



सत्यमेव जयते

**GOVERNMENT OF RAJASTHAN**

**RAJASTHAN AGRO-PROCESSING  
AND  
AGRI-MARKETING PROMOTION  
POLICY - 2015**

# **RAJASTHAN AGRO-PROCESSING AND AGRI-MARKETING PROMOTION POLICY, 2015**

## **ADVANTAGE RAJASTHAN**

### **1. Strategic Location**

8,380 sq. km. of Rajasthan falls in the National Capital Region (NCR), which is around 24.50% of the total National Capital Region, the world's second largest urban agglomeration. Rajasthan shares its border with five major Indian states: Punjab, Haryana, Uttar Pradesh, Madhya Pradesh and Gujarat. These states have a combined population of 402 million (year 2011). Industries in Rajasthan have to their advantage, access to this enormous market.

### **2. Excellent Connectivity**

Rajasthan has the second largest network of National Highways in the country with a total road length exceeding 7,310 km. National Highways provide excellent connectivity to cities like Delhi, Ahmedabad, Vadodara, Mumbai, Jabalpur, Bhopal, Agra, Gwalior, Indore, Amritsar.

The railway network connects the state to all major cities in India and links the state to ports in Mumbai, Kandla and Mundra in Gujarat.

The State has a fully operational international airport at Jaipur, with direct flights to Sharjah and Muscat. Rajasthan has airports at Jodhpur, Udaipur and airstrips in other major districts.

An Air-Cargo Complex at Jaipur, and Inland Container Depots at Jaipur (2), Jodhpur (3), Bhilwara & Bhiwadi facilitate trade within and outside India.

### **3. Delhi-Mumbai Industrial Corridor**

Rajasthan touches six major states of the Northern, Western and Central India. It is a natural corridor between the wealthy northern and the prosperous western states of the country, which makes it an important trade and commerce centre.

Dedicated Freight Corridor (DFC) is a 1,483 km long rail corridor connecting Jawaharlal Nehru Port near Mumbai to Dadri near Delhi. DFC will allow high-speed connectivity for high axle load wagons (25 tonnes) of double stacked container trains supported by high power locomotives.

A band of 150 km has been chosen on both sides of the DFC to be developed as the Delhi-Mumbai Industrial Corridor (DMIC).

With nearly 39% of DFC passing through Rajasthan, opportunities for industrial establishment along the route are eminent as the corridor will make Rajasthan easily accessible to western and northern markets. About 60% of the State's area (in 22 Districts including major districts such as Jaipur, Alwar, Kota and Bhilwara) falls within the project influence area. With this, the State will become an attractive destination for setting up industrial and support infrastructure units.

In Khushkhera-Bhiwadi-Neemrana region, an integrated industrial township is being developed and on similar concept a township along with other support infrastructure and projects is being planned in Jodhpur-Pali-Marwar area under DMIC in the first phase.

#### **4. Land Availability**

Rajasthan, geographically the largest state of India, offers land in plenty and at competitive prices. Rajasthan Industrial Development and Investment Corporation Ltd. (RIICO) ensure top-class infrastructure and other related support for establishment of new enterprises. To catalyze industrialization, the Corporation has developed 327 industrial areas close to 74,228 acres throughout the state.

Furthermore, the State Government has made several provisions under the relevant laws for leasing of government land and simplifying the procedure for conversion of land for agri-business activities. Brief details of these provisions are enclosed as **Annexure-3**.

#### **5. Agro Food Parks**

RIICO has developed four Agro Food Parks in Kota, Jodhpur, Sriganganagar and Alwar for development of agriculture

based industries. Another Food Park is being developed near Kishangarh in Ajmer district by M/s Greentech Mega Food Park Pvt. Ltd. under the Scheme of Government of India.

## **6. Single Window Approval**

The constant endeavour of Government of Rajasthan has been to build a favorable investment climate by systematically reducing administrative bottlenecks and easing the process of investment. The core objective is to ensure lower transaction costs and increase transparency.

A Single Window System is operational as a single point interaction mechanism for entrepreneurs to interact with the State for seeking statutory approvals for their projects. Keeping with the times, the entire process of application and monitoring is through web-enabled software called the Single Point Electronic Monitoring and Clearance System. Using this web-interface, entrepreneurs can register, fill and monitor application forms electronically. Forms along with the enclosures have to be submitted at the nodal office physically.

