



Odisha Food Processing Policy–2022

(Effective from 30.11.2022)

(Incorporating amendments made upto 31.12.2023)

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**Micro, Small and Medium Enterprises Department
Government of Odisha**

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1 Introduction

- 1.1 Odisha has 10 agro-climatic zones and 8 major soil types, which are favourable for production of variety of crops, vegetables, fruits and spices. In 2021-22, the agriculture and allied sector have contributed about 20% to the Gross State Domestic Product.
- 1.2 State has recorded 11.6% of growth in the food grains production to 130.39 Lakh MT during 2020-21 over 2019-20.
- 1.3 State has a long coastline of 480 km with continental shelf area of 24,000 sq. km along the Bay of Bengal. Odisha is endowed with rich marine water reserves, perennial rivers and substantial water bodies.
- 1.4 Odisha is the 4th largest producer of fish and the 4th largest producer of shrimp in the country. Total fish production in the State during 2020-21 was 8.73 Lakh MT.
- 1.5 Odisha is also a leading producer of milk. Total milk production stood at 23.73 Lakh MT during 2020-21.
- 1.6 Odisha is India's leading producer of Cereals like rice, maize; Pulses like arhar, moong, black gram; Oil Seeds like groundnut, sesame, mustard & sunflower; Fibers like cotton, jute, mesta & coconut; Spices like turmeric, ginger, chilly & garlic. Odisha has also significant production of vegetables like sweet potato, potato, onions & tomato and fruits like Mango, Pineapple, Papaya, Jackfruit and Tamarind. However, the Food Processing Industry in Odisha is yet to exploit full potential of all these agro-horticultural produce.
- 1.7 Considering the importance of the food processing sector, the State Government had notified a separate Food Processing Policy in 2016. Industrial Policy Resolution-2015 of Govt. of Odisha declares 'Food Processing' as one of the Priority Sectors.
- 1.8 Considering the immense potential of growth and employment in the Food Processing sector and in order to provide renewed impetus, Government of Odisha is bringing out "**Odisha Food Processing Policy-2022**" with an objective to provide required infrastructural and institutional support and fiscal incentives to boost value addition in the sector.

2 Vision

To catalyze the development of competitive Food Processing Industry by facilitating creation of an enabling environment and related infrastructure for sustainable, equitable and inclusive growth of the sector with a view to add value & reduce wastage and thereby maximizing employment opportunity and increase income of farmers.

3 Objectives & Strategy

SN	Objective	Strategy
i.	To encourage & enable local entrepreneurs to setup Food Processing enterprises.	<ul style="list-style-type: none">▪ To create awareness and organize food processing specific entrepreneurship development programmes at ITIs / Polytechnics, IED, OUAT, NIT, Rourkela.▪ To depute the identified potential food

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SN	Objective	Strategy
		processing entrepreneurs for higher learning to national level institutes like NIFTEM, CFTRI, IICPT and for industrial exposure to successful clusters / enterprises.
ii.	To increase the flow of private sector investments across the value chain from farm gate to market.	<ul style="list-style-type: none"> ▪ To organize Roadshows/ Investors' Meets at strategic locations and participate in Fairs /Summits in the country & overseas.
iii.	To provide enabling infrastructure by promoting establishment of Food Processing Parks and common facilities in terms of warehouses, cold storages & cold chain infrastructure, laboratories, packaging.	<ul style="list-style-type: none"> ▪ The State Government shall set-up food processing parks at various locations based on availability of raw materials, demand and potential of the districts. ▪ To facilitate development of common infrastructure near the existing food processing clusters.
iv.	To encourage value addition, increase shelf-life & reduce wastage, thereby increasing employment and income to the local farmers and entrepreneurs.	<ul style="list-style-type: none"> ▪ To provide fiscal incentives to encourage value addition. ▪ To facilitate flow of credit from Banks/ NABARD/ FIs to the existing & upcoming Agro & Food Processing enterprises. ▪ To promote setting up of Cold Chains, Cold Storages & Primary Processing Centers.
v.	To support capacity building in terms of skilling of Human Resource required by the Food Processing Industry.	<ul style="list-style-type: none"> ▪ To organize need based skill development programmes with the assistance from Odisha Skill Development Authority, Director, Employment & Director, Technical Education & Training.
vi.	To promote product/ process innovation, research and development and encourage technology up-gradation.	<ul style="list-style-type: none"> ▪ To provide fiscal incentives to the technical / professional institutions and existing entrepreneurs to promote product/ process innovations and R&D. ▪ To facilitate assistance to the enterprises from the existing GoI schemes. ▪ To provide incentives to encourage technology up-gradation/ modernization.
vii.	To enhance competitiveness of the local food processing industry for both domestic and international markets.	<ul style="list-style-type: none"> ▪ To encourage the enterprises to obtain quality certification from accredited bodies at national & international level.



