



MAINSTREAMING MILLETS

POLICY BRIEF NO. 2

A Case for including all varieties of millets under Minimum Support Price (MSP)

What is the Issue?

Despite the efforts taken to revive millet production in India, area under millet cultivation in the country has declined considerably¹ (14.72 million hectares in 2016-17 i.e., 60% decline from 36.90 million hectares in 1965-66)². Ragi (finger millet) is the most commonly grown millet, as other small millets are not preferred to be produced by farmers.³ Economic viability, capacity to increase soil fertility and flexibility to be intercropped are some reasons for ragi's preference⁴ over other crops. However, one of the most important reasons that encourage farmers to cultivate ragi is its comparatively high minimum support price (MSP) which stands at INR 3377 per quintal⁵. Nevertheless, there is a clear deficit of production support to millets (especially small millets) when compared to the support enjoyed by other crops. Government of India doesn't provide minimum

Overview

Bajra (pearl millet) has an MSP of INR 2250 with an 85% return over cost as opposed to Ragi's 50%, however ragi beats bajra because of its relatively easy processing facility and community adaptability.

Lack or near absence of minimum support price is the key limitation for the production of small millet crops in the country. Bringing small millets under MSP will create a supportive environment that has long term dividends ranging from sustainable food and nutrition security to protection of environment.

¹ India's millets policy: is it headed in the right direction? Mongabay. July 2020

² <https://pib.gov.in/PressReleasePage.aspx?PRID=1525965>

³ Assessing the Risk Status of Minor Millets in the Kolli Hills, Tamil Nadu, India.

⁴ Ibid.

⁵ Government of (India, 2020-21) India report

support price to majority of the millets with exceptional nutritious value like *proso* millet, foxtail, *kodo*, little millet, and barnyard millet. This considerably reduces the production of different varieties of millets, and lead to the adoption of monoculture millet farming, thereby jeopardizing crop diversity. It would also put the crop at risk of being lost due to any natural calamity, disease, or pest incidence⁶.

Key Challenges?

1. **MSPs in Favor of Paddy and Wheat:** A disproportionately high share of MSP for rice and wheat leads to overproduction of these crops and neglect of millets.
2. **Restrictions of quantum of ragi procurements** – There is a restriction on the quantum of ragi to be procured compared under MSP to total estimated production potential. This is due to central government’s set upper limit and lack of adequate financial allocation from the state government⁷.
3. **Shortcomings in the Implementation of MSP Scheme:** A high-level committee on restructuring FCI, 2015, states that only 6% of the farmers could receive the MSP, that implies 94% of the farmers in the country are deprived from the benefit of the MSP⁸
4. **Poor accessibility to public procurement centers:** There are significant gaps in the availability of millet procurement centers across the country.⁹
5. **Inadequate storage system:** Government doesn’t have adequate storage as the available grain stocks are already overflowing and more than double the buffer stocking norms.¹⁰ Attention to storage of millets is inadequate.
6. **Information asymmetry among farmers:** There is no proper mechanism to disseminate information regarding MSP to the farmers. Women farmers, who play an important role in millet farming, are at a greater disadvantage in this regard.
7. **Lack of central-state collaboration:** No established collaboration with central and state governments to provide MSP to additional crops which are not covered by the central government.

⁶Policy changes on millets: A relook. Leis India

⁷Siddaramaiah slams restriction on ragi procurement in Karnataka - The Hindu

⁸The Shanta Kumar Committee report on restructuring of the Food Corporation of India (FCI), 2015

⁹Evaluation report on the impact of MSP on farmers, NITI Ayog2016

¹⁰The Shanta Kumar Committee report on restructuring of the Food Corporation of India (FCI), 2015

Why is this Important?

The Minimum Support Price (MSP) is implemented at the national level for different crops, and it insulates the farmers from the possibility of sharp fall in prices. Hence it is evident that MSP plays a major role in farmers' production decisions. Impact evaluation (NITI-Aayog) of MSP across different states indicates that it affects the cropping pattern (increase in cultivation of crops with higher MSP), adoption of modern technologies in farming and long-term agricultural competitiveness¹¹. Therefore, including millets in MSP would encourage the farmers to cultivate all varieties of millets, which would increase the overall millet production, make different varieties of millets with exceptional nutritional value available in our markets and subsequently diets of people. This would also reduce input costs for the farmers and water-stress by shifting from water intensive crops to millets benefiting both the farmers as well as the environment.

What should Policy Makers Do?

1. **Ensuring MSP for small millets:** To achieve a higher degree of crop diversification under the millet's family, it is imperative that the farmers be incentivized with MSP for all groups of millets in addition to ragi(finger millet), jowar (sorghum), and bajra (pearl millet) under the fold of MSP.
2. **Establish facility for obtaining cost of cultivation data for minor millets to derive MSP:** Introducing small millets in state-wise crop complex selection for block period 2020-23 and establishing facility for obtaining its cost of cultivation data will be helpful in deriving the MSP for minor millets.
3. **Establish effective procurement practice & timely payment to farmers:** Government should organize the procurement of millets with adequate procurement facility in millet cultivating districts. Timely payment to farmers is crucial.
4. **Sensitization of farmers & local stakeholders:** Government should take efforts to communicate any addition, revisions or changes in the minimum support price with the local stakeholders including governments officials and farmers, especially women farmers, to help them to take better farming decisions. Special efforts and provisions are required for such sensitization.
5. **Customized plan for states:** Provide financial support to states, to offer minimum support price for millets that are not covered under central government scheme considering the variations and preference in cultivation of millets across different states.

¹¹ Evaluation Report on Efficacy of Minimum Support Price (MSP) on Farmers. Development Monitoring and Evaluation Office, NITI Aayog. 2016

- 6. Up-gradation of technology in the food management system:**
Government should digitalize the food management system starting with procurement from farmers to storage and distribution. This will improve both supply and demand of millets.

Summing up

Lack or near absence of production support schemes like minimum support price is the key limitation for the production of small millet crops in the country. This has promoted monoculture farming practices which in turn jeopardize the crop diversity, and loss of area under highly nutritious small millets. Government should bring all small millets also under minimum support price scheme which will motivate the farmers to take better farming decisions for cultivating them. In addition, procurement of millets should be organized and implemented in all millets-cultivating districts based on a relevant intervention price (MSP). Large-scale procurement shall boost production which is indispensable for the realization of different millets-related policy aims. This will create a supportive environment and in long term lead to multiple benefits ranging from contributions to enhanced nutrition, sustainable food security and protection of environment.

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