

<b>15</b>	Upgradation and capacity enhancement of processing plants of NERAMAC at Tripura	ITV Agrotechno-logies (P) Ltd., Delhi	2001
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## **Executive Summary**

The North Eastern region is well endowed with natural resources and suitable agro-climatic conditions for agro based produce. The main fruits of the region are pineapple, banana, orange, jack-fruit, litchi etc. To process the horticultural produce of the North Eastern region in general and Tripura in particular, the Govt. of India has set up a plant at Nalkata under the name and style North Eastern Regional Agricultural Marketing Corporation Ltd., (NERAMAC) . The plant was set up in the year 1982 to process the pineapple produce of the region. In the initial years the unit had made an impact on the socio-economic conditions of the people in the region. The farmers who used to get around 25 paise / kg for their fruit are now getting more than Rs. 1.50 / Kg. During the last many years the working result of NERAMAC has been far from satisfactory . The unit is facing all types of problems such as mismanagement , working capital, quality of the product , marketing, insurgency and of getting proper technical personnel for the plant. As a result the unit has become sick. The accumulated losses at the end of the Board for Industrial and Financial Reconstruction (BIFR). The revival package was approved by BIFR and with the assistance of the Department of Food Processing Industries (DFPI) and North Eastern Council (NEC) the accumulated loss was written off and hence at the end of the financial year 1998 the unit started with a clean slate. However, even after this, the results are a not very encouraging. The company has incurred an accumulated loss of Rs. 126 lacs as on 31-3-2000.

North Eastern Development Finance Corporation (NEDFI) has appointed ITV Agro Technologies Pvt. Ltd., New Delhi, to carry out a techno- economic feasibility study of the unit. The ITV team visited the pineapple juice unit of NERAMAC at Nalkata and also had detailed discussions with all the officials concerned with the unit . The team has focused on secondary data analysis, expert views, market survey and cost and competitive analysis . The summary and recommendation are stated below:

The fruit & Vegetable industry has grown up by 19% in terms of capacity creation where as it is 45% in terms of production during the last 5 years. In export front the industry has done very well. It has grown more than 102% during the same period . With the exemption of excise duty for this industry in the new budget, it is expected that it will grow further in the years to come.

1. The NERAMAC Pineapple Juice Concentrate (PJC) plant located at Nalkata is at a distance of 135 km from Agartala, and it is one of the insurgency affected areas of Tripura. The employees working there have a feeling of insecurity. The team has observed the low morale of the employees. Considering the prevailing social conditions there, it is felt that the unit is not likely to get suitable technical personnel to work at Nalkata in the near future.

2. The plant is more than 14 years old and has almost completed its utility period and efficient life. Hence dismantling the plant from the present site and erecting the same at a new site is not technically viable as during the dismantling and erection there is every possibility of the equipment getting damaged and it may not be easy to repair them. And therefore, it is recommended that the present unit may be allowed to work at the same site. However, efforts have to be made to improve the efficiency of the plant by overhauling it.
3. Transportation of juice concentrate from Nalkata to Agartala may not be feasible due to quality, cost and logistic problems and hence the pineapple juice / juice concentrate produced may be packed and marketed from Nalkata only.

The team was surprised to note that the aseptic line which was installed more than 12 years back is yet to become operational. It speaks of the competence of the management to run a project of this nature. The team was informed that the aseptic packaging unit is under repair and for this an advance was paid more than a year back. However, it is yet to be repaired. The team has no comment to make on such poor affairs of the company and the management may draw its own conclusion.

4. It is recommended that the NERAMAC may set up a new fruit processing plant at B. J. Nagar, Agartala . The plant will have a processing capacity of 4 T/ hr of raw material. The cost of the new project (with working capital of one year) is estimated at Rs. 1810 lacs. It is proposed that the project may be funded by the Department of Food Processing Industries (DFPI), Ministry of Agriculture, Govt. of India, North Eastern Council and Planning Commission (non lapsable funds) in the ratio of 50: 25: 25 respectively.
5. It is suggested that NERAMAC may explore possibilities of marketing of fresh pineapple in North Indian markets, taking Delhi as a main center. Refrigerated wagon may be attached to Rajdhani Express from Guwahati. Freight for the same will be subsidized by the Govt. of India for the initial years. DEPI may provide some space to have a marketing office at New Delhi.
6. The demand for pineapple juice / pineapple juice concentrate and canned pineapple is increasing and therefore it is suggested that NERAMAC may also enter into direct export marketing.
7. Border Trade with Bangladesh as a main corridor to Calcutta shall be taken at the highest level. This will open a flood gate of opportunities to the units not only in Tripura but in the entire North Eastern region as well.
8. Efforts shall have to be made to promote NERAMAC pineapple juice as an organically produced juice, which will fetch atleast 30% more price in the international market.

9. NERAMAC may concentrate in marketing its brand image as a North Eastern product and may open outlets and encourage its franchisers in all state capitals of North Eastern region.
10. All the big business centres / Govt. establishments may have a fruit juice vending machine.
11. It is suggested that NERAMAC may take-up with Indian Railways and Indian Airlines so that trains / flights originating from North East may buy NERAMAC products on priority basis for refreshment purpose.
12. It was observed that some of the sulfated pulp manufactured a few years back is still lying in the cold storage. Now it is not fit for human consumption. It is futile to keep it in the cold storage as it is having a storing cost. Therefore, it should be destroyed at the earliest.
13. The quality of raw material (Kew variety ) available is good and suitable for juice / canning . However, the Queen variety should be marketed as table fruits.
14. Productivity of pineapple in the state of Tripura is very low and it is 1/6 of the productivity of Andhra Pradesh (A. P. ) and even 1/3 of its neighbouring state, Nagaland.
15. Hence concerted efforts shall be made to concentrate on backward linkage with farmers. Rejuvenation of old orchard and growing new variety of pineapple and advanced technology for planting etc, may be encouraged by the Horticulture Department of Tripura.
16. Production of pineapple is showing a downward trend. Due to marketing problems of pineapple the farmers are shifting to alternative crops. NERAMAC is the only procuring agency in the area and since the unit itself is functioning at a very low capacity it buys a very low quantity . Marketing problem of fresh fruits discourage the farmers to grow it to their optimum capacity.
17. It is felt that the zonal office as well as the head office at Guwahati has surplus man power and this should be utilised for the new plant at Agartala . Most of the personnel i.e. technical, finance and marketing may be shifted to Agartala.
18. As all the three main processing activities of NERAMAC will be located in Tripura (Two at Agartala & one at Nalkata, it is recommended that the corporate office of NERAMAC may be shifted to Agartala. However the Reg. Office and a Zonal Office with minimum staff may function from Guwahati.
19. The no. of Directors in the Board may be reduced by half . However, the company may induct one or two technical personnel as professional Directors in the Board or may appoint part time advisors till the working results re stabilized.

20. The pricing policy being followed for procurement of pineapple was found to be satisfactory. Similar policy may be followed in buying and trading other commodities as well.
21. NERAMAC has been incurring losses not only in manufacturing (due to low capacity utilisation) but in trading activities too. It is suggested that they may concentrate in trading in those areas where chances of making loss are minimum. So they may concentrate in some selected commodities only.

It was observed that though the trading turnover was increased by 400% during the last year (1999-2000), the company made more or less the same loss as of the previous year. It indicates that the NERAMAC is not fully equipped for marketing all types of products.