

Sector	Agro and Food Processing
Sub - sector	Food Processing Industries' Infrastructure
Project No.	AF-19
Project Title	Food Park- Commodity Specific Cluster Development

Project Description

The proposed project envisions setting up of Food Parks at three important crop pockets in Gujarat. This will be in line with crop specific cluster development for agriculture and horticulture crops cultivated in Gujarat.

Project Concept

Food Park is a dedicated cluster of large, medium and small scale food processing units. It will be facilitated with common basic and modern infrastructure such as, internal roads, cold storage units, food laboratory, effluent treatment plant, warehouses (incubators), electronic weigh bridge units, information and communication center, guest houses, cafeteria, recreational zones alongwith common security arrangements. Moreover, in these food parks, ancillary units like packaging, printing, transportation agencies, carrying and forwarding agencies etc., will be located to support the common activities of the food processing units.

Market & Growth Drivers

There is good potential of agro and food processing industries in Gujarat. The State already has announced implementation of Agri Export Zones for vegetables like onion and potatoes, fruits like banana and mango and other agriculture crops like ground nut, sesame, seed spices and isabgul and castor. As per industry sources there is potential for food parks at least four locations in Gujarat, viz Central, South and North Gujarat and Saurashtra region.

Agro & Horticulture Crops - Area and Production in Proposed Food Park Regions

Sr. No	Proposed Crops	Main Crop Areas in the state	State Area in Ha	State Production in MT
1	Fruits & Vegetables	Surat, Anand, Kheda, Bharuch, Valsad, Vadodara and Sabarkantha	603910	8886071
2	Spices	Mehsana, Patan and Banaskantha	358936	419833
3	Ground nut & sesame	Rajkot, Junagadh, Jamnagar, Bhavnagar, Amreli and Surendranagar	2356900	2110300

Source: Directorate of Agriculture & Horticulture Statistics, Government of Gujarat year 2004-2005

Suggested Projects for Food Park

Based on the availability of main raw materials as shown above, a cluster development for commodity specific processing units are suggested. The suggested projects include large, medium and small scale units. These food parks will attract and facilitate investments for the suggested projects as summarized in following table:

Suggested Projects* at Proposed Food Parks

Sr.No.	Fruits & Vegetables	Spices Processing	Groundnut & Sesame
1	Banana / Mango Pack House	Spices Cryo Grinding Unit	Roasted, Salted and Coated Nuts
2	Vegetable Pack house	Spices & Isabgul Irradiation Center	Peanut Butter Unit
3	Onion Cold Storage	Spices Oleoresins Manufacturing Unit	De-hulled Sesame Seed and Roasted Sesame seed oil
4	CA / MA Cold Storage	Pure / Blended spices, Curry powders Unit	Integrated Groundnut processing unit
5	Tomato Processing Unit	Micro-encapsulated Spices manufacturing unit	Sesame seed candies & Tahini unit
6	Freeze Dried Fruits and Vegetable Powder unit	Roasted / Salted / Coated Spices & spices splits unit (Coriander / Fennel / Ajwain)	Roasted/ Salted / Coated Sesame seed unit
7	Instant vegetables and Vegetable Soups in Retort pouches unit	Spices- untouched cleaning / processing / packing automatic line HACCP approved unit.	Defatted Groundnut / sesame Edible Flour manufacturing unit
8	Potato Flakes & Powder manufacturing unit	Spices Essential Oil extraction Unit- Steam Distillation and Solvent extraction	Protein Isolates from Electronically sorted Groundnut /Sesame seed for health food industry.
9	Potato Fabricated Chips ("Pringle" type slated and flavored) manufacturing unit	Chutney and Ready to use cooking paste manufacturing unit	Groundnut / Sesame/ Gram/ Coconut / Dry Fruits, Single / Mix Chikki making unit
10	Dehydrated Vegetables	Red / Green Chilly Sauces manufacturing unit	Groundnut / Sesame Cake base cattle feed unit
11	Quality control and Certification common facilities	Quality control and "AGMARK-Certification" common facilities	Quality control and "AGMARK-Certification" common facilities

*N.B: Investment Project Profiles for most of above mentioned projects have been prepared and are available for investors taking part in Vibrant Gujarat Investor Summit-2007.

Growth Drivers

- Gujarat is one of the leading states in terms of agriculture and horticulture production in India. There is need for crop specific processing capacities in Gujarat, to have value added processing advantage. This could be possible by creating a cluster of food processing units in the form of crop specific food parks. Gujarat Government is proactive in this aspect and hence these food parks have been suggested.
- Gujarat is poised for second agriculture revolution with the availability of Narmada Canal Irrigation facility to 18 Lac hectare area. This will boost the agriculture and horticulture production as mainly the rain fed areas of North, Central Gujarat and Saurashtra region are facilitated with the undertaken project in the State. Increase in intensive agriculture/horticulture activities will give much higher returns to farmers. This will be possible with the creation of value added processing facilities in the form of proposed food parks at suggested locations.
- The cluster development at the proposed food park will be primarily based on the basic infrastructure (Water, power, drainage, internal roads and linkage with state / national highways) and transportation facilities available at park, as well as other locational advantages offered for locating a unit in a particular place, which will also include the package of incentives offered by state / central government authorities for attracting investments in such Commodity Specific Cluster development..

