











Chairman, Telangana State Food Processing Society and Principal Secretary to Government (FP & MSME)., Industries & Commerce Dept.,

Ph: 040-23452985

Email: prlsecy.inds@telangana.gov.in



Vice Chairman & Managing Director (FAC) Ph: 040-23230234, 23233596, 23240205(F)

Mobile: +91-8096502949

Email: vcmd_tsiic@telangana.gov.in

Sri Akhil Kumar Gawar

Director, Telangana State Food Processing Society

Ph: +91-8588987376

Email: dir-fp-ind@telangana.gov.in

Sri A.Nagender

General Manager, Telangana State Food Processing Society

Ph: +91-7093001410

Email: tsfps2014@gmail.com

www.tsfps.org



Telangana State Food Processing Society

(A Government of Telangana Society, INDIA)

'D' Block,, 2nd Floor, Room No. 346-A Telangana Secretariat, Hyderabad – 500 022. Off: 91-40-2345 0335, Fax: +91-402322 0550 Email: tsfps2014@gmail.com











Telangana State Food Processing and Preservation Policy





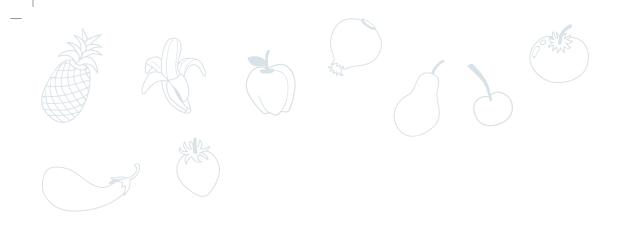
Telangana State **Food Processing Society**

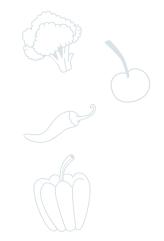
(A Government of Telangana Society, INDIA)













INDEX







"Through a vibrant food processing industry, Telangana commits to help its producers realize maximum value for their produce. Not only do we aim to increase farmer income manifolds but also are committed to ensure availability of unadulterated, top quality produce to our consumers and consumers worldwide."

> K. Chandrashekhar Rao Hon'ble Chief Minister Government of Telangana







Sri K. T. Rama Rao Hon'ble Minister for IT, Municipal Administration & Urban Development, Industries & Commerce, Public Enterprises, Sugar, Mines & Geology, and NRI Affairs

MESSAGE

Food is the true essence of life, from being a basic necessity to being the ultimate luxury of life. It forms the bedrock of our culture and society. The food sector is still the highest employment generation avenue for most of our population. Our bountiful natural resources, farmers, fishermen, shepherds have sustained us for centuries but over the last few decades, our growing population, rapid urbanization, reduced size of land holdings and global competition have all presented new set of challenges and opportunities alike. We live in a society today, where there is surplus production and yet our country is still home to a large number of undernourished souls. We lose a large portion of our produce to wastage and our farmers still do not get the fair share of the value from what they produce. Therefore, it is necessary to take active and immediate measures to help preserve our food and create value for all sections of the society.

The goal of doubling farmers income by 2022 rests on factors such as better seeds, improved irrigation, increased productivity, crop diversification, robust storage and transportation infrastructure, transparent markets, alternate rural employment and best practices for production, storage and transportation. While we have a large domestic market to cater to, yet India has the potential to feed the entire world, if we are able to match up to global standards of productivity, quality and preservation. Our government has already taken many measures to support our farmers, shepherds and fishermen in this direction. Yet another important factor for achieving our goals is the presence of a vibrant food processing industry. Food processing industry not only helps in providing a local market for our farmers but also helps in providing alternate rural employment, reducing wastage and helps in transferring best practices, seeds, technology and other inputs to the farmers. It increases the value of our production and helps realize better value for both the consumers and farmers alike.

India as a nation is rapidly embracing the urban lifestyle. As a result, demand for unadulterated, safe, packaged and ready to eat food is growing as never before. As a result, the levels of food processing is India are poised to grow rapidly, thereby, presenting an unprecedented opportunity for industries in the processed food and beverages segment. Telangana is blessed with a rich agrifood bounty due to its diverse soil types, climate and hard working farmers. Coupled with a progressive industrial policy, Telangana is one of the best destinations for food processing industries in the world today.

