

The Uttar Pradesh Food Processing Industry Policy-2017



**Department of Horticulture & Food Processing
Uttar Pradesh**

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1. Background

The Horticulture and Food Processing sector of Uttar Pradesh has vast prospects for capital investment, employment generation and augmenting rural income. In India, so far as production of food-grains, horticultural crops and milk is concerned, Uttar Pradesh occupies a prominent place. In view of a huge market, low production cost, human resource and sufficient availability of raw material. There are ample possibilities for setting up horticulture and food processing based industries in the state. That is why the Uttar Pradesh Government is determined to develop the state as a food park state.

In view of production of the abundance of food-grains, horticultural produce, milk and other agricultural produce in different agro-climatic zones of Uttar Pradesh, now it has become all the more pertinent to make available processed food products to the common people by converting the surplus produce into a value added chain. In the backdrop of rather easily available workforce, a large quantity of produce worth processing and immense possibilities of employment generation in the state, the Uttar Pradesh Food Processing Policy-2017 is required in order to multiplying the well planned development of food processing industry in the state.

1.1 A consistent growth has been noticed in the demand of processed products as a result of changing food habits due to rapid urbanisation, population growth, smaller families, increase in family income and busy life styles.

1.2 Uttar Pradesh is brimming with exciting possibilities of developing the food processing sector, investing capital in the sector, generating employment and increasing income for all stakeholders.

1.3 In sequel of the Uttar Pradesh Industrial Investment and Employment Promotion Policy-2017, the Uttar Pradesh Food Processing Industry Policy-2017 is being promulgated to set up and develop food processing industries and to further augment the current food processing opportunities in the state.

2. Vision & Implementation of the Policy

As per different reports and the survey undertaken by the Government of India, the value addition and the level of processing both are comparatively less in India as compared to other countries. The level of processing is 10 percent in the country and 06 percent in Uttar Pradesh. In other countries the percentage is much higher. There is an urgent need to promote capital investment in a big way in the food processing sector in India and the state of Uttar Pradesh. The Government of India has targeted to achieve a level of value addition and processing upto 20% in next five years. Achieving the same level is also proposed in Uttar Pradesh.

2.1 Vision

To ensure balanced economic development of the state and provide maximum benefit to all stake holders by establishing Uttar Pradesh as a leading state in food processing sector.

2.2 Objective

The main objective of the Uttar Pradesh Food Processing Industry Policy-2017 is to ensure fair and remunerative price of the produce to the growers, value addition to the price of raw produce, promote setting up of food processing industries, easy availability of processed food products to consumers at competitive prices, generation of new employment opportunities to build capacities and increase the skill level of the manpower in this sector and also make available additionally required manpower.

2.3 Implementation of the Policy

The Policy will remain operative for a period of 05 years since the date of its notification. If in any stage, a situation does arise, that demands an amendment of the Policy, the Honourable Council of Ministers only shall be authorised to approve such amendment of the Policy.

3. Areas Covered Under Food Processing

Following industries will be the part of the food processing industries:-

- Processing of fruits and vegetables, flowers, spices, medicinal & aromatic plants and mushrooms.
- Processed products based on agricultural produce such as food-grains, pulses and oilseeds.
- Processing of agro-based products like milk powder, baby milk food, malted milk food, condensed milk, ghee, other dairy products, poultry and eggs, meat and meat products.
- Fish processing.
- Processing related to bread, oilseed, edible food items, breakfast food, sweets (including coco processing and chocolate production), malted extracts, protein isolates, and food items rich in protein, weaning food and extruded food products.
- Specialised packaging for food processing industries.
- Reefer vehicles/mobile pre-cooling vans.
- Creation of infrastructure based on the post-harvest management and agro processing cluster.

4. Priority Sector

4.1 Development of Infrastructure Facilities

For growth of food processing industries, there must be quality infrastructure facilities in the state. The infrastructural facilities provisioned under the Industrial Investment & Employment Promotion Policy-2017 will also be equally applicable to the food processing industries of the state.

