Harvesting of wheat is mechanised to a significant degree in northern, western and central India. Owners of combine harvesters, mostly from Punjab, start the harvesting season in central India and move northwards as the season progresses, and finish the season in Punjab, where harvesting usually takes place around middle of April. Even for combine harvesters owned by farmers in other States in central and eastern India, the drivers and mechanics come from Punjab every year (Box 1). When the lockdown was first imposed, wheat crop was ready to be harvested in Madhya Pradesh, Chhattisgarh and Uttar Pradesh. Since the government took weeks to wake up to the need for combine harvesters in these States, most of the crop was harvested manually by farmers themselves or by using whatever labour was locally available. Even when the crop is harvested manually, threshing machines are needed to separate the grain. Harvesting and post-harvest work such as threshing, winnowing, loading and storage also require a number of workers to assemble together. With the lockdown in place, most farmers could carry out these tasks only at a snail's pace. Implementing lockdown was also most draconian in the first few weeks, with no clarity about exemption to agricultural work, and local police disrupting the work (Box 1).

1.2 Impact on Perishables

The impact on producers of perishables — vegetables, fruits, milk, eggs and poultry — has been even more severe than on the producers of cereals, pulses and oilseeds. The problems regarding perishables have been manifold.

First, there was a large fall in the demand for these commodities because of the lockdown and the consequent loss of employment and income. Closure of sweet shops, tea shops and restaurants also dealt a blow to the demand for these commodities, in particular, of milk, meat and eggs. The Finance Minister, in her

Box 1. Harvesting of Rabi Crops: Findings from Selected Village-level Assessments

- In Lasra Kalan (Azamgarh, Uttar Pradesh), large farmers hire combine harvesters for harvesting wheat. Although a few combine harvesters are owned by people from nearby areas, most of them come from Punjab. Drivers, mechanics and helpers usually bring these combine harvesters from Punjab in the last week of March. However, with the country-wide lockdown, these skilled workers could not reach the village.
- In Rohna (Hoshangabad) and Badora (Betul) in Madhya Pradesh, farmers were facing the shortage of rotavators and reaper machines, which are required in land preparation for pulses.
- In Mameran (Sirsa, Haryana) and Ramgarh Shahpurian (Mansa, Punjab), owners of combine harvesters had taken the harvesters to Madhya Pradesh, where the harvesting of wheat crop takes place earlier than in Haryana and Punjab, and were unable to return to their villages in time for harvesting.
- In Gijhi (Rohtak, Haryana), the procurement of wheat and mustard at the local mandi began on April 20. Unlike in the past, they had to wait for the mandi to issue them a token and only then could they take the produce to the mandi. A very small number of tokens were issued for each day and the majority of the farmers had to wait for days for their turn.
- In Badora (Betul, Madhya Pradesh), the local mandi opened on April 15 but only six farmers were allowed to sell their produce on the first day.

Source: India's Villages during the COVID-19 Pandemic

press briefing on May 15, admitted that the demand for milk had fallen by 20–25 per cent. This led the cooperatives and private dairies to reduce the quantity of milk they purchase from farmers. Daily sale of milk by Amul, one of the largest dairy cooperatives, declined by 30 per cent (Economic Times, 2020). The fall is likely to have been even higher for other cooperatives, private dairies and informal suppliers of milk. The Managing Director of Amul reported that “the private or small players or ice-cream makers who were buying milk from the farmers have stopped doing so because they do not know what to do with the milk.” Some of the early studies in the *India's Villages during the COVID-19 Pandemic* series reported that even cooperative dairies were not procuring milk in the villages (see, for example, Siwach, 2020).

In her press briefing on May 15, the Finance Minister made a misleading statement about extra purchases of 110 crore litres of milk by dairy cooperatives to help the dairy farmers. Dairy cooperatives did not significantly increase their procurement of milk during the lockdown. There was very little extra procurement of milk over and above the usual level of procurement. When talking about the extra purchase, the Finance Minister referred to the gap between the purchase and sales as the extra purchase, which increased because the sales fell drastically during the lockdown. While the dairy cooperatives were procuring (as per the Finance Minister's claim) an average of 560 lakh litres, they sold only about 360 lakh litres

per day. The difference between 560 lakh litres of procurement and 360 lakh litres of sale amounts to 110 crore litres of milk over 55 days. The dairy cooperatives or the government did not spend any extra resources to procure milk from farmers because private dairies had stopped buying milk during the lockdown. They were procuring more or less what they used to. The unsold milk remains with dairy cooperatives, is converted into skimmed milk powder and butter, and will be used later. Besides, the central government has not given any additional resources to dairy cooperatives to compensate them either for their losses or for the losses of dairy farmers.

Similarly, the sales of fruits and vegetables have contracted very significantly because of the decline in demand. Mango is harvested in different parts of the country between April and July. Litchi is harvested in eastern India in May. This is also the season for harvesting of melons and watermelons in different parts of the country. Producers of all these fruits have incurred massive losses because of a collapse of both export and domestic demand.

Secondly, the sudden announcement of lockdown resulted in a disruption of supply chains, particularly in the first few weeks. Mandis, wholesale markets and weekly markets were shut in many parts of the country. Even where the mandis and markets remained functional, for several weeks, farmers were unable to take their produce to the markets and traders were unable to go to villages to buy the produce. Consequently, producers were forced into distress sales to whoever they could sell their produce to within the villages (Box 2). The Finance Minister herself admitted that “the milk was being thrown on the street”. MD of Amul reported that the price of milk fell by Rs. 5–9 per litre (Economic Times, 2020). Other reports suggest a much greater decline in prices of milk (see, for example, Wakde, 2020).

Data from mandis, discussed in Section 1.4, show that farmers could not sell the produce during the first few weeks of the lockdown. This would have damaged a substantial part of perishable crops which were left unsold for several weeks. The collapse of demand for commodities like milk and vegetables has resulted in a decline in producer prices (see Section 1.4). There have been reports of farmers having to dump their produce and to plough back standing crops because the market prices did not cover even the cost of harvesting. There have also been reports of farmers committing suicides because of inability to sell their produce (Indian Express, 2020).

Thirdly, since early February, there were rumours that Coronavirus spreads through meat and eggs. This resulted in a collapse of demand for these commodities. The collapse of demand was compounded because of large-scale loss of incomes and closure of restaurants during the lockdown. Poultry farmers incurred massive losses as they were forced to sell eggs and poultry for a pittance. In particular, many small poultry producers, who have limited capital and infrastructure, were forced to shut down their poultry farms because of inability to bear the losses.

Box 2. Access to Agricultural Markets: Findings from Selected Village-level Assessments

- In Takviki (Osmanabad), farmers have not been able to take their produce to major markets and have had to sell their produce to local traders at lower prices. A farmer sold beans at twenty rupees per kg, whereas the retail price of beans in Pune was sixty or seventy rupees per kg.
- In Hehal (Ranchi), farmers could not take the vegetables to Ranchi, and were forced to sell them to agents who came to the village on alternate days. The prices offered by these traders were very low. The potatoes sold for Rs. 5 per kg instead of Rs. 25 per kg, beans sold for Rs. 6 per kg instead of Rs. 30 per kg, capsicum fetched only Rs. 20 per kg instead of Rs. 50 per kg, and tomato was sold for Rs. 7 per kg instead of Rs. 25 per kg.
- In Mameran (Sirsa), cabbage was being sold at the mandi for about Rs. 3 per kg instead of Rs. 10 per kg before the lockdown. Some farmers in the villages abandoned their cabbage crop as the price being offered for it would not have covered even the cost of harvesting.
- In Laturwadi (pseudonym, Latur district), a farmer who managed to take a truckload of cucumber to the market was turned back by the police and had to dump the entire produce on the road-side.
- In Alabujanahalli (Mandya), the markets for cocoons were suspended as a result of the lockdown. Cocoons cannot be stored and have a short life. A farmer in Alabujanahalli reported that he had sold cocoons at Rs. 150 per Kg instead of Rs. 500 per kg.
- Many farmers in the Krishnapur (Nadia) grow marigold flowers. The flower market was shut because of the lockdown resulting in a huge loss to marigold farmers. Vegetable producers in the village had to sell the produced at very low prices within the village because of lack of availability of transport.
- In Bharri (Katihar), maize farmers normally sell their products just after the harvest to external buyers from different regions of the country; the lockdown disrupted both the transport of goods to the market and greatly reduced the number of buyers.
- In Ampora (Jajpur), there are about five or six weekly markets near the village. All the closed down when the lockdown was imposed. The only option available to vegetable cultivators was to sell the produce for very low prices within Ampora or in neighbouring villages.
- A farmer from Birdhana (Fatehabad) was turned away by commission agents at the local mandi when he went there to sell cauliflower. “Cauliflower used to sell at the rate of Rs. 15 per kg,” he said, “Now they are not ready to buy them even at Rs. 2 per kg.” Eventually, he ended up feeding the cauliflower to his cattle.

Source: India's Villages during the COVID-19 Pandemic

Fourthly, the lockdown resulted in disruption in supply of inputs for these crops. In particular, in the first few weeks, producers of vegetables and fruits could not get fertilizers and pesticides for their crops. In some parts such as in Haryana, shops selling agricultural inputs were permitted to remain open for a few hours a day, making it difficult for farmers to access inputs. Dairy farmers were unable to buy cattle feed. There was shortage and farmers had to pay higher price for the feed such as cotton-seed cakes (Yadav and Bansal, 2020). Delays in harvesting of *Rabi* crops resulted in a disruption in the supply of fodder. A study from Gijhi village of Haryana shows that farmers in the village grow maize and bajra for green fodder after the harvesting of the wheat and before the sowing of the *Kharif* paddy. The delay in the harvesting and sale of the wheat crop has led to a delay in the sowing of these interim crops (Anju, 2020b). A report based on interviews with input dealers found that, in Fatehabad (Haryana), Patiala (Punjab) and Bulandshahr (Uttar Pradesh), dealers were unable to provide seeds of jowar to farmers (Bansal P, 2020b). If farmers are unable to grow these crops before it is time for them to prepare the land for paddy, they are likely to face a shortage of fodder for their livestock in the coming months. These disruptions in access to inputs will have repercussions on yields of these crops and livestock not only during the lockdown but also in the following months.

1.3 Crop Losses

The above discussion shows that farmers had to go through a lot of trouble, and incur additional costs, for harvesting their crops. Their problems were compounded because of risk of losing the crop. A mature crop, if not stored properly, can be spoilt because of pests and fungus. The storage capacity at the farm-level is limited and often not good enough for prolonged storage. This is particularly a problem for poor and middle peasants and for producers of perishable crops. While perishable crops such as potato and tomato need cold-storage, even grain is at risk of being spoilt.

This problem has been compounded because of several spells of rain and hailstorm across various parts of India through the months of March and April. Between March 1 and April 29, about 59 per cent of the area of the country had a large excess (over 60 per cent) of rainfall (Figure 1). The excess moisture at this stage of the crop is likely to have resulted in considerable losses. Given the lockdown restrictions and various problems created by it (for example, lack of availability of labour, restrictions on gathering of workers, non-availability of machinery), farmers could not even take mitigating actions (such as hastening harvest and safe storage) to save their crops.

