



ANDHRA PRADESH

India's Sunrise State

**An Interactive Session
with
Entrepreneurs**

MII, February 18, 2016

AGENDA

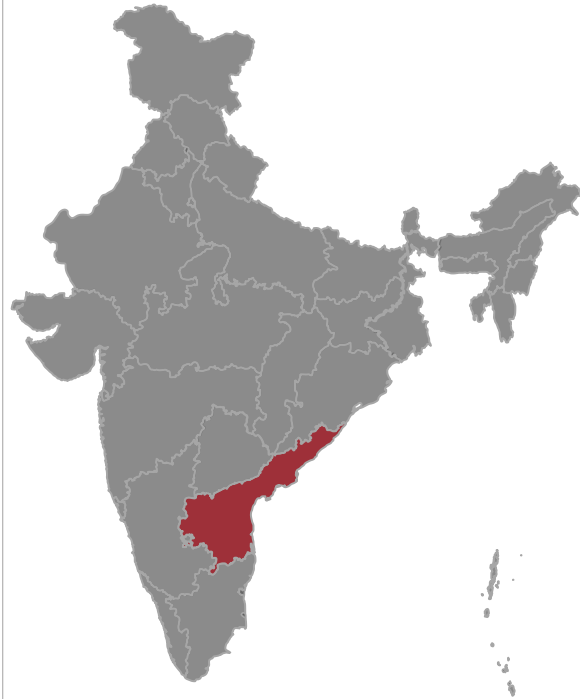
1. Why Andhra Pradesh
 2. Forward Looking “Andhra Pradesh Food Processing Policy 2015-20
 3. GOI Incentives for Food Processing
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WHY Andhra Pradesh



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Andhra Pradesh-Leading Agricultural State of India