Our new food processing policy will provide the most industry friendly environment for food preservation and food processing industries. Policy not only includes financial support for industries across the food value chain but also, in a first of its kind, promotes active collaboration between Government, Industry and Academia to build infrastructure to develop commodity and concept clusters across the state. Policy also lays significant focus on innovation, agri-tech startups and providing our farmers with best in class seeds, technology and practices to enable them to compete at a global platform.

I invite the global food industry to come to Telangana and experience our hospitality. Become a partner in the rapid growth of our state and in assuring a sustainable, unadulterated, efficient and fair food value chain for our farmers and our consumers.

(K. T. Rama Rao)





An Integrated approach towards developing a vibrant food processing industry in Telangana









PREAMBLE

Food processing has been identified as one of the 14 thrust sectors for the state in the industrial policy framework of 2014. The sector forms a key linkage between agriculture and industry. Food processing contributes both to agriculture and manufacturing. Apart from its high contribution in Gross Value Addition (GVA), the sector is highly employment intensive and helps generate jobs in the rural areas close to the agricultural produce. As per the annual report ministry of food processing industries 2016-17, the food processing sector generates the highest employment per unit of capital invested as compared to all other major manufacturing industries.

The absence of a flourishing food processing sector also contributes to the excessive food -wastage in our country. The current levels of food wastage as estimated by a study conducted by Central Institute of Post Harvest Engineering & Technology (CIPHET), Ludhiana stand at 4.65% to 15.88% with most wastage occurring in perishables including fruits and vegetables. The annual losses based on these estimates are estimated at Rs.92,651 crores. Apart from the social burden of the food wastage, the net economic burden of food wastage is immense. Focus on development of food processing and food preservation infrastructure can help reduce this burden and help mitigate the price fluctuations of perishable agri commodities.

A well-developed food processing sector with higher level of processing helps in reduction of wastage, improves value addition, promotes crop diversification, ensures better return to the farmers, promotes employment as well as increases export earnings. This sector is also capable of addressing critical issues of food security, food inflation and providing wholesome, nutritious food to masses. Telangana is blessed with a rich agri food raw material base. Based on production data for 2014-15, Telangana is ranked first across the country for production of turmeric and sweet orange. Our state is the second largest producer of maize and chillies, third largest producer of egg, fourth largest producer of lemon, grapes, mango and soybean and fifth largest producer of meat in the country. Further, Telangana is a well accepted leader in poultry and seed business. Moreover, there is huge potential to promote inland fisheries and organized meat processing sector in the state. The recent efforts of strengthening irrigation infrastructure through mission Kakatiya and various welfare schemes such as distribution of cattle, sheep and fish seedlings, and polyhouse subsidy will further lead to a rich base of high quality food produce. However, in order to harvest maximum returns from the state's schemes and the natural richness of the state in the agri-food sector, it is imperative that the government provides a strong push to food processing sector.

Therefore, a dedicated food processing policy is proposed that aims to establish a vibrant ecosystem for food processing in the state. The policy encourages adoption of best practices, new technology and responsible production. It also provides measures for active collaboration between the government, academia, industry and farmer organizations to establish food processing clusters in the state. Through dissemination of technology, practices and, farm inputs to farmers and a well planned storage, transportation and, marketing infrastructure, we intend to kick-start a virtuous cycle of growth for the food processing sector in the state.





















Papaya

0.10 Mn



3. 80 Lakh sheep units distributed by Government to local shepherd community





OPPORTUNITIES





Developing air exports for high value produce and leveraging potential in global meat & HALAL market



20x potential for inland fisheries to grow from current levels with the revival of tanks under "Mission Kakatiya"



Leveraging our location advantage to establish food aggregation & distribution hub



2x increase in state's milk production under "Ksheera Viplavam" inititative with upto 75% subsidy on milch animals



Building local vendor base for large tertiary food, pharma and chemical industries



2x increase in sheep population through sheep distribution drive making Telangana no. 1 in sheep population in India



Processing surplus commodities currently being exported from the state in unprocessed form



Growing presence of large organized retail in state with 20% CAGR for food & beverages retail for the next 5 years







Market yards

- More than 1 million MT of food products traded in 151 market yards across the state
- 44 mandis live on e-NAM and connected online to national agriculture market



- 2 million MT warehousing and 0.2 million MT cold storage capacity
- Ware housing capacity increased 5X over last 3 years & cold storage capacity to increase by 5X over next 3 years





Hyderabad International Airport

- No.1 ranked international airport with 150,000 MT cargo capacity
- 8500 MT annual perishable foods exports growing at 45% CAGR

Inland container Depots

- 152,000 TEU capacity at 3 ICDS
- 50,000 TEU capacity at 3 CFS
- Dry port & Logistics port coming up















Food Parks

Ready to use 151 acres in plug&play facilities across 4 Food Parks

- M/s Smart Agro Mega Food Park Pvt. Ltd.
- M/s Raagamayuri Agrovet Pvt. Ltd.
- M/s TSIIC Food Park
- M/s Basavashakti Mega Food Park Pvt. Ltd.

