

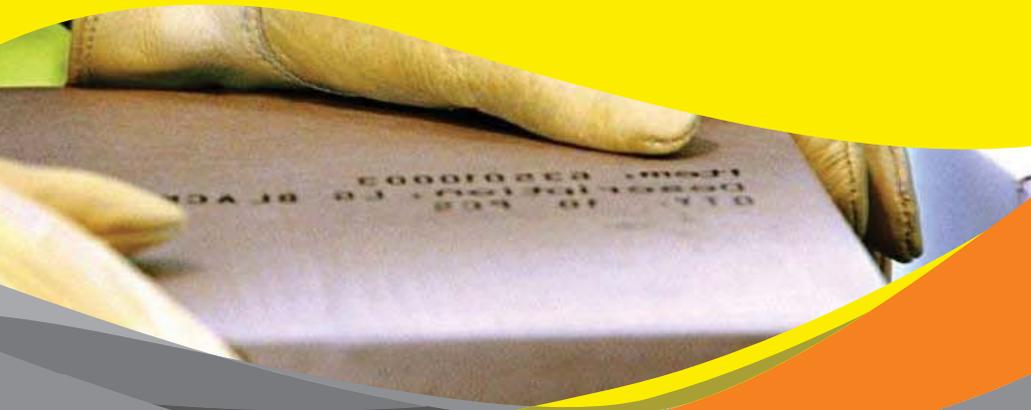


सत्यमेव जयते

GOVERNMENT OF GUJARAT

Establishment of Biodegradable Packaging for Food Products Manufacturing Unit

Agro and Food
Processing
Government of Gujarat



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The concept

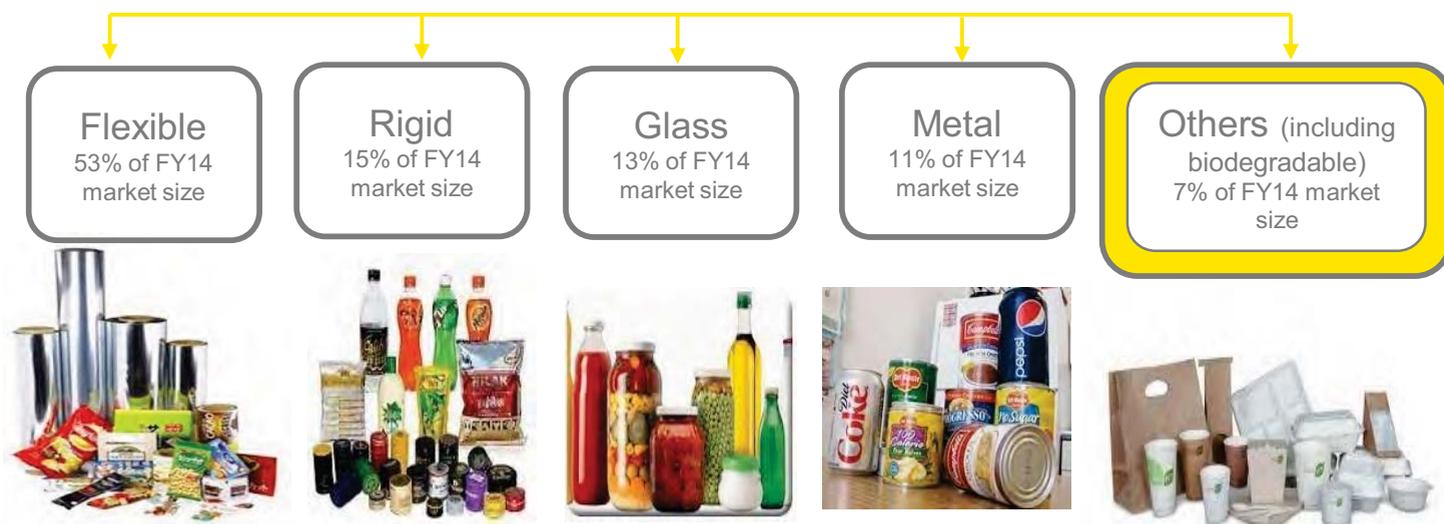
The project envisages setting up of **Biodegradable Packaging for Food Products Manufacturing Unit** based on the raw material strength of Gujarat.

