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Indian Millet Processors feedback on biggest challenges and needs because of COVID -19

Smart Food brief 5

Background - the survey

Millet processors across India were sent an online survey to ascertain the biggest challenges they faced in continuing operations during the COVID-19 lockdown and obtain their views on what should be the highest priorities of governments or other organizations to help them operate and recover.

Forty-five companies from 11 cities responded. These companies sell to 24 states/territories across India.

During the lockdown, 63% of the companies are operating. 70% percent of these companies reported <40% of pre-lockdown sales levels and the majority of these are <25% of pre-lockdown sales levels.

Key results

The highest priority help the millet entrepreneurs requested both during and post lockdown was for the government to promote and support healthy food. Nearly 80% requested this for post lockdown, some suggesting programs like the government runs for eggs and milk. A few suggestions made for promoting millet and supporting millet enterprises were inclusion of millet in the mid-day meal schemes and allow Small and Medium Enterprises (SMEs) to play a role in providing the food for mid-day meals and to poor sections of the community.

About 70% of the companies expressed the need for ensuring the economic stimulus includes entrepreneurs and exempting SMEs from Goods and Services Tax (GST). An additional suggestion to support healthy and sustainable foods was *“exempt [from GST] all millet based products if millet content more than say 40%”*.

Another priority request was to **help provide more online selling options**. Though nearly half the respondents said they had fewer channels to sell through during the lockdown, the survey clearly showed that the SMEs would vest faith in e-commerce after lockdown. Over 50% of the respondents sought more options for online sale while 66% said they will explore new online channels post lockdown.

The biggest challenge identified during lockdown was supply chain and logistics related issues, which are consistent across all industries. But surprisingly, **even post-lockdown about 80% of the entrepreneurs expected supply chain logistics continuing to be the biggest challenge.** Close to this was the **challenge of availability of funds/working capital.**

Priority identified for the government to help, after promotion and support of healthy food, were both to **simplify/assist the process of obtaining permission to operate and allowing more transportation** (prioritized by over 60% of companies).

Summary of results – during lockdown

Highest priorities during lockdown:

Supply chain issues are the biggest challenges for the companies.

Priorities identified for help during lockdown includes:

- ⇒ Promotion and support of healthy foods;
- ⇒ Simplifying operational processes; and
- ⇒ Allowing more transportation.

Highest priorities post-lockdown

The major challenges companies expect are:

- ⇒ Supply chain logistics; and
- ⇒ Availability of funds/working capital.

Priorities for assistance post-lockdown included:

- ⇒ Promote and support healthy food; and
- ⇒ Economic stimulus and exempting small and medium enterprises (SMEs) from Goods and Services Tax (GST).

There was an additional priority request to help provide more online selling options. Most companies also said they are planning, post-COVID-19, to sell through new online channels.

