



**KARNATAKA
AGRI BUSINESS
AND FOOD
PROCESSING
POLICY 2015**

AIM

- Karnataka Agribusiness & Food Processing Aims to achieve the target from 3% to 10% of Agro Processing by 2020 and 25% by 2025 in the State.
- To Develop Agribusiness and agro processing as a vibrant sector for creating employment opportunities and increasing the farm returns to farmers by value addition.

Agri-Business and Food Processing Policy 2015 covers

- Warehouse, Cold storage and logistics related to Agri-business
- Export, Processing, Handling, Storage of Agricultural, Horticultural, Floriculture, Spices, Fish, Meat, Dairy, Organic Produce
- Research for varietal development
 - Food Testing Laboratories
 - Tissue culture Laboratories
 - Seed Processing units
 - Food Grade Packaging material units
 - Horticulture hub
 - Food Parks
 - Sea food parks
 - Spice Park

Karnataka's Production Strength

<i>All India Rank</i>	<i>Products</i>
1	Sunflower, Coffee, Bangalore Rose Onion, Gherkins, Arecanut, Capsicum, Green Chilli, Tamarind, Vanilla
2	Maize, Toor, Jowar, Tomato, Sapota, Grapes, Pomegranate, Pepper, Cut flowers, Cucumber, Watermelon, Cloves
3	Sugarcane, Tobacco, Mango, Jackfruit, Onion, Dry chillies, Cardamom, Cocoa Coconut and Cinnamon
4	Bengal Gram, Papaya, Carrot, Turmeric, Cashew nut
5	Ground nut, Soya Bean, Banana, Lime/Lemon, Sweet Orange

Other Notable Products

Sweet potato, Ginger, Marine Fish, Garlic, Tapioca, Eggs, Guava

Uniqueness of Karnataka

- 10 different agro climatic zones with 6 major soil types suitable for the cultivation and production of variety of Agriculture , Horticulture, floriculture and allied products.
- Leading producer of Marine products , Poultry, Milk etc
- Leading exporter of Gherkins and cut flowers
- Home to 16 GI crops –

Bangalore Rose Onion

Kamalapura Red Banana

Devanahalli Pummato

Sagara Appemidi Mango

Mysuru Mallige (Jasmine)

Udupi Mallige (Jasmine)

Byadagi Chilli

Malabar Robusta Coffee

Bengaluru Blue Grapes

Nanjanagudu Rasabale

Coorg Mandarin

Udupi Mattugulla Brinjal

Hadagali Mallige (Jasmine)

Mysore Betel leaf

Coorg Green Cardamom

Malabar Arabica Coffee

Karnataka's Institutional Strength

<i>Institutes</i>	<i>Area of Activity</i>
Central Food Technological Research Institute (CFTRI), Mysore	Food science and technology research
Defense Food Research Laboratory (DFRL), Mysore	Food R& D
Indian Veterinary Research Institute (IVRI), Bangalore	Large scale production of Foot and Mouth Disease (FMD) virus vaccine and conducts basic and applied research on FMD
Indian Institute of horticulture research (IIHR), Bangalore	Hi-tech horticulture, precision farming, information technology, biotechnological interventions to increase yields, protect crops from insect
International Flower Auction Bangalore Ltd(IFAB), Bangalore	The only floriculture auction centre in the country. The only digital based flower auction centre in the country and has deployed “Dutch Auction system”
National Dairy Research Institute (NDRI), Bangalore	Dairy Microbiology ,Dairy Chemistry, Dairy Technology, Dairy Engineering, Animal Biochemistry Animal Biotechnology, Animal Genetics & Breeding, Livestock Production & Management Animal Nutrition, Animal Physiology, Dairy Economics

Highlights of Karnataka Agribusiness & Food Processing Policy

- Entire State – Single Zone & Promoter Classification Simplified
- Investment promotion Subsidy @ 35% capped at Rs.65 Lakhs for MSME
- Reimbursement of GST 60% - 80% for 5 years capped at 100 % of Fixed Assets
- 100% Exemption from Stamp Duty, Entry Tax & Tax on Electricity Tariff
- Subsidy for setting up of ETP – Rs.50-200 Lakhs
- Concessional Registration Charges & Reimbursement of Land Conversion Fee
- Exemption of Market Fee for new agro processing units for 10 years
- 6% Interest subsidy for Micro Enterprises & Subsidy for Technology Adoption

INCENTIVES

1. Investment Promotion Subsidy

35% of the value of fixed assets (VFA) irrespective of zonal and promoter classification up to a maximum of Rs.65 lakhs for MSME

Value of fixed assets-Total investment made on land, building, plant & machinery and such other productive equipment like reefer vans, material handling equipment, weighing machines, diesel generator sets, boilers, R&D related equipment including testing laboratories and all other connected equipment

