

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries & Commerce Department – New Andhra Pradesh Food Processing Policy (4.0) 2024-29 – Orders – Issued.

INDUSTRIES & COMMERCE (PROGRAMME-III) DEPARTMENT

G.O.MS.No. 71

Dated: 26-10-2024
Read the following:-

1. G.O.Ms.No.93, Ind.&Com (Prog.III) Deptt., Dt:30.12.2020.
2. G.O.Ms.No.73, Ind.& Com (Prog.III) Deptt., Dt:26.10.2022.
3. Proposal from Director of Industries, Mangalagiri and CEO, APFPS, Vijayawada

In the reference 1st read above, Government have formulated Food Processing Policy for 2020-2025 and the Operational Guidelines for implementation of AP Food Processing Policy were issued in the reference 2nd read above.

2. The Director of Industries, Mangalagiri and the CEO, APFPS, Vijayawada submitted that Indian food industry is estimated to be USD 543billion, compared to Global food industry of USD 8.1 trillion in the year 2023. Global food industry is forecast to grow at a CAGR of 6.47% in the next 5 years, whereas India is expected to grow faster by 11% in the same period. India exports over USD 40 billion worth of food all over the world, contributing approximately 2.5% of the global exports. Andhra Pradesh has grown remarkably in the agriculture, livestock, and allied segments, and ranks 4th in the agriculture production of food grains, horticulture produce, milk and meat products. In the year 2023, the State's food industry was valued at USD 49 billion, which is overall 9% of the Indian market (USD 543 billion). It is contributing significantly to the global exports from India, comprising 15% of the overall food exports from India. Andhra Pradesh is housing over 5,500 number of food processing units and has ~180 large enterprises and over 150 medium processing units. Chittoor, Ananthapur, Kurnool, Guntur, Krishna, Vizianagaram, West and East Godavari are the top contributing districts with highest number of units attributed by significant investments, Food Parks, and Production clusters. Andhra Pradesh accounts for about 15% of total food processing industries in the Country. It remains as India's largest producer of mango, papaya, tomatoes, lemon, chili, turmeric, rice, groundnut, cotton, fish and shrimp. The state is ranked 1st in the country in shrimp production.

3. Considering the evolving needs of investors, climate change practitioners, and the necessity to create employment opportunities for the indigenous workforce, the State has felt the needs to bring a renewed, forward-looking policy with an aim to establish a supportive ecosystem that fosters economic value while encouraging responsible actions towards climate goals and human safety, besides focusing on

specific sectors and accordingly, the Andhra Pradesh Food Processing Policy 4.0 (2024-29) has been submitted, vide reference-3.

4. Remarks of the Finance Department have been obtained (eFILE-2583466 /File No: INC02-20029/100/2024-DD-INFRA-DOI) for this Policy and incorporated in the Policy viz, i) Incentives under Technology Upgradation and Capital Subsidy are mutually exclusive and ii)The AP Food Processing Society shall act as the Nodal agency for the processing and Disbursement of the incentives and will be allocated budget for disbursement of incentives and iii) as several New and innovative incentives to attract the investors are proposed, the AP Food Processing Society (APFPS) to develop unique models for generation of revenues to ensure a sustainable payout of incentives through innovative stream of revenue generation.

5. Government, after careful examination of the matter, hereby approve the Andhra Pradesh Food Processing Policy 4.0 (2024-29). The Policy document, under Annexure, is appended to this order. The Policy shall be applicable to the entire state and shall give direction to boost economic development in the food processing segment in the State.

6. The Incentives mentioned in the policy will be extended to eligible Industries as per the operational guidelines to be notified separately. The Director of Industries, Vijayawada and CEO, AP Food Processing Society, Vijayawada shall take necessary action for implementing operating guidelines for this Policy.

7. This order is issued with the remarks of the Finance (FMU-I&I, Energy and I&C) Department as mentioned above.

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

N YUVARAJ
SECRETARY TO GOVERNMENT& CIP

To

The Director of Industries, Mangalagiri, Andhra Pradesh.

The Vice Chairman & Managing Director, APIIC, Mangalagiri, Guntur.

The Chief Executive Officer, AP Food Processing Policy, Vijayawada.

The Director of Handlooms and Textiles. Yerrabalem, Mangalagiri.

The Director of Mines and Geology, Ibrahimpatnam, Vijayawada.

The Managing Director, Andhra Pradesh State Financial Corporation,
Tadepalli, Guntur.

The Principal Finance Secretary, AP Secretariat, Velagapudi.

The Secretary to Government, Finance Department

The Secretary to Government, Social Welfare Department.

The Secretary to Government, Tribal Welfare Department

The Special Chief Secretary to Government, Revenue (CT/LA)Department.

The Special Chief Secretary to Government, Irrigation & CAD (Reforms)
Department.

The Special Chief Secretary to Government, Energy Department.

The Secretary to Government, I&I Department.

Copy to:

The LFB&IMS Department.

The Accountant General, Andhra Pradesh, Vijayawada

The Convener, State Level Banker's Committee.

The General Manager, Small Industry Development Bank of India, (SIDBI),

The Pay and Accounts Officer, Vijayawada.

All District Collectors **through** Director of Industries, Mangalagiri.

All Heads of Departments **through** Director of Industries, Mangalagiri

All Departments of Secretariat, Velagapudi.

All Govt. Companies/Corporations **through** Director of Industries, Mangalagiri

The Secretary, Government of India, Ministry of Food Processing Industries,

Panchsheel Bhavan, August Kranti Marg, New Delhi-110 049.

The P.S. to Addl. Secretary to Chief Minister, Andhra Pradesh.

The P.S. to Chief Secretary to Government, Andhra Pradesh.

All Private Secretaries to the Ministers.

All General Managers, District Industries Centre in the State **through** Director of Industries, Mangalagiri.

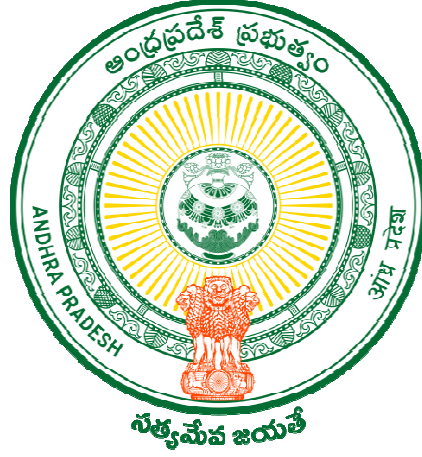
All Sections in the Department.

