

MINUTES OF THE STAKEHOLDER CONSULTATION MEET ON JHARKHAND FOOD PROCESSING POLICY DRAFT 2015, JHARKHAND FEED POLICY DRAFT 2015 AND JHARKHAND INDUSTRIAL PARK OPERATIONALIZATION PROCEDURE 2015 HELD ON 23.06.2015 UNDER THE CHAIRMANSHIP OF SECRETARY INDUSTRIES, GOVERNMENT OF JHARKHAND AT BNR CHNAKYA, RANCHI, JHARKHAND

1. ATTENDANCE

Attendance Enclosed at Annexure 1

2. MINUTES OF THE STAKE HOLDER CONSULTATION MEET

Secretary, Industries welcomed the esteemed guests and delegates to the Stakeholder Consultation Meet for discussion on the draft policies of Jharkhand Food Processing Policy 2015 Draft, Jharkhand Feed Processing Policy 2015 Draft and Jharkhand Industrial Park Operationalization Procedure 2015 Draft. She acknowledged Jharkhand as a mineral rich state and that industries based on natural resources will remain the backbone of the State's industrial activity. However, food processing is an area which will be the major growth driver for the coming years given the exceptionally diverse and high quality produce grown in the State which is highly sought after by the nearby markets and also creates ample opportunities for exports.

Food Processing Sector in Jharkhand State was being assisted through the National Mission on Food Processing and since the launch of the Scheme, the Dept. of Industries has successfully been able to help establish major food processing industries across the State. However, effective this financial year, the Scheme had been de-linked from Central Govt.'s assistance and the onus was on the States now to deliver. In light of Advantage Jharkhand: Food Processing Investors Summit 2015 held in Ranchi a huge need was identified to provide ongoing assistance to Food Processing Entrepreneurs to enable Jharkhand diversify its industrial portfolio.

In such need, the Dept. of Industries, has taken the initiative to draft 3 major policies viz. Jharkhand Food Processing Industry Policy 2015, Jharkhand Feed Processing Industry Policy 2015 and Jharkhand Industrial Park Operationalization Procedure 2015. The Jharkhand Food Processing Industry Policy 2015 was designed with the NMFP Scheme as the base and certain revisions specific to the needs of Jharkhand. The grants-in-aids under the Policy have also been revised as has been the long term need of the industry however subsidy should not be the driving force behind establishing new units rather should be taken as facilitation.

All the 3 policies have been formulated based on the detailed study of comparable policies of the other State Govt. of India and has been made as competitive as possible to give a boost to the industrial sector in Jharkhand.



Presentation by Mr. K. Ravi Kumar, Director, Industries

Mr. K. Ravi Kumar, Director, Industries then proceeded to highlight the success points from Advantage Jharkhand: Food Processing Investors Summit 2015. The formulation of the policies in contention were formed as a continuation of the spirit for making Jharkhand an investor friendly State. Jharkhand is not just rich in natural resources but also agricultural and horticulture produce. Specific suggestions received from the various sources had also been incorporated to create policy draft to create Jharkhand specific policies to boost establishment of industries. Development of industries is key to address the various issues esp. in supply chain systems and helping the farmers get remunerative prices for their produce.

Mr. K. Ravi Kumar, then presented the Policy drafts on the aforementioned 2 policies and 1 procedure to the gathering after which suggestion and queries were invited from the audience.

3. QUESTION AND ANSWER SESSION

1. Mr. Pawan Kumar Rath, Palamau Chamber of Commerce requested clarification on why 6% interest was being charged on the Grants-in-aid under the Cold Chain Scheme and whether the State Govt. can give preference to purchase small scale industries produce. It was clarified to him that
 - a. There is no interest charged on the Grants-in-Aid and that 6% interest subvention is being given to industries under the Cold Chain Scheme
 - b. There is very limited procurement of processed food items by Govt. Agencies across India and is not necessary. The projects should be established based on open market conditions. The Procurement Policy 2014 is in effect and there is a list of reserved and exclusive items under the same
2. Mr. Abhishek, M/s. Maa Jahanvi Rice Mill, Hazaribagh requested clarification on four points -
 - a. whether existing food processing units assisted through NMFP will be able to avail subsidy under new policy for expansion, whether the benefits under the new policy will be extended to units already assisted under NMFP, whether more than one project by the same group of entrepreneurs can be assisted under the policy and whether inclusion of interest subvention can be made for the Scheme for Processing Units. It was clarified to him that
 - a. Existing food processing units assisted through NMFP shall be eligible to avail subsidy under the new policy in case of expansion, modernization, upgradation and

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diversification subject to the unit following the guidelines for the respective nature of expansion laid out under JIP, 2012.