Developed land with basic infrastructure

• 3000 hectors available for food processing industries across the State





Undeveloped Land

 Provisions in Telangana State Land acquisition rules 2017, for TSIIC to acquire identified land on behalf of the entrepreneur



• Clusters to be identified across the state for focus commodities





Assured supply at your doorsteps

- 10% of all existing & new water supply reserved for industry
- 300 MLD new water supply made available for industry under mission Bhagiratha



- 6.3% power surplus in 2017-18
- 65% increase in installed power base over the next 5 yrs.
- Special incentives for renewable generation & captive generation for food processing units





Improved farm Infrastructure

- Mission Kakatiya & other irrigation projects to increase area under irrigation by 2x by 2022
- Area under Irrigation to increase from 25,000 Sqkm. to 50,000 Sqkm.









- Single window clearance
- Self certification
- Online application
- Time bound approvals
- Deemed approval after deadline
- Average time for clearance <15 days







Telangana academy for skill & knowledge

- Not for profit organization created by Govt. of Telangana for providing customized industry specific training to youth at highly subsidized rates.
- 100,000 + students trained with 588 partner institutions & 3000+ trained faculty





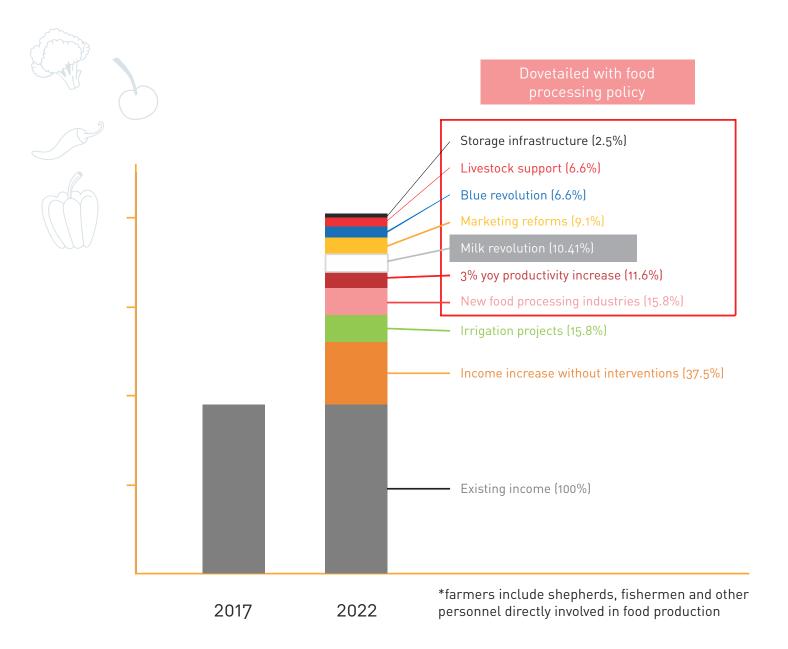
S.No.	Organisation	Remarks
1	International Crops Research Institute for the Semi-arid Tropics (ICRISAT), Hyderabad	Research Organization
2	Indian Institute of Millet Research (IIMR), Hyderabad	Research Organization
3	Central Food Technological Research Institute (CFTRI), Hyderabad	Research & Training Organization
4	National Academy of Agricultural Research Management , Hyderabad	Research & Training Organization
5	National Institute of Agricultural Management at Hyderabad (MANAGE), Hyderabad	Training Organization
6	Indian Institute of Packaging, Hyderabad (2 yr PG Diploma in packaging)	Research & Training Organization
7	College of Food & Science Technology at Rudrur, Kamareddy District ,Prof. Jayashanker Telangana State Agricultural University	Educational Organization
	(B.Tech. in Food Tecnology)	
8	University college of Technology, Osmania University, Hyderabad	Educational Organization
	(B.Tech. in Food Technology)	
9	Aurora college of Technology, Hyderabad	Educational Organization
	(B.Tech. in Food Technology)	
10	Joginpally BR Engineering Collage, Hyderabad	Educational Organization
	(B.Tech. in Food Technology)	
11	Loyola Academy, Secunderabad	Educational Organization
	(B.Sc in Food Tecnology)	





