



# ANDHRA PRADESH FOOD PROCESSING SOCIETY

I & C Department, Govt. of A.P., Hyderabad.



## **“ LOOKING FOR INVESTMENT IN FOOD PROCESSING INFRASTRUCTURE AT ANDHRA PRADESH ”**

**Set up Mega Food Parks, Integrated Mega Food Parks, Cold Chain projects, Food Processing Units with the financial assistance of Government of Andhra Pradesh.**

Government of Andhra Pradesh has launched A.P. Food Processing Policy 2015-20 with the objective to provide adequate infrastructure for food processing industry along the value chain from farm to market, that will enable fresh investments into the food processing sector and following are the major schemes included.

1. Mega Food Parks
2. Integrated Food Parks (Mini Food Parks)
3. Cold Chain Projects
4. Food Processing Units
5. Primary Processing and Collection Centres

Proposals / Eols in the prescribed format are invited from potential stakeholders/ promoters who are willing to set up any of the above projects at potential locations in the Andhra Pradesh. The project proposal should be submitted as per the guidelines of the respective schemes as per **APFP Policy 2015-20**.

The proposals / Eols, along with EMDs prescribed should reach by **4.00 pm on or before 17-03-2016 at the address given below. Eols received after due date will not be entertained.**

Two Pre-bid meetings for interested stakeholders shall be held as notified.

For detailed guidelines and other details please visit: <http://www.apfps.com>

## **CHIEF EXECUTIVE OFFICER, AP FOOD PROCESSING SOCIETY**

**2nd Floor, AP Khadi and Village Industries Board Building, Humayun Nagar,  
Masab Tank Road, Hyderabad - 500028, Ph : +91 40-23392202**



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# ANDHRA PRADESH FOOD PROCESSING POLICY 2015 - 2020 & OPERATIONAL GUIDELINES FOR IMPLEMENTATION

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ANDHRA PRADESH FOOD PROCESSING SOCIETY  
DEPARTMENT OF INDUSTRIES & COMMERCE (FP)  
GOVERNMENT OF ANDHRA PRADESH



- One of the largest food producers in India.
- 5 Agro climatic zones.
- Large and diverse raw material base suitable for Food Processing Industries.
- Huge scientific and research talent pool with 70% literacy rate, 58 Agricultural and Horticultural and one Sugar Cane Research Station.
- Well developed infrastructure distribution network.
- Rapid Urbanization, Changing life style, Increase in number of women work force, Rising per capita income leading to new opportunities in Food & Beverages Sector.
- Strategic geographic location with 980 Kms of coastline, 5 Sea ports, 1 International Airport, 4 Domestic Airports operating.
- 8 Sea Ports, 2 International Airports and 5 Domestic Airports are in pipeline.
- Large Road and Rail network including Inland Water Transport System.
- 4 Major river systems and 17 Minor rivers.
- 8.45 Million Ha. net cultivable area.
- Round the clock power supply.
- Industrial Local Authority status for Food Parks.
- Single Window clearance for Food Processing Units.



**Sri Nara Chandrababu Naidu**  
Hon'ble Chief Minister of Andhra Pradesh

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A Visionary Chief Minister striving to place AP State on the top  
in all spheres through global technologies, innovative tools,  
State-of-art infrastructure facilities.

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# **I N D E X**

## **Snapshot of Schemes - AP Food Processing Policy**

**G.O. Ms No. 57 (I&C Dept.)  
Dt. 24-07-2015**

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**AP Food Processing Policy  
2015 -2020**

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**Operational guidelines for  
implementation of schemes  
under AP Food Processing Policy  
2015-2020**

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## SNAPSHOT OF SCHEMES UNDER AP FOOD PROCESSING POLICY 2015-20:

Sl. No.	Scheme	Eligibility	Maximum limit of grant-in-aid
1	Scheme of Food Parks		
	I) Integrated Food Park	50% of Project cost	Rs.20 Crs
	II) Mega Food Park	50% of Project cost	Rs. 50 Crs
2	New food Processing Units	25% of Project cost (Includes Plant & machinery, technical civil works)	Rs. 5 Crs and Interest subsidy 5 years from COD @ 7% (subject to Max 2 Crs)
3	Technology Up-gradation / modernization of existing FP units	25% of new/up graded equipment cost	Rs. 1 Cr
4	Setting up Primary Processing/ Collection Centres (PPCs / PCCs)	50% of Project cost	Rs. 2.50 Crs and Interest subsidy 5 years from COD @ 7% (subject to Max 1 Cr)
5	Cold chain units	35% of Project cost	Rs. 5 Crs and Interest subsidy 5 years from COD @ 7% (subject to Max 2 Crs)
6	Modernization of Abattoirs	50% cost of Plant & Machinery and Technical Civil works and other eligible items	Rs. 15 Crs
7	Reefer Vehicles	50% of cost of the reefer vehicle	Rs. 10 Lakhs each vehicle
8	Units for processing of waste produced in FP units in identified clusters	50% of Project cost	Rs. 2 Crs
9	Scheme for setting up / Upgrading Testing Labs (including NABL accredited)		
	I) For NABL approved labs	50% of project cost	Rs. 5 Crs
	II) For Existing Food Processing Units	50% of project cost	Rs. 5 Lakhs
	III) For State Govt. organizations and Universities	a) 80% of eligible project b) 80% of cost of 2 technical staff in such Laboratories for 3 years	

### FISCAL INCENTIVES:

- Reimbursement of power consumption charges @ Rs. 1.50 per unit for 5 years
- Reimbursement of Non-Agriculture Land Assessment (NALA) tax for the produce purchased direct from farmers.
- Reimbursement of 100% stamp duty, Transfer duty.
- VAT/CST/GST reimbursement For micro & small enterprises(100%), medium industries(75%) & Large Industry Unit(50%) for 5-7 years
- Industrial Area Local Authority (IALA) status to Food parks.
- Marketing cess waiver for produce purchased direct from farmers.

**G.O. Ms No. 57 (I&C Dept.)  
Dt. 24-07-2015**

**AP Food Processing Policy  
2015 -2020**

## 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 1<sup>st</sup> read above, orders were issued evolving Food Processing Policy of Andhra Pradesh State 2010-2015.
2. In the G.O 2<sup>nd</sup> 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 onetime 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**

(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

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

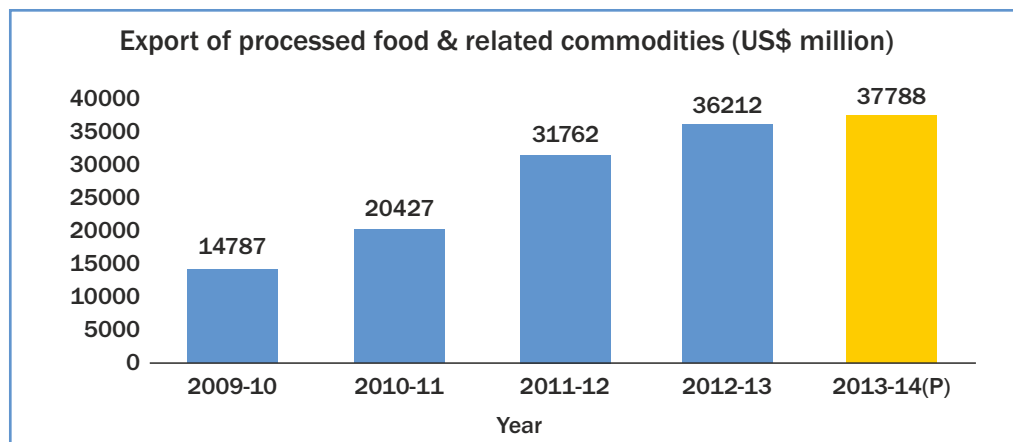


Figure1: Source-DGCI&S, Kolkata; P: Provisional Results

## 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 (Gol), 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. Golhas 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.

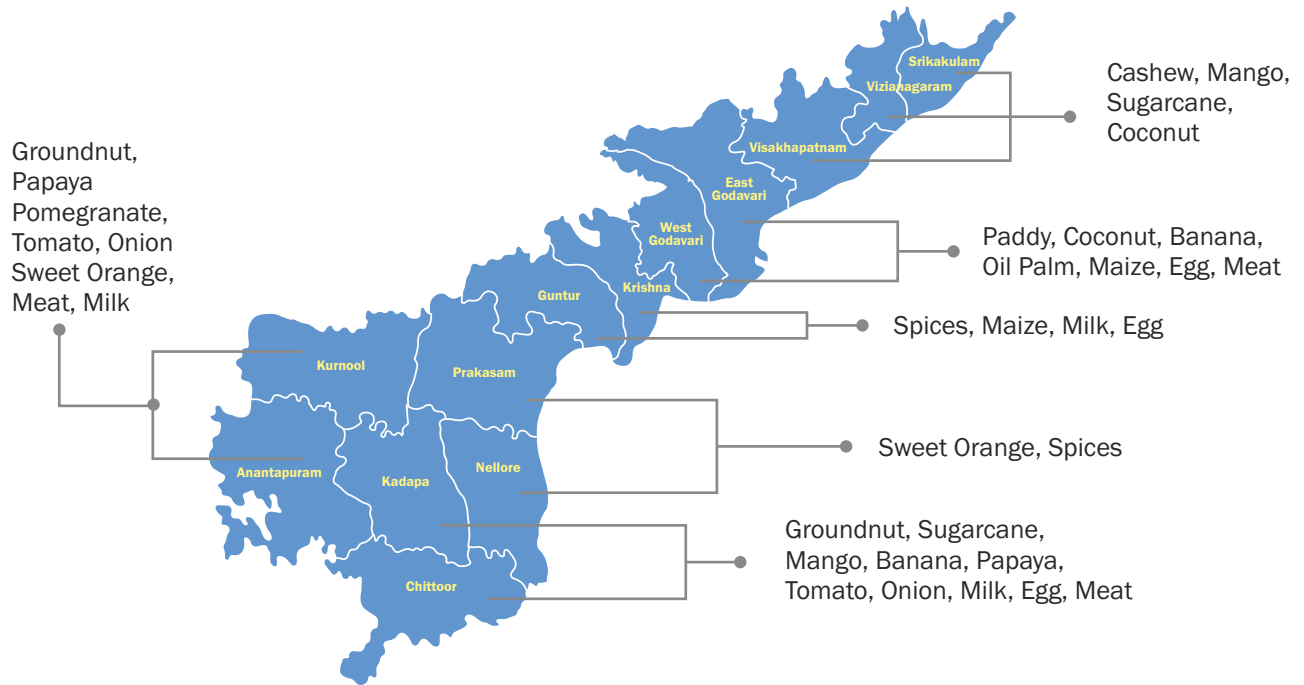
#### c) Changing consumer preferences

- 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 and Gangavaram) 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 GoI 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 GoI, 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 or 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/Produce	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 vermi composting 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 industry requires uninterrupted power supply across its value chain. GoAP is committed to supplying 24X7 reliable, quality power to industry.
- 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.
  - 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.

- iii. Electricity duty will be exempted for captive power plants for self-use, for a 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 5 crore.
- 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 5 lakh per unit.
  - iii. GoAP will reimburse expenditure incurred in obtaining patents to the extent of 10lakh per patent.
- l) 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 5 lakh 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, Gol 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
<b>Fruits</b>	
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.
<b>Vegetables</b>	
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
<b>Spices</b>	
1. CHILLI	Chili Sauce, Pickle, Chili Powder
2. TURMERIC	Powder, Turmeric Dried Rhizomes, Curcumin.
<b>II. Agriculture</b>	
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
<b>III. Dairy</b>	
a) MILK	Cheese, Ice Cream, Pasteurized and Flavored Milk, Butter, Paneer, Ghee, Butter Milk, Curd, etc.
<b>IV. Poultry</b>	
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 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"> <li>Milk, Milk Products, Vegetables, Nuts and Fruits (Fresh &amp; Dried)</li> </ul>	Nil duty
	<ul style="list-style-type: none"> <li>Processed Fruits and Vegetables, Soya Milk Drinks, Flavored Milk of animal origin</li> </ul>	Merit rate of 2% without CENVAT or 6% with CENVAT
	<ul style="list-style-type: none"> <li>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</li> <li>Pasturing, drying, evaporating, etc. machinery used in Dairy sector</li> </ul>	Nil Duty
	<ul style="list-style-type: none"> <li>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</li> </ul>	Reduction from 10% to 6%

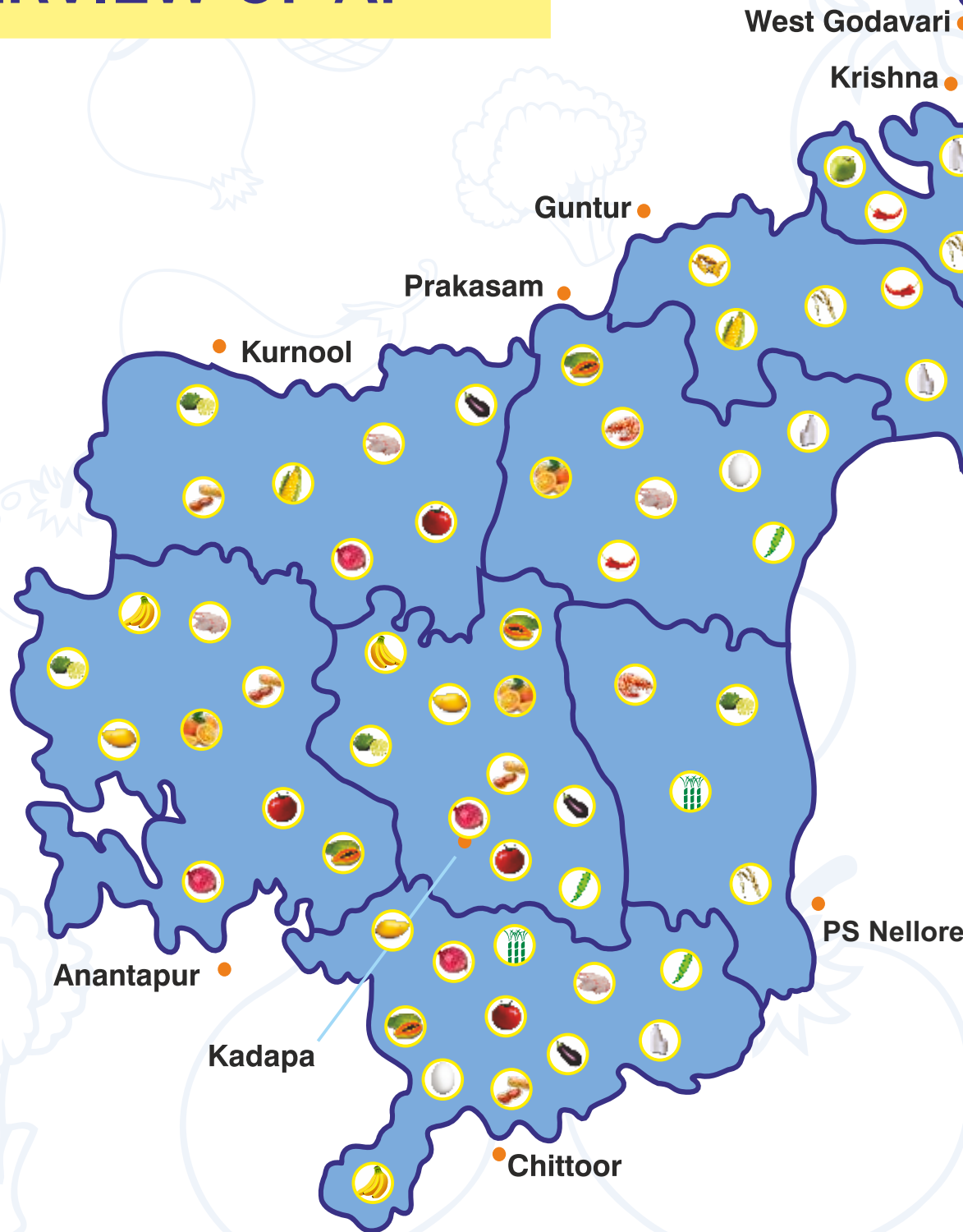
Service Tax	<ul style="list-style-type: none"> <li>• Construction, Erection, Commissioning or installation of original works pertaining to post-harvest storage infrastructure for agricultural produce including Cold storages for such purposes</li> <li>• Mechanized Food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages</li> <li>• Services of Loading, unloading, packing, storage or warehousing of agricultural produce</li> <li>• Services of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables</li> <li>• 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</li> </ul>	Nil Tax
Income Tax	<ul style="list-style-type: none"> <li>• Setting up and operating a cold chain facility</li> <li>• Setting up and operating warehousing facility for storage of agricultural produce</li> <li>• Bee-keeping and production of honey and beeswax</li> <li>• Setting up and operating a warehousing facility for storage of sugar</li> </ul>	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"> <li>• New units engaged in processing, preservations and packaging of fruits or vegetables, meat &amp; meat product, poultry, marine or dairy products</li> </ul>	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
Mega Food Park		Grant of 50% of eligible project cost limited to 50 crore

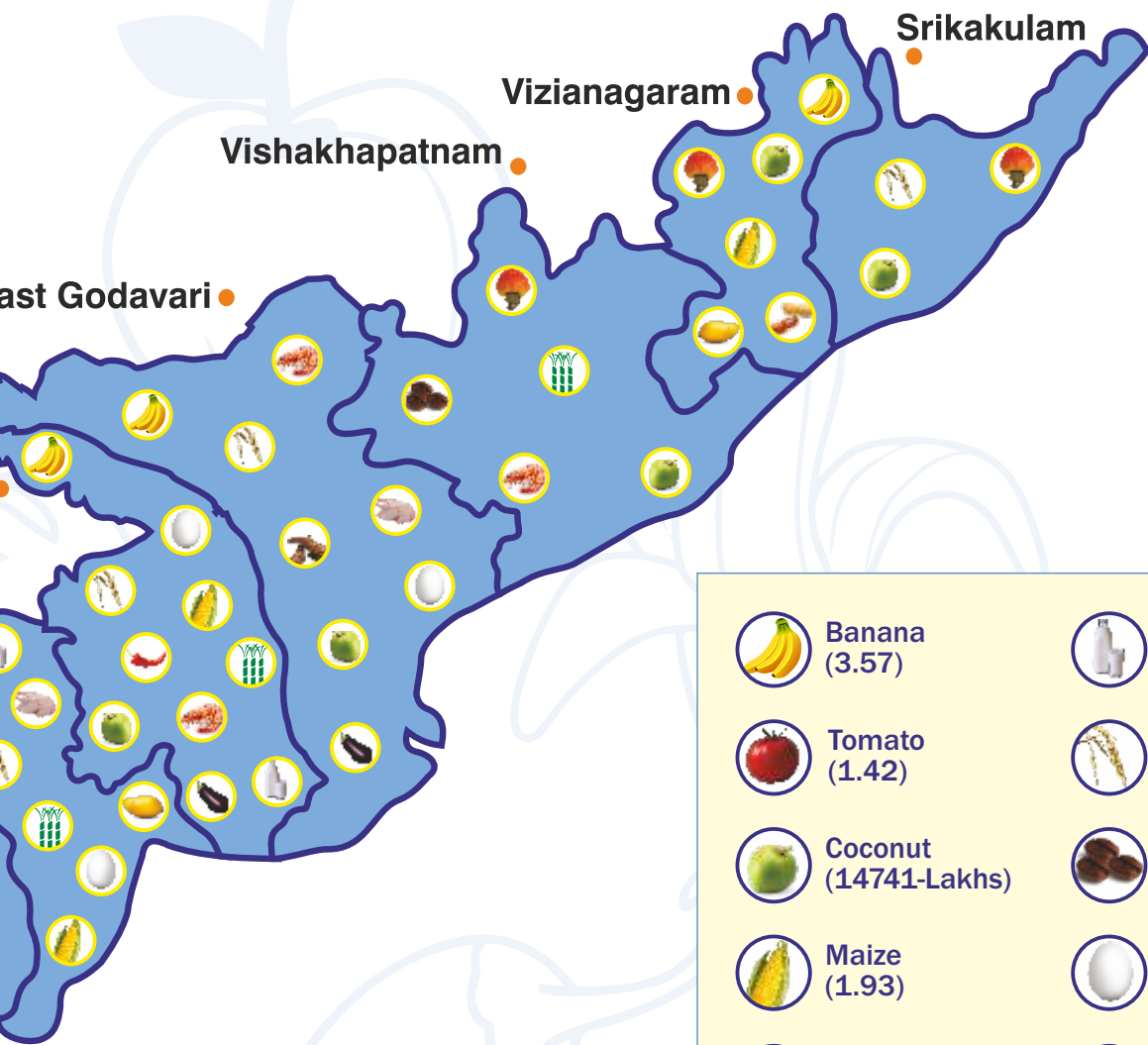
**S.S. RAWAT**  
**SECRETARY TO GOVERNMENT & CIP**
























//FORWARDED BY ORDER //

**SECTION OFFICER**

# FOOD AVAILABILITY OVERVIEW OF AP





 <b>Banana</b> (3.57)	 <b>Milk</b> (9.65)
 <b>Tomato</b> (1.42)	 <b>Paddy</b> (8.45)
 <b>Coconut</b> (14741-Lakhs)	 <b>Coffee</b> (0.022)
 <b>Maize</b> (1.93)	 <b>Egg</b> (130979-Lakhs)
 <b>Groundnut</b> (4.93)	 <b>Poultry &amp; Meat</b> (0.52)
 <b>Mango</b> (2.76)	 <b>Tapioca</b> (0.25)
 <b>Sugarcane</b> (10)	 <b>Brinjal</b> (0.38)
 <b>Onion</b> (0.57)	 <b>Sweet Orange</b> (1.20)
 <b>Okra</b> (0.21)	 <b>Cashew</b> (0.1)
 <b>Chillies</b> (0.74)	 <b>Turmeric</b> (0.35)
 <b>Papaya</b> (0.66)	 <b>Lime/Lemon</b> (0.50)
 <b>Aqua</b> ( 1.97 - All)	

(All in MMTs)

# POTENTIAL

## AGRI – PROCESSING CLUSTERS

### Srikakulam Zone (Srikakulam, Vizianagaram & Visakhapatnam)



Crop	Area (in Million Ha)	Production (in Million M.Ts.)
Cashew	0.06	0.43
Mango	0.07	0.66
Sugarcane	0.06	2.41
Coconut	0.03	534 ( Million Nos Nuts)

### Godavari Zone (East Godavari, West Godavari)

Crop	Area (in Million Ha)	Production (in Million M.Ts.)
Paddy	0.86	2.60
Coconut	0.07	1048 ( Million Nos Nuts)
Banana	0.02	0.98
Oil palm	0.05	0.91
Maize	0.05	0.32
Egg	-	6431 ( Million Nos)
Meat	-	0.07



### Guntur Zone (Guntur, Krishna)



Crop	Area (in Million Ha)	Production (in Million M.Ts.)
Spices	0.17	0.62
Maize	0.1	0.77
Milk	-	1.96
Egg	-	2615 ( Million Nos)

### Prakasam Zone (Prakasam, Nellore)

Crop	Area (in Million Ha)	Production (in Million M.Ts.)
Sweet orange	0.02	0.33
Spices	0.03	0.11



### Chittoor Zone (Chittoor, Kadapa)



Crop	Area (in Million Ha)	Production (in Million M.Ts.)
Groundnut	0.32	0.25
Sugarcane	0.03	2.11
Mango	0.09	0.83
Banana	0.02	0.7
Papaya	0.07	0.58
Tomato	0.04	0.94
Onion	0.01	0.29
Milk	-	1.26
Egg	-	15476 ( Million Nos)
Meat	-	0.08

### Anantapur Zone (Anantapur, Kurnool)

Crop	Area (in Million Ha)	Production (in Million M.Ts.)
Groundnut	1.01	0.58
Sweet Orange	0.06	0.82
Papaya	0.008	0.65
Pomegranate	0.004	0.06
Tomato	0.05	1.1
Onion	0.02	0.42
Meat	-	0.08



**G.O. Ms No. 104 (I&C Dept.)  
Dt. 12-11-2015**

**Operational guidelines for  
implementation of schemes  
under AP Food Processing Policy  
2015-2020**

## GOVERNMENT OF ANDHRA PRADESH

**ABSTRACT**

Industries and Commerce Department-Food Processing Policy 2015-2020 of Andhra Pradesh State-Operational guidelines Orders-Issued.

