

## **Rajasthan Agro-processing, Agri-business & Agri-export Promotion Policy**

### **Objectives**

- To promote cluster based approach in production and agro-processing.
- To augment farm gate infrastructure.
- To promote backward-forward linkage for a sustainable system for farming and industrial sector
- To minimizing the post-harvest losses by strengthening the supply chain.
- To accelerate capital investments in value and supply chain of agriculture and allied sector.
- To augment the capacity of agro-processing sector to upscale the operations through capital infusion, technology transfer and handholding support.
- To promote market outreach of fresh fruits & vegetables, ethnic food items, organic produce and value added agri-products of state in domestic and international market and to build a strong State brand.
- To support the agro-industry for greater compliance and adoption of the standard of food safety and hygiene in order to meet the norms set up by FSSAI and importing countries.
- Capacity building and skill up-gradation through institutional training to ensure sustainable employment opportunities to the people and also to reduce the gap in requirement and availability of skilled manpower in the food processing sector.
- To develop state as logistic hub by creating support infrastructures near NCR and in DMIC catchment area.
- To initiate suitable policy measures for developing a fast and vibrant agri business sector.

### **Scope and Coverage**

- The Policy will be applicable to new agro processing and agro business enterprises set up in the State and to existing agro-processing and agro-business enterprises undergoing modernization, expansion or diversification. The term modernization, expansion and diversification would have the same meaning as in the Rajasthan Investment Promotion Scheme.
- The Policy also seeks to promote and encourage value addition and loss reduction in agriculture, including horticulture and animal husbandry sector and encourage the development of agro processing infrastructure and human resources.
- This Policy shall promote export of agriculture products produced in the State.

- The policy aims at creating an ecosystem and developing synergy between farmers and industry by providing markets to farm produce and raw material to market and industry on sustainable basis.

### **Duration of the Scheme**

All agro-processing and agri-business enterprises which commence commercial production/ operations and fulfill all other requirements/obligations, as may be prescribed, will be eligible for incentives under this Policy. The Policy will be operative till 31st March, 2024.

### **Salient Feature of Scheme**

- Development of Infrastructural Policies
- Capital Investment Subsidy
- Interest Subsidy
- Boosting Export
- Cluster Development
- Promotion of FPO's/FPC's
- Promotion of livestock products
- Promotion of quality produce
- Contract Farming
- Adoption of "Zero Defect Zero Effect" Policy
- Focus on Traceability
- Widening of Markets
- Online Mandis
- Promotion of State brand
- Skill Development
- Employment generation
- Electricity Facility

### **Eligible Persons/ Organizations**

Individuals, Group of farmers / growers, FPOs/PCs registered under respective companies Act/cooperatives societies Act/ societies registration Act (with minimum 50 number of farmer members), Partnership/ Proprietary firms, LLP, Companies, Corporations, Self Help Groups (SHGs), Cooperatives, Cooperative Marketing Federations engaged in Agro & Food processing would be eligible for financial assistance as per the various schemes to be framed for

implementation of Rajasthan Agro-processing, Agribusiness & Agri-export Promotion Policy, 2019.

### **Eligible Sectors**

All the major activities covered under the sectors listed in the Annexure (i) shall qualify for the benefits admissible under this Policy. The activities listed in Annexure (ii) shall not be eligible for the benefits under this Policy. The ineligible items/expenses given in Annexure (iii), shall not be considered for reckoning the capital investment subsidy under the Policy.

#### **Annexure 1- Eligible Sectors**

Rajasthan Agro-processing, Agri-business and Agri-export Promotion Policy, 2019 will cover the following sectors:

- Fruits & vegetables processing
- Spices processing
- Cereal/other consumer food products
- Oilseeds products
- Rice & flour milling, Pulse processing
- Herbal, medicinal, flower and aromatic products
- Minor forest produce processing
- Honey processing
- Milk processing
- Meat (other than beef), Poultry, Fishery processing, Cattle feed, poultry feed, fish meal products
- Non edible agriculture produce processing
- Other such Agricultural and horticultural product processing activities for preparing food flavor's and colors, oleoresins and mushrooms products
- Agri Waste Processing Units
- Infrastructure Projects: Collection/Aggregation Centre, Warehouses, Cold Storages, Food Irradiation Processing Plants, Cold Chain, Pack houses, agro-processing clusters or parks declared by State Government, Reefer Vans etc.

State Level Sanctioning and Monitoring Committee (SLSC) shall be competent to include/exclude any sector/sub sector from the ambit of Policy to ensure all-inclusive growth of Agriculture and allied sector in the State.

