

INTERACTIVE TOUR (MEGHALAYA) BY MR. RAMESH KUMAR OF NCCD COMMITTEE ON SUPPLY CHAIN AND LOGISTICS

NCCD TOUR REPORT

23-APRIL-2013

This study trip to Meghalaya was conducted between April 1 to 14 at the invitation of Mr. B. Sohliya, Officer on Special Duty, Meghalaya Institute of Entrepreneurship (MIE), Govt of Meghalaya, Shillong. Chief Advisor Pawanexh Kohli was requested that NCCD assess the logistical challenges of farmers in the state growing vegetables, fruits, flowers and cash crops such as cashew nut and arecanut.

The study tour and interaction was conducted by Mr. Ramesh Kumar council member of NCCD National Committee on Supply Chain and Logistics. This visit was a follow-up visit to an earlier interaction and study tour undertaken in other states of the region.

Mr. Ramesh Kumar was assigned a clutch of 10 interns who accompanied him as part of their training and exposure. These interns are under tutelage of MIE and ex-Joint Director (Horticulture) and now Officer on Special Duty Mr Evangel Shanpru. The team covered the districts of East Khasi Hills, West Khasi Hills, East Jantia Hills, West Jantia Hills, Ri Bhoi, West Garo Hills, South Garo Hills, South West Garo Hills, North Garo Hills and East Garo Hills. During this trip, covering a distance of 2,000 km, the team interacted with more than 250 farmers at several villages.

The tour was ably supported by District Horticulture Officers and their respective teams bringing with them their familiarity with terrain and local growers. Included as part of this trip's itinerary, the team also visited a few state-run Horti-Hubs to understand their activities in helping farmers.

OBSERVATIONS

1. As is to be expected, the government's emphasis continues to be on 'Grow More' through area expansion programmes and NOT on 'how to sell more'. Naturally, growers are at the mercy of middlemen whose motive is to keep their cost of acquisition as low as possible, thus depriving growers of their legitimate value.
2. Growers, by and large, have no accounting procedure/practices to keep track of their actual cost of production.
3. Local middlemen, acting on behalf of agents at distant Silchar, Guwahati in the neighbouring state of Assam etc. collect from farmgates or wherever growers store their harvested yield for delivery of fresh vegetables/fruits/flowers.
4. Few enterprising growers aggregate produce (vegetables mostly) from adjacent/fellow growers for a small commission and drive down to market.
5. Sale takes place at individual growers' level due to a variety of reasons.

6. There are several SHGs in many districts but their focus is on reaping benefits on the production side where they possibly believe in the collective bargaining strength vis-à-vis the horti/agri department. However, no such enthusiasm or initiative is displayed by such groups on the distribution front.
7. On the infrastructure side, the Meghalaya State Agriculture Marketing Board supports in small measures due to budgetary constraints. Unlike Assam, the Board functions as part of the department, and is NOT autonomous.
8. Marketing sheds/auction yards built up are NOT being put to use (William Nagar, for example).
9. Processing of fruits (strawberry) is carried out in Shillong which is currently under renovation with a capacity of 60 MT/annum at Shillong. One more with 40 MT/annum at Dainadubi.
10. Food processing centre at Dainadubi, (set up 1964) is still in manual mode. A broken boiler chimney in 2011 is yet to be fixed thus depriving this 'capacity' – on the subtext that this unit is to be modernized. By the way, the reported wastage of raw materials is as high as 40-50%!
11. Board-owned two cold storages but were non-functional, as growers need 'instant sale soon after harvesting' and have little concept of store and sell at a later date for better price realization.
12. There are no proper link roads in the strictest sense of the term with the state/national highways to evacuate produce from farm-gates to the nearest market.
13. Deep valley growers are at much more disadvantage stage of having to take the 'head-load' route: both cumbersome and time-consuming.
14. A bridge, linking orange growers with marketplace and highways, is waiting for completion even after 35 YEARS, leading to growers taking the 'head-load' route over few rickety makeshift bamboo bridge. *Reason:* financial crunch at state level and hence huge liability pending towards contractors.
15. There are at least three ropeways constructed, but only one is functional, managed by a growers association at Dawki. This limits the available connectivity for the deep valley growers.
16. Ostlander Lyngkhoi, the headman of Sohliya village and the pioneer of strawberry revolution in Meghalaya in particular and the north east in general, is still active as General Secretary of Ri Bhoi Strawberry Growers Association (RBSGA) and exploring new modes of value-addition for new markets outside Meghalaya. It is worth mentioning that Lyngkhoi's successful attempt in galvanizing the move towards generating rural wealth through sustainable livelihoods via resource-based business enterprises sowed the seeds of the flagship IBDLP Program of the state.
17. Taking a cue from Lyngkhoi's path-breaking initiative and his immense success with strawberry, others took to this fruit for commercial exploitation. Strawberry Growers Association in Mawpran is another successful farmers' group in the state. After the first year of assistance from outside marketing support (Zopar Exports), they understood that they can sell at a much higher price if they do market on their own and did it from year 2. This Association has a Marketing Manager.
18. Flower growers understand the seasonality of their produce, but are not ready to commit to a fixed price throughout the year to outside marketing support (through Zopar Exports, North Bengal).
19. Zopar Exports has a huge OUTSTANDING liability towards growers in many districts for more than two years. Even the state has not received its due from Zopar Exports. The service provider is citing own financial crisis for the long delay.

