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## Agriculture : The Savior of Indian Economy during Pandemic

of fertilizers but challenge was the availability of labour for loading at the plant sites and for unloading at destination points. Availability of consumable materials such as bags and chemicals required for continuous operation in some plants exacerbated the already difficult situation. Despite these challenges, fertilizer industry salvaged the situation and sustained the uninterrupted production and dispatch of fertilizers without major disruption(s). Most of the seed companies operated at 50% capacity for at least 2 months due to problems in movement of workers and certification of seeds by government authorities. Amid COVID-19 crisis, locusts posed another threat to *khariif* crops in some states of the country. Onslaught of natural disasters like cyclones and floods, etc. further aggravated the crisis due to pandemic.

Agriculture sector is critical to the health of Indian economy, contributing approximately 17.1% to India's gross value added (GVA). It is a primary source of livelihood for over 58% of the country's population and generates an employment for 44% of its workforce. With over-flowing granaries, India exported agricultural products worth Rs.2.75 lakh crores in 2018-19 which constituted about 12% of the total exports. Agriculture sector continues to make impressive strides as the latest estimates put the country's food grain production at record 296.7 million tonnes (Mt) during 2019-20, 11.5 Mt more than 285.2 Mt of 2018-19. Total oilseeds production in the country during 2019-20 has been estimated at record 33.4 Mt, 1.95 Mt higher than the production of 31.5 Mt during 2018-19. Increase was observed in all the major crops except sugarcane. Excellent weather conditions, timely and adequate availability of agri-inputs, and favorable policy support were the major drivers of this record increase.

Government of India (GOI) was very prompt in addressing the issues faced by agri-input industry and farming community. A series of instructions were given by GOI for agricultural operations for facilitating the harvesting of the *rabi* crops and sowing of the *khariif* crops. Clarifications from the Ministry of Home Affairs helped in continuous operation of fertilizer plants, and sales and interstate movement of fertilizers. Additional re-finance support of Rs. 300 billion over and above normal allocation of Rs. 900 billion was provided by NABARD for meeting the crop loan requirement of Rural Cooperative Banks and Rural Regional Banks. A special drive was launched to provide concessional credit to farmers through Kisan Credit Card (KCC) by injecting additional liquidity of Rs. two trillion. Government released the advance cash payment of Rs. 6000 to each farming family under the existing PM KISAN YOJANA to augment the income of small and marginal farmers. Bumper *rabi* production, record procurement of wheat, increased crop loan, and financial assistance under PM KISAN YOJANA improved the purchasing power of farmers which they latter used to buy fertilizers and seeds. Input industry made continuous efforts to ensure timely and adequate availability of seeds and fertilizers during *khariif* season.

Increase in food grain production was largely on account of *rabi* season which witnessed a net increase of 9.6 Mt over the previous season. This assumes significance because the 70-day nationwide lockdown, which started on 25<sup>th</sup> March, 2020 brought all the manufacturing and services activities at standstill, except for essential services and commodities. Seeds, fertilizers, pesticides and other agro-chemicals, categorized as the essential commodities, were exempted from the lockdown-forced restrictions. However, the movement of trucks and other modes of transport was seriously disrupted despite the Centre and States having allowed the transportation of essential commodities during the lockdown period.

The early onset of South-West monsoon and subsequent above normal and well distributed rains during the crop growing period brightened the prospects for record harvest in *khariif* 2020. Consequent upon receipt of well distributed surplus rains (9% more than normal), *khariif* cropped area registered an increase of 4.8% over last year. Maximum increase in sowing area was under oilseeds (9.8%) followed by food-grains (4.2%) and cotton (2.1%). Area sown under sugarcane increased by 1.8%. There was exceptionally

Lockdown posed a number of challenges for continuous operation of fertilizer and seed industry. Timely and adequate availability of fertilizer and seed before sowing of *khariif* crops was a serious challenge. Railway rakes were made available for the movement

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high demand for fertilizers. During April-September 2020, sale of major fertilizer products namely urea, DAP, NP/NPK, MOP and SSP increased by 15.7%, 51.1%, 39.4%, 36.7% and 8.4%, respectively over same period last year.

