

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Industries & Commerce Department – Food Processing Policy of Andhra Pradesh State
2015-2020 – Orders – Issued

INDUSTRIES & COMMERCE (PROGRAMME-III) DEPARTMENT

G.O.Ms.No.57

Dated: 24-07-2015

Read the following:-

1. G.O.Ms.No.62, Industries & Commerce (FP) Department, dt.29.06.2010.
2. G.O.Ms.No.36, Industries & Commerce (IP&INF) Department, dt.29.04.2015.

ORDER:

In the G.O 1st read above, orders were issued evolving Food Processing Policy of Andhra Pradesh State 2010-2015.

2. In the G.O 2nd read above, orders were issued for industrial Development Policy 2015-2020.

3. As the Food Processing Policy 2010-15 expired, the Government of Andhra Pradesh decided to formulate a fresh Food Processing Policy duly keeping in view of the tactical advantages like conducive climatic conditions, diverse raw material base, excellent infrastructure, large Land bank and abundant availability of skilled manpower etc., has accorded top priority to industrial growth as a means to mitigate poverty and unemployment.

4. After detailed examination and discussions with stake holders concerned Government approved the Food Processing Policy 2015-20 detailed below.

4.1 Aim of Food Processing Policy

The State intends to be the most preferred destination for Food Processing Industry. The new Food Processing Policy aims to capitalize on the rich and diverse food production base of Andhra Pradesh to provide fillip to the sector.

4.2. Policy Targets

The proposed policy targets are as follows:

- (a) Make Andhra Pradesh one of the most preferred destinations for food processing sector
- (b) Attract new investments worth ₹5,000 crore by 2020.
- (c) Create additional employment opportunity for 50,000 personnel by 2020

4.3 Policy Objectives

- (a) Develop commodity-based clusters to enable a focused and planned approach to developing the food processing industry through a coordinated approach between government departments.
- (b) Identify and bridge existing infrastructure gaps affecting the food processing industry.
- (c) Promote innovation, research & development in the industry and ensure continuous technology up gradation.
- (d) Undertake capacity building and enhance competitiveness of food processing industry in both domestic and international markets.

4.4 Integrated Food Parks

- (a) Government of Andhra Pradesh would strive to setup Integrated Food Parks across all districts of Andhra Pradesh. SuoMotu proposals will also be considered, for which a Swiss Challenge process would be adopted (as per the relevant provisions of the APIDE Act 2001). These Integrated Food Parks will be setup in 3 categories as follows:
- (i) Integrated Food Park: The Minimum area of each Food Park will be 30 acres, with a minimum of 10 food processing units in each. GoAP will provide a grant of 50% of project cost for setting up these food parks, with a limit of ₹20 crore.
 - (ii) Mega Food Park: The Minimum area of each Food Park will be 50 acres, with a minimum of 20 food processing units in each. GoAP will provide a grant of 50% of project cost for setting up these food parks, with limit of ₹ 50 crore.
 - (iii) Ultra Mega Food Park: GoAP will strive to develop an Ultra Mega Food Park in Kuppam with State of Art infrastructure. Customized incentives would be offered for the same.
- (b) Government of Andhra Pradesh to provide VAT/CST/GST reimbursement for Integrated Food Parks during the construction period for a period of 2 years limited to a maximum ₹2 crore.
- (c) Units established in the Food Park, including Anchor Unit, will be eligible for all other incentives as applicable in this Policy.
- (d) Government will notify Industrial Area Local Authority (IALA) status for Integrated Food Parks, as well as all Food Parks supported by Government of India and GoAP to facilitate speedy execution.

5. Commodity based cluster development

- (a) Government of Andhra Pradesh will focus on commodity based cluster development to enable a focused and planned approach to developing the food processing industry based on the food production strengths of respective geographies.
- (b) All relevant government departments, including Agriculture, Horticulture, Animal Husbandry, Irrigation, Industries & Commerce and Marketing will coordinate with the Nodal Agency, and make concerted efforts in developing these clusters across the value chain.
- (c) Food Parks developed, based on commodity produced in the identified cluster will be prioritized.
- (d) Facilities set up in identified clusters for processing of waste produced in food processing units will be provided grant of 50% of project cost up to a maximum of ₹2 crore.

6. Policy Features

6.1.Ease of Doing Business

(a)Labour Concessions

The Food Processing industry will be declared to be a 'Public Utility' under the Industrial Disputes Act, 1947 in order to prevent flash strikes.

(b)Single Desk Clearance

Government of Andhra Pradesh shall facilitate all industrial clearances in accordance with the Single Desk Policy 2015-20.

6.2. Skill Development Initiatives.

- (a) Universities in the state will be encouraged to commence courses in food packaging, food testing & quality, procurement, food processing and such allied fields.
- (b) Government of Andhra Pradesh will encourage setting up of training centers in commodity-based cluster development initiatives of the state. Additionally, GoAP will reimburse 50% of cost involved in skill up gradation and training local manpower limited to ₹ 5,000 per person in such training centers.

6.3. Research and Development

- (a) Government of Andhra Pradesh will provide assistance to food processing industries for research work approved by government undertaken by reputed research institutions, up to 50% of the cost with a ceiling of ₹25 lakh. This would be a one-time grant for a food processing unit.

6.4. Testing Labs

- (a) Maximum 50% grant of the project cost of setting up of NABL approved food testing lab for common usage by food processing units up to a limit of ₹5 crore.
- (b) Maximum 50% grant for setting up/ upgrading of testing labs for use by single unit up to a limit of ₹ 5 lakh.
- (c) State Government organizations and Universities (including deemed Universities), offering courses in food processing, are eligible for grant support limited to 80% of eligible project cost required for setting up / up-gradation of full-fledged NABL approved testing labs
 - (i) Specifically, GoAP will provide support for testing labs to be established in Acharya Nagarjuna University (ANU) in Guntur, Sri Venkateswara University (SVU) in Tirupati and Andhra University in Visakhapatnam, and technology up-gradation of testing laboratory in JNTU, Kakinada.
 - (ii) Additionally GoAP will reimburse 80% of cost of 2 technical staff in such laboratories from the date of commencement of operations of the lab for a period of 3 years.

6.5 Inland Container Depot (ICD)

- (a) Government of Andhra Pradesh will set up Inland Container Depot (ICD) at Chittoor and Kakinada port to facilitate import/export of food products.

6.6. Setting up of Mango Development Board and Banana Development Board

- (a) Government of Andhra Pradesh will explore with Ministry of Agriculture of GoI for setting up a Mango Development Board at Tirupati on the lines of commodity boards like Spices Board, Coconut Board etc.
- (b) Government decided to set up a Banana Development Board with an allocation of Rs.10.00 crores initially from State Budget.

7. Infrastructure Support

7.1. Land

- (a) For Food Processing units, land allotment shall be done as per the Industrial Developmental Policy 2015-20.

