

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

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

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**INDUSTRIES & COMMERCE (C & EP) DEPARTMENT**

**G.O.Ms.No.333.**

**Dated:14-11-2003**

**ORDERS:**

The Government of India, Ministry of Food Processing Industries, have announced number of schemes for accelerating the growth of the Food Processing Sector in the States/ Uts for resolving the problems of the agricultural surplus/wastages and creation of rural jobs and for better pricing to the farm products. In the scheme of technology up gradation /establishment / modernization of Food Processing Industries, the Government of India gives a one time grant to set up / expand / modernize food processing industries covering all segments. In the scheme for Human Research Development, the Government of India gives grant-in-aid to set up Food Processing and Training Centers (FPTC), creation of infrastructure facilities for running Degree/Diploma courses and entrepreneurship development programmes. The Government of India gives assistance for total quality management, promotion of quality assurance and safety concept/ bar coding, strengthening of codex cell, setting up of quality control laboratory and research and development in processed food industry. The scheme for backward and forward integration and other promotional activities of the Government of India, assists a number of generic advertisements, promotional activities, like participation in exhibition/fairs, supporting seminars/ workshops, conferences etc, food fortification and strengthening of industry associations. The scheme Government of India for implementing the for infrastructure development, assists the packaging centers and laboratories to create integrated chain facilities, value added centers and common processing facilities.

2. The Ministry of Food Processing, Government of India, have requested the State Government to evolve the State Policy for Food Processing Industries.

3. Government in order to achieve the increase impact of the Central assistance, to assist the Food Processing units and to adjust to a competitive market, a critical mass of investment by giving additional incentives on all schemes being implemented by the Government of India, and to develop best infrastructure for all Food Processing Units in the State, after deliberations with concerned line of Departments, decided to evolve a policy on Food Processing Industries, in the State.

4. Government, after careful consideration of various issues connected with the Food Processing units, approved the State Policy on “Food Processing Industries” as detailed below:

**1. COVERAGE:**

The policy will cover the following activities and areas

**HORTICULTURE**

Fruit & vegetable processing

Fruit based ready to serve beverages.

Tissue Culture Laboratories / Green houses / Green house nurseries / Mushroom Laboratories / Seed production units based on modern Scientific methods to meet industry standards.

Wine making.

## **AGRICULTURE**

Food grain milling / processing,  
Using modern technology and equipment  
(Except Rice Mills).

Alcohol for blending with fuels.

## **ANIMAL HUSBANDRY**

Dairy products:

Processing of poultry, eggs, meat and meat products.

## **FISHERIES**

Fish processing including shrimps.

## **AGRO FOOD PROCESSING INDUSTRIES**

Bread, Oilseed meals (edible), breakfast foods, biscuits, confectionery, including cocoa processing and chocolate, oil expellers and refining, malt extract, protein isolates, high protein foods, weaning foods, extruded / other ready to eat food products and all other processed foods; (excluding non packed food items served in Hotels and Restaurants of all categories).

## **ALLIED INDUSTRIES**

Cold storage units

Refrigerated Transport vehicles Containers; (excluding second hand refurbished vehicles / containers)

Units manufacturing food grade packaging materials for food processing industry

Units engaged in packaging, canning and bottling of process foods.

Units manufacturing additives / Preservatives/ Colors/ Fragrances for the processed food industry.

Biotechnology industries.

## **2. INCENTIVES AND CONCESSIONS:**

The Government of Andhra Pradesh will give an additional 10% of the subsidy assistance being given by the Government of India to the agro food processing units.

Power is a very important cost factor in food processing units to help newly established units during the nascent stage, Government will extended electricity tariff at concessional rate at Rs. 1.75 per unit for a period of five years and the deferential tariff (I.e., between actual cost as decided by the A.P.E.R.C and the concessional rate fixed by Government) is paid to the concerned discom as subsidy.

The 50% of Stamp duty land Registration and documentation duty paid by the unit shall be refunded as subsidy from Government in Industries Department.

A 5% interest subsidy will be given on total working capital loan taken by new food processing industrial units in food parks subject to a maximum of Rs.2.00 lakh per unit for a period of one year in the other areas of the state a maximum of Rs.1.00 lakh per unit for a period of one year.

To encourage use of mechanized grading / sorting /sizing machines/ packaging especially for exportable products, a subsidy of 50% will be given on equipment with a ceiling of Rs.3.00 lakhs per beneficiary on primary processing activities, like grading, sorting, packaging, washing at the farm gate.

To encourage the use of driers which will help in getting better value addition for perishable produce a subsidy of 25% on the cost of equipment will be given subject to ceiling of Rs.2.00 lakhs per beneficiary

All Food Processing Industries shall be exempted from payment of market cess, on the procurement of raw material for the industry. On the turn over of the value of finished product for exports, a development cess of 0.5% would be charged and the amount will be exclusively utilized for improving the infrastructure for the food processing industry.