DOUBLING FARMER INCOME BY 2022

Average farmer* income in Telangana













OBJECTIVES

"To harness maximum value from our rich agri-food, aqua, poultry & livestock resources for our producers, farmers and consumers by providing world class ecosystem for moving, trading and processing food products"

The objectives of the policy are as follows:

- 1. Drive the national objective of doubling farmer income by 2022
- 2. Build capacity for processing major commodities up to international standards
- 3. Develop clusters with collaboration between government, industry and academia
- 4. Establish state's reputation for reliable high quality agri-food produce
- 5. Position Telangana as agri-food distribution hub for the country

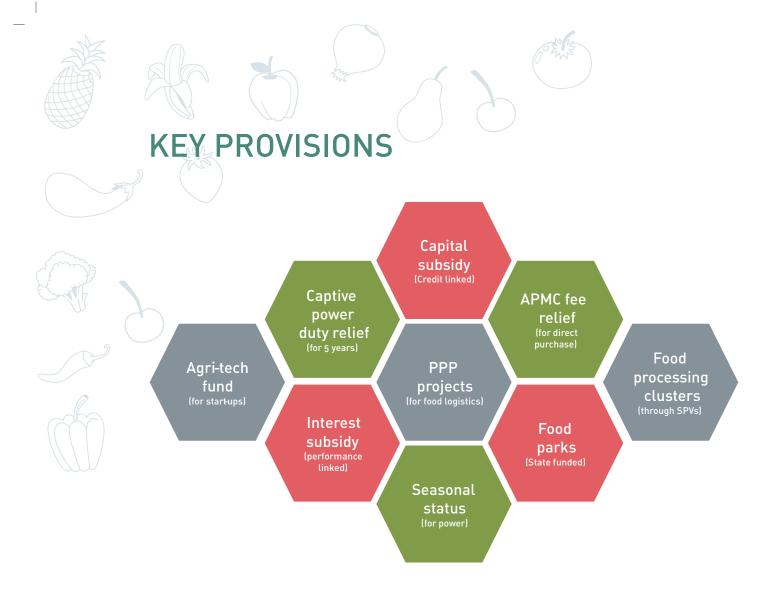
Ministry of food processing industries, Government of India has targeted to increase the aggregate levels of food processing in the country from 10% to 20% by 2020 and to increase the fixed capital base of food processing industries in India by five folds over the next ten years. Keeping in line with the central ministry targets, the policy aims to achieve the following outcomes from the food processing policy:

- 1. Generate employment for 1,25,000 personnel by 2022
- 2. Addition of more than 10,000 crores to state GSDP through food processing sector by 2022
- 3. Increase the fixed capital base of food processing industry by at least 10,000 crores by 2022

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

- 1. Creation, modernization and expansion of small and medium food processing units
- 2. Development of processing clusters for key commodities in the state
- 3. Development of new food parks and promotion of food parks
- 4. Development of logistics and supply chain infrastructure for food produce distribution
- 5. Support for mega projects in food processing industry
- 6. Promotion of innovation and adoption of industry best practices

Since, the food processing industries is part of the overall industrial policy framework of the state, other critical issues relating to the sector such as logistics support, retail infrastructure for food products, renewable energy support etc. are being covered by dedicated subject oriented policies. Central and state schemes on agriculture, fisheries, animal husbandry and dairy continue to support production and improve trade efficiencies through agricultural marketing reforms, promotion of better technology and agricultural practices, cooperation and skill development. All policies collectively strive towards the national goal of doubling farmer's income by 2022 and achieving food security for all.



MAJOR PROVISIONS AND AREAS OF SUPPORT

The policy provides capital and operational assistance to existing and new units along with providing hard and soft infrastructure support to the sector with the following schemes:

- 1. Creation, modernization and expansion of food processing units
- 2. Development of processing clusters in the state
- 3. Development of new food parks and promotion of new and existing food parks
- 4. Development of logistics and supply chain infrastructure for food produce
- 5. On farm infrastructure for primary processing and preservation
- 6. Promotion of innovation and adoption of industry best practices



1. CREATION, MODERNIZATION AND EXPANSION OF FOOD PROCESSING UNITS

Government of Telangana would incentivize development of new food processing units as well as modernization and expansion of existing food processing units in the state.