4.2 Identification of Food Processing Zones

Food processing zones will be identified on the basis of availability and suitability of the local raw material for setting up food processing industries in various districts of the state. Priority will be accorded to set up suitable food processing industries in these zones. Besides, food parks and mega food parks will also be established in these zones. Efforts will be made to develop Uttar Pradesh as a Food Park State with the objective of ensuring a remunerative return to farmers of their produce.

4.3 Development of Food Processing Park, Mega Food Park & Cold Chain Facility

Thrust will be given on setting up of infrastructure facilities based on zone wise clusters, Food processing parks will be established in specific zones in cooperation with the Uttar Pradesh State Industrial Development Corporation Ltd. (UPSIDC) and private sector. These parks will have facilities for packaging, export and research. Emphasis will be given on establishing infrastructural facilities like Mega Food Parks and cool chain in suitable areas of the state.

A mega project under the food processing sector is the one in which Rs. 50 crore or more is invested.

4.4 Providing conducive atmosphere for setting-up Food Processing Industry

- (1) The State Government will make sincere efforts to meet the basic requirements of the entrepreneurs for setting up of food processing industries in the state.

- (2) Rules and procedures have been simplified under the Uttar Pradesh Industrial Investment & Employment Promotion Policy-2017, provisions related to Labour, Energy, Environment, Commercial Tax, Department of Agriculture Marketing & Agriculture Foreign Trade and other concerning departments, will also be applicable to the food processing industrial units to be set-up in the state under this policy.
- (3) Under e-governance, computerization of the offices of Food Processing Department will be augmented, so that information can be exchanged easily through internet and all information can be given to the entrepreneurs under one roof. These centres will act as a bridge for reinforcement of the forward and the backward linkages.

4.5 Simplification of Procedures

- (1) The Horticulture & Food Processing Department, Uttar Pradesh will ensure simplification of the procedures for implementation of facilities to be made available under the Policy.
- (2) The Horticulture & Food Processing Department will evolve a Single Window System on the pattern of Udyog Bandhu for convenience of investors. Besides, arrangements will also be made at division and district levels to give information to the investors regarding available facilities for setting up of food processing industries.

5. Capital Investment Promotion

For setting up of the food processing industries in the state, capital investment will be attracted through a package of grant-in-aid and concessions available under various schemes of the Central and the State Governments and also under this Policy. The food processing Industries already in existence in the state will be encouraged for technical modernisation/up-gradation and expansion for available capacity through various schemes.

6. Employment Generation

Efforts will be made to generate opportunities of employment under the food processing sector in the state by enhancing technical competency skill of unemployed persons, promoting capital investment and setting up of units. For employment generation on a large scale, well equipped infrastructure of training will be managed in rural areas to develop food processing activities as cottage industry and marketing to be done through groups/FPOs/societies.

The food processing training programmes will be linked to the livelihood mission and the skill development programmes.

7. Financial Grants & Concessions

The State Government will take appropriate steps including an array of concessions, financial assistance and grant for attracting investment towards food processing sector and sustaining growth of industries and competitive spirit. Following concessions and subsidies will be available to the units setup under this policy :-

7.1. Setting up Food Processing Units :

7.1.1 Capital Investment Subsidy:

(A) A subsidy amounting to 25 percent of incurred expenditure on plant machinery and technical civil work in respect of setting up, expansion and modernisation/up gradation of the food processing units in the state will be provided, subject to a maximum of Rs. 50 lakh in all the districts of the state.

In case the funds from the known sources are available with the entrepreneur, there will be no compulsion for availing loan.

(B) Under the Pradhan Mantri Kisan Sampada Yojana Scheme for (Agro-Marine Processing and development Agro-processing Clusters) of Government of India, an additional capital investment subsidy at the rate of 10% of the cost of plant machinery and technical civil works to the fruits & Vegetables Units for setting up of new unit/expansion and modernisation will be provided.

