

SWOT Analysis of Pema Feed Mill: 1st PPP Initiative of MAGIP

1. Introduction:

1.1 Background Information:



Image 1: Signboard of Pema Feedmill

Pema Feed Mill which is been developed as a PPP (Public Private Partnership) model between MAGIP and the Promoter Mr. Pema Dorji became operational in August 2015. While MAGIP provided financial support amounting to Nu. **2.6 million**, that covered the costs of a full set of Medium Scale Feed Mill with the capacity

of **32 MT** per day with horizontal feeding system and for laying mill house foundation up to the plinth level, the promoter has contributed one Acre land, mill house, feed store, approach road to mill house, transportation and three regular employees, with the total worth of Nu. **6.530 million**.

The feed mill is located at Namla under Kanglung Geog which is located about 20 km away from Trashigang town towards Samdrup Jongkhar.

1.2 Rationale:

The increasing numbers of livestock farms (Piggery, poultry, and dairy) in the Eastern Dzongkhags has increased the demand for the concentrated feeds. The commercial Karma feed is often inadequate and expensive owing to long distance transportation which has to come all the way from Phuntsholing. On the other hand, the local farmers produce surplus cereal grains and oilseeds which they find it difficult to market and face huge postharvest loses. In fact, these excess grains which are left unprocessed and unutilized can easily go as raw materials into the feed mill, if there exist such plant in the region.

Following the above views, Pema Feed Mill in Namla under Kanglung geog of Trashigang Dzongkhag was found feasible. Therefore, with the following long term and short term objectives, the mill was established.

Long-term: The Feed Mill shall create good market opportunities for the farmers to produce more cereal and oil crops and dispose their surplus besides manufacturing quality feeds, and concentrates for the livestock. The company would also procure and sell some important feed ingredients to the farmers who require them, a clear win-win deal.

Short Term: The Feed Mill shall fulfill the following requirements:

1. Cater the feed requirements of the poultry farmers in the east at a reasonable price
2. Create employment opportunities

2. Situation Analysis:

2.1 Production, distribution and demand Status:

At the current situation, Pema Feed Mill processes a minimum of 4 tons of feed per day. However, the production is determined by the amount of demand they receives from the buyers. In a month, the Feed Mill processes an average of 800-850 bags of 50 Kilogram feed. In the December month,



Image 2: Packed Pema feed

2016, the Feed Mill has processed 891 bags inclusive of 609 bags for poultry layers, 30 bags for the growers, 10 bags for the starters and 242 for dairy. According to the Feed Mill manager Mr. Sangay Dhendup, the demand for the feed has increased over the years, although they don't have any regular or the definite customers.

In fact, their customers are spread out all over the Eastern region. The Feed Mill outlet located in Trashigang town used to sell only about 70 bags a month prior to April 2016 but now the same

outlet deports about 170-178 bags a month. All the payments are made on cash, the Feed Mill don't entertain the credit facilities to avoid the associated inconveniences.

The Feed Mill supplies the feeds on 'pre-order-basis', where the buyers place the order either through phone calls or personal visit. Since there is no much formalities required in availing of the feeds, the demands are supplied on an immediate and need basis. There is no fixed feed amounts for the customers to place their order. They can place the order in any range as per their preferences. As of January 2016, the highest order they received is 3826 bags of layer feeds by one of the customer from Lhuentse.

In general, the feeds for poultry layers and the dairy is available all-round the days because of the Feed Mill's mandate to have the stock of at least 200 bags each, in the case of emergencies or stock turn-over. But about the piggery and bull ration, the processing is done only when the demand is been received because the demand over these two feeds is insignificant. The demand for the piggery and bull rations is only about 4-5 bags a month. So, there is no stock maintained for piggery and bull rations. The highest demand received so far is the feeds for poultry layers followed by dairy feeds and then the feeds for poultry starters. The demand range remains same almost all round the seasons.

The feed mill remains open for six days in a week from 8:00 am in the morning till 5:00 pm in the evening, except on Sundays and National Holidays. At present, it is operated by three permanent Bhutanese employees.

