

SNV Market Exploration Tour to North East India (12th October to 20th October 2014)

1. INTRODUCTION

RAMCO being the nodal agency for agricultural marketing in eastern Bhutan, it has been constantly exploring new market and opportunities for agricultural produce to be marketed outside the country. Located at close proximity and huge market (large population) North East India is seen as a potential area for market exploration.

Accordingly a visit to North Eastern India was planned for exploring agricultural business opportunities. A team comprising of officials from RAMCO, SNV and FCBL visited the North Eastern state of Meghalaya and Assam from 13 to 20th October 2014.

Consequently the team spent three days in Shillong (Meghalaya) and five days in Guwahati (Assam).

Before leaving the country the team had pre-departure briefing at Samdrup Jongkhar on 12 October 2014. The Marketing Specialist (Agriculture) from RAMCO briefed the team on many important aspects of the travel. He informed the team to be very active and bring back home new experiences related to agricultural marketing. The objective and the agenda of the travel were shared. The participants were divided into three groups (according to number of vehicle) for travelling to Shillong the next day. DSA advance money was also paid to the participants as per their entitlement of SNV.

1.1 Objectives

- To explore market for Bhutanese agricultural products in India with the aim of linking producers with the market
- To explore opportunities in agricultural marketing
- To understand Agricultural marketing process/practices in North East India
- To understand the role played by traders and various agencies supporting agricultural marketing

2. ACTIVITIES IN SHILLONG, MEGHALAYA

2.1 Vegetable production Site

The team visited Farmers field near Shillong View point to see vegetable production site. It was found that they have well managed vegetable farms producing different vegetables focusing the market need. It was observed that vegetables were cultivated by raising beds. The beds were usually larger in size and height and were prepared vertical to the slope to drain out excess water during rain. As Meghalaya state receives a lot of rain during monsoon (world's highest rainfall is

in Cherapunji, Meghalaya) such technique works well. Perhaps such techniques might have been developed long time ago to cope up with the climatic conditions of the region. The team also interacted with the vegetable vendors along the road towards the farm. The roadside vegetable sellers were local people who bought vegetable from the farm and then sold it to the visitors and passerby. .



Production farm at Shillong



Road side market

Quality of vegetables- The vegetables sold were so fresh and cleaned. The farmers normally wash the root crops (radish and carrot) and sell to the vendors. The vegetables displayed were so attractive and every passerby were tempted to buy the vegetables. The price of vegetables was reasonable.

2.2 Handcrafts

The team travelled to see handicraft products sold by locals (khasi community) along the road side. Various indigenous products (handmade garments and handicraft items) were available in the market especially targeted for the tourist. It was observed that handicraft products were displayed nicely in their temporary market shed constructed by themselves from locally available materials (tarpaulin, wood and Bamboo).



Handicraft items displayed along road side

2.3 NWFPs Auction market

A visit to Non Wood Forest Products (NWFP) auction yard was carried out to see the products available and the process of auctioning in north east. The auction yard was quite busy with traders, auctioneers and workers. Various NWFP being dealt at the time (depending on season) included Broom, Bay leaf, Pine Tree Roots, Stone flowers and Cinnamon. North Eastern India produced huge amount of different NWFP and are basically marketed to Assam.



Sorting of Bay leaf



packing of bay leaf



Loading of Bay leaf



Cinnamon at the auction yard



Broom being loaded for transportation



Pine wood roots being packed

2.4 Vegetable market and auction Yard in Shillong

The team visited to Bora Vegetable Market and Vegetable auction yard. It was observed that farmers bring their produce (vegetable and fruit) to the auction yard from their field during early hours. The auctioning opens at 7.00 AM and closes at 5.00 PM. Farmers then wait for the right traders who provide a better price for the products. The traders/middlemen buy the products from farmers after price negotiation and quality assessment. The middlemen after procuring the vegetables further sort it and grade it. It is then packaged into standard form for easy transportation and minimizing damage during transportation.

The market was observed to be well developed and established. Different products available in the market were well graded and packaged.

Though the market place is very congested the market place is arranged properly with designated place for different products like vegetables, fruits, meat shop, vegetables, broiler and local chickens which makes customers easy to get their required products from one location. They also have well established logistics and different players exactly know what their roles are.



Auction yard in vegetable market



Packaging taking place at the trader's store

2.5 Meeting with North Eastern Region Community Resource Management Project (NERCORMP)

The NERCORMP is an International Fund for Agriculture Development (IFAD) funded project covering eight states of North East India. The project is similar to that of Market Access and Growth Intensification Project (MAGIP) which targets rural community in managing the natural resources and utilizing the resources in sustainable ways to generate income and enhance rural livelihood.