7.2. Power

- (a) Power tariff subsidy will be at ₹1.50 per unit for food processing units including cold chains, cold storage units, ripening units for 5 years from date of commencement of commercial production.
- (b) Food processing industry will continue to be a “seasonal industry” under the regulations of APERC, and shall get relief from minimum electricity demand charges during the closure period.
- (c) Electricity duty will be exempted for captive power plants for self-use, for 5 years from the date of commencement of commercial operation

8. Fiscal Incentives

8.1 Land Conversion charges

If conversion of land for setting up Food Processing unit is permitted by the relevant government authority, GoAP will reimburse the Non-Agriculture Land Assessment (NALA) tax as applicable.

8.2 Capital Subsidy

- (a) Subsidy to an extent of 25% of project cost for setting up new food processing units limited to ₹5 crore.
- (b) Subsidy to an extent of 25% of equipment cost for technology up-gradation of existing food processing units limited to ₹1 crore.
- (c) Subsidy to an extent of 50% for setting up Primary Processing Centers (PPCs) and Primary Collection Centers (PCCs) limited to ₹2.50 crore.
- (d) Subsidy to an extent of 35% for setting up of cold chain for agriculture / horticulture /dairy /meat produce, limited to ₹5 crore.

8.3. Interest Subsidy

- (a) Interest subsidy of 7% on the term loan taken for fixed capital investment for food processing units and cold chain infrastructure for a period of 5 years from commencement of commercial operations limited to ₹2 crore.
- (b) Interest subsidy of 7% on the term loan taken for Primary Processing Centers (PPCs) and Primary Collection Centers (PCCs) for a period of 5 years from commencement of commercial operations limited to ₹1 crore.
- (c) For Integrated Food Parks that avail loans from NABARD, interest subsidy will not be applicable.

8.4. Tax incentives - VAT/CST/SGST

- (a) Net VAT/CST/SGST reimbursements for MSME and large food processing units shall be as per the MSME Policy 2015-20 and Industrial Development Policy 2015-20 of Government of Andhra Pradesh respectively.

8.5. Stamp Duty

- (a) 100% reimbursement of stamp duty and transfer duty paid by the industry on purchase or lease of land meant for industrial use.
- (b) 100% reimbursement of stamp duty for lease of land/shed/buildings, mortgages and hypothecations.
- (c) All the reimbursements shall be processed within 6 months.

8.6. APMC Cess/Fees

- (a) Government of Andhra Pradesh will provide 100% exemption of APMC cess/ fees in respect of procurement of agriculture / horticulture produce directly from farmers by new/existing food processing units.

8.7. Marketing Assistance

- (a) Reimbursement of 50% of cost of participation to maximum of 10 MSME units per year for participating in international food processing related trade fairs, with a ceiling of ₹5 lakh per unit per annum.
- (b) Reimbursement of reimburse 75% of the space rent with a ceiling of ₹ 2 lakh per year for maximum of 10 MSME units for setting up stalls to extend their business interests in national/international exhibitions and conferences.

8.8. Quality certification/Patent registration

- (a) Reimbursement of 50% of the cost of certifications such as HACCP, GMP, ISO 9000, ISO 22000, GLP and TQM for food processing units, up to a limit of ₹5 lakh per unit.
- (b) Reimbursement of expenditure incurred in obtaining patents to the extent of ₹10 lakh per patent.

8.9. Transportation

- (a) Subsidy of 50% for the purchase of reefer vehicles to food processing units up to a maximum limit of ₹ 10 lakh.

8.10. Export Incentives

Reimbursement of 30% of road transport charges till inland container depot (ICD) / port for export of perishable goods by food processing units with a ceiling of ₹5 lakh per annum per unit for a period of 3 years from the date of commercial production.

9. The detailed policy document is appended at Annexure-1

10. An amount of Rs.10.00 Crores is initially allotted to Banana Board for its promotion

11. The Policy will come into operation from date of issue of this order and shall remain in force for five years or up to 31.03.2020. The incentives mentioned in the policy will be extended to industries as per guidelines to be notified separately.

12. This order issues with the concurrence of Finance (EBS-VIII) Department, vide their U.O.No.1717/113/EBS.VIII/A2/15 dt.12.06..2015

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.S. RAWAT
SECRETARY TO GOVERNMENT & CIP

To
The Chairman, Andhra Pradesh Food Processing Society, A.P. Hyderabad.
The Chief Executive Officer, A.P. Food Processing Society, A.P. Hyderabad.
The Director of Industries, Andhra Pradesh, Hyderabad.

Copy to:

All the PS to Principal Secretaries / Secretaries to Government, Govt of A.P.

All Heads of the Department, Government of Andhra Pradesh.

All the Collectors, Government of Andhra Pradesh.

All Departments in A.P. Secretariat, Andhra Pradesh, Hyderabad.

The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Limited, Hyderabad.

The Secretary, Government of India, Ministry of Food Processing Industries, Panchsheel Bhavan, August Kranti Marg, New Delhi-110 049.

The P.S. to Principal Secretary to Chief Minister.

The P.S. to Minister for (Agriculture / Horticulture / Marketing / Fisheries / Animal Husbandry) Government of A.P

The P.S. to the Chief Secretary.

The P.S. to the Secretary to Government & CIP., Industries & Commerce Department.

The Government Pleader for Industries & Commerce, High Court of A.P. Hyderabad for information.

SC/SF

//FORWARDED: : BY ORDER//

SECTION OFFICER

ANNEXURE -1

(G.O.Ms.No. 57, IND & COM DEPT.,
DATED 24-07-2015)

Food Processing Policy 2015-2020

Government of Andhra Pradesh

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List of Abbreviations

24X7	24 hours a day; 7 days a week
AAGR	Average Annual Growth Rate
ANU	Acharya Nagarjuna University
AP	Andhra Pradesh
APERC	Andhra Pradesh Electricity Regulatory Commission
APFPS	Andhra Pradesh Food Processing Society
APSSDC	AP State Skill Development Corporation
CFTRI	Central Food Technological Research Institute
CIPET	Central Institute of Plastics Engineering & Technology
DIC	District Industry Centers
ETP	Effluent Treatment Plant
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
FPO	Farmer's Producers Organization
GDP	Gross Domestic Product
GLP	Good Laboratory Practice
GMP	Good Manufacturing Practice
GO	Government Order
GoAP	Government of Andhra Pradesh
GoI	Government of India
GSDP	Gross State Domestic Product
Ha	Hectare
HACCP	Hazard Analysis & Critical Control Points
IALA	Industrial Area Local Authority
ICD	Inland Container Depot
INR or `	Indian Rupee
ISO	International Organization for Standardization
JNTU	Jawaharlal Nehru Technological University
LLPD	Lakh Liters Per Day
Ms	Miscellaneous
MoFPI	Ministry of Food Processing Industries, Government of India
MSME	Micro, Small & Medium Enterprise
MT	Metric Tonnes
MW	Megawatt
NABARD	National Bank for Agriculture and Rural Development
NABL	National Accreditation Board for Testing and Calibration Laboratories
NALA	Non-Agriculture Land Assessment
NIFTEM	National Institute of Food Technology Entrepreneurship and Management
NSDC	National Skill Development Corporation
PCC	Primary Collection Center

PPC	Primary Processing Center
PPP	Public Private Partnership
SC/ST	Scheduled Caste/ Scheduled Tribe
SPV	Special Purpose Vehicle
SVU	Sri Venkateswara University
TQM	Total Quality Management
USD	United States Dollar
YoY	Year on Year

1. Introduction to Andhra Pradesh

Andhra Pradesh is strategically located on the southeastern coast of India and is a natural gateway to East and Southeast Asia. The state has a population of 4.93 crore (as per population census - 2011), accounting for 4% of country's population, residing in 4.9% of country's geographical area. Andhra Pradesh has abundant natural resources (barytes, limestone, bauxite, and a number of minor minerals), fertile land and river basins, water resources, extensive canal system and conducive agro-climatic conditions. The State has the second longest coastline in India and is also one of the largest producers of marine products.

