



Advantage Uttar Pradesh

7th FoodWorld India

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EY

Building a better
working world

Advantage Uttar Pradesh

Key food clusters & projects

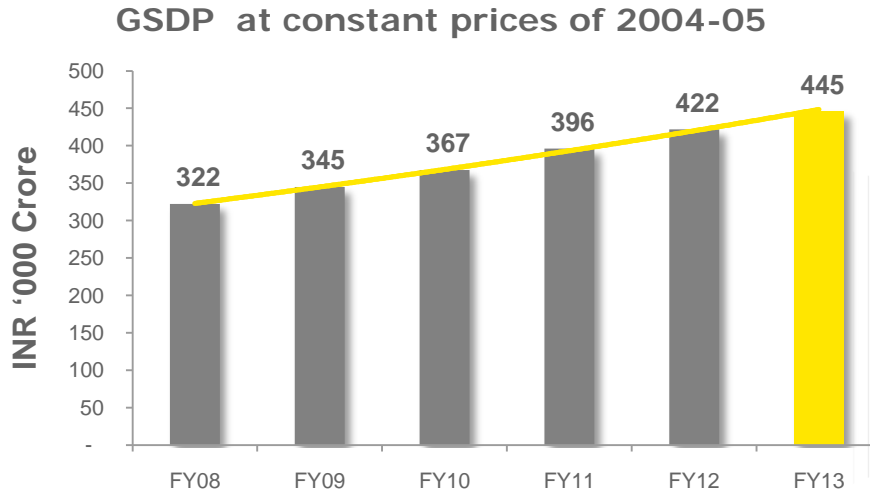
Food Processing opportunities in the state

Policy incentives

Agriculture is the mainstay of India's 3rd largest economy



State GSDP has increased at a rate of 7% in last 5 years



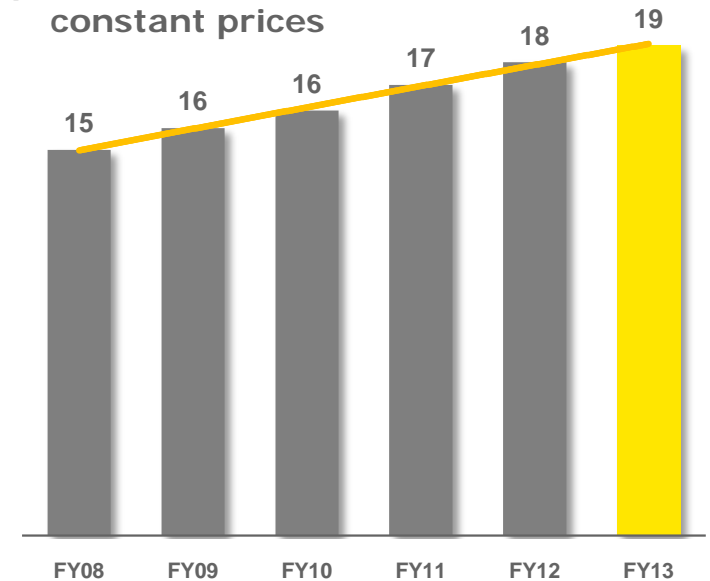
5th largest State in area, with largest share of population of about 200 million (16.5%) making it the single largest consumer market of India

Agrarian economy

Two-thirds of the population depends on agriculture

Increasing per capita income giving more purchasing power to consumers

Per Capita Income (INR '000) at constant prices



Why Uttar Pradesh?



Huge natural resource base and large labour pool

Largest consumer base of 200 million (16.5% of the country) with improving per capita incomes

Rapidly improving physical infrastructure - 43 National Highways, new expressways, power projects, modern airports

Highly attractive Infrastructure Industrial Investment Policy 2012 and other food sector specific policies

Reform oriented proactive government

Energy Availability

State's Installed power capacity witnessed a CAGR of 10.82% in FY13 (till Jan '13) over FY09 (9,246 MW)

**Proposed Investment of INR 20,000 Cr in
Transmission
– INR 13,727 Cr for the 12th Plan**

**Proposed Investment of INR 15,000 Cr in
Distribution Sector**

Food processing – Poised for Robust Growth

Agricultural powerhouse looking at further value addition



1

Food Grains Production (20%)