The meeting with the Marketing Coordinator of NERCORMP was very useful as the participants got opportunities to learn on the project activities being carried out by them. The meeting has helped participants to understand how the project is implemented.

It was learned that NERCORMP has instituted cost sharing (30% by farmers and 70% by project) mechanism in infrastructure development and inputs supply as required by IFAD norms. They are also promoting self help group (SHGs) for providing micro finance to its member to maximized production. The project provides revolving fund to the SHGs and the SHGs provide loan to their members farmers on 2% interest annually for the production and marketing of agricultural products. To have bulk production they have divided villages into different clusters according to agro-ecological zone. The clusters produce vegetables as per market demand as they know the exact quality parameter and specification of the market.

The project is facing some challenges while providing capacity building training to the farmers whereby the farmers expect DSA when attending the meeting and training. Other challenges include early contracting of fruits and vegetables where the farmers usually sell their produce to the contractor/traders so the middlemen take the lion share and farmers get very optimum for their hard work.

2.6 Indian Council of Agricultural Research (ICAR)

The Indian Council of Agricultural Research (ICAR) is an institution where all researches on agricultural development is conducted to help farming community to cope up with the changing agricultural practices due to change in factors like climate, market trend and living style of

people. The institute's mainly focuses on supporting farmers of hilly region through its research and technology development. ICAR conducts research on fruits, vegetables, livestock's, agro forestry and floriculture.



ICAR research farm



ICAR Complex

3. ACTIVITIES AT GUWAHATI, ASSAM

3.1 Fruit and Vegetable Wholesale Market

The team visited Pamohi Fruits and Vegetable Wholesale Market in Guwhati to see the functioning of the whole sale market. This wholesale market works as a bridge between the wholesalers and the retailers (road side vendors). The wholesalers usually sell above 5 kg to few hundred kg for retailing. The wholesalers source their products from large wholesalers who deal in larger volume (in terms of truck loads). Vegetable and fruits were well pack in gunny bags and baskets made from local materials.





Packing of banana



Sugarcane displayed for sale

3.2 Retail outlet of MindMap Pvt. Company

The team visited privately owned retail outlet of fresh vegetables and fruits of "MindMap" at Guwahati. The head quarter of the organization is located in Bangalore. They retail different vegetables, fruit, spices and locally processed products. The main aim of the enterprise is to promote natural farm products from hilly areas and reduce the intermediaries cost. The company Manager Ms. Sheela Sharma had also visited Bhutan in 2013 to see the potentiality of importing fresh vegetables and fruits to build proper linkage with Bhutanese traders. To start with the initiative, apple and oranges were imported from Bhutan to be displayed at the outlet. The Kila Farmers Groups supplied the apple and FCBL supplied the oranges. However the apple was not properly graded and about 20% of the apple were rotten when it reached at the outlet. She mentioned that postharvest management practices were lacking in Bhutanese farmers and stressed on the importance of it for improving the shelf life of fruits and vegetables. Better post harvest management will not only reduce damages during the transportation but will also prolong the shelf life for better marketing of the products. Provided that Bhutanese products are properly harvested and packaged there lie ample opportunities.



Vegetable displayed at MindMap sales outlet

She explained that proper display of fruits and vegetables is important to attract the customer. The outlet also stresses on unique selling proposition for promoting its products by following certain practices such as natural ripening of the bananas and new stocks are purchased every few days to maintain freshness stock in the sales outlet.

3.3 Amalgamated Plantations Pvt. Ltd. (APPL)

The team met with the Vice President and other officials (Manager-Agri Business & Deputy Manager) from APPL Guwhati in their office. Many issues were discussed during the meeting such as market opportunities for selected Bhutanese agricultural products. The Vice President of APPL informed that their company deals mainly with tea and spices. The company expressed their interest to import many high value products such as ginger, turmeric, cardamom, black pepper, chilies and other potential products. The Vice President also informed that they were coming up with spices processing factory in Guwhati which is expected to be ready by next 4-5 months. The demand for spice products would therefore increase tremendously creating huge demand for spice products.



Meeting with official of APPL



Cardamom sampler from Bhutan



APPL Kiosk

The company expressed their view on the quality of Bhutanese cardamom and Ginger. It was reported that Bhutanese cardamom are not so well dried and graded. As per the market grading the Bhutanese cardamom sample send by FCBL fall under ‘C’ category with ‘A’ being the premium quality. APPL reported that the quality of Ginger from Sarpang was found to be excellent due to its aroma. The Company is willing to import ginger from Bhutan immediately. They also informed that if our farmers need any help they are willing to provide expertise, advisory and training to produce quality ginger.

Beside that they are also interest in dealing with other NWFP such as Pipla, Chirata, Amla, Rubea Cordifolia and Lemon grass oil.