## **7. Agro Food Processing**

Rajasthan, with its diverse agro-climatic conditions is richly endowed in the cultivation of a variety of crops. The state is the largest producer of guar and seed spices like coriander, cumin, fenugreek, fennel, etc. The state is the largest producer of mustard, second largest producer of oil seeds and third largest producer of soybean. It is also the largest producer of gram and second largest producer of moth bean.

Rajasthan has proximity to large consumer markets in the region (close to NCR) which has a large share of food consumption in the country. Infrastructure like Agro Food Parks at Kota, Jodhpur, Sriganganagar and Alwar has been developed by RIICO. Rajasthan also offers immense opportunities in the areas of organic farming, contract farming and in creation of post-harvest infrastructure such as special ware-houses, cold chains, testing & certification facilities.

## **8. Agriculture Market Reforms**

The State's APMC Act has been amended in lines with the model act suggested by the Union Government. Provisions have been made for contract farming, direct purchase outside the market yards, unified license etc. Further, Rajasthan is one of those few states, which has done away with Mandi Fees on perishable items like fruits and vegetables. Brief details of the marketing reforms undertaken by the State Government are enclosed as **Annexure-4**.

#### **9. Rajasthan's contribution in national agriculture**

- The State stands at 4th position after UP, Punjab, AP, in food grain production
- Fourth largest production of Wheat and largest production of Coarse grains
- Second in production of Gram, largest production of Moth Beans
- Second largest Producer of total Oil Seeds and largest producer of mustard, third largest producer of soya bean production and for ground nut it stands at 4th position in the country
- Largest producer of Guar seed, Spices like fenugreek, coriander, cumin, fennel.

#### **10. Animal Husbandry in the State**

Rajasthan is not just India's largest state. It has also one of the highest livestock populations in the country. The contribution of the Animal Husbandry Sector is more than 10% of the state GDP, thereby making livestock not only a significant component of rural economy but also an important shield against adverse climatic conditions. In Rajasthan, it has been estimated that an economy of Rs.1,25,000 crores revolves around this sector. The value of livestock and its products alone touches Rs.75,000 Crores. Rajasthan produces 10% of India's milk and a third of sheep

and goat. It also produces the largest amount of wool in the country.

Feed and fodder availability in a drought prone state has been a major constraint of the sector in Rajasthan. A perpetual shortage of fodder to the tune of 40%. Despite this, the state has some of the finest indigenous milch cattle breeds as well as breeds for dual purposes and for draft.

Rajasthan offers excellent scope to the livestock and poultry feed sector. Maize, whose sowing area is touching one million hectares, sees a total production of around 1.5 million tonnes. This crop is good raw material of poultry feed. Similarly, Rajasthan is a leader in other crops like Sorghum, Pearl Millet (Bajra), Pulses, Oil Seeds, Wheat and Rice, all of which in some way or other, form parts of compound livestock feed.

Rajasthan also produces non-conventional ingredients, which can be integral part of the feed raw material. These include mesquite (Juliflora) pods, watermelon and Citreous (bitter melon), which are abundantly available in our state. A State level Feed and Fodder Laboratory has been established with advanced facilities that are able to test feed and fodder for drug residue, fungal toxins and pesticides. Rajasthan University of Veterinary and Animal Sciences, Bikaner is involved in research in fodder production, nutritional value addition, hydroponics, poly-bag silage and on bypass fat and bypass protein technologies.

Till date, despite its advantages, Rajasthan has not seen any major livestock feed industry come up. Given the advantages that Rajasthan offers, the State is an ideal investment destination for units in manufacturing and supply of nutritional feed, feed plants, machinery and related businesses.