The manufacturing unit can focus on production, processing, marketing, exports, etc.

Food Packaging Industry

Food packaging involves packaging of food products in cans, cups, sachets, bottles, etc. It helps to prevent product deterioration, retain the beneficial effects of processing, extend shelf-life, and maintain or increase the quality and safety of food.

Classification of global food packaging industry



Biodegradable food packaging

Biodegradable refers to the ability of materials to break down and return to nature within a short time after disposal - typically a year or less

- ▶ The rapid increase in non-biodegradable food packaging waste has caused adverse environmental concerns. This has led to the development of polymers made from renewable resources for food packaging.
- ▶ Natural polymers derived from agricultural products (such as starch, proteins, cellulose and plant oils) are the major resource for developing renewable and biodegradable polymer materials.
- ▶ The polylactic acid (PLA) and the polyhydroxybutyrate acid (PHB) are two of the biopolymers targeted for use in the food industry as packaging material.
- ▶ Vendors are introducing biodegradable and sustainable forms of packaging to cater to the growing demand for eco-friendly packaging products. The Coca Cola Company launched its Plant Bottle, which is partially made from bio-based plastics, while Danone is using PLA for its yoghurt cups.

Types of bioplastics

Bioplastics are used as alternatives to conventional fossil fuel based plastics and are increasingly being used in Food Contact Materials (FCMs).

Bio-based polymers

Made from bio-based resources which may be extracted directly from plants (starch, cellulose) or produced by microorganisms in fermentative processes (e.g. polyhydroxyalkanoates (PHA)).

Biodegradable plastics

Made from both natural and fossil resources and are biodegraded by microorganisms in their natural environment.

Oxo-biodegradable plastics

Mainly composed of polyolefins such as polyethylene (PE) and polypropylene (PP), which contain further chemical additives intended to accelerate degradation.

Bio-nanocomposites

These are biopolymers which have been stabilized using nanoparticles. The nanoparticles enhance technical properties, such as barrier, thermal, chemical or mechanical stability and include nanoclays and nanosilver.

Emerging trends in biodegradable packaging

Corn Plastic

Several companies have taken corn kernels and created a biodegradable plastic out of PLA, an industrial resin.

Bamboo

Bamboo is one of the fastest-growing plants on earth making it an excellent alternative to paper and plastic. Centaur Packaging, an Australian company uses bamboo to manufacture plates, bowls, cutlery.

Plant fibers

Cellulose from plant matter is extensively being used to manufacture biodegradable packaging material.

Wood fibers

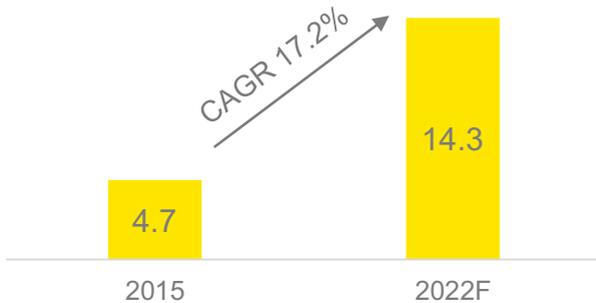
Wood pulp is used to create paper and can be recycled into other paper products. But UK-based Innovia Films takes wood pulp and creates a cellulose-based film that is similar to plastic.

Mushroom

Marketers are using packaging products made from mushrooms. Mycelium – the part of mushrooms and other fungi comprising thread-like roots – is being combined with seed husks for use as an alternative to polystyrene/styrofoam packaging.

Global biodegradable food packaging market

Global biodegradable packaging market (US\$ billion)