SF/SC (2583466)

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SECTION OFFICER

ANNEXURE



Andhra Pradesh Food Processing Policy 4.0 2024-29

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ABBREVIATIONS

AE	Advanced Estimates
AP	Andhra Pradesh
APFPS	Andhra Pradesh Food Processing Society
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APPCB	Andhra Pradesh Pollution Control Board
APSSDC	Andhra Pradesh State Skill Development Corporation
CAGR	Compound Annual Growth Rate
CBIC	Chennai Bengaluru Industrial Corridor
CIPET	Central Institute of Petrochemicals Engineering & Technology
CFTRI	Central Food Technological Research Institute
DCP	Date of Commercial Production
DPIIT	Department for Promotion of Industry and Internal Trade
EoDB	Ease of Doing Business
EPI	Export Preparedness Index
FCI	Fixed Capital Investment
GeM	Government E Market Platform
G.O.	Government Order
GoAP	Government of Andhra Pradesh
Gol	Government of India
GSDP	Gross State Domestic Product
GVA	Gross Value Added
HBIC	Hyderabad Bengaluru Industrial Corridor
ICAR	Indian Council of Agricultural Research
IT	Information Technology
IIP	Indian Institute of Packaging
IIMR	Indian Institute of Millet Research
LEADS	Logistics Ease Across Different States
PCPIR	Petroleum, Chemicals and Petrochemicals Investment Region
PPP	Public Private Partnership
R&D	Research and Development
RoDTEP	Remission of Duties and Taxes on Exported Products
MoFPI	Ministry of Food Processing Industries
MSME	Ministry of Micro, Small and Medium Enterprises
NIN	National Institute of Nutrition

NIFTEM	National Institute of Food Technology Entrepreneurship and Management
OJT	On the Job Training
ONDC	Open Network Digital Commerce
SDG	Sustainable Development Goal
SEZ	Special Economic Zone
SIPB	State Investment Promotion Board
SIPC	State Investment Promotion Committee
STEM	Science, Technology, Engineering, and Mathematics
VCIC	Vizag Chennai Industrial Corridor

1 PREAMBLE

1.1 STATE AT A GLANCE

Andhra Pradesh, located on India's southeastern coast, is a state of immense geographical and agricultural significance. Covering 162,970 square kilometers, the state boasts a 974 km coastline, making it a natural gateway to East and Southeast Asia. The state's varied topography, ranging from fertile coastal plains to upland regions, coupled with favorable agro-climatic conditions, supports a diverse array of agricultural and horticultural activities.

The state's economy is largely driven by agriculture and allied sectors, which contribute approximately 34% to its Gross Value Added (GVA). In 2022-23, the agriculture sector alone generated a GVA of ₹2.03 lakh crores. Andhra Pradesh leads India in the production of several key crops, including Tomato, Mango, Banana, Chili, Lemon, Cocoa, Coconut, Turmeric, and is a top contributor in dairy, poultry and aqua sectors. It accounting for nearly 40% of India's seafood exports. The state ranks first in the fruits production with 200.64 lakh MT and produces about 77 lakh MT of vegetables annually, providing a strong foundation for a thriving food processing industry. The state's rich agricultural and marine production base, supported by extensive irrigation infrastructure and favorable agro-climatic conditions, provides a significant advantage for the development of a thriving food processing industry, poised for both domestic and export market growth.

With its six operational ports and seven airports, along with a well-connected road and rail network, Andhra Pradesh offers excellent logistical advantages for both domestic and international trade. Andhra Pradesh is home to three major industrial corridors—Visakhapatnam–Chennai Industrial Corridor (VCIC), Chennai–Bangalore Industrial Corridor (CBIC), and Hyderabad–Bangalore Industrial Corridor (HBIC)—which provide a robust infrastructure network to support the growth of the food processing industry. The VCIC enhances access to eastern coastal ports, enabling efficient exports of processed food products, while the CBIC connects key industrial hubs, providing opportunities for agro-processing and technology-driven food manufacturing. The HBIC, running through the Rayalaseema region, supports logistics and supply chain integration for food processing units. These corridors offer excellent connectivity, logistics, and access to markets, positioning Andhra Pradesh as a strategic hub for food processing and exports.

The state's strategic location and extensive infrastructure ensure efficient movement of raw materials and finished products, making it a highly competitive destination for food processing industries. Additionally, a progressive policy environment, abundant skilled labor, and a focus on industrial development further enhance Andhra Pradesh's attractiveness as an investment destination.

1.2 INDUSTRY OVERVIEW

1.2.1 Achievements and Positioning of State

The food processing industry in Andhra Pradesh plays a vital role in driving economic growth, particularly through value-added products, with primary processing growing sevenfold in 2023.

Agriculture and allied sectors contribute around 36.19% to the state's GSDP, significantly higher than the national average of 18%.

In 2023, the Indian food industry was valued at USD 543 billion, with the global industry reaching USD 8.1 trillion. While the global food sector is projected to grow at a CAGR of 6.47% over the next five years, India's food industry is expected to expand at a faster rate of 11%. India contributes over USD 40 billion in food exports, accounting for approximately 2.5% of global food exports.

Under the state's Food Processing Policies, Andhra Pradesh made significant strides in developing the food processing sector, focusing on value addition, infrastructure development, and export promotion. By 2023, the state's food industry was valued at USD 49 billion, representing 9% of the national food market. Andhra Pradesh has also contributed significantly to India's food exports, with 15% of the country's total food exports originating from the state.

Andhra Pradesh exports a diverse range of 2,100 agricultural products to nearly 190 countries, with key markets including the USA, UAE, Europe, Bangladesh, China, Vietnam, Saudi Arabia, and Japan. The state is India's largest exporter of marine products, accounting for 37.7% of national marine exports, valued at USD 3.04 billion in 2022-23. Agricultural exports from Andhra Pradesh reached USD 3.09 billion (INR 260 billion), representing 9.59% of India's total agricultural exports of USD 32.45 billion (INR 2,724 billion) in the same period. Major export commodities include shrimp, rice, tobacco, spices, coffee, fruits, vegetables and cashew, with Visakhapatnam, Kakinada, Nellore, Chittoor and Guntur serving as key export hubs. Key ports such as Vishakhapatnam, Krishnapatnam, and Kakinada were crucial in facilitating these exports, further strengthening Andhra Pradesh's position as a leader in India's seafood trade.

Between 2014 and 2024, Andhra Pradesh attracted investments worth INR 9,178 crores from 428 processing units significantly enhancing the food processing, storage, and value chain infrastructure. The investments in Andhra Pradesh have led to the establishment of significant infrastructure, including 2 Mega Food Parks, 3 Integrated Food Parks, 14 Primary Processing Centers, 295 new food processing units, 27 technology upgradation units, 13 cold chain facilities, 7 food waste treatment units, 5 NABL accredited food testing labs, and 32 cold chain units specifically for shrimp and fish processing. As of now, the state hosts 9 operational food parks, comprising 5 Mega Food Parks, 1 Spice Park, and 3 state-supported Integrated Food Parks.

1.2.2 Commodity Clusters

The Government of Andhra Pradesh will adopt a commodity-based cluster development approach to strategically enhance the food processing industry. This cluster-based strategy focuses on leveraging the proximity of raw material sources and maximizing the use of shared processing infrastructure to seamlessly integrate production hubs with processing centers. Key departments, including Agriculture, Horticulture, Animal Husbandry, Fisheries, Industries & Commerce and Agriculture Marketing, will collaborate with the Andhra Pradesh Food Processing Society (APFPS), the nodal agency, to ensure coordinated cluster development across the value chain.

By identifying high-potential areas across the state, these clusters will drive efficient resource utilization, reduce post-harvest losses, and attract targeted investments. Over time, these clusters will be developed into competitive processing zones that produce high-quality products

with strong export potential, positioning Andhra Pradesh as a key player in the global food processing industry.

