

## IMPACT ASSESSMENT OF COVID-19 ON AGRICULTURE CREDIT IN INDIA

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### ABSTRACT

*India's effort to combat COVID-19 virus has been praised over the globe. However, the lockdown came with an economic cost and cascading impact on all the sections of society. The Covid-19 induced lockdown in India was a huge economic shock. It started across the country on 24 March 2020 and is still ongoing with restrictions in one form or other. It stalled the economy with complete closure imposed on enterprises across all sectors. Even though agricultural activities were exempted, in the initial phases of the lockdown the agriculture value chain also faced large-scale disruptions. This had a serious detrimental effect on the rural Indian economy this paper undertaken through survey method provides valuable insight on the impact of the pandemic on agriculture credit, which would guide bankers and development practitioners to initiate necessary policy initiatives and interventions for inclusive and equitable growth of the distressed sections of the society in times of Covid-19 pandemic.*

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**Keywords:** COVID-19, Pandemic, Agriculture Credit, Lockdown, Large-Scale Disruptions.

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### Introduction

The COVID-19 pandemic is the greatest global humanitarian challenge the world has faced since World War II. The virus has spread widely, and the number of cases is rising daily as governments work to slow its spread. India had moved swiftly, implementing a proactive, nationwide, 21-day lockdown, with the goal of flattening the curve and using the time to plan and resource responses adequately.

The COVID-19 adversely affecting the lives and livelihoods of millions across the globe. India reported its first infection on 30 January 2020, prompting the authorities to soon initiate various measures to contain the spread of the epidemic. Given that the disease is highly contagious, the much-needed nation-wide lockdown was enforced starting 25 March 2020 in order to contain the spread of COVID-19 pandemic. During the initial few weeks, the restrictions were strict and all non-essential activities and businesses, including retail establishments, educational institutions, places of religious worship, across the country were prohibited from operating. Subsequently, these restrictions are being gradually eased in a phased manner in most parts of the country.

### Rationale of Agriculture Sector for Economic Recovery

The economic implications of the novel Corona virus (COVID-19) pandemic have brought the agricultural sector into sharp focus and heightened its responsibility to feed and employ thousands who might have lost livelihoods. At this time when most sectors of the economy are reported to be under significant stress, the agricultural sector continues to be promising and cushioning the economy. The area sown under all major kharif crops is expected to be higher than corresponding period during the last year. Since the agricultural sector continues to be one of the bright spots amidst this pandemic, there is a need of prioritizing agricultural sector during this time to ensure speedy economic recovery of the country.

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The agricultural & allied sector carries immense importance for the Indian economy. It contributes nearly one-sixth to the Indian national income and provides employment to nearly 50% of the workforce. It is fundamental for ensuring food security of the nation and also influences the growth of secondary and tertiary sector of the economy through its forward and backward linkages. The performance of agricultural sector greatly influences achievements on many other fronts. For instance, World Development Report 2008 released by World Bank emphasizes that growth in agriculture is, on average, at least twice as effective in reducing poverty as growth outside agriculture. Agricultural growth reduces poverty directly, by raising farm incomes, and indirectly, through generating employment and reducing food prices. In other words, a thriving agricultural sector is a boon for most sectors of the Indian economy.

### **Objectives of the Study**

This survey was conceptualized and launched with the major objective of assessing the impact of COVID-19 on Indian agriculture and rural economy. The specific objectives of the study were to assess the impact of COVID 19 on:

- Banking activities in terms of access to credit, recovery and digital transactions
- Activities of SHGs, NBFC–MFIs, FPOs, Farmers Club and MSME sector in rural areas
- To suggest policy measures for agriculture and rural sector to ameliorate the adverse situation prevailing in the post COVID-19 situation

### **Methodology and Sampling Design**

A questionnaire for getting feedback from DDMs was designed and test checked internally. In view of restricted mobility of people owing to complete lockdown announced by the Govt. of India starting 25 March 2020, the online link was shared with NABARD DDMs seeking their online responses through a structured questionnaire. Data and feedback received through purposive sampling method from 560 districts of 33 States/UTs manned by 401 DDMs of NABARD were tabulated and analyzed using suitable statistical tools to arrive at major findings of the Survey. The responses and perception from DDMs were based on their interaction with various stakeholders, viz. farmers, Government officials, members of SHGs, Farmer Clubs, Farmer Producer Organizations, Microfinance Institutions and Banks. The online survey was conducted during 29 April 2020 to 04 May 2020, a period during which complete lockdown was being enforced by the Government.