(C) The Mega Food Park project sanctioned for Uttar Pradesh under the Pradhan Mantri Kisan Sampada Yojana, Government of India with a minimum capital investment of Rs. 50 crore and above, an additional subsidy at the rate of 10 percent of the project cost, will be provided by the State Government.

Proviso, the facility provisioned under the Para 7.1.1 (A) shall not be admissible to those proposals, which are covered under Para 7.1.1 (B & C).

7.1.2 Interest Subsidy:

- (A) Cent-percent of the rate of interest accrued on the loan taken from banks/financial institutions for meeting the expenditure on plant machinery, technical civil work and spare parts for establishing the micro and small food processing industries will be reimbursed for a maximum period 05 years.
- (B) Other food processing units setup in the state will be reimbursed the amount of interest accrued on the loan taken for the banks/financial institutions for meeting the expenditure on plant machinery, technical civil works and spare parts, at the rate of 07 percent for a period of 05 years. Its maximum limit will be Rs. 50 lakh per year per unit.

Proviso, in the cases of capital subsidy proposed in the Para 7.1.1 and the loan taken from banks/financial institutions as proposed in the Para 7.1.2, the maximum amount including the interest subsidy will not exceed the limit of Rs. 250 lakh in the period of 05 years.

7.2 Interest Subsidy for Purchase of Reefer Vehicles & Mobile Pre-Cooling vans

For the purchase of reefer vehicle, reimbursement of the amount of interest accrued on the loan taken from banks/financial institutions will be done at the rate of 07 percent or the actual interest rate, whichever is less, for a period of 05 years. Its maximum limit will be Rs. 50 lakh.

7.3 Creating Infrastructure for conducting Degree/Diploma /Certificate Courses in Food Processing:

Grant-in-Aid up to a maximum limit of Rs. 75 lakh may be provided towards the expenditure incurred on infrastructural facilities such as modern library, pilot plant, and laboratory equipment to the Universities/Government Institutions for conducting degree/diploma/certificate courses in Food Processing technology.

7.4 Skill Development in Food Processing:

7.4.1 Entrepreneurship development programmes will be organised in the institutes, research & development institutes of the Central and State

Governments for training of entrepreneurs/participants for the establishment of industries. Practical training to the selected entrepreneurs for setting up of the food processing units will be imparted at premier institutions of the country at actual training costs.

7.4.2 Technology transfer will be done by organising three day food processing training/camp in the Nyaya Panchayats of the state.

7.4.3 After training in Nyaya Panchayats, the participants desirous of further training will be selected for a month long district level training at Government Food Processing Training Centres. Setting up of the small food processing units in the rural areas will be promoted through new scheme. For this purpose, subsidy at the rate of 50 percent of the unit cost, subject to a maximum limit Rs. 01 lakh per unit will be provided.

7.4.4 The Government Food Science Training Centres will be strengthened and developed as Centres of Excellence of Food Processing. These centres will be run on PPP model, if needed.

7.5 Food Processing Promotional Facilities:

Seminars/Symposiums/buyer-seller conferences etc. will be organised at the state/division/district/block levels with a view to disseminate information about schemes/ facilities/ concessions and new technology related to the sector for entrepreneurs/horticulturists/youths.

7.6 Promotion of Standardisation:

For the purpose of standardization of products as per internationally accepted quality norms, environmental certification and accreditation such as ISO:14001, ISO:2200, HACCP, Phytosanitary certification etc., the state government will provide 50 percent as fee reimbursement subject to a maximum of Rs. 1.50 lakh.

7.7 Provision for Patent/Design Registration:

75 percent of the fees paid by food processing units to the authorised organisations/institutions subject to a maximum of Rs. 1.50 lakh will be reimbursed as subsidy as a onetime support to the food processing industries for registering their patent/design.