Table 1 Focused Commodity based Clusters

Commodity/ Produce	Identified Clusters
Aqua	West Godavari, East Godavari, Konaseema, Kakinada, Nellore, Prakasam, Bapatla, Krishna, Visakhapatnam, Srikakulam, Vizianagaram
Banana	Kurnool, Nandyal, Anantapur, YSR Kadapa, Kakinada, East Godavari, Eluru, Konaseema, West Godavari,
Cashew nut	Srikakulam, Parvathipuram Manyam, East Godavari, Bapatla, Anakapalli, Vizianagaram, Prakasam, Anakapalli
Chilli	Guntur, NTR, Krishna, Palnadu, Bapatla Anantapur, Kurnool, YSR Kadapa, Prakasam
Cocoa	Eluru, West Godavari, East Godavari, Konaseema
Coconut	East Godavari, Kakinada, West Godavari, Eluru, Konaseema, Srikakulam, ParvathipuramManyam, Krishna, Anakapalli
Cotton	Guntur, Palnadu, Prakasam, Nandyal, Kurnool, Anantapur, YSR Kadapa, Krishna, Nellore, Srikakulam, Vizianagaram, Bapatla
Coffee and Forest produce	Alluri Sitaramaraju, ParvathipuramManyam
Dairy	Chittoor, Annamayya, Guntur, Krishna, Prakasam, Nellore, East Godavari, Vizianagaram, Bapatla, Palnadu
Groundnut	Anantapur, Sri Satya Sai, Kurnool, Nandyal, YSR Kadapa, Chittoor, Eluru, Bapatla, Nellore, Prakasam, Annamayya, Vizianagaram, Anakapalli
Lemon	Eluru, Tirupati, Nellore, YSR Kadapa, Bapatla
Mango	Annamayya, Chittoor, YSR Kadapa, Krishna, NTR, Vizianagaram, Nandyal, Prakasam, Anakapalli, Kakinada
Maize	Kurnool, Prakasam, Anantapur, YSR Kadapa, Chittoor, Vizianagaram, Srikakulam, Nandyal, Guntur, Sri Satya Sai, Eluru, Krishna, NTR, Anakapalli
Millet	Vizianagaram, Anantapur, Sri Satya Sai, Nandyal, YSR Kadapa, Annamayya, Bapatla, Alluri Sitharama Raju, Srikakulam, ParvathipuramManyam,
Oil Palm	Eluru, West Godavari, Krishna, Konaseema, East Godavari, Kakinada
Onion	Kurnool, Nandyal, Anantapur, YSR Kadapa, Guntur, Palnadu
Papaya	Annamayya, Chittoor, YSR Kadapa, Anantapur, Sri Satya Sai, Prakasam
Paddy	East Godavari, West Godavari, Kakinada, Konaseema, Eluru, Krishna, NTR, Guntur, Bapatla, Nellore, Prakasam, Nandyal, Srikakulam, Vizianagaram, Anakapalli
Pomegranate	Anantapur, Sri Satya Sai, Annamayya, Chittoor, YSR Kadapa, Kurnool
Poultry	East Godavari, Prakasam, Chittoor, Krishna, Guntur, West Godavari, Annamayya, Eluru
Pulses	Kurnool, Anantapur, Sri Satya Sai, YSR Kadapa, Nellore, Guntur, Chittoor, Srikakulam, Vizianagaram, Krishna
Tomato	Annamayya, Anantapur, Kurnool, Nandyal, Chittoor, YSR Kadapa, Sri Satya Sai, Krishna, Palnadu, Bapatla
Turmeric	Prakasam, Palnadu, Bapatla, YSR Kadapa, Alluri Seetha Rama Raju

1.2.3 Well-developed Physical Infrastructure

- 1. Ports:** Vishakhapatnam, Krishnapatnam and Kakinada are the Major Ports

2. **Airports:** 7 airports facilitating domestic and international connectivity, mainly Vishakhapatnam, Vijayawada and Tirupati are the international airports.
3. **Roads:** 46,000 Sqm of extensive network of national and state highways.
4. **Rail:** 7,040 Km of comprehensive rail routes connecting major industrial hubs.
5. **Industrial Corridors:** Visakhapatnam-Chennai Industrial Corridor (VCIC), Chennai-Bengaluru Industrial Corridor (CBIC), and Hyderabad-Bengaluru Industrial Corridors (HBIC) with huge industrial land bank.
6. **Processing Infrastructure:** 9 Mega Food Parks providing ready industrial land for setting up food processing units with common infrastructure.
7. **Cold Storages:** 363 Cold Storage facilities with storage capacity more than 1.6 Mn MT
8. **Warehousing and packing facilities:** 124 warehouses, 247 ripening chambers and 4,587 pack houses are developed for maintaining quality, extend shelf life and reduce post-harvest losses.

1.2.4 Strategic geographical location

1. 5 Agro climatic zones and 8.45 Mn Ha net cultivable area.
2. Large food producer in the country, sustained by 4 Major River systems and 17 Minor rivers.
3. Large and diverse raw material base suitable for Food Processing Industries.
4. Geographical advantage of its long coastline of 974 kms connecting it to major international markets.
5. The state is among the fastest growing markets in India with a population of over 54 million and rising per capita income. Rapid urbanization, changing lifestyle and increase of women in organized work force leading to new opportunities in food & beverages industry.
6. With over 6 Lakh new persons join the workforce every year, the working age population is expected to reach 60% of the population by 2026. Good scientific and research talent pool with 67% literacy rate and 58 Agricultural Research Stations.

1.2.5 Power

Andhra Pradesh is a power surplus state with an installed power generation capacity of 27 GW, with over 40% from renewable sources. The per capita availability of power in the state was about 1,379 kilowatt hours in 2022.

1.3 NEED FOR A FOOD PROCESSING POLICY 2024-29

Andhra Pradesh's food processing industry has grown substantially over the past decade, driven by the state's rich agricultural output and proactive government policies. The state is uniquely positioned as one of India's leading food processing hubs, given its vast production of raw materials, including cereals, pulses, fruits, vegetables, spices, dairy, poultry and aqua. The food processing sector serves as a critical link between agriculture and industry, transforming perishable products into high-value commodities that not only enhance shelf life but also increase the economic value of produce for farmers.

In the past, the state has implemented two key food processing policies that have laid a strong foundation for the sector's growth. Besides promoting investments in processing industries

these policies focused on nurturing enabling ecosystem by setting up Food Parks, Primary Processing Centers (PPCs), and Cold Chain Infrastructure to reduce post-harvest losses and enhance value addition. The policies also provided fiscal incentives, such as capital investment subsidies and power tariff reimbursement, and SGST reimbursement, which encouraged both large-scale industries and MSMEs to invest in food processing.

The food processing sector in Andhra Pradesh plays a pivotal role in employment generation, with numerous micro, small, and medium enterprises (MSMEs) benefitting from government support. According to the NSSO 73rd Round Survey (2015-16), the state had 154,330 unincorporated food processing enterprises, placing it among the largest in India for such enterprises. These units, primarily in the micro and small enterprise categories, contribute significantly to local food processing activities, especially in rice milling, fruit and vegetable processing, and other agricultural products.

There is need for focused initiative for formalizing and developing micro and small food processing units into globally competitive enterprises. By offering financial assistance, technical training, and infrastructure support, the policy aims to enhance their productivity, improve access to credit and technology, and ensure they meet global quality standards, boosting both local growth and export potential. This strategic approach not only boosts the competitiveness of micro and small food processing enterprises but also facilitates their integration into larger value chains, driving both local economic growth and export potential.

Looking forward, the Food Processing Policy 2024-2029 aims to strengthen this growth trajectory by introducing cutting-edge technologies, fostering innovation, and expanding infrastructure to support secondary and tertiary processing. With a focus on sustainability and global competitiveness, the policy will promote inclusive growth, benefiting not only large corporations but also small farmers and rural entrepreneurs. The emphasis on value addition, export promotion, and market diversification will further cement Andhra Pradesh's status as a leader in India's food processing industry.

By harnessing its natural resources, advanced infrastructure, and strategic location, Andhra Pradesh is poised to become the premier destination for food processing in India, driving both domestic consumption and global exports.

1.4 SCOPE OF THE POLICY

1.4.1 Applicable for New and Expansion Projects

1. This policy shall be applicable to following categories of enterprise(s) and investment(s):
 - a) New and existing enterprises investing and establishing new units.
 - b) Existing enterprises investing in expansion of units.
2. The enterprise needs to obtain Consent for Operation (CFO) and commence commercial production during the operative period of the Policy, unless otherwise exempted through a G.O., to be eligible to claim incentives under this policy.

