



# Impact and Challenges of Covid-19 in the Millet Value Chain Expert Consultation

30th April, 2020

This document is the result of a Consultation Roundtable held between the SELCO Foundation staff and prominent experts and practitioners in the Millet Value Chain. The discussion took place covering the challenges across three key aspects- on and off farm activities, market channels and linkages, and financial support. The discussion was attended by:

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# On and Off Farm Activities

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## INPUTS

- Support for creating local storage facilities specific to the needs of cereals like millets and minor millets which need separate storage and handling mechanisms.
- Seed supply chain for minor millets specifically is very informal. Seed sharing and sales happen through festivals, farmer fairs and events which will be severely affected.
- Multicropping will be the key. Technologies currently focus on processing only, but not on farm activities with multi cropping which needs innovations.

## SUPPLY CHAIN

- In Millet, it is important that end to end value chain is kept as short as possible, to allow for maximum benefit to the small farmer.
- With the lockdown and travel restrictions, supply chains will be severely affected at two points- 1) production from farm to processing; and 2) processing to market or consumption point.
- Supply chains will also be broken since many traders and middlemen are not able to provide connecting services currently

## INFRASTRUCTURE

- Processing Units need to be developed at a local village level so farmers are able to supply to the local demands or self consumption.
- Decentralised storage facilities are available for paddy, wheat and maize, but is not available for Millet. A small farmer needs to travel 40kms in some cases to access a godwon. In a lockdown scenario, where liquidating the harvest will be an issue, and transportation of harvest will be expensive; this will impact the farmers severely.

# Market Channels and Linkages

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## AGGREGATION

- Farmer collectives should build capacity to aggregate and reach out directly to consumers. But not possible for many collectives or FPOs to take this approach, as they are in nascent stages and do not have the skills for aggregation and trade.
- Many regions where traders and middlemen provided trading services, the linkages have been completely broken. In others, farmers will be forced to do distress selling, since the transaction costs for traders will go higher as well due to transport and market restrictions.

## MARKET CHANNELS

- Increasing access to processed products is key to stimulate consumer demand for millets. But, it is essential that the quality of these products is assured. There is a need for standards and food technology development of millets for a higher quality and consumer appeal.
- Emphasis on shortening the value chains and favouring local and regional consumption by farmers building capacity to produce finished products.
- Farmers would need to pivot their production strategy to cater to local needs
- Other disabling factors include, inadequate investment in product development and commercialization, and the persisting perception of low social status associated with their consumption. Lack of knowledge on ways to use small millets in the daily diet is widespread, in spite of the great array of dishes that can be made with them. The poor availability of millet foodstuffs in local markets, coupled with high prices for their products are also limiting their popularization.
- Public procurement programmes present a valuable opportunity for enhancing the use of millets and leveraging their nutrition and sustainability benefits- such assured linkages could ensure a certain minimum revenue per season.

# Financial Support

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## CASH FLOWS

- Many farmers were not fully encase their standing crops or get the right pricing.
- Rain-fed farmers usually rely on labour work in urban areas for investment in their farms. Since the migrants have had to return to rural areas, the cash flows will not be there for investment on farmland for the season.
- Since access to credit will be a problem, the small farmers will resort to distress loans from local money lenders.
- Barter system is emerging in certain rural pockets

## FINANCIAL PRODUCTS

- Immediately- inputs on credit and moratorium based loans should be provided. Where FPOs have the capacity, these are being provided through them as well.
- In the COVID Scenario, complete value chains will need to be assessed before financial products can be deployed. If the value chain needs to work and built for small holder farmers, each node would need to be studied in relation to other nodes in the value chain. Potential of a value chain will need to be evaluated, before understanding potential of a node.
- Different financial models will need to be used to improve capacity of the value chain- including affordable credit facilities for FPOs so they can provide affordable credit to their farmers, invest in decentralised processing units or custom hire centres.
- The farmers would need a combination of financial instruments- in most cases hybrid models led by philanthropies and grants.
- Linkages with government programs would be key to ensure that certain costs are shared- for example input supply, capacity building of farmers and market linkages.

## Way Forward:

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- Update value chains with technology and infrastructure inputs, specifically in the context of COVID19 for new financial feasibility baselines.
- Implement decentralised processing units at village level so farmers are able to provide finished and processed products; and able to tap into the local market.
- Develop custom hire centres for technologies or infrastructure that can be shared- higher infrastructure costs can be shared across farmers.
- Explore decentralised capacity building and training curriculum with partner organisations for FPOs to build capacity in aggregation and market linkage creation.
- With multi-cropping and diversification being an important way forward- map and research on the on farm technologies that allow for multi-cropping.

Thank You!

Do get in touch for further information and assistance.

Write to us at:

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SELCO Foundation COVID-19 Response Website:

[covid-19.selcofoundation.org](https://covid-19.selcofoundation.org)



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