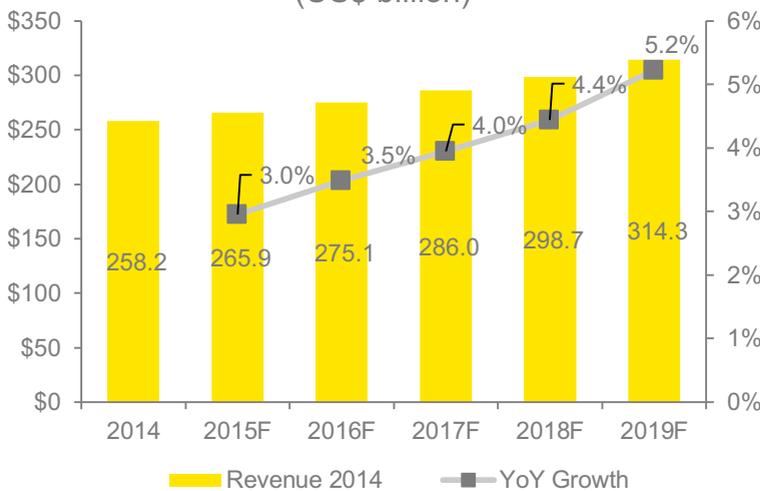


- ▶ Drivers:
 - ▶ Huge population and favorable demographics
 - ▶ Fast growth of food packaging and beverage packaging industries
- ▶ Some of the key players in the market include Biopac, Georgia-Pacific LLC, Clearwater Paper Corporation, Mondi Group, BASF SE, Novamont S.P.A, Rocktenn, International Paper, and Natureworks.

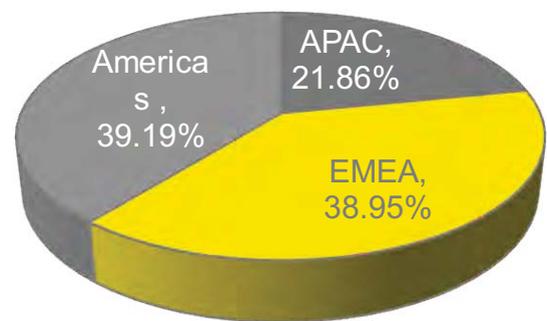
Source: "Global Biodegradable Packaging Market 2016 Analysis and Forecast to 2022", WiseGuyReports

Global food packaging market

Global food packaging market 2014-19 (US\$ billion)



Market segmentation - by geography (revenue share, 2014 %)



Source: "Global Food Packaging Market 2015-19", Technavio

- ▶ Global food packaging market is expected to grow at a CAGR of 4% till 2018.
- ▶ In 2014, Americas dominated the market followed by EMEA and APAC.
- ▶ The major consumption segments of the global food packaging industry are bakery, confectionary, pasta, noodles (24%), dairy products (17%), and daily meals (14%) as per FY14 revenue figures.
- ▶ It is mainly driven by rise in urban population and demand for packaged food.
- ▶ However, challenges such as contamination of packaged food and chemicals used in packaging material hamper the market growth.

Indian food packaging market



Source: Economic Times

- ▶ The packaging industry in India is expected to reach US\$73 billion in 2020 from US\$32 billion in FY15 growing at a CAGR of 18%.
- ▶ India's food packaging industry constituted ~55-60% of the country's total packaging industry in 2015.
- ▶ The total demand of food and beverages packaging segment stood at around US\$13.2 billion in 2013-14.
- ▶ Flexible, rigid and metallic food packaging materials accounted for around 55% while printed cartons and rigid packaging segments together represented 28% of the total Indian food packaging material market in 2014.

Shift towards sustainable packaging

- ▶ There is a shift towards sustainable packaging in China and India, mainly attributed to a rise in health awareness and environmental concerns associated with non-biodegradable packaging.
- ▶ The APAC region is expected to witness the highest growth in sustainable packaging owing largely to the size of the food and beverage market in the region, driven in large part by India, China and Indonesia.



1 High growth in food processing industry

- ▶ The Indian packaged food industry is expected to grow from US\$32 billion in 2015 to US\$50 billion by 2017.
- ▶ Growth in the food processing industry, the biggest (48%) consumer of packaging material in India, is acting as a major stimulant to the growth of Indian food packaging industry.
- ▶ Rise in disposable incomes and changing consumer tastes have led to the shift towards packaged food. Average rate of annual spending on packaged food by Indian households has increased by 32.5% between 2010 and 2015.
- ▶ The Government of India (GoI) has approved proposals for joint ventures (JV), foreign collaborations, industrial licenses and 100% export oriented units in order to encourage investments and bring growth in this industry.