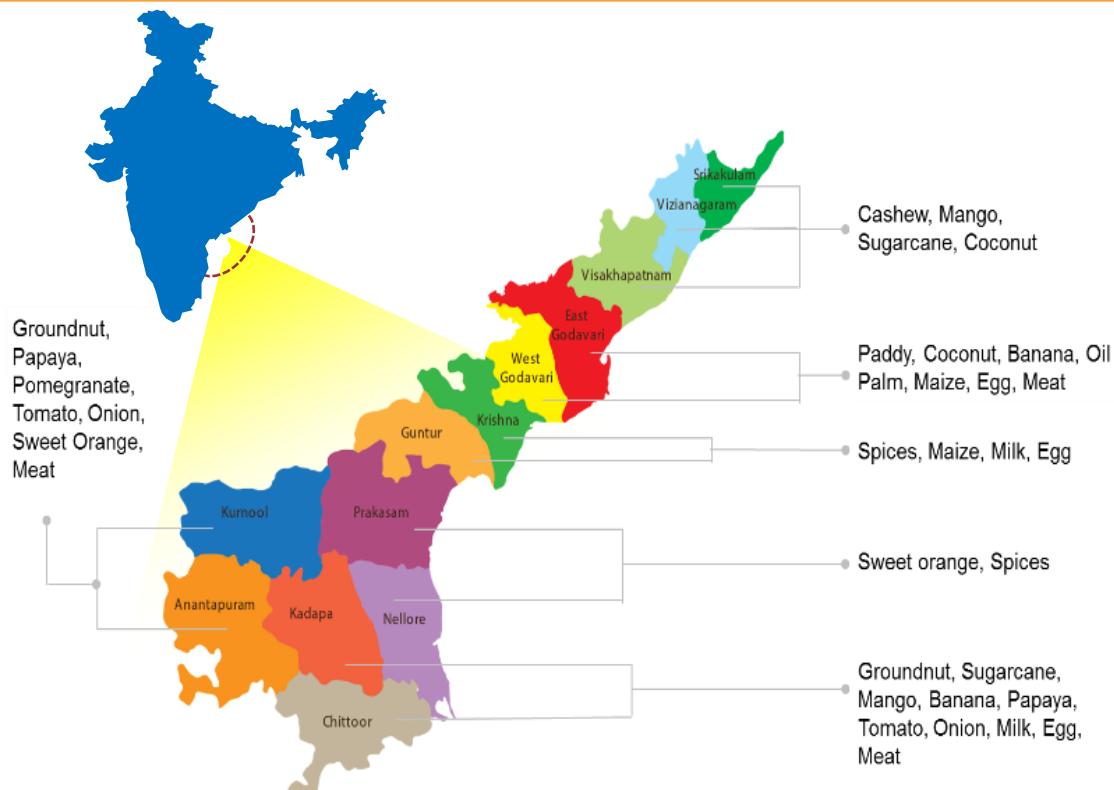


- ❑ Contributes 27.59 % to state's GSDP (constant prices) in 2014-5
- ❑ Forward Looking Farming Community
- ❑ Popularly known as the 'Rice Bowl of India' owing to the large amount of rice grown
- ❑ Leading state in horticulture produce with nearly 2 million hectare (Ha) under different fruit crops
- ❑ 8.45 million hectares of net cultivable area with strong F&V, pulse, coconut and livestock products base.
- ❑ Largest producer of fruits, eggs and aqua products in India
- ❑ 63% of state's population employed in agriculture and related activities



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AP-Attracting investments across the supply chain



Over 3000+ Food Processing Units, 2 Mega Food Parks, Multiple Agri Export Zones & Cold Chain Facilities

Sectors

Units



1679 Units

Agriculture



1301 Units

Horticulture



315 Units

Dairy & Poultry



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Agriculture Snapshot of AP



Rank in India

2

Production in AP
(in Million MTs)

1.93

Key Districts

Anantapur, Chittoor, Kadapa



Rank in India

2

Production in AP
(in Million MTs)

5.3

Key Districts

West **Godavari**, Guntur, Kurnool



Rank in India

1

Production in AP
(in Million MTs)

2.73

Key Districts

Chittoor, Krishna, Vizianagaram



Rank in India

1

Production in AP
(in Million MTs)

0.35

Key Districts

Anantapur, Kadapa, Prakasam



Rank in India

1

Production in AP
(in Million MTs)

1.35

Key Districts

E.G, Anantapur, Kadapa



Rank in India

1

Production in AP
(in Million MTs)

1.55

Key Districts

Anantapur, Kadapa, Prakasam

Agriculture Snapshot of AP



Rank in India

2

Production in AP
(in Million MTs)

0.56

Key Districts

**Srikakulam, Visakapatnam, East
Godavari**



Rank in India

1

Production in AP
(in Million MTs)

1.55

Key Districts

**Kurnool, Chittoor, Anantapur,
Kadapa**



Rank in India

2

Production in AP
(in Million MTs)

0.79

Key Districts

Prakasam, Chittoor, Krishna



Rank in India

1

Production in AP
(in Million MTs)

0.11

Key Districts

Guntur



Rank in India

1

Production in AP
(in Million MTs)

1273

Key Districts

**East & West Godavari, Krishna,
Chittoor**



Rank in India

3

Production in AP
(in Million MTs)

18.16

Key Districts

Krishna, Chittoor, Prakasam



ROBUST INFRASTRUCTURE

Good road network

4 major ports

4 active airports

24 X 7 power

10 lakh acres land bank

VCIC and CBIC

Large base of skilled manpower

Over 120 polytechnics

225 engineering colleges

35 pharmacy institutions

Strong diaspora active in the sector



SKILLED LABOUR

Aided by implementation of commitments to provide external infrastructure, industrial water, developed land, 24x7 power and skill upgradation facilities

Power



- 1st state in South India to offer 24X7 power to industry
- Capacity Addition from 9,600 MW to 17,000 MW by 2019 through solar, wind, thermal
- Massive Strengthening of electricity grid
- 3.5 GW of Solar Power capacity being added

Land



- Existing land bank of 300,000 acres, adding further 700,000 acres, total planned land bank of 1 million acres
- GIS enabled online Land Bank information
- Affordable land rates and land given on 99-years lease
- Scope for developing industrial parks on PPP basis

Connectivity



- **Ports** – 6 under operation, 6 under development and 5 planned
- **Airports** – 6 existing, 1 mega Aerotropolis and 5 no-frills airports to be developed
- **Road Network** – 45,000 km (4,423 km of National Highways)
- **Railway** - 7,040 track km of network
- **Inland Water Transport** - 888 km National Waterway