In her press briefing on May 15, the Finance Minister announced that claims of Rs. 6400 crores have been paid through PM Fasal Bima Yojana (PMFBY) during the lockdown. This is a misleading claim for various reasons. First, this figure refers to claims for the previous year for which payments were pending. Secondly, under the PMFBY, farmers contribute a major part of the premium. Table 1 shows the wide range, from 15 per cent to 80 per cent, of the farmer's share in premium paid for crop insurance under PMFBY. In most cases, farmer's contribution exceeds the contribution of the central government as the government's share is equally divided between the Centre and the State governments. Given this, counting the claims paid under PMFBY as relief provided by the Central government is absurd. Thirdly, under PMFBY, insurance coverage is provided primarily by private

Table 1: Farmer's contribution in total premium in PM Fasal Bima Yojana, 2019-20 (per cent)

Crop	Farmer's share in the premium (District and State in parentheses)
Wheat	50 (Amethi, UP), 33 (Hoshangabad, MP), 60 (Kurukshetra, HAR)
Mustard	38 (Alwar, RAJ), 55 (Jhajjar, HAR), 27 (Balaghat, MP)
Cotton	33 (Amravati, MAH), 62 (Sriganganagar, RAJ), 42 (Anantapur, AP), 27 (Khandwa, MP), 33 (Surendranagar, GUJ)
Gram	15 (Bhind, MP), 27 (Gondiya, MAH), 15 (Barmer, RAJ), 60 (Adilabad, TEL)
Paddy	33 (Azamgarh, UP), 25 (Thanjavur, TN), 66 (Kamrup, ASM), 80 (Nalgonda, TEL), 54 (Karnal, HAR)

Sources: Computed using the Insurance Premium Calculator on the website of the PMFBY (<https://pmfby.gov.in/>)

insurance companies. The payment of claims being reported are data provided by private insurance companies that have an incentive to over-report payment of claims. These data are not public and there is no way to independently verify whether these claims were actually paid. It is likely that the claim of transfer of Rs. 6400 crores as insurance claims (even if it is for past losses) is also an overstatement.

The economic package announced by the Finance Minister included nothing for compensating farmers for losses that have occurred due to the lockdown.

1.4 Agricultural Marketing

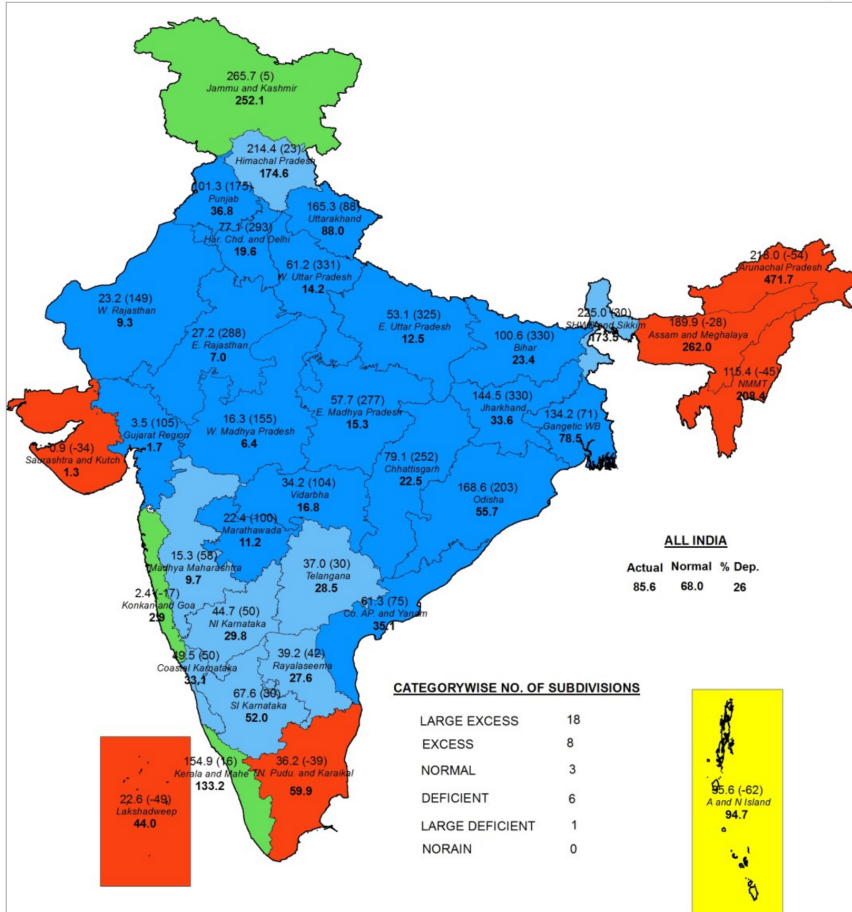
Public Procurement

The government has claimed that public procurement is happening at a fast pace and is almost complete. The Minister for Agriculture and Farmers' Welfare made these claims in a press briefing on April 29.¹ In her press briefing on May 15, the Finance Minister claimed that Rs. 74300 had been spent on purchases of grain by the government at the MSP. These claims, however, are far from true.

The data on procurement released by the Food Corporation of India show that, even until May 15, 2020, procurement was only 83 per cent of the total procurement last year (Table 2). Further, over 96 per cent of the wheat was procured from just four States (Punjab, Madhya Pradesh, Haryana and Uttar Pradesh). In Haryana, the procurement until May 15 was only 61 per cent of the total quantity procured last year. In Uttar Pradesh, procurement until May 15 was only 38 per cent of the total procurement last year. Also, 92 per cent of procurement was done by State-level procurement agencies and the Food Corporation of India procured only 8 per cent of the wheat until May 15. As shown in Figure 2, procurement started in most

¹<https://www.youtube.com/watch?v=YQdmPXjho0s&>

Figure 1: Sub-divisional rainfall map, March 1 to April 29, 2020



Legend

Large Excess [60% or more] Excess [20% to 59%] Normal [-19% to 19%] Deficient [-59% to -20%] Large Deficient [-99% to -60%] No Rain [-100%] No Data

NOTES :

- a) Rainfall figures are based on operation data.
- b) Small figures indicate actual rainfall (mm), while bold figures indicate Normal rainfall (mm).
- c) Percentage Departures of rainfall are shown in brackets.

Source: National Weather Forecasting Centre, India Meteorological Department, Ministry of Earth Sciences, <https://bit.ly/3dezeyp>.

Table 2: Quantity of procurement of wheat by the Food Corporation of India (FCI) and State-level agencies, 2019 and 2020 (lakh metric tonnes)

State	2019			2020 (as on May 15)		
	FCI	State agencies	Total	FCI	State agencies	Total
Punjab	15.72	113.40	129.12	13.54	107.12	120.66
Haryana	11.33	81.87	93.20	5.57	58.33	63.90
UP	1.09	35.91	37.00	0.57	13.53	14.10
M.P.	0.00	67.25	67.25	0.00	78.49	78.49
Bihar	0.00	0.03	0.03	0.00	0.03	0.03
Rajasthan	12.09	2.02	14.11	4.22	1.71	5.93
Uttarakhand	0.00	0.42	0.42	0.00	0.25	0.25
Chandigarh	0.13	0.00	0.13	0.11	0.00	0.11
Gujarat	0.00	0.05	0.05	0.00	0.14	0.14
H.P.	0.01	0.00	0.01	0.02	0.00	0.02
Total	40.37	300.95	341.32	24.03	259.60	283.63

Source: Food Corporation of India, <http://fci.gov.in/procurements.php?view=87>

of the States with a two-week delay. Barring Madhya Pradesh and Punjab, other States were unable to catch up. In UP, Haryana and all other States, the gap between procurement last year and procurement this year widened through the season.

If one takes the claim of the Finance Minister in her press briefing on May 15, this amounts to the government having procured 370 lakh tonnes of wheat.² The data that have since become available show clearly that this was untrue. Data available from the website of the FCI show that, until May 15, only 283 lakh tonnes of wheat was procured by FCI and State-level agencies.

The situation of procurement of other crops is worse. Mustard seed procurement until May 12 was only about 3.8 lakh tonnes. This was about 35 per cent of procurement last year and less than 5 per cent of total production of mustard seeds. So far, chickpea procurement has been only about 4 lakh tonnes, which is half of the procurement last year and less than 4 per cent of total production.

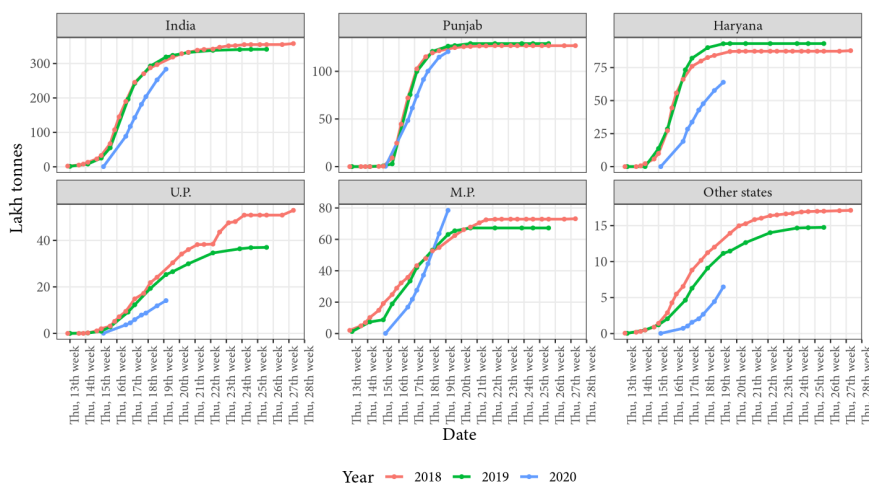
Market Arrivals

Given that the progress of public procurement has been extremely tardy, majority of the farmers have been left at the mercy of the markets.

The sudden imposition of the lockdown caused a massive disruption in the entire agricultural marketing system. No preparations were made to ensure continuation of agricultural marketing or to ensure safety of food supply chains before the lockdown was announced. The government exempted agricultural mandis from the lockdown restrictions on March 27, five days after the first round

²Calculated after netting out Rs. 3652 crores spent on procurement of mustard and gram by NAFED until May 12 and using the wheat procurement price of Rs. 1925.

