

Sector	Project Title
Chemicals Industry	Detergent Manufacturing Unit

Project Description

Chemical sector contributes around 3% of the total GDP of the country. India ranks 12th in the world for production of chemicals and petrochemicals by volume.

Main components of chemical sector are

- Alkali chemicals
- Inorganic chemicals
- Organic chemicals
- Pesticides
- Dyes & dyestuff



With the rising standard of living in the country, the demand for detergents has also experienced a steady growth. Due to indigenous availability of the required raw materials, there is a good scope for detergent manufacturing in the small scale sector.

Madhya Pradesh has various sites which are ideal for setting up industrial units due to proximity of raw materials, market for products, power availability, availability of sweet water and skilled/ unskilled labour and a competitive transport system.

In order to take advantage of the locational factors, the project proposes to set up a manufacturing unit for detergent powder and cake in Madhya Pradesh.

Project's Value Proposition

A large number of leading chemical companies have their presence in the state of M.P. Current production of basic chemicals in M.P. is estimated at 350,000 MT. Chemicals industry's share in MP in value addition is about 14.1%

The proposed unit will be able to cater to growing export demand and be a part of the industry's growth in MP. The State has a strong global presence in the export of dyes, pharmaceuticals and agrochemicals. Chemicals and petrochemicals exports grew 18.7% in 2008-09. Potential growth of the chemical sector has been envisaged at 5 billion in next 10 years.

MP's value proposition

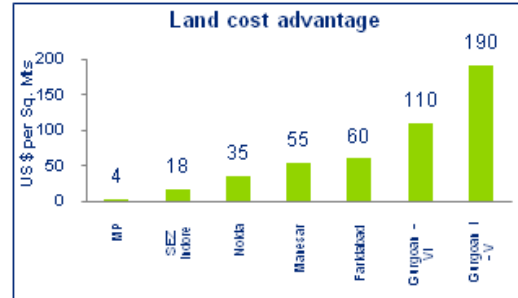
Madhya Pradesh is ideally suited to house this project on account of the following reasons:

- Located in the heart of India – favourably placed logistically
- Significant progress in the last couple of years in the chemical sector

- Improvement in the infrastructure facilities for chemicals in the area
- Good R&D base with access to low-cost, high-quality human resources
- Large and growing domestic market potential due to low per capita consumption of key petrochemical derivatives.

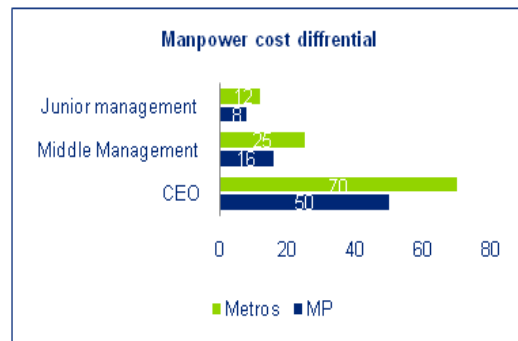
Land cost advantage

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



Man Power Cost Advantage & peaceful labour environment

- Number of engineering & technical graduates passing out every year
- Cost to a company for human resources is cheaper by 30-35% in the State
- Greater saving potential for the executive levels on account of cheaper land, cheaper housing and cheaper labour
- Man days lost over last 5 years < 1% of total available man days
- One of the most peaceful and labour productive State



Policy Initiatives by MP state government

- Industrial investment promotion assistance – 50 to 75% of commercial tax for 4-5 years
- Concessional registration charges and stamp duty exemption for term loans
- Interest subsidy of 3-5% on term loan for 5-7 years
- Land on 75% concessional rate for mega projects
- Govt. (non forest) Land use permission @ Rs. 1/-(token) premium per year
- Entry tax exemption for 5 years
- Projects Reports Cost Reimbursement Scheme
- Subsidy on ISO Certification, Patent Registration & Technology Acquisition
- VGF funding of upto 40% (20% GoI + additional 20% GoMP)

Project Specification

The proposed project will have the following specifications:

- Location: The unit is proposed to be set up in the Pithampur cluster where several Chemical manufacturers have established units.
- Capacity: The annual capacity is proposed at 150000 MT

- Project Cost: Major components of the project and their estimated costs are;

Particulars	Amount (INR in Millions)
Land	6.50
Building	51.00
Plant & machinery	205.00
Misc. Fixed assets/furniture fixtures	21.20
Contingencies	-
Pre-operative expenses	-
Margin money for working capital	-
Total	283.70

- Returns: Internal rate of return is estimated at 13-15%

Project Contacts

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