

Government of Uttar Pradesh
Milk Development Section-1
No.-1/2018/548/53-1-2018-1(vividh)/2018
Lucknow : Dated: June 07, 2018

Notification

Hon'ble Governor, by exercising executive powers under the clause 162 of the Constitution of India, gives consent to promulgate the '**Uttar Pradesh Milk Policy-2018**'.

2. Uttar Pradesh Milk Policy will be effective for a period of 5 years from the issuing date of this notification.

(Dr. Sudhir M. Bobde)
Principal Secretary

No.-1/2018/548(1)/53-1-2018, dated as above:

Copy forwarded to following for information and necessary action:

1. Accountant General (1st), Uttar Pradesh, Allahabad.
2. Secretary, Animal Husbandry, Dairy and Fisheries Department, Ministry of Agriculture & Farmers' Welfare, Government of India, Krishi Bhawan, New Delhi.
3. Principal Secretary, Hon'ble Chief Minister, Uttar Pradesh Government.
4. Staff Officer, Chief Secretary, Uttar Pradesh Government.
5. Officer on Special Duty, Agriculture Production Commissioner, Uttar Pradesh Government.
6. All Additional Chief Secretaries/Principal Secretaries/Secretaries, Uttar Pradesh Government.
7. Resident Commissioner, Uttar Pradesh, New Delhi.
8. All Divisional Commissioners/District Magistrates, Uttar Pradesh.
9. Milk Commissioner, Dairy Development Department, U.P., Jawahar Bhawan, Lucknow.
10. Secretary, U.P. State Milk Council, Jawahar Bhawan, Lucknow.
11. Managing Director, PCDFL, 29-Park Road, Lucknow.
12. Director, Information & Public Relations Department, U.P., Lucknow.
13. Finance Controller, Dairy Development Department, U.P., Jawahar Bhawan, Lucknow.
14. Chief Treasurer/Senior Treasurer/Treasurer, Uttar Pradesh.
15. Finance (Expenditure Control) Section-1/2/ Finance (Budget) Section-1
16. Guard File

By Order

(Bind Gopal Dwivedi)
Under Secretary

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1. Background

Uttar Pradesh holds very important place in India from the viewpoint of political, economics and availability of natural resources. Spread over an area of 2,40,928 square kilometres, the state covers 7.3% of the geographical area of the country. Uttar Pradesh is the fourth largest state of India in terms of area.

According to the 2011 census, Uttar Pradesh has a population of over 19.98 crore, which is the highest among all the states of India and 16.5% of the total population of the country. Presently, there are 18 divisions, 75 districts and 821 development blocks in Uttar Pradesh.

(Source: Statistical Diary U.P. 2015)

In India, the largest number of bovine animals is found in Uttar Pradesh. As per the livestock census 2012, Uttar Pradesh is home to 19.6 million cows and 30.6 million buffaloes.

The state of Uttar Pradesh is known as the food basket of India, as it is the major producer of sugarcane, vegetables, milk and milk products in the country. In the year 2015-16, with per capita availability of 335 grams per day in the milk production sector, total production was highest at 26.38 million tonnes, while the total milk production of the whole country was 155.4 million tonnes in the same year. Thus the production of milk in Uttar Pradesh is 16.97% of the total production of the country, i.e., Uttar Pradesh produces about one-fifth of the milk production of the country. Although Uttar Pradesh is the largest milk producing state in India, yet milk processing in organized sector is less than 12%, while India's average milk processing is 17% and Gujarat's milk processing is the highest at 49% in the country. The milk processing is to be increased to 30% through the implementation of Uttar Pradesh Milk Policy. In the last decade, the compound annual growth rate (CAGR) of milk production of the state has been around 4%. The main contribution to this growth rate is of milk of buffaloes, because buffalo milk contributes more than about 70% of the total milk production. *(Source: National Dairy Development Board website)*

Presently, with the objective to boost milk production, Uttar Pradesh government is awarding the highest milk producing producer at the district level in the cooperative sector and the first and second

highest producers of milk production in the state with *Gokul Award*. Similarly, for the aim of preserving the indigenous breeds of cow, arrangements are being made to give *Nand Baba Award* to the producer producing the most milk from cows of indigenous breed in every district and state.