4 Nodal Agency

- 4.1 The MSME Department, Government of Odisha shall be the Nodal Agency for administration of Odisha Food Processing Policy-2022.
- 4.2 The Director of Industries, Odisha along with Regional Industries Centers (RICs)/District Industries Centers (DICs) shall be the implementing agency for the purpose of this Policy.

5 Definitions

All the terms/acronyms used in this policy have been defined in Annexure-I.

6 Facilitation Support to Food Processing Sector

6.1 Single Window Clearance System

The existing Single Window Clearance Authority at District and State level shall provide clearance to projects of food processing sector. Single Window Mechanism is laid down under Odisha Industries (Facilitation) Act, 2004 and Amended Rules, 2015 and as may be amended from time to time.

6.2 Infrastructure Development

- 6.2.1** Government shall facilitate establishment of Mega Food Parks/ Sea Food Parks by IDCO/OSIC/Private Agencies under Mega Food Park Scheme of Ministry of Food Processing Industries, Government of India.
- 6.2.2** State Food Parks at strategic locations based on potential, availability of raw materials and demand shall be promoted by State Government through IDCO/OSIC/private agencies.
- 6.2.3** Government shall facilitate development of common infrastructure at Food Processing Clusters by availing grants under various Government of India schemes.
- 6.2.4** State-of-the-art Food Testing Laboratory will be set up by Directorate of Export Promotion & Marketing, Odisha with accreditation from National Accreditation Board for Testing and Calibration Laboratories (NABL) at Cuttack, Berhampur, Bargarh, Balasore and Rourkela. For this purpose, funds shall be mobilized from Government of India and State Government.

7 Incentives & Support Measures

To encourage growth of food processing units in the State, the government shall offer financial support to the enterprise as outlined in sub-sections below. This will be applicable only in respect of the units operating in Odisha.

7.1 Capital Investment Subsidy (CIS) for Food Processing Enterprises

New and existing food processing enterprises undertaking Expansion/ Modernization/ Diversification, **with investment in Plant & Machinery up to Rs.50 crores**, shall be eligible for CIS in the following manner:

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SN	Category	Quantum	Maximum Limit
1.	General Food Processing Enterprise	@30% of capital investment made in Plant & Machinery	Up to Rs.3.5 crore
2.	Enterprise owned by SC, ST, persons with disabilities, women, technical entrepreneur (degree/diploma in food technology, B.Sc. Agriculture, BSc Horticulture, B.Sc. Veterinary Science or similar qualification in food processing sector)	@35% of capital investment made in Plant & Machinery	Up to Rs.4 crore
3.	Enterprise set-up in: a. Industrially Backward Districts b. Designated IDCO Industrial estates / areas / Aqua parks / Food Parks located in Biju Expressway Highway corridor.	Additional CIS @5% of capital investment made in Plant and machinery, subject to an upper limit of INR 50 Lakhs over and above the limits specified above (Sl. No. 1 and 2)	
4.	Anchor Industry	@30% of capital investment made in Plant & Machinery	Up to Rs.5 crores
5.	Enterprises with Captive solar power plant:	Additional CIS @25% of the cost of setting up Captive solar power plant, subject to an upper limit of Rs.25 Lakhs over and above the limits specified above (Sl. No. 1, 2 and 4)	

Note: For the enterprises set up by SC, ST, persons with disabilities, Women, Technical entrepreneur (degree/diploma in food technology, B.Sc. Agriculture, B.Sc. Horticulture, B.Sc. Veterinary Science or similar qualification in food processing sector) their stake in shareholding shall be 51% or more individually or jointly on the date of commencement of commercial production.

7.2 Assistance for Reefer Vehicles

Financial assistance in the form of credit linked back ended subsidy @35% of the cost of standalone New Reefer Vehicle(s) / Mobile pre-cooling van(s) up to a maximum of Rs.25 Lakh shall be provided for carrying & transporting both Horticulture & non-Horticultural produce. This will enable linking of producers to the processors and markets through well-equipped supply chain management.

8 Assistance for setting up Mega Food Park / Sea Food Park /State Food Park

Financial assistance up to 20% of the project cost (excluding cost of land) as approved by

Competent Authority subject to limit of Rs.15 Crore will be provided to Special Purpose Vehicle (SPV) promoting Mega Food Park / Sea Food Park / State Food Park. The subsidy can also be provided in the form of equity participation through IDCO / OSIC subject to approval of the competent Government Authority or Committee. These parks should have been approved under the Mega Food Park Scheme (MFPS) scheme of Govt. of India or as 'State Food Park' by Government of Odisha. The overall limit of such assistance from all sources shall not exceed 75% of the Project Cost (excluding cost of land).