The investments made and employment generated by an enterprise in the agri. and allied segments in Andhra Pradesh, with edible end-use units will be considered as eligible investment / employment for applicable incentives and boosters under this policy.

Investments made, and employment generated by enterprises in the agricultural and allied sectors within Andhra Pradesh, particularly those with edible end-use units, will be recognized as qualifying investments and employment. Such entities will be eligible for applicable incentives and enhancements as outlined under this policy.

1.4.2 Investment Cut-off Date for eligibility of incentives under the new policy

This policy will replace the Food Processing Policy 2020-25 from the date it is officially notified. However, enterprises that are already receiving benefits under the 2020-25 policy will continue to receive those benefits until the end of the policy's term.

The new policy is designed for easier navigation and provides competitive incentives. It clearly defines focus sectors while ensuring that no key areas are excluded in the new Food Processing Policy.

2 POLICY PERIOD & APPLICABILITY

This Policy shall be valid for a period of 5 years from the date of the policy notification, or till a new Policy is announced.

The policy may be amended and modified during implementation; however, all such amendments and modifications shall be applied prospectively and shall not curtail any benefit or concession already granted under the policy.

The Government of Andhra Pradesh may extend the period of this Policy as and when required. The Policy shall be applicable to the entire state and shall give direction to boost economic development in the food processing segment in the State.

3 POLICY FRAMEWORK

3.1 VISION

By 2029, Andhra Pradesh will be a leading food processing hub, leveraging advanced technology, innovation, and entrepreneurship to minimize post-harvest losses and boost value addition. The state will focus on cluster-based development, enhancing product quality through traceability, sustainable practices, and integration with global markets. Our vision is to foster a dynamic ecosystem driven by market-focused research, varietal improvements, and targeted skill development. This will attract foreign investments, increase value-added exports, and promote responsible environmental and social practices for a sustainable and competitive food processing industry.

3.2 GUIDING PRINCIPLES



3.2.1 Reduce Post Harvest Losses

Andhra Pradesh faces significant post-harvest losses, especially in perishable goods like fruits, vegetables, and seafood, with losses estimated at 15-20% of total production. The Food Processing Policy 2024-29 focuses on reducing these losses by developing cluster-based infrastructure, including processing facilities near farm gates, Export Hubs, and Food Parks. Improved cold chain logistics will ensure faster market access, reducing wastage, increasing farmer incomes, and strengthening the state's supply chain for both domestic and export markets.

3.2.2 Product Perfection, Cluster Development, Storage and Value Addition

The Food Processing Policy 2024-29 emphasizes improving product quality, fostering cluster-based development, and promoting efficient storage and value addition. The policy offers additional incentives to industries engaged in secondary and tertiary processing, encouraging value-added production. Cluster development will be prioritized, integrating storage, processing, and distribution infrastructure. These clusters will provide access to raw materials and shared facilities, enabling enterprises to produce high-quality products, enhance competitiveness, and expand their market presence. The policy also supports local enterprises with subsidies and technical assistance, while promoting sustainability and innovation in food processing.

3.2.3 Technology Upgradation, Technology Transfer and Market Assistance

The Food Processing Policy 2024-29 supports industries in upgrading technology to enhance efficiency and product quality. The policy encourages technology transfer through partnerships with research institutions and technology providers, facilitating the adoption of best practices. Additionally, Market Assistance initiatives help enterprises access domestic and global markets, offering support in marketing, trade promotion, and compliance with international quality standards.

3.2.4 Organic Production Processing

The Food Processing Policy 2024-29 of Andhra Pradesh emphasizes the promotion of organic food processing to tap into the growing demand for sustainable and healthy food products. The policy supports the development of organic processing units by providing financial incentives, technical assistance, and infrastructure support. By encouraging eco-friendly and sustainable processing practices, the state aims to strengthen its position in the organic food market. Focus will be on ensuring that processed organic products meet international quality standards, enhancing market opportunities both locally and globally, and contributing to the growth of the organic value chain in Andhra Pradesh.

3.2.5 Waste Processing and industrial ecology

The Food Processing Policy 2024-29 of Andhra Pradesh promotes sustainable practices through waste processing and the development of industrial ecology. The policy encourages industries to adopt waste-to-value approaches, such as converting food waste into biofuels, animal feed, or compost, thereby reducing environmental impact. Incentives will be offered to enterprises that implement eco-friendly waste management systems, promoting a circular economy within the food processing sector. The focus is on minimizing waste, optimizing resource use, and fostering industrial ecosystems that align with the state's sustainability and environmental goals. This will contribute to a cleaner, more sustainable food processing industry in Andhra Pradesh.

3.2.6 Food Safety and Quality

Andhra Pradesh places a strong emphasis on ensuring food safety and maintaining high standards of quality throughout the processing chain. The policy promotes adherence to national and international food safety standards by providing support for implementing robust quality control measures, certification processes, and food safety management systems. Enterprises are encouraged to adopt advanced testing facilities and traceability systems to ensure that processed food products are safe, hygienic, and of the highest quality. This focus on safety and quality aims to enhance consumer confidence, boost marketability, and open new avenues in both domestic and international markets.

3.2.7 Research and Innovation

Andhra Pradesh encourages research and innovation to drive growth and competitiveness in the food processing sector. The policy fosters collaboration between industry, academic institutions, and research organizations to develop new technologies, improve processing techniques, and create innovative food products. It supports R&D efforts aimed at enhancing productivity, sustainability, and product quality, with a special focus on local raw materials and traditional food practices. By promoting innovation, the policy seeks to position Andhra Pradesh as a hub for cutting-edge food processing technologies and solutions, contributing to the state's long-term industrial growth and global competitiveness. The Food Processing Policy 2024-29 establishes aINR 250 crores state corpus to promote research and innovation, quality certifications, traceability and organic production processing.

3.2.8 Quality Certification and Traceability

The Food Processing Policy 2024-29 of Andhra Pradesh underscores the importance of quality certification and traceability to enhance product integrity and build consumer trust. The policy supports enterprises in obtaining national and international certifications, including FSSAI, HACCP, ISO, and GAP (Good Agricultural Practices). GAP certification will be ensured through coordination with relevant line departments to guarantee that commodities meet rigorous agricultural and safety standards. Additionally, the policy encourages the adoption of traceability systems that monitor the entire supply chain, from raw material sourcing to final product delivery, ensuring transparency and accountability. These initiatives aim to boost the credibility of Andhra Pradesh's food products, increase export potential, and meet rising demands for safe and certified food products in both domestic and global markets.

3.2.9 Skill Development

Skill development plays a critical role in building a capable workforce to meet the demands of the growing food processing sector in Andhra Pradesh. The Andhra Pradesh State Skill Development Corporation (APSSDC) will support scalable, for-profit vocational training initiatives, alongside establishing quality assurance systems, information management, and trainer academies. Through collaborations with renowned institutions like ICAR, CFTRI, IIMR, NIN, CIPET, and NIFTEM, demand-driven courses in food packaging, testing, quality control, and food processing will be offered. Additionally, the policy aims to create localized employment and entrepreneurship opportunities for rural youth, reducing migration, and is exploring the establishment of a Food Processing Polytechnic Institute to further strengthen industry-aligned skill development in the state.