- **Background of the Survey**

With this background, NABARD had decided to collect and analyze quick feedback through our district level field officers i.e. District Development Managers (DDMs) posted in various districts on the effect of COVID-19 on farming, horticulture, dairy, poultry, NFS and various other sectors of the economy. The gathered information may be useful in understanding the ground-level situation so as to devise suitable policy responses.

- **Methodology**

In order to fulfill the objectives outlined in the previous Chapter, a questionnaire (enclosed in Annexure) for obtaining feedback from DDMs was designed and test checked internally. In view of restricted mobility of people owing to complete lockdown with effect from 25 March 2020 announced by Govt. of India, online survey was the only option available to solicit responses from the field. Accordingly, the online link was shared with the DDMs seeking their responses through a structured questionnaire. The questionnaire was designed in such a manner so as to assess whether the lockdown imposed due to COVID-19 pandemic had impacted the various activities in the agriculture and rural sector adversely, favorably or had no impact. Based on the responses received, a further probe was attempted to quantify the magnitude of impact on various activities in this sector, wherever possible.

The data and feedback have been obtained through purposive sampling method from 560 districts of 33 States/UTs manned by 401 DDMs of NABARD (Annexure Table 14). The responses and perception from DDMs are based on their interaction with various stakeholders, viz. farmers, and government officials, members of SHGs, Farmer Clubs, Farmer Producer Organizations, Microfinance Institutions and Banks. The responses received were analyzed suitably using the standard statistical tools. The finding emanating from analysis has been presented in the next chapter as per the sequencing of questions given in the questionnaire. The questionnaire contained questions to analyze the impact of COVID-19 on aspects such as agricultural production, prices of inputs and outputs, availability and wage of labor, marketing of agricultural produce, banking activities, microfinance activities, MSMEs, etc. In order to analyze the impact on various dimensions, an index was created for using the following methodology:

Let us consider the example of Q9 on Marketing of agricultural produce. For each district, our questionnaire had asked whether the impact on the indicator was favorable, adverse or no impact. While creating this index:

- For each district, the favorable impact is coded as '1', adverse impact is coded as '-1' and no impact is coded as '0'.
- This has been done for each of the indicators given under a particular question. So, each district's score will have a range of -6 to +6
- The score has been added for all districts in each state.
- The aggregate score of each state has been divided by the number of districts to arrive at the final score.
- The aggregate score has been categorized into low, medium and high category based on the following conjecture:

Category	Criterion
Low	If score greater than -2 (one-third)
Medium	If score between -2 and -4 (two-thirds)
High	If score less than -4

- **Timeframe of the Survey**

The online study was conducted from April 2020 to May 2020, a period during which complete lockdown was enforced by the Government. There was complete ban on movement of persons and vehicles except some relaxation for essential services.

- **Limitations of the Survey**

In view of the limited mobility of persons and vehicles due to lockdown, the online responses have been obtained only from such districts which were manned by NABARD officers. Further, the responses of the DDMs are based on their field level perception supported with discussion with various stakeholders operating in rural areas. Therefore, the findings may be interpreted accordingly and used taking into account this limitation.

### Executive Summary of the Study

- **India's Position in World Agriculture**

As regards, India's position in world's agriculture is concerned, it is the largest producer of pulses, okra, mango, banana and lemon and the second largest producer of wheat, rice groundnut, potato, tomato, onion, cabbage, cauliflower, brinjal etc India produces more than one fifth of global production of paddy and pulses. Similarly, it contributes to more than twenty per cent of global production of many of the horticulture crops such as okra, cauliflower, brinjal, banana, mango and papaya. However, the area of concern is the low level of productivity of major field and horticulture crops in the country.

