Compendium of financing options for the food processing sector

Investment Environment & Opportunities in Food Processing

MEGHALAYA

Ministry of Food Processing Industries
Government of India
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Meghalaya, a name that literally translates to ‘the abode of clouds’, is an Indian North-Eastern state that’s one of the most beautiful and serene places. Though the state mostly has hilly areas, it also has numerous rivers and diverse soil types. Being the wettest region of India, about 70% of the state is forested.

**Meghalaya - key highlights**

<table>
<thead>
<tr>
<th>State capital</th>
<th>Shillong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographical area</td>
<td>22,429 km²</td>
</tr>
<tr>
<td>Population (2014)</td>
<td>3,211,474</td>
</tr>
<tr>
<td>Gross state domestic product (GSDP) (at current price, base year 2011-12)</td>
<td>INR 27,304 crore (USD 3.99 billion) in 2015-16</td>
</tr>
<tr>
<td>FDI Inflows (FY00-FY17)</td>
<td>INR 462 Crore (USD 67.64 million)</td>
</tr>
<tr>
<td>Per capita income (Measured as Per Capita NSDP at current prices for 2013-14)</td>
<td>USD 1,017.8</td>
</tr>
<tr>
<td>Airport</td>
<td>1 Domestic</td>
</tr>
<tr>
<td>Total road length (kms) (National + Highway)</td>
<td>1,929</td>
</tr>
</tbody>
</table>

**Why Meghalaya**

1. A leading producer of Spices and Areca Nut
2. Three agro-climatic zones, highest rainfall receiving state
3. Blessed with bountiful natural resources, Meghalaya is a biodiversity hotspot
4. Largest producer of Ginger and leading producer Khasi Mandarin Orange
Agriculture is the main occupation of the people of Meghalaya. About 83% of the total population of state depends on agriculture for their livelihood.

The ethnic communities of Meghalaya follow two major types of agricultural practices such as shifting cultivation or slash and burn agriculture, and terrace or bun cultivation. Shifting cultivation is practiced in and around forests, and terrace cropping is practiced in valleys and foothills, and inside plantation forests. A common irrigation technique employed in the state is the Bench Terrace Irrigation practice where the hill streams are tapped as soon as they emerge from the forests and the water is channeled to accommodate a series of terraces. Bench terracing is an important conservation measure for valleys and hill slopes. In bench terrace agriculture practice under rain-fed condition, topo-sequence crops such as maize, bean and potato are planted on upper slopes and crop requiring more water such as rice and jute are grown on lower slopes. The excess runoff from upper portion of slope is nutrient rich, utilized for the lower hill crops.

The topography and the climatic conditions of Meghalaya favour agriculture, horticulture and forestry. Meghalaya is endowed with abundant natural resources in terms of flora, fauna, medicinal plants & forests, and the state offers significant avenues for investment.

There are three agro-climatic zones\(^7\) in the state as shown below:

**Temperate and Sub-Alpine Zone:** Upper Shillong, Mawphlang and Mairang

**Sub-Tropical Hill Zone:** Jawai, Nongstonin, Nokrek, Kailash area of west garo hills, western part of east garo hills and Umkeang area

**Mild Tropical Hill Zone:** Southern part of Jawai, adjoining part of Karimganj, Cachar, North Cachar Hills of Assam, southern part of Nongpol, eastern part of east Garo hills and west Khasi hills, lower part of west Garo hills

Meghalaya is predominantly an agrarian economy with a significant commercial forestry industry. The important crops are potatoes, rice, maize, pineapples, bananas, papayas, spices, etc. Citrus fruits, pineapple, banana, papaya, plum, peach and apricot are the major fruits grown in Meghalaya. Turmeric, ginger, black pepper and bay leaves are the major spices cultivated here and the state is also promoting tea cultivation in selected areas. It’s noteworthy that the state has managed to achieve success in the cultivation of non-traditional crops like tea, cashew-nut, oilseeds, tomato, mushroom, wheat, etc.
Major strength of Meghalaya’s food processing industry lies in the following:

- **Spices** - Turmeric, Black Pepper, Ginger, Bay Leaves
- **Pulses** - Cow Pea, Lentil, Pigeon Pea, Black Gram, Bengal Gram
- **Cereals** - Rice, Maize
- **Oilseeds** - Soybean, Rapeseed, Mustard, Castor, Sesame, Linseed
- **Commercial crops** - Areca Nut, Tapioca, Broomsticks, Bay Leaves, Turmeric, Cotton, Rubber, Tea, Coffee

### Food Grains: Key production highlights (2015-16)

- Total production of 3,78,102 Metric tonnes of food grains
  - Rice – 301076 Metric tonnes
  - Maize – 61674 Metric tonnes

### Horticulture products: Key production highlights (2015-16)

- Total production of 1,014.07 thousand tonnes of horticulture products
  - Fruits – 3,95,877 Metric tonnes
  - Vegetables – 2,61,310 Metric tonnes
  - Flowers – 2.13 thousand tonnes
  - Spices – 97,820 Metric tonnes
Meghalaya produced 84,000 MT of Milk, 43,301 MT of Khasi Mandarin orange and 26,802 MT of Areca Nut in the year 2015-16.

**SPICES (’000 MT)**
- Ginger: 65.97
- Turmeric: 16.32
- Cinnamon: 5

**FRUITS (’000 MT)**
- Pineapple: 123
- Banana: 88.71
- Mandarin Orange: 43

**VEGETABLES (’000 MT)**
- Potato: 184
- Cabbage: 42
- Tomato: 34

**LIVESTOCK & FISHERIES**
- Eggs: 106 million in Numbers
- Fish: 6000 MT
- Meat: 41000 MT
Meghalaya’s turmeric considered one of the best in the world, as it contains 7.5% of curcumin

The major production clusters of Meghalaya are given below:

**Tapioca**
West Garo Hills, East Garo Hills, South Garo Hills, South West Garo Hills

**Brinjal**
West Garo Hills, North Garo Hills, South Garo Hills.

**Tomato**
Ri-bhoi, West Garo Hills, West Jaintia Hills, East Garo Hills, South Garo Hills.

**Cabbage**
East Garo Hills, Ri-bhoi, East Kharsi Hills, West Garo Hills, North Garo Hills.

**Rice**
East Garo Hills, Ri-bhoi, East Kharsi Hills, South Garo Hills, West Garo Hills, North Garo Hills.

**Radish**
East Kharsi Hills, South West Garo Hills, West Khasi Hills.

**Maize**
East Garo Hills, Ri-bhoi, East Kharsi Hills, South Garo Hills, West Garo Hills.

**Carrot**
East Kharsi Hills, East Garo Hills, West Kharsi Hills.

**Beetroot**
East Garo Hills, East Kharsi Hills, West Kharsi Hills.

**Black Pepper**

**Turmeric**
West Kharsi Hills, Ri-bhoi, East Kharsi Hills, East Jaintia Hills, West Jaintia Hills.

**Fruits (Banana, Pineapple, Oranges)**
West Garo Hills, Ri-bhoi, North Garo Hills, East Garo Hills, East Kharsi Hills.
Production Clusters

Maize
Cabbage
Turmeric
Orange
Radish
Potato
Carrot
Banana
Pineapple
Tomato
Rice
Black Pepper
Topioca
Brinjal
Beetroot
Apple

East & North Garo Hills
West Garo Hills
South Garo Hills
West khasi hills
East khasi hills
East Jaintia Hills
West Jaintia Hills
RI Bhol
Meghalaya has the following marketing facilities in the state:\(^{10}\):

- **Market Yards/Regulated Markets**: The state government has set up 2 regulated markets in the state - Mawiong in East Khasi and Garobadha in West Garo hills district. In addition, there are daily markets in Shillong, Jowai, Tura, Williamnagar and a few other locations in the state.