3.2.10 Focus on Attracting FDI and Exports

The Food Processing Policy 2024-29 aims to position Andhra Pradesh as a preferred destination for Foreign Direct Investment (FDI) in the food processing sector. The policy offers competitive incentives and a conducive business environment to attract global investors, leveraging the state's robust agricultural output, strategic location, and well-developed infrastructure. In addition, the policy emphasizes expanding exports by encouraging value-added production and ensuring that food products meet international quality and safety standards. The state will actively promote Andhra Pradesh's processed food products in global markets, driving growth in exports and strengthening its position in the global food processing industry.

3.3 TARGETS

To position Andhra Pradesh as a premier destination for food processing industries and transform the state into a food processing hub, the Government of Andhra Pradesh (GoAP) has outlined a comprehensive plan. The policy aims to foster an entrepreneurial ecosystem by promoting the "One Entrepreneur per One Family" initiative, with a strong emphasis on employment generation.

1. Attract new investments worth INR 30,000 Crores in the sector by 2029.
2. Attract FDI investment worth USD 1 Bn in the sector by 2029.

3. Create 3,00,000 additional employment opportunities in the sector by 2029.
4. Develop 10 commodity-based food clusters including meat processing to enable a focused and planned approach to develop the food processing industry through a coordinated approach between government departments.
5. Establish Commodity Boards for key crops/produce on PPP mode.
6. Establish one Premier Food Processing Institute in PPP mode.
7. Develop Food Parks through prospective private players which will have basic enabling infrastructure and common facilities for food processing units.
8. Tribal regions in Alluri Sitharama Raju, Parvathipuram Manyam in the state to be notified as Organic zones



3.4 NODAL AGENCY

The Andhra Pradesh Food Processing Society (APFPS) will serve as the nodal agency for implementing the Food Processing Policy 2024-29. APFPS will function as a key facilitator, offering comprehensive support to entrepreneurs in the food processing sector. APFPS will provide guidance to entrepreneurs on accessing incentives and benefits available under various schemes and programs of both the Government of India and the Government of Andhra Pradesh, facilitating smoother business operations and growth.

4 FOCUS SECTORS

The Andhra Pradesh Food Processing Policy 2024-29 is designed with a core focus on value addition as the key driver for growth across the Agriculture, Horticulture, Aqua, and Animal Husbandry sectors. By treating all sectors with equal importance, the policy aims to create a balanced ecosystem that encourages innovation and processing at every level of the value chain. The primary objective is to transform raw produce into higher-value products, thereby boosting market competitiveness, enhancing export potential, and increasing profitability for farmers and entrepreneurs alike.

To achieve this, the policy places a strong emphasis on promoting secondary and tertiary processing units by offering tailored incentives that stimulate investment in advanced processing technologies and infrastructure. Through this strategic focus on value addition, the policy seeks to unlock the full potential of Andhra Pradesh's agricultural resources, ensuring sustained economic growth, job creation, and higher returns for stakeholders across all sectors.

4.1.1 Agriculture

Andhra Pradesh is a significant agricultural producer, characterized by a diverse agro-climatic landscape that spans 8.42 million hectares of cultivable land. The state benefits from an extensive irrigation network fed by the Godavari and Krishna rivers. Major crops grown in the State include paddy, maize, groundnut, cotton, pulses, and millets. While Andhra Pradesh plays a crucial role in India's rice production, contributing substantially to the country's food grain output, it is also recognized for its diversified crop portfolio, which underpins its strong agricultural economy. This extensive agricultural base provides a solid foundation for the state's food processing industry, enabling value addition across various segments.

4.1.2 Horticulture and Plantation Crops

Andhra Pradesh leads India's horticulture sector, contributing over 16% to the state's Gross Value Added (GVA) and ranking first in fruits production. It is largest producer of horticultural crops include mango, banana, sweet orange, pomegranate, papaya, chilli, turmeric, cocoa, coconut, oil plam and tomato. The state's leadership in horticulture and plantation crops provides a robust supply base for the food processing sector, enabling the development of value-added products for both domestic consumption and export markets

4.1.3 Livestock

The livestock sector is a major contributor to Andhra Pradesh's agricultural economy, accounting for over 31% of the state's agricultural output. Andhra Pradesh ranks first in egg production, contributing 20.13% of India's total egg output, and is a leading producer of milk and meat. In 2022-23, the state produced 15.45 million MT of milk and 1.09 million MT of meat, making it the 4th largest meat producer in the country. This strong livestock base is crucial for the development of downstream processing industries, such as dairy and meat processing, and plays a key role in rural employment and income generation.

4.1.4 Fisheries

The fisheries sector is the second-largest contributor to Andhra Pradesh's agricultural GVA, accounting for 28% of the state's agricultural output. Andhra Pradesh leads India in fish and shrimp production, producing 0.84 million MT of shrimp and over 5.16 million MT of total fisheries output in 2023-24. AP contributes 37% of national shrimp exports. The state's leadership in fisheries provides ample opportunities for the food processing industry, particularly in seafood processing, which is a major export earner for Andhra Pradesh. The development of modern processing units for value addition is essential to enhancing the state's competitiveness in global seafood markets.

5 ENABLING INFRASTRUCTURE FOR VALUE ADDITION

5.1 DEDICATED STATE CORPUS

Government is setting aside INR 250 Crores corpus built over the policy period to infuse capital for supporting programs/projects for Research & Development in Food processing technology, Support enterprises in getting quality certifications, organic certification and Promotion of Millet production.

5.2 INFRASTRUCTURE CREATION



5.2.1 Commodity Development Boards

Andhra Pradesh as a State is excelling and is a leader in many agriculture and allied sectors. Establishing Commodity Boards for key commodities is vital for their overall development. These boards will play a central role in driving innovation, promoting value addition, and improving infrastructure and market linkages. They will also help farmers adopt best practices, enhance productivity, ensure quality standards, and address market challenges like price fluctuations. By fostering collaboration between stakeholders, the boards will ensure that the state maximizes its potential in production and processing of the commodities.

5.2.2 Focused Food Parks

The objective of the Food Parks is to provide modern infrastructure facilities for the food processing units so as to enable them to operate in plug & play model. The parks would consist basic infrastructure like internal roads, power, water, drainage systems, effluent treatment plants, etc and core processing infrastructure including cold storages,

warehousing, ripening chambers, food testing labs, etc as common facilities with readily available lease plots.

These parks will be developed on privately owned land by promoters, with the government providing financial assistance to create external infrastructure, thereby easing the burden on micro-entrepreneurs. GoAP plans to develop at least 77 MSME Parks in 77 divisions (ranging from 10 to 100 acres), and 26 Large Parks in 26 districts (ranging from 100 to 1000 acres). The design of these parks will depend on the commodities of focus and their geographical location.

The incentives are to be aligned with Private Parks Policy 2024-29 of Government of Andhra Pradesh.

5.2.3 Nano Food Parks

The Government of Andhra Pradesh intends to develop nano food parks (Less than 10 acres) to promote micro food enterprises by providing dedicated infrastructure and a supportive business environment for seamless operations. These parks will address barriers by offering common infrastructure, such as roads, power, water, cold storage, warehouse, flatted factory complexes and external amenities, reducing the burden on individual entrepreneurs. This will allow them to focus on marketing, product competitiveness, and quality standards.

These parks will be developed on privately owned land by promoters, with the financial assistance from Government as per the Private Parks Policy 2024-29 GoAP plans to develop at least 175 Nano Food Parks in 175 constituencies (less than 10 Ac). The design of these parks will depend on the commodities of focus and their geographical location.

5.2.4 Animal Feed Park

The Government plans to establish first of its kind Animal Feed Park on PPP mode to tap the global feed market. This facility aims to leverage state's rich agricultural resources and strategic location to create a hub for high-quality animal feed production.

The incentives are to be aligned with the Private Parks Policy -2024-29 of Government of Andhra Pradesh.