The sale tax on inputs, other than fuel, used by the Food Processing Industry the tax paid shall be adjusted against the tax payable, on the sales of the finished products sold within the State or in the course of interstate trade on which CST is leviable. Further in respect of exports the input tax shall be refunded by Industries Department.

## **EXPORTS**

If a unit exports at least 50% of its installed capacity, the maximum limit of interest subsidy will be Rs.2.00 lakhs per unit for a period of two years.

A 25% Airfreight subsidy will be given on the actual cost incurred on the airfreight for export of perishables with a ceiling of Rs.2.00 lakhs per unit per annum.

## **INFRASTRUCTURE**

The Andhra Pradesh Industrial Infrastructure Corporation limited shall form special purpose vehicles with private agencies to develop food parks and other food processing clusters. The Andhra Pradesh Industrial Infrastructure Corporation limited shall have a maximum share of 26% in the SPV and the SPV partners shall be selected by Andhra Pradesh Industrial Infrastructure Corporation limited based on their credentials, etc, The Andhra Pradesh Industrial Infrastructure Corporation

limited shall also show the cost of land as their equity contribution towards the project.

The Andhra Pradesh Industrial Infrastructure Corporation limited will get special funding from IIDF etc., to develop roads etc, and other facilities in the parks.

After developing the Food Parks, the Andhra Pradesh Industrial Infrastructure Corporation limited may give the maintenance and management of the Parks to private agencies and also collect user charges for such services.

Up to 10% of the Industrial Infrastructure Development Fund shall be spent on establishing Common Effluent Treatment Plants and providing infrastructure like roads, drainages, water, electricity etc., at the doorsteps of stand-alone food processing units.

### **BACKWARD LINKAGES**

The Government will assist establishment of futures markets for produces being used by the food processing industries and promote micro irrigation systems and contract farming for which a separate policy and package will be prepared by the Horticulture Department.

### **FORWARD LINKAGES**

The Government will develop and promote electronic trade exchanges for processed food products.

The Government will assist marketing capabilities of food processing units to face not only WTO challenges but also undertake exports.

### **CREATING GOOD BUSSINESS ENVIRONMENT**

All the Food Processing units will be given clearances under the Single Window Act.

All procedures for inspection, pollution control etc., will be simplified ultimately leading to a zero inspection regime.

### **3. SPECIAL PROVISIONS:**

Food parks, food processing clusters and large food processing units shall be declared as special enclaves for labour regulation.

The A.P. State Financial Corporation shall prepare a separate and special packages to assist the establishment and modernization / expansion of Food Processing industries specially those processed foods.

The Government shall harmonize agricultural policy, horticulture policy, bio-technology policy and reduce the municipality of laws and regulatory bodies.

5. The Commissioner of Industries shall be the Nodal agency to implement.

6. The State Level Committee of the Industries Department shall decide and finalize all cases relating incentives/benefits etc. to the Food Processing Industrial units in the State.

7. The Commissioner of Industries, Hyderabad shall evolve a separate coding (Bar Coding) procedure for Food Processing Industries in the State.
8. All the concessions (except Capital Subsidy) provided under the Stat Policy on Food Processing Industries, shall be extended to the existing units treating them as new units.
9. The orders shall come into effect from the date of issue of the orders.
10. This order issue with the concurrence of the finance Department, vide their U.O.No.5074/PFS, dated 07-11-2003.
11. A copy of this order is available on the internet and can be accessed at the address <http://apts.gov.in/apgos>.

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

K.V.RAO  
PRINCIPAL SECRETARY TO GOVERNMENT & CIP

To

The Commissioner of Industries, Hyderabad.

All Principal Secretaries/Secretaries to Government.

All Heads of Departments.

All Collectors.

All the Departments in Secretariat.

The Accountant General, Andhra Pradesh, Hyderabad.

The Vice Chairman & Managing Director, Andhra Pradesh Industrial Infrastructure Corporation limited, Hyderabad.

The Vice Chairman & Managing Director, Andhra Pradesh State Financial Corporation limited, Hyderabad.

The Vice Chairman & Managing Director, Andhra Pradesh Industrial Development Corporation limited, Hyderabad.

Copy to:

The Secretary to Government of India, Ministry of Food Processing Industries, Panchsheel Bhavan, August Kranti Marg, New Delhi – 110049.

Principal Secretary to Chief Minister

P.S.. Minister for Major Industries/ Agriculture/ Horticulture/ Energy / SSI/ Fisheries Animal Husbandry.

P.S.. to Chief Secretary

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

P.S.. to Secretary to Government, Industries & Commerce Department.

The Commissioner of Printing, Hyderabad.. with a request to publish in the Gazette and supply 1000 copies.

Sf/sc.

//FORWARDED BY ORDER//

SECTION OFFICER.