### State-wise Tables

**Table 1.1: District Identification:  
Details of Districts covered in each State/U.T.**

State/U.T.	Non-Aspirational District	Aspirational District	Total Districts covered
Andaman & Nicobar	3	0	3
Andhra Pradesh	10	3	13
Arunachal Pradesh	9	0	9
Assam	13	3	16
Bihar	24	13	37
Chhattisgarh	11	7	18
Dadra Nagar Haveli	1	0	1
Daman & Diu	1	0	1
Goa	2	0	2
Gujarat	24	3	27
Haryana	22	1	23

Himachal Pradesh	10	2	12
Jammu & Kashmir	11	2	13
Jharkhand	5	15	20
Karnataka	23	3	26
Kerala	11	1	12
Madhya Pradesh	38	15	53
Maharashtra	29	5	34
Manipur	5	1	6
Meghalaya	10	1	11
Mizoram	6	1	7
Nagaland	7	1	8
Odisha	16	6	22
Puducherry	1	0	1
Punjab	20	2	22
Rajasthan	16	5	21
Sikkim	1	2	3
TamilNadu	29	2	31
Telangana	6	2	8
Tripura	5	1	6
Uttar Pradesh	59	6	65
Uttarakhand	10	2	12
West Bengal	12	5	17
All India	450	110	560

Table 1.2 : India's Position in World Agriculture

Item	India (Million Tonnes)	World (Million Tonnes)	India's % Share	Rank	Next to
1. Crop production					
(A): Total Cereals	294	2849	10.3	Third	China, USA
Wheat	93.5	749.5	12.5	Second	China
Rice (Paddy)	159	741	21.4	Second	China
Total Pulses	17.6	82	21.5	First	
(B): Oilseeds					
Groundnut (in shell)	7	44	15.6	Second	China
Rapeseed	6.8	69	10	Third	Canada, China
2. Fruits & Vegetables					
Vegetables & Melons	120	1075	11.2	Second	China
Okra	5.5	9	62.0	First	
Potatoes	44	377	11.6	Second	China
Tomato	18.4	177	10.4	Second	China
Onion (dry)	19.4	93.2	21	Second	China
Cabbages & other Brassicas	9	71.2	12.3	Second	China
Cauliflower & Broccoli	8.2	25.2	32.5	Second	China
Brinjal	12.6	51.3	24.5	Second	China
Fruits excluding Melons	91	866	10.5	Second	China
Banana	29.1	113.2	25.7	First	
Mango and Guava	18.8	46.5	40.4	First	
Lemon & Lime	3	17.3	17.2	First	
Papaya	5.6	12.6	44.4	First	