## **11. Opportunity for Agro-Processing**

The agriculture sector has thrown open tremendous opportunities for the successful establishment of vibrant and potentially profitable agro-processing units in Rajasthan. Rajasthan being a major producer of different agri-produce offers vast potential in processing of:

- ❖ Soya based food-processing for soya milk and soya protein
- ❖ Cereals for high Fructose, Corn Syrup and low fat products, Barley for malt purpose
- ❖ Guar gum derivatives having application in paper, textile, mining and other industries and Guar gum powder having application in food, cosmetics, pharmaceuticals.
- ❖ Setting up of spice processing units for raw seed, powder seed, oleoresins
- ❖ Waxing plants, pack houses and cold chain for fruits & vegetables
- ❖ Units for drying, dehydration & processing units for canned juices, marmalades, squash, fruit juice concentrate of fruits like Oranges, Kinnow, Pomegranate, Guava and Date Palm.
- ❖ Processing units for vegetables like brinjal, cabbage, cauliflower.
- ❖ Essential oil extraction units of spices and medicinal & aromatic plants & olive.
- ❖ Processing units of herbal medicines based on Aonla, Isabgol, Sonamukhi, Ashwagnadha, Aloe vera, Henna
- ❖ Hi-tech nurseries for fruit plant sapling production
- ❖ Green houses for off season and exotic vegetable production
- ❖ Establishment of commercial dairy units
- ❖ Setting up of processing of camel milk and goat milk separately which is of therapeutic utility
- ❖ Setting up of Livestock feed units
- ❖ Establishment of poultry processing units
- ❖ Agro Food Parks
- ❖ Refrigerated Warehousing

## **12. Export Potential**

The State has the export potential for the following agri-produce:

- Kinnow
- Mandarin
- Fresh vegetables : Tomato, Onion, Okra, Pea, Green Chillies, Capsicum, Karela, Tinda, Cabbage, Cauliflower
- Red Chilli
- Aonla & its products
- Honey & its products
- Garlic whole & powder
- Spices seed
- Rose oil, dry petals, Gulkand
- Isabgol husk, Senna & Mehndi Powder

## **13. Objectives of the Policy**

This policy endeavors to make Rajasthan the destination of choice for investors, processors both domestic and global. The policy is aimed at the following objectives:

- ❖ To create supply chain infrastructure needed for agro industrial development.
- ❖ To encourage value addition in agriculture produce and to reduce post harvest losses thereby increasing the income of farmers and delivering better quality products to consumers.
- ❖ To create rural employment and improve the quality of life of rural people
- ❖ To bring in new technologies and practices to modernize agro processing and marketing.
- ❖ To assist small scale agro based processing units to remain competitive in global market.
- ❖ To increase the export of value added agri-products from the State
- ❖ To accelerate a close interface among research, extension, industries and farmer in agri-sector.

## **Salient features of the Policy**



The State Government has decided to adopt a two-pronged strategy for the promotion of agro-processing and agri-marketing in the State. Together, these steps should meet the requirements of the units in this sector and help in creating a favorable climate for investments in this sector.

Firstly, this sector has been accorded the status of a Thrust Sector under the Rajasthan Investment Promotion Scheme, 2014 (RIPS 2014) and higher incentives and exemptions will now be available under RIPS 2014 to the units in this sector. A copy of the notification issued by Finance Department for this purpose is enclosed as **Annexure-5**. Enterprises engaged in post-harvest crop activities and not having VAT/CST liability will be able to avail the benefit of 5% Interest Subsidy for 5 years. The enterprises engaged in manufacturing of cattle feed, poultry feed and fish feed shall also be entitled to avail the benefit of 5% interest subsidy for 5 years. Enterprises engaged in manufacturing and processing of agriculture/horticulture/animal products and having VAT/CST liability will be eligible for Investment Subsidy and Employment Generation Subsidy. Units with investment over Rs. 25 lacs have been made eligible for much higher levels of Investment Subsidy and Employment Generation Subsidy.

The threshold level for availing customized package of incentives & concessions has also been lowered significantly. Enterprises with investment of Rs. 100 crores or more or providing employment to at least 250 persons will now be eligible for availing customized package of incentives & concessions under RIPS 2014.

For all the benefits under RIPS 2014 the Enterprise shall apply to the concerned Screening Committee in the manner as provided in RIPS 2014.