Challenges during lockdown

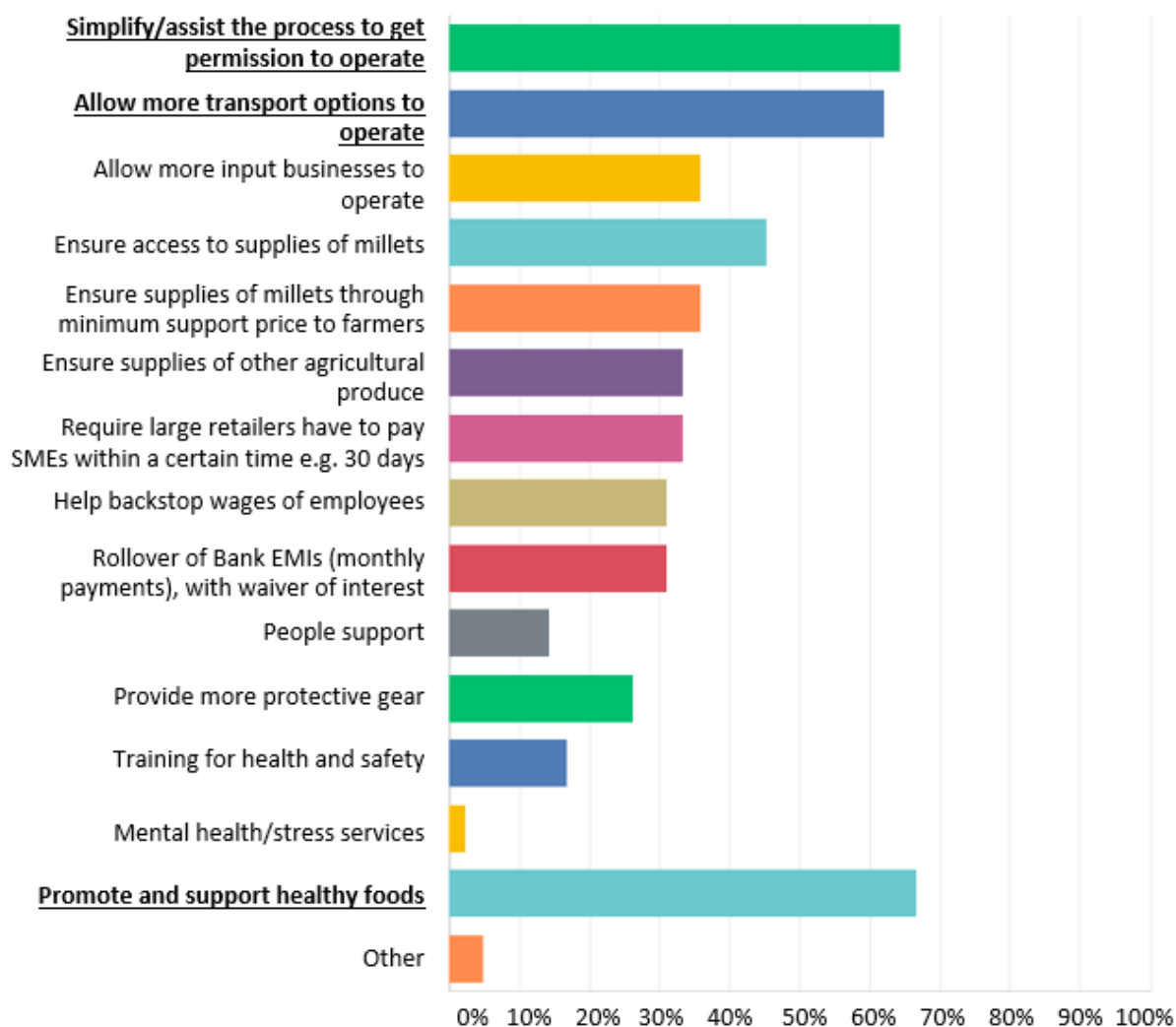
The biggest business challenges were:

1. **Supply chain and logistics-related issues** stood out, with 77% of the companies citing them as major challenges.
2. Second priority challenges cited by 43-48% of the companies were:
 - **Reduced channels to sell through** (48%)
 - **Cash flow** (45%)
 - **Packaging material not available or in short supply** (45%)
 - **Labor shortages due to staff travel constraints** (43%)
 - **Obtaining permission to operate.** (43%)Over half the companies that tried to get an Essential Services Pass said it was difficult or they were unsuccessful.
3. Third priority challenges with about 32-36% of the companies were:
 - **Labour shortages because staff have returned to home towns** (36%)
 - **Delays in payment from retailers and distributors** (36%)
 - **Online retailers not picking up their products** (34%)
 - **Short supply or non-availability of food ingredients.** (32%)

Priority for assistance

The following areas were prioritized towards assistance/support from the government during lockdown:

1. **Promote and support healthy foods** (67%)
2. **Simplify/assist in the process of obtaining permission to operate** (64%)
3. **Allow more transportation options to operate** (61%).
4. **Ensure access to supplies of millets:** About 44% of companies sought this intervention. Others also suggested assistance for millet supplies through a Minimum Support Price (MSP) to farmers.



Business situation

66% of businesses opined that **“Demand seems to be there but I cannot fully operate to fulfil demand”**

Here is what some processors had to say:

“Number of stores are less who are operating, however, their requirements have grown bigger by 3 times. So to supply this big order for a particular store also requires more people.”

“Collaborations at a faster pace with other companies, retailers, startups to complete orders. Lower margins, but have been able to deliver some of the orders quickly. Uncertain times so time has become key.”

