

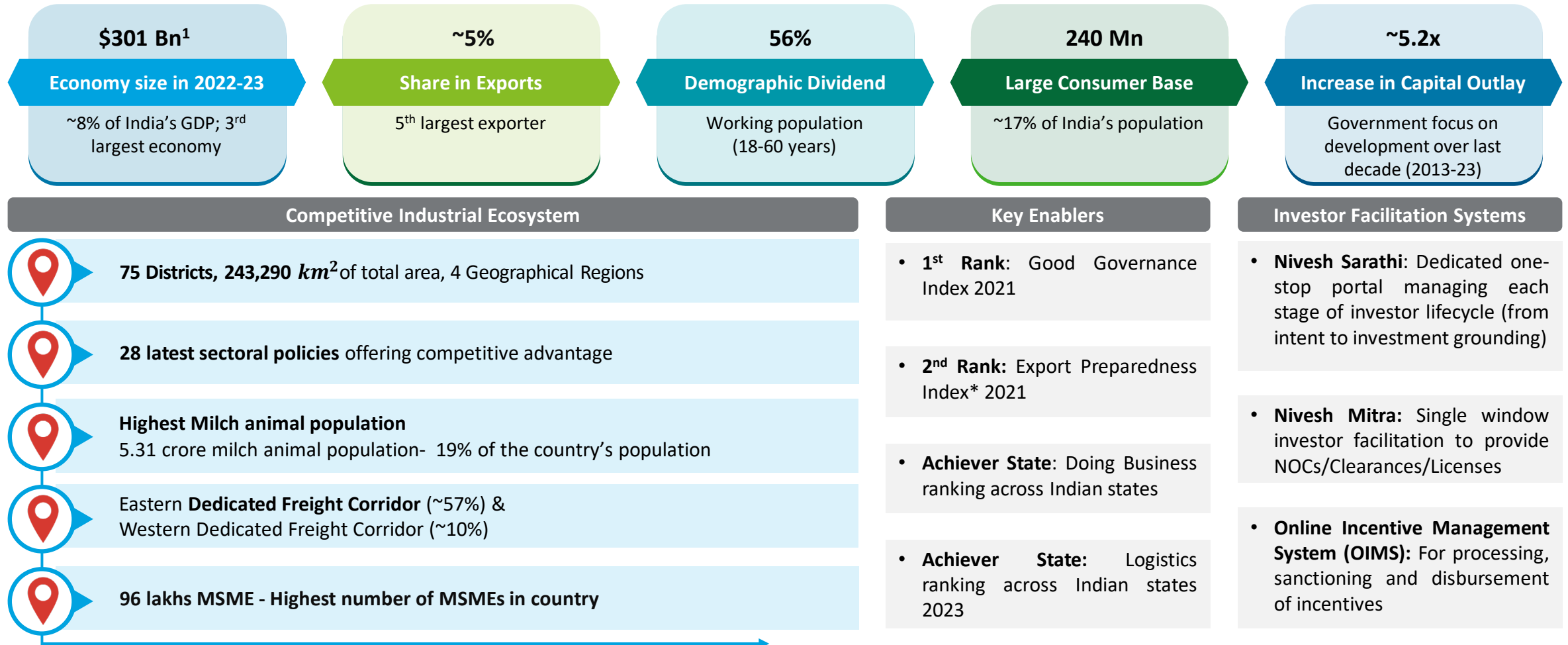


Uttar Pradesh Dairy & Cattle Feed

Sowing Prosperity, Harvesting Progress

UP – State with Robust and Resilient Economy

The economic momentum of UP is well-poised to continue on a higher trajectory



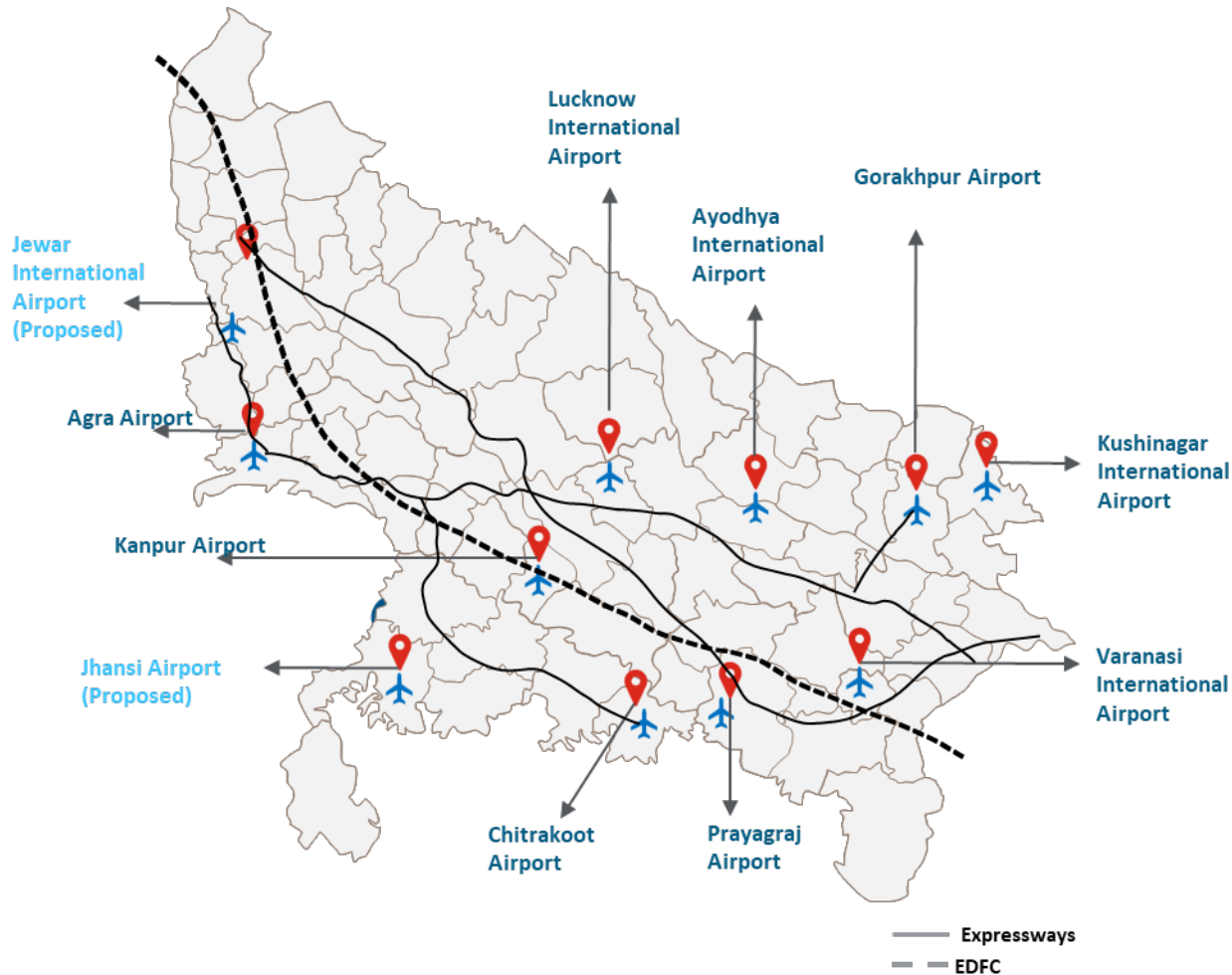
¹Exchange rate assumed as \$1 = ₹75

*Among landlocked states

Sources: UPDES; Population Projections – MoHFW for FY22, GSVA at current prices 2011-12 series; InvestUP; RBI; World Bank; DGCIS; Deloitte Analysis

Wholesome Infrastructure

UP is #1 State having best-in-class infrastructure with connectivity to industry and economic hubs in India, aiming to accelerate economic growth



Maximum number of airports with **#5 international airports**, and **#16 domestic airports**



Rank # 1 in terms of network of **Expressway** in the country



Largest network of roads (> 400,000 kms)



Largest railway network (> 16,000 kms)



Dedicated Freight Corridors (EDFC with highest catchment area - ~57% & WDFC – ~10%) in the State



Vast network of **Metro Rail Systems** (Operational in 5 networks, 2 under construction). First **Rapid Rail Transport System** in India (Delhi to Meerut under construction)



1st to have **multi modal waterways terminal** on river ganga (5 freight villages planned)



Section A – Agriculture & allied (Dairy & Cattle feed) in UP

|| An overview

Current Status of Dairy Sector

UP is largest milk-producing state with 16% of the country's total milk production.