**INDUSTRIES & COMMERCE (PROGRAMME.III) DEPARTMENT**

G.O.MS.No. 104

**Dated:12.11.2015**

Read the following:

1. G.O.Ms.No.57, Ind.&Com.(Prog.III)Dept., dt.24.07.2015
2. From the CEO,APFPS, Hyderabad, Lr.No.APFPS/Ope.Guidelines/2015, dt.03.08.2015.

\*\*\*\*

**ORDER:**

In the G.O 1<sup>st</sup> read above, orders were issued on Food Processing Policy of Andhra Pradesh State for the period 2010-2020.

2. In the reference 2<sup>nd</sup> read above, the Chief Executive Officer, Andhra Pradesh Food Processing Society, Hyderabad submitted draft Operational Guidelines for implementation of the Food Processing Policy, 2015 2020 and requested the Government to issue Orders in the matter.
3. Government, after careful consideration of the proposal of Chief Executive Officer, Andhra Pradesh Food Processing Society (APFPS) Hyderabad hereby issue the Operational Guidelines for implementation of schemes included in the Food Processing Policy 2015-2020 as appended in the Annexures to this Order.
4. This order issues with the concurrence of Finance (FMU-REV.IC&E) Department, vide their U.O.No.5476/237/FMU-Rev.IC/A2/2015, dt.10.11.2015.

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

**M.GIRIJA SHANKAR**  
**SECRETARY TO GOVERNMENT (M & G and FP)(FAC)**

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 &amp; 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

//FORWARDED::BY ORDER//

SECTION OFFICER

## Annuxure-1

(G.O.MS.No. 104, Industries and Commerce (Prog.III) Department, dt. 12.11.2015)

### Implementation of Schemes

**(1) Introduction :-**

The Government of Andhra Pradesh launched a new Food Processing Policy 2015-20 vide G.O. Ms. No.57, Industries & Commerce (Programme III) Dept., dt.24.7.2015. The policy aims at making Andhra Pradesh State as one of the most preferred destinations for Industries in Food Processing Sector. It offers various incentives / benefits to all eligible Food Processing Enterprises being set up in the State.

**(2) Schemes included in the AP Food Processing Policy 2015-20**

1. Scheme of Food Parks :
  - a) Integrated Food Parks
  - b) Mega Food Parks
  - c) Ultra Mega Food Parks
2. Scheme for setting up of Cold Chain for Agri / Horti / Dairy / Meat produce
3. Scheme of primary processing centres / primary collection Centres
4. Scheme of establishment of new food processing units
5. Scheme of technology Upgradation / Modernization of Food Processing Units.
6. Scheme for purchase Reefer Vehicles
7. Scheme for setting up / Modernization of Abattoirs
8. Scheme for setting up / Upgrading Testing Labs (including NABL accredited)
9. Scheme for Units set up to process waste produced in food processing units in identified clusters
10. Scheme for Marketing assistance
11. Scheme for quality certification / Patent Registration
12. Scheme to reimburse Road Transport charges to ICD / Port for export of perishable goods
13. Scheme to accelerate research and development in the Food Processing Industries

**(3) Implementing Agency:-**

Andhra Pradesh Food Processing Society (APFPS) shall be a Nodal Agency to implement the policy.

**(4) Administrative and Promotional expenses:-** Andhra Pradesh Food Processing Society may utilize 5% of the actual expenditure incurred in a financial year for meeting the administrative expenses and 5% towards promotional expenditure.

**(5) Screening Committee :-**

State Level Screening Committee consists of

- 1) Secretary / Principal Secretary, Industries (FP) – Chairman
- 2) Director of Industries, AP or his nominee
- 3) Representative of Finance Department
- 4) Representative of State Level Bankers Committee (SLBC)
- 5) Managing Director, APSFC or his nominee

- 6) C.G.M NABARD or his nominee
- 7) C.E.O – A P Food Processing Society – Convener

**(6) Sanctioning Authority :-**

State Level Empowered Committee with Chief Secretary as Chairman shall decide and accord project specific approvals of schemes processed in State Level Screening Committee. The Committee will have the following Members:-

- 1) Special Chief Secretary / Principal Secretary, Agriculture
- 2) Secretary / Principal Secretary, Horticulture
- 3) Secretary / Principal Secretary, Finance dealing with Food Processing subject
- 4) Secretary / Principal Secretary, Animal Husbandry and Dairy
- 5) Secretary / Principal Secretary, Marketing
- 6) Secretary / Principal Secretary, Industries – Convener
- 7) Any expert to be co-opted with the orders of the Govt.,

SLEC may periodically meet to sanction, review and evaluate the implementation of the schemes in the State.

**(7) Selection Procedure :-**

(A) The selection of project Developers / SPVs for all types of Food Parks will be through EoI/Swiss challenge system.

(B) Selection of Developers of all other schemes will be through a open, transparent method through a newspaper advertisement.

**(8)** The District and State Level scrutiny / verification / sanction committees constituted as per the operational guidelines for implementing the Industrial Development Policy (IDP) 2015-20 will be the competent authorities for sanction of fiscal incentives.

**(9) Recall of Grant:-** SLEC will have the authority to recall the grant in case of mis-utilization of grants by the applicants.

- a) If the project is not completed in time, even within the extended project period
- b) If the grant released is utilized for the purpose other than the approved components.

**(10) Supervision and Monitoring :-**

Andhra Pradesh Food Processing Society (APFPS) will engage project management agencies to supervise and monitor the implementation of schemes under the policy.

**M.GIRIJA SHANKAR**  
**SECRETARY TO GOVERNMENT (M and G &FP)(FAC)**

# ANNEXURE-II

## OPERATIONAL GUIDELINES FOR IMPLEMENTATION OF A P FOOD PROCESSING POLICY 2015-2020

### INDEX

#### S.No. Schemes

- 1 Scheme of Food Parks
  - i Integrated Food Parks
  - ii Mega Food Parks
- 2 Scheme for setting up of Cold Chain for Agri / Horti /Dairy /Meat produce
- 3 Scheme of Primary Processing Centres / Primary Collection Centres
- 4 Scheme for purchase of Reefer Vehicles
- 5 Scheme of Establishment of New Food Processing Units
- 6 Scheme of Technology Up gradation / Modernisation of Food Processing Units
- 7 Scheme for Setting up / Modernisation of Abattoirs
- 8 Scheme for Setting up / Upgrading Testing Labs (Including NABL accredited)
- 9 Scheme for units set up to process waste produced in FP units in identified clusters
- 10 Scheme for Marketing assistance
- 11 Scheme for Quality Certification / Patent registration
- 12 Scheme to accelerate Research & Development in FPIs
- 13 Scheme to reimburse road transport charges to ICD/port for export of perishable goods
- 14 Fiscal Incentives:
  - a. Reimbursement of power cost
  - b. Reimbursement of NALA charges
  - c. Reimbursement of Stamp duty, Transfer duty, Mortgage and Hypothecation Duty
  - d. Reimbursement of VAT/CST/SGST
  - e. Market Cess Waiver
- 15 Procedure to claim Fiscal incentives mentioned in Sl.No:14 except point no.e
- 16 Appendices

## Scheme of Integrated Food Parks

### 1. Objectives:

- 1.1 The primary objective of the Integrated Food Parks Scheme (IFP) is to provide modern infrastructure facilities for the food processing along the value chain from the farm to the market. It will include creation of storage and processing infrastructure near the farm, transportation, logistics. The main feature of the Scheme is a cluster based approach. The scheme will be demand-driven, and will facilitate food processing units to meet environmental and safety standards.
- 1.2 The expected outcome is increased realization to farmers, creation of high quality processing infrastructure, reduction in wastage, capacity building of producers and processors and creation of an efficient supply chain along with significant direct and indirect employment generation.

### 2. Salient Features of the Scheme

- 1.1 The Scheme aims to facilitate the establishment of a food processing units. The infrastructure under the Scheme would be need based for storage, effluent treatment, water supply & treatment facilities, power supply, environmental protection systems, quality control labs, trade facilitation centres, etc.
- 1.2 The extent of land required for establishing the IFP is estimated to be minimum 30 acres, though the actual requirement of land would depend upon the business plan of investors.
- 1.3 It is expected that on an average, each project may have around 10 food processing units with a collective investment of around Rs 100 cr. that would eventually lead to an annual turnover of about Rs 200 cr. and creation of direct and indirect employment of about 5,000 persons. However, the actual configuration of the project may vary depending upon the business plan for each Integrated Food Park.
- 1.4 The spirit of the guidelines of the Integrated Food Park Scheme is to facilitate setting up of only food processing industries. Accordingly, only food processing industries that make food products fit for human/animal consumption may be permitted to be set up in the Integrated Food Parks. Packaging facilities of food products as ancillary to the food processing industries may also be allotted land in the Integrated Mega Food Parks.

### 3. Pattern of Assistance

- 3.1. The Scheme shall provide a capital grant at the rate of 50 % of the eligible project cost\* subject to a maximum of Rs.20 cr. per project
  - \* The eligible project cost is defined as total project cost but excluding cost of land, pre-operative expenses and margin money for working capital. However, interest during construction (IDC) as part of preoperative expenses and fee to Project management consultant (PMC) up to 2% of the approved grant would be considered under eligible project cost
- 3.2. In the interest of expeditious implementation of the projects, the APFPS would engage a Program Management Agency (PMA) to provide management, capacity building, coordination and monitoring support. For meeting the cost of the above and also other promotional activities by the APFPS, office expenses & travel expenses related to the scheme amounting up to 5% of the overall grant available, will be earmarked
- 3.3. The project cost for the purpose of eligibility under this Scheme would consist of the following components:

**3.3.1 Core Infrastructural Facilities:**

- I. Cost of civil work & equipments for common facilities like testing laboratory, dry warehouses, Silos, specialized storage facilities, cold storage including Controlled Atmosphere Chambers, pack house, Reefer vehicles, demo plot with agri. extension team in 5% of the total area etc.,
- II. Preference will be given to the projects, which propose common processing facilities like cleaning, grading, sorting, drying, boiling, packing, IQF, pulping, irradiation and packing facilities etc.
- III. The above mentioned facilities are only illustrative and the exact nature of facilities may vary from project to project based on specific requirements as appraised by the concerned bank. However, it is desirable to allocate at least 25% of the eligible project cost towards creation of above mentioned facilities.

**3.3.2 Factory Buildings:**

- i. Depending on demand in the area, the Integrated Food Park may provide standard factory sheds for Micro and Small Enterprises (MSEs) which are to be built on a maximum of 10% of the area of IFP as part of plug and play facilities for MSEs.

**3.3.3 Enabling Basic Infrastructure:**

- i. It will include site development including development of industrial plots, boundary wall, roads, drainage, water supply, electricity supply, effluent treatment plant, telecommunication lines, parking bay including traffic management system, weighbridges etc.

**3.3.4 Non-core Infrastructure:**

- i. It will consist of support infrastructure such as administrative buildings, training centre including equipment, trade and display centre, crèche, canteen, worker's hostel, offices of service providers, labour rest and recreation facilities, marketing support system, etc. However, the cost of non-core infrastructure facilities not exceeding 10 % of the eligible project cost, would be eligible for grant purpose.

**3.3.5 Project Implementation Expenses:**

- i. This would include cost of hiring the services of domain consultants by the SPV's for preparation of DPRs, supply chain management, engineering/designing and construction supervision etc.

**3.3.6 Land:**

- i. At least 30 acres of land for the project shall be arranged by the SPV either by purchase or on lease of at least 25 years with sub lease eligibility. The registered value of such land would be taken as part of the project cost and contribution/share of the SPV. The GoAP grant shall not be used for procurement/purchase of land.

**4. Implementation Process:****4.1. Special Purpose Vehicle (SPV)**

- 4.1.1. The responsibility of execution, ownership and management of the Integrated Food Park would vest with a Special Purpose Vehicle (SPV) registered under the Companies Act.
- 4.1.2. The Anchor Investor in the SPV holding majority stake, with or without other promoters of the SPV, will be required to set up at least one food processing unit in the park with an investment of not less than Rs. 5 cr.. The Anchor Investor will have at least 51% stake in such processing unit(s).

- 4.1.3. The Food Processing unit(s) to be set up by the Anchor Investor in the IFP will be completed and commissioned along with the commissioning of the IFP project by the SPV.
- 4.1.4. The preference for sanctioning assistance under the Scheme may be given to those SPVs which focus on processing of wide range of perishable products

## **4.2. Eligibility Criteria for SPV**

- 4.2.1. The main eligibility criteria of the SPVs, which shall act as Implementing Agencies (IAs) of the project under the Scheme, are indicated below:

- i. SPV shall be a body corporate registered under the Companies Act.
- ii. The promoter holding maximum equity in the SPV will be the lead promoter. The lead promoter will be primarily responsible for co-ordination with all stakeholders including with the APFPS to ensure effective implementation of the project.
- iii. The combined net worth of the promoters/proposed shareholders of SPV should not be less than Rs.20.00 cr. Each member in SPV must have a net worth at least 1.5 times of his/her proposed equity contribution in order to ensure requisite contribution for the project from each shareholder.
- iv. The SPV needs to bring in at least 20 percent of the total project cost as equity.
- v. Every SPV will publish the user charges/hiring rates for common facilities and lease rental rates for plots and factory buildings for MSEs in the Integrated Food Park on their websites for wider information of the prospective investors. Rate of plots in the Integrated Food Park may also be made available to APFPS for uploading on their website. SPVs are not permitted to sell plots/facilities in Integrated Food Parks and can only give plots/facilities on lease to other food processing units.
- vi. The common facilities in the park cannot be sold or leased out. They can only be offered to units on rental basis.

- 4.2.2. As Implementing Agency, the SPV would be responsible for the following:

- i. To formulate the Detailed Project Report (DPR) and execute the project in a transparent, efficient and timely manner.
- ii. To procure/purchase land and ensure external infrastructure linkages for the project.
- iii. To obtain statutory approvals/clearances including environmental clearances, which are prerequisite for commencement and operation of the Project.
- iv. To achieve financial closure and ensure completion of the project.
- v. To own and maintain the common infrastructure including common facilities.
- vi. To receive grant-in-aid under the Scheme, and to ensure its utilization in a transparent and judicious manner.
- vii. To maintain proper accounts of the project implementation and the maintenance of infrastructure and common facilities after commissioning of the project.

## **4.3. Program Management Agency (PMA)**

- 4.3.1. APFPS will appoint a Program Management Agency (PMA) to assist it in implementation of the Scheme. The PMA will be a reputed institution with extensive experience in project development, management, financing and implementation of infrastructure projects.

4.3.2. The envisaged role of PMA is as follows:

- i. To assist the APFPS in organizing workshops/media campaigns aimed at sensitizing the potential stakeholders about the scheme.
- ii. To assist the APFPS in inviting Expression of Interest for projects under the Scheme.
- iii. To assist the APFPS in selection of projects through evaluation/appraisal of techno-feasibility reports and DPRs submitted for Integrated Food Park projects. Appraisal of the DPRs will include examination of financial viability and sustainability of Ownership & Management structure of the projects.
- iv. To assist in the evaluation of any amendments to the projects/DPRs.
- v. To assist the SPVs in achieving financial closure and obtaining necessary clearances from various authorities for the Project.
- vi. To assist the APFPS in release of the grant under the Scheme.
- vii. To monitor and report the progress of the Mega Food Park projects to the APFPS.
- viii. To maintain and update the database of the projects on monthly basis in the software decided by the APFPS.

#### 4.4. Project Management Consultant (PMC)

4.4.1. In addition to the PMA, for ensuring smooth implementation of projects at ground level, APFPS will provide a list of Project Management Consultants (PMC) with experience in preparation of DPRs for large projects and in project implementation. Any of these APFPS's empanelled agencies may be engaged by the SPVs for preparation of DPRs and for assistance in implementation and the cost of which would be considered as one of the eligible components of the project. However, such cost should not exceed 2% (inclusive of taxes) of the eligible grant amount of the project. The list of agencies will be provided by APFPS.

4.4.2. In addition to assisting SPV in finalising business plan and preparing Detailed Project Report for the project, which would meet the guidelines of the Scheme and requirements of banks/financial institutions providing term loan for the project, the envisaged role of PMC, inter-alia, would be as follows:

- i. Detailed engineering and design including preparation of detailed cost estimates for various project components/facilities,
- ii. Assistance to SPV in preparation of a procurement policy, bid documents and selection and appointment of contractors/equipment suppliers in a transparent manner, for project construction and supply of plant and machinery,
- iii. Monitoring and overseeing the work output of the contractors/equipment suppliers in compliance of the terms and conditions of the contracts/appointments with the objective of ensuring quality, completeness and compatibility of the work carried out in relation to the Project,
- iv. Assistance to SPV in preparing all necessary documentation for submission to APFPS in order to facilitate release of funds sanctioned under Scheme
- v. Assistance to SPV in submission of Monthly Progress Reports to APFPS in prescribed format.

4.4.3. SPV would enter into an agreement with PMC as per Draft Agreement prepared by the APFPS and any change in PMC later needs to be approved by the APFPS.

4.4.4. While PMC would be working primarily with SPV for smooth implementation of the project, the APFPS may, if required, directly seek reports from PMC on the aspects of project implementation.

#### 4.5. Invitation of Proposals

- 4.5.1. In response to the notice inviting Expression of Interest (EoI) by APFPS for selection of Projects, a proposal for the proposed Integrated Food Park will be submitted by the promoters/SPV. An illustrative list of points to be covered in the proposal along with E o I is provided at **(Annexure-B)**. The proposal will be evaluated by the APFPS through the PMA, as per criteria given at **(Annexure-C)**.
- 4.5.2. The proposal would have tentatively identified the locations of the CPC and PPCs, availability of land, potential investors for food processing units in the park, proposed level of investment including the estimated project cost and the proposed means of finance, the number and type of food processing units. The proposals having ownership and possession of suitable land with Change in Land Use (CLU) for the project will be given preference.
- 4.5.3. **Suo Motu proposals will also be considered, for which a Swiss Challenge process would be adopted for Sanction.**

#### 4.6. In-Principle Approval

- 4.6.1. The proposal received in response to the EOI proposals will be evaluated by the Program Management Agency (PMA). The applicants will be invited to make a presentation of their proposals before the Screening Committee (SC) to be formed by Govt. of AP for the purpose.
- 4.6.2. The PMA will undertake evaluation on a scale of 100 points on the basis of EoI proposals while the SC will provide their comments / observations on the basis of the presentation made by the applicants. The final evaluation report along with the comments / observations of the SC will be placed before the State Level Empowered Committee (SLEC) for consideration of “In-Principle Approval” to the projects. The evaluation criteria for PMA is placed at Annexure-C.
- 4.6.3. If the SPVs fail to submit the requisite DPRs along with other documents needed for Final Approval, within 6 months from the date of issue of “In-Principle Approval”, the “In-Principle Approval” will be automatically cancelled, unless extension of time is granted by the APFPS.

#### 4.7. Final Approval

- 4.7.1. Project will be accorded Final Approval on fulfilment of the following conditions:
  - i. Submission of Detailed Project Report (DPR) consisting of technical, commercial, financial and management aspect of the project and its appraisal/recommendations of the PMA and Screening Committee. The DPR should include cluster analysis depicting availability of raw materials, legible contour survey report and contour plan/maps of the proposed land, site analysis for element like soil analysis, flood history, onsite features etc. for realistic cost estimate of land development and construction, detailed master plan along with sectional drawings and building plan with legends giving clear picture/title of drawings and other relevant details, construction cost certified by Chartered Engineer, cost of plant and equipment backed with quotations from equipment and machinery suppliers etc. and its appraisal/recommendations of PMA and Screening Committee.
  - ii. Submission of proof for possession of at least 30 acres of contiguous land by the SPV for the CPC. The land should have permission for change of land use for industrial /infrastructure purposes.
  - iii. Submission of proof for incorporation of SPV and execution of Share Subscription Agreement (SSA) amongst the members of SPV, as per draft SSA to be given by the APFPS.
  - iv. Plan to fund the project duly supported by proposed equity contribution clearly suggesting respective cash contribution from each of the shareholders in proportion to their equity holding and sanction letter of term loan from the bank along with bank appraisal report.

- v. Proof of appointment of Project Management Consultant (PMC). The PMC for the project should be selected from the agencies empanelled by APFPS.

## 5. Dovetailing of Assistance and Revisions in Project Cost

- 5.1. Considering the complexities and challenges associated with a supply chain linked agricultural infrastructure projects of this nature, the SPV may dovetail assistance available under various other schemes of Central and State Governments, which would improve the viability of the projects. While dovetailing such assistance, it will be ensured that there is no duplication of assistance for the same component/activity of the project.
- 5.2. The revision in project cost after final approval of the project shall be considered by the SLEC.

## 6. Release of Funds

- 6.1. Once the project is accorded Final Approval by the SLEC the grant will be released by the APFPS subject to fulfilment of conditions prescribed for each instalment as below:
  - 6.1.1. First Instalment of 20 percent of total grant under the Scheme will be released subject to fulfilment of following criteria:
    - i. Establishment of Trust and Retention Account and signing of the TRA Agreement with any Schedule - A Commercial Bank and Regional Rural Banks (RRB). Draft TRA Agreement, clearly giving mode of account operation and duties/responsibilities of lending bank, SPV and PMC, would be shared by the APFPS with SPV.
    - ii. Representative of State Government will be appointed as a nominee on the board of the SPV. Tenure of the nominee will be co-terminus to the operationalization of the project.
    - iii. Proof of increase in authorized capital of SPV to allow stipulated equity contribution as per approved means of finance for the project.
    - iv. Expenditure certificate from Chartered Accountant confirming expenditure of at least 10 percent of the eligible project cost.
    - v. Award of contracts worth at least equivalent to 30 percent of total project cost including at least 20 percent of approved components of basic enabling infrastructure.
    - vi. Recommendation of PMA confirming the fulfilment of above conditions.
  - 6.1.2. Second Instalment representing 30 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:
    - i. Utilization Certificate for the 1st instalment.
    - ii. Proof of proportionate expenditure by SPV (including term loan and equity) of the eligible project cost equivalent to percentage of grant released as 1st instalment.
    - iii. Proof of proportionate contribution by SPV (including term loan and equity) in TRA account, of the eligible project cost equivalent to percentage of grant to be released as 2nd instalment.
    - iv. Proof of commencement of construction of Standard Design Factory sheds for SMEs.
    - v. Recommendation of PMA confirming the fulfilment of above conditions.
  - 6.1.3. Third Instalment representing 30 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:
    - i. Utilization Certificate for the grant released as 2nd instalment.
    - ii. Proof of proportionate expenditure by SPV (including term loan and equity) of the eligible project cost equivalent to grant released as 2nd instalment.