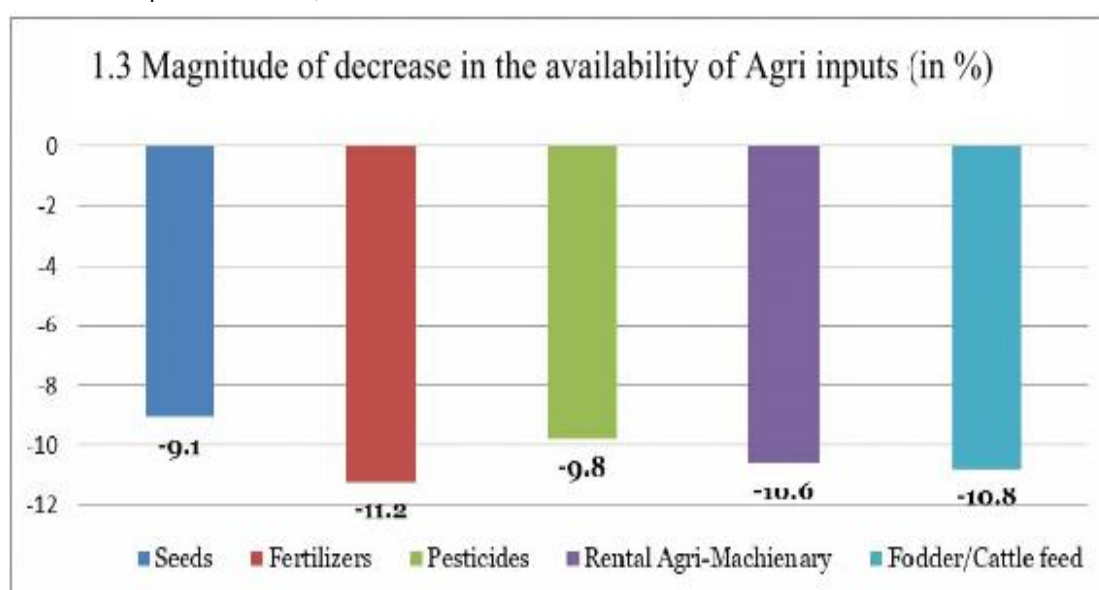
Source: FAOSTAT

- Impact of COVID-19 on Availability of Agri-inputs**

The impact of COVID 19 on the availability of agri inputs during the lockdown period has been discussed in the following paragraphs. The overall availability of agri- inputs was reported to have

declined in 58% of the sample districts and 38% of the total districts surveyed reported no change in the availability of agri-inputs, whereas only 4% districts reported an increase in the availability of Agri-inputs (Fig 1.3). The feedback on availability and prices of various agri-inputs viz. seeds, fertilizers, pesticides, rentals agricultural machinery, fodder/cattle feed, etc. were obtained to gain greater insights into the agriculture sector during the lockdown.

The overall magnitude of change in the availability of the agri-inputs in each category (All-India level) has been depicted in Fig. 1.3. The aggregate availability of agri-inputs at all-India level was reported to have declined across all subsectors. The sharpest decline was in the availability of fertilizers (11.2%) followed by fodder/cattle feed (10.8%) and rental agricultural machinery (10.6%). Significant decline was also reported in the availability of pesticides (9.8%) and seeds (9.1%). The reasons for decline in availability of inputs were disruption in supply due to restrictions on movement of vehicles, closure of shops and markets, etc.



- **Impact of Covid-19 on Prices of Agri-inputs: State Level**

Although there was a general increase in prices of agri inputs at the national level, yet there were minor variations across states which are highlighted as under:

- **Seeds:** The prices of seeds had increased across all states in the country. The states of Kerala (15%), West Bengal (13.3%), Tamil Nadu (12%) and Bihar (12%) reported the highest increase in the prices of seeds.
- **Fertilizers:** The availability of fertilizers was also significantly impacted due to the COVID-19 pandemic leading to an increase in prices of fertilizers across all states. The states of West Bengal (16%), Rajasthan (15%) and Bihar (12.4%) reported the sharpest increase in prices of fertilizers.
- **Pesticides:** The price of pesticides also increased across all states in the country due to the shortage in availability. The states of West Bengal (16.1%), Rajasthan (15.8%), and Maharashtra (11.7%) reported the sharpest increase in prices amongst the larger states.
- **Rental on Agricultural Machinery:** The shortage in availability of agricultural machinery due to reduced availability of manpower handling such machines owing to the lockdown also led to an increase in the rent on agricultural machinery across all states. The states of Rajasthan (19.1%), Gujarat (15%), Maharashtra (14.2%) and Bihar (13.2%) reported the steepest increase in rent on agricultural machinery.
- **Fodder/Cattle feed:** The availability of fodder/cattle feed saw the sharpest decline due to the pandemic and thus the sharpest increase in prices was also for Fodder/ Cattle feed. The states of Telangana (25%), Kerala (18.3%), Rajasthan (17.2%) and Himachal Pradesh (17%) reported the sharpest increase in prices of Fodder/Cattle Feed.

- **Impact on Agri credit Banking Activities**

Banking sector carries immense importance for the livelihoods of the rural population through the provision of basic banking services such as deposits, withdrawals, credit, etc. For example, timely availability of credit through Kisan Credit Cards (KCC) to farmers in the form of working capital is a major factor determining the production of agricultural sector. Therefore, the survey attempted to capture the impact of COVID-19 and resultant lockdown on various banking services viz. KCC, term lending to agriculture sector, basic banking services, recovery and digital banking in sample districts at all India level (Fig 3.11).

On consolidating the response received, we find that the impact on Banking activities has been in the 'Medium' category. At state-level, we find that a few states/UTs such as Telangana, Nagaland, Puducherry have reported the impact to be 'Low' while most of the other states have reported the impact to be 'Medium'. The detailed state-level responses have been given in Table 10.6 in the Annexure.