Uttar Pradesh is the highest milk producing state in the country. It has enormous potential for promoting capital investment and employment generation in this sector. The Government of Uttar Pradesh will spread awareness about the production of high quality milk and milk products in the state. The government will strive to reduce perishability of milk and milk products, promote market-centric activities in the dairy sector and spread awareness about modern technology in this field.

The objective of Uttar Pradesh Milk Policy-2018 is to promote the export of processed milk and milk products, to increase the per capita income in the state, to promote infrastructure and private investment in the milk sector.

The Government of Uttar Pradesh will simplify various processes to address issues related to the quality of dairy products and will create an information technology enabled database with the objective of providing relevant market information to industry in the state.

Due to increasing urbanization, increase in population, shrinking family, rise in family income and busyness in daily life, changing dietary habits have resulted in a continuous increase in demand for processed products.

In Uttar Pradesh, there is immense potential for development of milk production and processing sector, capital investment in this sector, employment generation and increase in income of all stakeholders.

The Uttar Pradesh Milk Policy-2018 is being promulgated with the objective of providing a congenial environment for the establishment and development of the milk processing industry in Uttar Pradesh.

2. Vision, Objective and Strategy

To create self-employment by generating interest of the farmers of rural areas in the state in milk business, to protect the interests of milk producers, to provide milk and milk products of high quality to milk consumers, create new jobs and development of infrastructure facilities,

promotion of capital investment and technical upgradation, human resource development, market development, research and development promotion, quality and certification along with incentives, loans and concessions etc. programmes to create conducive environment for establishment of milk processing units through this policy.

2.1 Vision

To establish Uttar Pradesh as the leading milk producing state along with keeping the state as a frontrunner in the field of milk production, to ensure balanced economic development of the state and provide maximum benefit to all the stakeholders.

2.2 Objectives

Under the U.P. Milk Policy-2018, following objectives are proposed to be achieved:

- To encourage setting up of milk industry in the state.
- To promote capital investment in the state.
- To ensure that milk producers in rural areas get optimal cost and benefit of their produce.
- To reduce loss of milk of milk producers and to protect their economic interests.
- To increase per capita daily availability of milk in the state from 335 gm to 600 gm.
- To increase milk processing in the state from 12% to 30% through organized sector.
- To increase share of organized sector from current 25% to 60%.
- To enable value-addition of milk and to make available nutritive and high quality hygienic processed milk products to the public.
- To ensure easy availability of processed milk products at affordable rates.
- To encourage export of milk and milk products outside the state and country.

- To promote availability of milk and milk products to malnourished children and women under the *Anganwadi* and *Mid-day Meal* with the aim of controlling malnutrition.
- To attract entrepreneurs and investors to the state in milk sector.
- To create new employment opportunities in milk industry sector.
- To enhance capacity and skill of human resources in milk sector.
- Department to provide consultancy services to new milk entrepreneurs.
- To promote innovation, research and development as well as technological upgradation in milk industry sector.

2.3 Strategy

- Development of infrastructure facilities
- To provide conducive environment for establishment of milk industry
- Investment promotion
- Technological upgradation promotion
- To provide fiscal incentives and concessions
- Market development and export promotion
- Human resources development
- Other promotional facilitation
- In view of the enormous milk production sector, establishment of 'Project facilitation and monitoring centre' (PFMC) at headquarter for providing necessary management and technological efficiency to new entrepreneurs and for facilitating projects and their monitoring.

3. Areas covered under Milk Industry Sector

- Establishment of milk processing plant
- Establishment on milk chilling plant/BMC

- Establishment of plant for manufacturing, processing and packing of milk products like Ghee, Paneer, Khoya, Cheese, Butter, Milk Powder, Yogurt, Flavored Milk, Infant Milk Food, Condensed Milk, Malted Milk Food, etc.
- Plant for manufacturing value-added milk products
- Establishment of plant for manufacturing equipment, machinery, etc. related to milk procurement/processing/chilling/ marketing under Make-in-UP in the state
- Establishment of plant for manufacturing milk testing equipment, plant and research and development related to it
- Work in the area of production of green fodder seed
- Management, packaging marketing based creation of infrastructure for milk and milk products, value-added milk products, etc.
- Purchase of 2, 4, 6, 8 and 10 livestock to increase milk production
- Purchase of BMC for milking machine and cooling
- Purchase of dairy plants / equipment for indigenous milk products like Ghee, Cheese, Khoya, ice cream, etc.
- Purchase of milk testing plant AMCU / DPMCU
- Dairy (for 10 or more milch livestock)
- Infrastructure development for vaccination of milch cattle, deworming and manufacture of mastitis control drugs etc.