- iii. Proof of proportionate contribution by SPV (including term loan and equity) in TRA account, of the eligible project cost equivalent to percentage of grant to be released as 3rd instalment.
  - iv. Certificate from PMC confirming completion of at least 40 percent of the total proposed cost as per approved DPR
  - v. Certificate from PMC confirming completion of at least 50 per cent construction of Standard Design Factory sheds for SMEs
  - vi. Proof of allotment of at least 25 per cent of total allotable plots.
  - vii. Recommendation of PMA confirming the fulfilment of above conditions.
- 6.1.4. Fourth and final Instalment representing 20 percent of approved grant assistance will be released to SPV subject to successful completion of project and commencement of operations. The criteria for completion of project are as follows:
- i. Utilization Certificate for the grant released as 3rd instalment.
  - ii. Proof of expenditure of 100% envisaged contribution of SPV including term loan and equity on the approved project components.
  - iii. Certificate from PMC confirming completion of the project as per approval.
  - iv. Proof of allotment of at least 75 percent of total allotable plots and commencement of operations in at least 25 percent of the units.
  - v. Completion and Commissioning of the Processing unit (s) of the Anchor Investor in the Park.
  - vi. Recommendation of PMA confirming the fulfilment of above conditions.
- 6.2. Separate bank account as stipulated in Trust & Retention Account (TRA) Agreement shall be kept by the SPV for the funds released by Government of Andhra Pradesh.
- 6.3. In the event of any SPV withdrawing from executing a project before utilizing the Government assistance, the SPV has to immediately return the Government assistance together with the interest accrued thereon, in accordance with provision laid under GFR 19 as defined by Government of India.
- 6.4. SPV shall have to submit a Utilization Certificate (UC) for utilization of amount of grant released by the Government as per provisions of General Financial Rules. A format of the Utilization Certificate (UC) is given as per Annexure-E

## 7. Time Schedule

- 7.1. The time schedule for completion and operationalization of project will be 24 months from the date of issuance of final approval and 10 months for submission of documents for release of 1st instalment unless extended by SLEC for the reasons to be recorded.
- 7.2. The SPV shall make all possible efforts to complete the projects as per the stipulated timelines committed to while seeking approval for the project. In case of non-adherence to stipulated timeline, except in case of force de majeure or reasons beyond the control of SPV, the SLEC may consider imposing appropriate penalty in terms of reducing the grant amount, on case to case basis.

## 8. Project Monitoring and Evaluation

The APFPS will periodically review the progress of the projects under the Scheme. The PMA would devise a suitable project monitoring system and shall furnish monthly reports/returns to the APFPS on the progress of the approved projects. In so far as interpretation of any of the provisions of these Guidelines is concerned, the decision of the SLEC shall be final.

## **Annexure-B**

### **The list of the Points / Information to be covered in the Eols / Proposals**

(The objective of this Checklist is to facilitate the potential promoters to submit the proposal covering the salient features of the proposed Project, to enable the assessment of the project against the criterion as listed in Annexure B)

#### **1. Profiles of the Promoters who will be the key shareholders of the Proposed SPV**

- 1.1. Names and brief profiles of the proposed promoters/shareholders of SPV along with their contact details.
- 1.2. Indicate the nature and location of existing operations of the Promoters.
- 1.3. Audited balance sheets for last 3 years or Chartered Accountant (CA) Certificates that would establish the net worth of each of the promoters. In case of companies, CA certificates need to be certified by their statutory auditors.
- 1.4. Experience of the key promoters related to food processing industry and related infrastructure development, particularly the relative strengths of each of the promoters that will help in the smooth execution of MFP.
- 1.5. A brief note as to why the promoters are keen to undertake the Integrated Food Park project, their vision etc.
- 1.6. In case the SPV is already registered, the details of the SPV including shareholding pattern.
- 1.7. Any other relevant information that would establish the credentials and suitability of the promoters in the context of the Scheme.

#### **2. Profile of the Proposed Project**

- 2.1. Rationale for proposed cluster/location in terms of availability of agricultural produces and marketable surplus, with focus on perishable produces.
- 2.2. Proposed Area and availability of requisite land for establishment of IMF along with tentative layout.
- 2.3. selection of site needs to be justified in terms of connectivity and availability of basic infrastructure including power, water, approach road etc.
- 2.4. In case of land being available with promoter(s), proof of possession of land in form of sale deed/lease deed (CLU if applicable).
- 2.5. Details of the proposed core infrastructure facilities and rationale for their selection in terms of availability of raw materials/market and type of food processing units being targeted.
- 2.6. Details of proposed enabling basic infrastructure including requirements of basic utilities like power, water, effluent treatment along with rationale in terms of overall business plan
- 2.7. Details of proposed non-core infrastructure and their justification
- 2.8. Above details for various project components should include area required, estimated capacities and costs for various facilities
- 2.9. Proposed strategy/methodology for building supply chain to ensure supply of raw materials, particularly fruits and vegetables, to the food processing units inside CPC, including estimated quantities

- 2.10. Proof of backward and forward linkages in terms of letters of intent from farmers' bodies and food processors respectively
- 2.11. Estimated turnover of the proposed food processing industry units covered in the project, after successful execution of the project
- 2.12. Estimated employment generation out of implementation of the project, and other impact on the industry and farm produce in the project area
- 2.13. Investment details, mix of the products and processes and area requirement of the processing unit(s) to be set up by the Anchor Investor in the park.
- 2.14. Any other related information.

### **3. Project Financials and Business Plan**

- 3.1. Summary of estimated cost of each of the eligible components of the project for funding by Government as outlined in the Scheme
- 3.2. Proposed means of finance to fund the project: equity, debt etc
- 3.3. The amount of grant support needed for the project, as per the Scheme
- 3.4. Tie-ups with Financial Institutions/Banks, if any, for funding of the Project
- 3.5. Proposed Business Plan –Estimated revenue sources and assumptions, Estimated operating costs and assumptions, Projected profit and loss statements, balance sheets and cash flows based on these assumptions
- 3.6. Key financial indicators such as IRR, DSCR based on above financial assumptions

### Annexure-C

Illustrative Criterion for Assessment/ Evaluation of Eols/ Proposals Criteria for Evaluation of Proposals/Eols by Programme Management Agency ( PMA)

S.No.	Criteria	Maximum Score
<b>1</b>	<b>Viability of the Cluster</b>	<b>15</b>
1a	Adequate volume of raw materials/days of operation in a year	5
1aa	200 to 250 days	2
1ab	251 to 300 days	3
1ac	More than 300 days	5
1b	Mix/variety of raw materials	5
1ba	5 to 10 crops	3
1bb	More than 10 crops	5
1c	Agreement/arrangements of raw materials	5
1ca	Absence of backward linkages (strategy/proof not given)	0
1cb	Proposed backward linkages (Copy of MoU/Agreements provided)	3
1cc	Existing backward linkages in the proposed cluster (Copy of MoU/Agreements provided)	5
<b>2</b>	<b>Proposed Investment in Core Infrastructure Facilities</b>	<b>10</b>
2a	Up to Rs. 20 Crores	5
2b	Rs. 20 Crores to Rs. 40 Crores	8
2c	More than Rs. 40 Crores	10
<b>3</b>	<b>Possession of appropriate land</b>	<b>25</b>
3a	Land identified, but not acquired	0
3b	Agreement to Sale/Purchase of more than 30 acres of Land	5
3c	More than 30 acres of land available with one or more promoters	10
3d	Allotment letter from State Govt. Agencies to the SPV or its member(s)	15
3e	Complete title and possession of more than 30 acres of land in the name of SPV	20
3f	Complete title and possession of more than 30 acres of land in the name of SPV along with CLU	25
<b>4</b>	<b>Investment by Anchor Investor in Food Processing Unit(s)</b>	<b>10</b>
4a	Up to Rs 5 crore	0
4b	Rs 5 crore or 10 crore	5
4c	Rs 10 crore or more	10
<b>5</b>	<b>Cumulative Net Worth of Promoters/Shareholder of the SPV</b>	<b>20</b>
5a	Rs. 20 Cr to Rs. 40 Cr	5
5b	Rs. 40 to 60 Cr	10
5c	Rs. 60 to 80 Cr	15
5d	More than Rs. 80 Cr	20
<b>6</b>	<b>Focus on Core Infrastructure facilities</b>	<b>10</b>
6a	Less than 30 percent of total investment	0
6b	30 to 50 percent of total investment	5
6c	50 percent or more of total investment	10
<b>7</b>	<b>Investment in basic infrastructure facilities</b>	<b>10</b>
7a	Less than 10 percent	0
7b	10 percent and 20 percent	5
7c	20 percent and more	10
	<b>Total Points</b>	<b>100</b>

## Scheme of Mega Food Parks

### 1. Objectives:

- 1.1. The primary objective of the Mega Food Park Scheme (MFPS) is to provide modern infrastructure facilities for the food processing along the value chain from the farm to the market. It will include creation of processing infrastructure near the farm, transportation, logistics and centralized processing centres. The main feature of the Scheme is a cluster based approach. The scheme will be demand-driven, and will facilitate food processing units to meet environmental and safety standards.
- 1.2. The expected outcome is increased realization for farmers, creation of high quality processing infrastructure, reduction in wastage, capacity building of producers and processors and creation of an efficient supply chain along with significant direct and indirect employment generation

### 2. Salient Features of the Scheme

- 2.1. The Scheme aims to facilitate the establishment of a strong food processing industry backed by an efficient supply chain, which would include collection centers, primary processing centres and cold chain infrastructure. The food processing units, under the Scheme, would be located at a Central Processing Centre (CPC) with need based common infrastructure required for processing, packaging, environmental protection systems, quality control labs, trade facilitation centres, etc.
- 2.2. The extent of land required for establishing the CPC is minimum of 50 acres, though the actual requirement of land would depend upon the business plan of investor(s), which may vary from region to region. CPC would be supported by Primary Processing Centers (PPC) and Collection Centres (CCs) in identified locations based on a techno-feasibility study, adequate to meet the raw material requirements of the CPC. The land required for setting up of PPCs and CCs at various locations would be in addition to land required for setting up the CPC.
- 2.3. It is expected that on an average, each project may have around 20 food processing units with a collective investment of around Rs 250 cr. that would eventually lead to an annual turnover of about Rs 500 cr. and creation of direct and indirect employment of about 30,000 persons. However, the actual configuration of the project may vary depending upon the business plan for each Mega Food Park. The aggregate investment in CPC, PPCs and CCs should be proportionate and commensurate to the size of the total project keeping in view the economies of scale
- 2.4. The spirit of the guidelines of the Mega Food Parks Scheme is to facilitate setting up of only food processing industries. Accordingly, only food processing industries that make food products fit for human/animal consumption may be permitted to be set up in the Mega Food Parks. Packaging facilities of food products as ancillary to the food processing industries may also be allotted land in the Mega Food Parks

### 3. Pattern of Assistance

- 3.1. The Scheme shall provide a capital grant at the rate of 50 % of the eligible project cost\* subject to a maximum of Rs.50 cr. per project

\* The eligible project cost is defined as total project cost but excluding cost of land, pre-operative expenses and margin money for working capital. However, interest during construction (IDC) as part of preoperative expenses and fee to Project management consultant (PMC) up to 2% of the approved grant would be considered under eligible project cost

- 3.2. In the interest of expeditious implementation of the projects, the APFPS would engage a Program Management Agency (PMA) to provide management, capacity building, coordination and monitoring support. For meeting the cost of the above and also other promotional activities by the APFPS, office expenses & travel expenses related to the scheme amounting up to 5% of the overall grant available, will be earmarked.
- 3.3. The project cost for the purpose of eligibility under this Scheme would consist of the following components:

#### **3.3.1 Core Processing Facilities:**

- i. **Central Processing Centre:** Cost of civil work & equipments for common facilities like testing laboratory, cleaning, grading, sorting and packing facilities, dry warehouses, specialized storage facilities, cold storage including Controlled Atmosphere Chambers, Pressure Ventilators, variable humidity stores, pre-cooling chambers, ripening chambers, demo plot with agri extension team in 5% of the total area etc., skill development training facilities suiting to the requirements of Processing Units coming up in the Food Park, cold chain infrastructure including reefer vans, packaging unit, irradiation facilities, steam sterilization units, steam generating units, Food incubation cum development centres etc.
- ii. **Primary Processing Centres and Farm Proximate Collection Centres:** These shall have components like cleaning, grading, sorting and packing facilities (including equipment), dry warehouses, specialized cold stores including pre-cooling chambers, ripening chambers (including equipment), reefer vans, mobile pre-coolers, mobile collection vans etc.
- iii. The above mentioned facilities are only illustrative and the exact nature of facilities may vary from project to project based on specific requirements as appraised by the concerned bank. However, it is desirable to allocate at least 25% of the eligible project cost towards creation of above mentioned core processing facilities.

#### **3.3.2 Factory Buildings:**

- i. Depending on demand in the area, the Mega Food Park may provide standard factory sheds for Micro and Small Enterprises (MSEs) which are to be built on a maximum of 10% of the area of CPC as part of plug and play facilities for MSEs.

#### **3.3.3 Enabling Basic Infrastructure:**

- i. it will include site development including development of industrial plots, boundary wall, roads, drainage, water supply, electricity supply, Solid waste management plant, effluent treatment plant, telecommunication lines, parking bay including traffic management system, weighbridges etc at the PPC and CPC level. However, of the total proposed cost of Solid waste management plant, cost not exceeding Rs.5 crore shall be considered as eligible project cost for grant assessment.

#### **3.3.4 Non-core Infrastructure:**

- i. It will consist of support infrastructure such as administrative buildings, training centre including equipment, trade and display centre, crèche, canteen, worker's hostel, offices of service providers, labour rest and recreation facilities, marketing support system, etc. However, the cost of non-core infrastructure facilities not exceeding 10 % of the eligible project cost, would be eligible for grant purpose.

**3.3.5 Project Implementation Expenses:**

- i. This would include cost of hiring the services of domain consultants by the SPV's for preparation of DPRs, supply chain management, engineering/designing and construction supervision etc.

**3.3.6 Land:**

- i. At least 50 acres of land for the project shall be arranged by the SPV either by purchase or on lease of at least 25 years with sublease eligibility. The registered value of such land would be taken as part of the project cost and contribution/share of the SPV. The Go AP grant shall not be used for procurement/purchase of land.

**4. Implementation Process:****4.1. Special Purpose Vehicle (SPV)**

- 4.1.1. The responsibility of execution, ownership and management of the Mega Food Park would vest with a Special Purpose Vehicle (SPV) registered under the Companies Act.
- 4.1.2. The Anchor Investor in the SPV holding majority stake, with or without other promoters of the SPV, will be required to set up at least one food processing unit in the park with an investment of not less than Rs. 10 cr. The Anchor Investor will have at least 51% stake in such processing unit(s).
- 4.1.3. The Food Processing unit(s) to be set up by the Anchor Investor in the Mega Food Park will be completed and commissioned along with the commissioning of the Mega Food Park project by the SPV.
- 4.1.4. The preference for sanctioning assistance under the Scheme may be given to those SPVs which focus on processing of wide range of perishable products

**4.2. Eligibility Criteria for SPV**

- 4.2.1. The main eligibility criteria of the SPVs, which shall act as Implementing Agencies (IAs) of the project under the Scheme, are indicated below:
  - i. SPV shall be a body corporate registered under the Companies Act.
  - ii. The promoter holding maximum equity in the SPV will be the lead promoter. The lead promoter will be primarily responsible for co-ordination with all stakeholders including with the APFPS to ensure effective implementation of the project.
  - iii. The combined net worth of the promoters/proposed shareholders of SPV should not be less than Rs.50.00 cr. Each member in SPV must have a net worth at least 1.5 times of his/her proposed equity contribution in order to ensure requisite contribution for the project from each shareholder.
  - iv. The SPV needs to bring in at least 20 percent of the total project cost as equity.
  - v. Every SPV will publish the user charges/hiring rates for common facilities and lease rental rates for plots and factory buildings for MSEs in the Mega Food Park on their websites for wider information of the prospective investors. Rate of plots in the Mega Food Park may also be made available to APFPS for uploading on their website. SPVs are not permitted to sell plots/facilities in Mega Food Parks and can only give plots/facilities on lease to other food processing units.
  - vi. The common facilities in the park cannot be sold or leased out. They can only be offered to units on rental basis.

4.2.2. As Implementing Agency, the SPV would be responsible for the following:

- i. To formulate the Detailed Project Report (DPR) and execute the project in a transparent, efficient and timely manner.
- ii. To procure/purchase land and ensure external infrastructure linkages for the project.
- iii. To obtain statutory approvals/clearances including environmental clearances, which are prerequisite for commencement and operation of the Project.
- iv. To achieve financial closure and ensure completion of the project.
- v. To own and maintain the common infrastructure including common facilities.
- vi. To receive grant-in-aid under the Scheme, and to ensure its utilization in a transparent and judicious manner.
- vii. To maintain proper accounts of the project implementation and the maintenance of infrastructure and common facilities after commissioning of the project.

**4.3. Program Management Agency (PMA)**

4.3.1. The APFPS will appoint a Program Management Agency (PMA) to assist it in implementation of the Scheme. The PMA will be a reputed institution with extensive experience in project development, management, financing and implementation of infrastructure projects.

**4.3.2. The envisaged role of PMA is as follows:**

- i. To assist the APFPS in organizing workshops/media campaigns aimed at sensitizing the potential stakeholders about the scheme.
- ii. To assist the APFPS in inviting Expression of Interest for projects under the Scheme.
- iii. To assist the APFPS in selection of projects through evaluation/appraisal of techno-feasibility reports and DPRs submitted for Mega Food Park projects. Appraisal of the DPRs will include examination of financial viability and sustainability of Ownership & Management structure of the projects.
- iv. To assist in the evaluation of any amendments to the projects/DPRs.
- v. To assist the SPVs in achieving financial closure and obtaining necessary clearances from various authorities for the Project.
- vi. To assist the APFPS in release of the grant under the Scheme.
- vii. To monitor and report the progress of the Mega Food Park projects to the APFPS.
- viii. To maintain and update the database of the projects on monthly basis in the software decided by the APFPS.

**4.4. Project Management Consultant (PMC)**

4.4.1. In addition to the PMA, for ensuring smooth implementation of projects at ground level, APFPS will provide a list of Project Management Consultants (PMC) with experience in preparation of DPRs for large projects and in project implementation. Any of these APFPS's empanelled agencies may be engaged by the SPVs for preparation of DPRs and for assistance in implementation and the cost of which would be considered as one of the eligible components of the project. However, such cost should not exceed 2% (inclusive of taxes) of the eligible grant amount of the project. The list of agencies will be provided by APFPS.

4.4.2. In addition to assisting SPV in finalising business plan and preparing Detailed Project Report for the project, which would meet the guidelines of the Scheme and requirements of banks/financial institutions providing term loan for the project, the envisaged role of PMC, inter-alia, would be as follows :

- i. Detailed engineering and design including preparation of detailed cost estimates for various project components/facilities,
- ii. Assistance to SPV in preparation of a procurement policy, bid documents and selection and appointment of contractors/equipment suppliers in a transparent manner, for project construction and supply of plant and machinery,
- iii. Monitoring and overseeing the work output of the contractors/equipment suppliers in compliance of the terms and conditions of the contracts/appointments with the objective of ensuring quality, completeness and compatibility of the work carried out in relation to the Project,
- iv. Assistance to SPV in preparing all necessary documentation for submission to APFPS in order to facilitate release of funds sanctioned under Scheme
- v. Assistance to SPV in submission of Monthly Progress Reports to APFPS in prescribed format.

4.4.3. SPV would enter into an agreement with PMC as per Draft Agreement prepared by the APFPS and any change in PMC later needs to be approved by the APFPS.

4.4.4. While PMC would be working primarily with SPV for smooth implementation of the project, the APFPS may, if required, directly seek reports from PMC on the aspects of project implementation.

#### **4.5. Invitation of Proposals:**

4.5.1. In response to the notice inviting Expression of Interest (EoI) by APFPS for selection of Projects, a proposal for the proposed Mega Food Park will be submitted by the promoters/SPV. An illustrative list of points to be covered in the proposal along with E o I is provided at **Annexure-B**. The proposal will be evaluated by the APFPS through the PMA, as per illustrative criteria given at **Annexure-C**.

4.5.2. The proposal would have tentatively identified the locations of the CPC and PPCs, availability of land, potential investors for food processing units in the park, proposed level of investment including the estimated project cost and the proposed means of finance, the number and type of food processing units, and requisite backward and forward linkages. The proposals having ownership and possession of suitable land with Change in Land Use (CLU) for the project will be given preference.

4.5.3. Suo Motu proposals will also be considered, for which a Swiss Challenge process would be adopted for Sanction

#### **4.6. In-Principle Approval**

4.6.1. The proposal received in response to the EOI proposals will be evaluated by the Program Management Agency (PMA). The applicants will be invited to make a presentation of their proposals before the Screening Committee (SC) to be formed by Govt. of AP for the purpose.

4.6.2. The PMA will undertake evaluation on a scale of 100 points on the basis of EoI proposals while the SC will provide their comments / observations on the basis of the presentation made by the applicants. The final evaluation report along with the comments / observations of the SC will be placed before the State Level Empowered Committee (SLEC) for consideration of “In-Principle Approval” to the projects. The evaluation criteria for PMA is placed at Annexure-C.

4.6.3. If the SPVs fail to submit the requisite DPRs along with other documents needed for Final Approval, within 6 months from the date of issue of “In-Principle Approval”, the “In-Principle Approval” will be automatically cancelled, unless extension of time is granted by the APFPS.

#### **4.7. Final Approval**

4.7.1. Project will be accorded Final Approval on fulfilment of the following conditions:

- i. Submission of Detailed Project Report (DPR) consisting of technical, commercial, financial and management aspect of the project and its appraisal/recommendations of the PMA and Screening Committee. The DPR should include cluster analysis depicting availability of raw materials, legible contour survey report and contour plan/maps of the proposed land, site analysis for element like soil analysis, flood history, onsite features etc. for realistic cost estimate of land development and construction, detailed master plan along with sectional drawings and building plan with legends giving clear picture/title of drawings and other relevant details, construction cost certified by Chartered Engineer, cost of plant and equipment backed with quotations from equipment and machinery suppliers etc. and its appraisal/ recommendations of PMA and Screening Committee.
- ii. Submission of proof for possession of at least 50 acres of contiguous land by the SPV for the CPC. The land should have permission for change of land use for industrial /infrastructure purposes.
- iii. Submission of proof for incorporation of SPV and execution of Share Subscription Agreement (SSA) amongst the members of SPV, as per draft SSA to be given by the APFPS.
- iv. Plan to fund the project duly supported by proposed equity contribution clearly suggesting respective cash contribution from each of the shareholders in proportion to their equity holding and sanction letter of term loan from the bank along with bank appraisal report.
- v. Proof of appointment of Project Management Consultant (PMC). The PMC for the project should be selected from the agencies empanelled by APFPS.

#### **5. Dovetailing of Assistance and Revisions in Project Cost**

- 5.1. Considering the complexities and challenges associated with a supply chain linked agricultural infrastructure projects of this nature, the SPV may dovetail assistance available under various other schemes of Central and State Governments, which would improve the viability of the projects. While dovetailing such assistance, it will be ensured that there is no duplication of assistance for the same component/activity of the project.
- 5.2. The revision in project cost after final approval of the project shall be considered by the SLEC.

#### **6. Release of Funds**

- 6.1. Once the project is accorded Final Approval by the SLEC the grant will be released by the APFPS subject to fulfilment of conditions prescribed for each instalment as below:
  - 6.1.1. First Instalment of 30 percent of total grant under the Scheme will be released subject to fulfilment of following criteria:
    - i. Establishment of Trust and Retention Account and signing of the TRA Agreement with any Schedule - A Commercial Bank and Regional Rural Banks (RRB). Draft TRA Agreement, clearly giving mode of account operation and duties/responsibilities of lending bank, SPV and PMC, would be shared by the APFPS with SPV.