Furthermore, to meet certain specific requirements of this sector and to provide incentives which are presently not available under RIPS 2014, the State Government has prepared the "**Rajasthan Agro-Processing and Agri-Marketing Promotion Scheme, 2015**". A copy of this Policy is enclosed as **Annexure-6**. The following additional incentives will be admissible under this Policy:

- A. Transport Subsidy on export of spices:** Provision has been made not only for subsidy on surface transport to the ports but also for subsidy on marine transport. The maximum limit is Rs. 15 lacs per beneficiary / per year. This subsidy will be available for 3 years.
- B. Subsidy for export of fruits and vegetables:** This subsidy is available up to a maximum limit of Rs. 10 lacs per beneficiary / per year. This subsidy will also be available for 3 years.
- C. Transport subsidy for fruits and vegetables within the country:** Subsidy will be admissible for transportation of fruits and vegetables beyond a distance of 300 Kms. The maximum limit is Rs. 15 lacs per beneficiary / per year. This subsidy will also be available for 3 years.
- D. Incentives for quality and certification:** The following types of incentives will be available:
- i. Patent & Design registration: Up to a maximum of Rs, 2 lacs per beneficiary per year.
  - ii. Quality certification: Up to Rs 2 lacs to each enterprise for each certification per year.
  - iii. Sending agri-products for test marketing abroad: 40% of the actual cost subject to a maximum of Rs. 50000/- per beneficiary for one sample of one commodity to one country.

**E. Incentive for Research & Development:** 50% of the cost of development of new prototype subject to a maximum of Rs. 20 lacs for each undertaking in a year.

**F. Incentive for Project Development:** 50% of the cost of development of the DPR. Maximum Rs. 10 lacs during a period of 5 years.

For all the benefits under Rajasthan Agro-Processing and Agri-Marketing Promotion Scheme, 2015 the Enterprise shall, depending on their classification, apply to one of the two Screening Committees provided for in this policy.

#### **14. Scope and Coverage of the Policy**

The Policy will be applicable to new agro-processing and agri-marketing enterprises set up in the State and to existing agro-processing and/ or agri-marketing enterprises undergoing expansion and/ or for revival of sick enterprise.

The Policy shall be applicable to the agro-processing and agro-Marketing enterprises listed at **Annexure-1** and **Annexure-2**.

#### **15. Operative Period of the Policy**

The policy shall remain in force up to 31st March 2019.

#### **16. Nodal Agency for the Policy**

The Department of Agriculture would be the Nodal Department for the purpose of this Policy. The Rajasthan State Agriculture Marketing Board shall be the Nodal Agency for the implementation of this Policy.

#### **Annexure-1**

##### **List of Industries Eligible for Benefits under Agro-Processing & Agri-Marketing Promotion Policy 2015**

<b>PART A</b>
<b>Enterprises Engaged in Post-Harvest crop activities</b>
Preparation of crops for primary markets, i.e., cleaning, trimming, grading,

disinfecting
Ripening of Fruits & vegetables
Seed processing for propagation
Packaging of Fruits, Vegetables & horticulture products
<b>Warehousing refrigerated</b>
<b>PART B</b>
<b>Enterprises Engaged in Manufacturing and Processing of Animal products mentioned below</b>
Processing and preserving of meat/meat products
Processing, preservation and canning of Poultry meat
Processing and preserving of fish, <i>and canning of fish</i> and products thereof
Artificial dehydration of fish
Radiation preservation of fish and similar food
Production of fishmeal for human consumption or animal feed
<b>Enterprises Engaged in Manufacturing and Processing of Agri products mentioned below</b>
Processing and preserving of fruits and vegetables, Canning of fruits and vegetables
Processing of Flowers
Artificial dehydration of fruits and vegetables
Radiation/steam sterilization, of fruits & vegetables and other agricultural commodities
<u>Manufacture of fruit and vegetable juices or their concentrates, squashes and powder</u>
Manufacture of sauces, jams, jellies
Manufacture of pickles, chutney etc
<b>Enterprises Engaged in manufacturing of cereal breakfast obtained by roasting or swelling cereal grains</b>
<b>Enterprises Engaged in Manufacturing of starches and starch products</b>
<b>Enterprises Engaged in Processing of medicinal/Aromatic plants and minor forest products</b>
<b>Enterprises Engaged in Processing of spices and condiments</b>
<b>Enterprises Engaged in Manufacturing of cattle feed/poultry feed/fish feed</b>

## Annexure - 2

### Investment not eligible for benefits of subsidies/exemptions

1. Investment for manufacturing Tobacco products, Pan Masala containing tobacco and Gutka.
2. Investment in all kinds of edible oil extracting or manufacturing industry including Ghanies, expellers except solvent extraction plants with Oil Refineries.
3. Investment for manufacturing and bottling of potable liquor and beer.
4. Investment in stand-alone bottling or packaging plants including stand-alone Bottling/ packaging plants for potable liquor, beer, or aerated drinks
5. Investment made for manufacturing of goods taxable at the rate up to five percent under the Rajasthan Value Added Tax Act, 2003, as may be specified by the State Government, in the Finance Department.
6. Vegetable milling e.g. activity of flour milling, Maida, Atta, Suji, Besan, Splitting of pulses
7. Beef Meat Processing units
8. Processing units discharging toxic effluent without having effluent treatment plant.
9. Production of cereals/Pulses/Seeds except as provided specifically in the policy.