Sugarcane Production (36%)

Potato Production (34%)

Livestock -Excluding cow (11%)

Milk Production (17%)

Ranks

Vast agri/ food resource base

- ▶ Wheat (34%) – 31.7 MT
- ▶ Vegetables (30%) – 43.30 MT
- ▶ Fruits (19%) – 14.53 MT
- ▶ Pulses (14%) – 2.4 MT
- ▶ Rice (13%) – 14 MT
- ▶ Maize (6%) – 6.22 MT
- ▶ Oil seeds (2.93%) – 0.91 MT

Contributes 60 % of meat exports from India


Per capita per day availability of milk in U.P. - 303 grams (national average 245 grams)

Major fruits grown in U.P. - mango (ranks 1st), aonla (ranks 1st), guava (ranks 4th), banana & litchi

Key Clusters in Uttar Pradesh



Mango Fruit Belts

- 
- ▶ Lucknow, Varanasi, Sitapur, Barabanki, JP Nagar, Bulandsahar, Unnao, Saharanpur, Baghpat, Meerut, Pratapgarh & Faizabad districts



Aonla Fruit Belt

- ▶ Pratapgarh district



Guava Fruit Belt

- ▶ Allahabad district



Meat & Poultry

Milk & Dairy

- ▶ Western and Central Uttar Pradesh

Sector strengths & Opportunities for Investment in the state



- ▶ Fruit belts for mango, guava and aonla
- ▶ Major vegetables cultivated in the state - peas, potato, cabbage, tomato, okra & other leafy vegetables
- ▶ Major spices grown in the state - chillies, garlic, ginger & turmeric

Fruits & Vegetables



- ▶ Contributes approximately 1/5th of the total milk production of the country
- ▶ Buffalo milk contributes 70% to the total milk production in the State
- ▶ Only 5% of the fluid milk is processed and marketed in the organised sector - *huge opportunity*

Dairy



- ▶ Largest food grain producing state & largest producer of wheat
- ▶ Major food grains produced in the state includes rice, wheat, maize, bajra, gram, pea and lentils
- ▶ Second largest producer of rice, contributing to 13% of the national production

Grains

Images for illustration purposes only
(Source : DoFP)

Existing players



Sector strengths & Opportunities for Investment in the state



Poultry

- ▶ Huge opportunity exists, as 365 crore eggs and 900 lac poultry chicks are procured annually from other states
- ▶ New scheme for enhancing poultry production on the anvil, includes - interest subsidy & concessions related to VAT, mandi tax & stamp duty



Meat

- ▶ Largest exporter of processed frozen meat
- ▶ 15 modern integrated abattoirs and 35 meat processing units
- ▶ Buffalo meat - main source of meat production and export; other sources of meat include sheep and goat



Fisheries

- ▶ Third largest producer of inland fishes in India
- ▶ Total estimated fresh water fish production of U.P. for the year 2010-11 is 4.30 lac metric tons (national production 50 lac metric tons)

(Source : DoFP)

Images for illustration purposes only

Potential projects for Investment



Potato Flakes

- ▶ Flakes may be manufactured from any regular variety of potato
- ▶ Plant near Hapur successfully manufacturing potato flakes



Vodka (potato based)

- ▶ State Government plans to **incentivise** the sector
- ▶ A major vodka distillery is in the process of establishing a plant near Rampur and Kannauj



Fruit Pulp

- ▶ **State ranks 1st** in the production of mango and 4th in the production of guava in the country
- ▶ **significant demand** for fruit pulp - Institutional buyers like Hotels, Restaurants
- ▶ **Huge export markets** for fruit pulp include UAE, UK, Saudi Arabia, Japan and others

- ▶ Huge availability of potato in the State
- ▶ Ranks 1st in production, with 34% share of the country's potato output

Conducive Policy Environment: Thrust on key drivers of doing business



Infrastructure and Industrial Investment Policy (IIIP)- 2012

Food Processing Policy 2012

Sugar Policy 2012

Poultry Policy 2012

National Mission on Food Processing Schemes

Objectives

1

Development of Infrastructure Facilities

2

Improvement in Business Environment

3

Attractive Fiscal Incentives

Benefits

Interest Subsidies

VAT Rationalization and Interest free loan

Grants and Aids

Stamp duty exemptions

Mandi Fees & Cess exemptions

Electricity duty rebate and exemptions

Industrial Infrastructure for agri-processing sector



Food Park

- ▶ Located at Barabanki, Gorakhpur, Saharanpur & Varanasi
- ▶ Multi-chamber cold Storages with Sorting, Grading and Cleaning facilities, Quality Control Labs,
- ▶ Electric substation, Industrial plots.