Figure 2: Progress of procurement of wheat between the 13th week of year and the 28th week of year, India and States, 2018, 2019 and 2020



Source: Based on data from the Food Corporation of India

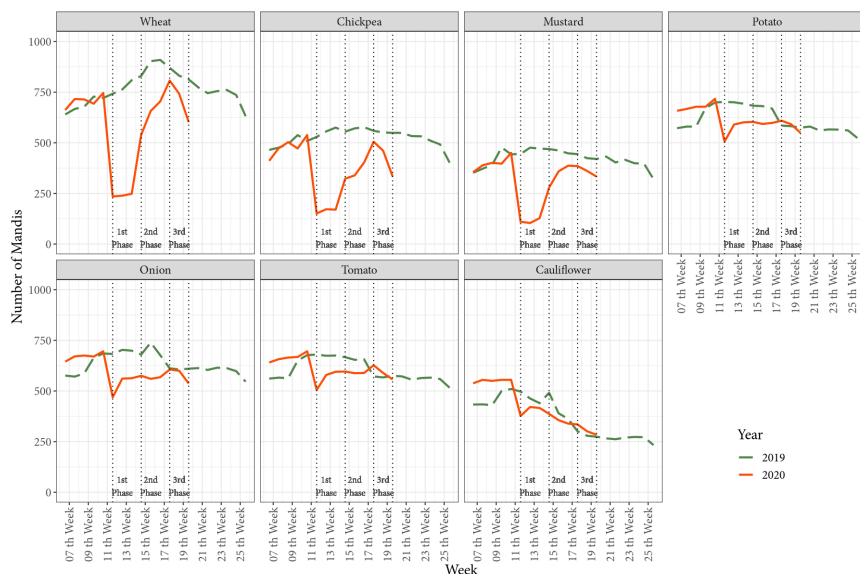
of restrictions starting with *Janta Curfew* were imposed. However, even after this exemption was provided, in absence of complementary measures to ensure availability of labour, to facilitate safe transportation of produce from villages to the mandis and to ensure safety of those involved in transportation and marketing, these administrative decisions remained completely ineffective for several weeks.

We have compiled daily data on market arrivals and prices for seven key commodities for March 15–May 17 for 2017, 2018, 2019 and 2020 from Agmarknet, a database maintained by the Directorate of Marketing & Inspection (DMI), Ministry of Agriculture and Farmers Welfare, which has data for over 3000 mandis nationally.³ The dataset for seven commodities covers a total of 2247 mandis from 32 States and Union Territories. Of these 1738 mandis reported some data between March 15, 2020 and May 17, 2020. The commodities covered in our analysis are wheat, chickpea (*chana/gram*), mustard, potato, onion, tomato and cauliflower. Wheat is the most important cereal crop of the *Rabi* season. Similarly, chickpea is the most important pulse crop and mustard is the most important oilseed crop of the *Rabi* season. Potato, onion, tomato and cauliflower are among the most important vegetable crops.

A large number of agricultural mandis shut down when the lockdown was first announced. Figure 3 shows that there was a sharp drop in the number of mandis that were reporting market arrivals when the lockdown was first announced. In case of wheat, the number of mandis reporting arrivals fell from 746 in the week ending March 22 to just 235 in the week ending March 29. The number of mandis reporting market arrivals of wheat started to rise only three weeks later, and came back to the pre-lockdown level only by the first week of May only to drop again in the phase III of the lockdown. The trend was broadly similar for chickpea and mustard, the other

³See Rawal and Verma (2020) for a more detailed discussion of the Agmarknet (<http://www.agmarknet.gov.in/>) dataset.

Figure 3: Number of mandis that were functional and reported arrivals of key agricultural commodities, weekly data, 2019 and 2020.



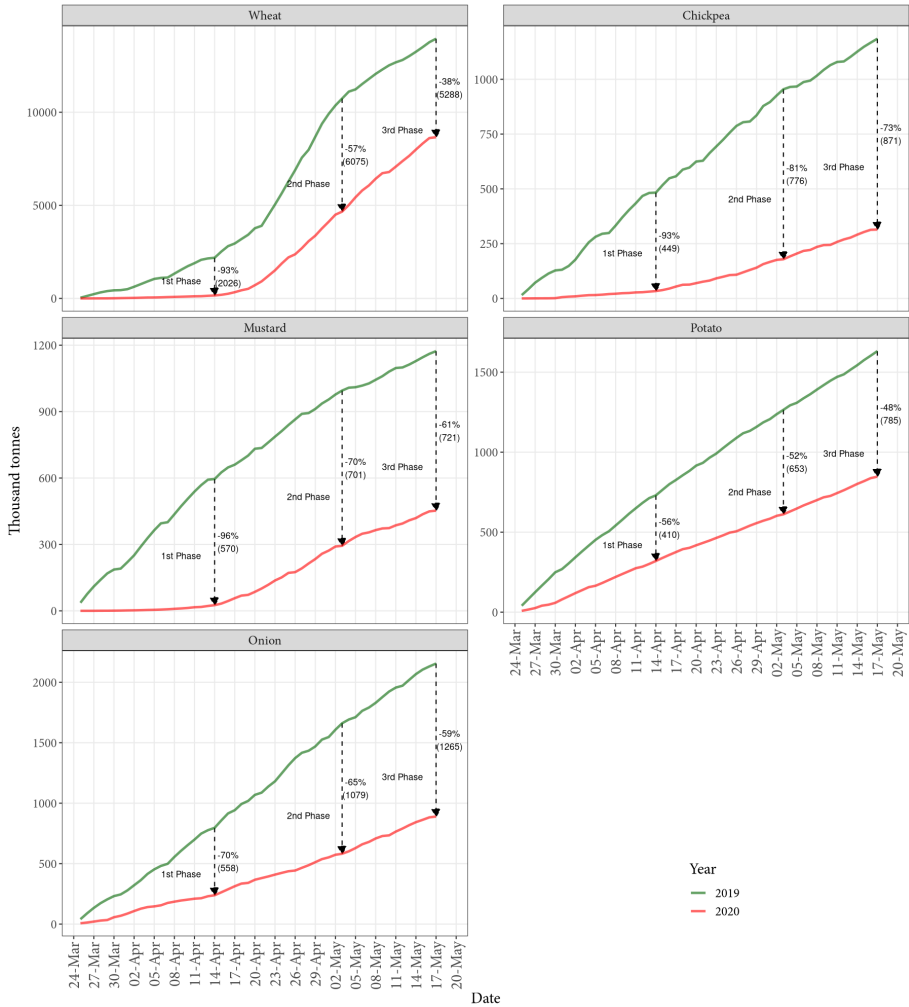
Note: The graph shows the number of mandis that functioned on at least one day in each week.

two major crops harvested during this season. In case of perishables like potato, onion, tomato and cauliflower, the number of mandis reporting market arrivals dropped drastically after the lockdown was imposed, and has not recovered to the pre-lockdown levels since then.

Figure 4 presents a comparison of daily progress of market arrivals between last year and this year, showing the progress of market arrivals from March 25, when the lockdown started, to April 17, when the third phase of the lockdown ended. The figure shows that, in case of wheat, starting from March 25, market arrivals were 20 lakh tonnes (93 per cent) less than the last year at the end of the first phase of lockdown, 60 lakh tonnes (57 per cent) less than the last year at the end of the second phase of the lockdown, and 53 lakh tonnes (38 per cent) less than the arrivals last year at the end of the third phase of the lockdown. In the case of chickpea, the gap between this year and last year was 4.5 lakh tonnes (93 per cent) at the end of Phase I, 7.8 lakh tonnes (81 per cent) at the end of Phase II, and 8.7 lakh tonnes (73 per cent) at the end of Phase III. Although there are differences in the degree of shortfall, similar trends can be seen for all the crops. At the end of the third phase, the arrivals were 61 per cent less for mustard, 48 per cent less for potato, 59 per cent less for onion, 9 per cent less for tomato and 12 per cent less for cauliflower.

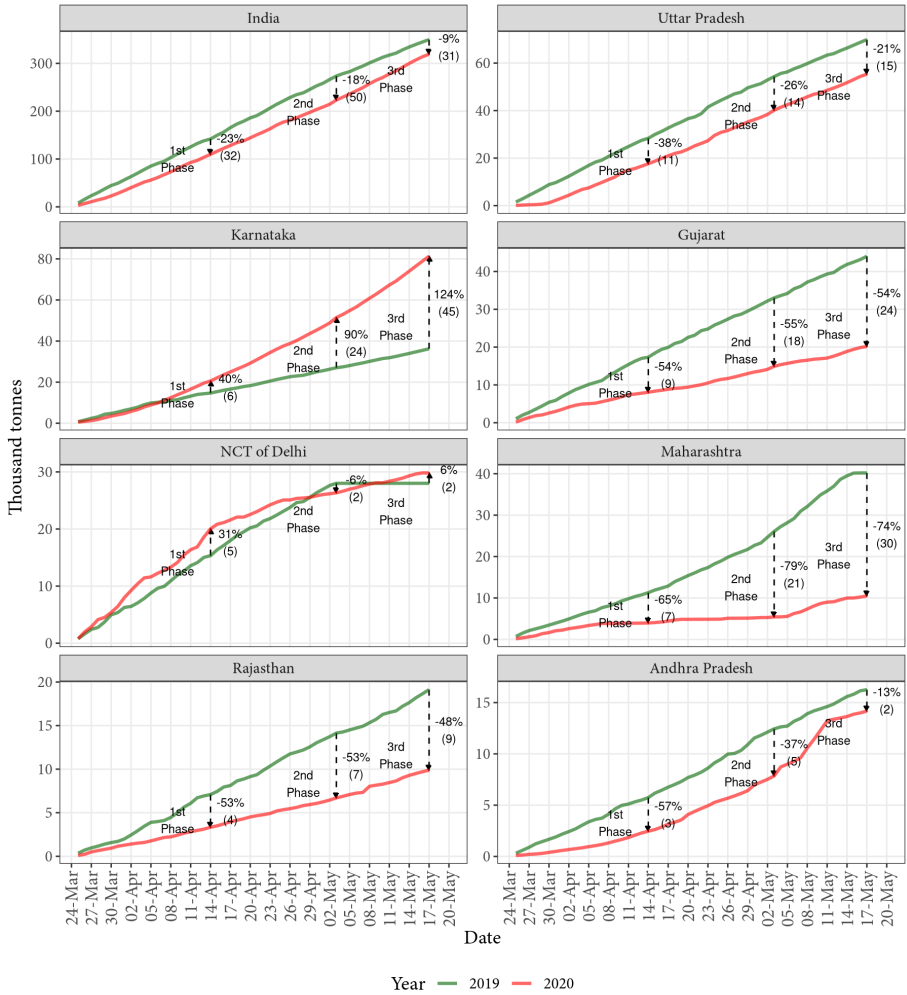
Even in case of crops such as tomato and cauliflower in which the shortfall at the all-India level was relatively small, the State-level data shows serious disruption. Figure 5 shows that, over the entire period of the lockdown, the arrivals of tomato were considerably higher than the last year in Karnataka. This was primarily a result of disruption of transport to Andhra Pradesh and Tamil Nadu, and consequent increase in sales in local mandis in Kolar. In all other major tomato-producing

Figure 4: Cumulative arrivals of key agricultural commodities between March 25 and May 17, 2019 and 2020



Source: Based on data from Agmarknet

Figure 5: Cumulative arrivals of tomato between March 25 and May 17, major tomato producing States, 2019 and 2020