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Industrial Land Availability-AP

District	Vacant Plots in Industrial Parks (in Acres)	Land Bank (in Acres)	Total Land (in Acres)
Srikakulam	785	3,708	4,493
Vijayanagram	302	16,612	16,913
Visakhapatnam	7,484	55,849	63,333
East Godavari	3,179	61,049	64,228
West Godavari	71	1,317	1,388
Krishna	51	15,334	15,385
Guntur	75	48,560	48,635
Prakasam	145	43,851	43,996
Nellore	5,491	56,621	62,113
Chittoor	1,213	159,726	160,939
Kadapa	7,915	98,914	106,829
Ananthapur	1,187	129,655	130,842
Kurnool	14	45,152	45,166
Total	27,911	736,350	764,261



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Andhra Pradesh ranks amongst top Indian states in creating conducive business environment

2nd

Rank amongst Indian States
(World Bank Study for DIPP, Govt. of India,
September 2015)

EASE OF DOING BUSINESS



**COUNTRY
DESKS FOR
STRATEGIC
PARTNERS**



**APPROVALS
IN 21 DAYS**



SINGLE DESK PORTAL
(identified as 'Best
Practice' by World
Bank)



**INVESTMENT
FACILITATION
OFFICERS**



**INVESTMENT
TRACKER**



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State	Rank (Score)
Gujarat	1 (71.14%)
Andhra Pradesh	2 (70.12%)
Jharkhand	3 (63.09%)
Chhattisgarh	4 (62.45%)
Madhya Pradesh	5 (62.00%)

Recent Investment Commitments by Major Food Processing Companies

Home to PepsiCo's biggest manufacturing unit in the country, the plant is expected to benefit 32,000 mango farmers.

Ultra Mega Food Parks being set up by leaders like Jain Irrigation to boost agro processing

Australia's FAL Group plans to invest in Coconut Processing (Water, milk, desiccated powder, snack items etc.)

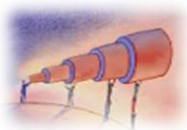
Few of the Food
Giants in AP









Forward Looking “Andhra Pradesh Food Processing Policy 2015-20



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OBJECTIVES

-  Make Andhra Pradesh one of the most preferred destinations for food processing industries
-  Develop commodity-based clusters to enable a focused and planned approach to developing the food processing industry
-  Identify and bridge existing infrastructure gaps affecting the industry
-  Promote innovation, research & development in the industry and ensure continuous technology up gradation.
-  Develop Andhra Pradesh as an Innovation Society of global repute
-  Undertake capacity building and enhance competitiveness of food processing industry in both domestic and international markets.

TARGETS



Attract new investments worth Rs 5,000 crore in the sector by 2020



Create 50,000 additional employment opportunities in the sector by 2020



Fiscal Incentives as per policy

Ease of Doing Business

- Food Processing will be declared as **Public Utility** under Industrial Disputes Act 1947
- GoAP shall facilitate **land clearance** under [Single Desk Policy](#)

Land Conversion Charges

- GoAP will reimburse the **Non-Agriculture Land Assessment (NALA)** tax as applicable for **conversion of land** for setting up Food Processing units



Power Subsidy

- Power tariff subsidy will be at Rs **1.5 per unit**
- **Electricity duty exemption** for self use from captive power plants
- FPI will continue to be **seasonal industry** under the regulation of **APERC**

Tax Concession

- **Net VAT/CST/SGST reimbursement:**
 - 100% for micro and small enterprises for 5 years
 - 75% for medium enterprises for 7 years
 - 50% for large enterprises



Fiscal Incentives as per policy

Stamp Duty Exemptions

- **100% reimbursement of stamp duty** and transfer duty on purchase or lease of land
- **100% reimbursement of stamp duty** on lease of land/shed/buildings, mortgages and hypothecations

Capital Subsidy

- 25% of project cost (includes P&M, technical civil works), up to **Rs 5 crore for new units**
- 25% of new/upgraded equipment cost, limited to Rs **1 crore for technology upgradation**
- 50% for setting up Primary Processing Centers (PPCs) and Primary Collection Centers (PCCs) **limited to Rs 2.50 crore**
- 35% for setting up cold chain for agriculture/horticulture/dairy/meat produce, **up to a Rs 5 crore**



Fiscal Incentives as per policy

APMC cess/fees

- **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.