### **Annexure 2- Ineligible Sectors**

Following sectors will not be eligible under Rajasthan Agro-processing, Agri-business & Agri-export Promotion Policy, 2019:

- Investment for manufacturing Tobacco products, Pan Masala containing tobacco, gutka other intoxicated products
- Investment in stand-alone bottling or packaging plants including bottling/ packaging plants for potable liquor, beer, or aerated drinks
- Beef Meat Processing units
- Manufacturing of soft drinks, production of mineral waters and other bottled/pouched waters
- Manufacturing or sizing of wood, manufacture of furniture and products made from wood and cork
- Production of firewood and charcoal
- Processing units discharging toxic effluent without having effluent treatment plant

State Level Sanctioning and Monitoring Committee (SLSC) shall be competent to include/exclude any sector/sub-sector from the ambit of Policy to ensure all-inclusive growth of Agriculture and allied sector in the State.

### **Annexure 3- Ineligible Expenses for Capital Investment Subsidy**

- Cost of land and its development
- Pre-operative expenses
- The following items of civil works:
  - Compound Wall
  - Approach Road/internal Roads
  - Administrative or any residential building or rest room/guest house
  - Canteen
  - Labour Rest Room and quarters for workers
  - Security/ Guard Room or enclosure
  - Consultancy fee
  - Non-technical civil works not directly related to cold chain or storage infrastructure or production unit
- The following items of plant and machinery:
  - Margin money, working capital and contingencies
  - Fuel, consumables, spares and stores
  - AC ducting, furniture, Computers and allied office furniture not directly related to production.

- Transport vehicles other than the Reefer trucks /vans/refrigerated carrier/insulated vans etc.
- Second hand/ old machines
- All types of service charges
- Expenditure on painting of machinery
- Closed Circuit TV Camera and security system related equipment ix. Consultancy Fee.
- Stationery items
- Plant & machinery not directly related to cold chain or storage infrastructure or production unit
- Fire-fighting equipment, fly catchers, hand washer, laundry etc. not directly related to production process.
- Reconditioned and refurbished plant & machinery

The above list is only indicative and not exhaustive and State Level Sanctioning and Monitoring Committee (SLSC) shall be competent to include /exclude any item in/from the ambit of ineligible items list to ensure assistance for all the qualified expenses /items.

#### **Schemes to be implemented under this Policy**

- **Capital Investment Subsidy Scheme**

- ***Assistance to farmers or their organization*** - A subsidy amounting to 50 percent of expenditure incurred on plant machinery and technical civil work in respect of setting up a new unit eligible as per Annexure 1 or expansion and modernization/up-gradation of the existing units in the state shall be provided, subject to a maximum limit of Rs. 100 lakhs.
- ***Assistance for others (other than farmers or their organization)*** - A subsidy amounting to 25 percent of expenditure incurred on plant machinery and technical civil work in respect of setting up a new unit eligible as per Annexure 1 or expansion and modernization/ up-gradation of the existing units in the state shall be provided, subject to a maximum limit of Rs. 50 lakhs.
- ***Assistance for units in Mega Food Parks, Agri Clusters declared by Government, Reefer Vehicles*** - For projects sanctioned under Pradhan Mantri Kisan Sampada Yojna/MIDH/NHB Scheme of Government of India, an additional capital investment subsidy at the rate of 10% of approved cost of plant machinery and technical civil works approved by the concerned Ministry for setting up a new unit

eligible as per Annexure 1 will be provided, subject to a maximum limit of Rs. 50 lakhs. This limit shall be Rs.100 lakhs for farmers or their organization.

- ***Assistance of Capital Subsidy for Creating Primary Processing Centers / Collection Centers in Rural Areas-*** For projects sanctioned under NHB/MIDH/MoFPI/ISAM Scheme, an additional capital investment subsidy at the rate of 10% of the cost of plant machinery and technical civil works to the fruits & Vegetables units or for other commodities/activities declared eligible by the Government for setting up of new unit shall be provided, subject to a maximum limit of Rs. 50 lakhs. This limit shall be Rs.100 lakhs for farmers or their organization.

- **Interest Subsidy on Term Loan Scheme**

- ***Assistance of Interest Subsidy on the Term Loan for Agro-processing Units -*** Interest Subsidy on the term loan @ 5% shall be provided for a maximum period of 5 years or till repayment of loan whichever is earlier and maximum amount of Rs. 50.0 Lakhs for setting up of new unit or expansion/modernization or diversification of the existing unit.
- ***Assistance of Interest Subsidy on Term Loan for Agro-infrastructure Projects -*** Interest Subsidy on the Term Loan @ 5% shall be provided for a maximum period of 5 years or till repayment of loan whichever is earlier and maximum amount of Rs. 100Lakhs for setting up Infrastructure Project in Agro-processing Sector and value chain such as Warehouse, Cold Storages, Food Irradiation Processing Plants, Pack houses, Reefer Vans etc.
- ***Additional Interest Subsidy on Term Loan -*** Additional 1% interest subsidy shall be given to Units with 100% ownership of farmers or FPOS, FPCs or similar farmer organizations eligible for capital subsidy. The maximum amount of interest subsidy admissible to farmers or their organization for all type of eligible activities shall be Rs. 100.0 lakhs.