5.2.5 Food Export Hubs

Andhra Pradesh, with its strategic coastal location and proximity to major ports and airports, is planning to establish four state-of-the-art export hubs to drive its food export ambitions. These large-scale integrated hubs, each covering over 500 acres, are designed to serve as critical nodes in the export supply chain, offering end-to-end services such as aggregation, packing, cold storage, quality testing, phytosanitary certification, and export compliance. Unlike conventional industrial parks, these hubs will focus solely on facilitating export processes, without production or processing activities on-site. By concentrating key export-related infrastructure in these zones, the hubs will streamline logistics, reduce export lead times, and ensure compliance with global standards. Promoted by private players or through PPP models, the hubs will

cater to the export requirements of their respective regions, aligning with Andhra Pradesh's vision to enhance its competitiveness and solidify its position as a major food export hub.

5.2.6 Cold Chain:

Andhra Pradesh, with its significant production of fruits, vegetables, dairy, and seafood, requires a well-integrated cold chain system to maintain the quality and safety of products from farm to market.

The Food Processing Policy 2024-29 places a strong emphasis on the development of robust cold chain infrastructure to reduce post-harvest losses and ensure the preservation of perishable commodities.

The policy encourages investment in cold storage facilities, refrigerated transportation, and pack houses at strategic locations, particularly near high-production clusters. These facilities will be supported through financial incentives and subsidies to ensure efficient storage and transport of perishable goods like shrimp, fruits, and dairy products.

By enhancing cold chain infrastructure, the policy aims to minimize wastage, extend the shelf life of products, and facilitate seamless access to domestic and export markets, thus boosting the overall competitiveness of the state's food processing sector.

5.2.7 Irradiation Facilities

In the Food Processing Policy 2024-29, the development of irradiation units is a key focus to enhance food safety, extend shelf life, and meet international export standards. Irradiation technology is essential for the decontamination of food products, reducing microbial load, and increasing shelf life without affecting the nutritional value.

The policy encourages the establishment of irradiation units in key production zones for grains, fruits, vegetables, spices, meat and seafood. These units will play a vital role in ensuring that processed food products meet both domestic and global safety standards, enhancing shelf life and export potential.

To facilitate this, the policy offers financial incentives and public-private partnership (PPP) models for setting up irradiation facilities, ensuring that both farmers and processing units can access this critical technology. The goal is to boost the overall competitiveness of Andhra Pradesh's food processing industry in global markets.

5.2.8 Food Testing Laboratories

The Food Processing Policy 2024-29 prioritizes the establishment and enhancement of food testing laboratories across Andhra Pradesh to ensure the highest standards of food safety, quality, and compliance with both domestic and international regulations. These laboratories will be equipped with advanced testing technologies to assess chemical, micro biological, and nutritional parameters, ensuring that processed food products meet stringent safety and quality standards.

Strategically located in key agro-processing zones these laboratories will provide critical services to food processing units, including quality certification, residue analysis, and

pathogen detection. The policy supports public-private partnerships (PPP) to establish state-of-the-art NABL-accredited food testing labs and encourages private sector participation through financial incentives.

By ensuring the availability of advanced testing facilities, the policy aims to bolster consumer confidence, enhance export capabilities, and ensure compliance with global food safety standards, thereby strengthening the competitiveness of Andhra Pradesh's food processing sector.

5.2.9 Modern Abattoirs

The Food Processing Policy 2024-29 emphasizes the development of modern abattoirs to enhance the efficiency, hygiene, and safety of meat processing in Andhra Pradesh. These abattoirs will be designed to meet international standards for slaughtering, processing, and packaging, ensuring compliance with stringent food safety and animal welfare regulations.

The policy offers financial incentives for the establishment of these facilities, ensuring that small and large enterprises can benefit from access to modern infrastructure. Government will take interventions to formalize sheep & goat rearing, processing and marketing to bring efficiencies in the sector.

By developing modern abattoirs, the policy aims to increase the state's capacity for value-added meat processing, improve export potential and promote sustainable practices within the meat industry.

5.3 CONVERGENCE WITH GOI SCHEMES

The Government of Andhra Pradesh is promoting the food processing industry by enabling the convergence of various schemes from both central and state departments, while facilitating improved coordination among these departments. This approach ensures a seamless integration across the value chain, enhancing both upstream and downstream value addition. By connecting farmers, processors, and market stakeholders, the policy fosters collaboration and access to critical resources and infrastructure. It aligns with land and industrial policies, skill development, and cluster-based strategies, creating a supportive ecosystem for value chain actors. Tailored incentives based on investment size, along with improved departmental coordination, will drive growth, optimize resource use, and boost overall efficiency in the food processing sector.

5.4 SUSTAINABILITY & CIRCULARITY

The Food Processing Policy 2024-29 emphasizes the integration of sustainability and circularity within the food processing industry to minimize environmental impact and promote resource efficiency. The policy encourages the adoption of eco-friendly practices, such as waste-to-energy conversion, utilization of by-products, and water conservation technologies. By focusing on reducing food waste, reusing processing by-products, and recycling resources, the policy

supports a circular economy approach, ensuring that food processing activities are sustainable and aligned with global environmental standards. These efforts aim to not only improve the environmental footprint of food processing enterprises but also enhance long-term profitability through resource optimization.

6 ENABLING SPEED OF DOING BUSINESS

6.1 SINGLE WINDOW MECHANISM 2.0

Among the many initiatives undertaken as part of facilitating industry set-up in the State, AP government has launched the Single Desk Portal (SDP) in June 2015. The one-stop-shop is helping industries to obtain more than 93 regulatory clearances required to set-up and operate business in 21 days.

The SDP supports end-to-end transaction processing with online payment and application status tracking. Investors can obtain clearances belonging to 19 departments covering Pre-establishment approvals, pre-operation approvals and renewals.

6.2 DEDICATED INVESTMENT FACILITATION CELL

To reduce the hassle of coordinating with multiple agencies post submission of request for various approvals on Single Desk Portal, the state has created an investment facilitation cell.

Each investor will be assisted by a Liaison officer, who helps the investor in following-up with different line departments and keep the investor updated on the progress of approvals and various pre-requisites pending with the investors.

7 STRENGTHENING MSMEs & ENTREPRENEURS

MSMEs are considered as backbone of economic growth of any nation and major employment generator. As of February 2024, there are around 7.41 Lakh registered MSME units. This sector employs around 61.98 Lakh people as of July 2024.

The State recognizes that support is particularly required for the MSME sector to keep pace with global manufacturing trends, and to tap the potential of export markets. They are an integral part of fostering community level entrepreneurship and inclusive development.

With a view to give special attention to MSMEs and new entrepreneurs, the state will notify dedicated MSME and Entrepreneur development Policy, tailor made to address the specific needs of the sector.

Capacity Building	Interventions
EDP	<ul style="list-style-type: none"> • Identification of business, Business plan • Infrastructure identification • Scale up business, Financial Management • Risk, Legal compliance

Capacity Building	Interventions
Technical Training	<ul style="list-style-type: none"> • Technical Transfer from ICAR, CFTRI, IIMR, NIN, NIFTEM, CIPET, IIP, etc • Empaneled Master Trainers and District Level Trainers with APFPS can be utilized • OJT • FoSTAC certification • Branding & Marketing
Formalisation	<ul style="list-style-type: none"> • Udyam Aadhaar registration • FSSAI license •
Packaging	<ul style="list-style-type: none"> • Export oriented packing • Collaboration with Indian Institute of Packaging
Vendor Management	<ul style="list-style-type: none"> • Sensitization about Public procurement process • Onboard on GeM, ONDC platforms

8 FISCAL INCENTIVES

The state classifies investment category for food processing sector into investment bands attached with standard investment periods defined in this section. In any case, the overall incentive a company can claim, through combination of incentive packages offered through this policy or any subsequent policies, shall not exceed 75% of FCI.