2. Exemption from Stamp Duty for MSME, Category 'A', 'B' & 'C' enterprises.

100% irrespective of promoter & zonal classification

INCENTIVES

3. Concessional Registration Charges for MSME, Category 'A', 'B' & 'C' enterprises

Rs.0.50 per Rs.1000 irrespective of promoter classification

4. Reimbursement of land conversion fee for MSME, Category 'A', 'B' & 'C' enterprises

100% reimbursement irrespective of promoter & zonal classification

INCENTIVES

5. *Exemption from Entry Tax*

<i>Category</i>	<i>Plant & Machinery and Capital Goods</i>	<i>Raw Material excluding petroleum products</i>
MSME	100% exemption for 3 years	100% exemption for 6 years
	from the date of commencement of project implementation and from the date of commencement of commercial production respectively irrespective of zonal classification	
<i>A, B & C</i>	100% exemption for an initial period 3 years for Category 'A' and 'B' and 5 years for Category 'C' from the date of commencement of project implementation irrespective of zonal classification	5 years , 6 years, 7 years respectively for operational period from the date of commencement of commercial production

INCENTIVES

6. Subsidy for setting up Effluent Treatment Plant (ETP)

- **One time capital subsidy for ETPs subject to 75% of the cost and a ceiling for Rs. 50 Lakhs for MSMEs** in respect of ETPs costing less than Rs. 100 Lakhs irrespective of promotor and zonal classification.
- **One time Capital subsidy upto 50% for the cost of ETPs subject to ceiling of Rs.1 Cr. for category A, B & C enterprises** irrespective of Zonal classification.
- **One time Capital subsidy upto 50% for the cost of ETPs subject to ceiling of Rs.2 Cr. for setting up ETP as common facility in Food Parks, Spice Parks, Sea Food Parks or a place where a cluster of food processing & agribusiness enterprises are located** irrespective of Zonal classification.

INCENTIVES

7. *Interest Subsidy for micro enterprises*

6% per annum on term loans will be provided irrespective of promoter classification. The period of interest subsidy is for **7 years irrespective** of zonal classification.

8. *Exemption from tax on Electricity tariff*

100% exemption for the initial period of **eight years** irrespective of zonal classification

INCENTIVES

9. *Reimbursement of GST*

MSME: 75% of net GST will be reimbursed for a period of 5 years subject to a maximum of 100% of the Value of Fixed Assets irrespective of promoter & zonal classification to be claimed on yearly basis.

Category A, B & C enterprises : 60%, 70% & 80% respectively for a period of 5 years subject to a maximum of 100% of the Value of Fixed Assets irrespective of promoter & zonal classification to be claimed on yearly basis.

INCENTIVES

10. Subsidy for technology adoption from recognized national Labs

50% of the cost (max Rs.1 Lakh) for MSME irrespective of promoter classification

Note: Whatever is not defined in the policy will have the same meaning as given in the Karnataka Industrial Policy 2014-19 for calculating the eligibility criteria, claiming the incentives and benefits

Food Parks in Strategic Locations

IN OPERATION

- **Innova Agri Bio Park – Malur - 87 Acres**
- **Akshaya Food Park – Hiriyyur - 106 Acres**
- **Green Food Park – Bagalkote – 100 Acres**
- **Jevargi Food Park – Jevargi – 100 Acres**
- **India Food Park (Mega Food Park) -
Tumkur – 110 Acres**
- **Favorich Infra Pvt. Ltd., K.R.Pet, Mandya
– 60 Acres**

List of industrial activities / enterprises not eligible for incentives and concessions
(Subject to amendment from time to time)

- **Breweries and distilleries of all types excluding winery.**
- **Masala making without cold process grinding, powder of Chilly, turmeric, masala, spices, curry, sambar, papad etc., except those having FSSAI certification.**
- **Preparation of sweet meat and salted snacks, Mixture, Bhujia.**
- **Khandasari making enterprises.**
- **Jaggery making enterprises except those having FSSAI Certification.**
- **Mineral Water and aerated soft drinks, Alcoholic beverages.**
- **Tea Blending/Mixing Units, Coffee Roasting & Grinding units having installed capacity of less than 2 TPD.**
- **Production of Popcorn, Ice block, Production of Ice Candy and Ice Fruits etc. Ice-cream manufacturing without FSSAI certification.**
- **Units connected with raw-tobacco and tobacco based products.**
- **Fertilizer mixing units.**
- **Poultry excluding hatcheries.**

KARNATAKA

**An Ideal Destination for
AGRI BUSINESS
AND FOOD PROCESSING**

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Thank You