Interest Subsidy

- **7% per annum** on term loan taken for fixed capital investment, for a period of 5 years from commencement of operations, **up to Rs 2 crore**
- **7% per annum** on term loan taken for PPCs and PCCs for a period of 5 years from commencement of operations, **up to Rs 1 crore**



Fiscal Incentives as per policy

Marketing Assistance

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

Skill Development Initiatives

- GoAP will encourage setting up of training centers in commodity based clusters
- GoAP will reimburse **50% of cost involved** in skilling local manpower limited to **Rs 5000 per person**



Fiscal Incentives as per policy

Transportation and Export Incentives

- **50% subsidy** for purchase of reefer vehicles, up to a **Rs 10 lakh**
- **Reimbursement of 30% of road transport charges** till inland container depot (ICD)/port for export of perishable goods with a ceiling of **Rs 5 lakh per annum per unit** for a period of 3 years from date of commercial production

Patent Registration

- Reimbursement of 50% of cost of certifications up to **Rs 5 lakh per unit**
- Reimbursement expenditure incurred in obtaining patents to the extent of **Rs 10 lakh per patent**



Fiscal Incentives as per policy

Food Parks

- Mega Food Park (MFP) with the maximum grant **of INR 50 Crs.** and Integrated Food Park (IFP) with the maximum grant of **INR 20 Crs.**
- Maximum Eligible Grant of 50 Percent
- Industrial Area Local Authority (IALA) status to Food Parks

Modernization of Abattoirs

- Eligible Maximum Grant Rs 15 crs
- Maximum eligible grant is 50 % of Technical Civil Work

Reefer Vehicles

- Eligible Maximum Grant Rs 10 lakhs
- Eligibility 50 % of cost of the reefer vehicle

Setting up of Testing Labs

- Rs 5 crs for NABL approved labs
- Rs 5 lakhs for existing Food Processing units
- Eligibility 50 percent



Food Parks-MFP and IFP

Mega Food Park

Integrated Food Park

Minimum Land Requirement



50 acres

30 acres

SPV's Combined Networth Requirement



INR 50 crores

INR 20 crores

Eligible Grant



INR 50 Crores

INR 20 Crores

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Financial Support from GoAP

Existing and Upcoming Focus Mega Food Parks

- **Krishna Mega Food park at Agiripalli**

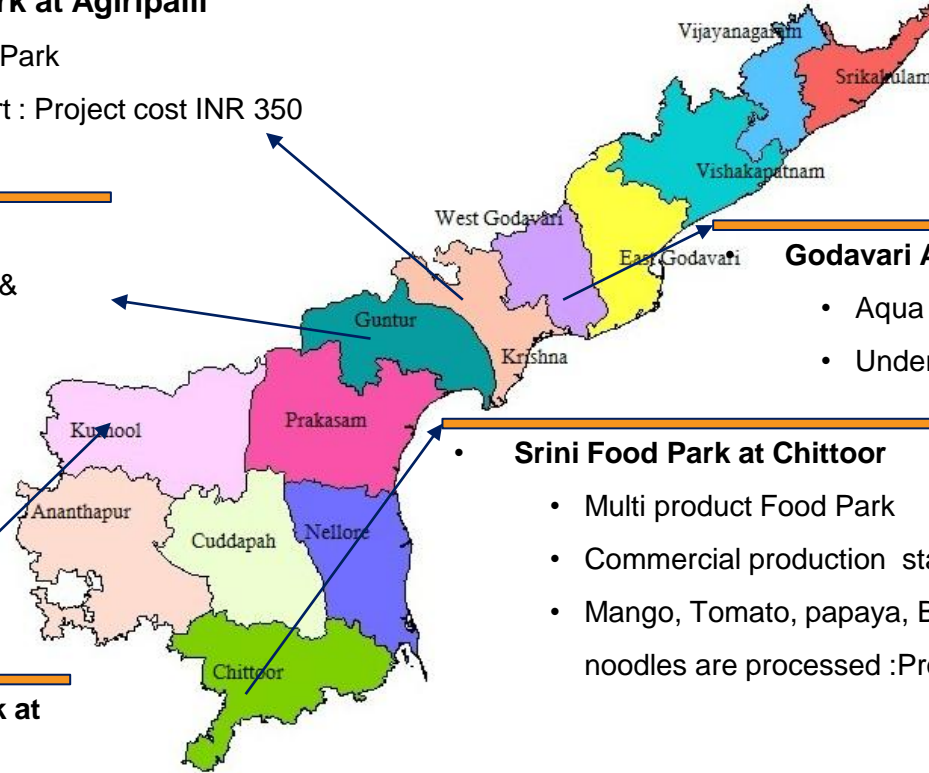
- Multi product Food Park
- Construction to start : Project cost INR 350 Cr

