

**UP GLOBAL
INVESTORS SUMMIT**
10-12 FEBRUARY, 2023 | LUCKNOW
New India's Growth Engine

UTTAR PRADESH
**Agriculture and
Food Processing**
SECTOR



Global Scenario

- The global Food Processing market was valued at 309458.47 million USD in 2021 and will grow with a CAGR of 2.3% from 2021 to 2027.¹
- The major demand drivers for the industry include improved yield and resistance due to hybrid seeds, increasing mechanization of farming, rising disposable income, increasing awareness of health and wellness, growing population and expanding urbanization.
- The structure of the global food industry is continuously changing and evolving as food suppliers, manufacturers, and retailers adjust to meet the needs of the consumers, who are increasingly demanding a wider variety of higher-quality products.

INDIA SCENARIO

- Agro-food processing, one of the focus sectors in the 'Make in India' initiative is considered as one of the fastest growing sectors in India.
- India's food processing sector is one of the largest in the world and its output is expected to reach \$535 bn by 2025-26. By 2030, Indian annual household consumption to treble, making India 5th largest consumer.²
- Food and grocery market in India is the sixth-largest in the world. Food processing industry contributes 32% to this food market and is also one of the largest industries in the country, contributing 13% to total export and six% of industrial investment.
- Out of the total 39 mega food parks that were sanctioned, 22 mega food parks are operational, as of November 2021.
- Between April 2020-February 2021 and April 2021-February 2022, agricultural & processed food product exports stood at US\$ 22.07 billion.³
- Export growth of fresh fruits and vegetables in term of value is 14% and of processed fruits and vegetables is 16.27%.
- Exports of other processed food items grew by 34% during 2021-22 to touch \$1164 mn against \$866 mn in 2020-21.⁴
- India ranks 2nd after China in total food production globally.
- India ranks 1st in production of Milk, Pulses, Spices, Bananas, Mango, Guava, Papaya, Ginger and Okra in the world.
- India ranks 2nd in production of Horticulture Crops, Green peas, Potato, Tea, Tomato, Sesame Seed and many other key commodities in the world.
- India's APEDA reports that in MY 2020/2021 organic crop production reached 3.2 million metric tons (MMT), up 36 percent compared to MY 2019/2020.
- Food Processing sector engages maximum number of people with 20.05 lakhs consisting 12.32 % of the total employment share.⁵

1. Global Food Processing Market Research Report 2022 Professional Edition

2. FICCI

3. IBEF

4. Agriculture & Forestry Industry in India - Invest India

5. Food Processing | Make In India

Key Enablers in India

❖ Liberal FDI regime

India permits 100 per cent FDI in the food processing sector through the automatic route (barring alcohol and sectors reserved for small scale industries) and 100 per cent FDI under Government route for trading, including (e-commerce) has been permitted in respect of food products manufactured and/or produced in India. The sector has also recorded a sharp increase in investments with cumulative FDI inflow of US\$ 2.55 billion between April 2000-March 2022.⁶

❖ Thriving Supply Chain

An abundant input resource base/supplier market, keen on value addition, presents evergreen avenues to investors. Government of India expects the food processing sector to consume around 25 per cent of the total national agri produce by 2025.

❖ Conducive Regulatory Regime

A unified certification regime under the Food Safety Standards Authority of India (FSSAI) basis tests from a network of recognised testing laboratories (public/private) ensures and preserves the sector's regulatory credibility and stability throughout the country.

❖ Schemes / Incentives

Introduction of schemes such as Pradhan Mantri Kisan SAMPADA Yojana, Mega Food parks, Cold Chain, Creation/ Expansion of Food Processing/Preservation Capacities, Agro Processing Cluster, Food Safety & Quality Assurance infrastructure, as well as availability of affordable credit and other fiscal incentives has also led to India being considered as one of the most favourable markets. There are 731 Krishi Vigyan Kendras (KVKs) in the country.