- ii. Representative of State Government will be appointed as a nominee on the board of the SPV. Tenure of the nominee will be co-terminus to the operationalization of the project.
  - iii. Proof of increase in authorized capital of SPV to allow stipulated equity contribution as per approved means of finance for the project.
  - iv. Expenditure certificate from Chartered Accountant confirming expenditure of at least 10 percent of the eligible project cost.
  - v. Award of contracts worth at least equivalent to 30 percent of total project cost including at least 20 percent of approved components of basic enabling infrastructure.
  - vi. Recommendation of PMA confirming the fulfilment of above conditions.
- 6.1.2. Second Instalment representing 30 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:
- i. Utilization Certificate for the 1st instalment.
  - ii. Proof of proportionate expenditure by SPV (including term loan and equity) of the eligible project cost equivalent to percentage of grant released as 1st instalment.
  - iii. Proof of proportionate contribution by SPV (including term loan and equity) in TRA account, of the eligible project cost equivalent to percentage of grant to be released as 2nd instalment.
  - iv. Submission of documents in lieu of proof of possession of land for all PPCs along with construction schedule.
  - v. Proof of commencement of construction of Standard Design Factory sheds for SMEs.
  - vi. Recommendation of PMA confirming the fulfilment of above conditions.
- 6.1.3. Third Instalment representing 20 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:
- i. Utilization Certificate for the grant released as 2nd instalment.
  - ii. Proof of proportionate expenditure by SPV (including term loan and equity) of the eligible project cost equivalent to grant released as 2nd instalment.
  - iii. Proof of proportionate contribution by SPV (including term loan and equity) in TRA account, of the eligible project cost equivalent to percentage of grant to be released as 3rd instalment.
  - iv. Certificate from PMC confirming completion of at least 40 percent of construction of PPCs and proof of expenditure of at least 40 percent of the total proposed cost for PPCs as per approved DPR
  - v. Certificate from PMC confirming completion of at least 50 per cent construction of Standard Design Factory sheds for SMEs
  - vi. Proof of allotment of at least 25 per cent of total allotable plots.
  - vii. Recommendation of PMA confirming the fulfilment of above conditions.
- 6.1.4. Fourth and final Instalment representing 20 percent of approved grant assistance will be released to SPV subject to successful completion of project and commencement of operations. The criteria for completion of project are as follows:
- i. Utilization Certificate for the grant released as 3rd instalment.
  - ii. Proof of expenditure of 100% envisaged contribution of SPV including term loan and equity on the approved project components.
  - iii. Certificate from PMC confirming completion of the project as per approval.

- iv. Proof of allotment of at least 75 percent of total allotable plots and commencement of operations in at least 25 percent of the units.
  - v. Completion and Commissioning of the Processing unit (s) of the Anchor Investor in the Park.
  - vi. Recommendation of PMA confirming the fulfilment of above conditions.
- 6.2. Separate bank account as stipulated in Trust & Retention Account (TRA) Agreement shall be kept by the SPV for the funds released by Government of Andhra Pradesh.
  - 6.3. In the event of any SPV withdrawing from executing a project before utilizing the Government assistance, the SPV has to immediately return the Government assistance together with the interest accrued thereon, in accordance with provision laid under GFR 19 as defined by Government of India.
  - 6.4. SPV shall have to submit a Utilization Certificate (UC) for utilization of amount of grant released by the Government as per provisions of General Financial Rules. A format of the Utilization Certificate (UC) is given as per Annexure-E

## 7. Time Schedule

- 7.1. The time schedule for completion and operationalization of project will be 30 months from the date of issuance of final approval and 10 months for submission of documents for release of 1st instalment unless extended by SLEC for the reasons to be recorded.
- 7.2. The SPV shall make all possible efforts to complete the projects as per the stipulated timelines committed to while seeking approval for the project. In case of non-adherence to stipulated timeline, except in case of force de majeure or reasons beyond the control of SPV, the SLEC may consider imposing appropriate penalty in terms of reducing the grant amount, on case to case basis.

## 8. Project Monitoring and Evaluation

The APFPS will periodically review the progress of the projects under the Scheme. The PMA would devise a suitable project monitoring system and shall furnish monthly reports/returns to the APFPS on the progress of the approved projects. In so far as interpretation of any of the provisions of these Guidelines is concerned, the decision of the SLEC shall be final.

## Annexure-B

### The list of the Points / Information to be covered in the E o ls / Proposals

(The objective of this Checklist is to facilitate the potential promoters to submit the proposal covering the salient features of the proposed Project, to enable the assessment of the project against the criterion as listed in Annexure B)

#### **1. Profiles of the Promoters who will be the key shareholders of the Proposed SPV**

- 1.1. Names and brief profiles of the proposed promoters/shareholders of SPV along with their contact details.
- 1.2. Indicate the nature and location of existing operations of the Promoters.
- 1.3. Audited balance sheets for last 3 years or Chartered Accountant (CA) Certificates that would establish the net worth of each of the promoters. In case of companies, CA certificates need to be certified by their statutory auditors.
- 1.4. Experience of the key promoters related to food processing industry and related infrastructure development, particularly the relative strengths of each of the promoters that will help in the smooth execution of MFP.
- 1.5. A brief note as to why the promoters are keen to undertake the Mega Food Park project, their vision etc.
- 1.6. In case the SPV is already registered, the details of the SPV including shareholding pattern.
- 1.7. Any other relevant information that would establish the credentials and suitability of the promoters in the context of the Scheme.

#### **2. Profile of the Proposed Project**

- 2.1. Rationale for proposed cluster/location in terms of availability of agricultural produces and marketable surplus, with focus on perishable produces.
- 2.2. Proposed Area and availability of requisite land for establishment of central processing centre(CPC), primary processing centres (PPCs) and collection centres (CCs) along with tentative layout of the CPC and a typical PPC/ CC.
- 2.3. In case of CPC, selection of site needs to be justified in terms of connectivity and availability of basic infrastructure including power, water, approach road etc.
- 2.4. In case of land being available with promoter(s), proof of possession of land in form of sale deed/lease deed (CLU if applicable).
- 2.5. Details of the proposed core processing facilities (both at CPC and PPCs) and rationale for their selection in terms of availability of raw materials/market and type of food processing units being targeted.
- 2.6. Details of proposed enabling basic infrastructure including requirements of basic utilities like power, water, effluent treatment (both at CPC and PPCs) along with rationale in terms of overall business plan
- 2.7. Details of proposed non-core infrastructure (both at CPC and PPCs) and their justification
- 2.8. Above details for various project components should include area required, estimated capacities and costs for various facilities

- 2.9. Proposed strategy/methodology for building supply chain to ensure supply of raw materials, particularly fruits and vegetables, to the food processing units inside CPC, including estimated quantities
- 2.10. Proof of backward and forward linkages in terms of letters of intent from farmers' bodies and food processors respectively
- 2.11. Estimated turnover of the proposed food processing industry units covered in the project, after successful execution of the project
- 2.12. Estimated employment generation out of implementation of the project, and other impact on the industry and farm produce in the project area
- 2.13. Investment details, mix of the products and processes and area requirement of the processing unit(s) to be set up by the Anchor Investor in the park.
- 2.14. Any other related information.

### **3. Project Financials and Business Plan**

- 3.1. Summary of estimated cost of each of the eligible components of the project for funding by Government as outlined in the Scheme
- 3.2. Proposed means of finance to fund the project: equity, debt etc
- 3.3. The amount of grant support needed for the project, as per the Scheme
- 3.4. Tie-ups with Financial Institutions/Banks, if any, for funding of the Project
- 3.5. Proposed Business Plan – Estimated revenue sources and assumptions, Estimated operating costs and assumptions, Projected profit and loss statements, balance sheets and cash flows based on these assumptions
- 3.6. Key financial indicators such as IRR, DSCR based on above financial assumptions

### Annexure-C

Illustrative Criterion for Assessment/ Evaluation of E o Is/ Proposals Criteria for Evaluation of Proposals/E o Is by Programme Management Agency ( PMA)

S.No.	Criteria	Maximum Score
<b>1</b>	<b>Viability of the Cluster</b>	<b>15</b>
1a	Adequate volume of raw materials/days of operation in a year	5
1aa	200 to 250 days	2
1ab	251 to 300 days	3
1ac	More than 300 days	5
1b	Mix/variety of raw materials	5
1ba	5 to 10 crops	3
1bb	More than 10 crops	5
1c	Agreement/arrangements of raw materials	5
1ca	Absence of backward linkages (strategy/proof not given)	0
1cb	Proposed backward linkages (Copy of M o U/Agreements provided)	3
1cc	Existing backward linkages in the proposed cluster (Copy of M o U/Agreements provided)	5
<b>2</b>	<b>Proposed Investment in Core Processing Facilities</b>	<b>10</b>
2a	Up to Rs. 50 Cr.	5
2b	Rs. 50 Cr. to Rs. 100 Cr.	8
2c	More than Rs. 100 Cr.	10
<b>3</b>	<b>Possession of appropriate land</b>	<b>25</b>
3a	Land identified, but not acquired	0
3b	Agreement to Sale/Purchase of more than 50 acres of Land	5
3c	More than 50 acres of land available with one or more promoters	10
3d	Allotment letter from State Govt. Agencies to the SPV or its member(s)	15
3e	Complete title and possession of more than 50 acres of land in the name of SPV	20
3f	Complete title and possession of more than 50 acres of land in the name of SPV along with CLU	25
<b>4</b>	<b>Investment by Anchor Investor in Food Processing Unit(s)</b>	<b>10</b>
4a	Up to Rs 10 cr.	0
4b	Rs 15 cr. or more	5
4c	Rs 20 cr. or more	10
<b>5</b>	<b>Cumulative Net Worth of Promoters/Shareholder of the SPV</b>	<b>20</b>
5a	Rs. 50 Cr to Rs. 100 Cr	5
5b	Rs. 101 to 150 Cr	10
5c	Rs. 151 to 200 Cr	15
5d	More than Rs. 200 Cr	20
<b>6</b>	<b>Focus on perishables in Core Processing facilities at CPC and PPCs</b>	<b>10</b>
6a	Less than 30 percent of total investment in Core Processing facilities	0
6b	30 to 50 percent of total investment in Core Processing facilities	5
6c	50 percent or more of total investment in Core Processing facilities	10
<b>7</b>	<b>Investment in PPCs as percentage of total eligible Project cost</b>	<b>10</b>
7a	Less than 10 percent	0
7b	10 percent and more	5
7c	20 percent and more	10
	<b>Total Points</b>	<b>100</b>

## Scheme for Setting up of Cold Chain for Agri / Horti / Dairy / Meat produce

### 1. Objectives:

- 1.1 The objective of the scheme is to provide integrated and complete cold chain and preservation infrastructure facilities without any break, from the farm gate to the consumer from the production site to the market. Pre-cooling facilities at production sites, reefer vans, and mobile cooling units also assisted under the Integrated Cold Chain projects. Scheme helps linking groups of producers to the processors and market through well equipped supply chain.

### 2. Components of the Scheme:

- 2.1 The Scheme have the following components:
- (a) Minimal Processing Centre at the farm level with facility for weighing, sorting, grading waxing, packing, pre-cooling, Control Atmosphere (CA)/ Modified Atmosphere (MA) cold storage, normal storage and Individual Quick Freeze (IQF);
  - (b) Mobile pre-cooling vans and reefer trucks;
  - (c) Distribution hubs with Control Atmosphere (CA)/ Modified Atmosphere (MA) chambers/ cold storage/ Variable Humidity Chambers, Packing facility, Cleaning in Process (CIP) Fog treatment, Individual Quick Freeze(IQF) and blast freezing;
  - (d) Irradiation facility.
- 2.2 Irradiation facilities may also cover warehousing, cold storage facilities etc. for storage of raw material and finished products for efficient utilization of the facility.
- 2.3 To avail financial assistance under the scheme, any two of the components from among (a), (b) or (c) above have to be set-up by the entrepreneurs considering the functional nature of the facility. Irradiation facility can be treated as a standalone one for the purpose of availing grant

### 3. Eligible Sectors:

Following industries are eligible to be covered under the scheme:

- (a) Horticulture- All fruits & vegetables products etc.
- (b) Agriculture- Agri. products.
- (c) Dairy- All milk and milk products, etc.
- (d) Meat- All meat and meat products etc.
- (e) Any other horticultural & agricultural food products requiring integrated cold chain.

### 4. Invitation & Selection of Proposals:

In response to the notice inviting proposals by APFPS, application along with the required documents are to be submitted by the applicants. The proposal will be evaluated by the empanelled consultants / PMA appointed by APFPS as per criteria given at serial no:12. The evaluation reports will be placed before the State Level Empowered Committee (SLEC) for consideration of "Approval" to the projects.

## 5. Eligibility Conditions:

The eligibility conditions of applicants are as under:

- 5.1. The applicant should have sound financial back ground. The net worth of the applicant(s) should be more than 1.5 times of the grant applied for.
- 5.2. The project proposals are required to be duly appraised by the bank/ financial institution and avail term loan. The term loan will not be less than 10% of the project cost.
- 5.3. Project Appraisal Report from Bank/Financial Institution must contain the entire project components for which grant are sought.
- 5.4. Date of commercial production should not be prior to the date of submission of application.
- 5.5. No second proposal from the same applicant/ company would be considered.
- 5.6. Those units which obtain term loan on subsidized interest rates is eligible for investment subsidy only.

## 6. Ineligible components:

- 6.1 The following items of civil works will not be considered for grant-in-aid (The list is only indicative and not exhaustive)
  - a. Compound wall
  - b. Approach Road
  - c. Cost of Land and Its development
  - d. Any residential building or rest room / guest house
  - e. Canteen
  - f. Labour Rest Room and quarters for workers
  - g. Security/Guard Room or enclosure
  - h. Consultancy Fee, taxes, etc.,
  - i. Non-technical civil works not directly related to cold chain or storage infrastructure.
- 6.2 The following items of Plant and machinery will not be considered for for grant-in-aid (The list is only indicative and not exhaustive)
  - a. Margin money, working capital and contingencies
  - b. Fuel, consumables, spares and stores
  - c. Computers and allied office furniture
  - d. Transport vehicles other than the Reefer trucks /vans/ refrigerated carrier/ insulated milk tankers.
  - e. Second hand/old machines
  - f. All types of service charges, carriage and freight charges
  - g. Closed Circuit TV Camera and security system related equipment
  - h. Consultancy Fee, Taxes, Freights, etc.
  - i. Stationery items
  - j. Plant & Machinery not directly related to cold chain or storage infrastructure.

## 7. Financial assistance:

- (I) Grant-in-aid: Grant-in-aid is permitted @ 35 per cent of the bank appraised project cost including Interest during Construction (IDC), subject to a maximum of Rs. 5 crore per project. The cost of land and pre-operative expenses will not be eligible for the purpose of calculation of grant-in-aid.
- (ii) Interest-subsidy: The interest subvention is extended for a period of 5 years from the date of completion of the project. Every year the interest subsidy @ 7 per cent will be paid to the Bank/FI directly against the term loan sanctioned by it, subject to a maximum of Rs. 2 cr. per project or actual interest accrued on term loan, whichever is less.

### 7.1 Interest during construction

IDC would be provided to the actual period taken for completion of the project or 18 months from the date of approval of the project, whichever is less.

## 8. Documents required:

- i. Application in the prescribed format (**Annexure-I**)
- ii. Detailed project report.
- iii. Sanction letter of term loan from bank/financial institutions, if any
- iv. Appraisal report from Bank/Financial Institution
- v. Certificate of Incorporation/registration of the organisation, Memorandum and Articles of Association and Bye laws of the society (if applicable) partnership deed etc.
- vi. Bio-data/background of the office bearers/promoters of the organisation.
- vii. Blue Print of the building plan approval
- viii. Notarized English version of land document (In case it is in any of the regional languages)
- ix. Item wise and cost wise details of Technical civil works envisaged duly certified by Chartered Engineer (Civil).
- x. Item wise and cost wise details of Plant & Machinery envisaged duly certified by Chartered Engineer (Mechanical).
- xi. Quotations from the suppliers of Plant & Machinery and equipment's etc. required for the project
- xii. Availability of raw material and Letter of intent (LOI) / MOU for procurement of raw material from suppliers
- xiii. Marketing Strategy and Letter of intent (LOI) / MOU for marketing of products produced by the unit.
- xiv. Process Flow diagram
- xv. Entrepreneur's Memorandum (EM)
- xvi. Implementation schedule indicating (a) date of acquiring land, (b) date of start of construction of building (c) date of completion of building (d) date for placing order for plant & machinery and date of installation/erection (f) date of trial production/running and (g) date of commercial production/running.
- xvii. An affidavit duly executed on non-judicial stamp paper of Rs.100/- or more duly notarised by Notary Public affirming.
  - a) that the organisation's sister concern(s)/related company/group company as well as the applicant company itself has not availed any financial assistance for a food processing project in the past from Andhra Pradesh Food Processing Society (APFPS). If yes, the details thereof.

- b) that the organisation has not obtained/applied for or will not obtain any grant/subsidy from any Ministry of Central Govt. /GOI organisation/agencies and State Government for the same purpose/activity/same components. If yes, the details thereof.

**9. Release of Grant:** The grant-in-aid amount will be released in three instalments after the beneficiary has spent his share as per the following schedule

**9.1 Release of 1st Instalment:**

1st instalment of 25% of the total grant under the scheme will be released after ensuring that 25% of the promoters contribution and 25% of the term loan has been spent on the project. The applicant will have to submit the following documents along with the request for the 1st Instalment.

- I. **Duly notarized Surety Bond** – To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs. 100/- (**Appendix-A**).
- II. **Duly notarized Affidavit** – To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs. 100/- (**Appendix-B**).
- III. **Bank Certificate** certifying that they have released 25% of term loan and have no objection on release of 1st instalment of grant being provided by state (**Annexure-C**).
- IV. **Chartered Accountant Certificate** – Actual expenditure incurred on the project showing the means of finances and 25% utilization of Promoters contribution, 25% of Term loan (**Appendix-D**).
- V. Invoices/receipts from the suppliers/vendors.
- VI. Bank statement highlighting the payment made to suppliers
- VII. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- VIII. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- IX. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- X. Site inspection of Consultant / PMA to ascertain the physical progress and assess the eligible project cost to arrive and release of Grant-in-aid.
- XI. Submission of Statutory clearances / approvals
  - a. Consent for Establishment from Pollution control board
  - b. Approval of Building plan
  - c. NOC from Gram panchayat

**9.2 Release of 2nd Instalment:**

The second instalment of 50% of the total grant may be released by the competent authority based on submission of the documents on utilization of the first instalment of the grant released and also the utilization of 75% of the Term Loan and 75% of the Promoter's contribution.

- I. **Utilization Certificate** – Duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (**Appendix-E**)
- II. **Bank Certificate** – certifying that they have released 75% of term loan and 1st instalment of grant released by the State. They have no objection in releasing 2nd instalment of grant being released by States. (**Annexure F**)
- III. **Chartered Accountant Certificate** – Actual expenditure incurred on the project showing the means of finances and 75% utilization of Promoters contribution, 75% of Term loan and 1st instalment of released grant. (**Appendix-D**)

- IV. **Certificate of the Chartered Engineer (Civil)** for technical civil works indicating item wise progress, cost, quantity, manufacturer/ supplier and comment on quality.
- V. **Certificate of the Chartered Engineer (Mech.)** for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/ supplier and comment on quality.
- VI. Bank statement highlighting the payment made to suppliers
- VII. Compliance of conditions imposed at the time of release of 1st Instalment of grant, if any.
- VIII. Site inspection of Consultant / PMA to ascertain the physical progress and assess the eligible project cost to arrive and release of Grant-in-aid.

### 9.3 Release of 3rd Instalment:

The Third and final instalment of the grant may be released by the competent authority based on submission of the documents specified below by the unit the first and second instalment of the grant released and also the utilization of 100% of Term Loan and 100% of Promoter's contribution.

- i. **Utilization Certificate** – Duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (**Appendix-E**).
- ii. **Bank Certificate** – certifying that they have released 100% of term loan and 2nd instalment of grant released by the State. They have no objection in releasing 3rd instalment of grant being released by State (**Annexure-F**).
- iii. **Chartered Accountant Certificate** – Actual expenditure incurred on the project showing the means of finances and 100% utilization of Promoters contribution, 100% of Term loan and 2nd instalment of released grant. (**Appendix-D**).
- iv. Bank statement highlighting the payment made to suppliers
- v. Certificate of the Chartered Engineer(Civil) for technical civil works indicating item wise progress, cost, quantity ,manufacturer/ supplier and comment on quality.
- vi. Certificate of the Chartered Engineer (Mech.) for Plant &Machinery indicating item wise progress, cost, quantity, manufacturer/ supplier and comment on quality.
- vii. Compliance of conditions imposed at the time of release of 2nd Instalment of grant, if any.
- viii. Site inspection of Consultant / PMA to ascertain the physical progress (start of commercial operations) and assess the eligible project cost to arrive and release of Grant-in-aid.
- ix. Before release of 3rd & final instalment of grant-in-aid, eligible grant-in-aid for the project will be re-calculated based on the proposed/appraised /actual cost, whichever is less, for the already approved items and released accordingly.
- x. Submission of Statutory clearances / approvals
  - a. Consent for Operations from Pollution control board
  - b. Approval from Fire & Safety Department
  - c. License from FSSAI
  - d. Electricity load release certificate

### 9.4 Release of Interest subvention:

The sanctioned Interest subvention is released for every 6 months after completion of every half-year i.e., 31st March for first half year and 30th September for second half year for 5 years from the date of Commercial production after submission of the following documents:

- i. Request letter from Promoter
- ii. Bank Statement highlighting the interest paid **on term loan** to the Bank
- iii. No objection letter from bank for releasing the sanctioned interest subvention.
- iv. CA certificate showing the amount of interest paid for **term loan on** monthly / quarterly for the respective 6 months.
- v. Production details – month wise (in MTs / KIs)
- vi. Sales of the unit – month wise (Rs.in crores)

#### 10. Implementation and Monitoring of the projects sanctioned:

The implementation schedule for the projects would be about 18 months from the date of the issue of approval letter unless extended by the competent authority for the reasons to be recorded in writing.

#### 11. Recall of Grant:

The Government will have the authority

- a. If the project is not completed in time within the approved project period.
- b. If the project is not completed even within the extended project period approved by competent authority.
- c. If the institute / organization become non-functional or said activity / organization is closed before 6 years from the date of Commercial operations .In such cases, all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery.
- d. Break-in-production up to a period of one and half (1 1/2) years due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by SLEC on merits. Any break-in-production will result in extending the six (6) years continuous production condition by the period of such break.
- e. If the unit shall not submit the Audited reports of every financial year for a period of 6 years, with in 4 months from completion of respective financial year.

#### 12. Evaluation Criteria:

The received proposals will be evaluated as per the following given criteria.

