

TITLE OF THE STUDY

**STUDY OF DUE DILIGENCE IN THE VALUE CHAIN:
LIVESTOCK, HONEY FOR THE STATE OF
MEGHALAYA AND TRIPURA**



2018

Submitted by

**NR MANAGEMENT CONSULTANTS INDIA
PVT. LTD.**

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A STUDY OF DUE DILIGENCE IN THE VALUE CHAIN: LIVESTOCK AND HONEY FOR THE STATE OF MEGHALAYA AND TRIPURA

EXECUTIVE SUMMARY

BACKGROUND

North Eastern Development Finance Corporation Ltd. (NEDFi) mandated N R Management Consultants India Pvt Ltd (NRMC) with a “*Study of due diligence in the value chain: livestock and honey for the States of Meghalaya and Tripura*”. The study was completed using a mix of secondary review and primary data collection. In Tripura, under livestock, 159 value chain actors and in honey 36 were covered as part of the study, and interactions were held with officials of the Animal Resource Development Department (ARDD) and other officials from NABARD, Biotechnology, ICAR institutions, and externally funded JICA project.

The economy of the state of Tripura is agrarian, with more than 42 percent of the population directly dependent on agriculture and allied activities. The contribution of agriculture to the Gross State Domestic Product (GSDP) at current prices was 26.96 percent in 2014-15. The contribution of the livestock sector to GSDP has risen from 1.75 to 2.97 percent between 2011-12 and 2014-15.

Tripura is characterized by small land holders. Above 95 percent of total operational holdings in the state are below two hectares in size and these cover 75 percent of the operated area. Average size of holding is 0.6 hectares in 2010-11, which is lowest in the North-Eastern States.

Livestock Sector in Tripura

The livestock sector provides livelihood opportunities for the small and marginal farmers in the state. Majority of the livestock farmers in the state practice composite livestock farming and rear more than one kind of livestock. Dairy, pig rearing and poultry rearing are popular activities. While pig rearing and broiler are practiced for income purposes, dairy and Kuroiler rearing is undertaken for meeting household nutritional needs and the marketable surplus is sold. Commercial production was observed in a limited scale only in dairy and broiler poultry. Despite constraints, Tripura has made significant progress in livestock development, particularly in meat production. As per Census 2012, of the total livestock in Tripura, cattle constitute 49 percent followed by goats at 31.55 percent, Pigs at 18.72 percent and others at 0.72 percent.

The ARDD of Tripura is responsible for the development of the livestock sector in the state. The overall sectoral impact of ARDD can be seen in the improved per capita availability of milk and the selfsufficiency achieved in meat. Between 2006-07 and 2014-15, the per capita availability of meat has increased by 149 percent (from 3.65 kg/year to 9.08 kg/year), egg consumption by 53 percent (from 34 nos/year to 52 nos/year) and milk consumption by 44.32 percent (from 70 grams/head/day to 101.03 gm/head/day). Among the different meat types, broiler meat is the most popular with

a production of 20,000 metric tonnes (MT) in 2014-15, followed by pig meat at around 10,700 MT and Chevon at 1,550 MT in the same year.

Dairy Sub Sector

Dairy Sub Sector overview: The total milk production in Tripura is not sufficient to meet the demand and packaged milk and milk powder imports supplement local production (141,430 MT in 2014-15).

Agartala is the biggest market for liquid milk and milk products, absorbing 40 percent of the milk produced in the state. The liquid milk market in the state is dominated by the unorganized sector, which Study of Due Diligence in the Value Chain: Livestock and Honey for the States of Meghalaya and Tripura

Draft Report – Tripura State has an estimated 90 percent market share and the share of the organised milk sector is limited to less than 10 percent. In the unorganised sector, the producers sell milk either to the aggregator or directly to the customer or sweetshops. The footprint of the organised dairy sector is limited to a few milk pockets in the districts of Gomati, West Tripura, Sehajhela, North Tripura and Unnakoti where the farmers are organised into village level milk cooperative societies and the milk is procured through the milk collection centre established in each village.

Value Chain Actors in Dairy: While the ARDD provides animals to rearers under different Government programmes, rearers also buy cattle from the weekly cattle markets organized across the state. Cooperative and private dairies in Agartala and North Tripura provide subsidised feed to the dairy farmers. Rearers not covered by the dairies buy feed from the market, where feed sourced from Guwahati as also branded feeds like Godrej and Tata are available. Most of the animal health care services are provided by ARDD through a network of veterinary hospitals, dispensaries, doctors and AI workers. Medicines for animals are also available in medical shops in the district markets. With banks reluctant to provide loans, most dairy farmers raise capital for buying animals from their own sources, private money lenders or microfinance agencies. Dairy entrepreneurs, who undertake commercial dairy operations, raise loans from banks or other credit linked Government programmes.

Most of the dairy producers are small dairy farmers rearing one to three local or cross bred (CB) cows for addressing household level milk consumption with a small marketable surplus. For most small holders, dairy income contributes to less than 10 percent of their annual income. Green fodder, dry fodder and other feed ingredients are inputs from the producer's own field. Usually the farmers employ their own household members in the dairy activities. It was also found that most cattle sheds are not well maintained and the overall udder and animal management is poor, thus leading to high incidence of mastitis.

In Tripura, the aggregators are a vital link in the milk value chain as they handle 80 percent of the milk being moved from producer to consumer. Field interactions revealed that milk collecting agents are not adhering to quality hygiene standards as milk collection equipment is not properly washed with detergents. In the village clusters where farmers are organised in dairy cooperatives, village level aggregation takes place at the milk collection centres. Some of the collected milk is sold to the dairy while the rest is sold in the open market. The overall hygiene at the collection centre was found to be good, where milk collecting agents wash cans with detergents

before starting milk collection. However, milk utensils used by producers require improvement. There are three milk dairy processing plants located in the state, of which two are owned and operated by cooperative dairies - Gomati Dairy in West Tripura and Uttarayan Dairy in North Tripura, and one by a private dairy called 'Nest n Crest'. Gomati is the biggest dairy handling 12-13,000 litres per day collected from 7,000 members located in Khowai, West Tripura, Sephiahela, and Gomati districts. The hygienic standards of the dairy plants are high. While the dairies supply good quality feed to the farmers at subsidized costs, the milk procurement price is also lower than the market. There are shops selling traditional Bengali sweets in all parts of the state, in small and large markets in the state. These shops sell a variety of dairy products like *paneer*, curd, *chena* and a wide variety of sweets. Most of these workers come from outside the state, mainly from West Bengal.

Draft Report – Tripura State

Channels in Dairy Value chain: In Tripura, liquid milk moves from producers to consumers in five distinct channels. The producer-consumer channel, producer-aggregator-consumer channel, producer-collection centre-dairy-consumer channel, producer-sweet shops-consumer channel and producer-aggregator-sweet shops-consumer channel. While the producer-aggregator-consumer channel handles around 75 percent of the liquid milk consumption, the producer-collection centre-dairy-consumer channel offers the highest returns (in percentage) to the producers. However, currently this channel has limited outreach in the state.

Constraints: There are various constraints in the dairy value chain in Tripura. These are: limited land available for fodder development, feed and fodder availability, poor understanding of hygiene among the farmers and aggregators, very little marketable surplus milk available with producers, limited pockets of milk routes and dairy clusters, absence of chillers in all milk producing pockets and lack of strong branding and packaging for milk and milk products on scale.