The technologies developed out of research conducted by ICAR are taken to farmers' fields for its assessment by KVKs to ascertain their location specificity under various farming systems. KVKs also conduct large number of technology demonstrations at farmers' fields for their adoption by the farmers.⁷ In April 2021, the Government of India approved a PLI scheme for the food processing sector with an incentive outlay of Rs 10,900 crore (US\$ 1,484 million) over a period of six years starting from FY2.⁸



6. IBEF

7. Food Processing | Make In India

8. IBEF

UTTAR PRADESH SCENARIO

- Uttar Pradesh is one of the major fruit and Vegetables producing States of the country.⁹
- Ministry has approved 23 Cold Chain projects, 3 Agro-Processing Clusters, 22 Food Processing Units in Uttar Pradesh under PMKSY.
- Mission for Integrated Development of Horticulture to strengthen post-harvest infrastructure management, including that for Medicinal plants, activities like handling, grading, pre- conditioning, packaging, transient storage, transportation, distribution, curing and ripening and where possible long-term storage can be taken up. Existing schemes of the Directorate of Marketing and Inspection (DMI) and National Cooperative Development Corporation (NCDC) will be leveraged to the extent possible.
 - ❖ MIDH would include projects relating to establishment of pre-cooling units, 'on-farm' pack houses, mobile pre-cooling units, staging cold rooms, cold storage units with and without controlled atmosphere capability, integrated cold chain system, supply of refrigerated vans, refrigerated containers, primary/mobile processing units, ripening chambers, evaporative/ low energy cool chambers, preservation units, onion storage units and zero energy cool chambers.
 - ❖ These projects will be entrepreneur driven and provided credit linked back-ended subsidy. PSUs/Government agencies/ Cooperatives/growers' association recognized/registered by the DMCs, having at least 25 members, will also be entitled to avail assistance for such activities.
- Holds a 35% share in Sugarcane output, ranks 2nd in sugar production in the country
- The largest exporter of meat and has 15 modern integrated abattoirs and 35 meat processing units.
- Uttar Pradesh is one of the major producers of horticultural crops and food grains in India, which serves as a lucrative base for the food processing industry.
- Largest producer of fruits and vegetables in India– Rank 1 in production of food grains, milk, sugarcane, potato, peas, mango, gooseberry and watermelon.
- Development of integrated agro/food processing zones has been proposed at Hapur
- In May 2020, the local govt. has approved the Uttar Pradesh Krishi Utpadan Mandi (Amendment) Ordinance, 2020. As per this ordinance, the specified 46 fruits and vegetables will be removed from the ambit of the Uttar Pradesh Krishi Utpadan Mandi Act, 1964
- With the help of the state government's Food Processing Industries Policy 2017 (revised), the government has planned to set up large & medium food processing units under Food Processing Industries Policy 2022.
- 41,779 food processing units will be established/upgraded in 2022-2025 under the Pradhan Mantri Formalisation of Micro Food Processing Enterprises scheme.
- Land under Cultivation in FY22 (in Thousand Hectares)¹⁰ generating 1326.92 vegetables, 505.13 fruits, and 405.27 spices.
- In 2019-20, exports of major agriculture commodities from Uttar Pradesh stood at US\$ 2.16 billion and reached US\$ 1.83 billion during April-December 2020.

9. Food Processing | Make In India

10. India: crop plantation area of Uttar Pradesh by type 2022 | Statista

Exports from Uttar Pradesh

Exports (US\$ Million)		
Crop	2019-20	2020-21#
Fruits and Vegetable Seeds	0.33	0.12
Fresh Onions	8.66	7.09
Dairy Products	27.42	16.37
Wheat	20.42	28.82
Pulses	3.94	8.00
Maize	19.02	15.41

Source: IBEF Presentation

Key enablers in the State

- **Location :** Strategic location as Gateway to east India and Nepal – well-connected through extensive rail/road network (Amritsar-Delhi-Kolkata and Delhi-Mumbai Industrial Corridors pass through the State).
- **Diverse Agro Climatic Zones :** Uttar Pradesh is enriched with diverse agro climatic conditions. The State can be segmented into nine agro climatic zones having specialities in different forms of agro commodities
- **Centers of Excellence**

I. Existing Training Institutes

Regional Food Research and Analysis Centre R-FRAC, Lucknow.