Scheme provisions are as follows:

Grant-in-aid of 35% of project cost up to 4 crores

Interest subsidy on term loan in excess of 3% pa up to maximum 9% pa for 5 years with maximum limit of Rs. 2 crores (cumulative) subjected to

Uninterrupted compliance to best practice certifications such as HACCP, BRC etc. as applicable. List of applicable certifications would be released in detailed policy guidelines.

Procurement of more than 75% of raw material from local farmers/producers

Annual capacity utilization of at least 35% of the installed base

Micronutrient fortification, if applicable to the product

100% exemption from APMC fee for procurement of agriculture/ horticulture produce directly from farmers by food processing units

Food processing industry would be granted the status of a seasonal industry and would be eligible to get relief from minimum electricity demand charges during the closure period

Food processing industries will be eligible for electricity duty exemption for captive power plants for self use for a period of 5 years from commencement of commercial operation

Eligible projects for this scheme would include:

All food processing industries except rice mills (except solvent extracted oil mills linked to rice bran), aerated water units, ice-factories not linked to food processing, packaged drinking water units, soft drinks units, pan masala units and traditional jaggery units.

Eligible applicants include:

All units promoted by joint ventures, farmer producer organizations (FPOs), cooperatives, NGOs, SHGs, local bodies, boards under government, public sector undertakings, private companies and individual proprietorship firms with appropriate land





Funded by
Government
[Later to find
funding from
industry,
academia and
global funds]

Think tank
[to identify
solutions for
cluster SPV
[members from
industry, academia &
government]

Technology
transfer &
trainings
[customized to
cluster needs]

PPP projects
[Identification &
feasibility studies]

Clusters identified through a State level executive committee

2. DEVELOPMENT OF PROCESSING CLUSTERS IN THE STATE

Government of Telangana would identify key clusters in the state and develop the necessary ecosystem for food processing in these clusters. Cluster development would be driven in each identified cluster through a dedicated SPV, formed in collaboration with members from government, industry, academia and research institutions. Government will provide grant to cover all costs required to setup the cluster SPVs infrastructure. Each cluster SPV will get a seed fund to start their operations in the first year of their incorporation. Cluster development SPV could take up the following activities

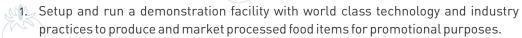












- 2. Train farmers, producers and traders in best practices related to production, handling, packaging, processing and marketing of processed food items
- 3. Enable technology transfer and improved access to processable varieties to producers
- 4. Facilitate interactions between FPOs and PMOs and offer services such as consultancy services, market intelligence, legal assistance etc. to farmers and FPOs
- 5. Identify opportunities for the cluster and recommend potential projects to be taken up under public private partnerships
- 6. Evaluate industry proposals for availing cluster scheme benefits and recommend eligible proposals for consideration

The Government will identify projects under PPP arrangement for development of anchor food processing units, testing facilities, storage and trading infrastructure, waste processing facilities, skilling centres, attached terminal market yards, research facilities etc.

Units developed in the identified cluster would be eligible for grant-in-aid of 35% of project cost up to Rs. 10 crores

Interest subsidy on term loan in excess of 3% pa up to maximum 9% pa for 5 years with maximum limit of Rs. 2 crores (cumulative) subjected to

Uninterrupted compliance to best practice certifications such as HACCP, BRC etc. as applicable. Details would be released in policy quidelines

Procurement of more than 75% of raw material from local farmers/producers

Annual capacity utilization of at least 35% of the installed base

Micronutrient fortification, if applicable to the product

Units established in the identified cluster would be eligible for an additional electricity rebate of Re 1 per unit via reimbursement over and above the rates as per T-IDEA scheme for a period of 5 years from the date of commencement of commercial operations

A state level approval committee (SLAC) will be formed under the chairmanship of Chief secretary and members from all concerned departments such as Agriculture, Animal husbandry, horticulture, and finance departments to accord approvals for recognizing the clusters, the constitution of the board of directors of the respective cluster development SPVs and the seed money to be granted to the cluster SPV

Government could identify following clusters:

Concept clusters: cluster for exports, super-foods cluster for healthy foods, Organic food cluster, HALAL cluster for HALAL certified produce etc.

Commodity clusters: turmeric, chillies, maize, dairy, meat, inland fishes, fruits and vegetables etc.