Sector Overview



Livestock contribute to GSDP

7% in Uttar Pradesh as compared to 5.2% for the country



Highest Milch animal population

5.31 crore milch animal population- 19% of the country's population



Large Consumer Base

Urban per capita spend on dairy is ~Rs 470 per month in 2020

Why invest in UP

Abundance availability of milk

- Home to the dairy capital of North India: Bulandshahr.
- U.P.'s low processing levels of 10% vis-à-vis India avg. of 17% presents immense opportunity for investment
- Establishment of 6 Dairy Complexes to make use of complete livestock ecosystem- production, processing, and waste management- and increase commercial milk production by farmers

Government support

- U.P. govt. launched the Dairy Policy 2022 to increase milk processing levels, and improve quality and access to animal nutrition and feed
- Investor Support Cell within Dairy Development Department to for investor handholding through approvals and grievances
- Single window approach for investment
- Launch of Nivesh Sarthi (Investor Relationship Mgmt. System)

Key Players in UP



Ease of Doing Business

- Minimized regulatory compliance burden- total 907 Acts/Regulations/Rules of 27 departments have been abolished in U.P.
- Merging of licenses, e.g., Brand and Label registration
- >27 types of renewals allowed on Auto-renew basis (FSDA/PCB/Labour dept.)



Section B : Overview of key Opportunities in UP

Increasing Milk Production and Processing

UP's Dairy processing sector is forecasted grow to ~\$1.4 Bn by FY28 witnessing CAGR ~25% during 2022-28

Milk Production and Processing



Production

- Livestock sector contributes 7% in U.P. as compared to 5.2% for the country
- UP Ranks #1 in milk (16%) production in India
- Buffalo: #1 in no. of in-milk buffalos (1.2Cr); #1 in milk production
- Cow: #1 in no. of in-milk cows (0.66 Cr); #2 in milk production
- ~50% of milk production comes from Western U.P.; 14% (Central); 31% (Eastern); 5% (Bundelkhand)



Processing Infrastructure

- State processing levels are low currently 10%, vis-à-vis national avg. of 17%, or Gujarat at 49%; therefore, high room to grow
- U.P. has 5 food parks, 4 industrial parks and 9 cold chains for companies to set up processing plants; Cold chain capacity: ~154 Lakh MT



Govt. Support

- [UP Dairy Policy 2022](#)
- [UP Food Processing Policy 2023](#)
- [UP Industrial Investment & Employment Promotion Policy](#)

- Investor Support Cell within Dairy Development Department for investor handholding through approvals and grievances

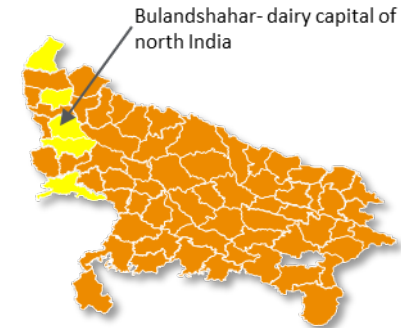


Other

- **Dairy Complexes** to be established in Bulandshahar, Bareilly, Hardoi, Jalaun, Ghazipur, & Deoria
- **Fodder Security Policy:** to reduce green and dry fodder deficit by subsidizing fodder seeds, creating model fodder farms, subsidizing alternative feed technology, etc
- **Nand Baba Doodh Mission:** Import and induction programme of high yielding breeds from other states; Grant for set up of 35 mid-size dairy farm units of 25 animals
- **Breed Improvement:** subsidized artificial insemination, Mission 1Mn (AI) for FY24

Other upcoming Initiatives

High production districts in UP



Top 5 dairy producing districts

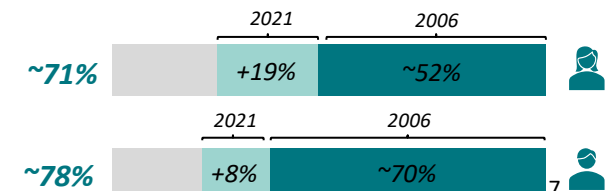
City	Share (%)
Bulandshahar	5.0%
Meerut	2.8%
Agra	2.8%
Aligarh	2.7%
Saharanpur	2.5%

Key Players in UP



Consumption

%age consuming milk/curd at least once per week, 2021



Setting up of Cattle Feed Plants

UP's Milk production sector is forecasted grow to ~\$30 Bn by FY28 witnessing CAGR ~16% during 2022-28; Availability of good quality feed will enable this

Cattle Feed



Overview

- Livestock sector contributes 7% in U.P. as compared to 5.2% for the country
- UP Ranks #1 in milk (16%) production in India
- Buffalo: #1 in no. of in-milk buffalos (1.2Cr); #1 in milk production
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Govt. Support

- [UP Dairy Policy 2022](#)
- [UP Food Processing Policy 2023](#)
- [UP Industrial Investment & Employment Promotion Policy](#)
- Upcoming UP Livestock Feed Act