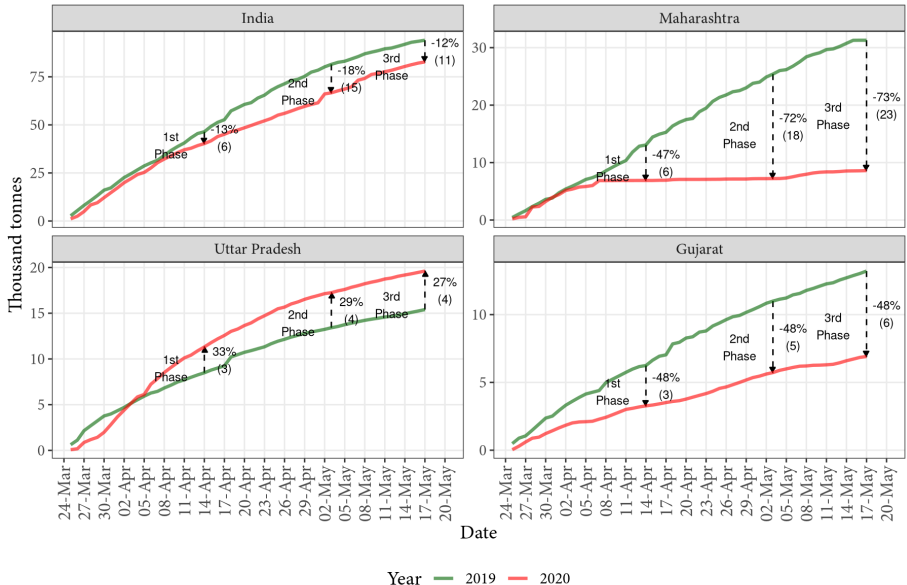


Source: Based on data from Agmarknet

States, large shortfalls were seen in the market arrivals of tomato. The shortfall was 21 per cent in Uttar Pradesh, 54 per cent in Gujarat and 74 per cent in Maharashtra. A similar situation is seen in case of cauliflower in Figure 6. Except Uttar Pradesh, which had considerably higher market arrivals because of disruption of transport to other States, we find considerably lower market arrivals in other major States. For example, arrivals of cauliflower in Maharashtra were 73 per cent less than last year while arrivals in Gujarat were 48 per cent less than last year.

Even after the first phase of the lockdown when many mandis became functional, the marketing operations were marred by complicated procedures imposed in the name of enforcing social distances. In most States, no more than 30-50 farmers were being allowed to sell their crops in a day (Box 2). As a result

Figure 6: Cumulative arrivals of cauliflower between March 25 and May 17, major cauliflower producing States, 2019 and 2020



Source: Based on data from Agmarknet

of restrictions on the number of farmers who were allowed into the mandis on any day, there were long queues of farmers, with tractor-loads of grain, waiting outside the mandi gates for hours and days. In many States, farmers were required to do an online registration and were given a particular date for taking their produce to the mandis. Such systems are discriminatory and impose additional costs on poor peasants who, because of lack of technical know how and access to internet, are unable to use these systems.

Lack of proper infrastructure and facilities has also turned mandis as sites from where Coronavirus infections have spread among traders, workers and others who work in the mandis. Over the last one month, several mandis have been identified as super-spreaders of Coronavirus. Figure 3 shows that, after a resumption in the number of functional mandis in the second phase of the lockdown, a number of mandis closed down again in the third phase, and the number of functional mandis dropped steeply for all the crops. For all the crops, the drop in number of functional mandis between week ending May 3 and the week ending May 17 — 25 per cent for wheat, 34 per cent for chickpea, 13 per cent for mustard, 11 per cent for potato, 13 per cent for onion, 11 per cent for tomato and 15 per cent for cauliflower — was significantly sharper this year than last year. This is also confirmed by several media reports about closing down of mandis because of Coronavirus infections (see, for example, Raju, 2020; Mishra, 2020; GoH, 2020). This has become a major and continuing cause of disruptions in agricultural marketing in the recent weeks.

Prices of Agricultural Produce

The disruption of the agricultural marketing system and the tardy progress of public procurement have forced the farmers to sell their produce at low prices. Even in the case of wheat, the only crop for which a significant amount of produce was bought by the government, delays in public procurement and lack of procurement in large parts of wheat growing areas meant that, in many States, farmers were forced to sell produce at prices below the MSP. Figure A1, which shows prices of wheat in six mandis in different States, clearly shows that wheat was being sold at prices considerably below the MSP. The situation was much worse in case of chickpea and mustard, major *Rabi* crops for which very little government procurement happens. In these crops, prices were considerably below MSP in all the mandis. In case of mustard, the prices during the period of the lockdown varied between Rs. 3700 and Rs. 4000 while the MSP was Rs. 4425 per quintal (Figure A2). In most mandis, prices of chickpea varied between Rs. 3500 and Rs. 4000 per quintal while the MSP was supposed to be Rs. 4875 per quintal (Figure A3).

The situation has been much worse for some of the perishable commodities as there is no public procurement or MSP for these crops. Prices of potato have seen considerable volatility and the trends have been different in different markets. In many mandis of Uttar Pradesh, the largest producer of potato, prices fell in the first few weeks after announcement of the lockdown (Figure A4). Onion has seen a sharp decline in prices in all the major mandis (Figure A5). While onion was selling at about Rs. 2000 per quintal before the lockdown, at the end of the third phase of the lockdown, prices of onion ranged between Rs 500 and 1000 per quintal in different mandis. Tomato prices have also been extremely volatile. As shown in Figure A6, in Kolar and Mulabagilu markets in Karnataka, where volume of market arrivals increased sharply because the produce could be transported to Andhra Pradesh or Tamil Nadu, tomato sold for as low as Rs. 200 per quintal on some days during the lockdown. In Junnar (Narayangaon) in Maharashtra, the modal price of tomato on May 8 was just Rs. 150 per quintal.

Using the COVID-19 Crisis for Deregulation of Agricultural Markets

Instead of ensuring that the farmers are able to sell their produce at remunerative prices, the government is trying to use this crisis as an opportunity for deregulation of agricultural markets. In her press briefing on May 15, the Finance Minister underlined the plan to deregulate the agricultural marketing system through amendments to the APMC Acts and Essential Commodity Acts. She argued that these changes are being made to provide choice to sell the produce to a buyer of his/her choice. Similar views were expressed by the Minister of Agriculture in a press briefing on April 29. Amitabh Kant, CEO of the Niti Aayog, and Ramesh Chand, member of the Niti Aayog, have also openly argued for using this crisis as an opportunity for deregulation of agricultural markets.

As APMC Acts are State-level legislations, any changes in these for deregulation of agricultural markets would have to be done by the State governments. The central government has advised BJP-led State governments to use ordinances to quickly introduce these 'reforms' so as to take advantage of the lockdown. Accordingly, several BJP State governments have already taken steps to get rid of the system of regulated mandis (where the produce is sold through mandated procedure including auctions) and allow private traders/corporates to purchase the produce

directly from the farmers. Madhya Pradesh introduced an ordinance to suspend the regulation of agricultural markets and allowed traders and the corporate buyers to freely negotiate prices with farmers in the villages and buy directly from them. The Karnataka government has also used an ordinance to allow traders and private companies to buy produce outside the regulated markets. Punjab and Uttar Pradesh have also amended their Acts on agricultural marketing to allow private traders to directly buy produce from farmers outside the mandis. In Uttar Pradesh, Uttarakhand, Telangana and Andhra Pradesh, private cold storages and warehouses have been deemed as mandis so that traders can freely buy produce from there without any regulation. In Haryana, the government tried to bypass the system of regulated markets by creating a parallel system of payments directly to farmers, without routing it through the institutional structure of the mandis.

It may be noted that the system of regulated mandis has been introduced in most States since the 1960s as a mechanism to prevent traders from using their monopoly control and power within the village to coerce farmers to sell the produce at low prices. Most States have State-level Acts through which these agricultural markets are established and regulated. While the malpractices in the system of auctions and collusion by traders and commission agents are not uncommon even in regulated mandis, the attempts to withdraw regulation of agricultural markets is akin to throwing the baby with the bathwater. The APMC Acts, all the flaws in their implementation notwithstanding, have been designed so that the produce is auctioned and sold to the highest bidder. Although these auctions are not conducted in the most transparent manner and collusion by traders and commission agents is a major problem, bypassing the system of auctions altogether will only strengthen the monopoly power of corporate buyers, traders and commission agents.

It is a travesty that these changes are being presented by the government as 'reforms' being introduced in the interest of farmers. In fact, the objective of the reforms proposed by the Finance Minister is not to provide choice to farmers but to provide a choice to big corporate buyers to buy the produce without having to go through auctions. This choice is being provided to further the agenda of corporate penetration in agriculture through systems such as contract farming. The fact that these reforms are being introduced hurriedly through ordinances, bypassing the State legislatures, shows that the government wants to take advantage of the limited possibilities of protests by farmers during the lockdown to introduce changes that are likely to be unpopular.

1.5 Access to Agricultural Inputs

April and May are a relatively lean season for sales of agricultural inputs like fertilizers and pesticides. However, inputs are needed for *summer* crops and for *fodder* crops. In eastern States like West Bengal, Bihar and Assam, an irrigated crop of short-duration *Boro* rice is sown in early March and harvested by end of May/early June. In Uttar Pradesh and Bihar, a short-duration crop of summer pulses is grown in between the *Rabi* harvest and *Kharif* sowing. Pesticides are also required to minimise losses of *Rabi* crops that have been harvested but cannot be sold because of slowing down of operations in mandis.

Disruptions in supply of fertilizers were particularly acute in the initial phase of the lockdown. Village assessment reports prepared during the first phase of

the lockdown talked about problems farmers were having in obtaining agricultural inputs. For example, a report by Raya Das on three villages in West Bengal showed that agricultural input shops were closed, and there was no fresh supply due to the non-availability of transport. The lack of access to fertilizer and pesticide had affected mainly small farmers, who did not maintain a large stock of these and often obtain them on credit in exchange for sales agreements of their produce. Due to a shortage of agricultural inputs, farmers were allocating less land to *Boro* paddy cultivation. However, tenant farmers, working on land that had already been leased on fixed-rent contracts for the season, were most likely to face losses either from a reduction in cultivation of *Boro* rice or low yield, if the supply of fertilizers continues to be disrupted. It was also noted in the study that the price of biochemical inputs on the black market had risen two to three rupees per kg (Das, 2020). In villages in Haryana, in the second week of May, farmers had to pay a mark-up of between 10 and 20 per cent over the MRP for inputs such as fertilizer (Yadav and Bansal, 2020).

The demand for fertilizers would increase in June as farmers would need to obtain them for basal manuring in the *Kharif* crop. They will also need plant protection chemicals such as fungicides and pesticides for the *Kharif* crops. The problems in access to inputs will get compounded as the demand for agricultural inputs for the *Kharif* season rises.

It must be mentioned that, thanks to neoliberal reforms over the last three decades, India has lost its self-reliance in production of fertilizers. Currently, about a quarter of urea and about two thirds of DAP are imported. The import dependence has increased significantly under the current government as fertilizer policies have disadvantaged both farmers and domestic production. Even the domestically produced fertilizers use raw material that has to be imported. Disruptions in global supply chains could cause shortages in fertilizer availability during the *Kharif* season.