State Institute of Food Processing Technology, Lucknow.

10 Government Food Science training centers at Divisional level.

77 Government Community Fruit Preservation and Training Centers at District level- training 25,000 students.

The Uttar Pradesh government will set up excellence centres and mini-excellence centres/ hi-tech nurseries in all the 75 districts in the next five years to boost horticulture and food processing industry in the state.

Fair Exports, a major exporter for Lulu Hyper chain, has started trials of sourcing mixed vegetables including okra, round gourd, jackfruit, long beans, varieties of mango like Banarasi Langda, Dussehri, and Papaya from Purvanchal (east Uttar Pradesh) and the neighbouring region of Bihar.¹¹

II. Leading Agriculture Universities and Institutes

Chandra Shekhar Azad University of Agriculture and Technology, Kanpur.

Sam Higginbottom Institute of Agriculture, Technology and Sciences, Allahabad.

Narendra Dev University of Agriculture and Technology, Faizabad.

Indian Veterinary Research Institute, Bareilly.

Sardar Vallabhbhai Patel University of Agriculture and Technology, Meerut.

III. Leading Agro and Food Technology Institutes

Harcourt Butler Technical University, Kanpur

Bundelkhand University, Jhansi

Banaras Hindu University, Varanasi

Lucknow University, Lucknow

Key Industrial clusters and investment zones

Category	Districts
Wheat	Hardoi, Aligarh, Budaun, Bulandshahar, Shahjahanpur, Azamgarh, Meerut, Moradabad, Bareilly, Kanpur, Gorakhpur, Faizabad, Varanasi
Rice	Shahjahanpur, Barabanki, Kheri, Siddharth Nagar, Gorakhpur, Barabank Gonda, Kheri, Bareilly, Moradabad, Meerut
Bajra	Agra, Budaun, Aligarh, Firozabad, Kasganj
Mango	Lucknow, Saharanpur, Unnao, Meerut, Baghpat, Bulandshahr, Amroha, Pratapgarh, Varanasi
Banana	Gorakhpur, Kushi Nagar, Kaushambi, Maharajganj, Baharaich, Barabanki, Lucknow, Allahabad, Fatehpur, Lakhimpur-Khiri, Siddharth Nagar, Gonda, Shravasti
Guava	Budaun, Kasganj, Aligarh, Farrukhabad, Hathras, Unnao, Kanpur Nagar, Kaushambi, Allahabad
Watermelon	Aligarh, Firozabad, Etah, Farukkhabad, Kasganj, Sitapur, Barabanki, Kanpur Nagar, Unnao, Agra
Potato	Agra, Hathras, Firozabad, Kannauj, Aligarh, Farukkhabad, Mainpuri
Peas	Jalaun, Lalitpur, Jhansi
Tomato	Mainpuri, Agra, Etah, Barabanki, Unnao, Mirzapur, Sonbhadra, Amroha
Urad, gram, pea and arhar	Jhansi, Lalitpur, Kanpur, Jalaun
Mustard	Agra, Kanpur

Sub-sectors Of Agro-Food Processing

Fruits & Vegetables

- Ranks 1st in potato (32.35%), 2nd in vegetables (14.11%) & 3rd in fruit (10.03%) production in India.
- Hosts the major fruit belts for mango (highest production in India), amla (highest production in India) and guava (second highest production in India).
- Major spices grown in the state are chilies, garlic, ginger, turmeric and mentha.
- Major vegetables grown in the State are peas, potato, cabbage, tomato, okra, etc.

Grains

- Highest food grain (17.45%) & wheat (28.74%) producing State in India.
- Major food grains produced in the state are rice, wheat, maize, bajra, gram and peas.
- 2nd largest producer of rice in India contributing 12% to the national production.
- 2nd largest producer of bajra in India contributing 22% to the national production.