S.No.	Criteria	Max Marks	
1	<b>Viability of the cluster</b>	25	
	<b>I. Adequate volume and wider mix of raw materials / days of operation in a year</b>		15
	i. Availability of raw materials, product mix & no. of days of operations		5
	ii. Suitability of project location (s) for proposed operations and their connectivity through road, railways etc.		5
	iii. Status of Project Land		5
	Land in possession of the applicant with approval for industrial use		5
	Land in possession of the applicant without approval for industrial use		3
Land not in possession of the applicant but Agreement to sale executed	2		

S.No.	Criteria		Max Marks																		
	<b>II. Agreement / Arrangements for Raw Materials Procurement (Background in Agribusiness &amp; Food Processing)</b>		<b>10</b>																		
	i. Initiatives already taken for Backward & Forward Linkages		5																		
	ii. Experience in Food Processing (existing Food Processing operations)		5																		
<b>2</b>	<b>Proposed Investment in Core Processing Facilities / Distribution Hub / Value Added Centre / Multi Chamber and Multi Product Cold Storage Facilities</b>		<b>25</b>																		
	<b>I. Financial Capability of applicant</b>		<b>5</b>																		
	<table border="1"> <tr> <td>Net worth more than 5 times of equity</td> <td>5</td> </tr> <tr> <td>Net worth is more than 4 but less than 5 times of equity</td> <td>4</td> </tr> <tr> <td>Net worth is more than 3 but less than 4 times of equity</td> <td>3</td> </tr> <tr> <td>Net worth is more than 2 but less than 3 times of equity</td> <td>2</td> </tr> <tr> <td>Net worth is less than 2 times of equity</td> <td>1</td> </tr> </table>	Net worth more than 5 times of equity	5	Net worth is more than 4 but less than 5 times of equity	4	Net worth is more than 3 but less than 4 times of equity	3	Net worth is more than 2 but less than 3 times of equity	2	Net worth is less than 2 times of equity	1										
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Net worth is more than 3 but less than 4 times of equity	3																				
Net worth is more than 2 but less than 3 times of equity	2																				
Net worth is less than 2 times of equity	1																				
	<b>II. Economic Viability of project based on Bank appraisal (if not given in bank appraisal the same will be taken from DPR)</b>		<b>5</b>																		
	<table border="1"> <thead> <tr> <th>IRR</th> <th>Marks</th> <th>DSCR</th> </tr> </thead> <tbody> <tr> <td>More than 20%</td> <td>5</td> <td>More than 3.0</td> </tr> <tr> <td>Between 17% to 20%</td> <td>4</td> <td>Between 2.5 to 2.9</td> </tr> <tr> <td>Between 14% to 16.99%</td> <td>3</td> <td>Between 2.0 to 2.4</td> </tr> <tr> <td>Between 10% to 13.9%</td> <td>2</td> <td>Between 1.5 to 1.9</td> </tr> <tr> <td>Less than 10%</td> <td>0</td> <td>Less than 1.5</td> </tr> </tbody> </table>	IRR	Marks	DSCR	More than 20%	5	More than 3.0	Between 17% to 20%	4	Between 2.5 to 2.9	Between 14% to 16.99%	3	Between 2.0 to 2.4	Between 10% to 13.9%	2	Between 1.5 to 1.9	Less than 10%	0	Less than 1.5		
IRR	Marks	DSCR																			
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Less than 10%	0	Less than 1.5																			
	<b>III. Extent of Proposed Investment in Cold Chain infra components as compared to processing infrastructure</b>		<b>15</b>																		
	<table border="1"> <tr> <td>More than 80%</td> <td>15</td> </tr> <tr> <td>Between 60% to 80%</td> <td>10</td> </tr> <tr> <td>Below 60%</td> <td>5</td> </tr> </table>	More than 80%	15	Between 60% to 80%	10	Below 60%	5														
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Below 60%	5																				
<b>3</b>	<b>Proposed Investment in Minimal Processing Centre / Farm Level Infrastructure including Collection Centres and reefer transport etc.</b>		<b>25</b>																		
	<table border="1"> <tr> <td>Up to 10% of project cost (Excluding cost of Land)</td> <td>10</td> </tr> <tr> <td>10% - 20%</td> <td>15</td> </tr> <tr> <td>20% - 40%</td> <td>25</td> </tr> <tr> <td>More than 40%</td> <td>10</td> </tr> </table>	Up to 10% of project cost (Excluding cost of Land)	10	10% - 20%	15	20% - 40%	25	More than 40%	10												
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<b>4</b>	<b>Employment Generation (Direct Employment proposed)</b>		<b>5</b>																		
	<table border="1"> <tr> <td>More than 100</td> <td>5</td> </tr> <tr> <td>Between 75 - 99</td> <td>4</td> </tr> <tr> <td>Between 50 - 74</td> <td>3</td> </tr> <tr> <td>Between 25-49</td> <td>2</td> </tr> <tr> <td>Less than 25</td> <td>1</td> </tr> </table>	More than 100	5	Between 75 - 99	4	Between 50 - 74	3	Between 25-49	2	Less than 25	1										
More than 100	5																				
Between 75 - 99	4																				
Between 50 - 74	3																				
Between 25-49	2																				
Less than 25	1																				

S.No.	Criteria	Max Marks		
5	<b>Leveraging of investment in the Project</b>	5		
	Proposed private Investment excluding land less than 2 times of grant sought		3	
	Proposed private Investment excluding land more than 2 times of grant sought		5	
6	<b>Adoption of Modern Technology such as CA / MA storages, Packing facilities, IQF etc.</b>	15		
	<b>I. Extent of Coverage of Cold Chain Components CA/MA, IQF, Packaging, etc.</b>		10	
	Components like CA/MA, IQF, Packaging etc.,			10
	Normal cold storage operations			5
	<b>II. Extent of procurement from Reputed Suppliers</b>		5	
	Very well known, reputed, multinational supplier			5
Other lesser known, local or regional suppliers	3			
<b>Total</b>		<b>100</b>		

### Annexure - I

Application Form for setting up of Cold Chain for Agri / Horti / Dairy / Meat Produce

S.No	Particulars	Details
<b>A.Promoters</b>		
1	Name & Address of the promoter including telephone, fax,e-mail etc.	
2	Type the organization like Govt. Institution / Organisation, Industry association, University, NGO, Co-operative, Entrepreneur, Partnership firm, Company etc.	
3	Background / Credentials of applicant organization. Details of having experience in food processing or supply chain management, if any.	
<b>B. Project Description</b>		
4	Name of the Project	
5	Location/Area of the project	
6	Products/By Products	
7	Capacities of the various components of the integrated cold chain (Cold storage, CA/MA chamber, Deep freezer, IQF (in MT/Hr.),Reefer Van (in numbers and in MT)	

S.No	Particulars	Details	
<b>C. Project Cost (indicating proposed cost, appraised cost separately)</b>			
8	Capital Investment(Fixed Capital) Land Area Cost Building Civil Works Technical Civil Works		
9	Plant & Machinery (Indigenous)(Capacity/Specification/Cost)		
10	Pre-operative expenses		
11	Working Capital		
12	Raw Material/Packaging (Source/Quantity/Cost)		
13	Labor (Quantity/Cost)		
14	Effluent Disposal (Method/Machinery/Cost)		
<b>D. Means of Finance (indicating proposed &amp; appraised means of finance, separately) (Rs. In crores)</b>			
15	Means of Financing		
	a. Equity Promoter		
	b. Loan (Term/working capital)		
	c. Assistance from other sources		
	d. Fund requirement from APFPS		
16	Financial Benchmarks		
	a. Breakeven point		
	b. Internal rate of return		
	c. DSCR		
<b>E. Implementation Schedule</b>			
17	Item of work and Date of implementation	Date of starting	Date of completion
<b>F. Personnel</b>			
18	Details of technical & Managerial personnel (Operation, Maintenance, managerial, finance, marketing etc.) required & available.		
<b>G. Employment Generation- Direct/Indirect</b>			
19	a. Direct (Male & Female separately)		
	b. Indirect (Male & Female (separately)		
Date:		Signature Name and Designation :	
Place:		Seal of the Organisation	

## Scheme of Primary Processing Centres / Primary Collection Centres

### 1. Objectives:

The objective of the scheme is creation of effective backward linkages through setting up of processing and preservation facilities at village level to enhance shelf life of perishable produces.

### 2. Salient Features of the Scheme:

The Scheme has the following components:

- (i) Minimum land requirement will be 1-2 acres.
- (ii) Minimum Processing Facilities at the firm level which may include facilities for weighing, cleaning, sorting, grading, packing, pre-cooling, Controlled Atmosphere (CA)/ Modified Atmosphere (MA), Cold Storage, Dry Warehouses and Individual Quick Freezing (IQF).
- (iii) Mobile Pre-cooling trucks and reefer trucks which suitable for transportation of the perishable agricultural produce/ horticulture/ dairy/ meat produce.

### 3. Eligible Sectors:

The Scheme is applicable to both horticulture and non-horticulture produce such as: fruits, vegetables, grains& pulses, dairy products, meat and poultry etc.

### 4. Eligibility Conditions:

- The applicant should have some financial back ground to implement the project
- The proposals for the project should be duly appraised by the bank/ financial institution and avail term loan. The term loan will not be less than 10% of the project cost.
- The appraisal report should contain all the project components for which grant is sought.
- Units which are already under commercial production and those which may start, commercial production within 2 months from the last date of application submission are not eligible.
- No second proposal from the same applicant/ company would be considered.
- Those units which obtain term loan on subsidized interest rates is eligible for investment subsidy only.

### 5. Invitation & Selection of Proposals:

In response to the notice inviting proposals by APFPS, application along with the required documents are to be submitted by the applicants. The proposal will be evaluated by the empanelled consultants / PMA appointed by APFPS as per criteria given at serial no:11. The evaluation reports will be placed before the State Level Empowered Committee (SLEC) for consideration of "Approval" to the projects.

### 6. Pattern of assistance:

**Investment subsidy:** 50% of the eligible project cost, subject to a maximum of Rs.2.50 crores.

**Interest Subvention:** The interest subvention is extended for a period of 5 years from the date of completion of the project. Every year the interest subsidy @ 7 per cent will be paid to the Bank/FI directly against the term loan sanctioned by it, subject to a maximum of Rs.1 crore per project or actual interest accrued on term loan, whichever is less.

### 7. Eligible / Ineligible components:

Cost of land, preoperative expenses, margin money for working capital and contingency, non-technical civil works and plants & machinery not directly related to the PPC/ CC are not be eligible for calculating eligible project cost.

## 8. Release of Financial assistance sanctioned:

### 8.1. Investment subsidy :

The grant-in-aid will be released in two instalments:

- a) Release of 1st Instalment @ 50% of the approved grant amount will be released, subject to production of proof of 50% expenditure by the promoter out of its share of equity subject to production of the following documents:
  - i. **Duly notarised surety Bond:** To be executed by the beneficiary company on Non-judicial stamp paper of not less than Rs.100/- (**Appendix-A**)
  - ii. **Duly notarized Affidavit:** To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs.100/- (**Appendix-B**)
  - iii. **C.A Certificate** - Actual expenditure incurred on the project showing the means of finances and 50% utilization of promoters contribution (**Appendix-D**)
  - iv. **Bank Certificate:** certifying that they have released 50% of term loan and have no objection on release of 1st instalment of grant being provided by State (**Appendix-C**)
  - v. Invoices/receipts from the suppliers/vendors.
  - vi. Bank statement highlighting the payment made to suppliers
  - vii. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
  - viii. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
  - ix. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
  - x. Submission of Statutory clearances / approvals
    - Consent for Establishment from Pollution control board
    - Approval of Building plan
    - NOC from Gram panchayat
  - xi. Site inspection of Consultant / PMA to ascertain the physical progress and assess the eligible project cost to arrive and release of Grant-in-aid.
- b) Release of 2nd Instalment @ 50% will be released subject to the following condition:
  - i. **Utilisation Certificate:** As per GFR 19A, Duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (**Appendix-E**).
  - ii. **Chartered Accountant Certificate :** Actual expenditure incurred on the project showing the means of finances and 100% utilisation of promoters contribution, 100% of Term Loan and 1st instalment of released grant (**Appendix-D**).
  - iii. **Bank Certificate:** Certifying that they have released 100% of term loan and 1st instalment of grant released by the State. They have no objection in releasing 2nd instalment of grant being released by State (**Appendix-F**)
  - iv. Invoices/receipts from the suppliers/vendors.
  - v. Bank statement highlighting the payment made to suppliers
  - vi. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.

- vii. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- viii. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- ix. Site inspection of Consultant / PMA to ascertain the physical progress (start of commercial operations) and assess the eligible project cost to arrive and release of Grant-in-aid.
- x. Submission of Statutory clearances / approvals
  - a. Consent for Operations from Pollution control board
  - b. Approval from Fire & Safety Department
  - c. License from FSSAI

### 8.2. Release of Interest subvention:

The sanctioned Interest subvention is released for every 6 months after completion of every half-year i.e., 31st March for first half year and 30th September for second half year for 5 years from the date of Commercial production after submission of the following documents:

- i. Request letter from Promoter
- ii. Bank Statement highlighting the interest paid **on term loan** to the Bank
- iii. No objection letter from bank for releasing the sanctioned interest subvention.
- iv. CA certificate showing the amount of interest paid for **term loan on** monthly / quarterly for the respective 6 months.
- v. Production details – month wise (in MTs / KIs)
- vi. Sales of the unit – month wise (Rs.in crores)

### 9. Documents required:

- i. Application in the prescribed format (Annexure-I)
- ii. Detailed project report.
- iii. Sanction letter of term loan from bank/financial institutions, if any
- iv. Appraisal report from Bank/Financial Institution
- v. Certificate of Incorporation/registration of the organisation, Memorandum and Articles of Association and Bye laws of the society (if applicable) partnership deed etc.
- vi. Bio-data/background of the office bearers/promoters of the organisation.
- vii. Blue Print of the building plan approval
- viii. Land Registered documents / Lease agreement duly notarized
- ix. Item wise and cost wise details of Technical civil works envisaged duly certified by Chartered Engineer (Civil).
- x. Item wise and cost wise details of Plant & Machinery envisaged duly certified by Chartered Engineer (Mechanical).
- xi. Quotations from the suppliers of Plant & Machinery and equipment's etc. required for the project
- xii. Availability of raw material and Letter of intent (LOI) / MOU for procurement of raw material from suppliers
- xiii. Marketing Strategy and Letter of intent (LOI) / MOU for marketing of products produced by the unit.

- xiv. Process Flow diagram
- xv. Entrepreneur's Memorandum (EM)
- xvi. Implementation schedule indicating (a) date of acquiring land, (b) date of start of construction of building (c) date of completion of building (d) date for placing order for plant & machinery and date of installation/erection (f) date of trial production/running and (g) date of commercial production/running..
- xvii. An affidavit duly executed on non-judicial stamp paper of Rs.100/- or more duly notarised by Notary Public affirming.
  - a) that the organisation's sister concern(s)/related company/ group company as well as the applicant company itself has not availed any financial assistance for a food processing project in the past from Andhra Pradesh Food Processing Society. If yes, the details thereof.
  - b) that the organisation has not obtained/applied for or will not obtain any grant/subsidy from any Ministry of Central Govt. /GOI organisation/agencies and State Government for the same purpose/activity/same components. If yes, the details thereof.

#### **10. Implementation and Monitoring of the projects sanctioned:**

The implementation schedule for the projects would be about 24 months from the date of the issue of approval letter unless extended by the competent authority for the reasons to be recorded in writing. The application for 1st instalment should be made within 6 months from the date of approval failing which the project may be cancelled by the competent authority.

#### **11. Recall of Grant:**

##### **The Government will have the authority**

- a. If the project is not completed in time within the approved project period.
- b. If the project is not completed even within the extended project period approved by competent authority.
- c. If the institute / organization become non-functional or said activity / organization is closed before 6 years from the date of Commercial operations. In such cases all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery.
- d. Break-in-production up to a period of one and half (1 1/2) years due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by SLEC on merits. Any break-in-production will result in extending the six (6) years continuous production condition by the period of such break.
- e. If the unit shall not submit the Audited reports of every financial year for 6 years, with in 4 months from completion of respective financial year.

## 12.Evaluation Criteria:

S. No.	Criteria	Max Marks			
1	<b>Viability of the cluster</b>	25			
	<b>I. Adequate volume and wider mix of raw materials / days of operation in a year</b>		15		
	i. Availability of raw materials, product mix & no. of days of operations		5		
	ii. Suitability of project location (s) for proposed operations and their connectivity through road, railways etc.		5		
	<b>iii. Status of Project Land</b>		5		
	Land in possession of the applicant with approval for industrial use			5	
	Land in possession of the applicant without approval for industrial use			3	
	Land not in possession of the applicant but Agreement to sale executed		2		
	<b>II. Agreement / Arrangements for Raw Materials Procurement (Background in Agribusiness &amp; Food Processing)</b>		10		
	i. Initiatives already taken for Backward & Forward Linkages		5		
ii. Experience in Food Processing (existing Food Processing operations)	5				
2	<b>Proposed Investment in Core Processing Facilities / Distribution Hub / Value Added Centre / Multi Chamber and Multi Product Cold Storage Facilities</b>	20			
	<b>I. Economic Viability of project based on Bank appraisal (if not given in bank appraisal the same will be taken from DPR)</b>		5		
	<b>IRR</b>			<b>Marks</b>	<b>DSCR</b>
	Morethan 20%			5	Morethan 3.0
	Between 17% to 20%			4	Between 2.5 to 2.9
	Between 14% to 16.99%			3	Between 2.0 to 2.4
	Between 10% to 13.9%			2	Between 1.5 to 1.9
	Lessthan 10%		0	Lessthan 1.5	
	<b>II. Extent of Proposed Investment in Cold Chain infra components as compared to processing infrastructure</b>		15		
	Morethan 80%			15	
Between 60% to 80%	10				
Below 60%	5				
3	<b>Proposed Investment in Minimal Processing Centre / Farm Level Infrastructure including Collection Centres and reefer transport etc.</b>	25			
	Upto 10% of project cost (Excluding cost of Land)		10		
	10% - 20%		15		
	20% - 40%		25		
	Morethan 40%		10		

S. No.	Criteria	Max Marks	
4	<b>Employment Generation (Direct Employment proposed)</b>	<b>10</b>	
	Morethan 100		10
	Between 75 – 99		8
	Between 50 – 74		6
	Between 25-49		4
	Lessthan 25	2	
5	<b>Leveraging of investment in the Project</b>	<b>5</b>	
	Proposed private Investment excluding land lessthan 2 times of grant sought		3
	Proposed private Investment excluding land morethan 2 times of grant sought	5	
6	<b>Adoption of Modern Technology such as CA / MA storages, Packing facilities, IQF etc.</b>	<b>15</b>	
	<b>I. Extent of Coverage of Cold Chain Components- CA/MA, IQF, Packaging, etc.</b>		<b>10</b>
	Components like CA/MA, IQF, Packaging etc.,		10
	Normal cold storage operations		5
	<b>II. Extent of procurement from Reputed Suppliers</b>		<b>5</b>
	Very well known, reputed, multinational supplier	5	
	Other lesser known, local or regional suppliers	3	
<b>Total</b>		<b>100</b>	

## Application form for scheme of Primary Processing Centre / Primary Collection centre

S.No	Particulars	Details
<b>A.Promoters</b>		
1.	Name & Address of the Promoter including telephone, fax,e-mail etc.	
2.	Type of organisation like Govt. Institution/organisation, Industry Association, University, NGO, Co-operative, Entrepreneur, partnership firm, Company, etc.	
3.	Background/credentials of applicant organization. Details of having experience in food processing or supply chain management, if any.	
<b>B. Project Description</b>		
4.	Name of the Project	
5.	Location/Area of the project	
6.	Products/By Products	
7.	Capacities of the various components of the PPC/CC	
8.	Commodities/Products to be handled at PPC/CC	
<b>C.Project Cost (Indicating proposed cost, appraised cost separately)</b>		
9.	Capital Investment (Fixed Capital) i. Land Area Cost ii. Building iii. Civil Works iv. Technical Civil Works	
10.	Plant & Machinery (Capacity/Specification/Cost)	
11.	Pre-operative expenses	
12.	Working Capital	
13.	Raw material /Packaging	
14.	Labour (Quantity/Cost)	
15.	Effluent Disposal (Method/Machinery/Cost)	
<b>D.Means of Finance (indicating proposed &amp; appraised means of finance, separately)</b>		
16.	Means of Financing a) Equity(Promoter/Foreign/Other) b) Loan(Term/working capital) c) Assistance from other sources d) Fund requirement from APFPS	
	<b>TOTAL</b>	

17.	Financial Benchmarks a) Break Even Point b) Internal Rate of Return c) Debt Service Coverage Ratio			
18.	Details of quality/safety standards to be followed (if any)			
<b>E. Implementation Schedule</b>				
19.	Item of work	Date of starting	Date of completion	
<b>F. Personnel</b>				
20.	Details of technical & Managerial personnel (Operation, Maintenance, managerial, finance, marketing etc.) required & available.			
<b>G. Employment Generation- Direct/Indirect</b>				
21.	a) Direct (Male & Female Separately) b) Indirect (Male & Female Separately)			
Date: Place:				Signature Name and Designation Seal of the organization

## Scheme for purchase of Reefer Vehicles

### 1. Objectives:

The objective of the scheme is to provide financial assistance to standalone reefer vehicle/s and mobile pre-cooling van/s (reefer unit and reefer cabinet permanently mounted on the vehicle) for carrying & transporting both Horticultural and Non-Horticultural produce. This scheme will enable linking groups of producers to the processors and markets through well-equipped supply chain management.

### 2. Eligibility Conditions:

#### The eligibility conditions of applicants are as under:

The project proposals are required to be duly appraised by the bank/ financial institution and avail term loan.

The applicant/ beneficiary should have sound financial background

Farmers Producers Organisations and Project Developers of Food processing units will be given preference

The vehicles purchased before the application submission date are not eligible.

The reefer unit and refer cabinet permanently mounted on the vehicle are eligible

### 3. Salient Features:

The Scheme will provide financial assistance for purchase of reefer vehicle/s and mobile pre cooling van/s (reefer unit and refer cabinet permanently mounted on the vehicle) for carrying & transporting of Fruits, Vegetables, Milk / Meat / Poultry products both Fresh and Processed. It does not include reefer container (not mounted on vehicles permanently) used for shipment / transportation of perishable commodities.

### 4. Pattern of assistance:

Credit linked back ended grant-in-aid @ 50% of the cost of New Reefer Vehicle(s)/ Mobile pre-cooling van(s) upto a maximum of Rs. 10.00 lakh.

### 5. Invitation & Selection of of Proposals:

In response to the notice inviting proposals by APFPS, application along with the required documents are to be submitted by the applicants. The proposal will be evaluated by the empanelled consultants / PMA appointed by APFPS as per criteria given by APFPS. The evaluation reports will be placed before the State Level Empowered Committee (SLEC) for consideration of "Approval" to the projects.

### 6. Documents required:

- i. Application in the prescribed format (**Annexure-I**)
- ii. Detailed project report.
- iii. Sanction letter of term loan from bank/financial institutions, if any
- iv. Appraisal report from Bank/Financial Institution
- v. Certificate of Incorporation/registration of the organisation, Memorandum and Articles of Association and Bye laws of the society (if applicable) partnership deed etc.
- vi. Bio-data/background of the office bearers/promoters of the organisation.
- vii. Quotations from the suppliers of vehicle and equipment's etc. required for the project, duly certified by Chartered Engineer (mech).
- viii. Letter of intent (LOI) / MOU for marketing tie-ups

- ix. An affidavit duly executed on non-judicial stamp paper of Rs.100/- or more duly notarised by Notary Public affirming.
  - a) that the organisation's sister concern(s)/related company/group company as well as the applicant / applicant company itself has not availed any financial assistance for a food processing project in the past from Andhra Pradesh Food Processing Society (APFPS). If yes, the details thereof.
  - b) that the organization / applicant has not obtained/applied for or will not obtain any grant/subsidy from any Ministry of Central Govt. /GOI organisation/agencies and State Government for the same purpose/activity/same components. If yes, the details thereof.

#### 7. Release of Grant:

The credit linked back ended grant-in-aid @ 50% of the cost of the project subject to a maximum of Rs.10 lakh will be released after submission of the following documents.

- i. **Duly notarised surety Bond:** To be executed by the beneficiary company on Non-judicial stamp paper of not less than Rs.100/- (**Appendix-A**)
- ii. **Duly notarized Affidavit:** To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs.100/- (**Appendix-B**)
- iii. **Bank Certificate:** certifying that they have released term loan and have no objection on release of back ended subsidy being provided by state. (**Annexure-C**)
- iv. **C.A Certificate** - Actual expenditure incurred on the project showing the means of finance. (**Appendix-D**)
- v. Copy of Registration certificate issued by the concerned Regional Licensing Authority (RLA), duly certified by notary.
- vi. It will be prominently displayed that the "Reefer Vehicle/ Mobile pre-cooling van has been financially assisted by Govt. of Andhra Pradesh".
- vii. Photograph and video CD of the Reefer Vehicles/ Mobile pre-cooling vans from all directions clearly indicating the front and back number plate of reefer vehicles/ mobile pre cooling vans
- viii. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- ix. Physical inspection of empanelled consultant / PMA the Reefer Vehicles/ Mobile pre-cooling vans.

#### 8. Implementation and Monitoring of the projects sanctioned:

The vehicles would be purchased within 3 months from the date of issue of approval letter unless extended by the competent authority for the reasons to be recorded in writing.

#### 9. Recall of Grant:

The Government will have the authority

- a. If the vehicles not purchased within the approved project period.
- b. If the vehicles not purchased even within the extended project period approved by competent authority.
- c. If the vehicles sold / transferred before 3 years of release of final instalment.
- d. If the promoter / unit shall not submit the Audited reports of every financial year for a period of 3 years, with in 4 months from completion of respective financial year.