20. Flower growers are also reluctant to form groups for marketing purpose. In one particular village of flowers, there is an IIM-Shillong graduate and willing to help the locals for a decent price. Growers are debating!
21. The concept of Value addition at the village level is not alien, but not practiced in a structured manner. However, there are some excellent value addition stories to share - for instance, a farmer set up few soaking tanks to gain better price realization of arecanut growers. When soaked for 4 months in 9ft depth baskets filled with raw arecanuts, they get 4 times higher price vis-à-vis raw arecanut sale. Pine apple and carambola growers also crush and bottle juice/jam for sale in local markets at Dawki.
22. Dainadubi food processing centre Assistant Director handles marketing also because her request for a marketing assistant is pending with the Directorate of Horticulture for quite a long time. There is no marketing promotion or awareness budget.
23. Sanction letter for Agriculture Marketing Scheme for implementation in financial year 2012-13 REACHES District Horticulture Officers on 28 March. When the funds will reach and how it can be implemented over the next three DAYS before the financial closure is a mystery.
24. Department of Food Processing is campaigning vigorously highlighting the importance. In fact, it is conducting demos at various vegetable/fruit growth centres. In a particular tomato village, demo was carried out, but growers feel just a day-long session is insufficient. Besides timing does not suit them since they come from far off villages for this demo, and can't afford to stay beyond 5 p.m.
25. The Growers express strong reluctance to form cooperative societies due to the failure of such societies in the past. A study of reason for failure and mitigation is recommended.
26. Phulbari traders of arecanut/fruits are itching for action. Most promising lot. So also the Zik Zak block growers of arecanut/cashewnut. These two groups are 'ripe' for 'pilot' on the marketing side.
27. Coal-laden lorries in Jowai region, Baghmara-Gasuapara LCS, William Nagar-Goalpara route are not only a menace with reckless driving, but also block half the National Highways passing through these regions.
28. Local municipal marketing committee in William Nagar prohibits space/shed inside for orange/pineapple growers to sell. They are forced to sell their produce from the PAVEMENT inside the market.
29. The concept of 'product specific villages/clusters' (for example, tomato village, strawberry village etc) is an attractive idea being implemented in small doses.
30. Like in Arunachal Pradesh, there is no coordination between departments of food processing and agri-horticulture. The growers express a combined approach is preferred.
31. Handful of 'progressive farmers' in each district expressed a desire to look beyond growing. Proper assistance and training in post-harvest management, they feel, may be of beneficial to them in the long run.
32. Growers are canny and look for unfair advantage too. They want to sell at the prefixed price for flowers to service providers when the local market prices are low. But when local market prices breach the prefixed rates with service providers, they ditch the business commitment.