Poultry

- State produces 2,078 Million eggs annually.
- Huge opportunity exists as 3.65 Billion eggs and 90 Million poultry chicks are procured annually from other States.

Meat

- Largest exporter of processed frozen meat.
- Contributes more than 60% of India's meat export annually.
- Buffalo meat is the main source of meat production and export, other sources of meat include sheep and goat.

Fisheries

- 3rd largest producer of inland fishes in India.
- Total fresh water fish production of UP for the year 2014-15 was 494.26 Million MT (national production was 6581.12 Million MT).

Dairy

- Opportunities in cold chain infrastructure.
- Contributes significantly 16.96% of the total milk production of the country.
- Buffalo milk contributes 70% to total milk production in the State.
- Only 5% of the fluid milk is processed and marketed in the organised sector-huge opportunities.



Policy Support

Uttar Pradesh has launched the following policies for providing incentives to Agro-food processing related industries in the State:

Key Highlights of Uttar Pradesh Food Processing Industry Policy 2023

- 1. Capital Subsidy :**
 - a. Amounting to 35% of incurred expenditure on plant, machinery and technical civil work for FPIs subject to maximum of Rs.5 Crores.
 - b. In case of **expansion and modernization / up-gradation**, capital subsidy will be 25% subject to maximum of Rs.1 Crore.
- 2. Permission to purchase land (agricultural)** for more than 12.5 acres for FPIs.
- 3. Exemption from charges** of 2% of the value at circle rate as fees **for non-agricultural use declaration** for FPIs.
- 4. Fees for Exchange of government owned land coming under the scope of the project site** will not be applicable for FPIs.
- 5. Conversion of Land Use :** 50% fees will be waived off on CLU
- 6. External Development Charges :** Rebate of 75% on external development charges for FPI to be setup in UP on a land where no developmental work has been done by Authorities.
- 7. 100% exemption from stamp duty** for the land purchased for the establishment of food processing industry.
- 8. Exemption from Mandi Fees and cess** for agricultural produce procured from other states for processing in Uttar Pradesh.
- 9. Exemption** from Mandi fees and cess for **agricultural produce directly sold to processing units** by farmers.
- 10. Sponsoring studies for certifying / declaring an area disease free** i.e.- potato - Agra & Kannauj; Durum wheat-Bundelkhand.
- 11. Subsidy on solar power projects for electricity supply to processing units :** 50% subsidy on solar power utilities in rural areas and 90% subsidy for women entrepreneurs in the same category.
- 12. 25% Freight Subsidy on exports** excluding Nepal, Bangladesh and Bhutan.
- 13. Scheme for value addition and cold chain infrastructure :**
 - a. **Subsidy of 35% for infrastructure pertaining to Cold Chain and Value Addition** and a **subsidy of 50% up to Rs. 10 Crores for frozen storage/deep freezer, value addition and processing infrastructure.**
 - b. **Infrastructure for Agro processing clusters :** Minimum 5 food processing units with minimum investment of Rs. 25 crores, a grant of 35% of the eligible project cost subject to maximum of Rs.10 crores will be provided as grant.

- 14. Scheme for Creation of backward and forward linkages :** The admissible grant will be 35% of the eligible project cost subject to maximum of Rs. 5 crores.
- 15. Interest Subsidy for purchase of Reefer Vehicles and Mobile Pre-Cooling vans :** Reimbursed for a period of five years, subject to maximum limit of Rs. 50 lacs.
- 16.** The entire State of Uttar Pradesh will be considered **as a single unified market for food processing industries** with respect to payment of mandi fees and cess. License holders of any mandi in the state will be eligible to work in other mandis of the state as well.
- 17. Support for modern technology adoption** to food processing start-ups engaged in Agricultural value chain development, coverage/production/productivity estimation and evidence-based decisions - up to Rs. of 5 crores.
- 18. Promotion of decentralized processing and storage :** SHGs/FPOs/Framers will be eligible for assistance in the form of grant, based on their projects ; subject to a maximum limit of 50% of the total project cost or Rs. 50 lacs.
- 19.** Support under value addition & cold chain infrastructure and Creation of backward and forward linkages as per the guidelines of PM Kisan Sampada Yojna.