Why Gujarat?

- Well developed agriculture and horticulture crop procurement system in the form of Agriculture Produce Market Committees (APMCs) and their sub yards located in proposed food park locations.
- Well developed transport infrastructure like road, rail, port and air connectivity in Gujarat will facilitate operation of proposed food parks.
- Easy availability of industrial land with basic facilities (power, water, fuel and drainage etc;) at proposed food parks will attract investments in food processing sector in Gujarat and will create crop specific processing facilities in particular locations.
- Ready availability of experienced technical and managerial manpower for food processing industries in the state.

Suggested Commodities, Location, Area & Project Cost

It is suggested to have Food Park with a cluster of 50 units at one location. The proposed food park will be having land area of approx 100 -125 acres (about 400000 to 500000 square meters).

The suggested food parks with their locations and indicative project cost is as given in following table:

Suggested Food Park Commodities, Location and Land Area

Sr. No.	Proposed Food Parks	Suggested Location	Proposed Land Area in Sq. mt*
1	Fruits & Vegetables	Surat, Anand, Kheda and Prantij	500000
2	Spices & Isabgul	Mehsana , Patan, and Banaskatha	400000
3	Groundnut & Sesame	Rajkot, Junagadh and Amreli	400000

*Area suggested is for a food park and ** Estimated cost based on prevailing industrial land rates, construction rates etc; at suggested locations.

On the basis of proposed land areas shown in the above table for each individual food park project and based on an estimates for common infrastructure such as internal roads, water distribution, power common distribution, warehousing facilities, common infrastructure facilities etc; as given previously, the detailed project cost estimates and means of finance are summarized for all three projects separately in the following table:

Estimated Cost of Project & Means of finance for Proposed Food Park Projects

INR. In Million

Sr. No.	Cost of project	Fruits & Vegetables	Seed Spices	Groundnut & Sesame
1	Land and Land development	1625.00	960.00	1600.00
2	Building & Civil works	150.00	87.50	175.00
3	Common infrastructure facilities	100.00	80.00	100.00
4	Misc. Fixed Assets	25.00	25.00	25.00
5	Preliminary & Pre-operative	50.00	25.00	50.00
6	Provision for contingencies	25.00	25.00	25.00
	Total Fixed Assets	1975.00	1202.50	1975.00
7	Margin Money for working capital	25.00	22.50	25.00
	Estimated Block capital Cost	2000.00	1225.00	2000.00
	Means of Finance			
8	Promoters' contribution @ 20 %	400.00	245.00	400.00
9	Term loan of 80 % as Infrastructure	1600.00	980.00	1600.00
	Total Means of Finance	2000.00	1225.00	2000.00

In the proposed Food Parks, it is suggested that total area may be distributed in following pattern:

- a) Small scale processors plots and sheds : 15 nos.
- b) Medium scale processors plots : 15 nos.
- c) Large Scale processors plots : 10 nos.
- d) Ancillary units & service providers : 10 nos.

Project Time Line

The proposed project will require a project timeline of 8 to 10 months for obtaining necessary clearances and approvals from concerned authorities for setting up of a basic infrastructure like approach roads, getting power from SEB and arranging power distribution net work up to various

units, development of water supply infrastructure, drainage and Common effluent treatment plant (CETP).

The project implementation period of 12–18 months has been estimated for such commodity specific food park development. Once the basic infrastructure of Food Park is available, the allotment of land plots for setting up of processing units will start. These land plots will be allotted for development of cluster of commodity specific processing units. The anticipated period for full fledged commercial operations in such food park is 24 to 30 months from the start of allotment of plots.

Financial Indicators

Since Food park is basic infrastructure project and only basic facilities will be provided by the Special Purpose Vehicle to be constituted for setting up, this will not be applicable.

Clearances Required

It may be noted that for setting-up of Food Park in Gujarat there will be need to have APMC Act Reforms done in Gujarat prior to inviting public-private partnership for this project.

The State Government would play a crucial pro-active role and may create a Special purpose vehicle (SPV) for setting up of a food park/parks as suggested in this profile. This SPV will initiate suitable measures to provide necessary basic legal frame work for infrastructure and support for proposed food park units in the state. It will be setting up Food Park as per the policy guidelines provided by Ministry of Food Processing Industries (MFPI), New Delhi.

The State Government, besides providing required land for proposed food park may also provide other basic infrastructure facilities like water, power, facilities for effluent disposal and internal roads as well as connectivity with state/national highways. The Government will bring about necessary changes in existing Agricultural Produce Marketing rules and regulations, exemption of levy or less or cess and exempt activities of the proposed food parks from local laws and regulations.

The State Government may act in this regards, through Gujarat Agro Industries Corporation as the coordinating and planning agency.

Critical Aspects

For this project it will be important to market the concept of suggested food park by highlighting its various features and advantage. This would attract entrepreneurs for investment in particular location based on the resources (agriculture/horticulture crops) available as well as the basic infrastructure facilities proposed for facilitating the investment in the proposed location.

Agencies to be contacted

Industrial Extension Bureau
Mott MacDonald India
Gujarat Agro Industries Corporation Ltd.