- b. The policy cannot be made effective retrospectively as then there will be no end to it and will create unnecessary subjective issues. The policy environment is a changing one and cannot be made with unlimited scope esp. in view of limited budgetary outlay.
 - c. The aim of the Govt. is to spread the benefits across groups of people so that the benefits could be used by all. The newer projects by yet unassisted entrepreneurs will always be given preference however this will depend on case to case basis. It was also mentioned that this condition will be examined and changes made, if required.
 - d. In regards to interest subvention under Scheme for Processing Units, initially the subsidy for food processing units were broken down into subparts and included various subsidies for Stamp Duty, DPR Creation, Patent, Quality, VAT etc. with separate documentations under each head and the amount of Grants-in-Aid was kept at very moderate levels. However, under the advised by High Power Committee, the Grants-in-Aid were made to be a lumpsum of Rs. 5.00 Cr and all the heads clubbed together to simplifying and ease the process for entrepreneurs.
3. Mr. Manoj Kumar, Laghu Udyog Bharti, Jamshedpur requested clarification on Inclusion of Bio-diesel through forest produce in Food Processing Policy, limiting the documents required and whether self-certification by entrepreneurs can be taken in place of Chartered Civil and Mechanical Engg. Certificates. It was clarified to him that
- a. Only food items which are for human consumption shall be taken under the Food Processing Policy.
 - b. It was told that only necessary documentation has been asked for, but documentation requirement will be reviewed and changed, if required. However, the list of documents currently put in under the policy are necessary for reasons as it assures quality work being done with the aid of Govt. money and reduces the chance of incorrect usage of public funds. Besides, the usage of Govt. funds is open to AG audit, which requires the department to collect the necessary documents.
 - c. Self-certification cannot be considered as a replacement to the documents of Civil and Mechanical Engg. Certificates as 3rd party authentication is required before the final approval. This is in line with the procedures under NMFP as well.

4. Mr. Arbind Kumar Singh, Entrepreneur requested clarification on collateral free loans under the Scheme of CGTMSE and mentioned that there are various issues in getting this entitlement. Mr. N.K. Gupta from the State Level Bankers Association advised that the projects are evaluated based on merit and collateral free loans under CGTMSE provided only when the projects seems viable.
5. Mr. B.D. Mishra representative from Santhal Pargana commented that there is no adequate land available for industrial units in the Santhal Pargana in the districts of Godda, Pakur and Sahebganj. These districts have been the traditionally ignored districts and suffer from non-saleable land issues, electricity, power outage and unstable voltage issues. These areas have tremendous scope in establishing food processing enterprises since adequate production of agricultural and horticultural commodities is present. Mr. Mishra advocated the provision of adequate provision of land for industrial use and power subsidy for the industries. It was clarified to the audience, that 200 acres of land is being developed in Santhal Pargana Area. The respective land authorities have undertaken programs to increase the land bank for industrial usage as well.
6. Mr. Manish, entrepreneur, Dynamic Tarang requested the present officials to provide one point solution point for the facilitation in banking, marketing, branding needs of entrepreneurs and assimilation of all the schemes through a single window system should be enabled for facilitating entrepreneurs as subsidy is not the only requirement sought. He also wanted to know if production of by-products from agriculture and horticulture produce be considered under the Food Processing Scheme. It was clarified to the audience that under Ease of Business, single window system is being strengthened to enable electronic submission of applications and provision of all information under one system. The officials further clarified that if the by-products made by the food processing industry will qualify under the definition of Food Processing then the same will be eligible for benefits under the Scheme.
7. Mr. Anup Chawla, local entrepreneur, highlighted the difficulties for the entrepreneur in setting up of the industry particularly with Electricity Dept. and Pollution Control Board. He also advised that Beer Making should be incorporated under Food Processing Policy as an eligible sector as the inputs required for its manufacturing are majorly based in agriculture like broken rice, malt and hops. The present officials mentioned that the same will be taken up for evaluation.
8. Mr. Pachriwal, JSIA then highlighted certain issues which have been mentioned below
 - a. Inclusion of Floriculture under Primary Processing Centre Scheme
 - b. Inclusion of Horticulture Products under Cold Chain Scheme
 - c. Timelines should be included for the release of subsidy



d. Pollution Certificates like NOC, CTO should be released in a time-bound manner

The present officials clarified that Floriculture is more a farming practices hence not included under food processing, though the oleoresins extracted from flowers is eligible for grant-in-aid under Jharkhand Food Processing Policy. Regarding the inclusion of Horticulture Products under Cold Chain Scheme, the officials mentioned that Cold Chain scheme has been specifically created for non-horticulture products and for horticulture products the Scheme of PPC is available. Alternatively, the entrepreneurs can also pitch in their projects under the Schemes under MoFPI for Cold Chain Development.