- **State wise Impact of COVID-19 on Farmers' Access to Credit through KCC**

**Number of Districts where Farmers' Access to Credit Through KCC (No.)**

States/U.T.	Favourably Impacted	Adversely Impacted	No Impact	Total Districts Covered
Andaman & Nicobar	0	0	3	3
Andhra Pradesh	1	8	4	13
Arunachal Pradesh	0	9	0	9
Assam	3	12	1	16
Bihar	0	27	10	37
Chhattisgarh	0	8	10	18
Dadra Nagar Haveli	0	1	0	1
Daman & Diu	0	1	0	1
Goa	0	0	2	2
Gujarat	2	7	18	27
Haryana	0	14	9	23
Himachal Pradesh	1	8	3	12
Jammu & Kashmir	3	10	0	13
Jharkhand	1	14	5	20
Karnataka	2	8	16	26
Kerala	0	12	0	12
Madhya Pradesh	0	19	34	53
Maharashtra	1	24	9	34
Manipur	0	6	0	6
Meghalaya	0	9	2	11
Mizoram	0	7	0	7
Nagaland	3	4	1	8
Odisha	0	13	9	22
Puducherry	0	0	1	1
Punjab	0	4	18	22
Rajasthan	1	13	7	21
Sikkim	0	3	0	3
Tamil Nadu	2	11	18	31
Telangana	1	3	4	8
Tripura	0	6	0	6
Uttar Pradesh	1	49	15	65
Uttarakhand	0	7	5	12
West Bengal	0	13	4	17
<b>All India</b>	<b>22</b>	<b>330</b>	<b>208</b>	<b>560</b>

• **State wise Impact of COVID-19 on Farmers' Access to Basic Banking Services**  
**Number of Districts where Farmers' Access to Basic Banking Services (No.)**

States/U.T.	Favourably Impacted	Adversely Impacted	No Impact	Total Districts Covered
Andaman & Nicobar	0	3	0	3
Andhra Pradesh	1	11	1	13
Arunachal Pradesh	0	8	1	9
Assam	0	16	0	16
Bihar	1	34	2	37
Chhattisgarh	0	18	0	18
Dadra Nagar Haveli	0	1	0	1
Daman & Diu	0	1	0	1
Goa	0	2	0	2
Gujarat	2	21	4	27
Haryana	1	21	1	23
Himachal Pradesh	1	9	2	12
Jammu & Kashmir	1	8	4	13
Jharkhand	0	19	1	20
Karnataka	4	22	0	26
Kerala	10	2	0	12
Madhya Pradesh	1	49	3	53
Maharashtra	0	32	2	34
Manipur	0	6	0	6
Meghalaya	0	11	0	11
Mizoram	0	7	0	7
Nagaland	3	4	1	8
Odisha	0	22	0	22
Puducherry	0	0	1	1
Punjab	0	18	4	22
Rajasthan	0	20	1	21
Sikkim	0	3	0	3
Tamil Nadu	6	19	6	31
Telangana	0	4	4	8
Tripura	0	6	0	6
Uttar Pradesh	0	64	1	65
Uttarakhand	0	12	0	12
West Bengal	0	12	5	17
<b>All India</b>	<b>31</b>	<b>485</b>	<b>44</b>	<b>560</b>

• **State wise Impact of COVID-19 on Farmers' Access to Term Loan**  
**Number of Districts where Farmers' Access to Term Loan (No.)**

States/U.T.	Favourably Impacted	Adversely Impacted	No Impact	Total Districts Covered
Andaman & Nicobar	0	3	0	3
Andhra Pradesh	0	11	2	13
Arunachal Pradesh	0	9	0	9
Assam	2	14	0	16
Bihar	0	35	2	37
Chhattisgarh	0	14	4	18
Dadra Nagar Haveli	0	1	0	1
Daman & Diu	0	1	0	1
Goa	0	2	0	2
Gujarat	1	18	8	27
Haryana	0	23	0	23
Himachal Pradesh	0	12	0	12

