An Appeal to help rebuilding rural livelihoods hit badly due to lockdown for Corona threat

This is an unprecedented situation where small farmers, daily wagers and landless labourers are among the most vulnerable sections who have been hit very badly. They are short on cash, savings, social security and get very little financial support from their own community members. They have been managing their livelihoods with a mix of income sources including income from their own farm, daily wages from casual employment locally, and income from seasonal migration to the big cities. About 55% of the rural income is from the non-agriculture sector, chiefly from the income of seasonal migration, explains the dependency of rural economy on remittances from the migration income. An economic lockdown like this where the markets are closed, purchase and sale of material is absent and no transportation to support business has literally killed all the options of livelihoods even for their meager sustenance.

In our working areas of Madhya Pradesh, Chhattisgarh and Jharkhand farmers had a difficult time during the Kharif season of 2019-20 because of untimely monsoon and almost 20-25% of small farmers either had a partial or complete crop loss. But a good and long rainy season had given a high hope to cover some of the losses in the current Rabi Season. However it appears that the farmers have to bear the brunt of lockdown at the most critical time of harvest and patiently wait and plan for the next Kharif season of 2020-21.

With our experience of working with farmers, we see a very dark side taking the foreground in the days to come. Farmers are ready with their crops be it Wheat, Gram etc., but in the absence of functional mandi (market) and dearth of cash availability; they will be compelled to sell it at a much lower rate. They may further provide the material on credit because of limited cash availability in the market and then will be left with no other choice but to be a puppet in the hands of trader and intermediary. Similarly, for purchase of inputs, seeds, they will have no other choice but to take it on credit at a sky rocketing interest rate. Other issues like availability of labour, thresher, and transportation limitation are further going to affect them adversely. The already stressed agriculture sector is going to experience a huge load of disguised unemployment, credit crunch and market disruption and associated social issues in coming days with lasting impact.
We are preparing ourselves with strong conviction to face this crisis head-on. Our long hands-on experience of working with rural communities for agriculture sector is the cause of our confidence. We are making three pronged strategies:

**a)** Creating wage employment as much as we can while creating productive assets for agriculture (water & land resources development, pasture land development, plantation, etc.). More labour intensive works have been planned minimizing the use of machinery and materials to maximize income through wage employment. We are also intensifying our efforts to work with the State governments to facilitate effective implementation of MGNREGS on the ground so wage employment can be created for a large number of farmers. We are targeting to generate average 45-60 days of employment for about 18-20000 farmers before monsoon.

**b)** Extending support to a network of 37 Farmer Producer Organization with about 49,000 members. Both the member farmers and FPO are in distress situation but a dependent model like this can help sail through this crisis if enough fulcrums are provided to the FPO. We intend to implement two strategies:

i. FPOs would procure commodities (Wheat, Gram etc.) from 8,000-10,000 farmers at a price which is fair and comparative to yesteryears, and sell them when market stabilizes. This essentially means that the FPOs should be ready to undertake market risk occurring due to price fluctuations. The idea is to protect farmers from the distress sale and FPOs to absorb the risk.

ii. Extending inputs on credit for forthcoming Kharif season. As a practice, the FPOs refrain from extending any input on credit but this would be an exception. Enough mechanism will be put into place so that the credit is extended to limited number of member farmer with good repayment history. In spite of best of intentions and processes there would be some credit default. We expect to reach out to about 10,000-12,000 farmers.

We are therefore proposing to create a **Farm Livelihood Rehabilitation Fund (FLRF)**, a fund that is intended to hedge risk and tide over the financial losses, if any, incurred due to current situation by the FPOs. The FPOs will mobilize working capital from the institutional lenders.
c) Extending direct support to very poor farming families with Seeds and agriculture inputs free of cost. It is anticipated that there are about 15-20% of the farming families with a very small landholding and dependent significantly on farm wage labour, will face extreme hardship in arranging agriculture inputs for Kharif crops. They will perhaps sow grain (in place of seeds) and not be able to provide required fertilizers and pesticides to save crops. They shall not be even able to borrow money due to negative net worth. We wish to target this group of people and provide them a package of seeds and other inputs free of cost. We may not be able to fulfill their entire need but should be closing at 50-60% of the need and for the rest will connect with credit stream, government schemes as far as possible. About 6,000 households would be reached under this direct benefits.

ASA has worked / has been working with a large number of philanthropic foundations including Axis Bank Foundation, E&Y Foundation, HDFC Bank, Laudes Foundation (formerly C&A Foundation), Carrefour Foundation, Bioversity International, Syngenta Foundation, Water.org, CiNi, Tata Trusts, ILO, Hindustan Coca cola Beverages, Ford Foundation, Rabo bank Foundation, Solidaridad, IDH, Arghyaam, Transform Rural India Foundation to name a few.

At this hour of crisis we request your generous contribution to help farmers, especially the small and marginal farmers, tribal who are in desperate need of your support.

Any individual and institutional donors may please contact us at asa@asaindia.org. Any donation to ASA is exempted under the provision of 80G of IT Act.

We shall be more than happy to hear to your views and clarify any doubts regarding this. Stay safe.

Thanking You

Sincerely Yours

Ashis Mondal
Director