The fiscal incentives provided under the Food Processing Policy are applicable for the specific investments made in the agri, food processing and allied segments in the Andhra Pradesh state and the applicants are not eligible to apply for the similar incentives provided as part of IDP or MSME policy.

8.1 INCENTIVES AND CONCESSIONS FOR MSME, LARGE & MEGA PROJECTS

Government of AP adopted the definition of MSME laid out in MSMED Act, 2006 by Government of India (as amended from time to time). A revision in MSME definition in Atmanirbhar Bharat on 2020. Classification of projects based on the Fixed Capital Investment (FCI) for MSME, Large and Mega projects

Category	Investment	Turnover
Micro	Upto INR 1 Cr	Upto INR 5 Cr
Small	Upto INR 10 Cr	Upto INR 50 Cr
Medium	Upto INR 50 Cr	Upto NR 250 Cr

FPOs/SHGs/Federations/ Cooperatives/ Societies are as per Gol definition.

The Fiscal incentives such as Power tariff reimbursement, SGST reimbursement, Skill upgradation cost, Energy and water audit cost, local procurement subsidy, and Quality certification are applicable as per MSME policy.

Projects with Fixed Capital Investment (FCI) size of more than INR 50 Cr up to INR 100 Cr fall under large category. For more than INR 100 Cr FCI projects are treated as Mega category in Food Processing Sector. The standard investment period for Large or Mega enterprises will as per AP Industrial Development Policy 4.0 (2024-29).

The Government will extend tailor-made benefits to the projects with Fixed Capital Investment (FCI) of more than INR 100 Cr on case-to-case basis based on the gestation period, pioneering nature, locational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people or revenues for the state. The projects in this investment band will be processed through SIPC/SIPB.

8.1.1 Capital Subsidy - For New enterprises.

Beneficiary	Subsidy for Primary Processing units	Subsidy for Secondary/Tertiary Processing units	Incentive disbursement period
FPOs/SHGs/Federations/Cooperatives/Societies	25% FCI, cap at INR 50 Lakh	35% FCI, cap at INR 5 Cr	2 years from generation of 1 st tax invoice
Other enterprises - Micro	25% FCI, cap at INR 25 Lakh	35% FCI, cap at INR 35 Lakh	2 years from generation of 1 st tax invoice
Other enterprises – Small	25% FCI, cap at INR 1.5 Cr	35% FCI, cap at INR 3.5 Cr	3 years from generation of 1 st tax invoice
Other enterprises - Medium	25% FCI, cap at INR 7 Cr	35% FCI, cap at INR 8 Cr	4 years from generation of 1 st tax invoice
Large	15% FCI		5 years from generation of 1 st tax invoice

1. FPOs/SHGs/Federations/Cooperatives/Societies depending on the size of investment can avail benefits eligible for Small or Medium or Large category whichever is higher
2. For Mega projects with investment INR 100 Crores and above, GoAP will extend tailor made incentives on case to case basis.
3. An additional 10% subsidy(within the limits of maximumcap) for enterprises wholly owned by Women/BC/SC/ST/specially-abled entrepreneurs of local domicile.
4. The incentive is applicable for only new projects.

- For Projects delayed beyond committed completion date, the incentive will be reduced by 0.5% for each month of delay in DCP from the committed date in the application.

8.1.2 Capital Subsidy - Technology Upgradation/ Modernization

Beneficiary	Subsidy	Incentive period	disbursement
FPOs/SHGs/Federations/Cooperatives/Societies	35% FCI, cap at INR 3 Crores	2 years from generation of 1 st tax invoice	
Other enterprises - Micro	20% FCI, cap at INR 20 Lakh	2 years from generation of 1 st tax invoice	
Other enterprises – Small	20% FCI, cap at INR 1 Cr	3 years from generation of 1 st tax invoice	
Other enterprises - Medium	20% FCI, cap at INR 5 Cr	5 years from generation of 1 st tax invoice	
Other enterprises - Large	10% FCI	5 years from generation of 1 st tax invoice	

- FPOs/SHGs/Federations/Cooperatives/Societies depending on the size of investment can avail benefits eligible for Small or Medium or Large category whichever is higher
- An additional 10% subsidy (within the limits of maximum cap) for enterprises wholly owned by Women/BC/SC/ST/specially-abled entrepreneurs of local domicile.
- The incentive is applicable for only expansion projects.
- For Projects delayed beyond committed completion date, the incentive will be reduced by 0.5% for each month of delay in DCP from the committed date in the application.

8.1.3 Capital Subsidy - Waste Processing

Beneficiary	Subsidy	Incentive period	disbursement
FPOs/SHGs/Federations/Cooperatives/Societies	50% FCI, cap at INR 2 Cr	2 years from generation of 1 st tax invoice	
Other enterprises - Micro	25% FCI, cap at INR 25 Lakh	2 years from generation of 1 st tax invoice	
Other enterprises – Small	25% FCI, cap at INR 2.5 Cr	3 years from generation of 1 st tax invoice	
Other enterprises - Medium	25% FCI, capped at INR 5 Cr	5 years from generation of 1 st tax invoice	

1. FPOs/SHGs/Federations/Cooperatives/Societies depending on the size of investment can avail benefits eligible for Small or Medium category whichever is higher
2. The incentive is applicable for new and expansion projects.
3. For Projects delayed beyond committed completion date, the incentive will be reduced by 0.5% for each month of delay in DCP from the committed date in the application.

8.1.4 Capital Subsidy - Setting up of Modern Abattoirs/ Meat processing/Animal Feed units

Beneficiary	Subsidy	Incentive period	disbursement
FPOs/SHGs/Federations/Cooperatives/Societies	50% FCI, cap at INR 15 Cr	2 years from generation of 1 st tax invoice	
Other enterprises - Micro	35% FCI, cap at INR 35 Lakh	2 years from generation of 1 st tax invoice	
Other enterprises – Small	35% FCI, cap at INR 3.5 Cr	3 years from generation of 1 st tax invoice	
Other enterprises – Medium	35% FCI, cap at INR 15 Cr	5 years from generation of 1 st tax invoice	
Other enterprises - Large	35% FCI, cap at INR 25 Cr	5 years from generation of 1 st tax invoice	

1. FPOs/SHGs/Federations/Cooperatives/Societies depending on the size of investment can avail benefits eligible for Small or Medium or Large category whichever is higher
2. The incentive is applicable for new and expansion projects.
3. For Projects delayed beyond committed completion date, the incentive will be reduced by 0.5% for each month of delay in DCP from the committed date in the application.

8.1.5 Food Testing Laboratories

1. 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.
2. Setting up or upgradation of NABL Food Testing laboratory for new and existing food processing units are eligible to get financial assistance of 35% of Fixed Capital Investment (FCI) towards Machinery & Technical civil with capping up to INR 5 Cr
3. The incentive eligible in a given financial year shall be disbursed in 2 equal annual installments, upon generation of 1st Tax invoice.

