

**GOVERNMENT OF TELANGANA
ABSTRACT**

Industries & Commerce Department – Telangana State Food Processing – Guidelines –
Approved - Orders – Issued.

INDUSTRIES AND COMMERCE (FP&MSME) DEPARTMENT

G.O.Ms.No.18

Dated:07.08.2021

Read :-

Single File No.TSFPS/FP Policy/2017 of Telangana State Food Processing Society,
Hyderabad.

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ORDER:

In view of the enhanced area under irrigation, food processing is identified as an important sector in the state. To promote food processing, guidelines are proposed to encourage creation of processing capacities and infrastructure in alignment with the increased and diversified production from agriculture and livestock. These guidelines have been formulated based on the deliberations and instructions of the Cabinet Sub-committees. Further, detailed inputs and recommendations were included to revise the proposed policy. The details of the policy are as follows:

The objectives of the policy are as follows:

1. Create capacities in the state to process the additional production expected across agriculture, horticulture, animal husbandry, dairy, and fisheries sectors due to the significant increase in the irrigation potential of the state.
2. Provide infrastructure, financial incentives and facilitation to producers and producer collectives/FPOs/SHGs to undertake forward integration into the value chain through establishment of food processing enterprises.
3. Create rural industrial ecosystem through establishment of food processing industries leading to increased economic activity, employment and overall development of rural/remote/backward areas of the state providing entrepreneurial opportunities to the vulnerable sections of the society (women, SCs/STs).
4. Promote creation of food processing enterprises across the state that enable large scale local demand creation for state's produce and enable export of processed produce to other states and/or countries.

The policy aims to achieve the following outcomes:

1. Creation of **10,000 acres** of special food processing zones across the state to support the additional 53 lakh acres area brought under irrigation till 2024-25.
2. Attract a total of **25,000 Crores** of capital investment to establish food processing enterprises and generate direct employment for approx **70,000 personnel**.

In order to achieve the aforementioned targets, the following action plan is proposed in the policy:

1. Creation of Special food processing zones-SFPZs (200 acre to 1000 acre, each) covering a total area of 10,000 acres across the state in accordance with increased area under irrigation and the diversified production profile as per the regulated cropping pattern proposed throughout the state.
2. Creation of dedicated special zones for integrated production and processing of meat, fish, dairy and poultry in identified areas across the state.
3. Creation of dedicated warehousing, logistics, marketing and export-oriented infrastructure (30% of the total area in SFPZs) for key agri-food commodities of the state.

4. Creation of plug and play sheds and associated infrastructure in the SFPZs for local entrepreneurs, farmer groups, SHGs, SCs, STs and minorities.
5. Special financial benefits to enterprises to be established in the Special food processing zones with additional benefits for SCs, STs and Minorities.
6. Special financial benefits for SHGs and Farmer producer organizations for establishing new food processing enterprises and expanding/modernizing their existing food processing enterprises.
7. Tailor made Incentives to large projects in food processing and retail sector that help large scale off-take of key commodities of the state and that procure large volumes from the various small and medium food processing enterprises of the state in a micro franchise model.

2. Since the food processing industries is part of the overall industrial policy framework of the state, other critical issues relating to the sector such as logistics support, retail infrastructure for food products, public procurement, renewable energy support, training and skill development etc. will be covered by dedicated subject oriented policies.

Scope and coverage

The policy shall be operative for a period of 5 years from the date of notification. The policy covers all new and existing units. State government reserves the right to review the policy as and when need arises to encourage any specific industry in the interest of the state.

Key definitions in the policy are as follows:

Food processing: Food processing shall include process under which any raw product of agriculture, horticulture, floriculture, apiculture, dairy, animal husbandry, meat, poultry or fishing is transformed through a process (involving employees, power, machines or money) in such a way that its original physical properties undergo a change and if the transformed product has commercial value and is suitable for human and/or animal consumption. It also includes process of value addition to produce products through methods such as preservation, gradation, addition of food additives, drying with a view to preserve food substances in an effective manner, and to enhance their shelf life and quality.

New Enterprises: New Enterprise are the enterprises that commence commercial production / service during the operative period of this policy and also obtain acknowledgement of filing Udyog Aadhar Registration (UAR) with the concerned District Industries Center (DIC) or Industrial Entrepreneur's Memorandum (IEM) with the Government of India.

Existing Enterprises: Existing Enterprise means: the enterprise which has filed UAR/EM with the concerned DIC or IEM with GoI and is undertaking expansion / diversification / modernization operations in an existing project.

Expansion or Diversification: Existing enterprise taking up expansion and or diversification with or without forward and backward integration, with investment more than 25% of its existing gross fixed capital investment as on date of initiating expansion / diversification and commencing production during the operative period of the scheme shall be treated as Expansion.

Modernization: Existing enterprises investing more than 15% in the cost of its existing plant & machinery to upgrade technology by way of adopting new technology, production process shall be categorized as Modernization.

Gross Fixed Capital Investment: Gross fixed capital investment means investment in Land, Plant & Machinery before a unit commences expansion / diversification / modernization and / or obtains sanction of financial assistance from Banks / Financial Institutions.

3. All benefits mentioned in the policy are over and above the industrial policy benefits as mentioned in the T-IDEA (Telangana State Industrial Development and Entrepreneur Advancement) Incentive Scheme 2014 except grant in aid on capital investment and interest subsidy, which are offered in this policy. However, benefits availed under the central scheme by Ministry of Food Processing Industries, Government of India will be exclusive of this policy unless otherwise stated i.e. applicants already being supported by the aforementioned central schemes will not be eligible for benefits under schemes mentioned in this policy unless otherwise stated in the policy. Detailed guidelines for implementation of schemes will be separately notified.

