

Sector	Project Title
Forestry	Augmentation of forest cover in degraded forest areas of Madhya Pradesh

Project Description

The geographical area of State of Madhya Pradesh is 3.08 lakh sq. km. Out of this area, more than 95000 sq. kms is notified forest area, constituting 31% area of the State and nearly 12.5% of the forest area of India. Out of 95000 sq. km, area of around 78000 sq. km has forest cover. About 12% of the forest area in the state comes under purview of wildlife protection and has 9 national parks and 25 sanctuaries.



However, as per the Forest Survey of India report, 35000 sq. km is “degraded forest land”.

Forests in Madhya Pradesh have many naturally available herbs / medicinal plants which have high commercial value in the market, especially in the international market.

The State Government has developed a PPP model to develop the degraded forest areas so as to have better environment while also tapping the commercial potential of forest produce. It is proposed that degraded forest land (with crown density of 0.2 or less) will be offered to private investor for development.

Project's Value Proposition

The proposed project has the following value propositions:

- This projects will increase the augmentation of forest cover in MP
- Plantations like *Jatropha* and *Karanj* will provide raw material for bio-diesel. Bio-diesel may help alleviate India's acute deficiency in petroleum & fuel mineral
- The project will help arrest the “flight of capital” by corporate to African countries in similar type of plantations of *Jatropha* & *Karanj*
- The project will help in tapping the commercial value of many herbs and medicinal plants naturally available in Madhya Pradesh. The potential can be tapped through commercial cultivation of these herbs / medicinal plants as well as by setting up units utilizing these plant species.

Potential for commercial cultivation / for setting up units utilizing plant species

Common Name	English Name	Botanical Name
Japani Pudina	Field mint, Japanese mint	<i>Mentha arvensis</i> Linn.
Palmarosa	Rosha grass	<i>Cymbopogon martini</i> (Roxb.) Wats
Citronella Grass	Citronella grass	<i>Cymbopogon nardus</i> (Roxb.) Rendle
Lemon Grass	Lemon grass	<i>Cymbopogon citratus</i> (DC.) Stapf.
Rajnigandha	Tuberose	<i>Polianthes tuberosa</i> Linn.

Tulsi	Holy basil	Ocimum sanctum Linn.
Safed Musli	White musale	Chlorophytum borivillianum Sant. & fernandez
Pattharchur	Indian borage	Coleus forskohlii Willd.
Mushkdana	Musk mallow	Abelmoschus moschatus Linn.
Kalihari	The Glory lily	Gloriosa superba Linn.
Harjod	Edible- stemmed vine	Cissus quadrangularis Linn.
Gudmar	Periploca of the woods	Gymnema sylvestre (retz.0R. Br.
Gwarpatha	Indian aloe	Aloe vera (Linn.) Burm.
Ratanjot	Purging nut	Jatropha curcas Linn.
Apamarg	Prickly Chaff Flower	Achyranthes aspera Linn.
Chandrashur	Garden cress	Lepidium sativum Linn.
Kiwanch	Cowhage	Mucuna pruriens (L.)DC
Giloe	Gulancha tinospora	Tinospora cordifolia (Willd.)Miers ex Hook. f. & Thoms
Lahsun	Garlic	Allium sativum Linn.
Haldi	Turmeric	Curcuma domestica valet.
Adrakh	Ginger	Zingiber officinale Rosc.
Aonla	Indian gooseberry	Phyllanthus emblica Linn.
Bawachi	Malay tea scur pea	Psoralea corylifolia Linn.
Mehandi	Henna	Lawsonia inermis Linn.
Guggul	Indian bdellium tree	Commiphora mukul (Hook. ex Stocks) Engl.