Jammu & Kashmir	0	13	0	13
Jharkhand	0	20	0	20
Karnataka	2	23	1	26
Kerala	0	12	0	12
Madhya Pradesh	1	48	4	53
Maharashtra	0	32	2	34
Manipur	0	6	0	6
Meghalaya	0	8	3	11
Mizoram	0	6	1	7
Nagaland	2	4	2	8
Odisha	0	18	4	22
Puducherry	0	1	0	1
Punjab	0	21	1	22
Rajasthan	0	20	1	21
Sikkim	0	3	0	3
Tamil Nadu	2	21	8	31
Telangana	1	5	2	8
Tripura	0	6	0	6
Uttar Pradesh	1	60	4	65
Uttarakhand	0	12	0	12
West Bengal	1	16	0	17
<b>All India</b>	<b>13</b>	<b>498</b>	<b>49</b>	<b>560</b>

• **State wise Impact of COVID-19 on Bank's Recovery**

**Number of Districts where Bank's Recovery (No.)**

States/U.T.	Favourably Impacted	Adversely Impacted	No Impact	Total Districts Covered
Andaman & Nicobar	0	3	0	3
Andhra Pradesh	0	11	2	13
Arunachal Pradesh	2	7	0	9
Assam	0	14	2	16
Bihar	0	36	1	37
Chhattisgarh	0	16	2	18
Dadra Nagar Haveli	0	1	0	1
Daman & Diu	0	1	0	1
Goa	0	0	2	2
Gujarat	2	23	2	27
Haryana	0	23	0	23
Himachal Pradesh	0	12	0	12
Jammu & Kashmir	0	13	0	13
Jharkhand	0	20	0	20
Karnataka	0	26	0	26
Kerala	0	12	0	12
Madhya Pradesh	3	47	3	53
Maharashtra	0	34	0	34
Manipur	0	6	0	6
Meghalaya	0	10	1	11
Mizoram	0	6	1	7
Nagaland	4	4	0	8
Odisha	0	21	1	22

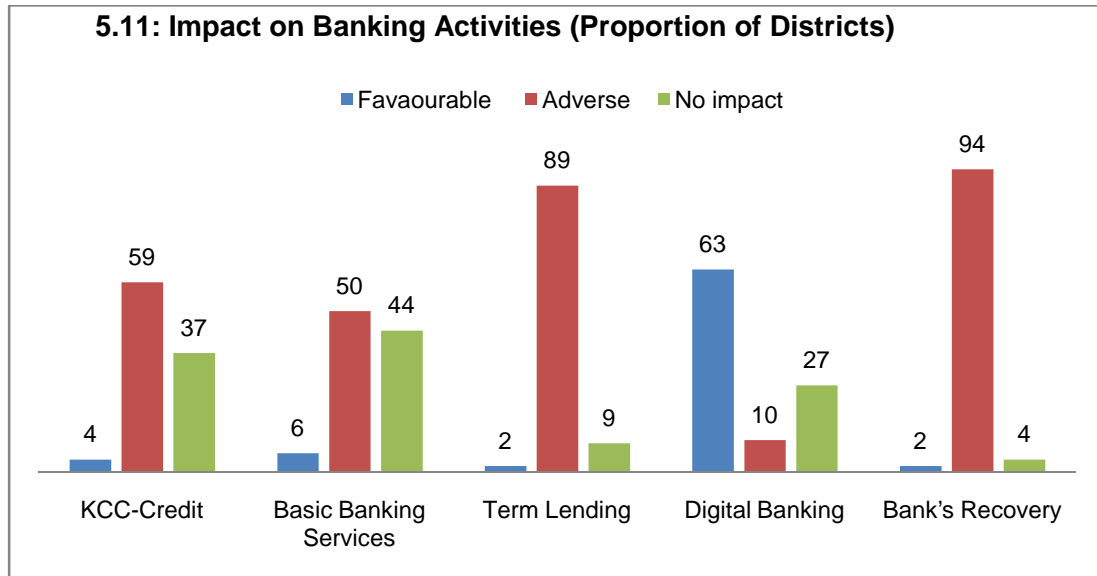


Puducherry	0	1	0	1
Punjab	0	22	0	22
Rajasthan	0	21	0	21
Sikkim	0	3	0	3
Tamil Nadu	0	28	3	31
Telangana	0	7	1	8
Tripura	0	6	0	6
Uttar Pradesh	1	64	0	65
Uttarakhand	0	12	0	12
West Bengal	0	17	0	17
<b>All India</b>	<b>12</b>	<b>527</b>	<b>21</b>	<b>560</b>