- **Status of Logistics and Warehousing Facilities in the State**: There are 6 warehouses in the State with a storage capacity of 1,400 Thousand MT as per the Central Warehousing Corporation.

- **Cold Storages**: There are 3 cold storages in the state with total storage capacity of 3200 MT.

- **Scheme for Cold Chain, Value Addition and Preservation Infrastructure for Non – Horticulture Products”** is being administered by Commerce and Industries Department, Government of Meghalaya
### Processing Clusters (1/2)

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashewnut</td>
<td>West Garo Hills, South West Garo Hills Hills</td>
</tr>
<tr>
<td>Milk</td>
<td>East &amp; North Garo Hills, Re-Bhoi &amp; East Khasi Hills</td>
</tr>
<tr>
<td>Honey processing</td>
<td>East Khasi Hills</td>
</tr>
<tr>
<td>Beverages</td>
<td>Re-Bhoi</td>
</tr>
<tr>
<td>Bakery products</td>
<td>West Garo Hills, East Khasi Hills</td>
</tr>
</tbody>
</table>
Processing Clusters (2/2)

- **Bakery products**
  - Byntalin Bakery
  - Bentley Bakery
  - East Khasi Hills

- **Fruits & Vegetables**
  - ETPL (India)
  - Kara’s Enterprise
  - East Khasi Hills

- **Miscellaneous**
  - Agarwal Cashew Processing Unit
  - Bapynbiangiaaphi Noodles (Cereals)
  - Rain Drop Group (Honey)
  - East Khasi Hills
  - West Garo Hills

**Famous Traditional Food of Meghalaya**

- **Jadoh** - Jadoh is a rice and pork based Khasi delicacy. It is a typical Meghalaya dish, famous for its aromatic taste and minimum use of oil.
- **Tungtap** - a delicious dry fish paste
- **Jastem** - traditional Khasi rice dish which is enjoyed with Daiiong (Black Dal)
Processing Clusters

- Milk Processing
- Spices & Condiments Processing
- Fruits and vegetables processing
- Bakery Products
- Cashewnut
- Honey Processing
The status of key physical and agricultural infrastructure in Meghalaya is as follows:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Installed power</strong>&lt;sup&gt;11&lt;/sup&gt;</td>
<td>(including allocated shares in Joint &amp; Central Sector Utilities as on 31 Mar 2017)</td>
</tr>
<tr>
<td></td>
<td>- Thermal: 140.09 MW</td>
</tr>
<tr>
<td></td>
<td>- Hydro(Renewable): 347.19 MW</td>
</tr>
<tr>
<td></td>
<td>- RES(MNRE): 31.04 MW</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Electricity cost</strong>&lt;sup&gt;12&lt;/sup&gt;</td>
<td>- INR 5 per unit</td>
</tr>
<tr>
<td><strong>Water rates</strong>&lt;sup&gt;13&lt;/sup&gt;</td>
<td>- INR 18 per 1000 litres</td>
</tr>
</tbody>
</table>
Infrastructure Clusters

Airport

Shillong
State government initiatives

Highlights of State Industrial Policy: “The Meghalaya Industrial and Investment Promotion Policy, 2012.” will provide a package of subsidies, incentives and assistance to Micro, Small, Medium, Large, Mega Large and Ultra Large manufacturing enterprises.