Mega Food Park

- ▶ Proposed at Jagdishpur
- ▶ All clearances issued by State Government

Integrated Dairy Plant

- ▶ 5 lac litre per day capacity of Dairy Plant

Improving Connectivity



Upcoming Airports

International Airport at Kushinagar
615 acres of land has been acquired, PPP mode opted for development. RFP released

International Airport at Agra
Land Site approved
Proposal submitted to GOI for clearances

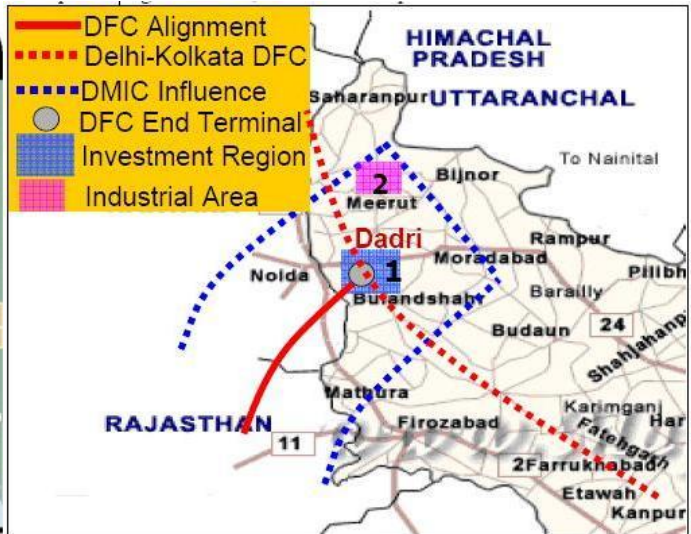
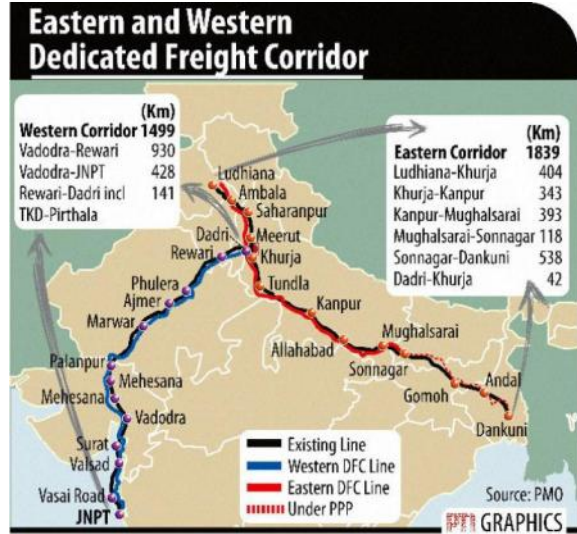
Roads

All District Headquarters to be connected through **4 lane roads**

15 State highways projects in pipeline (**11 in bidding stage**)

Habitations of **500+ population** to be connected through roads

Dedicated Freight Corridors – DMIC & EDFC



- ▶ **36,068 sq km (15%)** of DMIC catchment area across **12 districts of UP**
- ▶ **1839 Km long** railway corridor between Ludhiana to Dhankuni Kolkata **with 57%, over 1049 km falls in UP**
- ▶ **WDFC & EDFC link at Dadri** provides accessibility to both corridors

*image Source: hindu business line

* Source: UPSHA and UPEIDA



Knowledge Economy – Skill Development



36 universities, 3104 colleges, 1500 ITIs/ ITCs, 197 B-Schools and 320 engineering colleges

