

**Expression of Interest
for
Operating PRIME Hubs
(Agri-processing units) in
Community Public Private Partnership
Model under
Meghalaya Basin Management Agency
(MBMA)**

1. Introduction and context

a. The State of Meghalaya is primarily a **agriculture based rural economy** with approximately 80% of the population dependent on agriculture and allied activities for their livelihood. The structural constraints such as small landholdings, remote geographies, and inadequate infrastructure have impeded the growth of agri-businesses in the state.

b. Taking cognizance of these constraints, the State Government has been taking consistent steps towards collectivization of agri-produce by forming **farmer collectives** in the form of Integrated Village Cooperative Societies, Farmer Producer Organisations, Producer Groups etc. The state has also adopted an **integrated value chain development approach** to transform the horticulture sector of the state with specific emphasis on production, productivity, post-harvest management, value addition and market driven interventions.

c. As of 2022-23, the state has surplus production in a diverse set of horticulture produces such as:

#	Name of Produce	Production (in MT)
1	Ginger	70,432
2	Banana	1,00,478
3	Pineapple	1,42,813
4	Jackfruit	18,133
5	Potato	1,96,229
6	Lakadong Turmeric	23,082
7	Khasi Mandarin	50,245
8	Arecanut	23,260

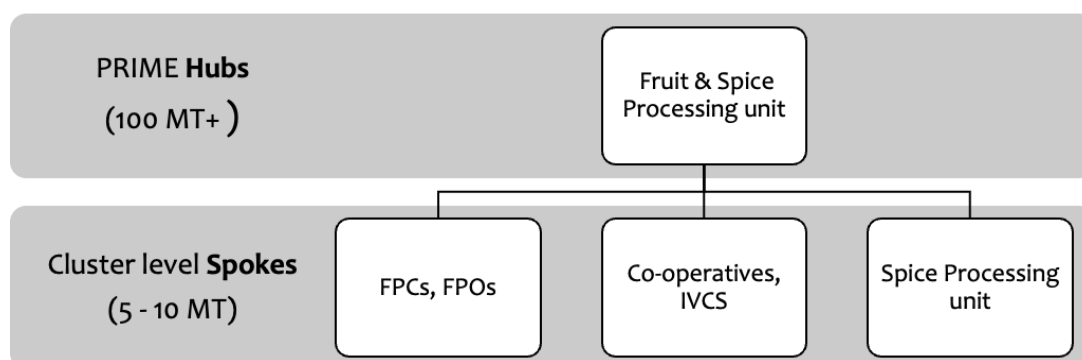
For more crop statistics, visit <https://tinyurl.com/2p8bn9vk>

d. As part of the market driven interventions for these commodities, **30+ farmer collectives** have aggregated and sold to domestic markets in **Mumbai and Delhi**. Also, many have successfully traded to international markets in the **Middle East & Europe** as well. In the last two years, **445MT+ commodities** have been traded by the farmer collectives.

e. Whereas, the State is actively pursuing national and international market linkages, there is a need to also build the absorption capacity for the surplus produce. Processing

of the produce has been recognised as the strategy to reduce post-harvest losses, generate local employment and to improve farmer incomes. The way forward is to enhance the processing capacity within the state. In order to achieve this objective, Meghalaya Basin Management Authority (MBMA) has established **PRIME Hubs** at block level. These are state-wide hubs set up for secondary value addition.

- f. The PRIME hubs are large aggregation and processing centres, owned and managed by the farmer collectives (Co-operatives, IVCS, FPOs etc.) setup on strategic locations (close to the National Highway in Meghalaya or close to Assam – Meghalaya border). These secondary processing units act as a nodal hub for the spokes.



- g. Each PRIME Hub* may comprise of

Particular	Available resources	Indicative Additional resources
Land	15,000 Sq. Mt - Production floor, training hall & accommodation for staff	Warehousing and Cold room
Power	Grid + 50kw Solar Backup	Additional Off Grid Solar Backup / DG
Raw material	Sourced from the block and nearby clusters	
HR	Unskilled & semi-skilled	Skilled & Managerial
Capital	Capital expenditure	Operating expenses

*Layout and photos of the existing infrastructure can be found in **Annexure A**

- h. Through government support and convergence there is requisite land, infrastructure and capital, but there is a lack of adequate technical know-how, skilled labour and market connect. Therefore, the PRIME HUBS need partnerships

with industry leaders and experts to leverage on their technical and marketing expertise to make the hubs sustainable and profitable.