Nodal Deptt : Horticulture & Food Processing

Highlights of Poultry Policy 2022

Interest subsidy

- ❖ For establishment of Commercial Layer Farm: Reimbursement of 7 percent interest will be allowed to the beneficiary for 5 years on the loan received by the beneficiary from the bank on the above units. The financing of the projects will be in the ratio of 30 percent margin money and 70 percent bank loan.
- ❖ Establishment of broiler parent farm: Reimbursement of 7 percent interest will be allowed to the beneficiary for 5 years on the loan received by the beneficiary from the bank on the above unit. The financing of the projects will be in the ratio of 30 percent margin money and interest on maximum 70 percent bank loan.

Electricity Duty : 100% rebate on electricity duty will be given for 10 years in the electricity bill of poultry units established under the scheme from the budget of Pashudhan Vibhag.

Stamp Duty : 100% exemption on stamp duty will be given on land purchased or taken on lease for the unit establishment under the policy.

Dedicated Portal and Database Management and Project Facilitation Centre for Monitoring **Training and Capacity Development,** Entrepreneurship Development and Technical Training to the selected beneficiaries.

Nodal Deptt : Animal Husbandry

Highlights of Dairy Policy 2022

- 1) **Capital Investment Subsidy** of 10% of the cost of plant machinery, technical civil works and spare parts, up to Rs. 5.00 crore shall be provided for the establishment of milk processing and milk products manufacturing units or expansion.
- 2) **Interest Subsidy** : For establishing new milk processing units and dairy manufacturing units (plant machinery, technical civil works, spare parts etc.) the interest subsidy of 5 percent or actual loan whichever is lower for 5 years for maximum of 10 crores.
- 3) **For Establishment of cattle feed units and cattle nutritional feed unit's** establishment the interest subsidy of 5 percent or actual loan whichever is lower for 5 years for maximum of 7.5 crores.
- 4) **Technological upgradation for dairy units** the interest subsidy of 5 percent or actual loan whichever is lower for 5 years for maximum of 2.5 crores.
 - a. **For New Technology in field of dairy like quality control equipment and traceability** etc. the interest subsidy of 5 percent or actual loan whichever is lower for 5 years for maximum of 1 crore.
 - b. **For establishing the cold value chain** like refrigerator van, bulk milk cooler, etc. the interest subsidy of 5 percent or actual loan whichever is lower for 5 years for maximum of 1 crore.
 - c. **For expansion of dairy units** the interest subsidy of 5 percent or actual loan whichever is lower for 5 years for maximum of 2.5 crores.
 - d. **For establishment of cattle feed and cattle nutritious product** the interest subsidy of 5 percent or actual loan whichever is lower for 5 years for maximum of 2.5 crores.
 - e. **For value added product units establishment of milk** the interest subsidy of 5 percent or actual loan whichever is lower for 5 years for maximum of 2 crores.
- 5) **Incentives under Market Development & Brand Promotion** :
 - a. To encourage export of processed product produced in the state, 25% of the actual expenditure on transportation of the product to the airport / sea level, upto Rs. 20.00 lakh per annum, will be payable per beneficiary for 3 years.
 - b. Grant for Freight on Board of about 20 percent that will be payable to up maximum of 40 lakhs for 3 years.
 - c. 50 percent of the unit cost subject to a maximum of INR 5.00 lakh per beneficiary on sending sample of the product to other countries to encourage the export of the product will be limited to one unit to one country and one sample.
- 6) **Standardization incentives** : For standardization purpose the subsidy of 50% of testing charges and fees will be provided up to maximum fees of 5 lakhs