9 Assistance for Human Resource Development (HRD)

9.1 Assistance for creation of infrastructure facilities for running Degree/ Diploma/ Certificate courses in Food Processing Technology

One-time capital grant @ 50% of the cost up to Rs.1 crore will be provided to recognized University/Institution in the state for creation of infrastructure facilities for running a recognized Degree/ Diploma Course in Food Processing Technology. The assistance will be limited for pilot projects, laboratory equipment, technical/ academic books/ journals, facilities of testing food items.

9.2 Assistance for conducting Entrepreneurship Skill Development Programme (ESDP)

Financial assistance up to Rs.3 Lakh per ESDP (of 25 to 30 trainees) will be provided to Government ITIs / Government Polytechnics/ IEDO/ OUAT/ Industries Associations for conducting a 30 days Certificate Programme on Food Processing, with prior-approval of MSME Department.

Note: Not more than 20% of the funds allocated in a year can be spent on components under Human Resources Development.

10 Promotional Activities

SN	Activity	Quantum and Limit
1.	Organizing Seminar/ Workshops	Assistance up to a ceiling of Rs.2 Lakh per event organized by ITIs/ IEDO/ OUAT/ APICOL/ DEP&M/ IIP/ Industries Associations with prior-approval of the MSME Department.
2.	Support to Exhibitions/ Fairs	Quantum of assistance shall be provided with prior-approval of the MSME Department.
3.	Domestic Study Tour/ Exposure Visit	Assistance @50% of expenditure for a maximum of 2 batches (10-25 persons per batch) per annum with a financial ceiling of Rs.2 Lakh per batch shall be provided with prior-approval of the MSME Department. In case of Govt. representatives, TA, DA, etc. shall be admissible as per OTA Rules.
4.	Conducting Studies/ Surveys/ Feasibility Report	Assistance up to 50% of the cost, subject to a maximum of Rs.4 Lakh shall be provided with prior-approval of the MSME Department. When the Govt./ Govt. Organizations commissions the study/ survey, there will be no financial ceiling.

Note: Not more than 10% of the funds allocated in a year can be spent on components under Promotional Activities.

11 Governance

Incentives / claims under this Policy shall be considered and approved by the following Committees to be constituted by MSME Department:

SN	Name of the Committee	Category of Enterprise
1.	District Level Committee (DLC) under the Chairmanship of Collector & DM of respective District	Investment in Plant & Machinery up to INR 1 crore
2.	State Directorate Level Committee (SDLC) under the Chairmanship of Director of Industries, Odisha	Investment in Plant & Machinery more than INR 1 crore and up to INR 10 crores
3.	State Level Committee (SLC) under the chairmanship of the Secretary, MSME, Govt. of Odisha	Investment in Plant & Machinery more than INR 10 crore and up to INR 50 crores



12 General Provisions

- 12.1 This Policy shall be effective from the date of its notification.
- 12.2 New Food Processing Enterprise means any enterprise/industry where fixed capital investment has commenced on or after the effective date and which commences production within three years from the date of starting fixed capital investment. In case of Migrated units, it shall commence production within 3 years from the date of 1st fixed capital investment and shall be treated as new Food Processing Enterprise under this Policy.
- 12.3 The existing food processing enterprises undertaking expansion / modernization / diversification shall be eligible only after first fixed capital investment for E/M/D is made after the effective date of this policy.
- 12.4 This Policy and other extant Policies provides certain fiscal incentives. Entrepreneur can choose to avail a particular incentive according to his /her eligibility.
- 12.5 If the industrial unit has availed similar financial incentive under any scheme of the State Government or the Government of India (GoI) or Government Agencies or any Government Financial Institutions, it shall be eligible only for the differential amount of benefit.
- 12.6 A Food Processing enterprise shall be eligible for availing incentives under this policy provided it is acknowledged with Production Certificate.
- 12.7 Government may consider condonation of delay beyond the stipulated period of 3 years in implementation of projects due to force majeure (reasons like natural calamities) and the reasons beyond the control of industrial units on case-to-case basis on recommendation of an Empowered Committee to be constituted under the Chairmanship of Principal Secretary to Government, MSME Department.
- 12.8 Enterprise shall become ineligible to get incentives if it does not file its claim within the time limit prescribed in the Operational Guidelines of respective incentives. Government may consider condonation of delay (up to 90 days after the prescribed time limit) for filing of application for incentives by the enterprises on case-to-case basis, for reason(s) beyond the control of the unit, on recommendation of the Empowered Committee as defined under clause 12.7.
- 12.9 All Food Processing Enterprises which have commenced fixed capital investment prior to notification of this policy, and not falling under the definition of migrated unit, shall continue to be governed and assisted under OFPP-2016.
- 12.10 The list of industries not eligible for incentives is provided in Annexure II.
However, the list may be amended by Government from time to time.
- 12.11 Doubts relating to interpretation of any term and / or dispute relating to the operation of any provision under this policy shall have to be referred to the Nodal Agency for clarification / resolution and the decision of MSME Department in this regard shall be final and binding on all concerned.
- 12.12 No right or claim for any incentive under this policy shall be deemed to have been conferred merely on the ground of provision in this policy. Implementation of various provisions covering the incentives, concessions etc. will be subject to notification of detailed guidelines/statutory notifications by MSME Department/ concerned Administrative Department. Incentives shall be extended subject to availability budgetary provisions.
- 12.13 Migrated Industrial units shall be eligible for incentives provided in this policy subject to the specific conditions.
- 12.14 The State Government may at any time amend any provision of this Policy.