4 Central universities - BHU, AMU, Allahabad University and Dr. Ambedkar University

World class institutions - IIT Kanpur, IIT BHU, IIM Lucknow and IIT Allahabad

2.8 lac B.Sc students and 96,000 engineering and technology students enrolled every year

- ▶ 3rd highest no. of Colleges
- ▶ 3rd highest no. of Polytechnics

- ▶ 3rd highest no. of B-Schools
- ▶ 4th highest no. of engineering colleges

Existing Agri and Food Processing based Universities/ Institutes



Existing Training Institutes

- ▶ State Institute of Food Processing Technology, Lucknow
- ▶ 10 Govt. Food Science Training Centres at Divisional level
- ▶ 75 Govt. Community Fruit Preservation & Training Centers at District level – training 25,000 students

Leading Agriculture universities / Institutes

- ▶ Chandra Shekhar Azad University of Agriculture and Technology, Kanpur
- ▶ Narendra Dev University of Agriculture and Technology, Faizabad
- ▶ Sam Higginbottom Institute of Agriculture, Technology and Sciences, Allahabad
- ▶ Sardar Vallabhbhai Patel University of Agriculture and Technology, Meerut
- ▶ Indian Veterinary Research Institute, Bareilly

Highlights of the policies for Food Processing Industry



S.No.	Scheme	FPI Policy – 2012 & IIIP-2012
1	Interest subsidy	<p>► Reimbursement of 7% of bank loan interest on capital investment on Plant, machinery & spare parts up to Rs. 50 lacs in a year for 5 years.</p> <p><u>Under IIIP-2012</u></p> <p>► Reimbursement of 5% of bank loan interest on capital investment for 5 years–</p> <ul style="list-style-type: none">○ <i>Infrastructure development</i> - roads, sewerage, power, line, transformer & power feeder etc up to a max Rs. 100 lacs○ <i>Quality improvement & development</i> (plant machine & equipments for testing lab, tool room, Q.C. lab) up to a max Rs. 100 lacs
2	VAT Rationalization & Interest free loan	<p><u>Under IIIP-2012</u></p> <p>► 4% VAT on raw, processing & packaging material</p> <p>► Refund of input tax/set off facility for export sale through export houses as per rule 5(3) of CST Act 1956</p> <p>► All new food processing units established in UP with a permanent capital investment of Rs. 5 cr or more entitled for interest free loan for 10 years against VAT/ CST deposited, payable after 7 years from date of loan disbursement</p>

Highlights of the policies for Food Processing Industry



S.No	Scheme	FPI Policy – 2012 & IIIP-2012
3	Market & Brand development	<p>For new units with minimum investment of Rs. 25 lacs on Plant, Machinery & Technical civil work:</p> <ul style="list-style-type: none"> ▶ 50% reimbursement up to a max. of Rs. 50,000 per beneficiary for expenses made for sending sample of processed food products for test marketing in NON-SAARC countries ▶ 20% of F.O.B. value up to a max. of Rs. 2 Lacs per beneficiary/year for 3 years on export of processed products by Air/Sea in NON-SAARC countries ▶ 25% of transport cost up to a max. of Rs. 1 Lac per beneficiary/year for 3 year for transport of processed products to Airport/ Sea port for export in NON-SAARC countries ▶ 50% subsidy on transportation & rental charges in National or International Trade Fair. (Under IIIP-2012)
4	Global competitiveness, quality & standardization	<ul style="list-style-type: none"> ▶ For new units with minimum investment of Rs. 25 lacs on Plant, Machinery & Technical civil work: <p>25% grant in aid max. up to Rs.50,000 for Internationally accepted quality/ environmental certification viz. ISO 14001, ISO 22000, HACCP, Sanitary/ Phyto-sanitary certification fees & charges</p>
5	Patent/ Design Registration	<ul style="list-style-type: none"> ▶ For new units with minimum investment of Rs. 25 lacs on Plant, Machinery & Technical civil work: <p>50% max. up to Rs. 50,000 as grant in aid</p>

