

Agricultural Markets in India during the COVID-19 Lockdown

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In response to the global COVID-19 pandemic, Indian prime minister Narendra Modi announced a countrywide lockdown on March 24, 2020. Under the lockdown, all farming operations, including the sowing and harvesting of crops, ceased temporarily, and all agricultural input markets were closed; no exception was made with regard to the transport, labour and infrastructure that support agricultural activity. Markets regulated by the Agricultural Produce Market Committees, known as ‘anaj mandis’, were also shut. Only establishments offering ‘essential services’ (including fodder shops) that were allowed to function. Soon after the lockdown began, distressing reports of farmers incurring losses began pouring in from all over the country. In response, the central government moved to exempt agricultural activities from the lockdown.

This report is based on telephonic interviews conducted with twelve agricultural input dealers. I interviewed three individuals in Fatehabad (Haryana), two in Bulandshahr (Uttar Pradesh) and one in Patiala (Punjab) on March 27 and 28, 2020. I also interviewed three individuals in Hoshangabad (Madhya Pradesh), one in Mandsaur (Madhya Pradesh) and two in Muzaffarpur (Bihar) on April 2, 2020. These interviews highlight the immediate impact of the lockdown on the functioning of mandis and the hurdles faced by many in rural India despite the government’s exemptions. In Fatehabad, Patiala, and Bulandshahr, input dealers were allowed to open their shops three times a week for three hours in the morning, whereas in Hoshangabad, Mandsaur and Muzaffarpur, dealers were allowed to open their shops for two or three hours every day.

In Fatehabad, Patiala, and Bulandshahr, many dealers have refused to open their shops for fear of contracting COVID-19. In any case, those who are keeping their shops open report that the number of customers is small, due probably to the lack of available transport. It appears that because farmers are generally using bicycles and motorbikes to get around, they are only able to buy inputs that can be transported on these vehicles, such as pesticides or a few kilos of seeds. They are unable to buy fertiliser which is usually bought in packs of forty-five or fifty kg and requires labour to load/unload.

Farmers in Muzaffarpur, Bihar had sown maize in the month of October. They applied the first round of urea fertiliser to their crops in January and they would normally need to apply another round of urea around now to achieve optimal yields. However, the lockdown has caused a fall in urea sales. Dealers reported that the sale of urea thus far is less than one-tenth of last season’s sales. The input dealer in Muzaffarpur was anxious about the stocks of urea piling up in his shop. He said that dealers “need to pay these big companies in advance. With all this urea at my shop, I do not know how I will be able to recover my cost this season.”

Jowar is the main green fodder crop grown in the kharif season in north-western India. Dealers in Fatehabad, Patiala, and Bulandshahr said that demand for jowar seed is high but, due to the lockdown, the seed is inaccessible to farmers. The farmers’ inability to grow jowar would result in a shortage of green fodder, which will adversely affect milk yields. The seeds of seasonal vegetables (okra, ridge gourd,

bottle gourd in Fatehabad, Patiala, and Bulandshahr; spinach, coriander, ridge gourd, okra in Hoshangabad and Mandsaur) are also in high demand in all of the districts my respondents live and work in. Sowing for the next harvest season has been disrupted as farmers have not been able to access seeds. The input dealers reported getting calls from farmers on a daily basis, but due to a lack of transport, and the atmosphere of fear and confusion prevailing in many parts of the country, most dealers are not able to respond to farmers' demands.

In Hoshangabad and Mandsaur, farmers who cultivate mung bean are anxious, as the sowing of this crop must be completed before April 15. A seed and fertiliser store owner in the Shivpur gram panchayat of Seoni Malwa tehsil of Hoshangabad explained that while farmers who have their own irrigation facilities can still afford to buy mung seeds after the lockdown is lifted, farmers who depend on rainfall must complete sowing this crop at the earliest. Hoshangabad has the highest area of land, about 10.2 thousand hectares (according to a 2017 estimate), allocated to the cultivation of mung bean in Madhya Pradesh.

Due to the lockdown, farmers are not only having to spend more on pesticides to keep their crops safe, but also finding themselves at the mercy of input dealers, both in terms of access to pesticide and price. For instance, wheat farmers in UP, Punjab and Haryana (in the districts this report is focused on) have crops standing in fields that will be ready to harvest in about ten or fifteen days. Fearing that they will be forced to delay wheat harvesting, these farmers are trying to hoard pesticides (from shops that are open) to deal with pests that may attack the crops. Pesticides are also in high demand for crops like maize, cauliflower, and barseem, which are highly vulnerable to pests.

Dealers reported that they have sufficient stocks of fertiliser and seeds to cater to demand after the lockdown ends, but their stocks of pesticide and weedicide are fast depleting. One of the dealers in Fatehabad remarked that a pesticide that would ordinarily cost an average of Rs 200 to Rs 250 per acre (for the same chemical component across brands) is now being sold for anything between Rs 200 and Rs 1000 because of a sudden spike in demand. Dealers also anticipate that prices will rise in the near future as they are not receiving new stock from pesticide manufacturers. Also, given that pesticides are not being produced right now, they are likely to remain in short supply for a while. The issue of the shortage of pesticide was also highlighted in the interviews with input dealers in Hoshangabad. A dealer in Patiala reported that although he is not opening his shop, in accordance with the rules set down collectively by the input dealers in the mandi, he has a stock of pesticide in his home and is supplying it to his regular customers.

Wheat harvesting has been completed in most parts of Hoshangabad and Mandsaur in Madhya Pradesh. However, as no sales of grains are taking place in the mandis, farmers have large stocks of wheat stored.

The issue of farmers not being able to sell produce was brought up in all the interviews conducted. The lack of labour, the difficulty of hiring the trolleys to transport produce to the mandis, and getting the right price for their produce are all matters of grave concern to farmers. In many mandis, the number of farmers coming to sell their produce is low, and most farmers are disposing of their vegetables at very

low prices. Commission agents (arthis) are not even operational in most of these mandis due to the lockdown.

The present state of affairs in the mandis indicates that this lockdown is going to cost farmers much more than the loss of twenty-one days of income.

(These interviews were conducted during the first phase of the lockdown from March 27 to April 3, 2020)

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