Accordingly, the following proposals are approved by the Government:

Major provisions and areas of support

The policy provides capital and operational assistance to existing and new units along with providing hard and soft infrastructure support to the sector. Government of Telangana would create Special Food Processing Zones across the state to provide infrastructure for development of large food processing clusters. The salient features of the Special Food Processing Zones shall be as follows:

1. Special Food Processing Zones shall be developed based on the additional agriculture and allied sector production expected due to increased irrigation potential of various districts.
2. Each Special Food Processing Zone shall be designed to accommodate food processing units and associated infrastructure in accordance to the regulated cropping pattern designated for the region.
3. Each Special Food Processing Zone shall be developed with a minimum area of 200 acres and shall extend upto 1,000 acres based on the requirements and availability of suitable lands.
4. 30% area in each Special Food Processing Zone shall be dedicated for Logistics, Warehousing, Cold storages, export oriented and agriculture marketing infrastructure. Development of such infrastructure shall be done in a public private partnership mode.
5. Plug and play sheds shall be developed in each Special Food Processing Zones to accommodate enterprises from local entrepreneurs, SHGs, farmer groups, SHGs, SCs, STs and minorities. Upto 20% of total allottable area in each SFPZ shall be developed under such sheds and shall be made available for lease.
6. Appropriate pollution control measures shall be implemented in all SFPZs including creation of a buffer zone and facilities for management of solid waste, liquid discharge and odour management.
7. Apart from food processing enterprises, the SFPZs shall allocate area to establish ancillary industries such as packaging and related industries such as agro-processing and by product processing.
8. Dedicated SFPZs shall be created for integrated production and processing of dairy, poultry, meat and fish. Such zones shall also allot lands, not exceeding 60% of the total area, for scientific and high intensity production activities in these sectors.
9. SFPZs shall be designated as food parks with Ministry of Food Processing Industries, Government of India and all food processing units to be established within, may apply for relevant MoFPI schemes.
10. Any units established in the Special food processing zones shall get the following financial benefits, over and above the industrial policy benefits:
 - a. Power rebate of Rs. 2 per unit for 5 years.

- b. Interest subvention of 75% of the total interest payable on the term loan of the unit, not exceeding a total of Rs 2 Crores.
 - c. 100% reimbursement of APMC fee for 7 years.
 - d. Units established by SCs, STs and Minorities shall be extended the following additional incentives:
 - Capital grant of 15% upto Rs 20 lakh (over and above any capital grant available from MoFPI and/or state Industrial policy).
 - 10% interest subvention of the interest payable on term loan (over and above 75%), total not exceeding Rs 2 Crores.
 - Land cost rebate of 33% upto Rs 20 lakhs.
 - e. Units established by SHGs and FPOs shall be extended the following additional incentives:
 - Capital grant of 15% upto Rs 1 Crore (over and above capital grant available from MoFPI) and / or state individual policy.
 - 10% Interest subvention of the interest payable on term loan (over and above 75%), total not exceeding Rs 2 Crores.
 - Land cost rebate of 33% upto Rs 20 lakhs.
 - f. Land cost rebate of 25% shall be extended for the first 20% plots as early bird benefits.
 - g. Total incentives, including industrial policy benefits and any benefits accrued from any other central government or state government scheme shall not exceed the total fixed capital invested for the project.
4. Government of Telangana through an empowered cabinet sub-committee shall offer tailor made incentives to the following food processing and/or retail projects:
1. Total fixed capital investment in plant and machinery of more than Rs 100 Crore.
 2. Direct employment of more than 1,000 persons.
 3. Total procurement of raw material from Telangana of more than Rs 500 Crore per annum.
 4. Total procurement of more than Rs. 100 Crore per annum from enterprises of state's SHGs, and FPOs.
5. The Commissioner of Industries, Hyderabad, the Vice Chairman & Managing Director, Telangana State Industrial Infrastructure Corporation, Hyderabad and the Director, Telangana State Food Processing Society, Hyderabad shall take necessary action in the matter accordingly.
6. Necessary amendments / Orders will be issued by the Government and will be review and modify the incentives from time to time.
7. This order is issued with the concurrence of Finance Department, vide their Department File No. 2146/PFS/2020, dt.12.07.2021.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

JAYESH RANJAN
PRINCIPAL SECRETARY TO GOVERNMENT & CIP (FAC)

To
The Commissioner of Industries, Telangana, Hyderabad.
The Chairman, Telangana State Food Processing Society, Hyderabad.
The Vice Chairman & Managing Director, Telangana State Industrial Infrastructure Corporation,
Hyderabad

Copy to:

The Managing Director, Telangana State Finance Corporation, Hyderabad
The Principal Secretary to Government, Social Welfare department
The Principal Secretary to Government, Tribal Welfare Department
The Revenue (CT/LA) Department
The Irrigation & CAD (Reforms) Department
The Energy Department
The LET & F (Employment) Department
The Law Department
The Finance (EBS.VII) Department
The Accountant General, Telangana, Hyderabad
The Convener, State Level Banker's Committee
The GM, Small Industry Development Bank of India, (SIDBI), Hyderabad
The Pay and Accounts Officer, Hyderabad.
All District Collectors through Commissioner of Industries, Hyderabad
All Heads of Departments through Commissioner of Industries, Hyderabad
All Departments of Secretariat.
All Government Companies/Corporations through Commissioner of Industries, Hyderabad
The P.S. to Pri. Secretary to Chief Minister
The P.S. to Chief Secretary to Government
All Private Secretaries to the Ministers
All General Managers, District Industries Centre in the State through Commissioner of Industries, Hyderabad.
All Sections in the Department
S F/Sc

//Forwarded By Order//


SECTION OFFICER