At current prices, the Gross State Domestic Product (GSDP) of Andhra Pradesh was ₹4,75,859 crore in 2013-14. Between 2004-05 and 2012-13, the average annual GSDP growth rate of Andhra Pradesh was 7.25% while the average per capita income at (current prices) increased from ₹46,345 in 2008-09 to ₹88,876 in 2013-14.

The advanced estimate for GSDP in 2014-15 is ₹5,20,030 crore and the target for GSDP in 2015-16 is ₹6,36,606 crore (both at current prices).

2. Introduction to the sector

2.1. Market Overview

- a) Food processing industry in India has gained prominence in recent years. Availability of raw materials, changing lifestyles and appropriate fiscal policies have given a considerable thrust to industry's growth. This sector serves as a vital link between agriculture and industrial segments of the economy. Strengthening this link is of critical importance to reduce wastage of agricultural raw materials, improve the value of agricultural produce by increasing shelf-life, fortify the nutritive capacity of food products and ensure remunerative prices to farmers as well as affordable prices to consumers.
- b) India is ranked first in world in production of banana, mango, papaya, chickpea, garlic, ginger, okra. India ranks second in the world in production of sugarcane, rice, potatoes, wheat, garlic, groundnut (with shells), dry onion, green pea, pumpkin, gourds, cauliflower, tea, tomatoes, lentils, wheat and cow milk.

Product	India's Contribution to World Production	Total Production (in million MTs)	India's Rank
Okra	73.0%	5.7	1
Chickpea	68.0%	8.2	1
Mango	45.1%	18.4	1
Papaya	43.7%	5.6	1
Garlic	40.0%	1.25	1
Ginger	32.75%	5.1	1

Milk	27.0%	124.8	2
Rice	22.8%	104.32	2
Banana	17.8%	29.72	1
Eggs	9.3%	3,945 (millions)	3

- c) India's food processing sector ranks fifth in the world in exports, production and consumption. The food processing industry is highly fragmented and is dominated by unorganized sector. About 42% of the output comes from unorganized sector, 25% from organized sector and rest from small players.
- d) Though the unorganized segment varies across categories, approximately 75% of the market is still in this segment. The organized sector is relatively bigger in the secondary processing segment than the primary processing segment.
- e) The contribution of food processing industry to gross domestic product (GDP) at 2004-05 prices in 2012-13 amounted to ₹845.22 billion. India's food processing industry has grown annually at 8.4% for the last 5 years, up to 2012-13.
- f) The value addition of the food processing sector as a share of GDP manufacturing was 9.8% in 2012-13.
- g) Foreign Direct Investment (FDI) inflows in Food Processing sector in the country during 2013-14 was US\$ 3.9 billion.
- h) Food processing industry is one of the largest employment generators, with growth in direct employment in the organized food processing sector standing at 6.05% between 2010-11 and 2011-12.
- i) India currently has 42 mega food parks set up with an investment of ₹9,800 crore. Additionally 121 cold chain projects are being implemented in order to develop supply chain infrastructure.

2.2. Export Potential/ Domestic Consumption

Strategic geographic location and proximity to food-importing nations makes India a favorable base for the export of processed foods

A. Export Potential

- i. Value of exports in the sector has been showing an increasing trend with Average Annual Growth Rate (AAGR) of 20.53% for five years ending 2013-14.
- ii. The value of processed food exports during 2013-14 (Provisional results) was of the order of US\$ 37.79 Billion (total exports US\$ 312 Billion) constituting 12.1% of India's total exports.

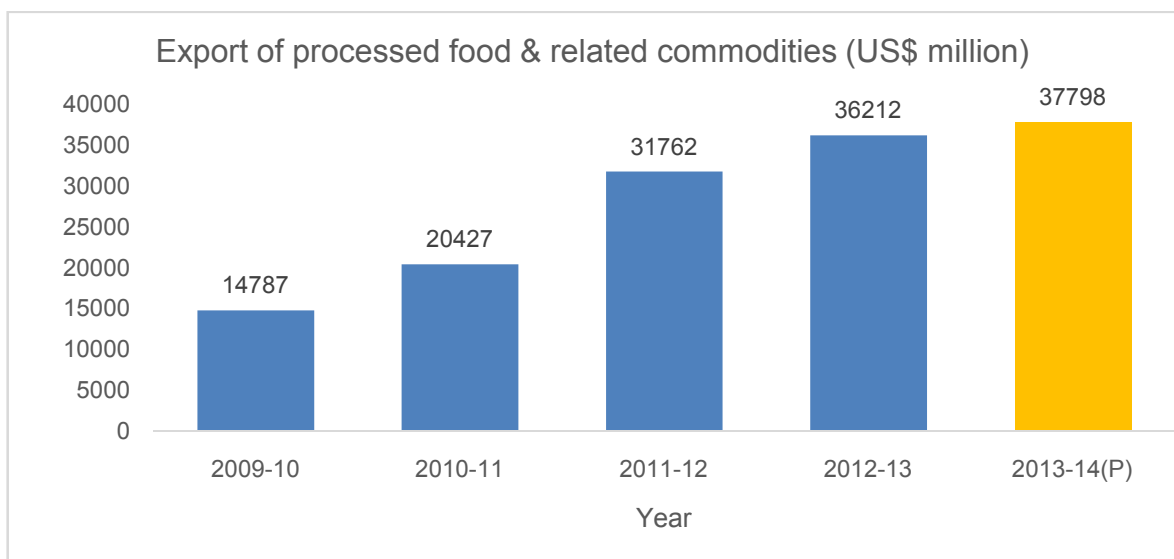


Figure1: Source-DGCI&S, Kolkata; P: Provisional Results

Drivers of growth

a) Government Initiatives:

i. Supply Chain infrastructure development :

- a. Post-harvest losses are very high in India attributed to inadequate infrastructure facilities.
- b. Government's focus and launch of various schemes to provide excellent infrastructure facility in food processing sector opens up various opportunities for private investors
- c. According to Vision 2015 of Ministry of Food Processing Industries (MoFPI), Government of India (GoI), it plans to establish 30 mega food parks in public-private partnership mode across the country.

ii. Facilitating support for increasing processing levels :

- a. Considering very low processing levels in India, MoFPI has rolled out several initiatives to increase processing levels from 15% in 2005 to 35% in 2015.
- b. Special fund of ₹2000 crore has been set up in NABARD, announced in the Budget of 2014-15 to provide affordable credit to Agro-processing units.
- c. 20 new cold chain projects have been sanctioned.

iii. Foreign Direct Investment :

- a. 100% FDI is permitted via automatic route for most food products, except for items reserved for micro and small enterprises.
- b. For pickles, mustard oil, groundnut oil and bread – items reserved for the micro small and medium sector, 24% foreign direct investment is allowed under the automatic route, with any FDI more than 24% requiring prior approval from the Foreign Investment Promotion Board.