2 Public Distribution of Food

Given the precarious situation Indian economy and government's fiscal situation already was when the Coronavirus pandemic hit India, one of the few things that could be seen as a silver lining was that the government was sitting on massive stocks of foodgrain. These stocks, it was hoped, could be used to prevent widespread hunger and provide a fillip to demand during the period of the lockdown. However, in its obstinate allegiance to neoliberalism, the government has chosen to squander even this advantage. Over the period of the lockdown, it has hoarded more grain than distributed and has allowed the grain to rot rather than feed the hungry.

2.1 Food Insecurity During the Lockdown

Globally, India is the country with the largest number of people who do not get enough food to eat. The latest estimates of prevalence of hunger in India are for 2011-12. In 2011-12, 47.2 crore people in India did not get the minimum amount of food that was required for them to live a healthy life (Rawal et. al., 2019). This estimate cannot be updated because the government has blocked the release of data from the 2017-18 survey of consumption. However, a preliminary estimation based on the information that has become available because of a media leak suggests that

this number increased to 59 crores by 2017-18.⁴ Estimates based on FAO's surveys on food insecurity experiences show that the number of persons facing moderate to severe food insecurity in India increased from 36 crores in 2014-15 to 45 crores in 2017-19.⁵

Although there are no national surveys available yet that could be used to make quantitative estimates, there is no doubt that the number of undernourished and food insecure people would have increased considerably during the lockdown. That there has been an increase in prevalence of food insecurity can be inferred from both a large number of hunger-related deaths that have been reported in the media over the last two months as well as from whatever data on access to food that have been collected in several telephonic surveys that have been conducted during the lockdown. Although most of these surveys are not nationally-representative, stark findings of these surveys provide an unmistakable sign of the rise in food insecurity.

The databases on distress deaths maintained by volunteers running the Impact of COVID-19 Policies in India website (<https://coronapolicyimpact.org>) shows that there has been a steady rise in reported deaths due to economic distress and hunger. Out of a reported 672 deaths recorded in the database as of May 24, 114 were identified as having been a direct result of economic distress or hunger. We must note that these are merely instances of deaths reported in the media. The actual number of deaths due to starvation and economic distress, particularly in remote rural areas, could be many times higher than what is reported in the media. Even among reported deaths, there are many others, particularly of stranded migrant workers, that are also associated with food insecurity which forced people into vulnerable situations in which people died/committed suicide. For example, another 168 deaths were of migrants who, out of economic distress, were using desperate means to return to their native villages and died on the way.

In a study of stranded workers in the NCR region, conducted by CPI(M)-CITU, 29 per cent of the workers did not have rice, 51 per cent had no wheat flour, 52 per cent had no pulses, and 54 per cent had no cooking oil with them. The survey found that 65 per cent of the workers did not receive either dry or cooked food from the government. Out of all respondents who had received food from the government, 70 per cent informed that the quantity of food was inadequate. Almost 6 per cent had neither a ration card nor an AADHAR card, and hence were not eligible for the dry rations being provided by the Government of Delhi.

A survey conducted by Stranded Workers Action Network (SWAN) after completion of 32 days of the lockdown found that 50 per cent of the workers had food left for only one day and 72 per cent had food left for a maximum of two days. Out of the total surveyed workers, 82 per cent had not received any ration from the government (SWAN, 2020).

Another survey done by Jan Sahas covered 3196 families of migrant construction workers and found that 42 per cent of the families had no food left, 40 per cent had ration for up to two weeks and 18 per cent had ration that was expected to last between two and four weeks (Venugopal, *et. al.*, 2020). In a survey of agricultural households by Harvard T.H. Chan School of Public Health, Public Health Foundation of India and the Centre for Sustainable Agriculture, 50 per cent

⁴Unpublished estimates by Vaishali Bansal using decline in per capita food expenditure to estimate the decline in average per capita calorie intake, and without changing other parameters required for the estimation of prevalence of undernourishment.

⁵Derived from the data available on FAOSTAT.

of the respondents reported eating less food during the lockdown. A survey of 7000 households by Dalberg, found that on average, households have lost 61 per cent of their income. Out of total respondents, 67 per cent reported that they would run out of money and essential items in less than two weeks (Totapally, *et. al.* 2020). The survey of 4000 households conducted by the Azim Premji University found that half of the salaried workers were not paid or witnessed a reduction in their wage. Almost 75 per cent of the respondents had money sufficient to buy food for less than one week (APU, 2020).

2.2 Food Stocks on the Eve of the Lockdown

Over the last three years, the Food Corporation of India (FCI) has been sitting on a massive, excess stock of foodgrain. Before we discuss how the government has failed to use these stocks to effectively deal with the present economic crisis, and to understand the political economy of food policies of the NDA government, it is necessary to discuss how the government came to be holding such a large amount of grain.

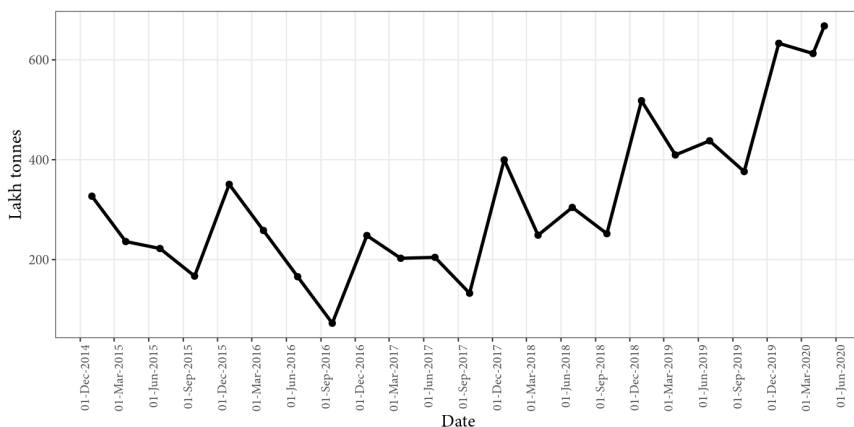
Stocks held by the FCI include grain required to meet operational requirements of government programmes such as the public distribution system as well as grain held as a strategic reserve to meet exigencies or any shortfalls in production (and procurement). The stocking norms of the government specify the quantity of grain that the FCI should hold at different points of time in a year. However, over the last three years, the FCI has steadily accumulated more and more excess stocks than it needs to hold as per the norms. As shown in Figure 7, the amount of surplus stocks held by the FCI has steadily increased after October 2018 and, by May 1, 2020, the government has 878 lakh tonnes of grain (including unmilled paddy), which was 668 lakh tonnes in excess of the stocking norms. Why has the FCI been holding such a large surplus of grain?

Such a large surplus of stocks is held by the FCI because the central government has been unwilling to expand the coverage of the schemes such as the public distribution system (currently run under the provisions of the National Food Security Act) through which subsidised food and foodgrain are provided. When the government offtakes the grain from the Food Corporation of India (FCI), it reimburses the FCI at economic cost of this grain, which includes the cost of procurement as well as storage and handling costs. However, since the present government is firmly wedded to the neoliberal dogma of fiscal prudence, it has chosen not to lift the grain to keep its fiscal deficit low.

In the past, even when the governments did not lift all the surplus food stocks that the FCI had, they covered most of FCI's costs. However, under the BJP government, this was changed. As shown in Figure 8, in the last few years, less than 60 per cent of FCI's food subsidy expenditure was covered by the government. While the Finance Ministers window dressed their own budgets and showed low fiscal deficit, the FCI was made to show losses in its books and cover them through borrowings. This window dressing has resulted in burdening the FCI, an organisation of strategic importance (as has become clear in the present crisis), with over 2.36 lakh crore debt (as of December 31, 2019).⁶

⁶Annual Report, 2019-20, Department of Food and Public Distribution, Government of India.

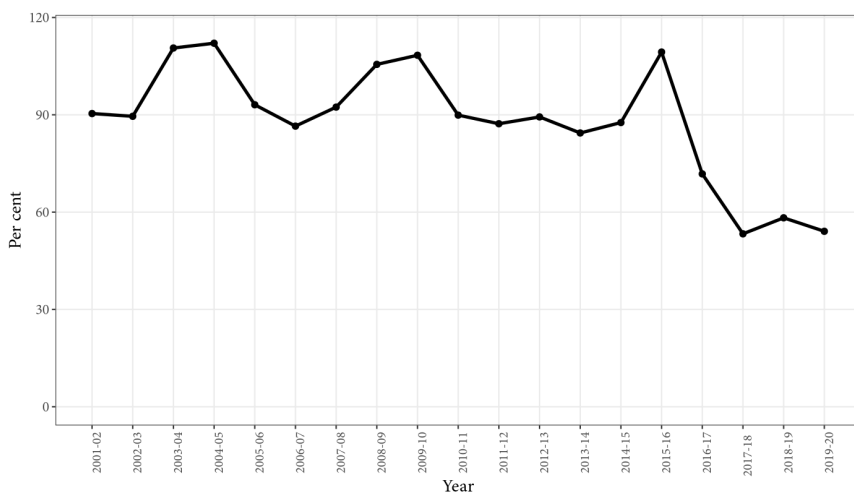
Figure 7: Surplus stocks above the stocking norms held by the Food Corporation of India, December 1, 2014 to May 1, 2020



Note: The surplus stocks include rice, wheat, unmilled paddy and coarse cereals. Quantity of unmilled paddy has been included as it is and has not been converted into rice equivalents.

Source: Department of Food and Public Distribution

Figure 8: Proportion of food subsidy expenditure of FCI covered by the government (per cent)



Source: Based on data from <http://fci.gov.in/finances.php?view=22>

Over this period, instead of lifting the surplus grain that was being procured, and using it to expand the public distribution, the government forced the FCI to sell the surplus grain through the Open Market Sales Scheme (OMSS), often at a loss (that is, at a price less than the economic cost to FCI).

The OMSS was created in the mid-1990s for the government to be able to intervene to moderate sharp rises in price of foodgrain in the open market. However, on the one hand it has been used since the early 2000s to sell surplus grain to traders and exporters at subsidised prices. On the other hand, State governments which have extended the coverage of the public distribution system beyond the mandate of the NFSA and need grain for other State-level welfare schemes also buy the extra grain at full economic cost through the OMSS.

In most years over the last two and a half decades that the OMSS has existed, the government has not been very successful in shedding a significant amount of excess stocks using the OMSS. This is because the existence of large surplus stocks on the one hand raises the economic cost of grain for FCI (because FCI has to spend on its storage and maintenance and therefore the economic cost rises over time) and on the other it works to depress the open market prices (because of the fear that the release of such a large amount of grain can cause a glut in the market).