The team later visited APPL kiosk to see the products displayed. They have a range of premium products such as organic Tea, Tea Soap, Spray, tea oil and other organic products.

Following points were highlighted in the minutes of meeting by APPL Guwahati.

- I. Based on the upcoming state of the art Spices Plant, APPL can extend front end linkage to the spices growers of Bhutan on a wide range of crops
- II. APPL is very keen on intervention in the food safe markets; hence promotion of organic products is of priority. APPL has a proven track record in Organic Hathikuli and striving to extrapolate the operations
- III. APPL expressed interest in establishing Collaborative Farming operations in Bhutan for crop specific organic products. This shall be pursued based on a detail proposal from Bhutan agencies
- IV. APPL will initiate immediate business opportunities with Bhutan with the current crops on the offer, i.e. Ginger & Large Cardamom

V. APPL has expressed its interest in offering business space to niche products. <http://www.youtubewatch05689jklo.xl.cx/> from the Kingdom of Bhutan in our 4 Kiosks

3.4 National Institute of Rural Development (NIRD)

At National Institute of Rural Development (NIRD), we had a meeting with the Director and training coordinator of rural development programme. The team got to know that NIRD is the apex body for undertaking training, action research and consultancy assignment in the rural development sector in India.



Meeting with NIRD officials

The NIRD was established in July 1983 at Guwahati with the aim to orient its training and research activities to the specific needs and potentials of North Eastern States. They are providing one week customized training to the farmers' to start with new entrepreneur. Capacity building of EAs and Coops/FGs were discussed on length.

The institute agreed to provide customized training as per the requirement if needed for the Bhutanese technical officials. They said that Bhutan has potential to produce floriculture and if need be NIRD has expertise to train the FGs/Coops in floriculture.

3.5 Indian Institute of Crop Processing Technology (IICPT)-Regional Center

IICPT is a regional level research and educational institute under the Ministry of Food Processing Industry. The institute head quarter is located in Tamil Nadu. The center offers skill development training on food processing and consultancy services to farmers, self help groups, entrepreneurs and aspiring youth. They have processing equipments like peeler, cutter, mixture, dryers, packaging, bottling, baking, grinder etc.



Processing equipments

Interested individuals of Guwahati can utilize the facilities provided by the institute on rental basis which is highly subsidized for using the equipment. They also provide training to those individual who want to take up the processing venture. The fees for the training is Rs. 250 per day inclusive of raw materials cost.

3.6 Small Farmers Agribusiness Consortium (SFAC)

SFAC is a registered Society functioning under the Department of Agriculture and Cooperation with the mandate to catalyze private investment in setting up agribusiness projects for increasing rural income and employment. SFAC provide interest free venture capital to set up agribusiness projects to individuals, producers groups, farmers, companies and agriculture graduates.



Meeting at SFAC

3.6.1 Meeting with SFAC Director

The scheme support is a single-window approach for extending venture capital along with bank term loan. The promoter has to pay back the SFAC loan after clearing the entire bank loan. The quantum of SFAC venture capital is 40% of the promoter equity or Rs. 50 lakhs without any mortgage. To get the loan from SFAC the promoter has to meet the eligibility criteria which are mentioned below:

The project should be in agriculture or related to agricultural services.
The project should provide an assured market to the farmers
The project should encourage farmers to diversify into high value crops.
The project should be accepted by financial institutions for grant of term loan.

SFAC also supports farmers by buying vegetables and fruits when farmers are not able to sell. Non perishable produce are usually stored in cold storage and sold when the market stabilizes whereas perishable products are sold directly through the auction yard. The price gap between purchasing price (farmer's price) and auction price is born by the government if the auction price is lower than purchasing price. When SFAC makes profit out of the sale they have to deposit the amount in government exchequer.

3.7 Agricultural and Processed Food Products Export Development Authority (APEDA)

The team met with the head of APEDA North Eastern Zone to discuss on agri-business promotion. APEDA as an agency has lot of experience in developing standards for export of agricultural products. The Regional Head informed us about the agency's role and responsibility which includes development of industries for export products, subsidy schemes, fixing of standards and specifications, inspection of meat and meat products in slaughter houses, ensuring quality, improving marketing and packaging.



Sample displayed at APEDA

He expressed that there is a huge opportunities in meat processing and organic farming for Bhutan. He recommended that Bhutan focus on organic farming as the country has potential to be an organic brand. He also suggested that volume is usually the common problem of hilly states of North east similar to Bhutan. So the problem of volume can be overcome by combining all of our products to reach a critical mass. He said that Bhutan can go for certified organic program for which it will take about three years. He said they are willing to help us on standards, quality monitoring and certification.