- iv. National Food Processing Policy aims to increase the level of food processing from 10% (of total production) in 2010 to 25% in 2025.
- v. All goods related to food processing, imported as part of the project, irrespective of their tariff classification are entitled to uniform assessment at a concessional customs duty of 5%, plus countervailing duties as applicable.
- vi. GoI has introduced several schemes to provide financial assistance in the form of grants and subsidies for the setting up and modernization of food processing units, the creation of infrastructure, support for research and development and human resource development as well as other promotional measures to encourage growth within the processed food sector.

b) Growth of Organized Retail

- i. Liberalization and the growth of organized retail has made the Indian market more attractive for global players.
- ii. With a large agricultural sector, abundant livestock and cost competitiveness, India is fast emerging as a sourcing hub of processed food.

c) India as a potential global outsourcing hub

- i. India enjoys favorable supply-side fundamentals (abundant raw materials supply, cost advantages) and global supermarket majors are looking at India as a major outsourcing hub.
- ii. In Union Budget for FY2014-15, Gol announced reduction in excise duty from 10% to 6% for Food Processing machinery.

B. Domestic Consumption

India's huge population, economic and cultural transformation, rising income levels and changing consumer preferences, makes it a large market for consumption of processed foods.

Drivers of Growth:

a) World's highest youth population

- i. A population of 1.2 Billion people, with the world's highest youth population – India has 572 million people under the age of 24, which is driving the demand for processed food.

b) Economic and Cultural transformation

- i. Favorable economic and cultural transformation coupled with shift in attitudes and lifestyles have resulted in consumers experimenting with different cuisine, tastes and new brands.
- ii. There is an awareness and concern for wellness and health, for high protein, low-fat, wholegrain and organic food.

c) Changing consumer preferences

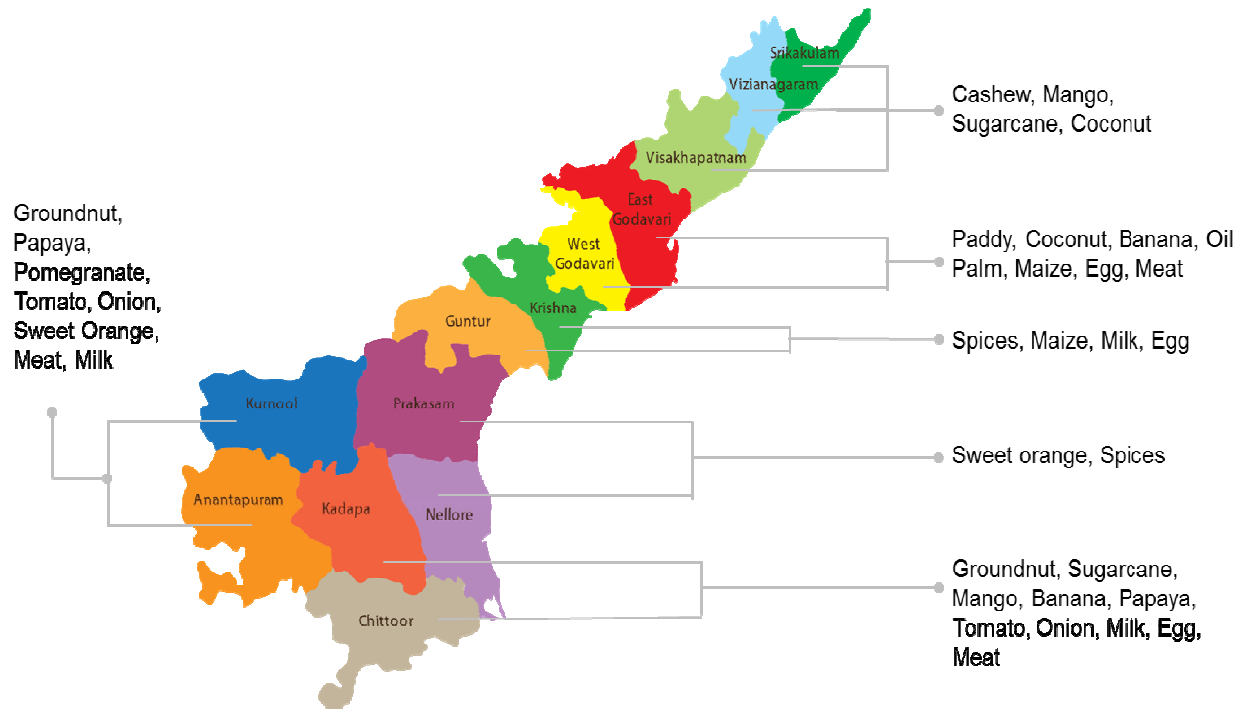
- i. Food continues to be the biggest expense for an urban Indian household. Rising income levels and a growing middle class is leading to increased desire for branded and packaged food. About 38.6% of the total consumption expenditure of households was spent on food in 2011-12.
- ii. The total household expenditure on the purchase of food items in 2012-13 was ₹11,000crore. An average household in India spent ₹41,856 on food annually.
- iii. Large and distinct consumer brackets to support customized offerings, new categories and brands within each segment.

3. Why Andhra Pradesh

A. Andhra Pradesh's potential as a Food Processing hub

- i. Andhra Pradesh, the eighth largest state in the country, is an agrarian state with bountiful natural resources and a forward looking farming community.

- ii. Andhra Pradesh occupies a premier position in the country's agribusiness industry with major contribution in agriculture, horticulture, dairy, poultry, fisheries and marine production.
- iii. Agriculture sector in Andhra Pradesh contributes to around 23.3% to state's GSDP (constant prices) in 2013-14.
- iv. Around 60% of the state's population is employed in agriculture and related activities, which makes Food Processing one of the major thrust areas for the state. An indicative list of value added products that can be derived from various Horticultural, Agricultural, Dairy & Poultry products in Andhra Pradesh is highlighted in **Annexure I**



B. Agriculture Production

- i. Andhra Pradesh is also popularly known as the 'Rice Bowl of India' owing to the large amount of rice grown in coastal plains of this state.
- ii. Andhra Pradesh ranks second in India in production of Paddy, Groundnut and Maize production. However, the productivity of Andhra Pradesh in groundnut is much lower than the national average productivity.