2.2 Input /raw materials procurement:

From the local community, Pema Feed Mill is taking-in the raw materials especially the maize, soya and the mustards seeds while rests are managed through Indian market. In an average, the feed mill is procuring-in 62,000-82,000 kilograms of maize in a month and 13,000 kilograms of soya and some mustard as per the availability. Most of the raw materials are reached from Mongar, Thrimshing, Kangpara, Udzorong, Lumang, Drametse and Lhuentse. The manager reported that in the month of December, 2016, the feed mill has procured about 1, 00000 kilograms of maize from the local communities.

During the off seasons or in the case of not being able to meet the raw materials from the local community, the Feed Mill manages it from Indian Market.

2.3 Quality controls:

To monitor the feed quality, the Feed Mill receives the concerned officials from BAFRA every month who then does the sample testing to ensure that all feed ingredients are in appropriate ratios. Moreover, the officials from Nutrition and Animal Health Sectors of RLDC (Regional Livestock Development Centre, Kanglung) also makes a frequent visits to the feed mill to update on the feed quality.

However, the Feed Mill has received the complaints from the buyers that the animal production especially the egg size and milk volume is decreasing when animals are fed with Pema feed. Moreover, Pema Feed is usually in a powder/mashed form unlike Karma Feed which are in pallet form. The powder gets withered in the air especially when fed to the poultry birds. And the soup from Pema Feed is also very thin and transparent whereas Karma Feed usually gives a semi-solid and thick soup.

To this, the manager said that the decrease in egg size and milk volume is not because of unproportioned ingredients ratio. It is because of the quality of raw materials. Sometimes, the raw



Image 3: Interior of Pema Feedmill.

materials especially the maize comes-in with poor quality and sometimes it's all rotten when farmers brings it. In such cases, the animal productions are likely to go down.

At the current trend, the Feed Mill has not deputed any technical employees who can look over the feed formulation. None of the existing three employees are from technical fields.

These drawback is likely to also depreciate the feed quality.

2.4 Working environment:

The Feed Mill has large exterior and open space. The surroundings are tidy and at a sufficient distance from the road point. Internally, the Feed Mill has the CCTV set-up, ensuring the track-down of any threats related to theft, robbery and other mischievous actions.

The employees are provided with google glass, mouth cover and a pair of gum boot a year. However, the employees has no uniform or dress code and other safety wears to avoid the noises from the machines.

2.5 Sustainability Aspects:

Economic Aspects: economically, the Feed Mill is viable. It is a successful/profitable venture to the promoter, where-in, as a PPP initiative, half of the initial investment is borne by MAGIP. The profit margin is not known but it is certain that profitable because the production trend is on rise. The market is spread all over the six Eastern regions.

Environment Aspects; environmentally, the Feed Mill is sound. It is not producing any un-degradable and hazardous waste, neither the air pollution. The nearby water is not contaminated because the feed mill doesn't use any water for its operation. The only waste generated in the torn-out sacks, some paper boxes and the molasses tins which are usually dealt to the scrap dealers. Due to its idle location, communities nearby has also not felt any sort of sound or noise pollution. The surroundings are maintained with free of garbage.



Image 4: Tin Scraps maintained outside the feed mill

Social Aspects: socially, Pema Feed Mill is acceptable. It has not only improved the accessibility to the concentrated feeds, Pema Feed Mill has made the concentrated feeds locally available. In the current trend, many buyers are opting for Karma Feed because of its superior quality but Pema feed mill is a reliable feed source because its Karma Feed has to get transported all the way from Phuntsholing.

The society has greatly minimized the post-harvest losses. Pema Feed Mill has opened the market opportunity for the cereals and oil seeds like maize, soya and mustard.

3. SWOT Analysis:

SWOT analysis is a study tool used to identify the Strengths, Weaknesses, Opportunities and Threats to any businesses. Thus, following are the SWOT analysis of Pema Feed Mill:

Strengths:

- High production potential of the plant (32 MTs per day).
- Huge market (all over the six Eastern Dzongkhags) and centrally located.
- Major portion of raw materials are locally available.
- No much pressurizing competition from other feed mills except Karma Feed.
- Located close to Regional Livestock center and any technical assistance can be availed from them.
- Feed out let in Trashigang town and sub-plant in Gelephu.
- Feeds are available at any time of the day, no formalities required.
- No need of pre-ordering for Poultry layer and dairy feeds.
- As a first PPP initiative, it has the advantage of receiving high brand name.