2 Increased demand for dairy products

- ▶ Growing urbanization and high levels of disposable income have increased the consumption of dairy products such as condensed milk, gelato, buttermilk, cheese.
- ▶ Due to the surging demand for dairy products and growth of developing economies, such as China and India, APAC is seeing a huge demand for dairy packaging. The Indian dairy industry is expected to grow from 132 million tons in 2013 to 200 million tons by 2022.
- ▶ India, which is the largest producer of milk globally, is experiencing rapid growth in the organized dairy market. The revenue share from the organized dairy market is expected to rise to 25% of India's total dairy market by 2018.

3 Surge of biodegradable food packaging material

- ▶ India is encouraging use of sustainable food packaging material due to rising environmental concerns about carbon emissions, increased health awareness and waste reduction targets.
- ▶ In 2013, the government of Himachal Pradesh banned the sale of junk food in non-biodegradable plastic packaging and also directed for the implementation of Section 7 of the Himachal Pradesh Non-biodegradable Garbage (Control) Act, 1995 in order to determine the new non-essential food items, which are required to be packaged in biodegradable material.
- ▶ Many food and beverages companies such as Chai Point are introducing sustainable packaging material. In 2016, Chai Point introduced 100% biodegradable packaging such as food boxes, plates, cutlery. The packaging, made of bagasse, is the fibrous matter that remains after sugarcane stalks are crushed to extract their juice.

Gujarat - Competitive Advantage



Huge food processing industry

- ▶ Gujarat has more than 30,000 operative food processing units .
- ▶ The Ministry of Food Processing Industries (MoFPI) has given approval to Gujarat Agro Mega Food Park for setting up a Mega Food Park project in Surat district.
- ▶ 10 cold chain projects are being implemented under MoFPI assistance.
- ▶ In 2015, the Government of Gujarat (GoG) gave approval to set up five new units of agro-food processing sector in Sabarkantha, Kheda, Rajkot, Kutch and Vadodara district at an investment of INR1.44 billion.

India's second packaging institute to open in Gujarat

- ▶ In 2016, the GoG granted 25 acres land for setting up India's second Indian Institute of Packaging (IIP) in Gujarat.
- ▶ The decision was made as the Government agreed that Gujarat needed a packaging institute since it is an industrially advanced state.
- ▶ IIP is expected to be set up in Ahmedabad or Gandhinagar and will offer training, diploma and postgraduate diploma courses. The Indian Institute of Packaging offers:
 - ▶ A two years full time Post Graduate Diploma in Packaging (PGDP)
 - ▶ A three months full time Certificate Course in Packaging (ITC)
 - ▶ Diploma under Distance Education Programme in Packaging (DEP) for 18 months correspondence course.

Agri Policy 2016

- ▶ The GoG announced its "Agri Business Policy" in 2016, which promotes the food processing industry and developing the entire value of chain of exporting locally grown farm produces.
- ▶ As part of the policy the government has announced a 25% subsidy or maximum of INR50 million for food packaging houses on the total cost of establishment of any such unit.

Sugarcane producing state

- ▶ Nowadays, sugarcane bagasse (bi-product of sugarcane, which is left after the juice is extracted) is used as a biodegradable food packaging material.
- ▶ Gujarat is one of the highest sugarcane producing state in India. In South Gujarat around 4.5 lakh farmers cultivate 1 crore tonne of sugarcane on 3 lakh acres of land every year from which 10 lakh tonne of sugar is produced. This serves as an advantage for setting-up biodegradable food packaging units in Gujarat.

Other advantages



Ease of doing business

- ▶ Only state which comply 100% with the environmental procedures. Gujarat fares highly when it comes to setting up a business, allotment of land and obtaining a construction permit.



Flourishing economy

- ▶ Gujarat contributes 7.2% of the Nation's GDP and shows leadership in many areas of manufacturing and infrastructure sectors. Gujarat's SDP (State Domestic Product) at current price registered a growth of 11% during the year 2014-15.



Strategic location and better infrastructure

- ▶ Located on the west coast of India, Gujarat is well connected to the major cities of the world by air and sea routes. The state has 45 ports, 12 domestic airports and 1 international airport in addition to an extensive rail and road network.