S.No.	Crop	Area (in Million Ha.)	Production (in Million M.Ts.)	Productivity in AP (Tones / Ha)	National average productivity (Tones / Ha)	Rank in India in terms of production	% contribution to India's production	Rank in India in terms of Productivity
1	Paddy	2.58	13.91	3.3	2.46	2	10.93%	3
2	Groundnut	1.18	1.23	0.9	1.60	2	12.71%	16
3	Maize	0.35	5.30	6	2.50	2	21.81%	1
4	Sugarcane	0.16	15.57	78.4	68.50	5	4.56%	5

C. Horticulture Production

- i. Andhra Pradesh is one of the leading states in horticulture produce with nearly 2 million hectare (Ha) under different fruit crops.
- ii. Andhra Pradesh ranks first in India in production of Mango, Papaya, Lemon and Tomato.

S.No	Fruits & Vegetables	Area (in Million Ha.)	Production (in million M.Ts.)	Productivity in AP (Tones / Ha)	National average productivity (Tones / Ha)	Rank in India in terms of production	% contribution to India's production	Rank in India in terms of Productivity
1	Mango	0.3	2.73	9	7.2	1	14.8%	5
2	Papaya	0.02	1.55	80	40.7	1	27.4%	2
3	Lime/ Lemon	0.02	0.35	15	9.9	1	21.0%	3
4	Tomato	0.16	3.36	20	20.3	1	17.9%	6
5	Cashew	0.08	0.56	6.8	0.7	2	13.6%	5
6	Coconut	0.12	1829 (millions)	8.94	7.4	3	8.00%	6
7	Banana	0.09	3.16	35	34.2	3	10.7%	6
8	Onion	0.05	1.0	18	17.4	6	5.0%	5

iii. Andhra Pradesh ranks first in India in production of Chili and Turmeric.

S No.	Spice	Area (in million Ha.)	Production (in Million M.Ts.)	Productivity in AP (Tones / Ha)	National average productivity (Tones / Ha)	Rank in India in terms of production	% contribution to India's production	Rank in India in terms of Productivity
1	Chilies	0.24	0.73	3(Dry)	1.6	1	55.0%	3
2	Turmeric	0.04	0.25	6.2	5.0	1	2.1%	1

D. Dairy/Poultry Production

i. Andhra Pradesh ranks first in India in Egg production, and has strong position w.r.t milk and meat production.

S.No.	Component	India (Production in million M.Ts.)	AP (Production in million M.Ts.)	Rank in India (in terms of Production)
1	Egg	3,945 (millions)	1,273	1
2	Meat	8.92	0.48	2
3	Milk	121.5	9.08 (LLPD)	3

E. Tactical advantages for Food Processing industry in Andhra Pradesh

a) Conducive climatic conditions and diverse raw material base

i. Andhra Pradesh enjoys a diverse agro climate (5 agro climatic zones) with 8.45 million hectares of net cultivable area and an extensive irrigation network.

- ii. The State has a large and diverse raw material base suitable for food processing industry.

b) Fertile River systems

- i. State's fertile river systems like Godavari, Krishna, Tungabhadra, Vamsadhara and Penna can easily meet needs of Agriculture and Food Processing Industry.
- ii. Andhra Pradesh is also a pioneer in use of water saving technology like drip and sprinkler irrigation.

c) Excellent Logistics

- i. Andhra Pradesh has a road network of over 146,954 km kilometers, with 42,511 km of State Highways, 3,144 km of National Highways and 101,484 km (63,059 mi) of District Roads. National Highway 5 acts as spine of Andhra Pradesh with over 1,000 km running through the state.
- ii. Andhra Pradesh has a railway network of 4,403 km (2,736 mi) with many express trains and passengers serving the state population.
- iii. Andhra Pradesh has 4 major and intermediate container ports (Visakhapatnam, Kakinada, Krishnapatnam andGangavaram) and over 10 minor, deep water ports. This infrastructure provides ample opportunity to industries to develop trade relations with various countries across the globe.
- iv. Andhra Pradesh is developing a network of inland waterways. National Waterway-4 stretches from Kakinada to Puducherry over 1095 kilometers. This would connect ports, cities and industrial townships and the estimated cargo traffic on this waterway would be 10 metric ton by 2029. Rajahmundry-Bhadrachalam inland waterway connectivity over the Godavari River is also an important waterway for cargo transport.
- v. Andhra Pradesh is home to 6 airports. Additionally, 8 new airports are being developed in the state, including a Greenfield international airport at Bhogapuram (near Visakhapatnam) and 7 no-frills airports.

d) Large Land Bank

- i. The state of Andhra Pradesh has an identified land bank of 3 lakh acres and is further in the process of consolidating an additional industrial land bank of approximately 7 lakh acres. This land bank of 10 lakh acres would give the state a strategic edge in attracting investments. This land would be administered in accordance with the Industrial Development Policy 2015-20.

e) Reliable Infrastructure

- i. GoAP is committed to supplying 24X7 reliable, quality power to industry. While the state is currently power surplus, it has embarked on an ambitious plan to add another 16,484 MW of power generation capacity by 2019-20.
- ii. The state is also committed to invest in and ensure adequate and world class infrastructure and common facilities across food parks.

f) Abundant availability of skilled manpower

- i. The State has good scientific and research talent pool with a 70% literacy rate, 58 Agricultural Research stations and one sugar cane research station

- ii. The state is also home to various centers of excellence such as Agricultural College in Bapatla, Horticulture University in West Godavari district and Sri Venkateswara Veterinary University

4. Policy Targets and Objectives

The Policy targets and objectives are as follows:

- a) To make Andhra Pradesh one of the most preferred destinations for food processing industries
- b) Attract new investments worth ₹5,000 crore in the sector by 2020
- c) Create 50,000 additional employment opportunities in the sector by 2020
- d) Develop commodity-based clusters to enable a focused and planned approach to developing the food processing industry through a coordinated approach between government departments.
- e) Identify and bridge existing infrastructure gaps affecting the food processing industry.
- f) Promote innovation, research & development in the industry and ensure continuous technology up gradation.
- g) Undertake capacity building and enhance competitiveness of food processing industry in both domestic and international markets.

5. Policy Validity

The policy will be valid for 5 years from the date of notification unless otherwise notified separately by GoAP, at its sole discretion.

6. Policy Purview / Eligibility

- a) The Food Processing Policy 2015-20 covers the sub-sectors – Agriculture, Horticulture, Animal Husbandry and Dairy / Poultry. Aquaculture & Marine production is covered under the purview of Fisheries Policy 2015-20.
- b) Food Processing units that are ineligible to avail incentives under this Policy are mentioned in Annexure-II

7. Nodal Agency

- a) **Andhra Pradesh Food Processing Society (APFPS) shall be the Nodal agency to implement the Policy.**
- b) APFPS will act as knowledge support center and is empowered to empanel consultants for pooling and dissemination of information in the food processing sector. It will support entrepreneurs by providing knowledge on incentives under various policies and programmes of Government of India and GoAP. The knowledge center will take support from institutions such as CIPET, CFTRI, NIFTEM, NABARD etc.