In 2019-20, the FCI managed to sell only about 14.5 lakh tonnes of wheat through OMSS until December 2019. Given the large amount of stocks and an urgency to clear the godowns for *Rabi* procurement, the government directed FCI to reduce the price of grain in OMSS and sell it at a loss. Consequently, the FCI was able to sell an additional 21.8 lakh tonnes between January and March, taking the total sale of wheat in 2019-20 to 36.3 lakh tonnes. Of this, about 23 per cent was sold to State governments for use in State-level schemes. The total OMSS sale of rice during 2019-20 was 16 lakh tonnes, of which 98 per cent was to State governments and about 10 per cent was after the imposition of the lockdown in March.

As a result of this unwillingness to distribute the grain among the poor and its inability to sell more than a limited quantity of the grain in the open market even at a loss, on April 1, the government was sitting on 823 lakh tonnes of grain, including 252 lakh tonnes of unmilled paddy, in its warehouses (Table 4). This was almost four times the amount required as per buffer stocking norms of the government (210 lakh tonnes on April 1).

The government does not have proper storage facilities for stocking such a large amount of excess grain. Since much of this excess grain has been stored in sub-optimal conditions for long periods, a significant part may be already unfit for direct consumption or may become so unless distributed soon. The FCI does not provide complete data on the share of grain of different quality. It is therefore not possible to make a reliable estimate of how much grain is of poor quality and unfit for direct consumption.

Table 5 summarises the data on “readily issuable” stocks provided by FCI at different points of time between April 1, 2019 and May 1, 2020. The “readily issuable” stocks exclude grain that is non-issuable (upgradable), non-issuable (damaged), grain in transit and some grain that is recently procured but still lying in the mandis. For reasons that are not entirely clear, the grain that is physically unavailable (because of being in transit or being in mandis) is combined with grain that cannot be issued because of problems of quality. This makes it impossible to estimate how much grain is of poor quality.

Table 3: Stocking norms and actual stocks of wheat, rice, unmilled paddy and coarse grain, October 1, 2018 to May 1, 2020 (lakh tonnes)

Date	Stocking norms for the quarter			Actual stocks					Excess stocks
	Wheat	Rice	Total	Wheat	Rice	Unmilled paddy	Coarse grain	Total	
01.10.2018	205.2	102.5	307.7	356.3	186.3	16.6	0.5	559.6	251.9
01.01.2019	138.0	76.1	214.1	271.2	182.9	276.2	2.0	732.3	518.2
01.04.2019	74.6	135.8	210.4	169.9	293.9	155.6	0.6	620.0	409.6
01.07.2019	275.8	135.4	411.2	458.3	284.2	105.1	1.5	849.1	437.9
01.10.2019	205.2	102.5	307.7	393.2	249.2	40.6	1.1	684.0	376.3
01.01.2020	138.0	76.1	214.1	328.0	237.2	278.9	3.2	847.2	633.1
01.04.2020	74.6	135.8	210.4	247.0	322.4	252.4	1.3	823.1	612.7
01.05.2020	275.8	135.4	210.4	357.7	285.0	234.3	1.3	878.3	667.9

Source: Department of Food and Public Distribution

Table 4: Public stocks of foodgrain in March, April and May, 2020 (lakh tonnes)

Foodgrain	March 1, 2020			April 1, 2020			May 1, 2020		
	FCI	States	Total	FCI	States	Total	FCI	States	Total
Rice	259.36	50.40	309.76	265.75	56.64	322.39	234.64	50.39	285.03
Wheat	99.61	175.60	275.21	89.85	157.15	247.00	92.11	265.59	357.70
Coarse grains	0.03	0.21	0.24	0.03	1.24	1.27	0.03	1.24	1.27
Unmilled paddy	0.33	286.75	287.08	0.42	251.97	252.39	0.46	233.83	234.29
Total	359.33	512.96	872.29	356.05	467.00	823.05	327.24	551.05	878.29

Source: Foodgrain Bulletins, February, March and April, 2020, Department of Food and Public Distribution, <https://dfpd.gov.in/food-grain-bulletin.htm>

Table 5: Total stock and “readily issuable stock” of wheat and rice in the central pool (lakh tonnes)

Date	Total stock of wheat	Readily issuable stock of wheat	Balance stock of wheat	Total stock of rice	Readily issuable stock of rice	Balance stock of rice
01-04-2019	169.92	167.29	2.63	293.94	283.03	10.91
01-05-2019	331.60	243.32	88.28	290.56	288.82	1.74
01-09-2019	414.90	411.29	3.61	261.48	257.97	3.51
01-11-2019	373.77	371.30	2.47	231.05	227.14	3.91
01-01-2020	327.96	325.13	2.83	237.15	232.81	4.34
01-05-2020	357.70	297.22	60.48	285.03	273.70	11.33

Source: Food Corporation of India, and Department of Food and Public Distribution

Table 6: The share of different components in the total stock of grain in the central pool as on May 1, 2020 (lakh tonnes)

Component	Quantity
Total stock	642.73
Readily issuable stock	570.92
Stock in transit	14.01
Stock lying in mandis	56.35
Balance	1.45

Source: Based on data available from the website of Food Corporation of India and data provided by Executive Director (Quality Control) in a clarification.

In its assessment of quality of grain, FCI classifies some grain as non-issuable (upgradable). It is important to understand what this refers to. As per the Quality Control Manual of FCI, non-issuable (upgradable) grain includes Category D grain for rice and Category C and D grain for wheat. Category D grain of rice refers to grain that has “appreciable quantity of loose (>0.3%) bran or giving an unpleasant smell”. In case of wheat Category C refers to grain in which weevilled/germ eaten grain is “above 4 % and upto 7 %” and Category D refers to grain in which weevilled/germ eaten grain is “above 7 % upto 15 %”. The Category C and D of wheat is not fit for direct consumption, and the manual clearly states that “C&D categories will be issued to Roller Flour Mills and in case of ‘D’ where cleaning is required this should be got done. While issuing stocks to Roller Flour Mills according to instructions in force at the time of issue it should be clearly indicated on the dispatch documents that such wheat is not for sale and direct consumption”⁷

FCI does not separately provide estimates of how much grain is of non-issuable (upgradable) quality. As of May 1, 2020, 60.5 lakh tonnes of wheat and 11.3 lakh tonnes of rice held by the government was not “readily issuable” (Table 1). In a clarification provided by the Executive Director (Quality Control) of FCI, as on May 1, 14.01 lakh tonnes of grain was in transit and 56.35 lakh tonnes of grain was in the mandis. On this basis, non-issuable (upgradable) grain would have constituted a total (wheat and rice combined) of 1.45 lakh tonnes of grain (Table 6).

In our view, this estimate is likely to be a significant under-estimate given that FCI is holding much more grain than its storage capacity allows. On April 1, the total stock of grain with FCI (including unmilled paddy) was 823.05 lakh tonnes while its total storage capacity (including hired storage capacity) was 755.94 lakh tonnes. Given that the stock of grain in the central pool was 67.11 lakh tonnes more than the storage capacity (and therefore would have to be stored in less-than-ideal conditions), it seems very unlikely that the total quantity of grain that was Category C and D was only 1.45 lakh tonnes.

⁷The Manual of Quality Control, Food Corporation of India, <http://fci.gov.in/app/webroot/upload/Quality/QC%20manual.pdf>

2.3 Strategic Use of the Excess Public Stocks during the Covid-19 Crisis

Notwithstanding the reason why the government was hoarding such a large stock of grain, the grain could still have been used strategically during the lockdown to alleviate distress and prevent exacerbation of food insecurity. This should have been a particularly attractive option to the government because, rather than increasing the fiscal burden, free distribution of this grain or using the grain for food-for-work programmes (or payment of wages in grain in schemes such as MGNREGS) would have reduced the fiscal burden of maintaining the large stocks.

However, the government has been extremely miserly in releasing the grain for distribution among the poor. On March 26, the Finance Minister announced that, under PM Garib Kalyan Ann Yojana (PMGKAY), “80 crore individuals, i.e, roughly two-thirds of India’s population” “would be provided double of their current entitlement over next three months” and that “this additionally would be free of cost”. It is obvious that, if the entitlements of the two thirds of India’s population (which is the population covered under NFSA) were to be doubled, the government should have distributed as much grain through PMGKAY as it does under NFSA. However, Table 7 shows that while the government distributes about 43 lakh tonnes of grain every month under NFSA, the total distribution of grain under PMGKAY was only 26 lakh tonnes in April and 29 lakh tonnes in May. In other words, the distribution under PMGKAY was far short of what was needed to double the distribution of grain through NFSA.

It is noteworthy that, in a period when people have been dying of hunger and demands for providing ration have been made from across the country, the government has increased the amount of grain it is hoarding in its godowns. In the PM Garib Kalyan Ann Yojana (PMGKAY), one of the most important components of the relief package announced by the government, only 55.5 lakh tonnes of grain were distributed until May 22. Taking distribution of grain under both the PMGKAY and the National Food Security Act, in April and May (until May 22), only 132.7 lakh tonnes of grain (40.9 lakh tonnes of wheat and 91.7 lakh tonnes of rice) were distributed by the government (Table 7). On the other hand, the government procured (until May 15th) 283 lakh tonnes more of wheat. The total food stock of grain hoarded by the FCI on May 1 was 55 lakh tonnes more than the grain the FCI had on April 1 (Table 4).

Not only was the grain provided through PMGKAY was far less than what was promised, a complete lack of planning and haphazard decision-making also resulted in delays and large-scale exclusion in distribution of the grain. In several States, particularly in the month of April, households only received the usual amount of grain and no additional free grain was provided by the ration shops.

There is some evidence that a significant amount of grain released through PMGKAY has not reached the beneficiaries. Several reports in the *India’s Villages during the COVID-19 Pandemic* series recorded that, although households had received their usual ration, they had not received the extra grain that was supposed to have been provided.⁸ A survey conducted by the Dalberg Global Development Advisors in the second week of April found that 43 per cent of households with Antyodaya or BPL cards had not received free rations (Totapally, *et. al.* 2020).

⁸See, for example, reports for Mangalapuram (Tamil Nadu), Siresandara (Kolar), Wazgaon (Maharashtra), Bhadas (Haryana), Gandacherra and Ratan Nagar (Tripura), Mameran (Haryana), and Cheher Kalan, Khandrai and Jamalpur Sekhan (Haryana).

Table 7: Distribution of grain through the National Food Security Act and the PM Garib Kalyan Ann Yojana in March, April and May (upto May 22), 2020 (lakh tonnes)

Commodity	March		April		May		April+ May
	NFSA	PM- GKAY	NFSA	PM- GKAY	NFSA	PM- GKAY	NFSA+ PM- GKAY
Wheat	20.4	0.0	18.7	3.8	15.1	3.3	41.0
Rice	22.9	0.4	24.8	22.3	18.5	26.1	91.7
Coarse grain	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	43.2	0.4	43.5	26.1	33.7	29.4	132.7

Note: Data for May are up to May 22, and for NFSA, combine data on distribution in States with ePoS machines and States having manual distribution.

Source: <https://annavitran.nic.in/>

A survey of 1737 rural households in three States conducted by Mobile Vaani, a community radio service, found that 89 per cent of respondents in Bihar, 63 per cent in Jharkhand and 69 per cent in Madhya Pradesh had not received free rations (through PMGKAY or State-level schemes) (Gramvaani, 2020).

