

English version

Sub: New Agro Industry policy

Government of Gujarat
Industries & Mines Department
G.R. No. APN/1099/2007/I
Sachivalaya, Gandhinagar
Dated the 2nd January, 2001

RESOLUTION:

Gujarat has a vast untapped potential in Agro Industrial Sector. The State has a very high level of production and productivity in several agriculture and horticulture crops in the country. The State has identified Agro & Food Processing Industries as one of the thrust Industries in Industrial Policy 1995-2000.

The State Government is committed to accelerate the development of Agro based industries in the State. A key initiative of the Government would be to metamorphose the supply chain infrastructure which would have multiplier effect in agriculture sector & greatly increase the effectiveness across the entire sector.

Gujarat has announced New Agro Industrial Policy 2000 to facilitate investment in Agro Industrial Sector for value addition to farm produce so as to ensure higher income to the farmers, provide greater employment opportunity in rural areas and better products to consumers. The Government

is pleased to declare the following scheme under the Agro Industrial Policy 2000.

1. Title:

This scheme shall be known as a scheme under the New Agro Industry Policy 2000.

2. Period of the scheme:

This scheme shall come into force from date of resolution and its duration will be of five years.

3. Definitions:

(a) Agro Industries:

1.2 Agro Industry means units which add value to agriculture products/residues both food and non-food by processing into products which are marketable or usable or edible or by improving storability or by providing the link from farm to the market or part thereof. Agro Industry also includes hitech and biotechnology based agriculture.

(b) Agricultural product:

1.2 Agricultural product means produce of Agriculture-Horticulture-Sericulture-Floriculture-Fisheries (except conventional technology process of crushing oil from edible oilseeds) and it also includes minor forest produce and live stock based products (except dairy and dairy based products).

(c) Hitech and Bio-technology based Agriculture:

Hitech and Bio-technology based Agriculture means and includes project/s which involve any one of the processes such as Tissue culture, Production of Transgenic plant, Mass Multiplication of parasites' predators, Fermentation plant for bio-fertilizers, Gene Mapping, cloning and Genetic engineering, Green house, Aquaculture, etc.

(d) Any other units, produce and processes which may be included by the Government from time to time and will be liable to include under this.

(e) New Agro Industrial Unit:

A new Agro Industry unit means a new agro industrial project set up during the operative period of the scheme provided it satisfies all the following conditions:

- (1) The new project should have obtained a separate letter of intent or letter of approval or registration from the concerned competent authority. The creation of additional capacity of the existing products in the same taluka set up by the existing agro industrial unit shall be considered as an expansion of the project.
- (2) The new project should have separately identifiable capital investment, 'separately identifiable capital investment' means it should not have any production linkage with the existing manufacturing process and the product should be a separate product in itself with independent marketability. The new unit should be in a separate building, should maintain separate books of

accounts and the project should be appraised independently by financial institution as a viable project. However, the new project will not lose its eligibility, if the utilities of existing units for water, electricity, steam and pollution control facilities are extended to the new project.

(f) For SSI sector the fixed investments in all units shall be clubbed together which are set up by common proprietor and one or more common partners/promoters /director(s) within the taluka for manufacture of same product will be taken into account to determine the eligibility as a SSI unit.

(g) Existing Agro Industry unit:

1.3 An existing agro industrial unit means the project of industrial undertaking which was in existence prior to commencement of this scheme.

(h) Agro Industry complex:

Agro Industry complex means new agro industry complex situated at a same place for one or more than one agro product.

(i) Expansion & diversification:

1.4 If existing agro unit increases its investment in fixed capital by at least 50% shall be considered as expansion or diversification for any one of the following purpose.

1. For increasing installed working capacity.
2. For production of additional new item.

3. For undertaking production of raw material to be consumed by the unit itself (backward integration).
4. For producing new product by utilizing existing products of the same unit (forward integration).

(j) Modernization:

If any existing agro unit or new agro industry unit increases its investment in fix capital by 25% or more shall be considered as modernization for any one or more of the following purposes.