4. Priority Areas

4.1 Development of infrastructure facilities

Quality infrastructure facilities are absolutely necessary for the development of dairy industry in the state. This will facilitate setting up of industries and their operation without any hindrance at low cost. This facility will help in the growth of milk business and milk industry, promote clean competition and will aid in attracting capital investment in the state, creation of employment as well as development of social and economic infrastructure.

Provisions proposed for development of infrastructure facilities under the U.P. Milk Policy-2018: availability of land, roads, energy, water supply and drainage, development of milk zone, organized development, market development, commercial

resources and medical facilities for workers, etc. will be available for the milk industry.

4.2 Employment Generation

Efforts will be made to create employment by encouraging capital investment and establishment of units in the milk sector in the state. Implementation of milk policy will create about 10 lakh direct and indirect jobs. Women will be given priority in employment generation. For self-employment generation, it will be developed as a cottage industry by arranging training in rural areas and marketing of milk / milk products will be facilitated by linking it to groups / committees. Training programmes will be linked to livelihood mission and skill development programmes. Citizens of the state of Uttar Pradesh will be provided employment on priority basis in the industries established under this policy.

4.3 Development of Milk Zones

Milk zones will be identified in various districts of the state on the basis of availability of milk and suitability. Central and state government schemes related to milk development will be implemented in these zones.

4.4 Providing conducive environment for establishment of Milk Industry

(a) The state government will strive proactively to provide basic infrastructure facilities for establishment of milk industries, congenial environment will be created for the development of milk industry. Various incentives and concessions permissible under this policy along with different schemes will be provided to investors in timely and swift manner for setting up of milk based industries. Proper arrangements will be made for dissemination of investment oriented provisions to attract new investors and to address their queries.

(b) The provisions under the process of simplification of procedures and reforms in rules for improving industrial climate under Industrial Investment and Employment Promotion Policy-2017 related to Food Safety and Drug

Administration, Labour department, Energy department, Environment department, Commercial Tax department and other departments will be available to milk industries being set up in the state.

- (c) Offices will be established at district and division level for effective implementation of milk policy.
- (d) The computerisation of district and division level offices of Dairy Development Department will be strengthened under e-governance to make available entire relevant information to entrepreneurs at one platform and to enable communication through internet. These centres will function as bridges to strengthen backward and forward linkages. Facility to access information related to milk sector will be available in these offices.
- (e) Schemes will be conducted in the state to augment production of milk for milk producers. Programmes will be implemented to ensure availability of milk and milk products to milk consumers as per the requirement and various types of schemes will be conducted for entrepreneurs to promote milk industries.
- (f) With the objective of ensuring the availability of safe and healthy food for human consumption by integrating various laws related to food, prescribing more science based standards for food and regulating their manufacturing, storage, distribution, sales and imports, milk and milk products are also covered in the definition of food mentioned in Section 3 (1)(J) of the notified Food Safety and Standards Act 2006, which is also effective in the state of Uttar Pradesh. In view of the above to ensure the quality of milk products to prevent adulteration, action will be ensured by the Uttar Pradesh Food Safety and Drug Administration Department as per the procedure and system as provided in the said Act and relevant regulations.

4.5 Capital Investment Promotion

The capital investment will be attracted through providing permissible incentives and concessions under this policy and

various schemes of the state and central governments to promote establishment of industries based on milk products and value-added products.

4.6 Promotion of Technological Upgradation

Technological modernisation/ upgradation and expansion of available capacity of the existing milk processing units in the state will be promoted through various schemes.

4.7 Simplification of Procedures

A single window system will be developed by the Dairy Development department for the ease of investors and facility to provide information regarding incentives available to investors for setting up of industry will be provided at division and district level.