## Application Form for scheme for Purchase of Reefer Vehicles

S.No	Particulars	
<b>A. Promoters</b>		
1	Name & Address of the Promoter including telephone, fax, e-mail etc.	
2	Type of organisation like Govt. Institution/organisation, Industry Association, University, NGO, Co-operative, Entrepreneur, partnership firm, Company, etc.	
3	Background/credentials of applicant organization.	
4	Financial Status	
5	Experience If any	
<b>B. Project Description</b>		
6	Name of the Project	
7	Number and capacities of the Reefer Vehicles/ Mobile pre-cooling vans	
<b>C. Project Cost (Indicate appraised cost )</b>		
8	Reefer Vehicles/ Mobile pre-cooling vans (Capacity/Specification /Cost)	
9	Pre-operative expenses	
10	Working Capital	
<b>D. Means of Finance (Indicating proposed &amp; appraised means of finance, separately)</b>		
11	Means of Financing a) Equity(Promoter/Foreign/Other) b) Loan(Term/working capital) c) Assistance from other sources d) Fund requirement from APFPS <div style="text-align: right;"><b>TOTAL</b></div>	
<b>E. Implementation Schedule</b>		
12	Anticipated date of purchase of reefer van/ reefer trucks	

Date:  
Place:

Signature  
Name and Designation  
Seal of the organization

## Scheme of Establishment of New Food Processing Units

### 1. Objectives:

The main objective of the scheme is to increase the level of processing, reduction of wastage, value addition, enhance the income of farmers as well as increase exports thereby resulting in overall development of food processing sector. The scheme envisages extending the financial assistance for establishment of new food processing units in the state.

### 2. Eligible Sectors:

Food processing sectors like fruits & vegetables, milk / meat / poultry, cereal / other consumer food products, rice / flour/pulse/oil milling and such other agri - horti sectors including food flavours, colours, oleoresins, spices, coconut, mushrooms, wines and hops will be covered under the scheme. The list of activities ineligible for financial assistance under the scheme is given at annexure-1

### 3. Pattern of assistance:

**Investment subsidy:** 25% of the cost of Plant & Machinery and technical civil works, subject to a maximum of Rs.5.00 crores.

**Interest Subvention:** The interest subvention is extended for a period of 5 years from the date of commercial production of the project. Every year the interest subsidy @ 7 per cent will be paid to the Bank/FI directly against the term loan sanctioned by it, subject to a maximum of Rs. 2 crore per project or actual interest accrued on term loan, whichever is less.

### 4. Eligible / Ineligible components:

#### 4.1 Ineligible items of non-technical civil works:-

- i. Compound wall
- ii. Approach Road
- iii. Administrative Office Building
- iv. Toilets
- v. Labour Rest Room and quarters for workers
- vi. Sanitation Room
- vii. Security/Guard Room or enclosure
- viii. Consultancy Fee

In short, all expenditure on account of civil works that are not related to the production or processing is excluded.

#### 4.2 Ineligible items of Plant and machinery:

- i. Fuel, consumables, spares and stores
- ii. Electrical fixtures not mounted on the machine
- iii. Computers and allied office furniture
- iv. Transport vehicles
- v. Erection, installation and Commissioning charges
- vi. Second hand/old machines / refurbished machinery
- vii. All types of service charges, carriage and freight charges
- viii. Expenditure on painting of machinery
- ix. Closed Circuit TV Camera and related equipment
- x. Consultancy Fee
- xi. Stationery items

## 5. Eligibility Conditions:

The eligibility conditions of applicants are as under:

The project proposals are required to be duly appraised by the bank/ financial institution and avail term loan. The term loan will not be less than 10% of the project cost.

Units which are already under commercial production and those which may start, commercial production within 2 months from the last date of application submission are not eligible.

Those units which obtain term loan on subsidized interest rates from NABARD are eligible for investment subsidy only.

## 6. Invitation & Sanction of Proposals:

In response to the notice inviting proposals by APFPS, application along with the required documents are to be submitted by the applicants. The proposal will be evaluated by the empanelled consultants / PMA appointed by APFPS as per criteria given at serial no:10. The evaluation reports will be placed before the State Level Empowered Committee (SLEC) for consideration of "Approval" to the projects.

## 7. Release of Financial assistance sanctioned:

### 7.1. Investment subsidy :

The grant-in-aid will be released in two instalments:

#### A. Release of 1st Instalment:

The first instalment of grant would be released after the firm has utilized 50% of the term loan as well as 50% of promoter's contribution and on production of the following documents by the firm:

- i. **Duly notarised surety Bond:** To be executed by the beneficiary company on Non-judicial stamp paper of not less than Rs.100/- (**Appendix-A**)
- ii. **Duly notarized Affidavit:** To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs.100/- (**Appendix-B**)
- iii. **C.A Certificate:** Actual expenditure incurred on the project showing the means of finances and 50% utilisation of promoters contribution and 50% of Term Loan (**Appendix-C**)
- iv. **Bank Certificate:** certifying that they have released 50% of term loan and have no objection on release of 1st instalment of grant being provided by State (**Appendix-D**)
- v. Invoices/receipts from the suppliers/vendors.
- vi. Bank statement highlighting the payment made to suppliers
- vii. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- viii. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- ix. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- x. Site inspection of Consultant / PMA to ascertain the physical progress and assess the eligible project cost to arrive and release of Grant-in-aid.
- xi. Submission of Statutory clearances/ approvals
  - a. Consent for Establishment from Pollution control board
  - b. Approval of Building plan
  - c. NOC from Gram panchayat

#### B Release of 2nd Instalment:

The 2nd instalment of the grant would be released only after confirming the commencement of commercial production and submission of documents specified below by the firm, utilization of first instalment of the grant, 100% of Term loan as well as 100% of Promoter's contribution.

- i. **Utilisation Certificate:** As per GFR 19A, Duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (**Appendix-E**).
- ii. **Chartered Accountant Certificate :** Actual expenditure incurred on the project showing the means of finances and 100% utilisation of promoters contribution, 100% of Term Loan and 1st instalment of released grant (**Appendix-C**).
- iii. **Bank Certificate:** Certifying that they have released 100% of term loan and 1st instalment of grant released by the State. They have no objection in releasing 2nd instalment of grant being released by State (**Appendix-F**)
- iv. Bank statement highlighting the payment made to suppliers
- v. Certificate of the Chartered Engineer(Civil) for technical civil works indicating item wise progress, cost, quantity ,manufacturer/ supplier and comment on quality.
- vi. Certificate of the Chartered Engineer (Mech.) for Plant &Machinery indicating item wise progress, cost, quantity, manufacturer/ supplier and comment on quality.
- vii. Compliance of conditions imposed at the time of release of 2nd Instalment of grant, if any.
- viii. Site inspection of Consultant / PMA to ascertain the physical progress (start of commercial operations) and assess the eligible project cost to arrive and release of Grant-in-aid.
- ix. Before release of 3rd & final instalment of grant-in-aid, eligible grant-in-aid for the project will be re-calculated based on the proposed/appraised /actual cost, whichever is less, for the already approved items and released accordingly.
- x. Submission of Statutory clearances / approvals
  - a. Consent for Operations from Pollution control board
  - b. Approval from Fire & Safety Department
  - c. License from FSSAI
  - d. Electricity load release certificate

#### 7.2. Release of Interest subvention:

The sanctioned Interest subvention is released for every 6 months after completion of every half-year i.e., 31st March for first half year and 30th September for second half year for 5 years from the date of Commercial production after submission of the following documents:

- I. Request letter from Promoter
- II. Bank Statement highlighting the interest paid **on term loan** to the Bank
- III. No objection letter from bank for releasing the sanctioned interest subvention.
- IV. CA certificate showing the amount of interest paid for **term loan on** monthly / quarterly for the respective 6 months.
- V. Production details – month wise (in MTs / KIs)
- VI. Sales of the unit – month wise (Rs. in crores)

#### 8. Documents required:

- i. Application in the prescribed format (**Annexure-I**)
- ii. Detailed project report.
- iii. Sanction letter of term loan from bank/financial institutions, if any
- iv. Appraisal report from Bank/Financial Institution
- v. Certificate of Incorporation/registration of the organisation, Memorandum and Articles of Association and Bye laws of the society (if applicable) partnership deed etc.
- vi. Bio-data/background of the office bearers/promoters of the organisation.
- vii. Blue Print of the building plan approval

- viii. Land Registered documents / Lease agreement duly notarized
- ix. Item wise and cost wise details of Technical civil works envisaged duly certified by Chartered Engineer (Civil).
- x. Item wise and cost wise details of Plant & Machinery envisaged duly certified by Chartered Engineer (Mechanical).
- xi. Quotations from the suppliers of Plant & Machinery and equipment's etc. required for the project
- xii. Availability of raw material and Letter of intent (LOI) / MOU for procurement of raw material from suppliers
- xiii. Marketing Strategy and Letter of intent (LOI) / MOU for marketing of products produced by the unit.
- xiv. Process Flow diagram
- xv. Entrepreneur's Memorandum (EM)
- xvi. Implementation schedule indicating (a) date of acquiring land, (b) date of start of construction of building (c) date of completion of building (d) date for placing order for plant & machinery and date of installation/erection (f) date of trial production/running and (g) date of commercial production/running..
- xvii. An affidavit duly executed on non-judicial stamp paper of Rs.100/- or more duly notarised by Notary Public affirming.
  - a) that the organisation's sister concern(s)/related company/ group company as well as the applicant company itself has not availed any financial assistance for a food processing project in the past from Andhra Pradesh Food Processing Society. If yes, the details thereof.
  - b) that the organisation has not obtained/applied for or will not obtain any grant/subsidy from any Ministry of Central Govt. /GOI organisation/ agencies and State Government for the same purpose/activity/same components. If yes, the details thereof.

#### 9. Implementation and Monitoring of the projects sanctioned:

The implementation schedule for the projects would be about 12 months for MSMEs and 24 months for large & mega units from the date of the issue of approval letter unless extended by the Competent Authority for the reasons to be recorded in writing.

#### 10. Recall of Grant:

The Government will have the authority

- a. If the project is not completed in time within the approved project period.
- b. If the project is not completed even within the extended project period approved by competent authority.
- c. If the institute / organization become non-functional or said activity / organization is closed before 6 years from the date of Commercial operations. In such cases, all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery.
- d. Break-in-production up to a period of one and half (1 1/2) years due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by SLEC on merits. Any break-in-production will result in extending the six (6) years continuous production condition by the period of such break.
- e. If the unit shall not submit the Audited reports of every financial year for a period of 6 years, with in 4 months from completion of respective financial year.

## 11.Evaluation Criteria:

S.No.	Particulars		Marks
1	Priority of Sector		20
	a. For Perishable products	20	
	b. For Non-Perishable Products	10	
2	Level of Processing		30
	a. For Primary processing	10	
	b. For Secondary Processing	20	
	c. For Tertiary Processing	30	
3	Preparedness of Project		20
	a. For COD In the same Financial Year	20	
	b. For COD in the first 6 months of next Financial Year	15	
	c. For COD after 7 <sup>th</sup> month of next financial year	10	
4.	Leveraging of Investment (Project cost /Subsidy)		15
	a. For 4 times	5	
	b. For above 4 to 6 times	10	
	c. For above 6	15	
	<b>Sub Total (Objective Score)</b>		
5.	Location of Project with reference to raw material availability, Technology of the unit including employment potential, Promoter experience & Technocrat entrepreneurs (Subjective Score)		15
	<b>Total</b>		<b>100</b>

## Application for Establishment of New Food Processing Units

S.No.	Particulars	Details
<b>A. Promoters</b>		
1	Name & Address of the Promoter including telephone, fax, email etc.	
2	Type of organisation like Govt. Institution /organisation, Industry Association, University, NGO, Co-operative, others etc.	
3	Background/credentials of applicant organisation	
<b>B. Project Description</b>		
4	Name of the Project	
5	Location/Area of the project	
6	Products/By Products	
7	Capacity of the Plant/Unit	

S.No.	Particulars	Details
<b>C. Project Cost (indicating proposed cost, appraised cost separately)</b>		
8	Capital Investment (Fixed Capital) I. Land Area Cost II. Building III. Civil Works IV. Technical Civil Works	
9	Plant & Machinery (Capacity/Specification /Cost)	
10	Pre-operative expenses	
11	Working Capital	
12	Raw Material/Packaging (Source/Quantity/Cost)	
13	Labour (Quantity/Cost)	
14	Effluent Disposal (Method/Machinery/Cost)	
<b>D. Means of Finance (indicating proposed &amp; appraised means of finance, separately)</b>		
15.	Means of Financing  a) Equity Promoter/Foreign/Other b) Loan (Term/working capital) c) Assistance from other sources d) Fund requirement from APFPS  <b>TOTAL</b>	
16	Financial Benchmarks a) Cash Flow b) Break Even Point c) Internal Rate of Return d) Debt Equity Ratio e) Debt Service Coverage Ratio	
<b>E. Implementation Schedule</b>		
17	Item of work	Date of Starting  Date of Completion
<b>F. Personnel</b>		
18	Details of technical & Managerial personnel (Operation, Maintenance, managerial, finance, marketing etc.) required &available.	
<b>G. Employment Generation- Direct/Indirect</b>		
19	a) Direct b) Indirect	

Date:  
Place:

Signature  
Name and Designation  
Seal of the organisation

Encl: List of documents attached.

## Scheme for Technology Up gradation / Modernisation of FP units

### 1. Objectives:

The main objective of the scheme is to increase the level of processing, reduction of wastage, value addition, enhance the income of farmers as well as increase exports thereby resulting in overall development of food processing sector. The scheme envisages extending the financial assistance for Technology Up gradation / Modernisation / expansion of existing food processing units in the state.

### 2. Eligible Sectors:

Food processing sectors like fruits & vegetables, milk / meat / poultry, cereal / other consumer food products, rice / flour/pulse/oil milling and such other agri-horti sectors including food flavours, colours, oleoresins, spices, coconut, mushrooms, wines and hops will be covered under the scheme. The list of activities ineligible for financial assistance under the scheme is given at annexure-I.

### 3. Pattern of assistance:

Investment subsidy: 25% of the cost of Plant & Machinery and technical civil works, subject to maximum of Rs.1.00 crore.

### 4. Eligible / Ineligible components:

#### 4.1 Ineligible items of non-technical civil works:-

- i. Compound wall
- ii. Approach Road
- iii. Administrative Office Building
- iv. Toilets
- v. Labour Rest Room and quarters for workers
- vi. Sanitation Room
- vii. Security/Guard Room or enclosure
- viii. Consultancy Fee

In short, all expenditure on account of civil works that are not related to the production or processing is excluded.

#### 4.2 Ineligible items of Plant and machinery:

- i. Fuel, consumables, spares and stores
- ii. Electrical fixtures not mounted on the machine
- iii. Computers and allied office furniture
- iv. Transport vehicles
- v. Erection, installation and Commissioning charges
- vi. Second hand/old machines / refurbished machinery
- vii. All types of service charges, carriage and freight charges
- viii. Expenditure on painting of machinery
- ix. Closed Circuit TV Camera and related equipment
- x. Consultancy Fee
- xi. Stationery items

## 5. Eligibility Conditions:

The eligibility conditions of applicants are as under:

- i. The project proposals are required to be duly appraised by the bank/ financial institution and avail term loan. The term loan will not be less than 10% of the project cost.
- ii. Units which are already under commercial production and those which may start, commercial production within 2 months from the last date of application submission are not eligible.

## 6. Invitation & Selection of Proposals:

In response to the notice inviting proposals by APFPS, application along with the required documents are to be submitted by the applicants. The proposal will be evaluated by the empanelled consultants / PMA appointed by APFPS as per criteria given at serial no:11. The evaluation reports will be placed before the State Level Empowered Committee (SLEC) for consideration of "Approval" to the projects.

## 7. Release of Grant:

The grant-in-aid will be released in two instalments:

### 7.1. Release of 1st Instalment:

The first instalment of grant would be released after the firm has utilized 50% of the term loan as well as 50% of promoter's contribution and on production of the following documents by the firm:

- i. **Duly notarised surety Bond:** To be executed by the beneficiary company on Non-judicial stamp paper of not less than Rs.100/- (**Appendix-A**)
- ii. **Duly notarized Affidavit:** To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs.100/- (**Appendix-B**)
- iii. **C.A Certificate:** Actual expenditure incurred on the project showing the means of finances and 50% utilisation of promoters contribution and 50% of Term Loan (**Appendix-D**)
- iv. **Bank Certificate:** certifying that they have released 50% of term loan and have no objection on release of 1st instalment of grant being provided by State (**Appendix-C**)
- v. Invoices/receipts from the suppliers/vendors.
- vi. Bank statement highlighting the payment made to suppliers
- vii. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- viii. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- ix. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- x. Site inspection of Consultant / PMA to ascertain the physical progress and assess the eligible project cost to arrive and release of Grant-in-aid.
- xi. Submission of required Statutory clearances / approvals

### 7.2. Release of 2nd Instalment:

The 2nd instalment of the grant would be released only after confirming the commencement of commercial production and submission of documents specified below by the firm, utilization of first instalment of the grant, 100% of Term loan as well as 100% of Promoter's contribution.

- i. **Utilisation Certificate:** As per GFR 19A, duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (**Appendix-E**).

- ii. **Chartered Accountant Certificate** : Actual expenditure incurred on the project showing the means of finances and 100% utilisation of promoters contribution, 100% of Term Loan and 1st instalment of released grant (**Appendix-D**).
- iii. **Bank Certificate**: Certifying that they have released 100% of term loan and 1st instalment of grant released by the State. They have no objection in releasing 2nd instalment of grant being released by State (**Appendix-F**)
- iv. Bank statement highlighting the payment made to suppliers
- v. Certificate of the Chartered Engineer(Civil) for technical civil works indicating item wise progress, cost, quantity ,manufacturer/ supplier and comment on quality.
- vi. Certificate of the Chartered Engineer (Mech.) for Plant &Machinery indicating item wise progress, cost, quantity, manufacturer/ supplier and comment on quality.
- vii. Compliance of conditions imposed at the time of release of 1st Instalment of grant, if any.
- viii. Site inspection of Consultant / PMA to ascertain the physical progress (start of commercial operations) and assess the eligible project cost to arrive and release of Grant-in-aid.
- ix. Before release of 2nd & final instalment of grant-in-aid, eligible grant-in-aid for the project will be re-calculated based on the proposed/appraised /actual cost, whichever is less, for the already approved items and released accordingly.
- x. Submission of Statutory clearances / approvals

**8. Documents required:**

- i. Application in the prescribed format (**Annexure-I**)
- ii. Detailed project report.
- iii. Sanction letter of term loan from bank/financial institutions, if any
- iv. Appraisal report from Bank/Financial Institution
- v. Certificate of Incorporation/registration of the organisation, Memorandum and Articles of Association and Bye laws of the society (if applicable) partnership deed etc.
- vi. Annual reports and Audited statement of Accounts of last two years.
- vii. Bio-data/background of the office bearers/promoters of the organisation.
- viii. Blue Print of the building plan approval
- ix. Land Registered documents / Lease agreement duly notarized
- x. Item wise and cost wise details of Technical civil works envisaged duly certified by Chartered Engineer (Civil).
- xi. Item wise and cost wise details of Plant & Machinery envisaged duly certified by Chartered Engineer (Mechanical).
- xii. Quotations from the suppliers of Plant & Machinery and equipment's etc. required for the project
- xiii. Availability of raw material and Letter of intent (LOI) / MOU for procurement of raw material from suppliers
- xiv. Marketing Strategy and Letter of intent (LOI) / MOU for marketing of products produced by the unit.
- xv. Process Flow diagram
- xvi. Entrepreneur's Memorandum (EM)

xvii. Implementation schedule indicating (a) date of acquiring land, (b) date of start of construction of building (c) date of completion of building (d) date for placing order for plant & machinery and date of installation/erection (f) date of trial production/running and (g) date of commercial production/running.

xviii. An affidavit duly executed on non-judicial stamp paper of Rs.100/- or more duly notarised by Notary Public affirming.

a) that the organisation's sister concern(s)/related company/group company as well as the applicant company itself has not availed any financial assistance for a food processing project in the past from Andhra Pradesh Food Processing Society. If yes, the details thereof.

b) that the organisation has not obtained/applied for or will not obtain any grant/subsidy from any Ministry of Central Govt. /GOI organisation/agencies and State Government for the same purpose/activity/same components. If yes, the details there of.

#### **9. Implementation and Monitoring of the projects sanctioned:**

The implementation schedule for the projects would be about 12 months for MSMEs and 24 months for large & mega units from the date of the issue of approval letter unless extended by SLEC for the reasons to be recorded in writing.

#### **10. Recall of Grant:**

The Government will have the authority

a. If the project is not completed in time within the approved project period.

b. If the project is not completed even within the extended project period approved by competent authority.

c. If the institute / organization become non-functional or said activity / organization is closed before 3 years from the date of Commercial operations .In such cases all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery.

d. Break-in-production upto a period of one and half (1 1/2) years due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by SLEC on merits. Any break-in-production will result in extending the three (3) years continuous production condition by the period of such break.

e. If the unit shall not submit the Audited reports of every financial year for a period of 3 years, with in 4 months from completion of respective financial year.

## 11.Evaluation Criteria:

S.No.	Particulars		Marks
1	Priority of Sector		20
	a. For Perishable products	20	
	b. For Non-Perishable Products	10	
2	Level of Processing		30
	a. For Primary processing	10	
	b. For Secondary Processing	20	
	c. For Tertiary Processing	30	
3	Preparedness of Project		20
	a. For COD In the same Financial Year	20	
	b. For COD in the first 6 months of next Financial Year	15	
	c. For COD after 7 <sup>th</sup> month of next financial year	10	
4.	Leveraging of Investment (Project cost /Subsidy)		15
	a. For 4 times	5	
	b. For above 4 to 6 times	10	
	c. For above 6	15	
	<b>Sub Total (Objective Score)</b>		
5.	Location of Project with reference to raw material availability, Technology of the unit including employment potential, Promoter experience & Technocrat entrepreneurs (Subjective Score)		15
	<b>Total</b>		<b>100</b>

## Application for Technology Upgradation / Modernisation of FP units

S.No.	Particulars	Details	
<b>A. Promoters</b>			
1	Name & Address of the Promoter including telephone, fax, email etc.		
2	Type of organisation like Govt. Institution /organisation, Industry Association, University, NGO, Co-operative, others etc.		
3	Background/credentials of applicant organisation		
<b>B. Project Description</b>			
4	Name of the Project		
5	Location/Area of the project		
6	Products/By Products		
7	Existing Capacity of the Plant/Unit		
	Proposed Capacity after expansion		
	Capacity utilization after expansion for 5 years		
<b>C. Project Cost (Indicating proposed cost, appraised cost separately)</b>			
8	Capital Investment (Fixed Capital)		
	I. Land Area Cost		
	II. Building		
	III. Civil Works		
9	Plant & Machinery (Capacity/Specification /Cost)		
10	Pre-operative expenses		
11	Working Capital		
12	Raw Material/Packaging (Source/Quantity/Cost)		
13	Labour (Quantity/Cost)		
14	Effluent Disposal (Method/Machinery/Cost)		
<b>D. Means of Finance (indicating proposed &amp; appraised means of finance, separately)</b>			
15	Means of Financing		
	a) Equity Promoter/Foreign/Other		
	b) Loan (Term/working capital)		
	c) Assistance from other sources		
	d) Fund requirement from APFPS		
		TOTAL	
16	Financial Benchmarks		
	a) Cash Flow		
	b) Break Even Point		
	c) Internal Rate of Return		
	d) Debt Equity Ratio		
	e) Debt Service Coverage Ratio		
<b>E. Implementation Schedule</b>			
17	Item of work	Date of Starting	Date of Completion
<b>F. Personnel</b>			
18	Details of technical & Managerial personnel (Operation, Maintenance, managerial, finance, marketing etc.) required & available.		
<b>G. Employment Generation- Direct/Indirect</b>			
19	a) Direct		
	b) Indirect		

Date:  
Place:

Signature  
Name and Designation  
Seal of the organisation

Encl: List of documents attached.