Eligible areas under the Agro & Horticulture Sector:

*Food & Fruit processing, Tea processing, Rubber processing*

Incentives for Micro & Small Enterprises

<table>
<thead>
<tr>
<th>Type of Incentive</th>
<th>Salient Features</th>
</tr>
</thead>
</table>
| State Capital Investment Subsidy          | (a) State Capital Investment Subsidy on cost of Factory Building & Plant & Machinery will be provided to Micro Enterprises at the rate of 35% of the fixed capital subject to a ceiling of INR 7 lakhs\(^1\)  
(b) State Capital Investment Subsidy on cost of Factory Building & Plant & Machinery will be provided to Small Enterprises at the rate of 30% of the fixed capital subject to a ceiling of INR 75 lakhs\(^1\) |
| Subsidy on the cost incurred for Feasibility Study and Project Reports | Subsidy will be provided at 100% for meeting the cost incurred on the preparation of Feasibility/Project Report subject to a maximum of INR 50,000 for Micro Enterprise and INR 1 lakh\(^1\) for Small Enterprises provided that the Report is prepared by a Government approved agency |
| Development Subsidy                      | Development Subsidy will be provided at the rate of 75% on the expenses incurred on the following items subject to a ceiling of INR 3 lakhs\(^1\):  
(a) Charges payable to statutory bodies for any permission or registration.  
(b) Procurement of know – how from a well-established and approved Research and Development Organization |
| Interest Subsidy                          | Subsidy on interest payments to Banks/Financial Institutions will be provided at the rate of 4% with a ceiling of INR 1 lakh\(^1\) per annum on term loans (excluding working capital loans) availed by an entrepreneur for setting up of approved Micro & Small Enterprises for a period of five years from the date of disbursement of loan |
| Subsidy on Power                          | (a) Subsidy on power tariff will be provided at the rates of 30% for loads up to 2 MW for a period of 5 years from the date of commercial production. This subsidy will be granted on the basis of actual consumption of power for the manufacturing process only subject to a ceiling of INR 25 lakhs\(^1\) per annum  
(b) Subsidy up to 50% of the cost of Generating Sets including Non-Conventiona/ Renewable Energy Generating Sets, subject to a |
Investment Environment & Opportunities in Food Processing: Meghalaya

### Type of Incentive: State Capital Investment Subsidy

- **Salient Features:** State Capital Investment Subsidy on cost of Factory Building, Plant and Machinery will be provided to Large & Medium enterprises at the rate of 30% of the fixed capital investment subject to a ceiling of INR 100 lakhs

### Type of Incentive: Subsidy on the cost incurred for Feasibility Study and Project Reports

- **Salient Features:** Subsidy will be provided at 100% for meeting the cost incurred on the preparation of Feasibility/Project Report subject to a maximum of INR 50,000 for Micro Enterprise and INR 1 lakh for Small Enterprises provided that the Report is prepared by a Government approved agency
<table>
<thead>
<tr>
<th>Type of Incentive</th>
<th>Salient Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special incentives for Export Oriented Units</td>
<td>Export Oriented Units exporting minimum 25% of its installed capacity for at least 3 consecutive years, shall be given additional 15% capital investment subsidy subject to a maximum of INR 50 Lakhs¹</td>
</tr>
<tr>
<td>Subsidy on D.G. Set</td>
<td>Subsidy will be provided at the rate of 30% on the cost D.G. Set for the captive use of energy subject to a ceiling of INR 50 Lakhs¹</td>
</tr>
<tr>
<td>Interest Subsidy</td>
<td>Subsidy on interest payments to Banks/Financial Institutions will be provided at the rate of 4% with a ceiling of INR 30,000 per month on term loans (excluding working capital loans) availed by an entrepreneur for setting up of approved enterprises for a period of 3 years from the date of disbursement of the loan</td>
</tr>
<tr>
<td>Subsidy on cost incurred on Quality Control Measures</td>
<td>Cost of laboratory equipment for the purpose of quality control and ISI Certification @ 50 % subject to a maximum of INR 20 lakhs¹ will be reimbursed.</td>
</tr>
<tr>
<td>Subsidy on Pollution Control Measures</td>
<td>50% of the cost of approved pollution control measures will be reimbursed up to a maximum of INR 25¹ Lakhs per unit</td>
</tr>
<tr>
<td>Reimbursement of Stamps Duty &amp; Registration Fees</td>
<td>Approved Projects will be reimbursed Stamp Duty up to 75 % with a maximum limit of INR 5 Lakhs¹ of the applicable amount to assist execution of deeds of conveyance/mortgage pertaining to loans from Financial Institutions &amp; Banks within the State of Meghalaya</td>
</tr>
<tr>
<td>Border Area Subsidy</td>
<td>Micro &amp; Small and all eligible Units/Enterprises set up in Border Areas within 10 Km from the international border will be entitled to additional State Capital Investment Subsidy of 15% provided such additional incentives shall not exceed INR 50 Lakhs¹ per such unit.</td>
</tr>
</tbody>
</table>