4.8 Market Development

Appropriate steps will be taken by the State Government to attract market development in the field of milk industry to maintain the development and competitiveness of industries. Milk producers and milk entrepreneurs will be encouraged to ensure that milk producers get remunerative prices for their products and to ensure supply of quality products to the processors. In order to ensure forward linkages for milk industries, market expansion programs will be promoted to provide market for milk and milk products manufactured by small and medium scale entrepreneurs in the region.

Emphasis will be laid on the development of quality milk and milk products brands of milk industries in the state and region-specific milk products will be developed / promoted as regional brands.

5. Fiscal incentives, concessions and provisions under U.P. Milk Policy

In order to attract investment in the field of milk industry in the state and to maintain the development and competitiveness of industries, appropriate steps will be taken by the State Government to provide various types of concessions, financial facilities and grants/subsidies.

Under the U.P. Milk Policy-2018, capital investment grant/subsidy, gold chain, grant, interest subsidy on value-addition and development of milk processing infrastructure facilities, quality standardization

provision, patent/design registration provision, provisions for market development and brand promotion and human development will be provided. The details of concessions and grants under these provisions are given separately.

The following concessions and grant facilities will be permissible to units to be set up under U.P. Milk Policy-2018.

5.1 Capital Investment Grant/subsidy

As per the provisions of U.P. Food Processing Industry Policy-2017, grant/subsidy amounting to 25% of expenditure incurred on plant, machinery and technical civil work in respect of setting up, expansion and modernisation/up gradation of the milk processing units in the state will be provided, subject to a maximum of Rs. 50 lakh in all the districts of the state. After the approval of the Milk policy, while preparing the schemes as per the policy through e-portal, the principle of 'first come-first serve' will be adopted in determining eligibility.

In case the funds from the personal sources are available with the entrepreneur, there will be no compulsion to avail loan, but it will be mandatory for the entrepreneur to get the plan appraisal done from a specialist financial institution.

5.2 Interest Subsidy

As per the provision of Uttar Pradesh Food Processing Industries Policy-2017-

(a) 100% 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 milk processing unit will be reimbursed for a maximum period 05 years.

(b) Other milk 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 7% or actual rate interest, whichever is less, for a period of 05 years. Its maximum limit will be Rs. 50 lakh per year per unit.

However, in case the loan is taken from banks and financial institutions, maximum amount of Rs. 250 lakh will be allowed as proposed capital subsidy and interest subsidy concessions during the period of 5 years.

5.3 Provisions for Market Development and Brand Promotion

As per the provision of U.P. Food Processing Industries Policy-2017, following concessions and subsidies will be available for marketing development and brand promotion to the milk processing units set up under the Milk Policy-2018:

- (a) Subsidy to the tune of 50% of the unit cost subject to a maximum of Rs. 02 lakh per beneficiary will be provided for transport of samples of the products produced in milk processing units of the state to other countries for the purpose of promotion of export. This subsidy will be admissible only for one country and one sample only to a unit.
- (b) With a view to promote the export of products processed in the state to other countries, 25% of the actual cost of transportation of product upto the sea port/airport subject to a maximum of Rs. 10 lakh per year will be provided for a period of 03 years to a beneficiary.
- (c) To promote the export of products processed in the state to other countries, 20% of Freight on Board (F.O.B.) price of the products, subject to maximum limit of Rs. 20 lakh per year, will be provided for a period of 03 years.

5.4 Assistance in preparing bankable projects for establishment of milk processing industry

As per the provision of U.P. Food Processing Industries Policy-2017, assistance will be provided to entrepreneurs for preparing bankable projects for setting up of milk 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.

5.5 Standardisation Promotion Provision

As per the provisions of U.P. Food Processing Industries Policy-2017, the state government will provide 50% reimbursement of

actual fee paid for the purpose of categorisation and standardization of milk products as per nationally/internationally accepted quality/environmental certification and accreditation, such as ISO:14001, ISO:22000, HACCP, Sanitary/Phytopsanitary certification etc. under the U.P. Milk Policy-2018, subject to a maximum of Rs. 1.50 lakh.

5.6 Registration of Patent/ Design

As per the provisions of U.P. Food Processing Industries Policy-2017, under the U.P. Milk Policy-2018, 75% of the fees paid by milk 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 for registering their patent/design.