Challenges in purchasing millets

Among the companies that are purchasing millets, following are the major challenges faced in order of priority:

1. 90% said it is **difficult to get transportation for the millet**
2. **Finding supplies of millets is difficult**
3. **The price of millets has gone up.**

Over 60% of the companies said they have millet supplies in storage that they are able to use.

Quotes from companies:

"I think...shortages will be more apparent in a few months."

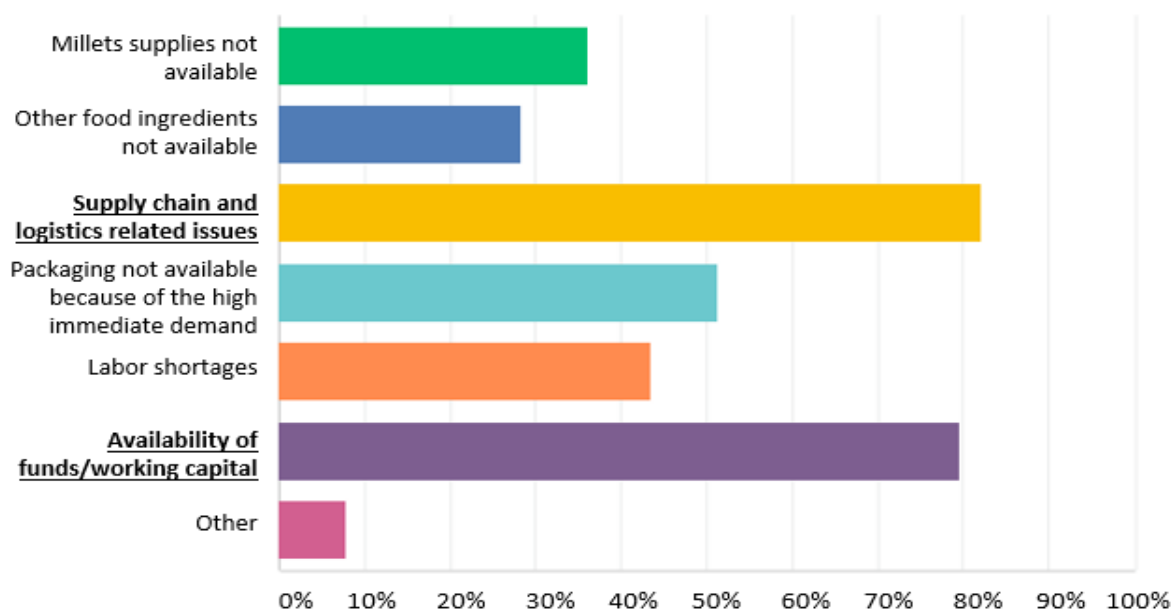
"Millet trade has become hit and miss. When we get orders, sources had run out in the city. When we got supplies, focus has gone back to staples – rice, fruit and vegetables etc."

Summary of results – expectations post-lockdown

Biggest challenges expected post-lockdown

Approximately 80% of the companies identified two major obstacles they expect post-lockdown:

- ⇒ **Supply chain logistics and related issues;** and
- ⇒ **Availability of funds/working capital.**