## Scheme for Setting up / Modernization of Abattoirs

### 1. Objectives:

The main objective of the scheme are scientific and hygienic slaughtering of animals, application of modern technology for slaughter waste management and pollution control, more humane treatment of animals / minimizing transportation of animals, better by-product utilization / value addition, providing chilling facility to prevent microbial activity in slaughtered animals, better hygiene, safety and retail cold chain management, better forward linkage facilities for finished meat & meat products.

This scheme includes establishment of modern abattoirs and modernization of existing abattoirs. The scheme will be implemented with the involvement of local bodies (Municipal Corporations & Municipal councils) under Government and will have flexibility for involvement of private investors on PPP basis

The proposals are to be implemented under PPP mode shall follow the guidelines of financial support to PPPs in infrastructure as per APIDE act 2001 issued by Department of Infrastructure and Investment, Government of Andhra Pradesh.

### 2. Pattern of assistance:

- 2.1. **50% of the cost of Plant & Machinery and Technical Civil Works and other eligible items subject to a maximum of Rs.15.00 crore per abattoir.**
- 2.2. Cost of the following components of the project is eligible for the grant under Abattoir Scheme:
  - i. Technical Civil Work would include lair age, isolation pen for sick animals, animal washing area, area for the stunning, bleeding, flaying, evisceration, splitting of carcass, processing area, packaging area, blood collection area, skin collection and treatment area, value added meat processing area and offal treatment area etc.
  - ii. Plant and Machinery would include all the equipments and machinery required for various slaughter operations including overhead rails, conveyers and gambrels/ shackles, on line weighing machines and equipment and machinery for processing.
  - iii. Technical Civil Work and Plant & Machinery of basic infrastructure would include laboratory (including equipment), cold storage including pre-cooling chambers, chillers, freezer etc., rendering plant, effluent treatment plant, water supply system, sewerage and drainage system, power supply system (including DG set), services area like-rain water harvesting etc.
  - iv. Forward linkage would include cost of reefer vans and cost of technical civil work & plant & machinery of five (5) modern meat outlets (excluding land cost).
  - v. Project Implementation Expenses would include cost of preparation DPR, appraisal of DPR by bank / financial institution and project consultancy and supervision expenses etc.

### 3. Invitation & Selection of Proposals:

In response to the notice inviting proposals by APFPS, proposals along with the required documents are to be submitted by the applicants. The proposal will be evaluated by the empanelled consultants / PMA appointed by APFPS as per criteria given by APFPS. The evaluation reports will be placed before the State Level Empowered Committee (SLEC) for consideration of "Approval" to the projects.

#### 4. Pattern of release of grant

The sanctioned grant-in-aid will be disbursed in 4 instalments in following manner:

Percent of approved grant-in-aid to be released	Condition to be fulfilled
10%	<p><b>For public funded projects:</b> On submission of -</p> <ul style="list-style-type: none"> <li>○ Certificate of possession of land by the project promoter</li> <li>○ NOC from local body</li> <li>○ Surety Bond</li> <li>○ Letter of Scheduled bank in which Escrow account is maintained by Project Promoter</li> <li>○ Affidavit in compliance of GFR 209(1)</li> <li>○ NOC from State Pollution Control Board.</li> <li>○ Financial closure of the project</li> </ul> <p><b>For PPP projects:</b> On submission of -</p> <ul style="list-style-type: none"> <li>○ Certificate of possession of land by the project promoter (government/statutory entity) and its transfer to the selected private partner</li> <li>○ NOC from local body</li> <li>○ Surety Bond</li> <li>○ Letter of Scheduled bank in which Escrow account is maintained by Project Promoter</li> <li>○ Affidavit in compliance of GFR 209(1)</li> <li>○ NOC from State Pollution Control Board.</li> <li>○ Financial closure of the project</li> </ul>
30%	<p>On submission of</p> <ul style="list-style-type: none"> <li>○ Utilization Certificate of 1st instalment</li> <li>○ Chartered Accountant's Certificate certifying that 40% of equity and term loan utilized</li> <li>○ Progress reports of project duly signed by Project Implementation Agency (PIA) and Promoter</li> <li>○ Submission of copy of purchase order of Main plant &amp; Machinery</li> <li>○ Chartered Engineer Certificate of 50% completion eligible civil and structural work out of total civil work</li> <li>○ Inspection cum Verification report of PMA with recommendation for release of 2nd Instalment.</li> </ul>
40%	<p>On submission of</p> <ul style="list-style-type: none"> <li>○ Utilization Certificate of 1st instalment</li> <li>○ Chartered Accountant's Certificate certifying that 80% of equity and term loan utilized</li> <li>○ Progress reports of project duly signed by Project Implementation Agency (PIA) and Promoter</li> <li>○ Submission of copy of purchase order of Main plant &amp; Machinery</li> <li>○ Chartered Engineer Certificate of 100% completion eligible civil and structural work out of total civil work</li> <li>○ Inspection cum Verification report of PMA with recommendation for release of 3<sup>rd</sup> Instalment.</li> </ul>
20%	<p>On submission of</p> <ul style="list-style-type: none"> <li>○ Utilization Certificate of 1st instalment</li> <li>○ Completion of the project duly certified by a Chartered Engineer</li> <li>○ Obtaining of necessary Clearance/NOC for operation from the Environmental Agency/State Pollution Control Board</li> <li>○ Declaration by Project Promoter/ PIA confirming the start of Commercial Production.</li> </ul>

**5. Implementation Schedule**

The implementation schedule for the project would be about 24 months from the date of approval / final approval of project unless extended by the SLEC.

**6. Project Monitoring and Evaluation**

APFPS will undertake Quarterly Review of the progress of the projects under the scheme. Besides PMA shall furnish monthly report to the APFPS on the progress achieved on the projects.

**7. Recall of Grant:**

The Government will have the authority

- a. If the project is not completed in time within the approved project period.
- b. If the project is not completed even within the extended project period approved by competent authority.
- c. If the institute / organization become non-functional or said activity / organization is closed before 3 years from the date of Commercial operations .In such cases all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery.
- d. Break-in-production upto a period of one and half (1 1/2) years due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by SLEC on merits. Any break-in-production will result in extending the six (3) years continuous production condition by the period of such break.
- e. If the unit shall not submit the Audited reports of every financial year for a period of 3 years, with in 4 months from completion of respective financial year.b.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.

## Scheme for Setting up / upgrading Testing Labs (Including NABL accredited)

### 1. Objectives:

Setting up / up-gradation of Quality Control / Food Testing Laboratories would benefit all stakeholders in ensuring safety and quality of food products. The objectives are:

- i. To analyse the samples received from food processing industry and other stakeholders.
- ii. To reduce the time taken for analysis of samples by reducing transportation time of samples.
- iii. To ensure compliance of domestic/international standards on food.
- iv. To establish a surveillance system for monitoring the quality and composition of food.

### 2. Pattern of Assistance

- i. Go AP 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 (TCW and Equipment) required for setting up/up-gradation of such laboratories focused on food processing sector, limited to a maximum of Rs.5 crore.
- ii. Existing food processing units that are setting up / upgrading testing labs for use of the particular unit only, are eligible to get reimbursement of 50% of eligible project cost (Equipment cost only), limited to a maximum of Rs.5 lakh.
- iii. 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.
  - a. 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.
  - b. 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.
  - c. 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.

### 3. Documents Required:

- i. Application in the prescribed format
- ii. Detailed Project Report clearly indicating the total project cost (with item-wise and cost - wise break-up), Means of Finance to meet the project cost, recurring expenditure, information on availability of land and building, qualified manpower available and proposed to be hired, implementation schedule, list of lab equipment available and proposed (their cost, purpose/parameters being tested/to be tested), Technical Civil Work (TCW) and the Furniture& Fixtures required etc.
- iii. Sanction letter of term loan from bank / financial institution (applicable for establishment of NABL accredited labs)
- iv. Certificate of incorporation/registration of the organization, Memorandum and Articles of Association and bye laws of the society (if applicable)/ partnership deed (notarized) etc.
- v. Bio-data/background of the office bearers and promoters of the organization including details such as PAN/ Voter card / Aadhar card etc.
- vi. Annual reports and Audited Statement of Accounts of last two years, in case of up gradation proposals with Service Tax Registration Number.
- vii. Blue Print of the laboratory building Plan.

- viii. For private organizations/universities, notarized copy of land document of owned land / building or rent / lease agreement with a validity period of minimum of 15 years, preferably with an extension clause (notarized English version, in case document is in regional language). For Government organizations/Universities, certificate regarding availability of land is required.
- ix. Item wise and cost wise details of Technical Civil Work (TCW) proposed, duly certified by Chartered Engineer (Civil).
- x. Item wise and cost wise details of lab equipment proposed duly supported by quotations and duly certified by Chartered Engineer (Mechanical). Each proposal with list of the commodities and equipment is to be given with parameters to be tested with equipment. In case of up-gradation of lab, list of existing lab equipment with complete details are also required to be furnished.
- xi. An affidavit as per Annexure B duly executed on non-judicial stamp paper of Rs.100/- or more duly notarized by Notary Public affirming : “That the organization has not obtained/applied for or will not obtain any grant/subsidy from any Ministry/Department of Central Govt./Government organization/agencies and State Govt. for the same purpose/activity/same component.”
- xii. An undertaking (duly notarized) on non-judicial stamp paper, minimum value Rs.100/-, solemnly affirming that the grant will be utilized for the purpose for which it is sanctioned
- xiii. Surety Bond (duly notarized) on non-judicial stamp paper of Rs.100/- by the applicants of private sector organizations, implementing agencies other than central/state government organizations/universities. (Annex-A)
- xiv. If the applicant is a Govt. organization / University / Public Sector institution and applies for assistance for 80% of cost of emoluments of two technical staff under the project, an undertaking on official letter head duly issued by the Head of the Department confirming that 20% of the monthly emolument of the technical staff to be employed under the project will be met by the applicant organization from its own resources.
- xv. Site inspection of Consultant / PMA to ascertain the physical progress (start of commercial operations) and assess the eligible project cost to arrive and release of Grant-in-aid.

**4. The Applicant Organization has also to confirm the following:**

- i. If the applicant is a Govt. organization / University / Public sector institution, the organization’s share of expenditure is borne from their self-generated funds and not from other grants received from Govt. departments/bodies.
- ii. The facility created out of financial assistance from APFPS will be availed of by the food processing units for getting their products tested. The organization shall create awareness through wide publicity of such facility among the food processing units in and around the area.
- iii. The gap in the means of finance between grant amount sought and approved by APFPS shall be borne by the organization.
- iv. The organization has adequate funds/ source of funds to meet recurring expenditure and maintain/upgrade testing facilities.
- v. The organization has availability of qualified manpower available vis-à-vis the facility created or would recruit such manpower.
- vi. The organization would implement the schedule of the proposed laboratory within a period of 2 years from the date of release of 1st installment.
- vii. The time period by which NABL accreditation would be obtained for the parameters to be tested after setting up/up-gradation of lab with APFPS assistance. For proposals pertaining to up-gradation of an existing laboratory (standalone), it has to be confirmed that NABL accreditation has been obtained for existing parameters being tested.

## 5. Procedure for Approval and release of grant:

- a. All proposals received for financial assistance will be evaluated by empanelled consultants of APFPS / PMA appointed by APFPS. Applicant organizations will make presentations before the Screening Committee (SC) for their observations / comments.
- b. Thereafter, the evaluation reports along with comments / observations of SC will be placed before SLEC for consideration and approval.

## 6. Release of Funds:

- 6.1. The sanctioned grant will be reimbursed to the Food Processing Units after submission of following documents:

**6.1.1.Duly notarised surety Bond:** To be executed by the beneficiary company on Non-judicial stamp paper of not less than Rs.100/- (**Appendix-A**)

**6.1.2.Duly notarized Affidavit:** To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs.100/- (**Appendix-B**)

**6.1.3.C.A Certificate-** Actual expenditure incurred on the project showing the means of finance. (**Appendix-D**)

6.1.4.Chartered Engineer (Mechanical) certificate confirming that the equipment was purchased.

6.1.5.Bills / Invoices of the equipment purchased

6.1.6.Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.

6.1.7. Physical inspection of the unit.

- 6.2. The following schedule will be adopted for release of grant assistance to stand alone NABL accredited labs:

- i. 1st instalment of 40% of the total grant will be released after ensuring that 40% of the promoters contribution and 40% of the term loan has been spent on the project.

- a. **Duly notarized Surety Bond** – To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs. 100/- (**Appendix-A**).

- b. **Duly notarized Affidavit** – To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs. 100/- (**Appendix-B**).

- c. Bank Certificate certifying that they have released 40% of term loan and have no objection on release of 1st instalment of grant being provided by state (**Appendix-C**).

- d. **Chartered Accountant Certificate** – Actual expenditure incurred on the project showing the means of finances and 40% utilization of Promoters contribution,40% of Term loan (**Appendix-D**).

- e. Invoices/receipts from the suppliers/vendors.

- f. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.

- g. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.

- h. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.

- ii. 2nd instalment of 40% of the total grant will be released after ensuring that 80% of the promoters contribution and 80% of the term loan has been spent on the project and utilization of the 1st instalment of the grant released.

- a. **Utilization Certificate** –Duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (**Appendix-E**)

- b. **Bank Certificate** – certifying that they have released 80% of term loan and 1st instalment of grant released by the State. They have no objection in releasing 2nd instalment of grant being released by State . (**Appendix F**)

- c. Chartered Accountant Certificate – Actual expenditure incurred on the project showing the means of finances and 80% utilization of Promoters contribution, 80% of Term loan and 1st instalment of released grant (Appendix-D).
  - d. Invoices/receipts from the suppliers/vendors.
  - e. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
  - f. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
  - g. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- iii. 3rd instalment of 20% of the total grant will be released after ensuring that 100% of the promoters contribution and 100% of the term loan has been spent on the project and utilization of the 2nd instalment of the grant released and obtaining NABL accreditation.
- a. Utilization Certificate –Duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (Appendix-E).
  - b. Bank Certificate – certifying that they have released 100% of term loan and 2nd instalment of grant released by the State. They have no objection in releasing 3rd instalment of grant being released by State (Annexure-F).
  - c. Chartered Accountant Certificate – Actual expenditure incurred on the project showing the means of finances and 100% utilization of Promoters contribution, 100% of Term loan and 2nd instalment of released grant. (Appendix- D).
  - d. Certificate of the Chartered Engineer(Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/ supplier and comment on quality.
  - e. Certificate of the Chartered Engineer (Mech.) for Plant &Machinery indicating item wise progress, cost, quantity, manufacturer/ supplier and comment on quality.
  - f. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- 6.3. The following schedule will be adopted for release of grant assistance to State Govt. Organisations and universities (including deemed Universities):-
- a. 1st instalment of 40% of the total grant will be released after receiving requisite documents.
  - b. 2nd instalment of 40% of the total grant will be released only after ensuring full utilization of 1st instalment of grant towards purchase of lab equipment, expenditure on Technical Civil Work (TCW) and fixing of Furniture & Fixtures for housing the equipment, as the case may be.
  - c. 3rd instalment of 20% of the total grant will be released only after ensuring full utilization of 2nd instalment of grant towards purchase of lab equipment, completion of Technical Civil Works (TCW) and fixing of Furniture & Fixtures for housing the equipment, as the case may be.
  - d. The emoluments at the rate of 80 percent for the two technical staff for 3 years will be released as 4th and final instalment after all the Screening Committee approved equipment has been purchased, installed and the organisation has submitted the utilisation certificate for 3rd instalment along with the status of NABL accreditation.
- (Note: 2nd and 3rd instalment would be released on submission of utilization certificate (Annexure -E) and certificate from Competent Authority relating to the expenditure incurred at each stage along with detailed statement of expenditure as per format at Annexure-D, along with copies of invoices, receipts, delivery challans etc.)
- c. The implementation schedule for the project would be about 24 months from the date of release of 1st instalment.

## Application for Scheme for Setting up / Upgrading Testing Labs (Including NABL accredited)

S.No.	Particulars	Details
1	Name and Address of Promoter(s) including telephone, fax, e-mail, etc.	
2	Type of Organization like Government, Private, Industry Association, Public Sector, Co-operative etc.	
3	Background of the organization	
4	Objectives of the Laboratory	
5	In case of up-gradation of existing lab, performance of the last three years indicating type of food products tested, parameters, with number of samples tested, revenue earned and any other relevant information with member of samples tested.	
6	Range of products / parameters to be tested	
7	Number of Food Processing Industries situated in the region / nearby area and other potential users who may avail testing facilities. Attach list giving names & address of units along with their products	
8	Name and address of the Laboratory from where these units are getting their products tested and constraints faced by the units at present.	
9	Total Project cost : a. Land - not eligible for grant b. Building (i). Technical civil work which include only the constructed area required for housing the lab equipment, storage of samples / chemicals / consumables. (ii). Non-technical civil work such as office area, library, roads, boundary wall, canteen, guest house etc. c. Laboratory Equipment <input type="checkbox"/> Indigenous <input type="checkbox"/> Imported d. Recurring Expenditure (i). Consumables (ii) Salaries & Wages (iii) Any other expenses e. Furniture & Fixtures f. Any other items <b>Total</b>	
10	Means of Finance : (a) Promoters Contribution (b). Grant from MFPI (c). Term Loan from Bank (d) Any other source (Please specify)* * Unsecured loans will not be considered. <b>Total</b>	
11	Details of lab equipment available and their utilization with products and parameters being tested. Details of Equipment proposed to be installed in the Laboratory indicating specifications, make, quantity, cost, purpose etc. (Please furnish technical literature and quotations for each proposed equipment) along with full justification)	
12	Total no. of manpower available and to be employed (with their qualifications and experience)	
13	Implementation Schedule - Bar Chart / Mile Stone Chart	
14	Recurring Expenditure & how this will be met. Cash flow for the next five years	
15	Whether Lab has obtained NABL accreditation for existing parameters being tested (in case of up gradation).If yes, give details. In case of setting up of laboratory, time frame by which the NABL accreditation will be obtained may be furnished.	
16	Any other relevant details	

Encl: List of documents

Signature  
Name and Designation  
Seal of the organization

## Scheme for units set up to process waste produced in FP units in Identified clusters

### 1. Objectives:

The main objective of the scheme is to ensure proper utilization of the waste generated by FPIs in the clusters. Waste in the Food processing Industries is product specific. It is primarily organic residue of processed raw materials.

### 2. Eligible areas:

The support will be extended in the following notified clusters .

- Mango Processing Cluster – Chittoor, East Godavari, Vizianagaram districts
- Cashew Processing Cluster – Srikakulam, Vizianagaram, Visakhapatnam, and Prakasam districts
- Any other clusters identified by Go AP from time to time.

### 3. Pattern of assistance:

50% of the cost of Plant & Machinery and Technical Civil Works (TCW), subject to a maximum of Rs.2.00 crores.

### 4. Eligible / Ineligible components:

#### 4.1 Ineligible items of non-technical civil works:-

- i. Compound wall
- ii. Approach Road
- iii. Administrative Office Building
- iv. Toilets
- v. Labour Rest Room and quarters for workers
- vi. Sanitation Room
- vii. Security/Guard Room or enclosure
- viii. Consultancy Fee

In short, all expenditure on account of civil works that are not related to the production or processing is excluded.

#### 4.2 Ineligible items of Plant and machinery:

- i. Fuel, consumables, spares and stores
- i. Electrical fixtures not mounted on the machine
- ii. Computers and allied office furniture
- iii. Transport vehicles
- iv. Erection, installation and Commissioning charges
- v. Second hand/old machines / refurbished machinery
- vi. All types of service charges, carriage and freight charges
- vii. Expenditure on painting of machinery
- viii. Closed Circuit TV Camera and related equipment
- ix. Consultancy Fee
- x. Stationery items

## 5. Eligibility Conditions:

The eligibility conditions of applicants are as under:

- The project proposals are required to be duly appraised by the bank/ financial institution and avail term loan. The term loan will not be less than 10% of the project cost.
- Units which are already under commercial production and those which may start, commercial production within 2 months from the last date of application submission are not eligible.

## 6. Invitation of Proposals:

In response to the notice inviting proposals by APFPS, application along with the required documents are to be submitted by the applicants. The proposal will be evaluated by the empanelled consultants / PMA appointed by APFPS as per criteria given by APFPS. The evaluation reports will be placed before the State Level Empowered Committee (SLEC) for consideration of "Approval" to the projects.

## 7. Release of Financial assistance sanctioned:

The grant-in-aid will be released in two instalments:

### A. Release of 1st Instalment:

The first instalment of grant would be released after the firm has utilized 50% of the term loan as well as 50% of promoter's contribution and on production of the following documents by the firm:

- i. **Duly notarised surety Bond:** To be executed by the beneficiary company on Non-judicial stamp paper of not less than Rs.100/- (**Appendix-A**)
- ii. **Duly notarized Affidavit:** To be executed by the beneficiary company on Non-Judicial stamp paper of not less than Rs.100/- (**Appendix-B**)
- iii. **C.A Certificate:** Actual expenditure incurred on the project showing the means of finances and 50% utilisation of promoters contribution and 50% of Term Loan (**Appendix-C**)
- iv. **Bank Certificate:** certifying that they have released 50% of term loan and have no objection on release of 1st instalment of grant being provided by State (**Appendix-D**)
- v. Invoices/receipts from the suppliers/vendors.
- vi. Bank statement highlighting the payment made to suppliers
- vii. Certificate of the Chartered Engineer (Civil) for technical civil works indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- viii. Certificate of the Chartered Engineer (Mech.) for Plant & Machinery indicating item wise progress, cost, quantity, manufacturer/supplier and comment on quality.
- ix. Compliance of conditions imposed in the approval letter of the grant-in-aid, if any.
- x. Site inspection of Consultant / PMA to ascertain the physical progress and assess the eligible project cost to arrive and release of Grant-in-aid.
- xi. Submission of Statutory clearances / approvals
  - a. Consent for Establishment from Pollution control board
  - b. Approval of Building plan
  - c. NOC from Gram panchayat

### B Release of 2nd Instalment:

The 2nd instalment of the grant would be released only after confirming the commencement of commercial production and submission of documents specified below by the firm, utilization of first instalment of the grant, 100% of Term loan as well as 100% of Promoter's contribution.

- i. **Utilisation Certificate:** As per GFR 19A, Duly certified by the C.A. and countersigned by the Bank and promoter of the beneficiary company (**Appendix-E**).
- ii. **Chartered Accountant Certificate :** Actual expenditure incurred on the project showing the means of finances and 100% utilisation of promoters contribution, 100% of Term Loan and 1st instalment of released grant (**Appendix-C**).
- iii. **Bank Certificate:** Certifying that they have released 100% of term loan and 1st instalment of grant released by the State. They have no objection in releasing 2nd instalment of grant being released by State (**Appendix-F**)
- iv. Bank statement highlighting the payment made to suppliers
- v. Certificate of the Chartered Engineer(Civil) for technical civil works indicating item wise progress, cost, quantity ,manufacturer/ supplier and comment on quality.
- vi. Certificate of the Chartered Engineer (Mech.) for Plant &Machinery indicating item wise progress, cost, quantity, manufacturer/ supplier and comment on quality.
- vii. Compliance of conditions imposed at the time of release of 2nd Instalment of grant, if any.
- viii. Site inspection of Consultant / PMA to ascertain the physical progress (start of commercial operations) and assess the eligible project cost to arrive and release of Grant-in-aid.
- ix. Before release of 3rd & final instalment of grant-in-aid, eligible grant-in-aid for the project will be re-calculated based on the proposed/appraised /actual cost, whichever is less, for the already approved items and released accordingly.
- x. Submission of Statutory clearances / approvals
  - a. Consent for Operations from Pollution control board
  - b. Approval from Fire & Safety Department
  - c. License from FSSAI
  - d. Electricity load release certificate

#### **8. Documents required:**

- i. Application in the prescribed format
- ii. Detailed project report.
- iii. Sanction letter of term loan from bank/financial institutions, if any
- iv. Appraisal report from Bank/Financial Institution
- v. Certificate of Incorporation/registration of the organisation, Memorandum and Articles of Association and Bye laws of the society (if applicable) partnership deed etc.
- vi. Bio-data/background of the office bearers/promoters of the organisation.
- vii. Blue Print of the building plan approval
- viii. Land Registered documents / Lease agreement duly notarized
- ix. Item wise and cost wise details of Technical civil works envisaged duly certified by Chartered Engineer (Civil).
- x. Item wise and cost wise details of Plant & Machinery envisaged duly certified by Chartered Engineer (Mechanical).
- xi. Quotations from the suppliers of Plant & Machinery and equipment's etc. required for the project

- xii. Availability of raw material and Letter of intent (LOI) / MOU for procurement of raw material from suppliers
- xiii. Marketing Strategy and Letter of intent (LOI) / MOU for marketing of products produced by the unit.
- xiv. Process Flow diagram
- xv. Entrepreneur's Memorandum (EM)
- xvi. Implementation schedule indicating (a) date of acquiring land, (b) date of start of construction of building (c) date of completion of building (d) date for placing order for plant & machinery and date of installation/erection (f) date of trial production/running and (g) date of commercial production/running..
- xvii. An affidavit duly executed on non-judicial stamp paper of Rs.100/- or more duly notarised by Notary Public affirming.
  - a) that the organisation's sister concern(s)/related company/group company as well as the applicant company itself has not availed any financial assistance for a food processing project in the past from Andhra Pradesh Food Processing Society. If yes, the details thereof.
  - b) that the organisation has not obtained/applied for or will not obtain any grant/subsidy from any Ministry of Central Govt. /GOI organisation/agencies and State Government for the same purpose/activity/same components. If yes, the details thereof.