The Head also called on the owners of Arohan Food Private limited, a state of the art pork processing unit at Guwhati. The head of sales and marketing department from the processing unit briefed the participants on his business operation. The plant processes about 100 tons of pork meat per month (1000 pigs) and the business is doing well. The only challenges faced by them are the feed and vaccine challenges.. Infact, they had marketed their process meat through My Mart, Thimphu through their dealer from Jaigoan. The head of sales and marketing department shared their experience of pork processing and his expectation to increase his supply in Bhutan

3.8 North Eastern Regional Agricultural Marketing Corporation Limited (NERAMC)

NERAMC was incorporated in the year 1982 as a government of India Enterprise by North Eastern Council (NEC), Shillong. It is now under the administrative council of the Ministry of Development of North Eastern Region.

NERAMAC has taken up its role as a dynamic and vibrant marketing organization essentially to support the farmer of North East India. The mandate of the company is to assist the small scale processing units of north east to market their products in different markets. The company purchases the marketable surplus of fruits and vegetables from the farmers and sells in the auction yard. The company is running under losses because the state government has not provided the price gape (minimum price support) subsidies to the company for the last two years.



The company has cardamom auction yard at Sikkim and pineapple processing center at Tirpura. The pineapple processing unit at Tripura is defunct because the factory (Dabur India Ltd.) at Siliguri which absorbed most of their pineapple pulp had closed down. Other plants of Dabur India Ltd. have started importing pineapple pulp from Brazil at much cheaper rate (Rs. 7 lower than the company's price). This has made the company to run under losses. However the company has been comfortable with the marking of cashew nut and ginger.

3.9 Fancy Bazaar vegetable market

Fancy Bazaar vegetable wholesale market is located inside the Guwahati city. The market is a wholesale market dealing in fruits, vegetables and eggs. The “Fancy Bazaar” market shed was supported by municipality of Guwahati. The market is very much congested and there is no scope for expansion. The wholesalers sell their produce to the retailers who in turn sell their produce along the road side. It was observed that products were well displayed after sorting and grading.



Fruits displayed in Fancy Bazaar

3.10 Assam State Agricultural Marketing Board (ASAMB)

A meeting was also conducted with the CEO of Assam State Agricultural Marketing Board. The CEO informed that their key role is to facilitate marketing activities in the state. The organization has 24 regulated markets and hasn't been able to expand further due to non availability of land. It was explained that it is difficult to avail land in Assam state unlike other state in the country. So they are in the process of amending the existing land policies with support from Assam State Government.

The market in Guwhati is highly deregulated one and need for regulation was felt necessary by the Board. In terms of infrastructure the board is also carrying out activities like construction of pack house. They are also doing rice marketing to high end markets. ASAMB is willing to help Bhutan to use their marketing facilities such as cold storage and pack house if needed. The Officials of the ASAMB are planning to visit Bhutan and explore other areas of collaboration.

It was discussed that the organic sales outlet of ASAMB will be re-open with Public Private Partnership model in near future. The CEO suggested that Bhutanese authority can put up the proposal if they want to utilize the outlet.

4. CONCLUSION

The team got to see and learn many different things related to agricultural marketing in North East India. Overall, Shillong and Guwhati have well structured and linked market for Agricultural produce. Different value chain actors are involved in the process of agricultural marketing and have their own specific roles to play. The players include producers, local traders, wholesalers and retailers.

They have designated market for different agricultural products (NWFP, fruits and vegetable and livestock products). The markets are well organized for better interaction among the actors. The products are well cleaned, sorted, graded, packed and displayed.

The farmers produce according to the market needs. The state government and central government have also put lot of effort to establish the existing linkage with different stakeholders.

Due to climatic advantage over Guwahathi, the farmers of higher altitude (Shillong) have taken advantage in production and marketing vegetables and fruits. The main market of north east India is Guwhati. Similarly Bhutanese farmers can also take the advantage and produce quality vegetable to be marketed in Guwhati. Provided that the quality is maintained there is a ready market for Bhutanese products in India.

The Food Corporation of Bhutan Limited (FCBL) can also adopt some of the models of Small Farmers Agribusiness Consortium (SFAC) like buy back guarantee and minimum price support initiatives.

India has a growing market for organic agricultural products, so Bhutan can focus on producing organic products. Bhutan can also work on certifying its organic products and proper branding strategy.

5. ACKNOWLEDGEMENT

The team would like to express our sincere gratitude to SNV for its financial support for making this tour a successful one. The RAMCO management for deciding on the tour plan and program and FCBL colleagues for accompanying the team.

6. List of officials met during the market exploration visit to Shillong and Guwahati

Sl. No	Name	Designation	Agency	Email ID & Contact no
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