- i. Hence Meghalaya Basin Management Agency, GoM is inviting private sector players with considerable experience in the food processing sector to operationalise the PRIME HUBs. As a pilot initiative, **Umdihar PRIME HUB** was operationalised using such a convergence model called as **CPPP (Community Public Private Partnership)**. (Find **Annexure B** for more details)
- j. The Community Public Private Partnership (CPPP) model involves a collaborative effort from various stakeholders to ensure the success of projects. The model is summarized as follows:
 - i. **Community:** Provides land, labour (skilled/ semi-skilled/casual), and raw materials through local community members, farmers, or farmer cooperatives.
 - ii. **Public:** Offers capital support to cooperatives from the government.
 - iii. **Private:** Contributes working capital, technology, and market linkage support or any other relevant support during the engagement period
 - iv. **Partnership:** Ensures the success of projects through the collaborative efforts of all stakeholders.
- k. Following are the PRIME HUBs where MBMA, GoM is looking for inviting applications in the first phase:

#	District	Block	Name of PRIME HUB	Name of IVCS/Community partner
1	EGH	Songsak	Songsak	BAKDIL
2	WKH	Mawshynrut	Porshieh	Hope IVCS
3	WJH	Thadlaskein	Wahiajer	Wahiajer IVCS
4	EGH	Dambo Rongjeng	Gabil Rongmil	Rongmil IVCS
5	NGH	Kharkutta	Gairong	Nangrime IVCS Ltd
6	WGH	Rongram	Jenjal PRIME HUB	All Garo Hills MPCS
7	SGH	Baghmara	Baghmara	Dabram IVCS Ltd
8	WKH	Nongstoin	Pyndenglawar	Pyndenglawar IVCS
9	EKH	Khatarshnong Laitkroh	Diengkynthong	Diengkynthong IVCS
10	Ri Bhoi	Jirang	Jirang	All Jirang Youth Social Organisation

2. Objective of the Expression of Interest

To onboard private sector players to collaborate with the state's farmer cooperatives in managing and making profitable the PRIME HUBS.

3. Scope of Work for the private player

- a. Develop a business model for the respective value-chains to make the hub profitable ensuring fair price to the raw produces of the region.
- b. Develop a plan for capacity building of the farmer collective to independently manage the PRIME HUBS and make it sustainable.
- c. Operate and manage the PRIME Hub in collaboration with farmer collective for a minimum of 3 years to maximum of 10 years through a profit sharing model.
- d. Coordinate with the MBMA and the other relevant stakeholders for managing the hub and establishing market linkages.
- e. Ensure market linkages of the finished produce for the defined period of engagement as mutually agreed.

4. Benefits for the stakeholders of CPPP Model

4.1. Benefits for the Private Player

- a. Opportunity to create an additional revenue stream for a period of 5 – 10 years
- b. Units with complete infrastructure including processing hall, office space and accommodation
- c. Additional infrastructure required for the processing line/storage/any other relevant infrastructure can be proposed
- d. Profit sharing model between the private entity and the farmer collective based on the contributions in the Working capital expenditure and profitability of the overall business plan.
- e. Loan Assistance for Working Capital expenditures

4.2. Benefits for the Community Partner

- a. Funding support from MBMA, GoM towards additional Capital expenditure in consultation with private player.
- a. Fair price for the produce and newer revenue streams for the community partner
- b. Market linkage support for the value added produce
- c. Employment opportunities for the community
- d. Capacity building support from industry experts
- e. Operational unit to be run independently by the community in a period of 5 – 10 years.

5. Short-listing process

A Technical committee under MBMA will conduct a **preliminary short listing** of applications received (as mentioned in Section 6) based on the following considerations:

- a. Prior experience of operationalising agro food processing enterprises and establishing sustainable market linkages.
- b. Sustainable business plan with better profits to farmer collectives and procurement at fair prices from local farmers.
- c. Systematic plan towards capacity building of staff belonging to farmer collectives.