Highlights of the policies for Food Processing Industry



S.No.	Scheme	FPI Policy – 2012 & IIIP-2012
6	Stamp Duty	100% rebate for all category of FPI
7	Mandi Fees & Cess	<ul style="list-style-type: none"> ▶ For 5 years to all new units with an investment of Rs. 5 crores & above on plant & machinery.(IIIP-2012) ▶ For 10 years to all export units using perishables raw material on the exported quantity
8	Electricity Duty	<ul style="list-style-type: none"> ▶ Rebate on Electricity duty for 10 years for new units & 15 years for pioneer units ▶ Exemption in Electricity duty for Captive power generation
9	Project preparation Facility	<ul style="list-style-type: none"> ▶ For new units with minimum investment of Rs. 25 lacs on Plant, Machinery & Technical civil work: ▶ 50% assistance of expenses on 2.5 % cost of project of D.P.R. whichever is less subject to a max. of Rs. 5 Lacs
10	Research & Development	<ul style="list-style-type: none"> ▶ 100 % grant up to Rs. 30 lacs per institution per year for Govt./semi Govt. institutions for 3 years for research & development projects ▶ 100 % grant up to Rs. 10 lacs per institution per year for Govt./semi Govt. institutions for 3 years for protocol development projects

Food processing – Existing investments in the state

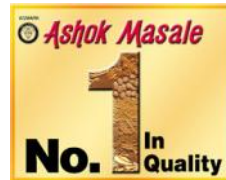


PEPSICO

Cargill



Parle Agro
refreshing India



Food processing units in organized sector:

Name of Industry	Units
Flour mill	224
Rice mills	3220
Fruits/ vegetables	514
Spice	34
Bakery	180
Milk processing	168
Cold storages	1555
Meat processing units/ Abattoirs	365
Others	253
Total	6511

(Source : mfpi/nabard/snac/Industries Deptt.)

* Indicative

Status of Food Processing Industries Proposals Received & their disposal under NMFP



(Rs in Lacs)

S.No	Name of Scheme	2012-13		Project sanctioned		GAP		2013-14		Total	
		No.	Proposed Grant	No.	Sanctioned Grant	No.	Proposed Grant	No.	Proposed Grant	No.	Proposed Grant
1	Technology upgradation/ establishment/ modernisation/ expansion of FPI	66	2804.71	27	1093.00	39	1711.71	52	1943.49	118	4748.2
2	Cold Chain Infrastructure for non horticultural crops/produces	4	3001.46	3	2650.50	1	350.96	4	2145.3	8	5146.72
	Sub total Industry/cold chain	70	5806.2	30	3743.5	40	2062.67	56	4088.8	126	9894.9

The GOI Outlay for 12th Plan (2012-17) is Rs. 122.55 Crore only

Need more support from GOI to boost food processing sectors in Uttar Pradesh

Food Processing & Cold Chain Infrastructures based projects sanctioned by GoUP under Food Processing Mission



S.No.	Name of Sector	Name of Districts	No. of Proposal appraised	Total Project Cost (Rs. Cr)	Sanctioned amount by GoUP (Rs. Cr)
1	Technology upgradation/ establishment/ modernisation/ expansion of FPI		27		
1.1	Cereals/others consumers products	Varanasi, Amethi, Kanpur, Gaziabad, GBNagar	06	29.3	2.5
1.2	Oil seeds products	Gorakhpur	01	16.9	0.5
1.3	Meat Processing	Aligarh, Unnao	02	33.5	1
1.4	Milk Products	Varanasi, Allahabad	02	12.4	1
1.5	Fruits/Vegetables Products	Ghaziabad, Meerut	02	8.4	0.56
1.6	Rice Mill	Gorakhpur, Amethi, Barabanki, Maharajganj, Hardoi, Sitapur, Bareilly, Pilibhit, Rampur, Lakhimpur khiri	14	50.6	5.4
	Sub Total		27	161.2	10.9
2	Cold Chain Infrastructure for non horticultural crops	Firozabad, Rampur, Kanpur Dehat	03	343.1	26.5
	Total		30	504.3	37.4

Regional Food Research and Analysis Centre (RFRAC)



It is a Center of Excellence established to provide analysis and testing facilities to the food processing industries in India.

Advanced Facilities for Testing & Analysis

Nutritional Labelling	Hormones, Steroids
Pesticide Residue	Detection of Heavy / Trace Metals
Bio-Pesticide	Shelf Life Studies
Fertilisers	Microbial Examination



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