

Agro Export Processing Zones

Name of Organization	Agro Export Processing Zone
Controlling Department	Agriculture Department
Chief Executive	Mr. Mujtaba Husain Mirza, Project Director
Address	A-212, Block 3, Gulshan-e-Iqbal, Karachi
Phone	021-2033773
Legal Status	This will be an Authority under an Act of Parliament
Incorporated/ Created in:	Development phase since FY2003. Act for creating an Authority not passed till now.

1. Background

1. Agro Export Processing Zones are being set up at Karachi and seven other places in Sindh. The scheme is in development phase and an Authority is proposed to be established when the development phase is completed in June 2009.

2. Objectives

2. The objectives of AEPZ are to help realize the full potential of export of vegetables and fruits by providing proper marketing and processing arrangements at the Agro Export Processing Zones. The (proposed) Authority would provide developed plots to the private sector for setting up of cold storages, ice factories, grading, waxing, packaging and processing plants. Generally one-window operations for completing export formalities will be provided at the Karachi AEPZ which shall have the other seven AEPZs acting as its satellites.

3. Governance Arrangements

3. Activities of Agro Export Processing Zones are being monitored and coordinated by a Committee of 11 members. The DG (Agriculture Extension) Hyderabad is the Chairman of this Committee. Other members include six growers, one exporter, President Chamber of Commerce and Industries of Hyderabad, EDO (Agriculture) of the concerned district), as well as, the Project Director of Agro Export Processing Zones. The Committee was formed to finalize/ monitor and coordinate the allotment of Agro Export Processing Zones in Sindh (July 2006).

4. The proper Governance Structure (Board of Directors, Board of Governors) shall be decided when an Act to create an "Agro Export Processing Zones Authority" is passed by the Provincial Assembly.

4. Performance

a. Physical Performance

5. The AEPZ are being implemented on 120 acres of land as shown in the following Table.

Name of Agro Export Processing Zone and Location	Total Area (Acres)	Remarks
Karachi (On Superhighway - near new fruit and vegetable market)	50	Land provided by BoR
Khairpur (Integrated Service Centre)	10	Land provided by Government
Naushero Feroze	10	Private land purchased
Sakrand, Nawabshah (Research Farm Sakrand)	10	Land provided by Government
Hyderabad (Research Farm Hosri)	10	Land provided by Government
Ghotki (Ruk Farm)	10	10 acres of Sindh Seed corporation transferred to AEPZ
Mirpurkhas (Horticulture Research Institute)	10	Land provided by Government
Badin (Tomato Research Centre)	10	Land provided by Government
Total (Acres)	120	

6. The following Table shows the detail of the 8 AEPZs being implemented in Sindh.

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Agro Export Processing Zone	Open Plots	Shops	Cold Storage	Ice Factories	Canteen	Total	Allotment PRs per sq yd	Allotment Position
Karachi	36	30	3	2	2	73	2,726	Completed
Khairpur	9	10	1	-	1	21	528	Completed
Naushero Feroze	11	17	1	-	1	30	601	No response growers/ exporters
Sakrand	9	9	1	-	1	20	697	No response growers/ exporters
Hyderabad	8	6	1	-	1	16	343	Growers quota completed
Ghotki	9	10	1	-	1	21	454	No response growers/ exporters
Mirpurkhas	10	8	1	-	1	20	624	In Progress
Badin	11	10	1	-	1	23	947	In Progress
Total	103	100	10	2	9	224		

7. The plots in AEZ are allotted by an allotment committee according to the following allotment criteria:

- (a) Open Plots: 30% to exporters (of which 50% are existing and 50% new exporters) and 70% to growers.
- (b) Commercial Shops: 30% to traders and 70% to growers.
- (c) Cold Storage: 30% to traders and 70% to growers.
- (d) Ice Factory: 30% to traders and 70% to growers.
- (e) Canteen: 30% to traders and 70% to growers.

8. No response from Growers/ Traders at three AEPZs: The AEPZs are being set up on the assumption that export of agro products will shoot up by improving the marketing systems and infrastructure. The no response from growers/ exporters for AEPZs at Noushero Feroze (20 plots), Sakrand (20 plots) and Ghotki (21 plots) shows that these are not demand-driven and probably the site selection has been made without consultation or obtaining an input from the potential users (growers/ traders) of these facilities. At Hyderabad also, the growers' quota of 12 plots has been allotted but traders have not applied for allotment of their quota of 4 plots.

9. Encroachment at Karachi AEPZ: 50 acres were handed over to Services and Works Department in FY2004 out of which at that time 1.5 acres were encroached upon. This encroachment has increased to 15 acres as Works department has not constructed a boundary wall though repeatedly requested to do so. The case is now sub-judice as the encroachers have filed a suit. The suit has been decided in favour of agricultural department in 2007 by the Civil Judge and in August 2008 by the Additional Distt & Sessions Judge against which another appeal has been filed by the encroachers.

10. Completion of AEPZs: Though implementation of the Project was started in FY2003 yet till now only the allotment process (wherever there has been a response from growers/ traders) has been completed. The basic infrastructure has not been completed and further construction has been stopped after inspection by the Chief Minister's Inspection Team. The deadline for completion of AEPZs has been fixed as June 2009. The allottees have been allowed three years (from FY2007) for setting up their projects. Bye-laws for buildings have been sent to the Government for approval. Obviously most of the allottees will start implementing their projects after the AEPZs are completed and become operational and after they receive the approved bylaws for construction of their buildings. So in all, the process will be completed and hopefully production may start sometime in FY2012 or the project will take about ten years to complete.

b. Financial Performance

11. Development works being implemented since FY2004. Currently AEPZ does not have a non-development budget and Financial Statements (Income and Expenditure Accounts) have not been prepared till now.

12. The accounts of AEPZ have not been audited till now as it is in development phase and does not have a non-development budget.

13. AEPZ are dependent on the GoS for the development expenditure. The PSDP of GoS includes the following allocations for AEPZ: FY2006 PRs13 million, FY2007 PRs11 million, FY2008 PRs55 million and FY2009 PRs144 million.

14. Cost Overrun: The original PC-1 of the Project in FY2004 was PRs189 million and this was increased to PRs370 million. Almost the entire amount has been allocated / will be released till June 2009. However, with 100% of financial outlay only 61% of physical progress will be achieved due to escalation in prices resulting from the long implementation period. As such the cost will have to be revised upward to complete the project. A revised PC-1 will be prepared and got approved.

15. Allotment Rates: Utilities such as electricity, drainage, water, etc can be provided only after a revised PC-1 is prepared and approved. At Karachi AEPZ, the plots have been allotted @ PRs2,726 per square yard (or PRs5.6 million per plot) with the rate calculated on "No Profit No Loss" basis. After the PC-1 is revised to complete the project and provide missing utilities, the allotment rate will not remain a "no profit no loss" rate but will be a subsidized rate.