The short-listed entities will make a detailed presentation to the Technical committee before the **final shortlisting**.

The presentation will include the following aspects:

- Detailed business plan including CAPEX (existing & additional) and OPEX
- Cost Benefit Analysis – Revenue, EBITDA, PAT, Cashflow, NPV, IRR
- Impact on farmers – Procurement quantity and prices
- Employment generation – Employment for Skilled, semi-skilled, casual labour (from the Community and from Private enterprise)
- Profit sharing model (to be proposed by private player based on their investments)

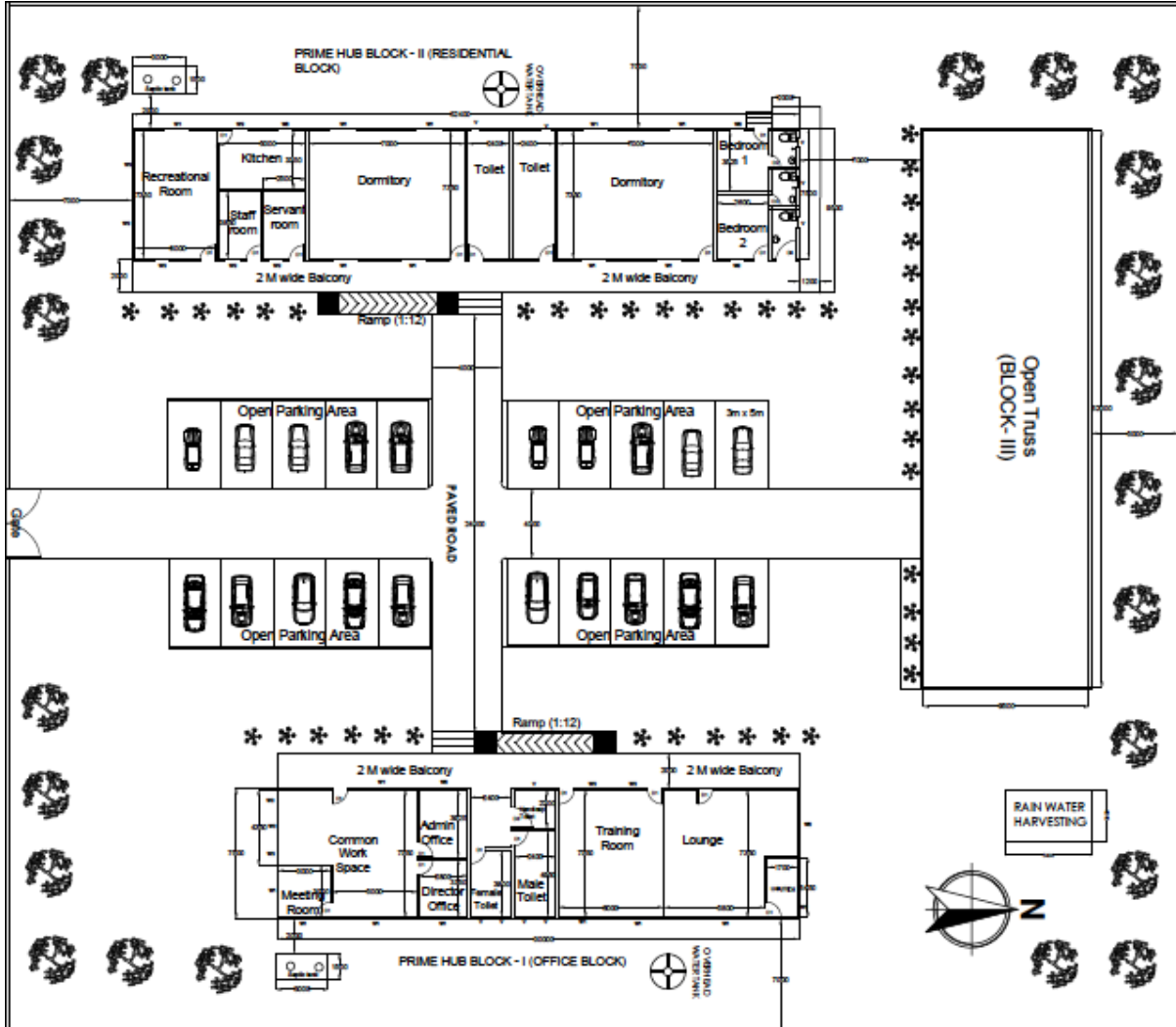
Detailed contract between the private enterprise, farmer collective and MBMA will be finalised post the selection process. **Based on the business model economics, investment commitments of the private players and proposed profit sharing model, final decision on the location and contract will be taken by the Technical committee under MBMA.**

