

Uttar Pradesh - Nourishing growth with its **Food Processing Policy**

Owing to its competitiveness in the availability of raw materials, Uttar Pradesh offers immense opportunities for investments, employment generation and augmenting rural income in the food processing sector. The state leads the country in the production of foodgrains, milk, sugarcane, sugar and potato. With large consumer base, low production cost, human resource and sufficient availability of raw materials, there are ample opportunities to set up food processing based industries in Uttar Pradesh.

Recognizing this potential and to attract investment opportunities in the sector, the Government of Uttar Pradesh under the visionary leadership of Hon'ble Chief Minister Yogi Adityanath, has come up with a new Food Processing Industry Policy in 2023. The policy aims to ensure fair price to the farmers, 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, increase the skill level of the manpower and also make available additionally required manpower.

The sector attracted investment intents worth over Rs 50,000 crore in 2023, out of which investment projects worth Rs 36,527 crore are ready for GBC. BN Group and Hunch Ventures each invested around Rs 3000 crore in Agra and Ghaziabad respectively. Aeyon Shipping and Infrastructure Pvt Ltd and Krishi Utpaad Bhandar Sansthan each invested Rs 1000 crore in Gautam Buddha Nagar; Aishwarya Seeds India Pvt Ltd and Innoterra AG each invested Rs 1000 crore in Jaunpur and Bareilly respectively. Other major companies to have invested in the food processing sector are Bikanervala Foods Private Limited, Haldiram Snacks Manufacturing Private Limited, Balaji Wafers Pvt. Ltd, and Kissan Pro Agro Technology Pvt Ltd etc.

Under the new food processing policy, the state government is offering lucrative incentives, subsidies and marketing support to the entrepreneurs wishing to invest in Uttar Pradesh. Among the major provisions, investors have been provided exemption from paying stamp duty on setting up of a unit, Mandi Fee and Development Fee, while reducing the loss incurred by investors and using startups in production.

The state government has introduced a waiver of 2% fee for converting agricultural land to non-agricultural use. In cases where the Chak Road intersects the project, the investors are exempted from paying 25% of the amount on the circle rate. Earlier, the investors were required to pay 25% of the value of the land and provide an equivalent piece of land at another place along the Chak road. Similarly, those setting up food processing units through land use conversion were charged 20% circle rate on the agricultural land, but now they will get an additional 50% rebate on this. Under the new policy, the entrepreneurs are now eligible for a 75% exemption in external development fees.

As Uttar Pradesh is a landlocked state, a transport subsidy of 25% is provided for transportation of food products from the place of production in the state to the port of the importing country, excluding transportation to Nepal, Bangladesh, and Bhutan. Additionally, a capital expenditure subsidy of 35%, capped at Rs 5 crore, is available. For the expansion and modernization of existing plants, a 35% subsidy, up to a maximum of Rs 1 crore, is provided. Furthermore, there is a grant of 35%, up to a maximum of Rs 10 crore, for the development of cold chain and value addition infrastructure. Moreover, equipment such as deep freezers and frozen storage can benefit from a 50% subsidy.

Given that food processing industries often operate on a small and micro scale and are also set up in remote areas, establishing independent power industrial feeders is not a feasible option. Recognizing this, the state government is providing 50% subsidy on solar power plants with a capacity of up to 75 KVA. Additionally, a 90% subsidy is also being provided for food processing units owned and run by women. To promote decentralised storage, purchase and processing, a grant of 50% or up to a maximum of Rs 50 lakh will be offered to Self Help Groups (SHGs), Farmer Producer Organizations (FPOs) and farmers.

Mega Food Parks play a crucial role in the food processing landscape of Uttar Pradesh. These parks are equipped with state-of-the-art facilities, including processing units, cold storage, and logistics support, creating a complete ecosystem for food processing. They not only promote value addition but also generate employment opportunities, contributing to the socio-economic development of the region. The state government has approved the establishment of Mega Food Park at Bareilly on 246 acres, Agro Park at Varanasi on 259 acres and at Trans-Ganga City Unnao on 1149 acres.

The food processing sector has emerged as a significant source of employment in Uttar Pradesh, creating job opportunities at different skill levels. The establishment of processing units and the growth of related industries contribute not only to economic growth but also skill development within the state. Beyond the transformation of raw agricultural produce, the food processing sector in Uttar Pradesh plays a pivotal role in nourishing the growth of the state's economy and creating a ripple effect that benefits farmers, entrepreneurs, and consumers. With its fertile land and a proactive government, Uttar Pradesh is establishing itself a prominent player in the food processing landscape, promising a rich and prosperous future for the state and its people.