#### **9. Implementation and Monitoring of the projects sanctioned:**

The implementation schedule for the projects would be about 12 months from the date of the issue of approval letter unless extended by SLEC for the reasons to be recorded in writing.

#### **10. Recall of Grant:**

The Government will have the authority

- a. If the project is not completed in time within the approved project period.
- b. If the project is not completed even within the extended project period approved by competent authority.
- c. If the institute / organization become non-functional or said activity / organization is closed before 3 years from the date of Commercial operations. In such cases all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery.
- d. Break-in-production up to a period of one and half (1 1/2) years due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by SLEC on merits. Any break-in-production will result in extending the three (3) years continuous production condition by the period of such break.
- e. If the unit shall not submit the Audited reports of every financial year for a period of 3 years, with in 4 months from completion of respective financial year.

## Application for Scheme for units set up to process waste produced in FP units in identified clusters

S.No.	Particulars	Details
<b>A. Promoters</b>		
1	Name & Address of the Promoter including telephone, fax, email etc.	
2	Type of organisation like Govt. Institution /organisation, Industry Association, University, NGO, Co-operative, others etc.	
3	Background/credentials of applicant organisation	
<b>B. Project Description</b>		
4	Name of the Project	
5	Location/Area of the project	
6	Products/By Products	
7	Capacity of the Plant/Unit	
<b>C. Project Cost (indicating proposed cost, appraised cost separately)</b>		
8	Capital Investment (Fixed Capital) i. Land Area Cost ii. Building iii. Civil Works iv. Technical Civil Works	
9	Plant & Machinery (Capacity/Specification /Cost)	
10	Pre-operative expenses	
11	Working Capital	
12	Raw Material/Packaging (Source/Quantity/Cost)	
13	Labour (Quantity/Cost)	
14	Effluent Disposal (Method/Machinery/Cost)	
<b>D. Means of Finance (indicating proposed &amp; appraised means of finance, separately)</b>		
15.	Means of Financing a) Equity Promoter/Foreign/Other) b) Loan (Term/working capital) c) Assistance from other sources d) Fund requirement from APFPS	<b>TOTAL</b>
16	Financial Benchmarks a) Cash Flow b) Break Even Point c) Internal Rate of Return d) Debt Equity Ratio e) Debt Service Coverage Ratio	
<b>E. Implementation Schedule</b>		
17	Item of work	Date of Starting  Date of Completion
<b>F. Personnel</b>		
18	Details of technical & Managerial personnel (Operation, Maintenance, managerial, finance, marketing etc.) required & available.	
<b>G. Employment Generation- Direct/Indirect</b>		
19	a) Direct b) Indirect	

Date:  
Place:

Signature  
Name and Designation  
Seal of the organisation

Encl: List of documents attached.

## Scheme for Marketing assistance

### 1.1. Financial Assistance

- 1.1.1. 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 Rs.5 lakh per unit per annum
- 1.1.2. Reimbursement of reimburse 75% of the space rent with a ceiling of Rs.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.
- 1.2. Submission of application: The units shall submit the application to APFPS along with the following documents before 2 months of the schedule of the event
  - 1.2.1. Details of event
  - 1.2.2. Brochure of event
  - 1.2.3. Total cost estimates of visit / participation
  - 1.2.4. Financial assistance required from APFPS
  - 1.2.5. Any other information sought by APFPS
  - 1.2.6. Details of units proposed to visit along with EM-II certification and also need to submit last 3 years audited balance sheets

### 1.3. Eligibility Criteria:

- 1.3.1. The unit(s) should have obtained Entrepreneurs Memorandum-II / IEM
- 1.3.2. The organization should have regular audited accounts for last 3 years
- 1.3.3. Events, for which financial support under the Scheme is sought, must have significant international participation.
- 1.4. **Selection Criteria:** The proposals will be placed before State Level Empowered Committee (SLEC) to examine and sanction. Decision of SLEC is final in this regard.

## Scheme of Quality Certification / Patent registration

### 1.1 Financial Assistance:

- 1.1.1 Reimbursement of 50% of cost of certification such as HACCP, GMP, ISO 9000, ISO 22000, GLP and TQM for Food Processing Units, Cold chain Projects limited to Rs.5.00 lakhs per unit.
- 1.1.2 Reimbursement of 50% of expenditure incurred in obtaining patents for Food Processing Units, Cold chain Projects limited to Rs.10.00 lakhs per unit.
- 1.2 Submission of application: All new FP units shall submit their claims to APFPS for reimbursement within 6 months from the date of obtaining QC / patent along with the following documents.
  - 1.2.1 Certificate of Incorporation/registration of the organisation, Memorandum and Articles of Association and Bye laws of the society (if applicable) partnership deed etc.
  - 1.2.2 Certification of QC / Patent obtained
  - 1.2.3 Invoices / Bills
  - 1.2.4 FSSAI certificate
  - 1.2.5 Entrepreneur's Memorandum (EM)
  - 1.2.6 Any other information sought by APFPS
- 1.3 **Selection Criteria:** The proposals will be placed before State Level Empowered Committee (SLEC) to examine and sanction. Decision of SLEC is final in this regard.

### **Scheme to accelerate Research & Development in FPIs**

- 1.1. Financial Assistance: GoAP will provide assistance to food processing industries for research work approved by government undertaken by reputed research institutions like CFTRI, Acharya N.G.Ranga University, etc up to 50% of the cost with a ceiling of Rs.25 lakhs.
- 1.2. Submission of application: All new and existing units shall submit their claims to APFPS for reimbursement within 6 months from the date of obtaining QC / patent along with the following documents.
  - 1.2.1. Certificate of Incorporation/registration of the organisation, Memorandum and Articles of Association and Bye laws of the society (if applicable) partnership deed etc.
  - 1.2.2. Letter from Govt. Reputed research institution
  - 1.2.3. A note on requirement of research work with objective, outcome and cost estimate
  - 1.2.4. FSSAI certificate
  - 1.2.5. Entrepreneur's Memorandum (EM)
  - 1.2.6. Any other information sought by APFPS
- 1.3. Selection Criteria: The proposals will be placed before State Level Empowered Committee (SLEC) to examine and sanction. Decision of SLEC is final in this regard.

### **Scheme to reimburse Road Transport charges to ICD / port for export of perishable goods**

- 1.1. Reimbursement of 30% of road transport charges till Inland Container Depot (ICD) / port for export of perishable goods by food processing units
- 1.2. The financial assistance limited to a maximum of Rs.5.00 lakh per annum per unit for 3 years from the date of Commercial Production.
- 1.3. All new FP units eligible shall submit their claims in the prescribed application form with in 6 months after completion of every half-year i.e., 31st March for first half year and 30th September for second half year along with the documents mentioned in the application.
- 1.4. The exporters must be registered with APEDA
- 1.5. The eligible units shall submit their claims to APFPS in the prescribed application form given at Annexure - I for Reimbursement of transportation expenses along with the following documents:
  - i. Application in the prescribed format
  - ii. Certificate of incorporation/registration of the organization, Memorandum and Articles of Association and bye laws of the society (if applicable)/ partnership deed (notarized) etc.
  - iii. Registration certificate from APEDA
  - iv. Board Resolution authorizing to sign and file claim etc., in case of Pvt./Ltd., Companies, Cooperatives and similar authorization in respect of partnership firms.
  - v. Self certified photocopy of the original roadway Bill.
  - vi. The items exported along with their respective quantities should be individually mentioned on the invoice and the shipping bills along with HS Code.
  - vii. The roadway Bill as well as the Invoice must clearly indicate the description of items, number of their packages / cartons alongwith the net and gross weight of each item separately.

#### **1.6. Recall of Grant:**

The Government will have the authority

- a. If the institute / organization become non-functional or said activity / organization is closed before 4 years from the date of Commercial operations failing which all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery.
- b. Break-in-production upto a period of one and half (1 1/2) years due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by SLEC on merits. Any break-in-production will result in extending the four (4) years continuous production condition by the period of such break.
- c. If the unit shall not submit the Audited reports of every financial year for a period of 4 years, with in 4 months from completion of respective financial year.

**APPLICATION FOR TRANSPORT ASSISTANCE**  
**For the Month ..... & .....(year)**

- 1) Name :  
 Address:  
 City:  
 Pincode:  
 APEDA Registration No.....  
 Registration Date.....
- 2) a) Total amount of road way transport charges paid ..... (As per summary sheet)  
 b) Amount of transport charges claimed (30%): .....
- 3) a) Name of the Bank and the address.....  
 c) Current A/c no..... & IFSC code

**Declaration**

- 1) The full text of the scheme under which this request for assistance is made available to me / us and I/we have read and understood the same. I am/ we are familiar with the procedures and terms and conditions of grant as set out in the scheme and understand and accept that these are binding on me / us.
- 2) I / we declare that the particulars stated above and in the annexure are correct and nothing has been withheld or concealed.

Authorised Signatory  
 Place: Name (Block Letters)  
 Date: (Designation with seal of company)

**SUMMARY - CLAIM FOR TRANSPORT ASSISTANCE**

S.No.	Invoice Number	Waybill amount	Amount claimed (30% of the way bill amount)

Note: Each claim should be enclosed in sequence, page numbering should be done and page number of documents of the start of each shipping bill and end of the shipping bill may be indicated for facilitating processing.

## Operational guidelines for providing Investment subsidy (grant in aid )/ Fiscal Incentives for Food Processing Units

### Objective:

The main objective of the scheme is to increase the level of processing, reduction of wastage, value addition, enhance the income of farmers as well as increase exports thereby resulting in overall development of food processing sector. The scheme envisages extending the fiscal incentives for establishment and successful running of new food processing units in the state.

### (1) Implementing Agency:-

Andhra Pradesh Food Processing Society (APFPS) shall be a Nodal Agency to administer the Investment subsidy and Interest subvention for all the projects sanctioned.

**(2) Administrative and Promotional expenses:-** Andhra Pradesh Food Processing Society may utilize 5% of the actual expenditure incurred in a financial year for meeting the administrative expenses and 5% towards promotional expenditure.

### (3) Screening Committee:-

State Level Screening Committee consists of

- 1) Secretary / Principal Secretary, Industries (FP) – Chairman
- 2) Director of Industries, AP or his nominee
- 3) Representative of Finance Department
- 4) Representative of State Level Bankers Committee (SLBC)
- 5) Managing Director, APSFC or his nominee
- 6) C.G.M NABARD or his nominee
- 7) C.E.O – AP Food Processing Society - Convenor

### (4) Sanctioning Authority :-

State Level Empowered Committee with Chief Secretary as Chairman shall decide and accord project specific approvals of schemes processed in State Level Screening Committee. The Committee will have the following Members:-

- 1) Special Chief Secretary / Principal Secretary, Agriculture
- 2) Secretary / Principal Secretary, Horticulture
- 3) Secretary / Principal Secretary, Finance dealing with Food Processing subject
- 4) Secretary / Principal Secretary, Animal Husbandry and Dairy
- 5) Secretary / Principal Secretary, Marketing
- 6) Secretary / Principal Secretary, Industries – Convener
- 7) Any expert to be co-opted with the orders of the Govt.,

SLEC may periodically meet to sanction, review and evaluate the implementation of the schemes in the State.

### (5) Selection Procedure :-

- (A) The selection of project Developers / SPVs for all types of Food Parks will be through EoI/Swiss challenge system.
- (B) Selection of Developers of all other schemes will be through open, transparent method through a newspaper advertisement

**Director of Industries, GoAP** is the nodal agency for providing the following fiscal incentives to the new food processing units:

#### 1. Reimbursement of Power Cost:

- 1.1. Fixed power cost @ Rs.1.50 per unit on energy consumption charges (KWH) but not on Maximum Demand or any other charges levied by DISCOMs.
- 1.2. The power cost will be reimbursed for a period of five (5) years from the date of commencement of commercial production. The reimbursement will be made every six (6) months.

1.3. All eligible new FP units shall submit their claims in the prescribed application along with documents mentioned in the application for reimbursement of power cost within 6 months after completion of every half-year i.e, by 31st March for first half-year and 30th September for second half-year.

## **2 Reimbursement of Non-Agriculture Land Assessment (NALA) tax:**

2.1 100% reimbursement of NALA tax paid for establishment of Food Processing unit, Cold chain project, Primary processing centre etc.,

2.2 All eligible new FP units shall submit their claims in the prescribed application along with documents mentioned in the application for reimbursement of land conversion charges with in 6 months from the date of commencement of Commercial production.

## **3 Reimbursement of Stamp duty, Transfer duty, Mortgage and Hypothecation Duty:**

3.1 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land/shed/building meant for industrial use.

3.2 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and also mortgages and hypothecations deeds.

3.3 Stamp duty will be reimbursed only one time on the land/building/shed and subsequent transactions will not be eligible for stamp duty reimbursement even in case of land purchases in open auction conducted by financial institution.

3.4 Stamp duty on Mortgages and hypothecations paid by an enterprise for availing Term loan from the financial institutions on assessed fixed capital investment only would be eligible. This facility is not applicable on working capital. If the mortgage deed is registered in any state other than Andhra Pradesh in favour of any financial institution, this facility will not be extended

## **4 Reimbursement of VAT/CST/SGST:**

4.1 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

4.2 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.

4.3 For large Industry unit, 50% 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.

4.4 All eligible new FP units shall submit their claims in the prescribed application along with documents mentioned in the application for reimbursement of Sales Tax / VAT within 6 months after completion of every half-year i.e, by 31st March for first half-year and 30th September for second half-year.

## **Procedure for sanction of Fiscal Incentives from serial no 1 to 4:**

1. All applications are to be filed with General Manager, District Industries Centre concerned duly following the procedure
2. Scrutiny / Verification / Sanction of the fiscal incentives applications and committees constituted at the State level and District level will be the same as contained in the operational guidelines for implementing the Industrial Development Policy (IDP) & Sector Specific Policies of Industries & Commerce Department, GoAP

## **Scheme of Market Cess Waiver**

1.1. 100% exemption of APMC Cess / fees for a maximum period of 10 years in respect of procurement of agriculture / horticulture produce directly from farmers

1.2. This will be applicable to both new and existing Food Processing Units  
(Separate orders from Marketing department are issued)

## Appendix-A SURETY BOND

KNOW ALL MEN BY THESE PRESENTS that we, M/s \_\_\_\_\_, a \_\_\_\_\_ (Type of organization) incorporated / registered under the \_\_\_\_\_ (Name of the Act) and having its registered office at \_\_\_\_\_ (hereinafter called the "Obligors") are held fully and firmly bound to the Governor of Andhra Pradesh (hereinafter called the "Government") for the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) well and truly to be paid to the Government on demand and without a demur for which payment we firmly bind ourselves and our successors and assignees by these presents.

SIGNED on the \_\_\_\_\_ day of \_\_\_\_\_ in the year Two Thousand

WHEREAS on the Obliger's request, the Government as per Sanction Order No. Dated \_\_\_\_\_ (hereinafter referred to as the "Letter of Sanction") which forms an integral part of these presents, and a copy whereof is annexed hereto and marked as Annexure-I, agreed to make in favour of the Obligors grants-in-aids-in-aid of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) for the purpose of (description of the project) at \_\_\_\_\_ out of which the sum of Rs. \_\_\_\_\_ (Rupees only) have been paid to the Obligors (the receipt of which the Obligors do hereby admit and acknowledge) on condition of the Obligors executing a bond in the terms and manner contained hereinafter which the Obligors have agreed to do.

NOW the conditions of the above written obligation is such that if the Obligors duly fulfil and comply with all the conditions mentioned in the letter of sanction, the above written Bond or obligation shall be void and of no effect. But otherwise, it shall remain in full force and virtue. The Obligors will abide by the terms & conditions of the grants-in-aid by the target dates, if any specified therein.

THAT the Obligors shall not divert the grants-in-aids and entrust execution of the Scheme or work concerned to another institution(s) or organization(s).

THAT the Obligors shall abide by any other conditions specified in this agreement and in the event of their failing to comply with the conditions or committing breach of the bond, the Obligors individually and jointly will be liable to refund to the President of India, the entire amount of the grants-in-aid with interest of 10% per annum thereon. If a part of the grants-in-aid is left unspent after the expiry of the period within which it is required to be spent, interest @10% per annum shall be charged up to the date of its refund to the Government, unless it is agreed to be carried over.

The Obligers agree and undertake to surrender / pay the Government the monetary value of all such pecuniary or other benefits which it may receive or derive / have received or derived through / upon unauthorized use of (such as letting out the premises on adequate or less than adequate consideration or use of the premises for any purpose other than that for which the grants-in-aid was intended of the property) buildings created / acquired constructed largely from out of the grants-in-aid sanctioned by the State Government of Andhra Pradesh or the administrative Head of the Department concerned. As regards the monetary value aforementioned to be surrendered / paid to the Government, the decision of the Government will be final and binding on the Obligers.

AND THESE PRESENTS ALSO WITNESS THAT the decision of the Chief Secretary to the State Govt. of Andhra Pradesh on the question whether there has been breach or violation of any of the terms or conditions mentioned in the sanction letter shall be final and binding upon the Obligers and

IN WITNESS WHEREOF these presents have been executed as under on behalf of the Obligers the day hereinabove written in pursuance of the Resolution No. \_\_\_\_\_ Dated \_\_\_\_\_ passed by the governing Body of the Obligers, a copy whereof is annexed hereto as Annexure-II and by \_\_\_\_\_ for and on behalf of the Governor of Andhra Pradesh on the date appearing below:

**Signature of the AUTHORISED SIGNATORY**

**Signed for and on behalf of  
(Name of the Obliger in block letters)  
(Seal / Stamp of Organization)**

**1. Signature of witness  
Name & Address**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. Signature of witness  
Name & Address**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**TO BE FILLED UP BY THE A.P. Food Processing Society  
(ACCEPTED)  
For and on behalf of the Governor of Andhra Pradesh**

Name: \_\_\_\_\_ Designation: \_\_\_\_\_ Dated \_\_\_\_\_

**Notary Seal & Signature**

## Appendix-B

### (On non-judicial stamp paper of Rs. 100/- Affidavit)

I ..... S/o ..... Resident of ..... director /proprietor of M/s ..... do here by solemnly affirms and state as follows:

(a) That organization's sister concern (s)/ inter connected company/Group company as well as the applicant company itself has not obtained any financial assistance for a food processing project in the past from any Central/State Government organisations.

(b) That the organization has not obtained/applied for or will not obtain any grant/subsidy from any Ministry/Department of Central Govt./GOI organization/agencies and State Govt for the same purpose/activity /same components.

Deponent

**Verification :**

Verified that the content of this affidavit are true and correct to the best of the knowledge and belief of the deponent and no part of this affidavit is kept concealed therein, If anything is found false in this Affidavit subsequently deponent and organisation shall be liable jointly and severally for action under the laws, hence verified at \_\_\_\_\_ (Place) \_\_\_\_\_ on \_\_\_\_\_ (Date) \_\_\_\_\_.

**Deponent**

**Notary Seal& Signature**

**Appendix – C**  
**(Letter Head of the Bank)**

**Certificate**

1. Certified that this bank has appraised the project of M/s ..... (Name and address of the organisation) for APFPS grant as per guidelines of the Scheme and also sanctioned term loan of Rs. ....lakh (if applicable).
2. It is further certified that we have released Rs..... lakh (----% of sanctioned term loan) to M/s..... (Name and address of the organization).
3. We have no objection in releasing \*1st/ 2nd installment of grant if sanctioned by the State Govt.

**(Signature) (Name)**  
**(Branch Manager)**

**Chairman**  
**A.P. Food Processing Industries**

## Appendix-D (Letter Head of the CA)

CA certificate (With membership No. of CA) in the following format

(I) Project Cost: (Rs. in lakh)

Name of the Component/Item	Project Cost	Cost as appraised by the Bank	Actual Cost
Land			
Building / Civil Works			
Plant & Machinery			
Misc. Fixed Assets			
Other's			
<b>Total</b>			

(ii) Means of Finance: (Rs. in lakh)

S.No.	Item	Project Cost	As per appraisal	Actual Cost
	Promoter's Equity			
	Term Loan			
	Unsecured Loan			
	Grant from APFPS			
	Other's			
	<b>Total</b>			

Details of un secured loans, if any, duly certified by CA.

Signature and Seal of C.A.

**Appendix – E**  
**Format for Utilization Certificate GFR 19-A**

Letter No. & Date	Amount
<b>TOTAL</b>	

1. Certified that out of Rs..... of grants-in-aid sanctioned during the year..... in favour of ..... Under APFPS Letter No. given in the margin and Rs..... on account of unspent balance of the previous year, a sum of Rs..... has been utilised for the purpose of ..... for which it was sanctioned, that the balance of Rs.\_\_\_\_\_ remaining un-utilized at the end of the year \_\_\_ has been surrendered to Government (Vide No:\_\_\_\_\_ dated\_\_\_\_\_) will be adjusted towards the grants-in-aid payable during the next year.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilised for the purpose for which it was sanctioned.

Kinds of checks exercised

1.

2.

3.

Signature..... Designation..... Date.....

## Appendix – F (Letter Head of the Bank)

### Certificate

1. Certified that this bank has released \_\_\_(75%/100%) of term loan sanctioned i.e.,Rs.\_\_\_\_\_ lakh and also 1st instalment of grant of Rs.\_\_\_\_\_ lakhs released by the APFPS vide sanction order No.\_\_\_\_\_ Date\_\_\_\_\_ to M/s..... (Name and address of the organization), which has been credited in account number .....of the firm.

2. We have no objection in releasing 2nd / 3rd instalment of grant if sanctioned by the State Govt.

(Signature) (Name)  
(Branch Manager)

Chairman  
A.P. Food Processing Society



# PEPSICO

Inauguration  
of

of India's Beverage Manufacturing Facility at Sri City  
by

**Sri N Chandrababu Naidu**

Hon'ble Chief Minister of Andhra Pradesh  
on

Friday, 3<sup>rd</sup> April 2015

in the august presence of

**Ms Indra Nooyi**

Chairman and Chief Executive Officer, PepsiCo

**Sri Sanjeev Chadha**

MD PepsiCo Asia, Middle East and Africa

and

**Sri D Shivakumar**

Chairman & CEO, PepsiCo India





Pepsico, Sri City



Srini Food Park, CTR



Jain Irrigation, CTR



Everton Tea, Sri City



Munnangi, ONGOLE



Olam Agro, VZM

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# 'AMARAVATI' THE PEOPLE'S CAPITAL