Favourable labour policy

- ▶ The Gujarat government has recently passed the Labour Laws Bill (December 2015), to give an impetus to industrialization. The key reform includes a provision for out-of-court settlement to speed up the process labour related dispute resolutions.



Better social infrastructure

- ▶ Gujarat has one of the lowest cost of living amongst the Indian states and is relatively less congested and less polluted, offering better standards of living to the inhabitants and providing a better environment to work.

Mega Food Park

- ▶ The MoFPI, in order to give boost to the food-processing sector by adding value and reducing food wastage and loss at each stage of the supply chain, is implementing the mega food park scheme in the country since 2008.
- ▶ A mega food park, located in an area of at least 50 acres, works on a cluster-based approach based on a hub and spokes model.
 - ▶ Infrastructure is created for primary processing and storage near the farm in the form of primary processing centers (PPCs) and collection centers (CCs) located in production areas.
 - ▶ Common facilities and enabling infrastructure are located at a central processing center, like modern warehousing, cold storage, IQF, sorting, grading, packaging, pulping, ripening chambers, tetra-packaging units, roads.
- ▶ 42 mega food parks have been sanctioned by the central government to be set up in India, of which 23 are under implementation.

Reasons to choose a food park for setting up a packaging unit

Factors	Green Field Land	Industrial Unit	Food Park Unit
Statutory Approvals	Difficult + Time Taking	Some May Be Available	Mostly Readily Available
Constructed Promises	Difficult + Time Taking	Readily Available	Readily Available
Power Supply	Difficult + Time Taking	Readily Available	Readily Available
Clean Water Supply	Difficult + Time Taking	May be Readily Available	Readily Available
Effluent Treatment Plant & Approvals	Difficult + Time Taking	May be Readily Available	Readily Available
Road Infrastructure & Security	May Not be Readily Available	May be Readily Available	Readily Available
Clean & Non Polluted Environment	Available	Not Available	Readily Available

Project location – Mega Food Park at Mota Miya Mangrol, Surat

Mota Miya Mangrol, located at 21°28'15"N 73°8'55"E, is one of the Talukas of Surat

The Gujarat Agro Infrastructure Mega Food Park

Gujarat Agro Infrastructure Mega Food Park is an industrial estate which provides infrastructure and mechanisms to strengthen the agricultural value chain by bringing together farmers, food processors and the end consumers such as wholesalers, retailers & exporters.



- ▶ Located at Mota Miya Mangrol, near Surat is well-connected to Mumbai, Ahmedabad, Surat, Vadodara, Hazira Port and Kim.
- ▶ The project is estimated to cost around INR117.8 crore and is likely to receive a MoFPI grant of INR50 crore.
- ▶ Caters to key markets such as Surat, Ahmedabad, Baroda, Anand, Mumbai, Nadiad
- ▶ The project has been approved by MOFPI and by Industries Department, Government of Gujarat.

Incentives & financial assistance to industries in Gujarat Agro Infrastructure Mega Food Park

- ▶ The MoFPI Approved Project - Hence easier release of subsidy funds of MoFPI Schemes to food processing Units.
- ▶ Zero stamp duty on land lease (Exclusively to Gujarat Agro Infrastructure Mega Food Park)
- ▶ Term loan at concessional rate of interest from NABARD under food processing fund exclusively available to units in food parks
- ▶ Lower import duty on imported machinery
- ▶ Exemption from income tax for 5 years from commissioning date.
- ▶ Benefit under Government of Gujarat's "Scheme of Assistance to Manufacturing Sector"
- ▶ Short start-up time – Ready availability of non-agriculture converted plots & sheds
- ▶ Offers ancillary support system for processing & warehousing facilities such as grading, pulping, packing, sorting, temporary storage
- ▶ Provides ready infrastructure to food processors which can save time to set up their units

Infrastructure availability

Logistics & connectivity



Rail

- ▶ Surat is connected with other districts of the state such as Rajkot, Vadodara and Ahmedabad by rail.
- ▶ Hazira port in Surat is ~16 kms away from the Surat railway station.

Proposed

- ▶ The Mumbai-Ahmedabad bullet train project will have Surat as one of the stations.
- ▶ In 2016, the Gujarat government assigned Delhi Metro Rail Corporation as a consultant for the proposed metro connectivity in Surat.
- ▶ Rail connectivity was proposed for Hazira and Nargol ports in the 2016 rail budget.



