

PROJECT REPORT

On

Commodity trading activities of NERAMAC Guwahati (Assam)

Prepared for

**North Eastern Development Finance
Corporation Limited**

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Prepared by

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TITLE OF THE STUDY

COMMODITY TRADING ACTIVITIES OF NERAMAC

Executive Summary

1. India is one of the horticulture rich countries of the world but unfortunately, unlike other horticulture rich countries an average Indian does not get the basic daily requirement of fruits and vegetables. A considerable amount of fruits and vegetables produced is lost due to improper post harvest operation and lack of facilities for processing of these fruit products. As a result there is a considerable gap between grossproduction and net availability.
2. It is often found that there is glut of a particular horticultural commodity in one part of the North -Eastern region when it is scarce in other parts. For example, there is surplus banana in Assam, but it is in short supply in Arunachal Pradesh and Meghalaya. Similarly there is a glut of tomatoes in Assam during the season but it is scarce in Mizoram throughout the year. Thus there is regional imbalance in horticultural produce among the states of North - Eastern region itself.
3. Prices of seasonal fruits and vegetables fluctuate greatly and during the period of maximum availability the prices are not remunerative to the farmers. At other times, these commodities are so highly priced that the ordinary consumer finds it beyond his purchasing power. It is unfortunate that the unscrupulous traders and middlemen involved in this trade create artificial glut or scarcity to serve their purpose.
4. Wastage of fresh horticultural produce varies between 20-40%. The unnecessary wastage of valuable commodities can be checked if they are processed into value added products or adequately distributed indifferent parts of North Eastern region or other parts of the country.
5. If the fresh and processed fruits and vegetables are evenly marketed from the places of abundance to the places of scarcity, not only will the consumer get the produce at a reasonable price but the producers will also be not forced to sell them at throw away prices.

NERAMAC : *Its role & achievement* :

- a) NERAMAC was incorporated in 1982 as a Govt. of India enterprises with a view to building up marketing infrastructure and processing facilities by way of setting up processing units in North-Eastern region and provide regular and systematic marketing arrangements for agro- horticultural products of the region. NERAMAC was also to supplement the activities of North Eastern states in the matter of procurement, processing and marketing of horticultural and other agricultural crops in the region.
- b) NERAMAC has setup a pineapple juice concentrate plant at Nalkata, (Tripura) in 1988 and a cashew processing plant at Agartala (Tripura) in 1994-95.
- c) Working results of the processing plants were analyzed in the previous studies and it is found that the results are not satisfactory due to various reasons. The processing capacity achieved was less than 10% and the plant has incurred continuous losses in its operation.
- d) The company has diversified into unsystematic marketing too. The results of the same are presented in the relevant chapters of this report.
- e) Today NERAMAC is at the crossroads. It has not been successful in its mission. Though it has been in operation for more than a decade, the company has been successful neither in manufacturing nor in trading.
- f) The company lacks farsightedness and hence does not plan its strategy well ahead. This has resulted in ineffective backward linkage with growers and also ineffective forward linkage with buyers.
- g) The manpower available with NERAMAC has no major exposure in systematic buying and marketing of fresh agricultural produce, and therefore, not suitable for marketing job.
- h) NERAMAC does not have any post harvest handling facilities, which is a pre-requisite for an enterprise of this nature. It has not made any effort in this direction.

Future strategies

General for North Eastern region: The unnecessary waste of valuable commodities can be checked if they are processed into value added products or adequately distributed in different parts of the North Eastern region / country. If the fresh and processed fruits and vegetables are evenly marketed from the places of abundance to the places of scarcity, the consumers will get the produce at a reasonable price and the producers will get a remunerative price for his produce. Some of the strategies that can be adopted are given below.

- Primary processing
 - Packing station
 - On farm storage
 - Packing in suitable materials
 - Avoid loss in transit
 - Palletisation
 - Containerisation
 - Cold storage / cold chain
 - Institutionalization of contract farming
- (Details are given in chapter 7 and also in annexure 12)

Future strategies for NERAMAC

- (i) As explained earlier, NERAMAC has not been able to fulfill its objective due to its lack of right perspective and direction. It could not contribute to the prosperity of the farmers nor could it serve the consumers' interest. Hence it is felt that NERAMAC should play the role of a catalyst in North Eastern region. They should work as a facilitator and work in close co-ordination / co-operation with the state Agricultural Marketing Board / co-operative societies/NGO and other organizations of the North Eastern region.
- ii) They should train the farmers on various aspects of post harvest management along with other state bodies and help them to set up post harvest management centres of their own. The Govt. of India provides grant for such activities. The organisation should have a definite goal and willingness to follow the right direction to achieve this goal.
- iii) NERAMAC should provide marketing information to the farmers of the region such as the price of the products in various parts of North -East and also in other parts of the country and guide them to sell their produce at right places, at right times and at a right price so that the middleman are avoided and the farmers get fair price for their produce.

- iv) NERAMAC should also help the co-operative societies / private entrepreneurs to set-up marketing outlets for fruits and vegetables on the pattern of Mother Dairy's "Safal" brand outlets in Delhi. This could be taken up first in the cities like Guwahati, and Shillong, and thereafter in other major cities of North Eastern region.
- v) It is not advisable for NERAMAC to get involved in marketing of products like sugar, fertilizer etc. There are specific bodies in every state engaged in the marketing of commodities of these types. They may concentrate on fresh fruits and vegetables instead.
- vi) The corporation should have a fresh look on all the aspects of its methods of buying agricultural produce, (rate, quality, parties etc.) and a fool proof suitable mechanism has to be developed to avoid the past mistakes made in this regard.
- vii) NERAMAC can also explore the possibilities of setting up joint venture projects (with private partners in management control) in every state and extend forward and backward linkage assistance to such units.