

PUBLIC PRIVATE PARTNERSHIP OF FOOD PARKS IN KARNATAKA

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ABSTRACT

The state of Karnataka is blessed with rich biodiversity that has ten agro climatic zones and nine types of soil. This is the only state having more varieties in the growth of fruits . Karnataka has emerged as the new destination for food processing industries. Changes in lifestyles, income consumerism, technology has led to the establishment of food processing industry and food parks in the country. Food parks and food processing are considered as the emerging industrial units that would not only create employment but would also be a value addition to economic development. Under the 10th five year plan scheme, the Ministry of Food Processing Industries, Govt. of India encourages public private partnership that would inject investment in setting up food parks. Therefore the present paper attempts to understand the importance of public private partnership and food parks in the state. The state Government has encouraged private players to support and establish food parks as these private players are more technically efficient, provide better infrastructure and attract investment in the food sector. The Government has promoted special purpose vehicle (SPV), Food Karnataka Ltd (FKL) in 2004 to attract private investments in food parks across the state. It has been observed that Karnataka is one of the top ranked states to adopt public private partnership (PPP) in meeting its infrastructure requirements, technological up gradation and investment to achieve faster industrial progress. The food processing industry ranks fifth in terms of production and exports. Thus, this paper is a study about the importance of public private partnership(PPP) and food parks in Karnataka in contributing towards the development of the economy as the food processing industry is considered as a 'sunrise industry'.RTC is cheaper.

Keywords: Passengers, Satisfaction, UPSRTC, Quality, Services

1) INTRODUCTION

A nation's economic development is assessed by its industrial progress. Industrial progress can be achieved only with the aid of modern technology. In this era of globalization, when innovations are constantly taking place in the field of technology, there is a growing demand for technical

equipments at every stage of industrial production. Technology up gradation and the usage of modern sophisticated technology has not just become indispensable but the order of the day in the pace of industrialization. New industries are emerging that are using the latest technology resulting in faster and increased production. One such industry is the food



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processing industry. Food processing industry is a capital intensive industry that is gaining prominence in the Indian industrial scenario in terms of production, consumption, employment and exports.

Food Processing Industry is considered as a 'sunrise industry'. Food processing may be defined as a set of methods and techniques that are used to transform agri raw inputs to produce marketable food products for consumption. In simple terms, food processing can be defined as preserving food products effectively for a long time without diluting the quality with the help of latest technology. As such, to encourage the development of this industry, the Government both at the national and state levels have set up food parks.

Food Parks were established in the State under the Ministry of Food Processing Industries guidelines during 2000- 2001. The Government has set up food parks under the public private partnership mode. Therefore this paper studies the importance of food parks set up through public private partnership in Karnataka. At the very base of the agro processing industry lies a combination of inputs from field produce and research technology.

2. OBJECTIVES OF THE STUDY

- a. To understand the need and benefits of public private partnership of setting up of food parks in Karnataka.
 - b. To understand the technical infrastructure facilities available in setting up of food parks in Karnataka.
 - c. To understand the mechanism adopted by the Government of Karnataka emphasizing the establishment of food parks in the state.
- 2(a) The need and benefits of public private partnership of setting up of food parks in Karnataka.

In a mixed economy like India, it is desired and recognized that private sector will equally contribute towards economic growth and development. As a matter of fact, private sector is known for its efficiency, risk bearing and has the potential to accumulate huge capital which is very much necessary for undertaking development and technical projects. Therefore, the Government with the help of private sector focuses on setting up development projects through public private partnership mode. Public private partnership has become increasingly prominent in sectors like airports, urban transit systems, health, education, food processing and also are considered to be the preferred mode of project implementation.

The Department of Economic Affairs facilitates public private partnership, the prime objective being effective institutionalization of the PPP cells to deliver their financial and technical services to the selected entities both at the central and state levels.

The term 'public-private partnership' (PPP) describes a relationship in which public and private resources are blended to achieve a goal or set of goals judged to be mutually beneficial both to the private entity and to the public. The term has gained prominence as its importance has become more significant over time.

The public private partnership is based on the principles which include efficient use of existing assets, payment of services, transparent process of procurement, fair regulatory framework, institutional infrastructure, sustainable incentives and concessions. Public private partnerships initiate investment in agricultural research and development.

Karnataka is a state that adapts itself to the changing economic conditions, changing demand, dynamic changes in the field of technology, facilitating the growth of industries with the usage of upgraded technology and

undertaking research thus producing new innovative products and sustains the rising competition.

Karnataka has always been a proactive State, which has today made it into the most sought after destination for cutting edge technology and manufacturing in the country. There are in all about 177,850 units engaged in the agro and food processing industry in Karnataka. The total production value was estimated at Rs. 348.9 billion in the year 2008-09.

Karnataka is home to some of the leading multinational food companies, such as Britannia, Coco-Cola Heinz ITC, Nestle, Nissin, Pepsi, Unilever. These companies have established their manufacturing facilities in the state. Karnataka is the top-ranked State in using the public-private partnership (PPP) route.