Weaknesses:

- Low demand because of the inferior feed quality.
- Feed is more in powdery/mashed form.
- Didn't provided any home delivery services so far.
- Labor shortage, only three employees but only two of them does the operation.
- No technical staff for the feed formulation.

- No delivery services and credit facilities provided.
- As a PPP initiative, the promoter hasn't consulted any community members during the price revision, giving the feed mill a draw backs on not complying the accountability and transparency avenues.

Opportunities:

- Large market with increasing farming take-up on poultry and dairy.
- High Dzongkhag APA target under livestock sector.
- Market institutionalizing with each Dzongkhag and opening up new market outlet in every feasible sites.
- Improving feed formulations by deputing a technical employees.
- Establishing the feed cost at slightly lower price tag than that of other commercial feed agents.
- Offering service delivery and entertaining credit facilities.
- Communicating with the buyers and raw materials suppliers in the case of price revision.

Threats:

- Stiff competition from Karma Feed and Kencho Feed which is located at Lungtenzampa under Bikhar geog.
- The farm shops are the agent of Karma Feed, making Karma Feed locally available and posing tough competition to Pema Feed.

4. Recommendations:

Following are some of the recommendations proposed:

1. Improve the feed quality, considering all the complaints from the buyers. Buyers of Pema Feed has noticed a slight drop down of animal production. They are complaining that the egg size and milk volume is decreasing. Some has also noticed higher incidences of diarrhea and cannibalism among the layer poultry birds.

2. Debut some technical employees in feed formulation. The present employees are not a trained personal on feed formulation. It is assumed that the ingredients ratio for the feeds are not consistently maintained which is causing the fluctuation in animal production.
3. Offering home delivery services and credit facilities to the feed buyers would increase the demand because of improved feed accessibility.
4. Constantly communicate with the buyers, raw materials and the promoter with the involvement of livestock technical personal to talk about the Feed Mill profile. This will not only increase the accountability and transparency but also generate the public views on how to make it more captivating.
5. Maintaining the feed price slightly lower than other concentrated feeds would capture more market. It is because all most all buyers of Pema feed are the farmers. They would prefer the feeds with reasonable price and a reliable quality. The current price tag is as given on table 1.

Table 1: *Price comparison between Pema and Karma Feed.*

Type of Feed	Pema Feeds (Revised Rate) in Nu	Karma Feeds (Rate at Trashigang) in Nu
Poultry Layer	1400	1399
Poultry Grower	1450	1459
Chick Starter	1450	1534
Pig Grower	1200	1284
Milk Ration	1100	1124
Bull Ration	1100	1084

6. Increasing the number of employees and providing them with uniforms. The present production of 4 tons of feed per day is the outcome of only two employees. It was found that increasing the number of employees will increase the production volume per day. In addition, providing the employees with uniform will not only motivate them for higher performances in works but will also promote the brand name.

5. Conclusion

Overall, the Pema Feed Mill which has started as a PPP initiative between the Promoter and MAGIP was found to be economically viable, socially acceptable and environmentally feasible. It has not only benefited the promoter but also the surrounding communities mainly by making the concentrated feed locally available and opening the market for the domestic produces (maize, soya and mustard), thereby reducing the post-harvest losses.

However, Pema Feed Mill has to consistently maintain the feed quality by deploying at least one technical employee in feed formulation. Given a better feed quality, Pema feed mill has the potential to meet the feed needs and cover all the six Eastern Dzongkhags.

The above observations and recommendations are generated after consulting the Manager of Pema Feed Mill (Mr. Sangay Dhendup), members of Pam Dairy Group, Lungtenzampa Dairy Farm, owner of Lungtenzampa Poultry Farm, Users of Kencho Feedmill, users of Pema feed, people from Rongthung village, and Livestock personnel of Trashigang Veterinary and Regional Livestock Development Center (RLDC).