Nothing reflects the insensitivity of the current government towards the misery that has been inflicted upon people more than the fact that during this period, instead of emptying its granaries, the Central government has increased the amount of grain it is hoarding.

In the present situation, distributing the grain among the poor is the win-win strategy. It would help feed the hungry, would strengthen demand in the economy, and would lessen the burden of maintaining these stocks on FCI. Government needs to immediately universalise the public distribution system, allow State governments to distribute grain freely and provide it free for running community kitchens to ensure that nobody is short of food.

3 Crisis of Rural Employment

The lockdown has resulted in a grave crisis of livelihoods for many daily wage earners in the countryside. It should be noted that the lockdown was imposed when the country was already reeling under an unprecedented situation in respect of rural employment. The latest data from the NSSO Periodic Labour Force Survey (PLFS) show that the work participation rates among rural working-age men fell from 82 per cent in 2011-12 to 75 per cent in 2017-18, and work participation among rural working-age women fell from 37 per cent in 2011-12 to 22 per cent in 2017-18 (Table 8).

The current government has been notorious for preventing release of any official statistics that would show economic distress or worsening conditions of living of

Table 8: Worker to population ratio for rural men and women aged 15 to 59 years, 2011-12 and 2017-18 (per cent)

	2011-12	2017-18
Rural men	82	75
Rural women	37	22

Source: Based on 68th round and PLFS (2017-18) surveys of the NSSO.

people. Given this context, it is not surprising that, after the release of the 2017-18 PLFS data because of a media leak, data from the subsequent rounds of this quarterly survey have not been released at all.

As a result of drying up of employment opportunities in rural areas, a large proportion of the rural workers migrate or commute to towns and cities to work in non-agricultural activities such as construction labour, loading/unloading in mandis, shop assistants, mechanics, hawkers, as well as salaried workers. Some of the migrant workers travel to destination States that are several thousand kilometers away. Most of these workers, including those who have salaried jobs in private establishments, are employed through informal contracts. With the announcement of the lockdown, a large number of informal workers who were also migrants were out of work either temporarily or permanently. In any case, a large number were without any earnings during this period. As a consequence and given the relatively higher cost of living in urban centres migrant workers have been trying to return to their villages.

For the last two months, the government has created obstacles to their returning to their native villages. As has been widely reported in the media, in many cases, this has been done directly under influence of industrial and builder lobbies who wanted this reserve army of labour to remain on stand-by, without food and salaries, so that they could be made to work whenever the opportunity arose.

Despite these obstacles, a large number of migrant workers have managed to return to their native villages, at great risk and enduring immense hardships, often walking hundreds of kilometers, some on bicycles and others using whatever source of travel possible such as hidden in container trucks, tankers and so on. In this process they have faced grave dangers and many have lost their lives on the way. These migrant workers were subjected to worst police atrocities on their way to villages and made to spend weeks in isolation upon arrival before they were allowed to be with their families.

With many migrant workers back in the villages and with local workers unable to commute to the towns, everyone is dependent on employment availability within the village (Box 3). Village studies in the *India's Villages during the COVID-19 Pandemic* series show that, employment availability within the villages has become meagre during the lockdown because no economic activities other than the essential activities are allowed by the local administration. Restrictions imposed on assembly of workers in the name of social distancing, mostly implemented by the local police, have further reduced the opportunities of employment in the villages. Wages in villages are much lower than what workers earned in non-agricultural employment

in towns and cities, and are likely to have remained depressed because of the huge excess supply of workers created in the villages because of the lockdown.

The lockdown has also seriously limited the possibility of independent surveys to study the situation of employment. However, several telephonic surveys have been conducted, particularly among migrant workers stranded in the cities, to collect some information on their situation. Given that these telephonic surveys had to be designed suddenly in the wake of the lockdown, their coverage is limited, and the methods of sample selection and surveying leave much to be desired. In particular, most of these surveys cover mainly urban workers — or rural workers stranded in urban areas — and do not provide much information about the situation in rural areas. Nevertheless, in the context of lack of any official data, even these surveys are useful in illustrating the conditions of employment and loss of livelihoods, and deserve to be summarised.

The Centre for Monitoring Indian Economy (CMIE), which has been conducting regular surveys on employment, moved its surveys to telephonic-mode in view of the lockdown. Although there are problems of comparability between face-to-face surveys done before the lockdown and telephonic surveys done after the lockdown, the scale of increase in unemployment shown in these surveys is too large to be just an artifact of survey methodology. According to the CMIE data, the unemployment rate in the country increased from 8.7 per cent in March 2020 to a whopping 23 per cent in April 2020. According to the CMIE estimates, only 30 per cent of the population was employed in any gainful activity in April 2020 (Vyas, 2020).

The misery of informal workers, a large number of whom continue to be stranded in the cities, has been widely covered in the media. Bereft of their employment and incomes, they have been struggling to get food and money to pay rents for the rooms in which they live. A survey of stranded informal workers in NCR regions by CITU and CPI(M) that covered about 8870 migrant workers found that 58 per cent of them worked on casual contracts and 13 per cent of them were self-employed. About 56 per cent of the survey respondents had earnings less than 10000 per month.

Surveys conducted by the Stranded Workers Action Network (SWAN) covered 10,929 workers and show that only 4 per cent of the informal workers had received full wages during the period of the lockdown and 78 per cent of them had not received any wages at all. Many workers who have received payments from their employers during the period of the lockdown had been told that these payments were advances that would be adjusted against wage payments when they return to work. Over 97 per cent of the self-employed workers in the sample had had no income for over a month (SWAN, 2020).

A telephonic survey conducted by the Centre for Sustainable Employment, Azim Premji University, in collaboration with ten NGOs covered 4000 workers from 12 States. This survey is the only one in which the sample included a substantial proportion (60 per cent) of rural workers and the data were provided separately for rural workers. The survey found that 80 per cent of the surveyed workers in urban areas and 57 per cent in rural areas had lost their jobs. In rural areas, 66 per cent of casual workers, 62 per cent of regular salaried workers and 47 per cent of self-employed workers had been rendered unemployed during the lockdown. On average, weekly earnings of rural casual workers fell by 50 per cent while earnings of rural workers self-employed in non-agricultural occupations fell by 92 per cent

Box 3. Rural Employment: Findings from Selected Village-level Assessments

- In Birdhana (Fatehabad), a significant share of the population works as long-term and casual labourers in non-agricultural jobs. These workers commute about twelve km to Fatehabad town for working as casual workers, as street vendors and shop assistants. Because of the lockdown, they are unable to go for work and hence, were without any income during the period.
- Most of the hired manual workers in the Lasra Kalan (Azamgarh) belong to Schedule Castes. At the time of the study during the first phase of the lockdown all of them were unemployed.
- In Bihar's Buxar district, the business of potters, who supply earthen pots to eateries in the city, was severely affected during the lockdown.
- In Kuloth (Jhunjhunu), workers who commute to neighbouring towns for construction work were working as agricultural labourers for survival. Wages in agriculture are considerably lower than what the workers earned in construction.
- In Rohana (Hoshangabad), construction workers earned Rs. 300 per day working in the city. During the lockdown they were forced to work as agricultural workers at a wage of Rs. 200 per day.
- In Hehal (Ranchi), a construction worker reported that he used to earn Rs. 250 per day working in Ranchi city but was unable to go for work because of the lockdown.
- In Gijhi (Rohtak), agricultural labourers were reluctant to go to the fields for the fear of police harassment.
- In Tamuli Gaon (Golaghat), three Adivasi women, who were carrying vegetables and firewood on a bicycle were brutally beaten up by the police.
- In Mahuvar (Balua), construction workers who continued to work in neighbouring villages during the initial days of the lockdown were harassed and beaten up by the police.
- In Wazgaon (pseudonym, Latur district) Maharashtra's Latur district, farmers managed to hire some workers to harvest jowar and chickpea, but the police did not allow the work to proceed.

Source: India's Villages during the COVID-19 Pandemic

during the period of the lockdown. About 42 per cent of rural salaried workers received reduced or no salary during the period of the lockdown. Of all the farmers covered in the survey, 37 per cent reported having sold their produce at a reduced

price because of the lockdown, 37 per cent reported inability to harvest their crop and 15 per cent reported inability to sell the produce (APU, 2020).⁹

4 Employment Generation through the MGNREGS

In a situation, when employment in agriculture was limited and workers were not allowed to commute to towns for non-agricultural employment, employment creation through the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) could have been a lifeline for the rural households. However, the sudden announcement of lockdown ground the MGNREGS to a halt. For about a month, no employment was created through the scheme and it was only on April 20 that the government came out with a notification that exempted the MGNREGS work from the lockdown restrictions. In the 44 villages across 18 States that were covered in the *India's Villages during the COVID-19 Pandemic* series, the MGNREGS was not functional in any village.

Even after April 20, resumption of the works in the scheme has been very slow. Data from the Ministry of Rural Development show that employment creation in MGNREGS in April 2020 was the lowest in any single month in the last ten years for which data are available. In April 2020, only 3 crore person days of employment were created in India as a whole. This was just 12 per cent of what was originally projected to be the level of employment creation in that month.

It may be noted that, despite the Act providing a guarantee of 100 days of employment per household, the MGNREGS functions as a supply-driven programme rather than as a demand-driven programme. The supply is constrained, most importantly, by the allocation of budget for the scheme in any given year by the Central and the State governments. Various bureaucratic requirements have been introduced to create impediments in the ability of rural households from formally demanding work. Even when workers demand work, a significant number are recorded as having declined to work and neither provided employment nor given an unemployment allowance as mandated in the Act. In 2019-20, out of 27.4 crore persons registered in MGNREGS, the demand for work was formally recorded only for 9.3 crore persons. Of these, employment was actually provided to only Rs. 7.9 crore persons. Most of the remaining applicants were shown on record as having declined to work and were, thus, denied the unemployment allowance. In 2019-20, a mere Rs. 12000 was provided as unemployment allowance in the whole country.

The employment creation in MGNREGS is counter-cyclical to labour demand in agriculture. This is so not because the pattern of demand for work in the MGNREGS is such but because the supply of work in MGNREGS is counter-cyclical to labour demand in agriculture. This is evident also from the fact that, in many States, agricultural wages are lower than the wages in the MGNREGS.

In any year, the need for employment creation in MGNREGS peaks in the months of May and June when the labour demand in agriculture is lowest in most parts of the country. The need for employment is likely to be even more acute this year because of the collapse of non-agricultural employment and return of migrants

⁹Azim Premji University, *COVID-19 Livelihoods Survey: Early Findings from Phone Surveys*, <https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2020/05/APUCOVID19SurveyWebinar.pdf>

to the villages. Given this, stepping up employment creation in MGNREGS immediately is critical.

The Finance Minister on May 17 announced that an additional allocation of Rs. 40,000 crore is being made for MGNREGS. This year's budget had Rs. 61,500 crores allocated already for MGNREGS of which about 11,500 crores were for clearing the past dues. So, the actual allocation for this year was only Rs. 50,000 crores. With the additional allocation, the budget available for MGNREGS is Rs. 90,000 crore, with which the government is expecting to generate a total of 300 crore person-days of employment through MGNREGS during the current financial year. This is far from sufficient.

