



Bangalore Chamber of Industry and Commerce

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**K R GIRISH
PRESIDENT**

January 12, 2010

Mr. R Suresh IAS.,
Principal Secretary
Food Processing & Harvest Technology
Agriculture & Horticulture Department
Government of Karnataka
541, II Gate, MS Building
Bangalore - 560 001

Dear Sir,

**Sub: BCIC Representation for the Sector-Wise Task Force
on Food Processing for Global Investors Meet – 2010**

Bangalore Chamber of Industry and Commerce would like to submit the following policy suggestions for the Government of Karnataka with regard to Food Processing Sector for the Sector-Wise Task Force on Agri & Food Processing Committee, GoK, for the forthcoming Global Investors Meet scheduled to be held during June, 2010:

- ✓ The State Government in consonance with the Central Government should take adequate measures to increase the agriculture yield and improve marketing linkages. The Government should encourage large scale investments from Private Sector to improve the linkage chain for movement of agriculture products and commodities exchange.
- ✓ Uniform implementation of the model of APMC Act which would provide a direct linkage to the farmers and the markets
- ✓ The Government should vigorously pursue with the Central Government for allocation of sanctioned amount towards the development of Food Parks at Malur, Bagalkot, Hiriya and Jeevargi which have already been identified and effective measures should be taken to improve the necessary infrastructure in order to attract Private Sector.
- ✓ We have also been given to understand that the State Government is planning to develop its own Food Parks in the State at Bangalore Rural, Tumkur, Davanagere, Shimoga, Belgaum, Bijapur. Effective propagation should be made through Chambers of Commerce / Newspapers / Electronic Media in order to attract Private Sector investments.

Policy Suggestions

- ✓ The Food Processing Industry should be declared as seasonal and accordingly during off-season the KEB should not charge minimum demand charges.
- ✓ KIADB should be instructed to acquire the land at the earliest to enable the Food Karnataka Ltd. to showcase the availability of land to the Industries.
- ✓ Investment subsidy should be provided for food processing industries which are established outside Bangalore.

- ✓ Government should consider giving export incentives for Food Processing Industries. Presently there are no such incentives being provided by the State Government. The State Government should ensure that the farmers get financial support at low interest rates and especially to those products which are export oriented. It may also consider giving subsidy for procuring of seeds, manure and equipment etc.,
- ✓ There should be a proper mechanism to encourage agro processing industries to enter into organic farm either directly or through farmers.
- ✓ Efforts should be made to develop the waste land in the State in order to invite investment in the Food Processing Sector.

Incentives for investors in Food Processing Sector

- ✓ 80% VAT reimbursement
- ✓ 50% Capital subsidy in the sphere of captive power generation
- ✓ 40% Capital Subsidy
- ✓ Absolute no bar or objection on behalf of the State Government on any subsidy or facility what the investor wants to avail from the Central Government
- ✓ Need for right pricing of the agricultural produce for which the food processing industry needs to play an active role
- ✓ State Government should encourage Contract Farming in the State and the Government should review its current APMC Policy
- ✓ Corporate should be allowed to own land in the State especially for the food processing sector
- ✓ A dire need for proper interaction and cooperation between the Private Investors and the State Government to ensure better returns
- ✓ **State Government should disseminate in the media about the availability of land in the Food Parks as well as the Infrastructure and incentives available for new investors. A model Food Park to be created and should be given wide publicity both in the print and electronic media.**

The chamber has also submitted the Representation to Mr. S. A. Ravindranath, Hon'ble Minister for Agriculture, Government of Karnataka on Tuesday, January 5, 2010. We hope the Government would actively consider our valuable suggestions and come out with a Policy Framework and enlighten the industry with all the Concessions and Subsidies which are available to the Food Processing sector so that we shall disseminate the same amongst our members.

Thanking you and with kind regards,



K R GIRISH

Cc : Dr. G.K. Vasanth Kumar,
Additional Secretary,
Department of Food Processing & Harvest Technology,
Agriculture & Horticulture Department,
Government of Karnataka