• **Index for Impact on Banking Activities**

State	Banking Impact Score	No of districts per state	Final Score of the State
Andaman & Nicobar	-9	3	-3.00
Andhra Pradesh	-27	13	-2.08
Arunachal Pradesh	-11	9	-1.22
Assam	-37	16	-2.31
Bihar	-90	37	-2.43
Chattisgarh	-43	18	-2.39
Dadra Nagar Haveli	-3	1	-3.00
Daman & Diu	-3	1	-3.00
Goa	0	2	0.00
Gujarat	-44	27	-1.63
Haryana	-49	23	-2.13
Himachal Pradesh	-29	12	-2.42
Jammu & Kashmir	-31	13	-2.38
Jharkhand	-66	20	-3.30
Karnataka	-48	26	-1.85
Kerala	-29	12	-2.42
Madhya Pradesh	-112	53	-2.11
Maharashtra	-93	34	-2.74
Manipur	-28	6	-4.67
Meghalaya	-38	11	-3.45
Mizoram	-15	7	-2.14
Nagaland	-6	8	-0.75
Odisha	-51	22	-2.32
Puducherry	0	1	0.00
Punjab	-37	22	-1.68
Rajasthan	-47	21	-2.24
Sikkim	-11	3	-3.67
TamilNadu	-48	31	-1.55
Telangana	-9	8	-1.13
Tripura	-18	6	-3.00
Uttar Pradesh	-159	65	-2.45
Uttarakhand	-27	12	-2.25
West Bengal	-42	17	-2.47
<b>All India</b>	<b>-1260</b>	<b>560</b>	<b>-2.25</b>

• **Impact on Banking Activities (Proportion of Districts)**



Major findings of the survey relating to these banking aspects have been discussed in following paragraphs:

- **Farmers' Access to Credit through KCC:** At all-India level nearly 59% of the districts reported an adverse impact on the farmers' access to credit through KCC. Although provision of banking facilities was exempted from the restrictions imposed in the lockdown yet the adverse impact on KCC disbursement may be due to restrictions imposed on the movement of people, and fear of contracting corona virus through human contact and gathering. Several north-eastern states including Manipur, Mizoram and Sikkim had reported adverse impact in all of their sample districts. Other major states reporting higher proportion of districts affected adversely include Kerala (100%), Assam (75%), West Bengal (76%), Uttar Pradesh (75%), Bihar (73%) and Maharashtra (71%).
- **Access to Basic Banking Services:** The access to basic banking services such as deposits, withdrawal, etc. was reported to be adversely impacted in nearly 50% of sample districts in India. One possible reason for the adverse impact on basic banking services was need for social distancing and the restrictions imposed on movement of people, thereby restricting their ability to reach banks. Some of the major states reporting higher proportion of districts being impacted adversely include Chhattisgarh (78%), Jharkhand (75%) and Maharashtra (68%).
- **Term Lending by Banks:** The term lending by banking institutions was reported to be most adversely impacted across the different Indian states. At all-India level, nearly 89% of the sample districts reported adverse impact on term lending by banks. Some of the possible reasons were the restrictions imposed on movement of people during lockdown period, difficulty in undertaking field visits by bank officials for appraisal of the project, reduced repayment capabilities of households due to present challenges and postponement of new investments/projects due to prevailing economic and health uncertainties. Many smaller states/UTs, including A&N Islands, Arunachal Pradesh, Manipur, Puducherry, reported an adverse impact in all of their sample districts. The major Indian states reporting higher proportion of districts with adverse impact include Haryana (100%), Himachal Pradesh (100%), Bihar (95%), Punjab (95%), Rajasthan (95%), Maharashtra (94%) and Madhya Pradesh (91%).
- **Digital Banking/Digital Financial Transaction:** Among various banking aspects, digital financial transaction was the only aspect reported to have been impacted favourably in nearly 63% of the sample districts. This was indicative of the fact that even people who otherwise don't prefer digital financial transactions may have transacted digitally due to

restrictions imposed during the lockdown, possibly by taking assistance from others. The major states reporting high proportion of districts with favourable impact include Kerala (92%), Punjab (91%), Rajasthan (90%), Haryana (87%) and Bihar (81%).