5.7 Other Facilities

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

6. Human Resources Development

- (1) Availability of skilled human resources for development of milk industry sector is emerging as a challenge. Various training programmes will be conducted for training of milk entrepreneurs, managers, technological experts, efficient labourers and milk producers.
- (2) The State government will encourage graduate and post-graduate courses in milk processing technology, packaging and marketing in government and non-government universities, degree colleges, institutes, commercial institutions in the state. Besides, those animal husbandry institutions will also be promoted which impart education and training in rearing, primary health check-up, management and nutrition management of livestock.
- (3) The training of cooperative and non-cooperative workers for milk processing will be arranged in collaboration with institutes along with entrepreneurship development and technology transfer in rural areas.

7. Research and Quality Development

- To assist the milk industry, source and development work by research and analysis centres will be promoted.
- Research and development work will be encouraged for the protocol development of products covered under milk industry sector in the state.
- The milk industry will be encouraged for the registration in authorised patent/design organisations/institutions on the basis of regional suitability of the products produced in the state.
- State level research and quality centre will be set up for the development of milk and milk products.

8. E-Governance

The Government of Uttar Pradesh will start an e-portal for easy availability of basic information pertaining to milk industry. Besides basic information regarding establishment of milk industry, information related to incentives, application procedure and formats concerned with various milk related schemes will also be displayed on e-portal. Further, use of information technology will be encouraged for compiling milk production and marketing data, comparative examination and analysis as well as information exchange.

9. Implementation and Monitoring of Milk Policy

9.1 State level empowered committee

State level empowered committee will be constituted under the chairpersonship of Principal Secretary, Dairy Development department for implementation and monitoring of provisions under Milk Policy. This committee will comprise of Milk Commissioner, Dairy Development, U.P., Managing Director, Pradeshik Cooperative Dairy Federation Limited, Lucknow, Secretary, U.P. State Milk Council and secretaries/special secretaries of different related departments as members. Additional Milk Commissioner, Dairy Development/ Special Secretary, U.P. State Milk Council will be the member-secretary.

9.2 Division level Monitoring Committee

A division level monitoring committee will be constituted under the chairpersonship of the Divisional Commissioner with District Magistrates and Chief Development Officer of all districts of that division and officers of all related departments of the division as members. Divisional Dairy Development Officer will be the member-secretary of the committee.

9.3 District level Project Monitoring Committee

The implementation of capital investment proposals under this policy will be done through Deputy Dairy Development Officer. District level Implementation Monitoring Committee will be formed under the chairpersonship District Magistrate with officers of related departments of district as members. Deputy Dairy Development Officer will be the member-secretary of this committee.

9.4 Nodal Department/Agency

Dairy Development Department will be the nodal department for the implementation and monitoring of U.P. Milk Policy-2018 and U.P. State Milk Council will be the nodal agency for the implementation of this policy.

The Horticulture & Food Processing Department is the nodal agency/department for the incentives, concessions/facilities permissible under U.P. Food Processing Industry Policy-2017.

10.Examination of Applications/Proposals

- (1) Examination/scrutiny/evaluation of applications/ projects proposals will be done by nodal department at state level according to the specified procedure.
- (2) The applications/ project proposals received at district level will be compiled by Deputy Dairy Development Officer and forwarded to headquarter through Divisional Dairy Development Officer and Milk Commissioner, Dairy Development, U.P., Lucknow will constitute a technical committee and a financial committee for the evaluation of these applications/ project proposals. The State level empowered committee will approve and sanction fiscal incentives to the

applications/ project proposals recommended by the said committees. The implementation of approved projects will be done by project implementation committee at district level and division level monitoring committee at division level and state level empowered committee at state level.

11.Miscellaneous

- (1) The State level Empowered Committee will be authorised to clarify interpretation of any provision under this policy.
- (2) The Dairy Development Department will issue necessary Government Orders and rules and ensure time-bound implementation of this policy.

(Dr. Sudhir M. Bobde)
Principal Secretary
Dairy Development Department
U.P. Government

Disclaimer: It is hereby clarified that the above text is the translation of the original Hindi version of the Uttar Pradesh Milk Policy-2018. In case of any discrepancy between the English and the Hindi versions, the latter shall be final and binding.