- **Spices Park at Guntur**

- Spices Processing & export

- **Ultra Mega Food Park at Kurnool**

- Project cost INR 380 Cr



- **Godavari Aqua Mega Food Park at Bhimavaram**

- Aqua produce processing Food Park.
- Under construction: Project cost INR 300 Cr.

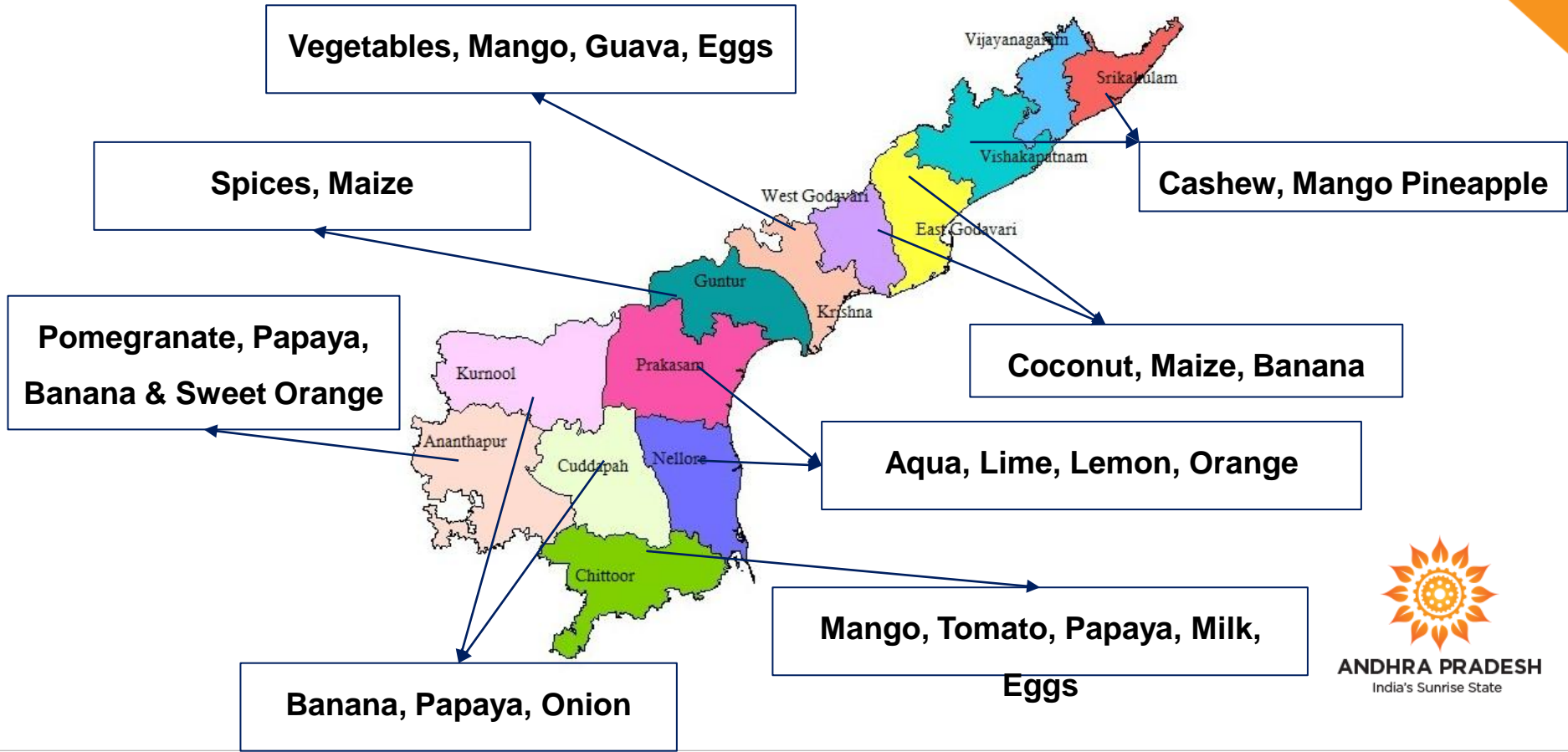
- **Srimi Food Park at Chittoor**

- Multi product Food Park
- Commercial production started
- Mango, Tomato, papaya, Basil, Pomegranate, coconut, noodles are processed :Project cost INR 150 Cr.



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Future Potential for Food Parks in AP



Single Desk Policy 2015-20

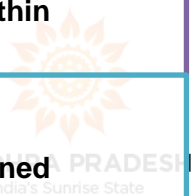
The Single Desk Policy aims to create a conducive ecosystem to provide all clearances required to setup industry within 21 working days

•The Single Desk Bureau (Bureau) will be chaired by the Commissioner of Industries and shall comprise of Head of Departments (HoDs)

•This Bureau shall be supported by a robust IT application for tracking and monitoring of all industrial clearances.

•The members of the Bureau shall ensure that department-specific clearances are provided within stipulated timelines.

•The Commissioner of Industries will be authorized to issue specific clearances should the concerned department not provide clearance after following due process within stipulated time.



Single Desk Policy (SDP) 2015-20

Salient Features

- For starting an industry, a subset of 24 different clearances may be required. Of these
 - 13 approvals / clearances are necessary in the [Pre-establishment stage](#)
 - and 11 approvals / clearances are necessary in the [Pre-operation stage](#)
- Measures to simplify process and procedures under SDP



- Grievance appeal system



Andhra Pradesh- Ease of Doing Business in Food Processing



Nodal Contact Points

Government of Andhra Pradesh:
AP Food Processing Society (APFPS)

Shri Y. S Prasad
Chief Executive Officer (CEO)

AP Food Processing Society