The Government of Karnataka has adopted public private partnership in setting up of food parks across the state. Through this mode, necessary technical facilities are provided to the food parks, as such food processing being a capital intensive industry. Food parks are set up to boost high tech-infrastructure meant for agri processing or food processing along with value chain from farm to the market with would help would help in attracting investment.

It has been observed that the public private partnership (PPP) has been successful in channelizing private investment in technical infrastructure which is a requisite to attain economic development.

The technical and infrastructural facilities provided by public private partnership determines the ratio of risk sharing, enabling value added research and adequate regulatory arrangement within the authoritative framework.

The public private partnership enables the Governments to accurately manage the total cost of entire project by adopting a cost benefit

approach. This results in effectively utilizing the resources, timely completion of projects, to introduce innovation into production, to create jobs, ensuring and adopting quality measures, greater governance, transparency and discipline of public spending.

The Ministry of Food Processing which was set up in the year 1988, in order to encourage this food industry and to provide the necessary infrastructure in terms of integrated cold chain mechanism for handling perishable produce, introduced a new scheme in the eleventh five year like the mega food park scheme. The Government of Karnataka in order to attain this objective set up food parks with public private partnerships that would cater to the needs of setting up these units with required technology.

2(b) The technical infrastructure facilities available in setting up of food parks in Karnataka Karnataka has a rich bio-diversity and is the only state where a variety of fruits are available. Karnataka is the third largest producer of fruits and fifth largest producer of vegetables in India. This shows there is a great potential for the food processing industry to grow and prosper. Therefore, in order to emphasize the growth of food processing industry, the Government of Karnataka has established food parks across the state.

According to the Vision Document 2015, food parks are considered to bridge the gap between producers and processors. Each food park includes facilities that are essential for sorting, grading, packaging, quality control, cold storage and well equipped research and development laboratories.

The Government of Karnataka has established Food Karnataka Ltd. The Food Karnataka Ltd. is entrusted with the responsibility of setting up of food agro technology parks in potential locations, to formulate policy for agro processing industries and very importantly to set

up agro export zones with private sector investment.

The State Government has set up a Public Private Partnership (PPP) cell and designated a Secretary Level officer as PPP nodal officer of the State. Its prime function is to identify, conceptualize and create a shelf of projects in consideration with the line departments and recommend approval of suitable projects for implementation on PPP route.

The basic infrastructure and technical facilities need for setting up of food parks are good roads and drain, regular and adequate supply of power and water, warehousing facility, effluent treatment plant, cold storage, quality control laboratory, sorting and grading centres, technology business incubation centre etc.

One of the prime thrusts of public private partnership is the provision of technical assistance. This technical support helps the state to implement PPP schemes effectively and efficiently, increase awareness among potential private sector partners and the expectations of Government with respect to value for money.

With a provision to provide technical feasibilities, the Ministry of food processing in the eleventh five year plan (2007-2012), made significant allocation for the establishment of 30 mega food parks, which included creation of integrated cold chain, modernization of abattoirs, establishment of laboratories for research and development, up gradation of quality and hygiene of food.

The Ministry of food processing to promote the growth and development of the food industry under the eleventh five year plan introduced various schemes which would facilitate the setting up of food processing units and food parks in the country.

With this in view, the Ministry introduced these schemes that are as follows.

- Mega Food Parks Scheme: As mentioned earlier, the mega food parks scheme was introduced by the Ministry of Food Processing Industries in the eleventh five year plan. This scheme aimed at setting up food parks with necessary infrastructure backed by an efficient supply chain which would enable the growth of food processing units in the country. This scheme is considered as the flagship programme of the Ministry of food processing.
- Scheme of cold chain, value addition and preservation Scheme for Cold Chain, Value Addition and Preservation: The Ministry of Agriculture undertook the task force on cold chain introduced in 2008 had identified a gap of 9 to 10 million tonnes of cold storage capacity in the country. This scheme for cold chain and preservation infrastructure has been well implemented.
- Scheme for Technology Upgradation / Establishment / Modernization of Food Processing Industries: Under this scheme, financial assistance is provided in the form of grants in aid for setting up of food processing units and also for technological up gradation and expansion of existing units in the country.

2(c) The mechanism adopted by the Government of Karnataka emphasizing the establishment of food parks in the state.

The Government of Karnataka to encourage food processing industry in the state, established Food Karnataka Ltd.(FKL) and a Special Purpose Vehicle (SPV) for the development of infrastructure in these industries.

Food Karnataka Ltd.(FKL) is a Special Purpose Vehicle (SPV) that was set up in April 2003. Food Karnataka Ltd. (FKL) is intended to promote agro food parks in prime locations and thereby promote the food industry. Accordingly

Food Karnataka Ltd.(FKL) has been participating in the Global Investor’s Meet , conducting awareness programmes to attract private investment.