Some of the key opportunities arising out of this project are:

1. Collection, Primary Processing & Warehousing of NTFPs
2. Distillation of aromatic plants
3. Manufacturing of Ayurvedic, Unani & Homeopathic medicines
4. Honey Processing units
5. Manufacturing of Cosmetics & food supplements
6. Preparation of Squashes and herbal colas
7. Manufacturing of Bamboo Products
8. Oil expeller units
9. Trading of raw materials

MP's value proposition

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

Ample natural / forest resources and land availability

- Potentially 91,000 hectares of land is available for augmentation of forest under this route
- Madhya Pradesh has per capita forest area of 2,400 m² as against the national average of 700 m²
- Madhya Pradesh has total volume of timber / wood of 500 lakh cu. m **valued at Rs 25000 billion**
- 25% of India's tendu leave production comes from Madhya Pradesh
- 2200 recorded medicinal plants are found in Madhya Pradesh

Madhya Pradesh has vast potential for production of forest produce and products based on the forest produce. Some of the key projects are listed in table below:

Product	Main Usages	Production potential
Aonla (Indian Gooseberry)	Ayurvedic preparations, pharma, cosmetics & jams	49700 quintals per annum
Lac	Pharmaceuticals, Paints, adhesive, cosmetics, Ayurvedic preparation, wood polishes, Insulating electrical conductors, sealing wax & paper varnish	38400 quintals per annum
Bamboo	Paper & pulp industry, housing material, agriculture, furniture, handicrafts & bamboo boards	101 in thousand NT (actual production 08-09)

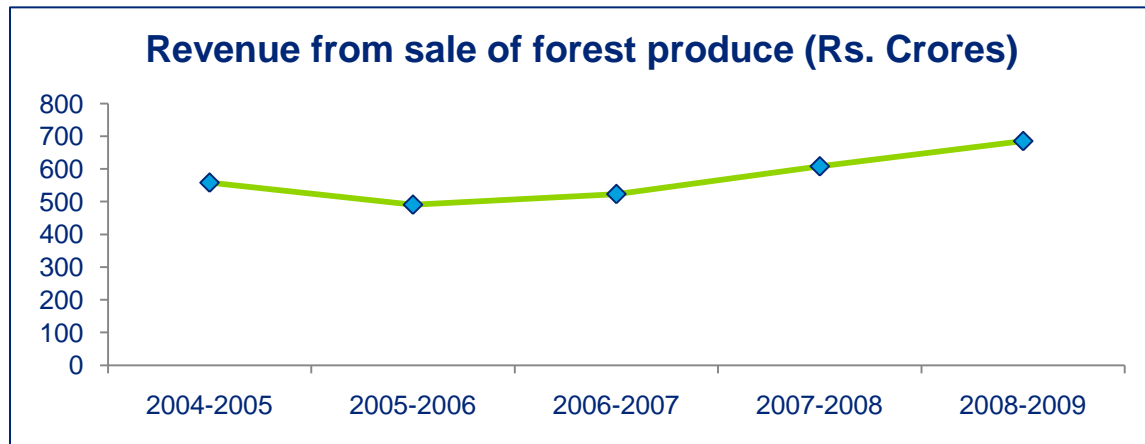
Herbal Extracts (Major herbs) – The State has potential of Herbal extract worth 10 million USD

Indian Ginseng	Immuno-modulator, antioxidant, rejuvenative	60 quintals per annum
Indian Asparagus	Lactation, Aphrodisiac	1800 quintals per annum
Arjuna	Cardiac tonic	1892 quintals per annum
American Mint	Stimulant, Carminative	6965 quintals per annum
Creat	Hepato – protectant, Anti viral & Blood purifier	387 quintals per annum
Ipecacuanha	Anti-diabetic, diuretic	2370 quintals per annum
Malabar Nut	Expectorant	305 quintals per annum
Belliric myrobalan	Detoxificant, laxative	3810 quintals per annum
Chebulic myrobalans	Purgative, laxative	42000 quintals per annum

Madhya Pradesh offers several advantages for this project, which include:

- **Labour cost advantages** - Being a labour intensive project, labour is inexpensive in MP.
- **Excellent Connectivity** - MP is situated in the centre of India and well connected via rail and road networks. The forest produce can easily be transported to any part of the country for consumption or further export
- **Excellent support infrastructure** - MP also provides excellent environment for industries involved with forest produce processing

Increasing revenues from sale of forest produce



Government Support and Policy Initiatives

- 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
- Exemption in Entry Tax
- Interest subsidy on term loan
- Exemption in Mandi fee
- Reimbursement of expenditure on Quality Certification
- Reimbursement of expenditure on preparation of project