ACTION PLAN SUGGESTIONS

1. A sustained campaign to educate farmers on the importance of cooperatives in the form of Farmers' Groups at local level.
2. Induct experienced guidance on how to form and most importantly how to run such bodies on both commercial and administrative levels.
3. Conduct a study to understand and document the failures of previous associations, collaborative groups to assess what-to-do and not-to-do.
4. MIE interns/programme executives should be made familiar with the task specified in item 2 above and become 'facilitators' under the Entrepreneurs' Facilitation Centre (EFC) banner.
5. On the value addition side, another sustained campaign – product specific – is needed. Here it is suggested that MIE interns/programme executives be educated/exposed to all value addition formalities product wise before they are sent out as 'evangelists' to spread the message.
6. EFC, coming up at every block level, should foray out into the target area instead of sitting behind desk to collect info from walk-ins.
7. Success stories, culled out by EFCs, should be propagated through various media, including print and television.
8. Bring successful Strawberry Growers Assn members of Ri Bhoi/Mawpran for a face to face session with other growers of fruits and vegetable and promote operational and market linked synergy.
9. Growers of cashewnut/arecanut should be taken on guided visits to their potential processing units to familiarize themselves with what really happens when their raw products reach their doorsteps. This will definitely make them realize what small steps they can do at their farm-gate/collection centre level which will help them earn a bit extra and also perhaps reduce the workload at the processing unit itself.
10. For instance, Dabur seems to be asking traders in Phulbari to send them pulp instead of fruits. This should be explored for a few reasons: primarily, this pulp transformation will show them what value addition is and how it benefits them monetarily. Secondly, it will reduce the in-transit waste for which they don't get paid. Thirdly, job creation for locals in semi-skilled area. Perhaps the vocational training course on value addition can also be taken up seriously.
11. However, while there will be a clamour for govt to set up processing units, ideally, traders and growers should come together and do it - ably supported by government subsidy. This seems a good time to explore Public Private Participation route.
12. Transport Subsidy can be explored to help growers to move their produce to nearest markets.
13. Road linkage from growing regions to nearest state/national highway ought to be a priority.
14. More than building roads, maintenance of existing state/national highways is of paramount importance. For instance, the coal movement in and around Jowai has immensely damaged the highways due to OVERLOAD which goes unchecked. So also the Baghmara stretch where coal movement has damaged road infrastructure.
15. Jurisdictional issues seem to be the cause for non-functionality of ropeways to help deep valley farmers. This should be addressed quickly.
16. The Baljek airport, Tura, opened recently is of no use to airlift perishable fruits/vegetables, flowers due to runaway challenge for take-off. Actually, no commercial operations has commenced from this airport since inauguration. Learnt from Deputy Commissioner, Tura at

that land acquisition and other relevant activities are underway which will enable Airport Authority of India to do the needful.

17. Talking about airlink, Shillong airport is again of no use for cargo because there is no certainty about flights taking off or landing due to unpredictable weather. Most flights are cancelled almost on a daily basis. Guwahati airport is the only choice.
18. Dainadubi Food Processing Centre procures its raw materials through an agent. Why not it buys directly from growers in the nearby area? (Gujarat milk producers' cooperative and AMUL is a prime example). This way, better pricing and direct grower involvement can be built up.
19. Is there a need for cold storage? Not, immediately. Why?
 - Ø Volumes may not be adequate.
 - Ø Preference to sell soon after harvest for immediate financial needs.
 - Ø In long term, the cold-chain will be necessary and existing cold stores should be operationalized. This time linked with farm-gate initiators as pre-coolers and pack houses and with assisting for forward linkage to markets.