50% CLU fees on agricultural land

Mandi fees exemption

Interest subsidy upto 7.5 Cr for new plant



Consumption

- 44% of livestock is in Eastern U.P.; 37% (Western); 19% (Central); 8% (Bundelkhand)
- ~50% of milk production comes from Western U.P.; 14% (Central); 31% (Eastern); 5% (Bundelkhand)
- Only 30% of market is serviced; large gap due to low awareness, cost, etc.; therefore, high potential to enter market

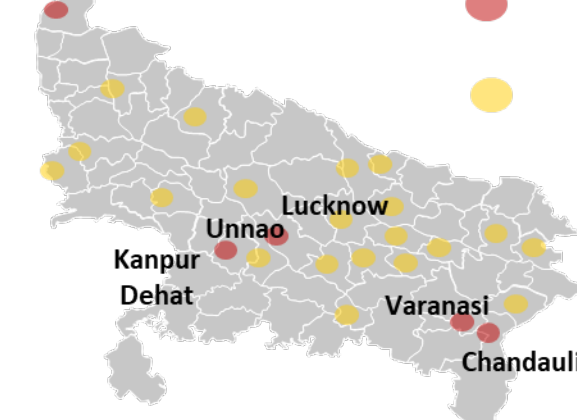


Key Players



High feed processing districts in UP

Sonbhadra



High production districts (5+ manufacturers)

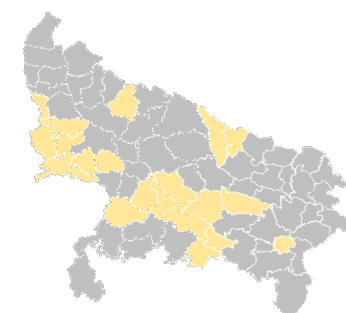
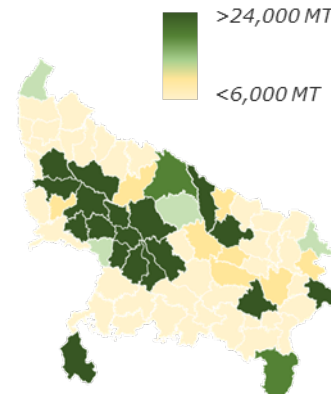
Other production districts (1-5 manufacturers)

Availability of main raw materials

Maize

Mustard De-Oiled Cake*

Guar Gum Production (for Guar Korma)



Establishment of Dairy Complexes

UP's Dairy Department intends to facilitate the establishment of Dairy complexes to make use of livestock ecosystem- milk production, processing, and waste- and to support supply chain of products

Dairy Complexes



Overview

- Livestock sector contributes 7% in U.P. as compared to 5.2% for the country
- UP Ranks #1 in milk (16%) production in India
- ~86% of farmers are landless and small (0-1 Ha)
- Buffalo: #1 in no. of in-milk buffalos (1.2Cr); #1 in milk production
- Cow: #1 in no. of in-milk cows (0.66 Cr); #2 in milk production
- ~50% of milk production comes from Western U.P.; 14% (Central); 31% (Eastern); 5% (Bundelkhand)



Govt. Support

- [UP Dairy Policy 2022](#)
- [UP Food Processing Policy 2023](#)
- [UP Industrial Investment & Employment Promotion Policy](#)
- PM Micro Food Processing Enterprises Scheme
- UP MSME Scheme
- Dairy Processing and Infrastructure Development Fund
- Nand Baba Mission: Grant for set up of 35 mid-size dairy farm units of 25 animals

Investment Opportunity



Commercial Dairy Farms



Bio-gas plants



Micro-Dairies (micro-processing)



Dairy Processing Plants



Cold Chain Infrastructure



Organic Fertilizer (dung-waste)