Mr. Sanjay Kumar Suman, Member Secretary, JSPCB, then clarified that the system for NOC and CTO has been made online and timelines have been created for the release of the same effective from 01.04.2015.

9. Mr. S. K. Gupta, AGM, NABARD then highlighted certain issues which have been mentioned below

- There should be developmental structure that the food processing industry should take which will help the farmers, whether it will be Hub and Spoke Model, Food Parks, Cluster Development.
- Only few big entrepreneurs should not get the subsidy and the benefits should be spread across people and geography for holistic development of the sector
- Synergy should be established between the Development Financial Institutions (DFIs), Central Govt. and State Govt. especially in the case of Cold Chains wherein collaboration could take place between NABARD, NHM, APEDA, NHB and State Govt.
- The State Govt. should established a Facilitation Centre for financial assistance and collateral demand
- The State Govt. should also safeguard the interests of small scale producers and to this end establish a quota for small scale producers. Preference should also be given to Farmer Producer Organizations
- NABARD has made a provision of Rs. 2000 Crores dedicated to Food Processing Industries. The State Govt. could itself create infrastructure for promoting food processing industries wherein NABARD would provide the financial assistance

10. Mr. Sanjay Kumar Singh, Chairman, Adityapur Small Scale Industries then raised some issues central to food processing industries. He advised setting up dedicated food parks in specific belts where State Govt. will be providing the infrastructure. He also professed that Land Cost should be made eligible under the Policy for consideration at the time of calculation of subsidy since it is a major cost item. The Food Processing Industry should also get benefited through power subsidy owing to seasonal nature of the operations.

11. Mr. Ramachandra commented that minimum area for Industrial Parks should be brought down and scope should be there to erect vertical food parks since the land area availability is a big constraint. The officials advised that since the policy framework is an evolving and dynamic we should let the area required be the same for now, however based on future needs the same could be considered if required.
12. Mr. Chandrakant Raipat, JSIA then provided the comments on behalf of JSIA on the Industrial Park Policy. He made the following points
 - a. Notification period should be mentioned properly as it currently seems vague. The policy should remain in effect for a period of 10 years from the date of notification
 - b. The HPC should include members from industries Association / Chamber of Commerce and Secretary, Forest Dept. and Chairman, Pollution Control Board whereas the MPC should include members from industries Association / Chamber of Commerce and Architect registered with COA
 - c. Timelines should be created at each stage for proper execution
 - d. HPC should become the final approval / rejection authority
 - e. Transfer of ownership of land to SPV should be fully exempt from registration duty / stamp fee
 - f. Change of land requirement from 75 acres to 25 acres and from 25 acres to 15 acres for the two types of parks
 - g. Advised to change the percent area for common use infrastructure from 30 to 40 percent and 10 percent for residential use of employees
 - h. Advised changing the time of completion from 3 years to 5 years
13. Mr. Rajkumar, Mechanical Engg. expressed that land allotment forms are not available at RIADA and new industrial land is not being allotted. It was clarified that Land Allotment Regulation have been passed by all four boards namely RIADA, AIADA, BIADA and SPIADA and are under process of ratification. By July end, Single Window System will be in operation and the problems will be alleviated.
14. Mr. Manoj from MSME, Bokaro mentioned that eligibility criteria should include non-technical civil components keeping in view of the food safety parameters and quality control issues. The State Govt. should also provide R & D Support, subsidy for non-conventional sources of subsidy and create District Level Advisory Committee. It was clarified that eligibility criteria has been formed keeping in mind the policy of NMFP and it already included capital expenditure incurred on Lab equipment, quality control equipment etc.
15. Mr. Rajesh Kumar, Small Scale Industries Association, Bokaro commented that diversification of ancillary units of SAIL into food processing sector should be promoted.

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16. The entrepreneur from Bhandari Feeds, Hazaribagh commented that their project from expansion had been rejected and whether that project can be taken up by State Govt. under the new policy.

The meeting was concluded with vote of thanks given by Director Industries.

Sd/

**Secretary, Industries
Government of Jharkhand**

**Government of Jharkhand
Directorate of Industries**

Memo Number - 1782 /dated 07/07/2015
06 / DI /Food Processing Policy - 01/2015

- i. CC : All concerned participants in regards to the Stakeholders Consultation Meet on Food Processing/ Feed Processing/ Industrial Park Draft Policies, for information

Anand 7/7/15
Deputy Director, Industries
Department of Industries