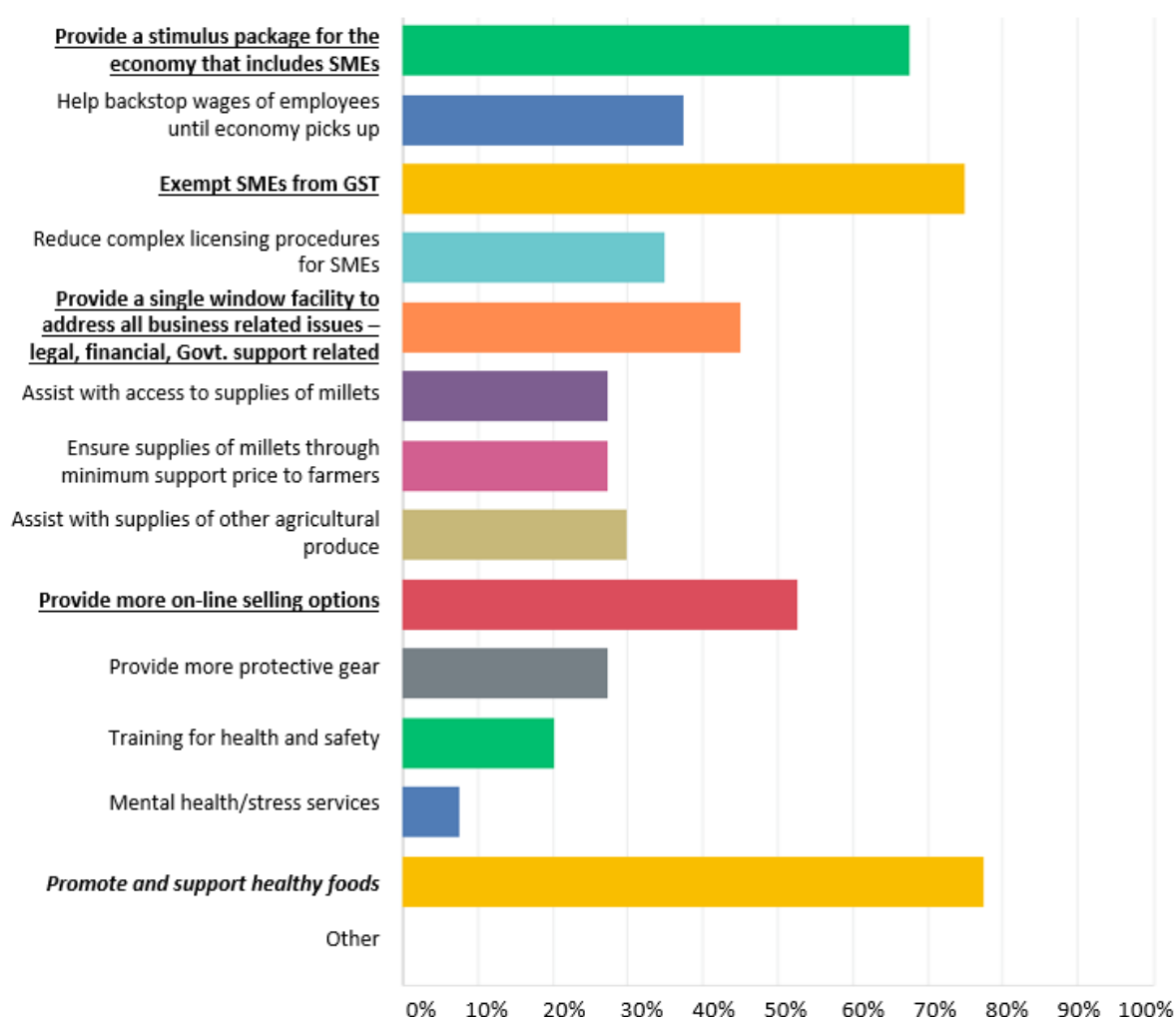
Plans to change business practices post-lockdown

Approximately 66% of the companies plan to **sell through new online channels.**

Priority for assistance post-lockdown

The companies identified key assistance sought from the government.

1. Approximately 67-77% of companies selected:
 - ⇒ **Promote and support healthy food** (this was also identified as the highest priority during lockdown, selected by 77% of companies);
 - ⇒ **Exempt SMEs from GST** (Selected by 75% of companies); and
 - ⇒ **Provide a stimulus package for the economy that includes SMEs** (selected by 67% of companies).
2. Just over 50% of the companies requested to:
 - ⇒ **Provide more online selling options.**



Quotes/messages from companies:

“Exempt [from GST] all millet based products if millet content more than say 40%.”

“I think apart from inclusion in mid-day meal schemes the government hasn’t taken any initiative to promote millet consumption to people in general, like they do for milk and eggs. There is a serious lapse out there. If 2018 was declared as ‘National Year of Millets’ the government should drive it strongly to reach out to people.”

“Include SMEs in the daily packages that are distributed [to] the poor section so the SMEs will also get an opportunity to utilize the facility and also to make a brand building.”

“Just simplify the procedure of business, EASE OF DOING BUSINESS is marketed but there is no Ease of Business in reality.”

“Reduction in GST will benefit a lot. Kindly provide logistics support. Demand is there but no means to catering it due to lack of transportation.”

Background: Due to COVID-19, lockdown was put in place across India 21st March 2020. Only essential services were allowed and companies were required to apply to the police for an Essential Services Pass to be able to operate.

The survey was conducted between 14-28 April 2020.

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