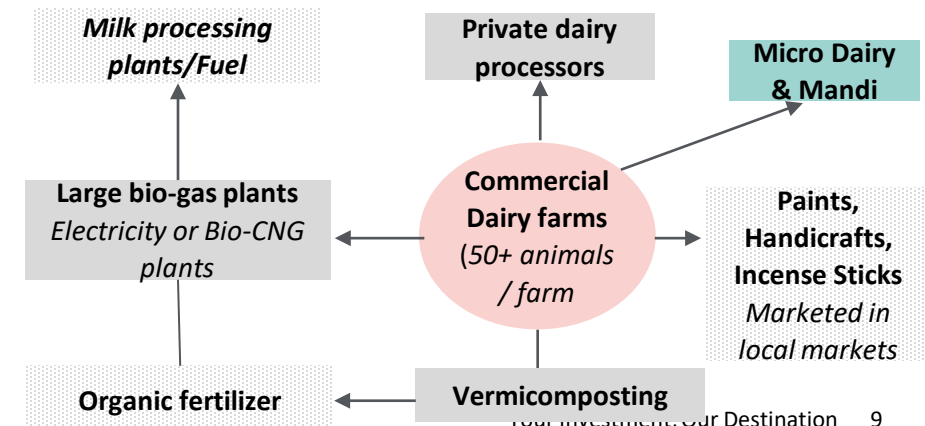


Opportunity

Proposed Dairy Complexes

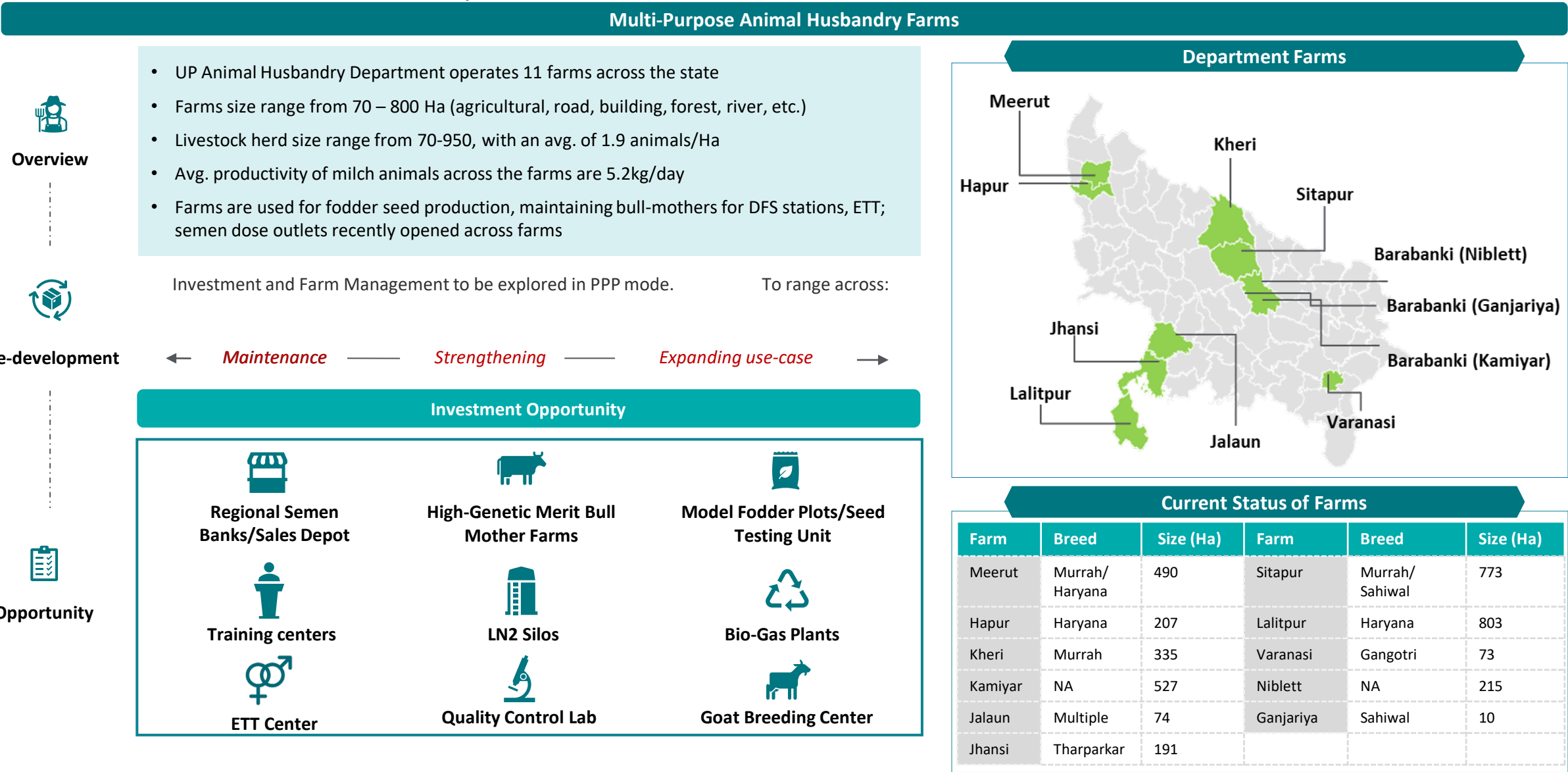


Complex Outlay



Creating Multi-purpose Animal Husbandry Farms

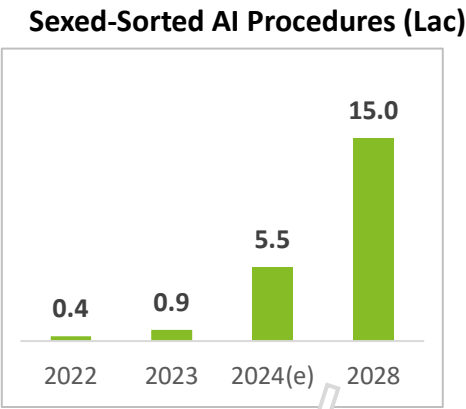
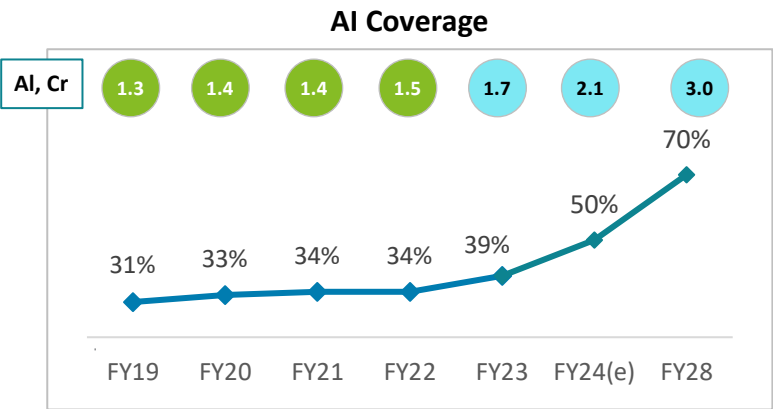
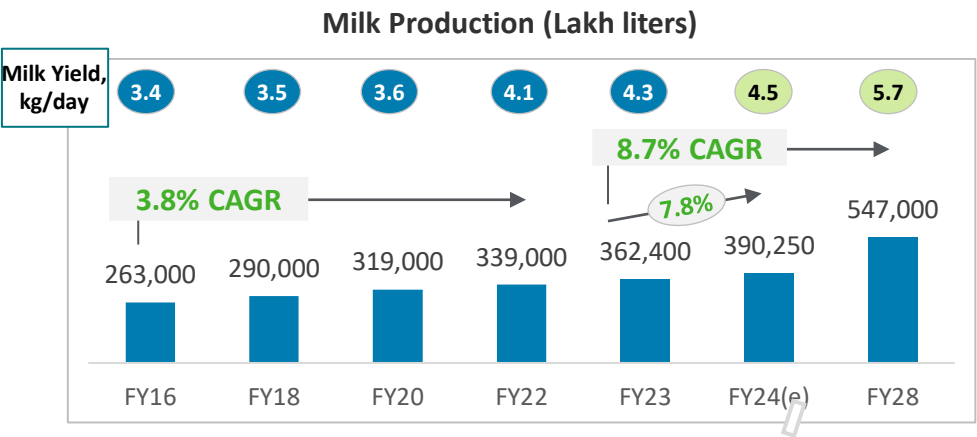
UP Animal Husbandry Department intends to re-structure the state farms by converting them into multi-purpose farms, under the state’s Livestock Breed Improvement and Feed & Fodder Mission





Section C – Government support policies | Dairy industry

Dairy Sector initiatives under road to UP \$1TN



Source: U.P. Livestock Development Board



- Increased milk production growth rate will be a result of increased productivity and no. of more productive milch animals (breed improvement)

Initiatives such as:

- Increase AI Coverage
- Increased feed and fodder
- Livestock Healthcare
- Increased credit for small and marginal farmers
- Import and Induction of high yielding breeds



Linked Initiative: AI Strategy

- Workshop with industry players (BAIF, Jeevan Kisan, AgNext) to increase private participation, & support in AI in remote regions
- LN2 capacity increase to improve transport of semen straws and reduce AI delays
- Launch of Mobile AI centers (jointly with MVUs)
- Reducing the price of Sexed semen from Rs. 300 to Rs.100
- Improved AI services through Trained AI practitioners

GBC Ready Investments in Cattle Feed



Linked Initiative: Pvt. Investment in Cattle Feed

- Investments through **Dairy Policy 2022** and **AHIDF** scheme
- Subsidy and Handholding support to farmers to purchase breeds from other states



Incentives under Dairy Development Policy 2022

Support from Government: Key Policy Benefits for Dairy Projects



Capital investment grant to establish or expand (minimum 25% increase in existing capacity) milk processing or milk product manufacturing units: Cover 10% of cost of machinery, spare parts, civil works, up to Rs. 5 crore



Interest subvention to establish new milk processing and milk product manufacturing dairy unit : Rs. 10 crore support at rate of 5% or less for a max. period of 5 years



Interest subvention to establish new animal feed and animal feed product manufacturing unit: Rs. 7.5 crore reimbursement admissible support at rate of 5% or less for a max. period of 5 years



Interest subvention to establish cold chains: Rs. 1 crore support at rate of 5% or less for a max. period of 5 years for Refrigerated/ Insulated van / Road Milk Tanker, Bulk Milk Cooler, or Ice Cream Trolley



Reimbursement of electricity duty paid by new milk processing units within a period of 10 years.