The spurt in fertilizer demand was met out of the opening inventory, and increased domestic production and imports. Domestic production of urea increased by 4.9% during April-September, 2020 but this was not sufficient to meet the demand. Therefore, import of urea had to be increased by 22.2% during April-September, 2020 over the corresponding period of last year. Domestic DAP production registered a decline of 11.4% and the import of DAP increased by 12.1% in the first six months. Import of MOP witnessed an increase of 3.9%. Production of SSP increased by 14.6%.

Weather remained highly conducive for agricultural production during the entire *kharif* season. Intensity of the infestation of weeds or insect-pests was relatively less compared to the earlier years. Resultantly, the country is likely to achieve record production in *kharif* 2020. According to 1<sup>st</sup> Advance Estimates, all major crops/crop groups are likely to record positive growth in production. Oilseeds, sugarcane and cotton production is estimated to increase by 15.2%, 12.4% and 4.5%, respectively. *Kharif* food grains production is estimated to increase marginally to 144.5 Mt. from 143.4 Mt in last *kharif*. Buoyed by the good *kharif* season and favourable predictions of coming *rabi* season, Ministry of Agriculture and Farmers Welfare has set a food grain production target of 301 Mt for 2020-21.

Concerted efforts of the Government to boost agricultural growth have started bearing fruits. Agri Commodities exports registered a rise of 43.4% in April-September 2020 over corresponding period last year. Positive growth was recorded in the export of groundnut (35%), refined sugar (104%), wheat (206%), basmati rice (13%) and non-basmati rice (105%). External demand is driving the export from agriculture sector. Agriculture Export Policy has set a target of increasing the agricultural export to over US\$ 60 billion by 2022.

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during Covid-19 pandemic and is likely to play a major role in generating demand and employment. Demand of agricultural inputs and allied services like warehousing and cold storage has been increasing at a faster rate. Burgeoning population, and rising urban and rural income are generating higher demand for both raw and processed food and food products. Rural prosperity has been driving the demand for farm machinery like tractors. For example, in the first half of the current fiscal (April-September), total domestic tractor sales were 402,607 units, a growth of 13% compared with 357,652 units in the same period last year.

Acting quickly to “revive and reboot” the economy under Atmanirbhar Bharat Abhiyan (self-reliant India initiative) as a part of the fight against COVID-19, Government of India has announced series of measures to strengthen infrastructure, logistics, governance and administrative reforms in agriculture sector to make it compete in the WTO regime. It has already amended the Essential Commodities Act and APMC laws to enable the farmers to get the best price for their produce - be it local, national, or global markets. Creation of Rs. one lakh crore agro-infrastructure fund for strengthening farm gate infrastructure for farmers, provision of Rs.50,000 crore for animal husbandry and fishery to enhance the scope for alternate income avenues for rural population, and extension of Operation Green to all fruits and vegetables will enable farmers to diversify their produce and add much needed quicker cash generation.

Indian fertilizer industry has always been at the forefront to contribute in advancement of agriculture and helped the nation produce 50% more food grains through the fertilizer use. It rose to the occasion more resolutely to mitigate the adversities posed by Covid-19 pandemic. Fertilizer demand remained exceptionally strong right from the beginning of *kharif* season. The total fertilizer demand for the year 2020-21 is expected to be much higher than that of 2019-20. The industry maintained normal production and dispatch to ensure timely and adequate availability of fertilizers. However, maintaining normal production is becoming exceedingly difficult with fertilizer industry facing perpetual liquidity problems. At present, there are arrears of six months of on-account payments, in addition to unpaid dues of thousands of crore of rupees under various heads, namely, Modified NPS III, freight, pre-DBT dues, etc. Government should ensure availability of sufficient funds to sustain operation of this vital sector. Like other sectors of economy, agri-input industry, particularly fertilizer industry, needs a special package to sustain its performance. ■