

Sector	Project Title
Agriculture / Food Processing	Jabalpur Mega Food Park

Project Description

The Agricultural sector contributes approximately 15.7% of India's GDP. India is the world's largest producer across a range of commodities due to its favourable agro-climatic conditions and rich natural resource base.

The Food Processing sector is a highly fragmented industry and widely comprises of the following sub-segments:

- Fruits and Vegetables,
- Milk and Milk products,
- Beer and Alcoholic beverages,
- Meat and Poultry,
- Marine products,
- Grain processing,
- Packaged or Convenience food and Packaged drinks.



It accounts for more than 70% of the sector's output in terms of volume and 50% in terms of value. Though the organized sector seems comparatively small, it is growing at a much faster pace.

To further take advantage of several opportunities presented by this sector, it is proposed to set up a Mega Food Park (MFP) in Jabalpur under the Mega Food Park Scheme (MFPS) of Government of India. Further, with a view to promote exports of Agri and Agro based products, this Mega Food Park is to be developed as an SEZ. The MFP / SEZ is planned looking into the ample availability of agriculture produce in nearby regions, connecting infrastructure and inexpensive man power.

Project's Value Proposition

The Indian Food Processing market is estimated at over US\$ 70 billion. It contributes about 9% to India's GDP and accounts for 19% of the industrial work-force of the country. The processed foods constitute 5% of the exports of the country and exports have grown at the rate of 35% annually between 2002-03 and 2007-08.

Following drivers are responsible for current and future growth of food processing industry in India:-

- Increasing urbanisation – lifestyle and aspirations
- Changing demographics – rise in disposable incomes
- Organised retail and private label penetration
- Increasing spends on health foods
- Increasing nuclear families and working women
- Demand for functional foods

The National Policy aims at increasing the level of food processing from 2 % to 10 % in 2010, and to 25 % in 2025. The Indian processed foods industry is estimated to be around Rs.13, 124 billion in 2014-15.

In addition to the above sectoral advantages, the Jabalpur Mega food park will have the following specific advantages:-

- Increased realisation for farmers
- Creation of high quality processing infrastructure
- Reduction in wastage of agriculture or perishable produce due to rotting

- Capacity building of producers and processors
- Creation of an efficient supply along with significant direct and indirect employment generation.
- Developers to gain adequate return on investments

MP's value proposition

Madhya Pradesh is ideally suited to house this project on account of the following reasons:

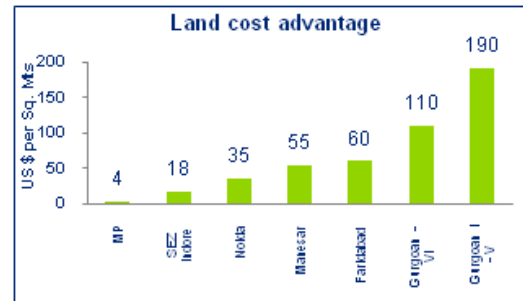
Natural resources and abundant raw materials

- Presence of 11 out of 18 Agro Climatic Zones of India, 5 crop zones and 4 soil types. will suit production of almost any crop
- Established diversified crops - Field Crops, Fruits, Spices, Vegetables, Medicinal and aromatic plants
- Wider combination of soil type, rainfall, sun light, and temperature to suit new crops
- Largest producer of soya bean, garlic, gram and pulses
- Second largest producer of lentils.
- MP shares 15% of pea production of India
- Around 100 agricultural farms with an area of over 20,000 acres which is available on lease to investor
- Highest cattle population in India (1.85 crore)
- Enhancement of milk production by more than 25% in 2008-09
- Marketable surplus in several key commodities

Crop	Paddy	Maize	Soyabean	Sesamum	Wheat	Cotton	Gram	Mustard
Production (in lakh MT)	13.7	8.4	47.8	0.88	73.3	8.65	21.4	6.9
Surplus (in lakh MT)	5.0	2.3	43.0	0.68	38.1	7.74	8.5	6.2

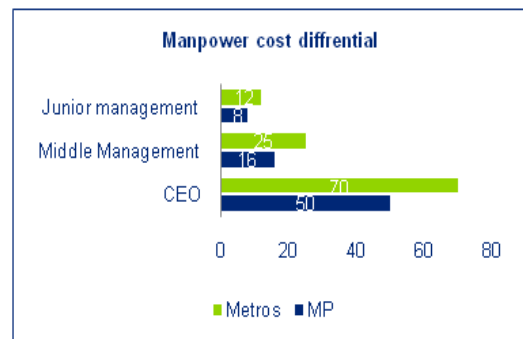
Land cost advantage

- MP offers cheap land cost in comparison to other industrially developed industry centres.