Other Incentives

Other incentives: Stamp duty reimbursement, Patent/Design Registration fee reimbursement, Interest subvention for expansion unit, Interest subvention for new technology/ technology upgradation, Interest subvention on manufacturing of value-added milk products and Transport subsidy on export.

Setting up a New Dairy Plant: Grants/incentives permissible for setting up a 5-lakh litre per day new dairy plant (Example)

Considerations	The investor is supposed to invest INR 100 crores	Investor is supposed to invest 30 percent of the total cost i.e., INR 30 crores from his own resources	The rest of the funds required i.e. INR 70 crore shall be loans from financial institutions.
Grant/ Incentive	The capital grant payable to the investor would be INR 5 Cr.	Total interest payable by the investor would be INR 28 Cr. and out of that INR 12 Cr. Would be given as a grant under the Policy.	Investors get an electricity duty exemption (for 10 years) & 100% reimbursement on stamp duty paid for land purchased

Support from Government: Other Policy Supports

Technology Upgradation	Technological upgradation inside the dairy plant up to INR 2.5 crore (such as SCADA System) New technologies in the field such as traceability and quality control equipment up to INR 1 crore
Milk Processing	Expansion of milk processing and milk products manufacturing dairy units for a minimum increase of 25% of existing capacity up to INR 2.5 crore Establish units manufacturing value added milk products coming under micro and small enterprises for a maximum of INR 2 crore
Animal Feed	Expansion of animal feed and animal feed product manufacturing units for a minimum increase of 25% of existing capacity up to INR 2.5 crore
Market Development	Incentives for market development and brand promotion, standardization & patent and design registration
Dairy Complexes	6-7 dairy complexes to be established to create an ecosystem around livestock, by establishing commercial dairy farms, processing units, and bio-gas plants

Other Initiatives by Government

Nand Baba Milk Mission Rs. 1,000 crores to be invested over the next 5 years	<ul style="list-style-type: none"> • Import and induction programme of high yielding breeds such as Gir, Sahiwal, Thaparkar, and Haryana from other states • Grant for set up of 35 mid-size dairy farm units of 25 animals • Progressive farmer rewards programme to incentivize high productivity in dairy farming
Promotion of Artificial Insemination	<ul style="list-style-type: none"> • Mission 75- conduct 75L Artificial Insemination Procedures in FY23 of which 15% should be Sorted Sex semen procedures • Subsidize sex-sorted A.I. procedures to Rs. 100 across the state from Rs. 500



Uttar Pradesh Food Processing Industry Policy 2023

Agri/Horti Sector initiatives under UP \$1TN

Policy Highlights – Uttar Pradesh Food Processing Industry Policy 2023

Subsidies & Incentives

01

Capital subsidy

- Plant, machinery, and technical civil work - 35% capped at INR 5 Cr
- Expansion and modernization / up-gradation – 25% capped at INR 1 Cr

Incentives

- Exemption from charges: 2% of the value at circle rate
- 75% rebate on external development charges
- 50% fees waived off on CLU (Conversion of Land Use)
- Stamp Duty Exemption @100%

Infrastructure Support

02

- Cold Chain and value addition infrastructure: 35% capped at INR 10 Cr
- Frozen storage/deep freezer & value addition: 50% capped at INR 10 Cr
- Agro processing clusters: 35% capped at INR 10 Cr
- Creation of backward and forward linkages: 35% capped at INR 10 Cr

Technology & Innovation

03

- Solar power projects: 50% subsidy in rural areas, 90% for women entrepreneurs
- Assistance for modern technology adoption: Up to Rs. 5 crores
- Promotion of decentralized processing and storage: Assistance for SHGs/FPOs/Farmers capped at 50% of total project cost or Rs. 50 lacs

Market Facilitation

04

- 25% Freight Subsidy on exports excluding Nepal, Bangladesh and Bhutan
- Exemption from Mandi fees and cess
- Support for food processing start-ups and SHGs/FPOs/Farmers

Key supporting measures:



Affirm fair & remunerative price of the produce to the growers



Ensure 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



**Incentives under UP Agriculture
Export Promotion Policy 2022**

and

**Incentives under UP Industrial
Investment & Employment
Promotion Policy 2022**

Agri/Horti Sector initiatives under UP \$1TN

Policy Highlights

As part of UP govt's initiative to achieve a \$1Tn Economy, UP Govt has introduced multiple policies which would greatly benefit investors in the state.