1. Adoption of new and/or improved process of production would result in saving of energy, reduction of pollution, increase in productivity.
2. To incorporate increase changes in installed machinery or add modern machinery relating to production process for adoption of new technology.
3. To bring changes in present process of production, in lay out of plant and machinery in order to improve quality.

Note: When changes are made in old machinery or modern machinery is added, old machinery would required to be scrapped or when it becomes obsolete, value of said machinery shall be deducted from eligible investment made for modernization. Benefit of this scheme will not be available towards replacement of existing machinery.

(k) Existing fixed capital investment:

Existing fixed capital investment means the investment made in fix capital up to the date on which the work relating to expansion of diversification is undertaken.

(l) Commercial production:

The date of commercial production means the date of the first sale bill. If the sell bill is not issued in any circumstances, then it will have to be verified from the following to ascertain the actual date of production.

- (1) Whether the unit had purchased and installed the required machinery on or before specified date.
- (2) Whether the unit had got electricity supply on or before the specified date.
- (3) Whether the unit had purchased the required raw materials, consumable on or before the specified date.
- (4) Whether the unit had consumed electricity for production during the relevant month.

4. **Financial assistance:**

- (a) Tiny, small scale, medium and large scale agro-industrial units to be established newly in the state during the tenure of the scheme or the existing agro-industrial unit goes for expansion or diversification or modernization will be

granted back ended interest subsidy at the rate of 6% for five years subject to maximum of Rs.100/- lakhs.

(b) Assistance for infrastructural facility.

Infrastructural facilities have pivotal importance for development of agro industry. Therefore, interest subsidy for following infrastructural facilities will be granted.

1. Food-Agro industrial park.
2. Cold chain for horticulture produce.
3. Supply chain for agricultural produce (value addition center – agro service center).
4. Chain of retail sale centers for perishable agro & horticultural produce.
5. Agro port – jetty and transportation hub.
6. Technology incubation and demonstration center.
7. Agri. Based agro-intensive bio-technology incubation.

If a loan or an advance (except working capital) is taken from authorized financial institution /scheduled bank for a project, a back ended interest subsidy will be granted at rate of 6% per annum for five years subject to maximum limit of Rs.400/- lakhs.

Above mentioned interest subsidy will be granted subject to following conditions:

- 4.1 This interest subsidy will be granted towards interest on term loan given to agro industry by Nationalized Banks and financial institutions recognized by Reserve Bank of India.
- 4.2 The interest subsidy will not be available if such industries obtain loan for working capital.
- 4.3 Term loan / Advances should have been paid during the period of scheme. This interest subsidy will be given to unit concerned as per the orders (amended from time to time) in force on the day when advance is sanctioned.
- 4.4 Unit should have started commercial production during the period of the scheme.
- 4.5 Interest subsidy will be granted for the period of repayment of loan amount or a period of five years whichever is earlier.
- 4.6 This interest subsidy will be granted against the amount of interest arisen from the date of production and paid it timely.
- 4.7 Interest subsidy will be available to the unit which pays regular installment (capital amount) and interest thereon. If any unit becomes defaulter (for more than three installments at a time) (time-barred defaulter) during interim period no interest subsidy shall be available for that period and towards amount of default. Defaulting period shall be deducted from five

- years. Interest subsidy shall not be available till default towards loan is continued.
- 4.8 Interest subsidy will be available on original amount of loan. Penal interest or compound interest shall not be taken into calculation.
- 4.9 Industrial entrepreneur will be granted interest subsidy for only one unit per location.
- 4.10 Concerned unit will be granted benefit towards expansion or diversification or modernization once during period of this scheme.
- 4.11 If any unit obtains loan from more than one Bank or financial institution the amount of interest subsidy and time limit and other provisions mentioned herein shall be applicable towards all loans so consolidated.
- 4.12 Unit should have started commercial production during the period of scheme or within the time period prescribed by Government from time to time.

5. Financial assistance for project report of Agro Industry.

It is essential to prepare a project report for establishing agro based industry, so that its viability can be known. Preparation of project report to set up agro industrial unit is an intricate exercise and requires multi disciplinary expertise. Therefore 50% assistance of the expenditure incurred by individual/institution will be granted for getting such project report prepared through approved consultant subject to following conditions:

- 1) In case, expenditure on project report is incurred over Rs.10/-lakhs, maximum amount of Rs.5/- lakhs shall be paid towards it.
- 2) This assistance shall be paid in three equal annual installments after agro-unit is established and it has started commercial production.