3. DEVELOPMENT OF NEW FOOD PARKS AND PROMOTION OF NEW AND EXISTING FOOD PARKS

Government would also support food parks with capital subsidy of 50%. The maximum limit of the grant will be evaluated on a pro-rata basis at the rate of Rs. 1 crore per acre subjected to an upper cap of 50 crores depending upon land size for areas where such project would enable development of a crucial cluster.

To promote food processing units to come up in the new and existing food parks, Additional Re.1 per unit rebate on electricity for a period of 5 years from the date of commencement of commercial operations. This benefit will be applicable to units availing assistance under KISAN SAMPADA yojana by ministry of food processing industries, government of India

4. DEVELOPMENT OF LOGISTICS AND SUPPLY CHAIN INFRASTRUCTURE FOR FOOD PRODUCE

Government of Telangana would facilitate improved handling, transportation, storage and preservation of perishables in the state based on detailed mapping of the value chain of perishables.

Scheme provisions are as follows:

- 1. Government will identify appropriate land in strategic locations for aggregation and distribution hub for development of storage infrastructure under PPP model
- 2. Grant-in-aid of 35% of project cost up to Rs. 10 crores for for silos, warehouses, packhouses, cold storage, pre-cooling units etc. in identified areas
- 3. Grant-in-aid of 50% up to Rs. 10 crores for frozen storage, deep freezers, vapour treatment facilities and irradiation facilities

5. SUPPORT FOR MEGA PROJECTS IN FOOD PROCESSING INDUSTRIES

In order to promote mega projects which bring in technology expertise and extensive backward and forward linkages, any project with net capital investment in plant and machinery more than Rs. 100 crore or providing employment to more than 1,500will be considered a Mega project. These projects will be eligible for tailor made incentives as per the provisions of Telangana state industrial policy.



6. PROMOTION OF INNOVATION AND ADOPTION OF INDUSTRY BEST PRACTICES

Government would promote entrepreneurship and collaboration between industry and academia to accelerate innovation and adoption of industry best practices.

- 1. Government of Telangana would establish a revolving venture capital fund to promote innovation and entrepreneurship in the agri-food space.
- 2. All food processing units and preservation facilities would be eligible for 50% grant upto Rs. 5 lacs for participating in domestic and global best practice certifications subjected to uninterrupted compliance to certification requirements. List of eligible certifications would be mentioned in the detailed guidelines.
- 3. Government would promote annual event in Hyderabad for exhibition of world class innovations, best practices and technology in agri-food space with free participation for industries availing state and central schemes

POLICY IMPLEMENTATION

The policy shall be implemented with concerted and coordinated efforts from Telangana state food processing society and supported by the Department of Industries and Commerce. A State Level Approval Committee (SLAC) shall be constituted to oversee the policy administration. State level approval committee (SLAC) will be formed under the chairmanship of Chief Secretary and members from all concerned departments such as Agriculture, Animal husbandry, horticulture, and finance to evaluate requests and accord approvals on a guarterly basis.













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





Food processing:

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



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

Existing Enterprises:

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

Expansion or Diversification:

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

Modernization:

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







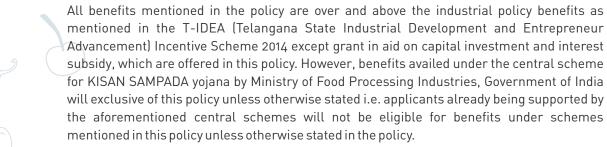






Gross Fixed Capital Investment:

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















State government and Central governments offer lucrative schemes for encouragement of food processing industry in Telangana. Major schemes are as follows:



State government schemes

T-IDEA, Telangana State Industrial Development and Entrepreneur Advancement Incentive Scheme 2014

http://www.industries.telangana.gov.in/

- Stamp duty re-imbursement
- Land cost rebate
- Land conversion cost
- Power cost re imbursement
- VAT/GST reimbursement
- Training and Skill development cost reimbursement
- Quality/Patent support
- Clean production measures
- Infrastructure development cost reimbursement

Central government schemes

Kisan SAMPADA yojana http://mofpi.nic.in/

- Mega food park scheme
- Agro processing cluster scheme
- Capacity creation scheme
- Creation of backward & forward Link apes
- Cold chain, value additional scheme

MIDH scheme

http://midh.gov.in/

- Primary processing support
- Cold chain & Refer vehicle support
- Precision agriculture support







