

**Sector:**

**Forest Environment and Herbal**

**Project Title:**

**Honey Processing Plant**

**Project Description**

From centuries, honey has been used as a natural sweetening agent and in the preparation of confectionaries. It also has vast application in the pharmaceutical industry and is a preferred consumable for people on dieting. Good quality honey has high demand in the international market and it has the potential to generate substantial foreign exchange for the Country. Another bee product, bee wax is high value commodity with application in the cosmetics, candles and paint industries.

The State Government of Madhya Pradesh proposes to set up a modern honey processing plant to facilitate the production of refined high quality honey that could be utilized for bulk consumption in the pharmaceutical, cosmetic or food processing industry or can be sold in the lucrative international market. The plant would have sophisticated equipments with adequate capability to process apiary as well as forest honey on a large scale.

Since moisture content of the raw honey varies and plays a critical role in determining the quality of the final product, the processing plants would be fitted with moisture reduction system.

The Plant would be set up on over 1 acre of Land and would have 4 key modules

1. Collection Center
2. Processing Zone
3. Bottling and Packaging Unit
4. Warehouse

The key equipments of the plant would be:

Gravity Clarifiers	Heating, filtering and storage tank
Honey filters	Extractors
Draining Trays	Bottling and sealing machine
Honey Pumps	Storage tanks

A quality control laboratory would also be set up that will assist in complying with the international quality standards, imperative for selling the product in the international market.

The key target Market would be :

- Ayurvedic Industry
- Food processing Industry
- Exports
- Domestic Retail Market

### **Project Rationale**

Madhya Pradesh (MP) although is among the key honey producing States in the Country but in the absence of modern processing facilities, the State is unable to realize the optimum value since unprocessed raw honey has marginal market value. A large base of MP tribal population is engaged in the collection of wild honey from the forests but in the absence of a modern processing facility, honey collectors are forced to outsource processing function to other States or sell it at throw away prices. Raw honey has a market price of 25-30 per kg while processed honey has a market price ranging from 65-100 per kg in the market.

Quality control and standardization of honey are essential for selling in the international market. For export to European Union (EU) and some other countries, it's mandatory to control the level of pesticides and insecticidal residue in the finished product. Further, some countries insist for a certificate validating the purchase of honey from the disease free colony. Presently there is no disease surveillance system in place and honey collected by tribal is stored unscientifically and in an unhygienic manner which increases the propensity for contamination and deterioration and renders the product unfit for exports.

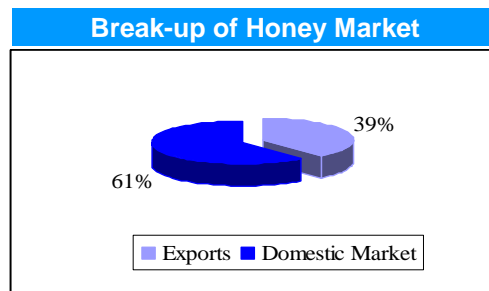
A modern honey processing plant with quality control functions and capabilities to produce refined, high quality product is an imperative requirement in the State. It would position Madhya Pradesh as a key honey processing center and would assist in realization of higher value margins for the final product. It would also enable MP to increase its share of in the lucrative market.

### **Market Potential and Demand Dynamics**

Honey is a major consumable in the international market both as a food item as well as in industries such as Pharmaceuticals, Cosmetics and Confectionary. The demand is especially high for refined, high quality honey free from pesticides, insecticides and other agro-chemicals.

China is the world leading producer as well as exporter of honey. Annual production in China is estimated to be around 300,000 tonnes out of which nearly 50% is exported across the world. In comparison, production in India is less than a quarter to that in China and so is its share in exports market.

India produces around 70,000 tonnes of honey annually out of which 25,000-27,000 tonnes is exported to more than 42 countries. Honey exports are estimated around USD 2.4 mn in 2005-06. United States, EU and Middle East are key exports destination for Indian honey. Presently there are more than one million bee colonies in India but considering the market demand, the Country has the potential for more than 120 mn bee colonies. This would result in the production of around 1.2 mn tonnes of honey and 15,000 tonnes of beeswax. Further it can provide employment to over 6 mn rural and tribal families.



In the domestic market very little amount of honey is use for personal consumption, while majority is utilized by the pharmaceutical and confectionary industry. With changing lifestyle and increasing health consciousness, honey is been increasing consumed as health food. This is likely to drive the domestic demand in future.

### Why Madhya Pradesh?

The State has inherent advantage to support a prospering apiculture industry. With 31% area under the forest, the State forms an ideal rearing and breeding ground for the honey bees.

MP is among the leading honey producer in India. Presently most of the honey produced in the State is forest or wild honey but with proper assistance Apiary honey production could also be increased.

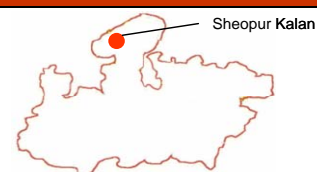
A large part of State tribal population is engaged in the collection of wild honey using unscientific and primitive methods. With training and assistance, advanced collection methods could be taught to these which would ensure efficient supply of the raw honey to the processing plant in a cost effective manner.

MP has ample availability of economic manpower to support the apiary industry which is a labour intensive sector.

Further, as export market would be the key target. The strategic central location of the State and its proximity with major ports and key commercial centers in the Country would help in efficient logistic function for transportation and distribution within and outside the Country.

### Location Analysis

Sheopur Kalan has been earmarked as potential location for establishing the envisaged processing plant.



### Government Support

Acknowledging MP's bee rearing and honey producing potential, the State Government is keen to support a thriving Apiculture industry in the State. It is willing to assist in modernizing the industry by extending fiscal and non fiscal incentives and would further act as a key facilitating agency for the envisaged project.

Further the Government would facilitate the high value retail selling of processed honey through its propriety brand "Vindhya Herbal".

### Proposed Capacity

**The proposed annual capacity of the plant is 500 MT.**

### Proposed Investment

**USD 4.4 million or 2 crores INR**

### Returns

**The Internal Rate of Return is estimated around 12-15%.**

### Coordinating Agency

**Madhya Pradesh Minor forest Products Corporation**