6. Assistance for setting up of center of excellence.

If specific crop development institute i.e. center of excellence, is set up, 50% assistance of initial capital investment incurred by the institute shall be paid to it subject to maximum limit of Rs.5/- crores. If such institute is established under company law this assistance will be provided as equity.

7. Patent Registration:

Any unit of private, co-operative or Government proposes to have patent registration of any important research of agro-industry, State Government will provide maximum 50% assistance of actual expenditure incurred on this patent registration or maximum Rs.5/- lakhs. The committee will decide quantum of assistance to be granted.

8. Quality certification mark:

Small scale and tiny agro units are required to obtain quality certification mark for export purpose. For this 50% (maximum of Rs.5/- lakh) assistance of expenditure incurred by institute/ entrepreneur will be granted for obtaining certification mark from institute recognized by State Govt./Govt. of India. Such assistance will be paid after having received certificate for certification mark.

9. Air-freight charges.

In view of the globalization trend, it is essential to encourage exports of agri.based products from the State. Considering this aspect in mind, assistance of 25% of actual expenditure incurred as air-freight by individual or institute will be granted for export of edible articles like mango, chiku, bananas, tomato from cargo complex at Ahmedabad International Airport subject to following conditions:

1. Such subsidy shall be paid maximum of Rs.10/- lakhs per year per unit.
2. Such subsidy shall not be granted for more than five years per unit.
3. If samples are required to be sent in foreign country for exporting agro edible products and expenditure is incurred for getting sample passed for export of edible agro article, assistance of 50% of actual legal expenditure (except expenditure incurred for purpose of traveling etc.) incurred on it shall be granted limited to Rs.50,000/-.

10. Research and Development:

It is essential that quality of agricultural produce is improved in agro based industry. If any industry – institute – industrial enterprise establish any research development center for such improvement and specific research activity is undertaken in this center, assistance will be granted at the rate of 50% of expenditure incurred on such research activity limited to Rs.20/- lakhs.

11. Sanctioning Authority for subsidy:

The following committee will sanction the interest subsidy to tiny and small scale agro industries, project report subsidy for agro industry, subsidy for obtaining patent registration, quality certification mark and air-freight charges.

- (a) Commissioner of Industries – Chairman
- (b) Managing Director, Gujarat Agro Industries Corpn. Ltd.
- (c) Director of Agriculture, Gujarat State.
- (d) Additional Secretary, Finance Dept.
- (e) Additional/Joint/Deputy Secretary, Industries & Mines Dept.
- (f) Addl. Commissioner of Industries (Incentives)
- (g) General Manager, Gujarat Agro Industries Corporation Ltd. – Member Secretary.

12. Empowered Committee under Agro Industry Policy:

It is necessary to have effective implementation of agro industrial policy in order to accelerate investment in agro industrial sector in the State. Therefore Empowered Committee is constituted under new agro industrial policy – 2000 comprises of the following:

1. Chief Secretary – Chairman
2. Principal Secretary, I&M Dept.
3. Additional Chief Secretary, Finance Dept.
4. Principal Secretary, Agricultural Dept.
5. Commissioner of Industries
6. Director of Agriculture, Gujarat State
7. Managing Director, Gujarat Agro Industries Corporation Ltd. – (Member Secretary).

The functions of this committee will be as under :

1. To ensure speedy and effective implementation of the Agro Industry policy.
2. To sanction interest subsidy to medium and large scale industries under agro policy.
3. To sanction interest subsidy to project for infrastructural facility under the agro policy.
4. To suggest additional projects to be included under infrastructural facilities.
5. To sanction assistance for center for excellence.
6. To sanction special facilities, if needed, for attracting agro industries having large investment and/or special/latest technology.

The Gujarat Agro Industries Corporation Ltd. will issue sanction letter according to decision taken by the Empowered Committee. For this purpose, Gujarat Agro Industries Corporation Ltd. shall act as Nodal agency. Payment of financial assistance shall be made by the Officer of the Commissioner of Industries.