Road

- ▶ The city is connected to Delhi Mumbai Industrial Corridor (DMIC) which links Ahmedabad, Vadodara and Surat.
- ▶ Proximity to NH-8 and NH-6 further enhances connectivity in the city.
- ▶ Surat also has very good connectivity with other cities of the state such as Vadodara (154 km) and Ahmedabad (265 km).

Proposed

- ▶ Proposed four-lane highways which are expected to improve connectivity in Surat include – Dakor-Savli, Vadodara-Dabhoi & Surat-Olpad-Bardoli.



Air

- ▶ Surat domestic airport is well connected to various parts of the country. The city is located ~275 kms from the international airport at Ahmedabad.

Proposed

- ▶ In January 2015, Airports Authority of India gave an in-principle approval for cargo terminal at Surat airport worth INR70 million. The terminal is expected to be operational in 2017.
- ▶ In February 2016, Surat Airport Action Committee filed an online petition for an international airport at Surat.



Port

- ▶ The nearest port is Hazira which is 25 km from Surat.
- ▶ Additionally, Hazira port is well connected to Mundra port and Jawaharlal Nehru Port Trust (JNPT) – India's largest container port
- ▶ Thus, it provides a convenient textiles-related trade gateway to International (Europe, Africa, America and the Middle East) and domestic markets.

Utilities



Water

- ▶ Water for industrial purposes can be obtained from four sources viz. Gujarat Water Supply and Sewerage Board (GWSSB), an irrigation canal, dams, and surface reservoirs.



Power

- ▶ The main source for the power supply is Torrent Power Limited in Surat

Project Information



Key packaging players - India

Company	Presence in Gujarat	Location
Dneva Industry	Yes	Gujarat
Vacmet India Limited	X	Uttar Pradesh
Uflex	Yes	Sanand
ITC	X	Kolkata
Jhaveri Flexo India	X	Maharashtra
Parksons Packaging Ltd	X	Mumbai, Maharashtra

Key biodegradable packaging players - India

Company	Presence in Gujarat	Location
Save Globe	X	Chennai, Hyderabad, Bangalore, Mumbai
Earthsoul India	X	Mumbai
Wrapper India	X	Mumbai
Green Nature	X	Kochi
ITC	X	Kolkata
Greendiamz Biotech Pvt. Ltd	Yes	Gujarat
Ecolife	X	Chennai

Key raw material supplier

Company	Description
Balson Industries	Manufactures biodegradable plastic at its facility at Hinjewadi Pune

Manufacturing of bioplastics

PLA is the most common bioplastic in use today. First, corn or other raw materials are fermented to produce lactic acid, which is then polymerized to make PLA.

The range of applications for bioplastic is growing, from materials used in automobile interiors to packaging for foods and cosmetics, agricultural sheeting, and household appliances.



The bioplastic - PLA is derived from renewable resources, including the sugar in maize and sugarcane.

Fermentation

Lactic Acid

Fermentation turns the sugar into lactic acid, which in turn is a building block for PLA

Condensation

Lactide

Lactic acid is fed into a reactor and converted into a type of pre-plastic under high temperature and in a vacuum.

However, to make the process more efficient researchers suggest using zeolite (a porous mineral composed of aluminium, silicon, and oxygen) as a catalyst in the reactor to guide the chemical process that converts lactic acid into lactide.

Polymerization

PLA

Pre-plastic – a low-quality plastic – is then broken down into building blocks for PLA

PLA is both industrially compostable and recyclable.

Key considerations

1

High cost of production

- ▶ Raw materials used in the manufacturing of green packaging such as PLA, PHA, starch, and PBS have volatile prices. The widening of the demand-supply gap has led to substantial increase in the cost of raw materials. The relatively higher price of bioplastic polymers with respect to traditional plastics is a significant restriction for widespread use of these materials.
- ▶ Lack of commercial progress in developing biobased plastics and chemicals and restricted availability of gas feedstock are also driving up prices of bioplastic polymer.