Appendices

Annexure I

Definitions & Abbreviations

- i. **Anchor Industry** means the first and lead investor in the designated industrial park whose brand value and potential for backward and/or forward linkages shall stimulate further investment in the industrial park
- ii. **Date of Commencement of Production** means the 1st date of commencement of production as mentioned in Production Certificate issued by GM, RIC/DIC.
- iii. **Effective Date** means the date of notification of this Policy.
- iv. **Enterprise** means food processing enterprises with Investment in Plant & Machineries up to INR 50 Crores.
- v. **New MSME** means a Micro, Small & Medium Enterprise where fixed capital investment (including the one who has **existing** land, land & building) has commenced on or after the effective date of this policy and goes into production within three years from the date of starting of first fixed capital investment.
- vi. **Existing industrial unit** means industrial food processing unit which commenced production before the effective date of this policy
- vii. **Expansion / Modernization / Diversification** of an existing enterprise means additional investment of at least 50% of the un-depreciated book value of Plant & Machinery of the said unit made in acquisition of additional plant and machinery and technology for such expansion /modernization / diversification duly appraised and approved by DIC/ RIC / NSIC / NCDC / Public Financial Institutions / Banks. In case of expansion, the additional investment as above must result in at least 50% addition in installed capacity. In case of diversification, the additional investment as above must result in production of at least one additional product in food processing.
- viii. **First date of fixed capital investment** means the first investment made by the new enterprise in Land or Building or Plant & Machinery or Balancing Equipment on or after the effective date of this policy. This is not applicable in case of Migrated units.
- ix. **Food Processing** includes transformation of raw ingredients or food into other forms including a process of value addition to the **agriculture**, edible animal / fish products, marine products including sea food such as shrimp / fish and horticulture products by various methods such as grading, sorting and packaging in an effective manner, to enhance their shelf life, quality and make them more useful. It may also include processing of food at all levels, i.e. primary, secondary and tertiary. Enterprises engaged in manufacture of packaging, materials for food processing industry. Enterprises engaged in manufacture of Cattle feed / Poultry feed / Prawn feed/ Fish feed/ Cold storage/ Nutritional / Nutraceutical products.
- x. **Government** means Government of Odisha.
- xi. **Industrially Backward Districts:** Kalahandi, Nuapada, Bolangir, Subarnapur, Koraput, Malkangiri, Rayagada, Nawrangpur, Kandhamal, Gajapati and Mayurbhanj.
- xii. **Infrastructure** include warehouse, cold storage, Primary Processing Centre / Collection Centre, transportation infrastructure including reefer vans / containers, Cold Chain, Value addition and Preservation Infrastructure for processed food and beverages.
- xiii. **Migrated Industrial Unit** means an industrial unit which has commenced fixed capital investment but not gone into production before the effective date of this policy and will have the option to be treated as New Industrial Unit under this policy provided that it goes into



production within three years from the date of first fixed capital investment and it will surrender and or refund the incentives availed, if any, (excluding exemption from payment of premium for land conversion and Stamp Duty for land registration) under earlier IPRs and MSMED policy. Provided also that such option shall be exercised in the prescribed form provided in the Operational Guidelines and submitted within 180 days from the Date of Notification of the Operational Guidelines. Once the option is exercised, it shall be final and irrevocable.