UP Agriculture Export Promotion Policy 2022

Farmer Cluster Area	Export Incentives
50 – 100 ha	10 lakhs
100 – 150 ha	16 lakhs
150 – 200 ha	20 lakhs
200 – 250 ha	28 lakhs
250 – 300 ha	34 lakhs
300 – 350 ha	40 lakhs
If area of cluster increases, increase in amount of INR 6 lakh permitted Staggered incentives upto 5 years (40% in 1 st year and 15% every year for next 4 years)	

The incentive limit is on completion of cluster construction, registration and export obligation

UP Industrial Investment & Employment Promotion Policy 2022

Categories	Capital Investment
Large	Above ₹50 Cr but below ₹200 Cr
Mega	₹200 Cr or above but below ₹500 Cr
Super Mega	₹500 Cr or above but below ₹3,000 Cr
Ultra Mega	₹3,000 Cr or above

Investment Promotion Subsidy: A **one-time choice** is given between **three mutually exclusive options** during the time of application. Request for additional chance of changing the option has been processed and is pending for the approval.

- **Option 1:** Capital subsidy with boosters (Employment booster, Export booster & Ecosystem booster)
- **Option 2:** Net SGST 100% Reimbursement subject to conditions
- **Option 3:** PLI Top-up

A Policy Implementation Unit (PIU) will be established under Invest UP for effective implementation of the policy



FDI, Fortune Global 500 & Fortune India 500 Companies Investment Promotion Policy, 2023

Eligibility Criteria:

- ✓ Projects with Foreign Direct Investment (FDI) Capital Investment of above ₹100 crores.
- ✓ Projects with Capital Investment of more than ₹100 crores by companies included in the list of Fortune Global-500 and Fortune India-500, subject to Negative list.

UP FDI and Fortune 500 Policy 2023 – Fiscal Incentives

Major benefits

Capital subsidy

- 25% of *ECI (excluding land cost) in Gautam Buddha Nagar and Ghaziabad regions
- 30% of ECI (excluding land cost) in Paschimanchal and Madhyanchal regions
- 35% of ECI (excluding land cost) in Bundelkhand and Purvanchal regions

Capital Subsidy will be provided in 7 equal annual instalments with annual capping of INR 100 crores

SGST reimbursement/ refund

- **Option A - Net SGST reimbursement on sales:**
 - 100% of net SGST paid for 10 years
 - Annual capping: Upto 10% of ECI, Overall capping: Upto 100% of ECI (excluding land cost and capital subsidy)
- **Option B - Input SGST refund on capital goods:** 100% SGST refund in 5 annual instalment (Applicable only in case of inverted duty structure)

Note: Option to choose any one out of A and B is available

Land subsidy

- Upto 75% in Paschimanchal and Madhyanchal region
- Upto 80% in Bundelkhand and Purvanchal region

Other fiscal benefits

- **Stamp Duty & Registration Fees:** 50% - 100% exemption/ reimbursement

- **Electricity Duty:** 100% exemption from for 5 years

- **Skill development subsidy:** Upto INR 5,000 p.m. per person for 5 years (max. 500 persons)

- **Green Industry Incentives:** 50% capital subsidy on the cost of Effluent Treatment Plant capped at INR 2.5 crores

- **Industrial Housing Incentives:** Reimbursement upto 10% of the cost of development of workers' housing or dormitory for 7 years overall capped at INR 10 crores

- **R&D incentives:** Reimbursement upto 25% of the cost of standalone R&D centre capped at INR 10 crores (with minimum capital investment of INR 20 crores)

- **Centers of Excellence (CoE):** Grant upto 50% of the project cost capped at INR 10 crores per project
Note: Option to choose any one out of above is available

- **Logistics Subsidy:** Reimbursement upto 50% of the transportation cost on import capped at INR 12 crores per unit (in case of shifting of existing plant from international or domestic locations to UP)

- **Patent cost:** Reimbursement upto 75% of the cost capped at INR 10 lakh (for domestic) and INR 20 lakh (for international)

*ECI – Eligible capital Investment