8. Supersession

This policy supersedes any previous policy for Food Processing sector by the state.

9. Definition of Project

a) Micro, Small and Medium Enterprise (MSME):

GoAP would follow the MSME definition laid out by Government of India for MSME as per MSME Act 2006. The definition for MSMEs would be revised automatically as per the guidelines of Gol from time to time.

b) Large Industrial Project

Large Project is a Food Processing unit with an investment on plant and machinery is less than ₹ 100 crore and more than the investment threshold for Medium enterprises, as defined by the MSME Act 2006 of Gol, or as revised from time to time.

c) Mega Project

Project with capital investment of over ₹ 100 crore or creating employment for over 2,000 people will be accorded mega project status and tailor made incentives will be offered based on factors such as gestation period, pioneering nature, locational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment in the state.

10. Ease of Doing Business

The Government shall introduce a set of initiatives that will ease the compliance procedures for new and existing food processing companies.

a) **Labor Concessions:** Subject to applicable laws, the Government will give permission to the food processing industry for 24x7 (three shifts) operations, employment of women in the night shifts, flexibility in employment conditions including working hours for women and shorter or longer shift timings and hiring of contract workers. Food processing will be declared to be a 'Public Utility' under the Industrial Disputes Act, 1947 in order to prevent flash strikes.

b) **Single Desk Clearance:** GoAP has created an e-platform for facilitating all industrial clearances in 21 working days. This platform shall integrate requisite pre/post commencement services and clearances provided by multiple state agencies/departments through the investment lifecycle. Other similar initiatives as per the Industrial Policy 2015-20 would be applicable to the food processing sector.

11. Food Parks

a) GoAP would strive to setup Integrated Food Parks across all districts of Andhra Pradesh. These Integrated Food Parks will be setup in 3 categories as follows:

- i. **Integrated Food Park:** The Minimum area of each Food Park will be 30 acres, with a minimum of 10 food processing units in each. GoAP will provide a grant of 50% of project cost for setting up these food parks, with a limit of ₹ 20 crore.
- ii. **Mega Food Park:** The Minimum area of each Food Park will be 50 acres, with a minimum of 20 food processing units in each. GoAP will provide a grant of 50% of project cost for setting up these food parks, with limit of ₹ 50 crore.

- iii. **Ultra Mega Food Park:** GoAP will strive to develop an Ultra Mega Food Park in Kuppam with state-of-art infrastructure providing plug-and-play facilities to industry. For this park, incentives would be customized as per applicable business case.

The grant of 50% as per the clauses 11(a), (i), (ii) and (iii) above, would be provided subject to provisions in clause 11(d) below.

- b) The common infrastructure components that are mandatory requirements in an Integrated Food Park:
 - i. Anchor unit by developer
 - ii. Internal roads
 - iii. Power supply
 - iv. Water supply
 - v. Testing labs
 - vi. Effluent Treatment Plant
 - vii. Sewage Treatment Plant
 - viii. Demo plot
 - ix. Dry Warehouse or Silos for storage purpose
 - x. Cold Storage
- c) The other eligible / desirable components for inclusion in an Integrated Food Park include:
 - i. Central Processing Center (based on specific cluster)
 - ii. Multi Chamber cold storage
 - iii. Pack House
 - iv. Reefer vehicles
- d) The developer must also establish an Anchor Unit in the Food Park to be eligible for this incentive. The components to be included in the project cost for Food Park, include cost of development of common infrastructure components and other eligible/desirable components (if applicable), but excluding cost of land, pre-operative expenses, margin money for working capital and Anchor Unit.
- e) Units established in the Food Park, including Anchor Unit, will be eligible for all other incentives as applicable in this Policy.
- f) GoAP to provide VAT/CST/GST reimbursement for Integrated Food Parks during the construction period for a period of 2 years limited to a maximum ₹2 crore.
- g) Government will notify Industrial Area Local Authority (IALA) status for Integrated Food Parks, as well as all Food Parks supported by Government of India and GoAP to facilitate speedy execution.
- h) Adoption of sustainable green measures will be encouraged across all food parks. Incentives mentioned under 'Swachh Andhra' in the Industrial Development policy 2015-20 will be applicable to the food processing sector.

12. Commodity-based cluster development

a) GoAP will focus on commodity based cluster development to enable a focused and planned approach to developing the food processing industry based on the food production strengths of respective geographies. This will also help address critical issues such as human capital, workforce development, logistics, and infrastructure planning and community development.

b) GoAP has identified the development of the following commodity-based clusters:

Commodity/Produ uce	Identified Clusters
Cashewnut	Srikakulam, Visakapatnam, Vizianagaram
Coconut	East Godavari, West Godavari, Srikakulam
Spices, Vegetables	Krishna, Guntur
Mango	Chittoor, Kadapa, Krishna
Papaya	Chittoor, Kadapa, Anantapur
Banana	Kurnool, Kadapa, East Godavari, West Godavari
Forest produce, Coffee	Paderu, Rampachodavaram
Pomegranate, Gherkins	Anantapur, Chittoor
Groundnut	Anantapur, Kurnool
Onion	Kurnool
Dairy, Poultry	Krishna, West Godavari, Chittoor, Anantapur
Tomato	Kurnool, Chittoor
Oleoresins	Guntur

c) All relevant government departments, including Agriculture, Horticulture, Animal Husbandry, Irrigation, Industries & Commerce and Marketing will coordinate with the Nodal Agency, and make concerted efforts in developing these clusters across the value chain.

d) Food Parks developed, based on commodity produced in the identified cluster will be prioritized.

e) Farmer's Producers Organizations (FPOs) will be encouraged in the identified clusters with support from NABARD etc.

f) Facilities set up in identified clusters for processing of waste produced in food processing units will be provided grant of 50% of project cost up to a maximum of ₹2crore. This would be extended for facilities for vermicomposting and other similar techniques.

g) To increase productivity in clusters, GoAP shall encourage high density, ultra high density tissue culture plantations, micro irrigation and other modern agronomical practices. Varietal changes will be encouraged for varieties amenable for processing such as tomatoes, onion, groundnut etc.

h) GoAP shall also encourage and educate farmers on introduction of new variety of crops for use by food processing industry.

13. Infrastructural Support

A. Land:For Food Processing units, land allotment shall be done as per the Industrial Developmental Policy 2015-20.

B. Power:Food processing industryrequires uninterrupted power supply across its value chain. GoAP is committed to supplying 24X7 reliable, quality power to industry.

- i. Power tariff subsidy will be at ₹1.50 per unit for food processing units including cold chains, cold storage units, ripening units for a period of 5 years from date of commencement of commercial production.
- ii. Food processing industry willcontinue to be a “seasonal industry”under the regulations of APERC, and shall get relief from minimum electricity demand charges during the closure period.
- iii. Electricity duty will be exempted for captive power plants for self-use,fora period of 5 years from the date of commencement of commercial operations and applicable from 2016-17 onwards.