Nodal Deptt : Dairy Board

Investment Opportunities

❖ **Agro Processing and allied**

Uttar Pradesh offers tremendous opportunities for investment across the entire value chain in the food processing sector. An indicative list of potential projects for investment is presented below:

- a) Manufacturing & Supply of agro inputs** - Given the huge agrarian economy of the State, immense potential exists in manufacturing, production and supply of necessary fertilizers, seeds, agro-chemicals, farm equipment, machinery and irrigation systems to increase production and productivity.
- b) Extension Services and Technology Transfer** - Extension support and technology transfer to farmers on efficient utilization of the agro-inputs is another attractive investment option in the State.
- c) Processing** - With strong supply side advantages, local demand, rising export potential and policy support, processing of food products offer immense potential in the State. Considering the abundance of naturally existing agro-resources, investments in mango processing, turmeric processing, aonla processing, breakfast and cereal manufacturing, garlic and chilli processing, etc. is a promising opportunity in Uttar Pradesh.
- d) Packaging** - Offers attractive opportunities for industries engaged in packaging technologies and services. Packaging techniques like vacuum packaging, gas packaging, active and intelligent packaging, packaging of processed food through canning, tetra packing, aseptic packs, bottling etc. also has top potential.
- e) Preservation** - Investment potential exists in preservation through fermentation, establishment of cold storage, facilities, traditional techniques like pickling, jellying, curing to produce different types of processed goods and modern industrial techniques like pasteurization, vacuum packing, artificial food additives, irradiation, bio preservation for large scale produce, etc.

❖ **Infrastructure and Logistics**

- a) Food Parks and Horticulture Hubs** - Establishment of food parks with multiple processing units has the potential for optimal usage of abundant agri-raw materials available in the State and help in realizing economies of scale.
- b) Integrated units** - Investment in developing integrated units with processing, preservation, packaging and warehousing facilities at notified Agro Parks in the state is a promising investment opportunity. These agro parks include Mega Food Park at Baheri, Agro Park at Barabanki, Khemsepur (Farukhabad), Karkheon (Varanasi) and Barhgarh-II (Chitrakoot).

c) Transport - Development of transport infrastructure especially for food that ensures timely and safe delivery of raw and processed good is still unexplored.

d) Distribution - Distribution mechanism for processed agriculture produce to improve penetration of goods and increase the size of market.

❖ **Warehousing**

a) Development of storage facilities like silos, PAU bin, Pusa bin etc. for agro produce to reduce wastage of agriculture produce and reaping of higher price of agriculture produce offers an attractive potential in the state.

b) Changing preference of consumers for clean and safe meat and meat products offers potential for modern abattoirs in the state.

❖ **E-Marketing** : With the advent of e-mandi and penetration of internet, opportunity exists to get better price of agriculture input.

❖ **Research and Development** : Immense scope for innovation exists in creating new operating procedure and create new end products in across:

I. Development of Packaging Techniques.

II. Product Development.

III. Testing Technology & labs.

IV. Seed Development.

V. Hybridisation.

❖ **Skill Development** : The State offers opportunities in:

I. Training in food processing technology.

II. Training farmers for maintaining the constant quality of produce.

III. Improved farming techniques.

IV. Training programmes to handle the cattle, birds and understanding of international food laws.

❖ **Ecosystem development & Financing**

I. Microfinancing, credit and insurance facility for farms, MSMEs, industry and mega park engaged in food processing.

II. Creation of business facilitation centres with linkage of all stakeholders i.e. Industry Associations, equity funds, banks and financial institutions.

III. Angel Funds / Venture Capital Funds for high-growth potential and start-up enterprises.

Key Players in Uttar Pradesh



PEPSICO

Coca-Cola



Ideas for a new day



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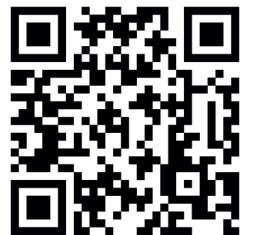


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