2

Complexities in adoption of bioplastics over conventional plastics

- ▶ While using sustainable materials the carbon footprint and financial and operational feasibility factors need to be considered.
- ▶ Also, the business impact of alternative materials over conventional materials must be assessed. Like conventional plastics, bioplastic materials must provide protection, be tamper-proof, and have a long shelf life.
- ▶ The manufacturing process of bioplastics is capital intensive and time consuming. Therefore, the investment required for setting up such a unit is not justified until the market demand is high.

3

Fragmented marketplace

- ▶ The global sustainable packaging market is characterized by the presence of many global and regional abrasives manufacturers, which is a major challenge for many players in this market.
- ▶ In addition, the market has been witnessing intense competition globally because of an increase in the number of new entrants, especially from emerging countries such as China and elsewhere in APAC.

Potential collaboration opportunities

- ▶ Adani Wilmar Limited
- ▶ Jammy Art, Kissan
- ▶ Wagh Bakri Tea House
- ▶ Manvar Products, Ahmedabad
- ▶ Vimal Agro Products Pvt Ltd., Gujarat
- ▶ Jyoti Industries, Pedhala
- ▶ Zarina Exim, Borsad, Anand
- ▶ Samrat Namkeen
- ▶ Havmor Ice Cream
- ▶ Induben Khakhrawala & Co., Ahmedabad
- ▶ Freshtrop Fruits Limited., Ahmedabad
- ▶ Patco Foods Pvt Ltd., Surat
- ▶ Annapurna Universal Foods Pvt. Ltd., Rajkot
- ▶ Gujarat General Food Chem Pvt. Ltd.,
- ▶ Khushi Foods Ltd, Ahmedabad
- ▶ United Foods, Talaja

Project Financials

Project cost

The total project cost of setting up a unit to manufacture sheets and bags dedicated to bioplastic is expected to be **~INR56 crore**. The manufacturing unit will have a capacity to produce 5,000 tonnes of dedicated bioplastic film, sheets and other products.

Project specifications	Details
Land required	7,200 square yard (6,020 sq. mt.)
Land cost (@INR550 per sq. mt. as of April 2016)*	INR40 lakh
Annual capacity of the facility	5,000 tonnes
Approximate cost for setting up the plant	~INR56 crore

*Note: Land cost has been taken for Bardoli

Pay-back period							
Annual production	5,000 tonnes						
Average price per tonne ¹	INR1.45 lakh						
Annual revenue of manufacturing unit	INR72.5 crore						
Growth rate of global biodegradable packaging market	17%						
EBITDA margin ²	~13.7%						
Time (years)	1	2	3	4	5	6	7
Revenue (INR crore)	72.5	84.8	99.2	116.1	135.9	159.0	186.0
EBITDA (@13.7% of rev.)	9.9	11.6	13.6	15.9	18.6	21.8	25.5
Undiscounted cumulative cash flows	9.9	21.6	35.2	51.1	69.7	91.4	116.9
Total payback period	~4.5 years						

Note: 1) Average price of PLA

2) EBITDA margin considered for Uflex aseptic packaging plant in Gujarat

Minimum viable size	
Fixed cost as percentage of revenue (@30%)	INR21.8 crore
Variable cost as percentage of revenue (@60%)	INR43.5 crore
Variable cost per tonne	INR87,000
Minimum viable size: fixed cost/(revenue per tonne-variable cost per tonne)	3,750 tonnes per year

Approvals

MOFPI has a number of schemes for capital investment and other subsidies in the food processing sector.

- ▶ Gujarat Agro Industries Corporation, Ltd. (GAIC) is the nodal agency for the state of Gujarat for implementing schemes of MOFPI. The entrepreneurs of Gujarat have to submit their application to the nodal Agency. On receipt of all necessary documents as per guidelines, GAIC shall process & forward/recommend the application to MOFPI for evaluation & consideration.