First, the government has increased the projected employment creation for the financial year 2020-21 only by 7 per cent (from 280 crore person days originally planned for to 300 crore person days). Given the collapse of employment availability in rural and urban areas, the demand for work in MGNREGS is likely to be much higher. Government's own data show that more than 12.4 lakh new households have applied for job cards between March 31 and May 18, 2020. This is a reflection of the huge unmet demand for employment in rural India at present. While there is a huge demand for employment generation because of widespread loss of livelihoods, lack of funds and poor fiscal situation of the State governments has impeded resumption of the work in the scheme in many States.

The Central government needs to allocate at least Rs. 246,000 crores if all the active job card holders (8.23 crores in 2019-20) and an additional 1 crore households (given that many new households have already applied for job cards) have to be provided 100 days of employment. As per the Act, States are required to shoulder 25 per cent share (10 per cent for North-eastern States) of the non-wage cost. This would amount to Rs. 18,460 crores for 923 crore person-days of employment. The Central government needs to ensure that non-availability of resources in the States does not become a bottleneck for creation of employment in MGNREGS.

Secondly, for about two months, most MGNREGS workers have not been provided any employment. The lockdown was suddenly announced and the workers were rendered jobless. For about a month, no employment could be provided in MGNREGS because it was not exempted from lockdown restrictions. Even after the exemption was provided, very little employment has been created. In this context, instead of using bureaucratic rigmarole and as per the provisions of the Act, all MGNREGS workers should be provided unemployment allowance for the period of two months. The financial burden of this unemployment allowance should be borne by the Centre as the lockdown was imposed by the Central government. Budgetary provision for this also needs to be made.

5 Concluding Remarks

Central government's handling of COVID-19 pandemic reflects an utter lack of preparedness despite the fact that government of India was aware COVID-19 crisis for several months after it resulted in lockdowns in China, and several weeks after it resulted in lockdowns in many other parts of the world. This unpreparedness has pushed the economy into a deep crisis from which it would not be easy to recover. It has resulted in enormous hardships to farmers and rural workers, has caused considerable economic losses, and has dealt a serious blow to India's rural economy.

The COVID-19 lockdown was implemented without any preparation or planning, and has been implemented in a manner that completely lacks transparency. People are provided no clear perspective of how long is the lockdown going to continue, and what is the government doing to contain COVID-19 infections and alleviate people's suffering, while it extends the lockdown week after week, and month after month.

The disruptions caused by the lockdown have resulted in considerable additional economic burden on farmers because of higher costs, increased debt burden, inability to sell the produce at reasonable prices and crop losses. A large number of farmers, in particular, producers of pulses, oilseeds, vegetables and fruits, have been forced to sell their produce at low prices to local traders because of disruptions in functioning of the markets.

It must also be mentioned that the impact of such a crisis in the rural economy is likely to be extremely differential across different classes. Reports from various villages across the country show that poor peasants and landless households, dalits, adivasis and women workers are the worst sufferers in the crisis. Such a crisis would exacerbate inequalities in the villages because of increased dependence of these economically vulnerable sections on dominant classes for credit, land and employment. In this context, basic issues such as agrarian reforms, democratisation of local governments and social justice are likely to become even more relevant.

Rather than provide additional fiscal support for dealing with this crisis, the central government has merely announced payment of the already pending instalment of Rs. 2000 through PM-KISAN. As per the data released by the Finance Minister, even this has amounted to only Rs. 18700 crores. This would imply that only 9.35 crore farmers were provided this instalment rather than the 14 crores that were supposed to be covered in the scheme. As we have shown, almost everything mentioned by the Finance Minister in her press briefing on May 15 was just smoke and mirrors, and no concrete fiscal provisions for support to agriculture have been announced. So far, very little additional support has been provided to farmers by the Government to deal with the crisis in agriculture caused by this sudden lockdown.

Instead of providing relief to farmers and rural workers, the government is using this crisis as an opportunity to further dispossess the working people of their rights and resources. The central government, in active connivance with NDA-led State governments, is using the opportunity to push for liberalisation of land laws, removing regulatory provisions for agricultural marketing, diluting labour laws, and privatisation of public assets and national resources. These changes are aimed at greater corporate penetration in agriculture and are likely to be detrimental to the interests of farmers.

Appendix: Prices of Key Agricultural Commodities in Selected Mandis

Figure A1: Price of wheat in selected mandis in States and regions where government procurement of wheat is relatively small



Figure A2: Price of mustard in selected mandis from different States

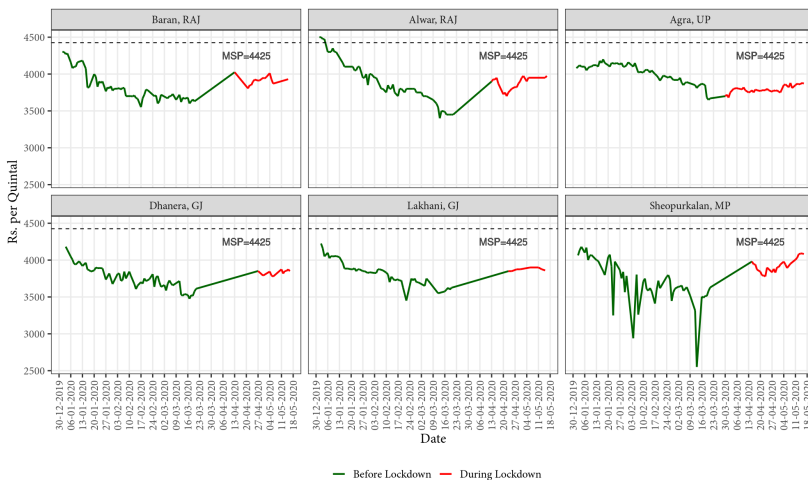


Figure A3: Price of chickpea in selected major mandis

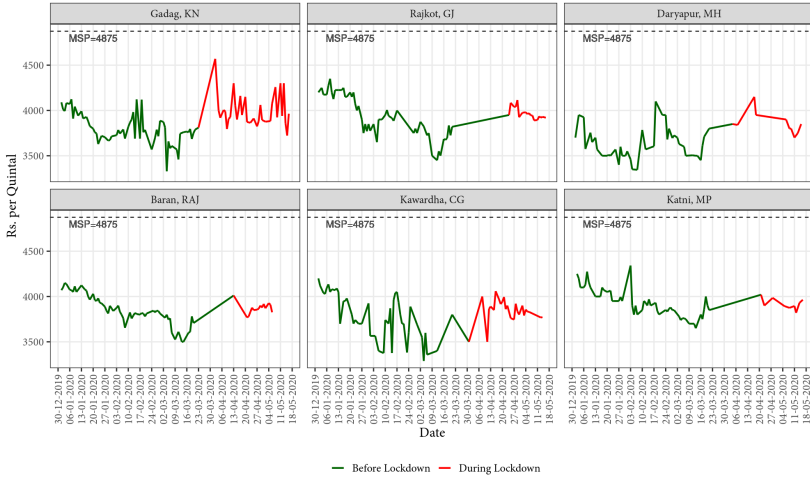


Figure A4: Price of potato in selected mandis from different States

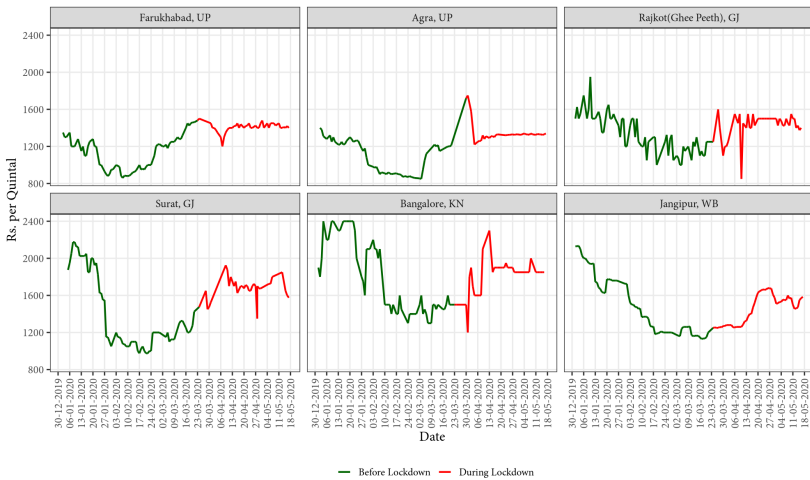


Figure A5: Price of onion in selected mandis from different States



Figure A6: Price of tomato in selected mandis from different States

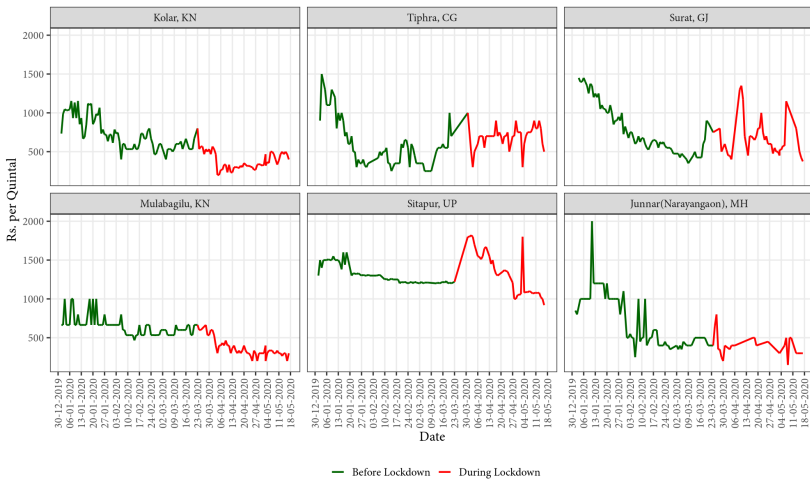


Figure A7: Price of cauliflower in selected mandis from different States



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1. Prachi Bansal: COVID-19 Lockdown: The situation in Birdhana village, Haryana
2. S Niyati and R Vijayamba: Situation Assessment Report from Alabujanahalli (Mandya) and Siresandara (Kolar) in Karnataka
3. Santosh Verma: Impact of COVID-19 Pandemic on Agriculture and Food Security in Lasara Kalan Village, Uttar Pradesh
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5. Twinkle Siwach: Impact of Lockdown on Rural Life: Situation Assessment Report on Kuloth Village, Rajasthan
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Lack of preparedness to tackle the COVID-19 pandemic has resulted in enormous hardships to farmers and rural workers, has caused considerable economic losses, and has dealt a serious blow to India's rural economy. This paper discusses different ways in which agriculture and the rural economy of India have been impacted by the COVID-19 lockdown. It presents a details analysis of whatever data have become available to show that there is a large gap between the claims made by the government of support it has provided to rural households, and the reality that farmers and rural workers find themselves confronted with.

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