**Land Related Issues**

1. Department of Revenue (Gr-6), Government of Rajasthan has amended the Revenue Rules vide notification Order No. F.6(6)Rev-6/92/pt/24 dated 14.10.2010 for following:
  - i. Rajasthan Land Revenue (Conversion of Agriculture Land for Non-Agriculture Purposes in Rural Areas) Rules, 2007 has been amended to vest power for conversion of up to 10 hectare of agriculture land for setting up agro-processing or agri-business enterprises with the Sub-Divisional Officer and beyond 10 hectare with the District Collector.
  - ii. In Agri-business activities where the area under non agricultural activities does not exceed 5% of the total area, the entire area would be treated under agricultural operations. In such cases no conversion of land for non-agricultural purposes under the Rajasthan Land Revenue (Conversion of Agricultural Land for Non Agricultural Purposes in Rural Areas) Rules 2007, would be required.
2. Government would encourage entrepreneurs to procure land required for their projects. In cases the land requirement exceeds the ceiling prescribed in the Rajasthan Imposition of Ceiling on Agriculture Land Act, based on the recommendation of the State Level Sanctioning Committee, exemption from the said Act will be granted under Notification issued vide Revenue (Gr-8) Department dated 11.10.2010.
3. Revenue (Gr-6) Department, Government of Rajasthan issued Notification vide its Order No. F.9.(68)Rev.6/10/14 dated 20.06.2011 for the following
  - i. Government land can be made available for projects which bring new technologies not existing in the State or which help in enhancing the brand competitiveness of the State. In such cases, Government land would be provided on lease with lease rental @ 10% of the prevailing DLC rate being charged at the time of allotment. This will reduce the

- initial cost of the project. The lease rental will be increased by 15% after every two years to offset inflation. The increased lease rental will, however, not be less than 10% of the prevailing DLC rates.
- ii. The Govt. of *Rajasthan* could, on the recommendation of the State Level Sanctioning Committee, allow leasing of Government land for a period of 30 years for captive production and consumption for projects with an investment of Rs. 50 crore or more. In case community land, vested with the Gram Panchayat, is made available 25% of the lease amount would be made available to the Gram Panchayat concerned.
4. Section 45 of the Rajasthan Tenancy Act, 1955 has been amended to allow for extended lease for a period of 15 years, extendable by another 15 years, for the agricultural operations in connection with agri-businesses enterprises. **(Notification issued by Law (Legislative Drafting) Department (Group-II) vide Order No. F.2(11)Vidhi/2/2011 dated 01.04.2011)**

#### **Annexure - 4**

#### **Marketing Reforms**

A wide network of dynamic and vibrant marketing system for agriculture produce with well developed 134 main mandies and 308 sub-market yards exist in the state. Main marketing reforms adopted are as follows:

#### **Contracting Farming**

State Government has already amended the Rajasthan Agricultural Produce Market Act, 1961 to permit contract farming for fruits, vegetables, medicine plants or aromatic plants. In order to encourage agro processing the State Government will remove restrictions in terms of area for purchase of produce under contracting farming.

#### **E-Commerce**

State Government has already amended the Rajasthan Agricultural Produce Market Act, 1961 to permit the setting up of private sub e-markets.

**Direct Purchase**

In order to encourage the setting up of agro-processing enterprises, which will result in value addition in the State and, thereby, ensure remunerative prices to the producers, the State will remove all restrictions on direct purchase of agriculture and horticulture products produced in the State by the agro-processing enterprises. Such purchases would be exempted from the Mandi fee as per provision in RIPS-2014.

**Market Fee**

There is single point market fee system in the State since 01.10.1991. The market fee on fruits and vegetables has been exempted.

**Information Technology**

Government intends to prepare software for agri-marketing, weather forecast, market information, price and projection. Farmers and processors will be requiring latest information related to agri-marketing.





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