2nd Floor, AP Khadi and Village
Industries Board Building,
Humayun Nagar, Masab Tank Road,
Hyderabad - 500028
Telephone: +91 40-23392202
Fax: +91 40-23395655
apfps@yahoo.com
ysprasad2012@gmail.com

Consultants to APFPS:
YES Bank

Mr. Gopinath Koneti
Mr. Anshul Sah

YES BANK
Third Floor,
"Mayank Towers",
Survey no. 31 (Old). 31/2 (New),
Raj Bhavan Road,
Somajiguda-HYD
koneti.gopinath@yesbank.in
anshul.sah@yesbank.in



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For more details on AP Food Processing Policy 2015-20 and Guidelines please visit:

<http://www.apfps.com/>



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AN INVITATION

**Join us in this journey of
excellence....
let us partner to achieve progress
and all-round inclusive growth....**



GOI Incentives for Food Processing



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GOI Incentives for Food Processing

Central Excise duty

Sectors	Products	Incentive
Dairy & Horticulture	Milk, Milk Products, Vegetables, Nuts and Fruits (Fresh & Dried)	Nil Duty
Dairy & Horticulture	Processed Fruits and Vegetables, Soya Milk Drinks, Flavored Milk of animal origin	Merit rate of 2% without CENVAT or 6% with CENVAT
Cold Storage	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
A&H Fisheries	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%

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Incentives from GOI are in addition to GoAP incentives

GOI Incentives for Food Processing

Service Tax

Sectors	Products	Incentive
Horticulture	<ul style="list-style-type: none">• Construction, Erection, Commissioning or installation of original works pertaining to postharvest storage infrastructure for agricultural produce including Cold storages for such purposes• 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 food stuff including flours, rice, pulses, tea, coffee, jaggery, sugar, milk, milk products, salt and edible oil, excluding alcoholic beverages	Nil Tax