xiv. **Mega Food Park (MFP)/Mega Sea Food Park/ State Food Park**

- ▶ **Mega Food Park:** A place where there is an integration of facilities to augment processing of various agriculture, horticulture, animal products, fishery products / sea food products approved under Mega Food Park Scheme (MFPS) scheme, GoI.
- ▶ **State Food Park:** An Industrial Park dedicated for food processing activities and which is approved by the Government of Odisha with minimum land requirement of Ac.25.00.

xv. **Micro, Small & Medium Enterprise** means Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 and its amendment from time to time. As per the latest definition of the Government of India, MSME is defined as:

Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant and Machinery or Equipment: Not more than INR 1 crore and Annual Turnover: not more than INR 5 crore	Investment in Plant and Machinery or Equipment: Not more than INR 10 crore and Annual Turnover: not more than INR 50 crore	Investment in Plant and Machinery or Equipment: Not more than INR 50 crore and Annual Turnover: Not more than INR 250 crore

xvi. **Nodal Agency** means Department of MSME, Government of Odisha.

xvii. **Quality assurance providers** include food testing laboratory and certification agencies.

xviii. **Research and Human Resource Development** includes institutes involved in Research & Development of Product technology, packaging material for processed food and institutes involved in developing Human Resources through skill development, entrepreneurship development, running food processing and related courses.

xix. **SC, ST Enterprise:** A Food Processing Enterprise managed by one or, more Scheduled Caste (SC) / Scheduled Tribe (ST) entrepreneurs in which they individually / jointly have a share capital of not less than 51% as partners / Shareholders / Directors of Partnership Firm/Private Limited Company/ Cooperative Societies up to the date of production.

xx. **Women Enterprise:** A Food Processing Enterprise managed by one or, more women entrepreneurs in the enterprise in which she / they individually / jointly have a share capital of not less than 51% as partners / Shareholders / Directors of Partnership Firm / Private Limited Company/ Cooperative Societies up to the date of production.

xxi. **Year** for the purpose of incentives means a period of 365 consecutive days.

Abbreviations

- E/M/D : Expansion/Modernization/Diversification
- IDCO : Odisha Industrial Infrastructure Development Corporation
- IPR : Industrial Policy Resolution
- KWH : Kilo Watt Hour
- MFP : Mega Food Park
- MSME : Micro, Small & Medium Enterprise
- MT : Metric Tonne

NCDC : National Cooperative Development Corporation
NSIC : National Small Industries Corporation
OSIC : Odisha Small Industries Corporation Limited.
RIC/DIC : Regional Industries Centre / District Industries Centre
SPV : Special Purpose Vehicle



Annexure-II

LIST OF INELIGIBLE ENTERPRISES/ INDUSTRIES

Enterprises ineligible for fiscal incentives specified under this Policy

1. Hullers and Rice mills with investment of less than INR 10 Crore in plant and machinery.
2. Flour mills, Pulse mills, Besan mills with investment of less than INR 1 Crore in plant and machinery.
3. Edible / Non-Edible Vegetable Oil Mills having;
 - a) Expeller with investment in plant & machinery less than Rs.10 Lakh.
 - b) Solvent Extraction with investment in plant & machinery less than Rs.50 Lakh.
 - c) Hydrogenation of Oil.
 - d) Repacking of oil with Filtering, Colouring and Deodorizing
 - e) Refining of Oil with investment in plant & machinery less than Rs.5 crore
4. Confectionary with investment in plant & machinery with less than Rs.10 Lakh for industrially backward districts and less than Rs.1 Crore for other area.
5. Bakeries and preparation of sweets and savouries etc. excluding units using mechanized process with an investment in plant and machinery of more than Rs.20 Lakhs in industrially backward districts and more than Rs.50 Lakhs in other districts.
6. Mixture, Bhujia and Chanachur preparation units
7. Manufacture of Ice candy.
8. Manufacture and processing of betel nuts.
9. Hatcheries, Piggeries, Rabbit, or Broiler farming
10. Units for cutting raw tobacco and sprinkling jiggery for chewing purposes and Gudakhu manufacturing units.
11. Bottling units or any activity in respect of IMFL (Indian Made Foreign Liquor) or liquor of any kind.
12. Re-packaging Units
13. Packaged drinking water with investment of less than Rs. 1 Crore in plant and machinery.
14. Soft drinks and carbonated drinks (except the units manufacturing fruit pulp and/or juice out of it with investment of less than Rs.1 Crore in Plant & Machinery).
15. Pre-processing of oil seeds: decorticating, parching and frying.

Note: List of Industrial units / enterprises indicated above may be modified by the Government from time to time.

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