6. Guidelines For Submission of Proposals

- a. Proposals towards EOI must be delivered in a written form as per **Annexure C** to the address below through registered post/ speed post/ courier/ by hand on or email on or before **15th August 2024, 5 PM**.
- b. Applicants who have any queries/clarifications shall e-mail the same on marketsmbma@gmail.com before **EOD 31st July 2024**. No queries will be entertained post 31st July 2024. An online meeting will be held at **2PM on 31st July 2024** in the following link: <https://meet.google.com/jio-vpue-anj> to consolidate the queries.
- c. Address for EOI Applications – Chief Executive Officer, Meghalaya Basin Management Agency, C/o Meghalaya State Housing Financing Co-operative Society Ltd. Upper Nongrim Hills, Shillong – 793003. Email ID: marketsmbma@gmail.com

ANNEXURE A

1) Layout of the PRIME HUB



2) Photos of the PRIME HUB





ANNEXURE B



The **Umdihar PRIME HUB** is a pilot project located in Ri Bhoi district aimed at tapping the potential of private sector through a convergence model - **Community Public Private Partnerships (CPPP Model)**. The CPPP model can be explained as:

- *Community contribution:* Land, labour, and supply of raw material provided by the local community/ farmer/ farmer cooperative
- *Public support:* Capital support to cooperatives from the Government to setup infrastructure, Power subsidies
- *Private player contribution:* Working capital, Technology, and market linkage facilitation by the private player

- **Partnership:** Collaborative effort of all stakeholders for success of the projects

In the **Umdihar PRIME HUB**, Kew pineapples of Meghalaya are processed to frozen chunks which will be exported European markets. The local **community** consisting of a large number of pineapple farmers were mobilised itself into the Umdihar Integrated Village Cooperative Society; **GoM** provided the capital support to the Umdihar IVCS for infrastructure establishment; the investment in machinery, working capital expenditure, skilled managers and market linkages were provided by a **private player**, IQF Food Pvt Ltd. The model is a win-win for the community and the private player. Today the unit has become a place where **farmers get a fair price** for their fresh Kew pineapples and the private entity has a larger stake in the profits generated due to the investments they made.

The frozen pineapples after its secondary processing in Karnataka eventually find its way to European markets. Such is the potential of convergence and CPPP models.*

**The above pilot is only indicative of the engagement possibilities under CPPP Model. Each applicant can propose a viable model where it is a win-win scenario for all the stakeholders.*

ANNEXURE C

a. Detailed Project Report

- i. Details of the private sector player – Introduction, Location, Past experience etc.
- ii. Overview of Business plan
- iii. Objectives of Business including products
- iv. Value chain analysis of produce
- v. Details of processing
- vi. Market assessment
- vii. Budget, processing capacity & output
- viii. Financial Analysis
- ix. Working capital requirement
- x. Profit sharing model (to be proposed based on investment commitments and feasibility)
- xi. Impact to the community
- xii. Annexure – Documents to support your past experience in establishing large processing units, market linkages etc (balance sheets, media coverage, invoices, purchase orders, certifications, self-attested machinery line list of your unit etc)
- xiii. Any other relevant details have to be added for creating a comprehensive business plan.

b. Business Model Excel Sheet

Along with the DPR an excel sheet has to be mailed detailing the business plan with assumptions, CAPEX (Existing infrastructure of Rs 3.5Cr+ and additional proposed), OPEX, procurement prices, revenues, profits, EBITDA, PAT, NPV, IRR etc.

A model excel sheet can be mailed to the applicants on request. Kindly drop the email request to marketsmbma@gmail.com