What is needed is:

- Collection centres to initiate the supply chain with selective cold-chain.
- Organized buying-selling – through auctioned route perhaps
- Making regulated market a success – (today it is not).
- Flower growers need better business development training – particularly after the contractual period with outside agencies such Zopar Exports etc.
- Make them aware of Cost of operation methods so as to assess their actual profits.
- Make Meghalayan farmers aware of what sugar coops in Maharashtra, apple growers in Himachal, milk farmers in Gujarat (Amul) have achieved through cooperatives.
- Expose of MIE (fresh MBAs/PG students) to the complete value chain. It should not be a 9a.m.-5p.m. job, but a dedicated band of soldiers to work alongside growers. Need better compensation packages to retain them for longer durations. Otherwise, most of these city-bred career-oriented youth would opt out thus leading to a serious resource crunch for MIE.
- Exposure of these inductees to other mentors and strategic thinkers to give them a visionary approach to the future. This can be done by inviting external speakers and domain leaders.
- Promotion of product specific Village/Clusters to leverage and promote unified approach to development.
- Foster Farmers Groups/Association – production & marketing. Marketing is important as it will drive production.
- Greater awareness of agribusiness opportunity among growers base.
- Build agri-marketing/agri-business professionals among growers' fraternity from Gen X.
- Build a cadre of horti/agri-marketing officers (HMOs/AMOs) at the state level by recruiting freshers with marketing focus. They need not have agriculture/horticulture degree or background.
- Co-opt IIM-Shillong to participate in programs to learn and assist Meghalaya farmers.

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- Agri-marketing as a subject in school/college curriculum (anyone studying commerce/economics at college level). Induce these subjects in the region.
 - What's business enterprise? – a full-fledged paper from Class 9 to +2 level
 - Grooming Gen X of growers – a dedicated club – to be FULLY supported by state Govt – with or without central assistance.
 - Infrastructure development – road and air link (subsidized airlift for flowers/strawberry).
 - Roping in Meghalaya tourism offices across India to promote Meghalaya agri-products. A dedicated marketing desk at Meghalaya Tourism department offices in all metros and big cities for promoting agri/horti produce.
 - Study of how Zopar etc export flowers to mainland India. Find scope to scale across product types or enhance volumes.
 - Exploring Thailand, Singapore markets for Meghalaya flowers/strawberry.
 - Rope in Indian Embassies in Thailand, Singapore to get a hang of where supermarkets/food bazaars in these countries source their flowers and strawberries and pricing.
 - Coordination between various bodies/departments working for the Livelihood programme is a necessity. Regular meeting of heads of these wings is need of the hour to avoid duplication and better utilization of scarce state resources.
 - More stress on enabling growers to believe in themselves as 'agribusiness people' instead of 'distressed raw material seller'.
 - PRIORITY to build link roads from remote veg/fruit/flower growing villages to the nearest state/national highway under the Prime Minister Sadak Yojana Scheme. Not only the size of village population, but its commercial potential should be included as the criterion to fast tracking rural road building.
 - Food processing units be set up through Public Private Participation with Farmers Association/Groups taking onus of managing it on their own with govt helping them in getting training and some form of financial assistance – after evaluating the volume, mode of collection and transportation (DC-Tura mentioned about IFDC examining a complete package for the state) from farm-gates in the adjacent districts.
 - MIE, perhaps, should take it up with Indian companies (Dabur, Priyagold, Kissan etc) to explore building business relationship in a systematic way. Instead of multiple trader-agents through whom they buy, MIE assist Farmers Groups/Associations should be able to deal directly or with a single traders' assn in the district/region. (A suggestion was made to Phulbari traders to involve farmers in their society which wants to run/manage the unused sheds built.)
 - Identify Progressive Farmers in each district, group them together region wise (Khasi districts and Garo districts), groom them to become 'model agri businesspersons'. Then a state level interaction among these regions/districts at regular intervals.
 - Ideally, rejuvenate the existing two food processing centres into action mode by involving private sector to run it with farmers associations' willing partnership without any hitch.
 - Growers cannot be choosy on when to sell and when not to sell to service providers. Need to be take up annual agreements/MoUs at pre-fixed rates and ensure prompt, promised delivery. Business ethics is something they need to be taught as part of grooming them into 'agribusiness people'.