Incentives from GOI are in addition to GoAP incentives

GOI Incentives for Food Processing

Income Tax

Sectors	Products	Incentive
Horticulture (Cold Chain Infrastructure)	<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	100% deduction in Expenditure (This deduction is allowed only for the investment made in the previous year and prior to commencement of its operations.)
	<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	100% tax exemption for the first 5 years' of operation, and after that, t the rate of 25% of the profits being exempted from tax; 30% in case of a company

Incentives from GOI are in addition to GoAP incentives

Thank you

Annexure I: Pre-establishment Stage Approvals/ Clearances

Sl. No.	Name of the Clearance / Approval	Department	Permissible Time Limits
1.	Power Feasibility certificate/ sanction of power supply	DISCOM-Department of Energy	7 days
	Power Connection		To be based on the length of the HT line
2.	Electrical Inspectorate statutory approval for drawings	Chief Electrical Inspectorate- Department of Energy	7 days
3.	Building /Site Permission / Approval/License from Municipality/ UDA ¹ /DT&CP ² /	Department of Municipal Administration & Urban Development	7 days
4.	Building /Site Permission from Gram Panchayat	Department of Panchayati Raj & Rural Development	15 days / Deemed
5	(i). Approval for water supply from ULB ³ s-MA & UD Department	Department of Municipal Administration & Urban Department	7 days
	Water Connection		21 days
	ii). Permission to draw water from river/public tanks, Irrigation & CAD Department Permission to dig new wells from Ground Water Department	Irrigation & CAD Department	15 days

Annexure I: Pre-establishment Stage Approvals/ Clearances

6.	Factory Plan Approval	Directorate of Factories- Department of Labor Employment Training and Factories	7 days
7.	Fire-No Objection Certificate	Directorate of Fire Services-Department of Home	15 days
8.	Registration for VAT, CST	Commercial Tax- Department of Revenue	3 days
9.	Consent for Establishment	APPCB	
	a) Green Category		7 days
	b) Orange Category		15 days
	c) Red Category		21 days
10.	Approval of change of land use for Industrial purpose	Land Administration- Department of Revenue	If in Master Plan - 10 days
			If in Master Plan - 21 days
11.	Registration of Partnership Firms	Registration & Stamps- Department of Revenue	3 days
12.	License for manufacture of bulk drugs / formulations / cosmetics	Drug Control Administration- Department of Health, Medical & Family Welfare	15 days
13.	License for manufacture of ayurvedic, homeo, siddha, unani	AYUSH-Department of Health, Medical & Family Welfare	15 days

Annexure II: Pre-operation Stage Approvals/ Clearances

Sl. No.	Name of the Clearance / Approval	Department	Permissible Time Limits
1.	Final approval from Electrical Inspectorate- Department of Energy-Chief Electrical Inspector	Chief Electrical Inspectorate- Department of Energy	7 days
2.	Registration under Professional Tax	Commercial Tax-Department of Revenue	Spot approval
3.	Factory Registration / licensing	Directorate of Factories-Department of Labor Employment Training and Factories	7 days / Deemed for Registration only
4.	Registration of shops & establishments	Commissionerate of Labor - Department of Labor Employment Training and Factories	Spot approval
5.	Occupancy certificate from Fire Services Department	Directorate of Fire Services- Department of Home	15 days
6.	Consent for Operation/ Authorization	APPCB	
	a) Green Category		7 days
	b) Orange Category		15 days
	c) Red Category		21 days
	d) Authorization of units handling hazardous wastes		Processed along with CFO

Annexure II: Pre-operation Stage Approvals/ Clearances

7.	Boiler registration	Directorate of Boilers-Department of Labor Employment Training and Factories	15 days
8.	(i). Registration of establishments deploying contractual workmen	Commissionerate of Labor - Department of Labor Employment Training and Factories	Spot approval
	(ii).Registration of establishments deploying inter-state migrant workmen		Spot approval
9.	Registration of plastic manufacturers / recyclers	APCCB	15 days
10.	License for storage of petroleum, diesel and Naptha	District Collector/ Civil Supplies Department	15 days
11.	License for possession and use of Rectified Spirit and Denatured Spirit	Prohibition & Excise Department of Revenue	21 days