¹ 10 Lakhs = 1 Million
## Snapshot of Potential Investable Projects

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Processable Products/ Infrastructure</th>
<th>Value Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Orange juice manufacturing Unit</td>
<td>Mandarin Orange</td>
<td>Large yield of mandarin orange in the state leaves huge scope for investments in this area</td>
</tr>
<tr>
<td>2. Spices processing unit</td>
<td>Ginger, Turmeric</td>
<td>Ginger &amp; Turmeric powdering units can flourish in the state due to availability of raw material. Ginger Candy, Ginger Cube, Turmeric powder processing &amp; Dried Slices of turmeric are potential end-products</td>
</tr>
<tr>
<td>3. Pineapple juice manufacturing unit</td>
<td>Pineapple</td>
<td>Substantial yield of pineapple in the state leaves huge scope for investments for a juice manufacturing unit</td>
</tr>
<tr>
<td>4. Potato Chips, Starch Extraction Unit</td>
<td>Potato</td>
<td>Large yield of potato in the state leaves provides opportunity for setting up a potato chips manufacturing unit</td>
</tr>
<tr>
<td>5. Areca Nut processing unit</td>
<td>Areca-Nut</td>
<td>Dried forms of Areca-nut is in great demand and there’s ample raw material in the state</td>
</tr>
<tr>
<td>6. Broomstick Extraction Unit</td>
<td>Broomstick</td>
<td>Extraction unit of broomstick very viable in the state since there’s abundance of broomstick plantation in the state.</td>
</tr>
<tr>
<td>7. Black Pepper extraction unit</td>
<td>Black Pepper</td>
<td>Ample scope for setting up an extraction unit of black pepper near the West Khasi Hills</td>
</tr>
<tr>
<td>8. Bay Leaves Oil Extraction Unit</td>
<td>Bay Leaves (Tez Patta)</td>
<td>Oil Extraction Unit from bay leaves will be a highly profitable venture in the state</td>
</tr>
<tr>
<td>9. Oleoresin extraction</td>
<td>Dry Chillies</td>
<td>Oleoresin Extraction Unit from dry chillies is a viable investment opportunity</td>
</tr>
</tbody>
</table>
References

1 https://data.gov.in/catalog/land-use-pattern
2 http://eci.nic.in/eci_main1/SVEEP/statesweepplan2014/MEGHALAYA.pdf
4 http://pib.nic.in/newsite/PrintRelease.aspx?relid=123563
5 http://megtourism.gov.in/howtoreach.html
6 Statistical Year Book India 2017, MOSPI (includes state highway, national highway, other PWD roads, rural roads, urban roads).
7 http://neriwlsm.gov.in/pdfdocument/Agroclimatic_zones.pdf
8 http://megsoil.gov.in/mccdb/mccdb.html
9 http://dahd.nic.in/sites/default/files/BAH%26amp%3BSFS-2017%20%5BPDF%20Format%5D.pdf
11 http://www.cea.nic.in/reports/monthly/installedcapacity/2017/installed_capacity-03.pdf
13 http://megphed.gov.in/acts.htm
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About World Food India

A global event to facilitate partnerships between Indian and international businesses and investors, World Food India (WFI) is a gateway to the Indian food economy and an opportunity to showcase, connect, and collaborate.

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