Man Power Cost Advantage & peaceful labour environment

- Cost to a company for Human resources is cheaper by 30-35% in the State.
- Greater savings potential for the Executive levels on account of cheaper land, cheaper housing and cheaper labour.
- Mandays lost over last 5 years < 1% of total available mandays
- One of the most peaceful and labour productive State



Logistics & Infrastructure connectivity

- The main rail route linking Northern India with Southern India passes through Madhya Pradesh.
- Strategically located on routes of Delhi-Mumbai, Delhi-Chennai, Delhi-Bangalore and Delhi-Hyderabad.
- 12 kms from National Highway 27
- Nearest railway station is at Jabalapur just 28 kilometres from MFP / SEZ site
- MFP / SEZ site located just 35 kms away from Airport at Dumna
- Rail ICDs operational at Mandideep, Pithampur and Malanpur.
- An ICD is being planned as dry port besides Allahabad BG line near Sehore Railway Station in the district
- Centrally located - provides equi-distant access to all consumer markets in India

Policy Initiatives (for developers and food processors)

- 50% of project cost (excluding land cost) upto maximum of Rs. 500 million available from MOFPI under MFP scheme (subject to MFPS guidelines)
- State capital subsidy for SSI up to Rs. 0.5 million
- Central capital subsidy up to Rs. 5 million
- Entry tax exemption up to five years
- ISO-9000 certification cost reimbursement up to Rs. 75000/-
- Project report cost reimbursement upto Rs. 0.3 million
- Interest subsidy up to Rs. 4 million
- Investment Promotion Assistance
- Concessions to Mega Projects
- Exemption in stamp duty and registration charges
- Interest subsidy on term loan
- Exemption in Mandi fee
- Promotion of research and development activities

SEZ benefits / concessions as per Indore Special Economic Zone (Special Provisions) Act, 2003, which is applicable to all the SEZs in the State

- Duty free goods for setting up SEZ units
- Exemption from customs duty for goods required by SEZ units
- Supplies from Domestic Tariff Area to SEZ units entitled for export benefits
- Exemption from service tax and central excise tax
- Exemption from income tax for 15 years
- Exemption from MAT
- 100% FDI permitted through automatic route

Project Specification

The main objective of the MFP / SEZ is to provide excellent infrastructure facilities for food processing to the value chain from the farm to the market with a view to promote exports of agri and agro based products from the region. It will include:

- Creation of infrastructure near the agriculture producing region,
- Transportation,
- Logistics and
- Centralised processing centres

The main feature of the project is its 'cluster-based' approach. The project will be demand driven, pre-marketed and would facilitate food processing units to meet environmental, safety and social standards.

A Special Purpose Vehicle (SPV) is to be created by private investors (if need be with State Government as partner) as per the guidelines of MPFS. The SPV will be responsible for the construction and operation of the common & basic infrastructure of the MFP / SEZ. Financial support will be available as per MFPS.

Other specifications of the project are as under:

- Location: Umariya-Dungariya in Jabalpur District
- Area: Project envisaged over 187 acres with 122 acres available for sale/lease. Madhya Pradesh Audyogik Kendra Vikas Nigam (Jabalpur) Ltd. has identified 101.21 hectares of land for the project.
- Scope: Mega food park to house following processing units relating to:-
 - Milk & Milk products
 - Fruits
 - Ready to eat vegetables
 - Dehydrated fruits & vegetables
 - Mushroom cultivation & processing
 - Green peas processing & dehydration
 - Tomato sauce and puree
 - Fish, Meat & Poultry processing
- Utilities:
 - **Power** – GoMP through its Ministry of Power will allocate 5MW Power for the SEZ units. A 33KV/11KV sub-station will be constructed to provide uninterrupted & quality power at cheaper rates in the area.
 - **Water** – A major 5 MGD water supply scheme from the river Narmada is being planned to ensure round the clock water supply.
- Facilities:
 - Plots for units with basic facilities of water, electricity and communication
 - Integrated cold chain
 - Cold & Bulk warehouses
 - Effluent treatment plant
 - Primary processing centre to collect, grade, sort and store farm procurements
 - Central processing centre housing testing centres, laboratories & packing facilities
 - Ideal parking & recreational space
- Business model: The SPV will develop, market, utilise / sell / lease the developed infrastructure to food processors and processing service providers. The SPV will also be responsible for the maintenance of the MFP / SEZ. The SPV will charge lease rent and annual maintenance charges to recover its costs.
- Project Cost: Estimated cost of project is **Rs.1450-1500 Million** (without considering subsidy from Govt)
- Returns: Expected rate of **return** is estimated to be in the range of **18- 22%**.

Project Contacts

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