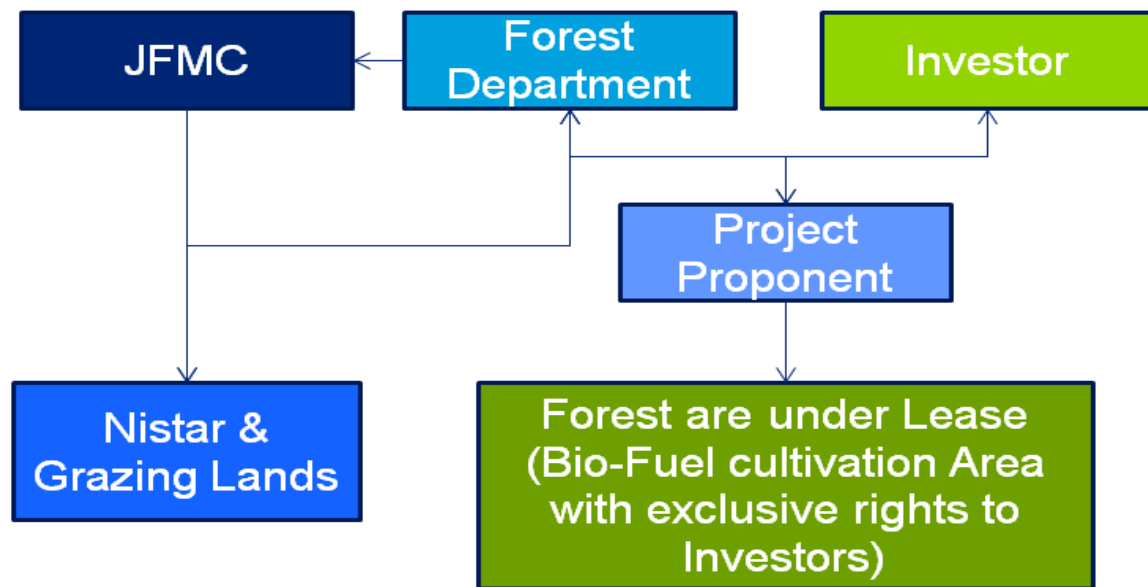
Special Policy Initiatives-Herbal products

- Reimbursement of 50% of the total fees incurred on hiring technical consultancy for getting GMP certification. With an upper limit of USD 22,000 per project
- For participation in the international trade fairs and exhibitions, entrepreneurs of herbal industries will be given financial assistance of 50% on one half of the stall charges

- Registration fees charged by the importing countries for import of herbal products will be reimbursed up to a maximum of USD 1100 and air fare to a maximum of USD 1100
- All concessions and facilities that are available to industrial units in the backward districts will also be extended to units located in the developed and advanced district such as Indore and Bhopal
- Relevant provisions of labour laws applicable in Special Economic Zones will be applicable for existing and upcoming herbal parks as well as the herbal and Ayurvedic industries.
- Stamp duty waiver for Herbal and Ayurvedic industries in case of change in name, collaboration, inclusion of partners, reorganizations and for amendment in the lease deed for the next 3 years and also for entering into agreement with financial institutions for getting financial assistance
- Small scale pharmaceutical industries will be given priority under store purchase rules
- Fast track clearances for setting up pharmaceutical and herbal industries

Project Specification

Under this project, the land will be offered after obtaining the permission of MOEF under section 2(iii) of Forest conservation act, 1980 by the State Government.



- Location: Only degraded forest areas having crown density of 0.2 or less would be offered for projects
- Role of investor
 - The investor will get the lease of land for 30 years
 - Investor is expected to develop around 30% of the allotted land
 - Land will be provided to investor in exchange of rent for land allotted.
 - Premium may be charged to concession may be given depending upon the land on offer.
 - Investor will have rights over the crop developed and raised and can sell / utilise the
 - Investor to raise crop allowed (for eg. oilseeds like Jatropha & Karanj) by MOEF
 - Nistar rights of locals and standing crop rights of forest department to stay as it is

- Role of Forest department
 - Department to offer degraded forest area after approving “prior approval” of MOEF under sec 2(iii) of Forest (Conservation) act, 1980
 - Monitor the usage of land allotted to investor
 - Depending upon the land on offer government may offer concession to investor.

- Project Cost: Plantation costs including maintenance cost of 5 years is estimated at Rs. 50,000/- per hectare. With potential forestation to be done across 91,000 hectares the **project cost comes to Rs.4550 Million.**

Project Contacts

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