Setting up and Environmental approvals	Authority
License under Food Safety and Standards Act 2006 for facility at food park in Surat	Designated Officer, Food Safety and Standards Authority of India, Western Region, Mumbai
<ul style="list-style-type: none"> ▶ Consolidated consent and authorization under Water (Prevention and Control of Pollution) Act, 1974 and rules thereunder ▶ Air (Prevention and Control of Pollution) Act 1981 and rules thereunder ▶ Hazardous Wastes (Management and Handling) Rules, 1989 	Environmental Engineer, Gujarat Pollution Control Board, Surat, Gujarat
Tax and other approvals	Authority
Importer Exporter Code	The Joint Director General of Foreign Trade, Surat
Certificate of registration with the Central Excise Department for Service Tax Registration as per Finance Act, 1994 r/w Service Tax Rules, 1994.	Superintendent, Central Excise, Customs and Service Tax, STU-I, Div.-I, Surat
Central excise registration certificate for the unit	Assistant Commissioner of Central Excise, Central Excise and Customs Dn-I, Surat
Certificate of registration under Central Sales Tax Act, 1956 for the state of Gujarat.	Department of Commercial Tax, Surat, Gujarat
Certificate of registration under Gujarat Value Added Tax Act, 2003 for the state of Gujarat.	Commercial Tax Department, Government of Gujarat
Labor related approvals	Authority
Certificate of registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and schemes framed thereunder	Employees' Provident Fund Organisation Regional Office, Surat
Intellectual property related approvals	Authority
Certificate of registration of trademark "product name"	The Registry of Trademarks, Ahmedabad

Incentives from Government of Gujarat

In the Gujarat Industrial Policy 2015 the government intends to provide incentives for few focus sectors including Agro and Food processing.

- ▶ The policy aims to provide better returns to farmers of the State and the government of Gujarat seeks to attract investment in Agri-business to provide a remunerative price to farmers, generate employment opportunities in rural areas and provide safe food products to the consumers. The government will incentivize the following activities:

Gujarat government announced its **Agri Business Policy – 2016** with emphasis on promoting food processing industry by developing the entire value chain of exporting locally grown farm produces.

- ▶ Capital investment subsidy @25% of eligible project cost subject to maximum INR50 million for cold chain, food irradiation processing plants and packaging houses
- ▶ Back ended interest subsidy @7.5% on term loan with maximum amount of INR40 million for a period of 5 years for setting up infrastructure project in Agro & Food Processing sector (including packaging houses)

Major components of comprehensive Agro Business Policy 2016 – 2021

- ▶ Capital Subsidy on investment to agro and food processing industries
- ▶ Assistance of Back Ended Interest Subsidy on the Term Loan
- ▶ Freight Subsidy will be available to Micro, Small and Medium Enterprises (MSME)
- ▶ Assistance in Sample Testing
- ▶ Assistance for 'Quality Certification Mark'
- ▶ Financial Assistance for Skill Enhancement
- ▶ Reimbursement of VAT and Sales Tax
- ▶ Encouragement in Electricity Rate and Duty
- ▶ Refund on Registration Fee and Stamp Duty

Incentives from Government of India (GoI)

In the Budget 2015-16, a corpus of US\$ 293.44 million was created under National Bank for Agriculture and Rural Development (NABARD) to provide cheaper credit to food processing industry.

Excise duty on food-processing and packaging machinery has been brought down from 10% to 6% in the 2014-15 budget.

The Government of India has planned to set up 42 mega food parks across the country by 2019.

Under Section 80 IB(11A) of the Income Tax Act, 1961, new units (i.e. not formed by splitting up or by way of reconstruction of an existing business) in the business of processing, preservations and packaging of fruits or vegetables, meat & meat product, poultry, marine or dairy products are permitted to claim deduction from Income tax. This tax incentive is available as 100% tax exemption for the first 5 years' of operation, and after that, at the rate of 25% of the profits being exempted from tax; 30% in case of a company. This benefit is available only for ten years provided that such business had commenced on or after 1.04.2001.

Under Finance Act, 1994, Service Tax is not leviable on items contained in the Negative List. These services are processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market.

Agriculture and Co-operation Department

www.agri.gujarat.gov.in/index.htm

Gujarat Industrial Development Corporation

www.gidc.gov.in/

Industries Commissionerate

www.ic.gujarat.gov.in

This project profile is based on preliminary study to facilitate prospective entrepreneurs to assess a prima facie scope. It is, however, advisable to get a detailed feasibility study prepared before taking a final investment decision.

For further details:

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