7.8 Provisions for Marketing Development and Brand Promotion:

The following concessions and subsidies will be available for marketing development and brand promotion to the food processing units set up in the state:

- (1) Subsidy to the tune of 50 percent of the unit cost subject to a maximum of Rs. 02 lakh per beneficiary will be provided for transport of samples of the processed food products for marketing in other countries. This subsidy will be admissible for one country and one sample only to a unit.
- (2) With a view to promote the export of processed food products from the state to other countries, 25 percent of the actual transportation cost of the product upto the sea port/air port subject to a maximum of Rs. 10 lakh per year will be provided for a period of three years to a beneficiary.
- (3) With a view to promote the export of processed food products from the state to other countries, 20 percent of F.O.B. price of the products subject to maximum limit of Rs. 20 lakh per year will be provided for a period of three years.

7.9 Assistance towards preparation of bankable projects for setting-up of the Food Processing Industries:

Assistance will be provided to entrepreneurs for preparing bankable projects for setting up of the food processing and related industries. The 50% assistance will be admissible for preparation of Detailed Project Report (DPR) of actual expenditure to a maximum of Rs. 05 lakh per beneficiary.

8. Other Facilities

All the relevant concessions underlined in the Uttar Pradesh Industrial Investment & Employment Promotion Policy-2017 will also be admissible to the food processing industries, as provisioned time to time. These facilities will be provided by the concerned departments.

9. Institutional Strengthening & Effective Utilisation of Institutions

- 9.1 The Horticulture & Food Processing Department will modernise and strengthen the food processing centres/district and divisional offices.
- 9.2 The Directorate of Horticulture & Food Processing will be Nodal Agency for implementation and monitoring of the Policy. A separate Cell will be created at the directorate.
- 9.3 The Nodal Agency will also act as Nodal Institution. The nodal agency will also co-ordinate with different sources viz. Government of India, APEDA, NHB, Agriculture, MIDH, Skill Development Mission, AYUSH and other institutions and help the entrepreneurs for getting the assistance provided by these institutions.

10. Implementation and Monitoring of the Policy

10.1 State Level Empowered Committee:

A State Level Empowered Committee will be constituted under the chairmanship of the Chief Secretary/an officer delegated by him for the implementation and monitoring of the provisions of the policy. The Principal Secretaries/Secretaries of different departments will be its member. Principal Secretary/Secretary of the Food Processing Department will be the Coordinating Secretary of the Committee. Representatives of the Industry Associations will be invitee member.

10.2 Divisional Level Monitoring Committee

A divisional level committee will be constituted under the Chairmanship of the Commissioner for implementation and monitoring of the Policy at divisional level. District Magistrates and Chief Development Officers and officers of concerned departments will be the members of the Committee. The Principal of Food Science Training Centre/Food Processing Officer will be Member Secretary of the Committee.

10.3 District Level Project Implementation Committee

The proposals of capital investment under this policy will be implemented through District Manager, District Industries Centre. A district level implementation and monitoring committee headed by the District Magistrate will be constituted, in which district level officers of the concerned departments will be member of the committee. The District Manager, District Industries Centre will be Member Secretary. District Horticulture Officer and the officer of Food Processing will be ex-officio members of the committee.

10.4 Nodal Department/Nodal Agency

- (1) Horticulture and Food Processing Department will be nodal department for implementation and monitoring of this policy.
- (2) Directorate of Horticulture and Food Processing will be nodal agency for the implementation and monitoring of this policy.

11. Miscellaneous

If any unit/institution applying under the Policy has already received subsidy/assistance from any other agency or the Government of India, the unit/institution shall be given the additionally admissible assistance under this policy by deducting the amount of assistance, received earlier under the same heads, from the amount of assistance to be given under the heads admissible in other clauses, excluding the clause 7.1.1 (B and C) of this Policy.

The unit/institution will be free to receive subsidy from the Government of India or other scheme/department under a head other than those provisioned in this policy.

All the concerned departments will ensure issuance of Government orders and guidelines for timely implementation of this policy.

Disclaimer : It is hereby clarified that the above text is the translation of the original Hindi version of the Uttar Pradesh Food Processing Industry Policy-2017. In case of any discrepancy between the English and the Hindi versions, the latter shall be final and binding.

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