Under the Food Agro Technology Parks scheme, the Central ministry for food processing with the state Government of Karnataka provided an amount of Rs.4 crores, along with the private partner initiating an investment in the rest of the project cost that varied between Rs. 16 crores and Rs. 18 crores.

TABLE 1 : Existing food parks

Location	Area (acres)
Malur (Kolar)	87
Navanagar (Bagalkot)	100
Hiriyur (Chitradurga)	106
Jewargi (Gulbarga)	105

This table shows the existing food parks in the state of Karnataka.

Food Karnataka Ltd. (FKL) along with private investment has initiated for the establishment of food parks proposed in 6 locations which is shown in the table 2.

TABLE 2 : Proposed food parks under PPP

Location	Area (acres)
Belgaum	100
Bijapur	75
Bangalore Rural	100
Shimoga	100
Tumkur	100

Proposed Spice Park

Haveri	100
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Source: Agriculture & Food Processing sector profile- Government of Karnataka,(2011)

During the financial year 2010-11, the state Government has released Rs. 250 lakhs and Rs. 200 lakhs to Food Karnataka Ltd. (FKL). Out of the said amount, Food Karnataka Ltd.(FKL).has released Rs. 50 lakhs to M/s. Green Food Park Ltd.,

Bagalkote district, Rs.50 lakhs to Jewargi Agro Food Park, Jewargi and Rs.41.30 lakhs to the Deputy Commissioner, Bijapur towards the acquisition of land for Bijapur Food Park.

These food parks are well equipped with the complete infrastructure for farm level primary processing centre, testing facilities apart from the basic infrastructure that would ensure regular supply of power and water.

The schemes introduced by the Ministry of food processing also includes research and development labs for testing the flavor of the processed food products, incubation centres to undertake agri research and also setting up a knowledge centre for agronomy.

The mega food park scheme is expected to provide a well-defined agriculture and horticulture-processing zone containing state of the art processing facilities. The intention of this food park scheme was to bring together farmers, processor and retailers, thereby improving farmer’s income.

The Government of Karnataka has also set up Karnataka UdyogMitra (KUM) with the objective of providing escort services to entrepreneurs for establishment of industrial ventures in the State. It also acts as Secretariat for State Level Single Window Agency Meeting. Karnataka UdyogMitra (KUM) organizes various publicity propaganda programmes, Investor’s Meet, Road-shows to attract the investors not only within the State but also from abroad.

The Government has declared the Agro food processing policy which aims at ensuring a better return to the famers, make available well balanced and nutritious processed food products to the people, encourage technology up gradation at all stages of food production and very importantly create a brand image for agro processed food products of Karnataka.

At present there are 161 cold storage units and more than 150 warehouses across the state. This provides the basis that there is huge scope for the growth of food parks and food processing units in the state. The state Government has proposed to set up food parks at Yadgir, Koppal, Dharwad, Hassan, Mysore and Chikkamagalur districts.

The advantage of processing agricultural goods results in higher quality goods, lower cost transport, improved handling and improved market performance. According to Agrawal (1994), and Linden and Lorient (1999), processing may also result in repackaging the product into marketable portions and retaining the taste and flavor of the processed food products.

3. FINDINGS OF THE STUDY

According to the Department of Economic Affairs (DEA), there are 95 public private partnership projects in the state with a Karnataka a total outlay of Rs. 39,491.85 crore.

Most of the civil infrastructure work has been completed in Malur, Hiriyur, Bagalkot and Jewargi food parks which had been approved by Ministry of Food Processing Industries. The food park in Malur has started processing vegetables, fruits and dal for the local as well as for the export market. The food park in Hiriyur has completed land leveling, dug two borewells, constructed cold storage, and warehouse. Cold storage equipments, four lines of grading and separating machines for fruits and vegetable processing, two lines of grading machines for food grains, oil seeds and spices with a total capacity of 16 million tonnes per hour and two lines of packaging machines have been installed

4. LIMITATIONS OF THE STUDY

Though the paper highlights on the importance of public private partnerships in setting up of food parks in Karnataka but it fails to explain the schemes introduced by the

Ministry of food processing in detail with reference to the state. It does not include the technical training facilities provided to the entrepreneurs and the concept of food technology is not discussed.

5. CONCLUSIONS OF THE STUDY

Karnataka is bestowed with rich fertile soil and six agro climatic zones having tremendous scope to emerge as the largest hub for food processing in the country. The support of adequate cold chain and warehousing infrastructure, strong connectivity with national and international markets provide a firm base for the agro processing industry to flourish. With every year, the Global Investor's Meet being organized and conducted not only boosts investor's confidence but also provides for greater participation of the private players in this food industry.

Food Karnataka Ltd. (FKL) is expected to play a major and an active role in the state, contributing towards the economy of Karnataka by setting up food parks which in turn provide employment, improve farmer's income and also enhance the quality of processed food products by using the latest technology and implement the schemes introduced by the Ministry of food processing efficiently and effectively.

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