13. Other conditions:

The payment of interest subsidy amount so sanctioned and paid under this scheme will be subject to following conditions and any breach of any of these conditions is committed amount of subsidy so paid shall be recovered as outstanding land revenue.

- (a) The industrial unit obtaining subsidy under this scheme should have installed and used the instruments for controlling pollution as prescribed by concerned authority and as per standards approved, and maintained accordingly.
- (b) Unit obtaining such interest subsidy shall have to remain in production till the loan is fully paid.
- (c) Industrial unit shall have to furnish information about production, employment, etc. when called for by State Government from time to time.
- (d) The unit which avails of incentives under this scheme shall have to employ local persons to the extent of 85% of all employees and to the extent of 60% of managerial and supervisory

staff. The scrutiny regarding such recruitment shall be done jointly by the team of General Manager, District Industries Center and the District Employment Officer, Percentage of local employment will have to be maintained permanently. If the unit fails to employ local persons, the amount of subsidy shall be recovered as outstanding of land revenue.

- (e) If the unit is eligible to get interest subsidy or cash subsidy under any other scheme of State Government and if unit has accepted the option to have it, benefit under this scheme will not be available.
- (f) If expansion or diversification or modernization is required to be done for revival of sick SSI agro unit or closed unit, it will get benefit under the scheme of G.B.I.F.R. and not under this scheme.
- (g) Financial incentives for establishing agro industry shall be available in entire state except the limits of Municipal Corporation. However, this limit will not be applicable to cold chain and retail outlet.
- (h) Units which have obtained subsidy and sales tax incentives under previous schemes, shall not be eligible for interest subsidy or cash subsidy during next three years under this scheme.
- (i) In a case where bank or financial institution has reviewed the investment after sanctioning the project report of unit, the benefit under this scheme shall be available towards the

investment or actual investment made by the unit,
whichever is less.

(j) The unit with whom any taxes or any other Government dues are outstanding, no interest subsidy or cash subsidy will be paid till outstanding amounts of Government dues are paid.

14. All matters of interpretation/dispute or contention under this scheme will be referred to the Empowered Committee and the decision of the committee shall be final, and it shall be binding to applicant unit.

15. Expenditure under this scheme shall be debited under budget head "Demand No. 49, 2852-Industries, (01) communication and Electronic Industries, 202 – Electronic Industries, IND-2, Electronic Industries special subsidy to thrust industries for the financial year 2000-2001 and met from the provisions made thereunder.

This issues with the concurrence of the Finance Department dated 12-12-2000 on this department's file of even number.

By order and in the name of Governor of Gujarat.

Sd/-

(C.S. Upathyay)

Additional Secretary to Government of Gujarat,
Industries & Mines Department.

Note:

[This is English version of the original G.R. in vernacular language. In case of Interpretation as to correct meaning, the GR issued in Gujarati will be treated as final]

Copy forwarded to:

1. The Secretary of Hon. Governor.
2. The Secretary of Hon. Chief Minister
3. Private Secretary to Hon. Minister for Industries
4. P.S. to Hon. Dy. Minister for Industries
5. P.S. to Hon. Minister (Finance)
6. P.S. to All Ministers
7. P.S. to All State/Dy. Ministers.
8. Addl. Chief Secretary, Finance Dept.
9. Principal Secretary, Agricultural Dept.
10. Joint Secretary to Chief Secretary
11. All Administrative Department of Sachivalaya.
12. Accountant General (Audit), Ahmedabad/Rajkot.
13. Accountant General (P&E) Rajkot
14. Pay & Accounts Officer, Gandhinagar / Ahmedabad
15. Commissioner of Industries, Gandhinagar
16. Commissioner of Sales Tax, Ahmedabad
17. All District Industry Centres
18. Managing Director, Gujarat Agro Industries Corporation Ltd. –
Ahmedabad.
19. Director of Agriculture, Gandhinagar.
20. Managing Director, Indextb, Gandhinagar.
21. All Heads of Departments under Industries & Mines Dept
22. All Board- Corporations, under Industries & Mines Dept.
23. All Branches under Industries & Mines Dept.
24. Select file.