- **Freight Subsidy Schemes**

- **Freight Subsidy for export of fresh fruits, vegetables and flowers:**
  - **Export by Air-** An air freight subsidy of Rs.5.00 per kg or 20% of actual freight paid, whichever is less, shall be provided. The maximum admissible

subsidy will be Rs. 10 lakhs per beneficiary per year for a maximum period of 3 years

- This subsidy shall be Rs. 10.00 per kg or 40% of actual freight paid, whichever is less, to a maximum limit of Rs. 20 lakhs per beneficiary per year for a maximum period of 5 years for exporting organically certified products.
  - **Export by Sea Route-** A 25% subsidy on transportation charges up to a maximum of Rs.500 per ton, whichever is less, from purchasing area/mandi to port on surface transport and from port to the destination port of importer on sea transport each shall be given separately. The maximum admissible subsidy shall be Rs. 10 lakhs per beneficiary per year for a maximum period of 3 years.
  - A higher subsidy of 40% on transport charges upto a maximum of Rs.800 per ton, whichever is less, on surface transport from purchasing area/mandi to port and sea transport shall be given separately. The maximum admissible subsidy shall be Rs.20 lakhs per beneficiary per year for a maximum period of 5 years shall be given for exporting organically certified produce.
  - When refrigerated containers are used for export, the maximum admissible subsidy shall be Rs.700 and Rs.1000 per ton for surface and sea transportation respectively. The subsidies shall be within the overall ceiling of 25% of actual transportation charges for inorganic and 40% for organic produce. Per annum maximum admissible subsidy shall be Rs.10 lakhs for 3 years for inorganic and Rs.20 lakhs for 5 years for organic produce.
- **Freight subsidy on surface transportation of fruits, vegetables and flowers to distant markets in India**
- A surface transportation subsidy of 25% computable on the basis of rail freight or actual freight, whichever is less, on fresh fruits & vegetables and flowers, shall be provided for transportation to other states and beyond a distance of 300 Km. The maximum limit of subsidy shall be Rs.15 lakhs per beneficiary/ per year for a maximum period of 3 years.
  - For selling organically certified products this subsidy shall be 40% computable on the basis of rail freight or actual freight, whichever is less, up to a maximum limit of Rs. 20 lakhs per beneficiary per year for a maximum period of 5 years

○ **Freight Subsidy on Exports of Spices and Processed Agri Products:**

▪ **For Ordinary Produce**

- **Surface Transport** - A 25% subsidy on actual surface transport charges upto a maximum of Rs.800 per ton, whichever is less, from purchasing area/mandi to port and
- **Sea Transport** - Rs.6,000/- per container (20'/weight 20 metric ton)/Rs.12,000 per container (40'/weight 40 metric ton) upto a maximum of Rs.00/- per ton, whichever is less, from port to the destination port of importer. The maximum freight subsidy under para 13.3.3.1 shall be Rs.15 lakhs per beneficiary per year for a maximum period of 3 years.

▪ **For Organic Produce**

- **Surface Transport** - A higher subsidy of 40% on actual surface transport charges upto a maximum of Rs.1,000 per ton, whichever is less, from purchasing area/mandi to port
- **Sea Transport** - Rs.10,000/- per container (20'/weight 20 metric ton)/Rs.20,000 per container (40'/weight 40 metric ton) upto a maximum of Rs.1,500/- per ton, whichever is less, from port to the destination port of importer.

The maximum freight subsidy under para 13.3.3.2 shall be Rs.20 lakhs per beneficiary per year for a maximum period of 5 years.

● **Freight Subsidy on Export of Raw Agri Produce**

▪ **For Ordinary Produce**

- Surface Transport - A 20% subsidy on actual transport charges upto a maximum of Rs.500 per ton, whichever is less, from purchasing area/mandi to port and
- Sea Transport - Rs.5,000/- per container (20'/weight 20 metric ton)/Rs.10,000 per container (40'/weight 40 metric ton) upto a maximum of Rs.500/- per ton, whichever is less, from port to the destination port of importer.



▪ **For Organic Produce**

- **Surface Transport** - A higher subsidy of 40% on actual transport charges upto a maximum of Rs.600 per ton, whichever is less, from purchasing area/mandi to port
- **Sea Transport** - Rs.7,000/ - per container (20'/weight 20 metric ton)/Rs.14,000 per container (40'/weight 40 metric ton) upto a maximum of Rs.800/- per ton, whichever is less, from port to the destination port of importer.

**Other Incentives**

In addition to the benefits mentioned above, the Agro-processing and agri-businesses units set up under this Policy would be entitled to the following category additional incentives:

- Electricity Related Concessions
- Land Related provisions/concessions
- Market Development and Diversification
- Global Competitiveness Quality and Standards
- Direct Purchase and Market Fee
- Contract Farming
- Project Development Support
- Human Resource Development
- Infrastructure Development Support
- Research & Development
- Surveys and Studies
- Start Up Support