

COVID-19 Pandemic's Effects on Supply, Demand and Wages of Agricultural Labour

Mr. Rajpal

Associate Professor, Department of Economics, Pt. C.L. Sharma Govt. College, Karnal, India

ABSTRACT

Agriculture is critical to the economic growth and development of developing countries such as India. In addition to supplying the nation with food, agriculture also frees up labour, generates savings, supports the market for industrial goods, and generates foreign exchange. Improvement in the agricultural sector is essential to overall economic growth and development.

Therefore it is difficult to imagine the Indian economy without the agriculture sector. The Covid-19 pandemic has shaken the entire country's economy as well as the agriculture sector. The Covid-19 pandemic has also affected the production of this sector, agricultural wages and employment of people from this sector. In this research study, an attempt has been made to know these effects.

Keywords: Covid-19, Demand and Supply, Wages and Agricultural Labourers

Introduction

The COVID -19 epidemic has rapidly spread over the world, threatening the lives and livelihoods of millions. On January 30, 2020, India reported the first case of the COVID -19 pandemic, which prompted the government to quickly start a number of efforts to slow the epidemic's spread. Given that COVID-19 is a highly contagious illness, a much-needed nationwide lockdown was implemented beginning on March 25, 2020. During the first several weeks, all non- essential activities and companies, including educational institutions, houses of religious worship, and retail establishments, were prohibited from operating across the country. Following that, these restrictions were gradually removed in most parts of the country in a systematic manner.

As the constraints imposed by the lockdown are being eased, now is an excellent time to examine the impact of the COVID-19 pandemic on various sectors of the Indian economy. A number of reports have suggested that India's GDP may shrink in 2020-21. This is a concerning sign because increased GDP helps significantly to boosting living standards, lowering poverty, and improving other socioeconomic indicators. While other sectors are believed to be under substantial stress, it is critical to examine the impact on the agricultural sector, which provides opportunities to the bulk of India's population. The agricultural sector is critical to the Indian economy. It accounts for roughly one-sixth of national income and employs roughly half of the working population. It is critical to ensuring the nation's food security and has an impact on the growth of the secondary and tertiary sectors of the economy through its forward and backward connections. The performance of agriculture and related industries has a significant impact on many other fronts.

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The pandemic and the ensuing lockdown had a huge impact on the demand, supply, and income of agricultural labourers across India. The nation has witnessed numerous migrant workers attempting to return to their home countries. This had a considerable impact on the labour market in various states. In 70% of the districts examined, agricultural labour supply has decreased. Only 17% of the districts saw an increase in labour supply. A rise in labour supply was also noted in 13% of the districts, which can be attributed to migratory workers returning to their home countries.

In terms of labour demand, at the national level, demand for labour increased in 43 percent of the districts while it decreased in 25 percent of the districts. The demand for labourers remained unchanged in 32% of the areas. Wages were reported to have climbed in 41 percent of the districts, declined in 13 percent of the districts, and remained the same in 46 percent of the districts throughout the survey. The influx of labourers from agriculturally advanced states to relatively backward states caused the supply and demand dynamics in rural areas to exhibit a mixed pattern. At the national level, the overall magnitude of the drop in labour supply was projected to be around 20%, whereas the overall magnitude of the increase in labour demand was estimated to be around 6%.

Wage rates in India were expected to rise by 8.36%. This slight increase in wage rates can be attributed to a decrease in labour supply due to restricted mobility and an increase in labour demand at the national level. Tables 01, 02, and 03 indicate the effect of the pandemic on agricultural labour supply, demand, and wages.

Table 01: State-level effects of the COVID-19 epidemic on supply of Agricultural Labour

Number of Districts –Supply of Agricultural Labour				
States/U.T.	Dec.	Inc.	Remain same	Number of districts covered
All India	393	94	73	560
Haryana	22	0	1	23
West Bengal	14	3	0	17
Uttarakhand	9	3	0	12
Uttar Pradesh	37	26	2	65
Tripura	2	0	4	6
Telangana	5	1	2	8
Tamil Nadu	15	6	10	31
Sikkim	3	0	0	3
Rajasthan	18	3	0	21
Punjab	21	0	1	22
Puducherry	0	0	1	1
Odisha	18	2	2	22
Nagaland	6	0	2	8
Mizoram	6	1	0	7
Meghalaya	3	1	7	11
Manipur	2	3	1	6
Maharashtra	24	8	2	34
Madhya Pradesh	34	10	9	53
Kerala	12	0	0	12
Karnataka	22	2	2	26
Jharkhand	10	8	2	20
Jammu & Kashmir	11	0	2	13
Himachal Pradesh	8	1	3	12
Andaman & Nicobar	2	0	1	3
Gujarat	16	1	10	27
Goa	2	0	0	2
Daman & Diu	0	0	1	1
Dadra Nagar Haveli	0	0	1	1
Chattisgarh	16	2	0	18
Bihar	22	12	3	37
Assam	14	1	1	16
Arunachal Pradesh	8	0	1	9
Andhra Pradesh	11	0	2	13

Source: Impact Assessment of Covid-19 on Indian Agriculture and Rural Economy (August, 2020) NABARD.

The above table 01, shows that in the all India level study done with 560 districts, the supply of agricultural labourers has decreased in 393 districts, increased in 94 and remained the same in 73 districts. It also shows from the table that maximum decrease in the supply of agricultural labourers in 37 districts and increase in 26 districts has been marked in the state of Uttar Pradesh. While the situation in most of the districts of Gujarat and Tamil Nadu is the same as before, there has not been any increase or decrease in the supply of agricultural labourers.