14. Fiscal Incentives

For the purpose of availing incentives under this Policy, a minimum of 10% of project cost should be through a loan from a bank / financial institution.

a) Land Conversion charges

If conversion of land for setting up Food Processing unit is permitted by the relevant government authority, GoAP will reimburse the Non-Agriculture Land Assessment (NALA) tax as applicable.

b) Capital subsidy

- i. For establishment of new food processing units, GoAP will provide capital subsidy to an extent of 25% of project cost (includes plant & machinery, technical civil works), limited to ₹5crore.
- ii. For technology up-gradation/modernization of existing food processing units, GoAP will provide capital subsidy to an extent of 25% of new/upgraded equipment cost, limited to ₹1 crore.
- iii. GoAP will provide capital subsidy of 50% for setting up Primary Processing Centers (PPCs) and Primary Collection Centers (PCCs) limited to ₹2.50 crore.
- iv. GoAP will provide capital subsidy of 35% for setting up of cold chain for agriculture / horticulture /dairy /meat produce,up to a maximum of ₹5 crore.
- v. Food Processing units are eligible to avail capital subsidy from GoAP under this Policy, only if capital subsidy has not been claimed under any relevant Government of India scheme. Such units should start commercial production within 12 months for MSMEs, and within 24 months for large & mega units from the date of issue of sanction/approval letter to avail this incentive.

c) Interest subsidy

- i. For food processing units and cold chain infrastructure, GoAP will offer interest subsidy of 7% per annum on the term loan taken for fixed capital investment, for a period of 5 years from the commencement of operations, with a maximum limit of ₹ 2 crore.
- ii. For Primary Processing Centers (PPCs) and Primary Collection Centers (PCCs), GoAP will offer interest subsidy of 7% per annum on term loan taken for fixed capital investment, for a period of 5 years from the commencement of operations, with a maximum limit of ₹ 1 crore.
- iii. For Integrated Food Parks that avail loans from NABARD, interest subsidy will not be applicable.

d) Tax incentives -VAT/CST/SGST

- i. For micro & small enterprises, 100% of net VAT/CST/SGST will be reimbursed for a period of 5 years from the date of commencement of commercial production
- ii. For medium industries, 75% of net VAT/CST/SGST will be reimbursed for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.
- iii. For large Industry unit, 50% of net VAT/CST or SGST will be reimbursed for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier.

e) Stamp Duty

- i. 100% reimbursement of stamp duty and transfer duty paid by the industry on purchase or lease of land meant for industrial use.
- ii. 100% reimbursement of stamp duty for lease of land/shed/buildings, mortgages and hypothecations.
- iii. All the reimbursements shall be processed within 6 months.

f) APMC cess/fees

- i. GoAP will provide 100% exemption of APMC cess/ fees for a maximum period of 10 years in respect of procurement of agriculture / horticulture produce directly from farmers. This will be applicable to both new and existing Food Processing Units.

g) Marketing Assistance

- i. GoAP will reimburse 50% of cost of participation to maximum of 10 MSME units per year for participating in international food processing related trade fairs, with a ceiling of ₹ 5 lakh per unit per annum.
- ii. GoAP will reimburse 75% of the space rent with a ceiling of ₹ 2 lakh per year for maximum of 10 MSME units for setting up stalls to extend their business interests in national/international exhibitions and conferences.

h) Quality certification/Patent registration

- i. GoAP, through Food Processing associations and District Industry Centers (DIC) will disseminate information regarding good manufacturing and hygiene practices, regulatory requirements etc.
- ii. GoAP shall reimburse 50% of the cost of certifications such as HACCP, GMP, ISO 9000, ISO 22000, GLP and TQM for food processing units, upto a limit of ₹5lakh per unit.
- iii. GoAP will reimburse expenditure incurred in obtaining patents to the extent of ₹10lakh per patent.

i) Transportation

- i. GoAP will provide 50% subsidy for the purchase of reefer vehicles to food processing units up to a maximum limit of ₹ 10 lakh.

j) Export Incentives

- i. GoAP will reimburse 30% of road transport charges till inland container depot (ICD)/port for export of perishable goods by food processing units with a ceiling of ₹5lakh per annum per unit for a period of 3 years from the date of commercial production.

15. Skill Development initiatives

- a) GoAP has set up APSSDC on lines of the National Skill Development Corporation (NSDC), a not-for-profit company under the Companies Act, 2013. APSSDC will provide funding to build scalable, for-profit vocational training initiatives. It will also enable support systems such as quality assurance, information systems and train the trainer academies either directly or through partnerships.
- b) Universities in the state will be encouraged to commence courses in food packaging, food testing & quality, procurement, food processing and such allied fields.
- c) GoAP will encourage setting up of training centers in commodity-based cluster development initiatives of the state. Additionally, GoAP will reimburse 50% of cost involved in skill up gradation and training local manpower limited to ₹ 5,000 per person in such training centers.

16. Research and Development

To accelerate research and development in the food processing industry, following incentives would be provided by GoAP:

- a) GoAP shall strive to set-up quality R&D laboratories in collaboration with leading global institutions. These facilities would be accessible to all manufacturers in the sector, having manufacturing units in Andhra Pradesh, and would be set up on a PPP basis.

- b) GoAP will provide assistance to food processing industries for research work approved by government undertaken by reputed research institutions, up to 50% of the cost with a ceiling of ₹ 25 lakh. This would be a one-time grant for a food processing unit.

17. Testing Labs

- a) GoAP will promote setup of National Accreditation Board for Testing and Calibration Laboratories (NABL) approved full-fledged testing labs, including antibiotic testing facilities, for common usage by food processing units in the state. Implementing agencies are eligible for grant limited to 50% of eligible project cost required for setting up/up-gradation of such laboratories focused on food processing sector, limited to a maximum of ₹5 crore.
- b) Existing food processing units that are setting up / upgrading testing labs for use of the particular unit only, are eligible to receive grant of 50% of eligible project cost required for setting up/up-gradation, limited to a maximum of ₹5lakh.
- c) State Government organizations and Universities (including deemed Universities), that offer courses in food processing, are eligible for grant support limited to 80% of eligible project cost required for setting up / up-gradation of full-fledged NABL approved testing laboratories, including antibiotic testing facilities.
 - i. Specifically, GoAP will provide support for testing labs to be established in Acharya Nagarjuna University (ANU) in Guntur, Sri Venkateswara University (SVU) in Tirupati and Andhra University in Visakhapatnam, and technology up-gradation of testing laboratory in JNTU, Kakinada.
 - ii. Such testing laboratories should not be used solely for academic or R&D purposes, but should be open to food processing industry for commercial usage.
 - iii. Additionally GoAP will reimburse 80% of cost of 2 technical staff in such laboratories from the date of commencement of operations of the lab for a period of 3 years.

18. Inland Container depot

GoAP will set up Inland Container Depot (ICD) at Chittoor and Kakinada port for handling and temporary storage of import/export loaded containers for food products. The ICD would also have facilities for custom clearance, and railway tracks linking with the closest railway network for transportation. Plug facility for cold storage containers would be provided at ICD.