8.1.6 Power Tariff reimbursement

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

Beneficiary	Subsidy	Capping on Subsidy
Other enterprises - Micro	INR 1 per unit for 6 years	INR 1 Lakh/annum
Other enterprises – Small	INR 1 per unit for 6 years	INR 5 Lakh/annum
Other enterprises – Medium	INR 1 per unit for 6 years	INR 15 Lakh/annum
Other enterprises - Large	INR 1 per unit for 2 years	

1. It is encouraged that units to invest in energy, water efficient or pollution or waste minimizing machinery to avail De-carbonization subsidy as per Industry Development Policy 4.0 (2024-29).
2. FPOs/SHGs/Federations/Cooperatives/Societies depending on the size of investment can avail benefits eligible for Small or Medium or Large category whichever is higher

8.1.7 Net SGST reimbursement

1. For FPOs/SHGs/Federations/ Cooperatives/Societies, MSMEs units: 100% net SGST payable on the sale of final products manufactured, sold, and registered in the State, will be reimbursed for a period of 6 years from the date of commercial production capped at 5% of the annual turnover.
2. For units of FPOs/SHGs/Federations/Cooperatives/Societies under Large category and Large units: 100% net SGST payable on the sale of final products manufactured, sold, and registered in the State, will be reimbursed over a period of 5 years from the date of commercial production capped at 5% of the annual turnover.

8.1.8 Energy and Water audit

Beneficiary	Subsidy	Capping on Subsidy
Other enterprises - Micro	<ul style="list-style-type: none"> • 75% of Audit cost • 25% of cost of equipment as prescribed in audit 	<ul style="list-style-type: none"> • Water audit, cap at INR 1L • Energy audit, cap at INR 2L • Equipment cost, cap at INR 20 L.
Other enterprises – Small	<ul style="list-style-type: none"> • 75% of Audit cost • 25% of cost of equipment as prescribed in audit 	<ul style="list-style-type: none"> • Water audit, cap at INR 1L. • Energy audit, cap at INR 2L.

Beneficiary	Subsidy	Capping on Subsidy
		<ul style="list-style-type: none"> Equipment cost, cap at INR 40L.
Other enterprises – Medium	<ul style="list-style-type: none"> 75% of Audit cost 25% of cost of equipment as prescribed in audit 	<ul style="list-style-type: none"> Water audit, cap at INR 1L. Energy audit, cap at INR 2L. Equipment cost, cap at INR 50L.

1. FPOs/SHGs/Federations/Cooperatives/Societies depending on the size of investment can avail benefits eligible under respective category.

8.1.9 Skill upgradation

Beneficiary	Subsidy	Capping on Subsidy
Other enterprises - Micro	5,000 per person employed	max. of 10 persons
Other enterprises – Small	10,000 per person employed	max. of 20 persons
Other enterprises – Medium	100% of Employer contribution to EPF	(Cap – 1 LPA) for 3 yrs

1. FPOs/SHGs/Federations/Cooperatives/Societies depending on the size of investment can avail benefits eligible under respective category.

8.1.10 Local Procurement Subsidy

To encourage domestic sourcing of raw material, for exporting units in select sectors registered in the state, the state is extending Local procurement subsidy.

Type of Support	Micro Enterprises	Small Enterprises	Medium Enterprises
Local Procurement Subsidy	1% of annual turnover for 3 years, with overall capping of INR 15 Lakhs.	1% of annual turnover for 3 years, with overall capping of INR 1.5 Crore.	1% of annual turnover for 3 years, with annual capping of INR 7 Crore.

8.1.11 Quality Certification

1. GoAP, through Food Processing associations and District Industry Centers (DIC) will disseminate information regarding good manufacturing and hygiene practices, regulatory requirements etc.

2. GoAP shall reimburse balance of 100% of the cost of certifications such as HACCP, GMP, ISO 9000, ISO 22000, GLP and TQM for food processing units.

8.1.12 Top-up on Schemes of Government of India

State government will give top up of 10 - 15% additional incentive for the sanctioned projects under PMKSY scheme of MoFPI, Gol.

MoFPI Scheme	Top up
Agro Processing Cluster	15% of the eligible project upto INR 1 Cr
Irradiation facility	15% of the eligible project cost upto INR 1 Cr
Food Safety and Quality Assurance	<ul style="list-style-type: none"> • 15% on the eligible equipment upto 10 Lakh • 10% on technical civil upto 5 Lakh
Operation Greens – Long Term	15% of the eligible project cost upto INR 1 Cr

1. Additional 2% of Interest Subvention upon the sanction of project under the Scheme of Animal Husbandry Infrastructure Development Fund (AHIDF) on the term loan for a period of 5 years with a capping of additional cumulative interest subvention not exceeding INR 5 Cr.
2. Additional 2% of Interest Subvention upon the sanction of project under the Scheme of Agriculture Infrastructure Fund (AIF) on the term loan up to INR 1 Cr for 5 years.
3. The incentive is eligible for only those projects that received Gol sanction and only to the extent of investment committed to Gol and proportionate investment made in AP.
4. Investment made in AP, beyond what is committed to Gol for the sanction of project, will not be considered for the top-up incentive.
5. The disbursement of State additional incentive can be released in equal installments over a period of 5 years provided if the unit is operating with 50% of installed capacity and amount will be disbursed based on the unit capacity utilization, branding, and employment creation
6. The Government can add more such schemes of Government of India under this option after the approval of APFPS.

8.2 STANDARD INCENTIVES AND CONCESSIONS FOR ALL INVESTMENT BANDS

Standard Incentives are applicable for all investment bands MSME, Large, Mega.

8.2.1 Stamp Duty reimbursement

1. 100% stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use will be reimbursed.
2. 100% stamp duty for lease of land/shed/buildings, mortgages and hypothecations will be reimbursed.
3. Stamp duty will be reimbursed only one time on the land. Stamp duty will not be reimbursed on subsequent transactions on the same land.

8.2.2 Land conversion charges

1. 100% fee charged for land conversion will be reimbursed.

9 OPERATING GUIDELINES

The operating guidelines for this policy will be issued separately detailing the procedures for availing incentives under this policy.

N YUVARAJ
SECRETARY TO GOVERNMENT& CIP

Annexure I – Institutional Support

Line Department	Role
Department of Agri. & Horticulture	<ul style="list-style-type: none"> • Work in coordination with APFPS in data consolidation and correspondence to propose Commodity Development Boards • To pursue establishment of Center of Excellence (CoE) for F&V under MIDH and other schemes to develop and demonstrate latest technologies • Create awareness among farmers/ FPOs to avail schemes of APFPS • Promote cultivation of varieties which suitable for both processing and table consumption.
Department of Fisheries	<ul style="list-style-type: none"> • Work in coordination with APFPS in data consolidation and correspondence to propose shrimp/fish development Boards • To increasing area under aquaculture
Department of Animal Husbandry and Dairying	<ul style="list-style-type: none"> • Work in coordination with APFPS to establish Animal Feed Park, abattoirs, meat processing units
APIIC	<ul style="list-style-type: none"> • Work in coordination with APFPS in developing Food parks, export hubs and Sector specific industrial parks. • Allotment of industrial lands to new entrepreneurs
AP MSME DC	<ul style="list-style-type: none"> • Work in coordination with APFPS in conducting Capacity building programs, EDP, Formalisation, Thematic interventions
SERP & MEPMA	<ul style="list-style-type: none"> • Work in coordination to promote and strengthen SHGs to avail benefit of Food Processing schemes and help in Formalisation
Tribal Welfare Department	<ul style="list-style-type: none"> • Work in coordination with APFPS to promote and strengthen Tribals to avail benefit of Food Processing schemes. • Notifying tribal areas Alluri Sitharama Raju and ParvathipuramManyam as organic zones.
Andhra Pradesh State Skill Development Corporation	<ul style="list-style-type: none"> • Work in coordination with APFPS in facilitating the skill development courses on food processing, provide skilled man power to processing industries, etc.
Renewable Energy department	Facilitate Open Access for Solar power generation plant
RythuSadhikaraSamastha	Encourage farmers towards natural farming

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