Table 02: COVID-19 pandemic effect's on Demand for Agricultural Rural Labour

Number of Districts –Demand for Agricultural Rural Labour				
States/U.T.	Dec.	Inc.	Remain same	Number of districts covered
All India	139	244	177	560
Haryana	1	18	4	23
West Bengal	2	9	6	17
Uttarakhand	4	3	5	12
Uttar Pradesh	19	28	18	65
Tripura	2	0	4	6
Telangana	1	5	2	8
Tamil Nadu	7	6	18	31
Sikkim	3	0	0	3
Rajasthan	1	16	4	21
Punjab	1	12	9	22
Puducherry	0	0	1	1
Odisha	6	8	8	22
Nagaland	4	0	4	8
Mizoram	1	5	1	7
Meghalaya	5	1	5	11
Manipur	2	1	3	6
Maharashtra	6	19	9	34
Madhya Pradesh	7	30	16	53
Kerala	11	0	1	12
Karnataka	3	16	7	26
Jharkhand	15	2	3	20
Jammu & Kashmir	1	8	4	13
Himachal Pradesh	1	5	6	12
Andaman & Nicobar	0	2	1	3
Gujarat	6	7	14	27
Goa	0	2	0	2
Daman & Diu	0	0	1	1
Dadra Nagar Haveli	0	0	1	1
Chhattisgarh	12	1	5	18
Bihar	11	17	9	37
Assam	5	7	4	16
Arunachal Pradesh	0	6	3	9
Andhra Pradesh	2	10	1	13

Source: *Impact Assessment of Covid-19 on Indian Agriculture and Rural Economy (August, 2020) NABARD*.

The above table 02, reveals that in the all India level study conducted with 560 districts, the demand for agricultural labour has decreased in 139 districts, increased in 244 districts and remained the same in 177 districts. The table also shows that in the state of Uttar Pradesh, maximum decrease in demand for agricultural labour has been recorded in 19 districts and increase in 28 districts. While the situation remains the same in 18 districts of Uttar Pradesh and Tamil Nadu, there has been no increase or decrease in the demand for agricultural labourers.

Table 03: COVID-19 epidemic effects on Wages of Agricultural Labour

Number of Districts–Wages of Agricultural Labour				
States/U.T.	Dec.	Inc.	Remain same	Number of districts covered
All India	228	76	256	560
Haryana	21	1	1	23
West Bengal	11	3	3	17
Uttarakhand	7	2	3	12
Uttar Pradesh	16	21	28	65
Tripura	0	0	6	6
Telangana	5	0	3	8
Tamil Nadu	7	1	23	31
Sikkim	0	0	3	3
Rajasthan	16	2	3	21
Punjab	17	0	5	22
Puducherry	0	0	1	1
Odisha	10	0	12	22
Nagaland	0	0	8	8
Mizoram	1	0	6	7
Meghalaya	0	1	10	11
Manipur	0	2	4	6
Maharashtra	19	3	12	34
Madhya Pradesh	21	12	20	53
Kerala	1	1	10	12
Karnataka	8	4	14	26
Jharkhand	4	5	11	20
Jammu & Kashmir	8	0	5	13
Himachal Pradesh	5	1	6	12
Andaman & Nicobar	1	0	2	3
Gujarat	4	2	21	27
Goa	0	0	2	2
Daman & Diu	0	1	0	1
Dadra Nagar Haveli	0	0	1	1
Chhattisgarh	10	4	4	18
Bihar	10	9	18	37
Assam	7	1	8	16
Arunachal Pradesh	9	0	0	9
Andhra Pradesh	10	0	3	13

Source: Impact Assessment of Covid-19 on Indian Agriculture and Rural Economy (August,2020), NABARD.

The above table reveals that in the all-India level study conducted with 560 districts, the wages of agricultural labourers have decreased in 228 districts, increased in 76 districts and remained the same in 256 districts. The table also shows that maximum 21 districts in Haryana and Madhya Pradesh have shown the highest reduction in wages of agricultural labourers. Whereas in the state of Uttar Pradesh maximum 21 districts have shown maximum increase in the wages of agricultural labourers and also in 28 districts of Uttar Pradesh the situation is the same as before, there is no increase or decrease in the wages of agricultural laborers.

During the first quarter of 2020, India was affected by the COVID-19 crisis. When cases first emerged in April, the number of contagion and death has steadily increased, prompting most countries to impose quarantines and economic restrictions in the month of May to contain the spread of the virus. Over a period of several months where even the most stringent restrictions were imposed. This restrictive action had a significant impact on India's economic growth, resulting in the largest unemployment rate recorded since the 1992 market crash. A complete COVID-19 mitigation and recovery plan should be prepared. The COVID-19 lockdown restrictions have had a disproportionate impact among different sections of employees in India.

Overall, the nationwide impact of COVID-19 and the resulting lockdown has been quite harsh on agriculture and allied sectors in the majority of districts. Rabi crops were the least affected because harvesting was nearing completion, but associated sectors such as poultry, fishery, pig, goat, and sheep suffered a substantial drop in demand due to misinformation, which led to a decrease in production. However, agricultural input costs were expected to climb due to supply chain disruptions and the closure of shops and markets.

Conclusion

Thus it can be seen that the agriculture sector is not exempt from the impact of COVID-19. The pandemic has not only affected crops, livestock and fisheries, but has also shaken the socio-economic condition of agricultural labourers. The supply chain has also been hit hardest by COVID-19, putting the food security of the most vulnerable sections of the population at risk. Also, most of the migrant, informal, seasonal agricultural workers are losing their jobs which could impact the demand for food. Therefore, the government must implement measures to control the pandemic without disturbing the food supply and considering the food security of its citizens.

Therefore, the government should implement measures to control the epidemic without disrupting the food supply and keeping in mind the food security of its citizens.

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