19. Modernization of Abattoirs

GoAP will provide a grant of 50% of the cost of plant & machinery and technical civil work and other eligible items for modernization of abattoirs, subject to a maximum of ₹ 15 crore.

20. Setting up of Mango Development Board and Banana Development Board

Andhra Pradesh is home to a variety of mangoes. The State ranks at No. 1 nationally in annual production. To ensure focused efforts in enhancing productivity and provisioning greater market linkage to the farmers, GoAP will explore with Ministry of Agriculture, GoI for setting up a Mango Development Board at Tirupati on the lines of commodity boards like Spices Board, Coconut Board etc.

GoAP will establish a Banana development board for the integrated development of Banana cultivation, post-harvest management including value addition with focus on productivity increase and product diversification.

Annexure I–Value Added Products

An indicative list of value added products that can be derived from various Horticultural, Agricultural, and Dairy& Poultry products in Andhra Pradesh is highlighted below:

I. Horticulture	
CROP	VALUE ADDED PRODUCTS
Fruits	
1. MANGO	Pulp, Concentrate, Juice, Squash, Tandra/ bar, Pickle, Jam, Jelly, Candy, Dehydrated Slices, Mango frozen, etc.
2. BANANA	Juice, Chips, Puree, RTS juice, Jam, Jelly, Wine, Banana Cheese, Flour, etc.
3. PAPAYA	Papaya Puree, RTS juice, Pickle, Jam, Jelly, Squash, concentrate, Tutty Fruity etc.
4. GUAVA	Jam, Jelly, Candy, Pulp, Juice, concentrate, etc.
5. LIME	Pickles, Juice, Dried Lime Peel
6. COCONUT	Water, Milk, Milk Powder, Desiccated coconut, Chips, Candy, Flour, etc.
7. CASHEWNUT	Dried nuts, Nut powder, Candy, Shell liquid
8. POMEGRANATE	RTS juice, Jam, Jelly, Frozen Arils,
9. OIL PALM	Edible Oil, Sludge oil etc.
10. TAMARIND	Concentrate, , Tamarind Slabs Pulp, Paste, Concentrate, etc.
Vegetables	
1. TOMATO	Puree, Ketchup, Sauce, Jam, Paste, Dried Powder, etc.
2. ONION	Onion Flakes, Powder, Paste, etc.
3. CARROT	Diced Carrot
4. TAPIOCA	Sago, Starch Powder, Starch Syrup
Spices	
1. CHILLI	Chili Sauce, Pickle, Chili Powder
2. TURMERIC	Powder, Turmeric Dried Rhizomes, Curcumin.
II. Agriculture	
1. RICE	Rice Flour, Rice Bran Oil, Parboiled Rice, Rice Flakes.
2. SUGAR CANE	Raw Sugar, Juice
3. MAIZE	Corn Syrup, Corn Flour, Corn Flakes, etc.
4. GROUNDNUT	Edible Oil, Dried Powder, Cheese/ Puree
III. Dairy	
a) MILK	Cheese, Ice Cream, Pasteurized and Flavored Milk, Butter, Paneer, Ghee, Butter Milk, Curd, etc.
IV. Poultry	
a) EGG	Egg Powder
b) MEAT, CHICKEN	Meat processing, Chicken processing

Annexure II - List of ineligible Food Processing Industries

- a) Aerated water
- b) Packaged drinking water
- c) Ice factory
- d) Soft drinks, except fruit-based
- e) Rice Mills
- f) Dal Mills
- g) Flour mills, excluding roller flour mills
- h) Pan masala, supari, gutka
- i) Groundnut oil expellers, excluding refineries
- j) Traditional jaggery units
- k) Any other activities as notified by GoAP from time to time

Annexure- III- Government of India incentives for Food processing industries

A. National Horticulture Board

Setting up of storage (of capacity above 5000 MT and up to 10000 MT) and their modernization are eligible for assistance under the NHB Scheme of **Capital Investment subsidy for construction/ expansion/ modernization of cold storage for Horticulture Products (a sub scheme under MIDH)**. It is open ended credit linked scheme with scale of assistance @ 40% of capital cost of project limited to ₹ 30.00 lakh per project in general area and 50% limited to ₹ 37.50 lakh per project in case of NE, Hilly & Scheduled area

B. National Horticulture Mission (NHM)

Cold storage (long term storage and distribution hubs) up to 5000 MT capacity are eligible for assistance under the open ended scheme of NHM/ HMNEH (a sub scheme of MIDH). The assistance is extended as subsidies to credit linked projects @ 35% of capital cost of project in general area and 50% in case of Hilly & Scheduled area.

C. Other incentives

Incentive Type	Specific products	Incentive
Central Excise duty	<ul style="list-style-type: none"> Milk, Milk Products, Vegetables, Nuts and Fruits (Fresh & Dried) 	Nil duty
	<ul style="list-style-type: none"> Processed Fruits and Vegetables, Soya Milk Drinks, Flavored Milk of animal origin 	Merit rate of 2% without CENVAT or 6% with CENVAT
	<ul style="list-style-type: none"> All refrigeration machineries and Parts used for installation of cold storage, cold room or refrigerated vehicle, for the preservation, storage, transport or processing of agricultural, apiary, horticultural, dairy, poultry Pasturing, drying, evaporating, etc. machinery used in Dairy sector 	Nil Duty
	<ul style="list-style-type: none"> Machinery for the preparation of meat, poultry, fruits, nuts or vegetables and on presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages and packing machinery 	Reduction from 10% to 6%
Service Tax	<ul style="list-style-type: none"> Construction, Erection, Commissioning or installation of original works pertaining to post-harvest storage infrastructure for agricultural produce including Cold storages for such 	Nil Tax

	<p>purposes</p> <ul style="list-style-type: none"> • Mechanized Food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages • Services of Loading, unloading, packing, storage or warehousing of agricultural produce • Services of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables • Services by way of transportation by rail or a vessel and by a goods transport agency used for transportation of agricultural produce and <i>food stuff</i> including flours, rice, pulses, tea, coffee, jaggery, sugar, milk, milk products, salt and edible oil, excluding alcoholic beverages 	
Income Tax	<ul style="list-style-type: none"> • Setting up and operating a cold chain facility • Setting up and operating warehousing facility for storage of agricultural produce • Bee-keeping and production of honey and beeswax • Setting up and operating a warehousing facility for storage of sugar 	<p>100% deduction in expenditure (This deduction is allowed only for the investment made in the previous year and prior to commencement of its operations.)</p>
	<ul style="list-style-type: none"> • New units engaged in processing, preservations and packaging of fruits or vegetables, meat & meat product, poultry, marine or dairy products 	<p>100% tax exemption for the first 5 years' of operation, and after that, at the rate of 25% of the profits being exempted from tax; 30% in case of a company</p>
Mega Food Park		<p>Grant of 50% of eligible project cost limited to 50 crore</p>

S.S. RAWAT
SECRETARY TO GOVERNMENT & CIP

//FORWARDED BY ORDER //

SECTION OFFICER