- Banks' Recovery: Banks's recovery had been the biggest casualty with 94% of the sample districts being adversely impacted. Due to imposition of lockdown, and restrictions on movement of vehicles, price discovery mechanism was seriously impaired for the agriculture sector in general and allied sector like poultry, dairy, fisheries and horticulture in particular. As a result, earnings of many households may have been adversely affected during this period. Further, factors such as reduced output prices, reduced livelihood opportunities, lower remittances, etc. further impaired the repayment capabilities of farmers and rural people. Many major states including Haryana, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Punjab, Rajasthan, Uttarakhand and West Bengal have reported an adverse impact on all of their sample districts.

### Conclusion

On the whole, at the national level the impact of COVID-19 and the resultant lockdown had been quite harsh on agriculture and allied sector in majority of districts. Among various subsectors, rabi crops were least affected as its harvesting was on the verge of completion but allied sectors such as poultry, fisheries and pig/goat/sheep sector witnessed a drastic fall in demand due to misplaced rumors leading to declining production as well as declining farm gate prices. However, prices of agriculture inputs were estimated to be rising mainly due to disruption in supply chain and closure of shops and markets. Although banking activities were exempted from lockdown, yet basic banking services viz, loans, deposit and recovery were severely hampered in majority of the sample districts in the country. However, the silver lining was the increase in digital banking transactions in majority of the sample districts. The microfinance sector and MSME sector were the biggest casualty with disruption in more than four-fifths of the sample districts thereby seriously hampering the livelihood in the unorganized sector which provides maximum employment in the rural areas. The activities of FPOs and FCs also came to complete halt. However, these rural institutions including SHGs grabbed the opportunities provided by the situation of stitching face masks, PPEs and preparation of sanitizers thereby helping the society as also earning some income for their members. Further, FPOs in close coordination with local administration in some of the districts were quite instrumental in door to door delivery of fruits, vegetable and dry rations to the needy there by extending a helping hand to the society. These rural institutions like SHGs and FCs were also active in creation of awareness in rural areas about COVID 19 and its preventive measures.

### Policy Implications/Action Points

Based on the findings of the survey and feedback received from the stakeholders, a few policy suggestions for mitigating the impact of COVID-19 on rural India are as under:

- Due to decline in agriculture and allied sector production, direct income support may be provided to farmers in general and those engaged in poultry and fisheries sector in particular. In this connection, enhancing the income support through PM-KISAN could be a good option.
- Due to disruption in marketing of agri produce in mandis and rural haats, and reduced farm gate prices, the income of farmers declined leading to poor recovery. Therefore, interest waiver for agri term loan for at least one year may be thought of.
- Microfinance activities need to be reactivated through injection of liquidity to NBFC- MFI sector so that small business activities on pavement and road side shops could be resurrected in semi-urban and rural areas.
- Banks should be nudged to enhance credit linkage and /or next dose of credit to eligible SHGs
- MSME sector to be supported through enhanced credit support (working capital) at lower interest rate, interest subvention and waiver of interest for at least two quarters for existing loans
- Opportunities for mask making, sanitizers, direct delivery of food grains, vegetables, fruits to be encashed by SHGs and FPOs.
- A provision may be considered for NABARD grant assistance to FPOs for purchase of small road transport vehicle to take advantage of new emerging opportunities for direct selling of agri and horticulture produce to consumers.
- Awareness programme on COVID-19 by SHGs, FPOs and FCs in rural areas may be done on massive scale to check the growth of corona pandemic

- Universalization of MNREGS for covering more and more labourers, including those migrant workers who have returned from bigger cities.
- MSMEs may be encouraged to produce PPE kits and hand sanitizers, etc.
- Rural godowns and cold storage infrastructure capacities in rural regions need to be augmented
- Model farm equipment bank/ fodder bank with FPOs may be developed with support from NABARD.

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