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MESSAGE

It is indeed a matter of immense pleasure that just within two months of a farmer-oriented budget in February 2016, the Government of Gujarat has now come up with a visionary policy in this sector- Comprehensive Agro Business Policy 2016. This manifests the dedication of my Government to the farm sector and farmers' welfare. And its quite natural that the well-being of the fraternity that feeds the humanity is being given a top priority.

As a kid, I have worked in the farms myself. Those were the days when agriculture was mainly dependant on the vagaries of monsoon. Crop diversification too was minimal. We were mainly into sustenance agriculture. Times have changed for the better now. The present times offer great opportunities for economic development through deployment of technology in farming and value addition to farm produce. This policy aims at seizing these opportunities in the best possible ways to increase farmers' income and ensuring rural employment.

The provisions for additional assistance to women in this policy assumes special importance for me. I feel, engagement of women in this sector would surely lead to economic strengthening of their families.

This booklet talks extensively about the potential of this sector and what all the policy offers for all the stake holders. I am sure, it will be very meaningful for all the readers. Let us all strive to make our farmers global.

Anandi Patel

(Anandiben Patel)

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09 MAY 2016



Message

The announcement of Comprehensive Agrobusiness Policy 2016 is a visionary step of the Government of Gujarat, which is dedicated to the welfare of the sons of soil. This policy, prepared under the guidance of Honourable Chief Minister Smt. Anandiben Patel, will open up new vistas of development for the agro industrial sector of Gujarat.

A gamut of incentives being offered to Agro industrial and Agri infrastructure units under this policy, would drive massive investments in this sector. The impetus provided to agribusiness through this policy will create an eco-system to enable modern scientific farming and increase the income of farmer-families. The policy would also open the avenues for employment for rural youth. I am sure, this policy will be instrumental in sustaining the leading position of the State in the next decade as well.

I hope that this booklet, highlighting the major aspects of Comprehensive Agro Business Policy 2016, will be helpful for all the stake-holders.

(Babubhai Bokhiria)

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MESSAGE

A country prospers in the real sense when its villages prosper, and the prosperity of villages is defined by that of its sons of soil. Gujarat Government acknowledges the fact that agricultural development and welfare of the farmers are key for sustainable growth. Concern for farmers is, therefore, its top priority.

The Comprehensive Agro Business Policy 2016 is yet another step in the direction of ascent of farmers. This policy is a timely initiative in today's globalised economy. The support being given to **agriculture, food processing units** and **agri-infrastructure projects** in this policy would provide the needed impetus to agro-business in the state. This will not only lead to more employment for the youth but also attract the youth towards agribusiness. This, in turn, would accelerate the pace of developmental journey of Gujarat.

I am sure that this booklet, encapsulating the key features of this policy would be meaningful for all the readers.

(JASABHAI BARAD)



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COMPREHENSIVE AGRO BUSINESS POLICY FOR GUJARAT STATE

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1.

Preamble

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 and Food Processing Industries as one of the thrust Industries in Industrial Policy 2015-2020.

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 and greatly increase the effectiveness across the entire sector.

In consideration of the importance of Agriculture and Food Processing in the overall development of state and its contribution in GSDP, it has become necessary to revisit the provisions in Agro Industrial Policy 2000 to make it more attractive and farmers & entrepreneurs friendly. Accordingly, the Government of Gujarat has decided to come out with the Comprehensive Agro Business Policy 2016 with the long term idea of assisting “EASE of Doing Farming and Food Processing” in Gujarat.

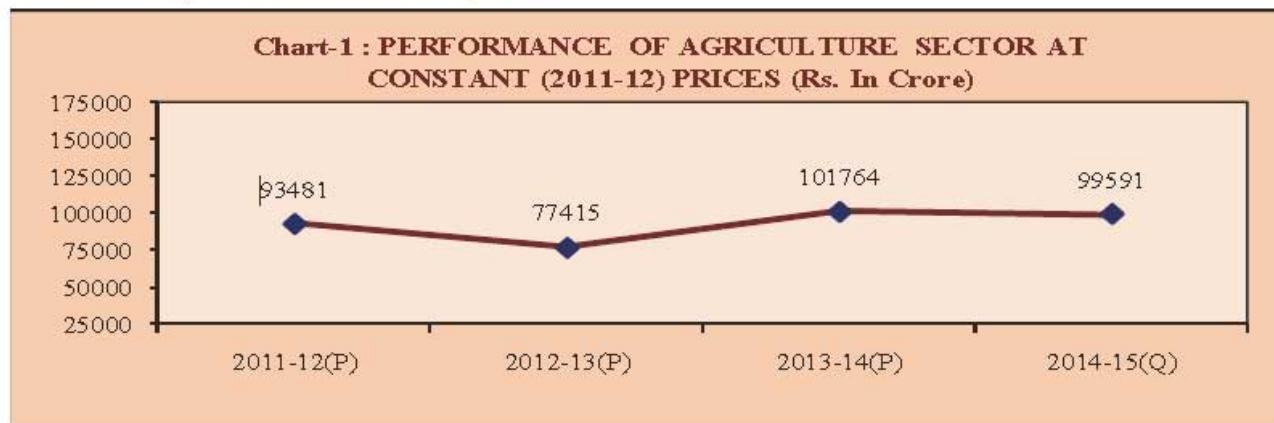
The Comprehensive Agro Business Policy 2016 aims to facilitate investment in Agro and Food Processing Sector for value addition to farm produce so as to ensure higher income to the farmers, provide greater employment opportunity in rural areas and better products to consumers.



2.

INTRODUCTION

Gujarat is a leading state with impressive agriculture performance contributing 9.6% to the State's GDP. Government realizes the criticality of sustainable growth of agriculture and allied sectors in the overall performance of the state economy. State agricultural economy performed at an average annual growth rate of 10.7% during the first decade of 21st century. During the period 2011-12 to 2014-15 (Q), the GSDP for agriculture sector, including animal husbandry sector, had increased from Rs. 93481 crore to Rs. 99591 crore, at constant 2011-12 prices.



Source: 2015-16 Socio Economic Survey- Gujarat State

Gujarat has seen the breakthrough in performance of the agriculture sector as a result of pioneering work carried out by agriculture scientists, government and the efforts of farmers. High agricultural production and productivity achieved in key focus crops has helped in attaining growth. Gujarat holds immense advantages that can be exploited for sustainable growth in agriculture and allied sectors. Gujarat's unique position in various Agriculture and Horticulture commodities places it at a differentiated position and throws upon the opportunity to develop vibrant agriculture by deriving competitive advantages from the following:

- **1600 kms of long coastal belt**
- **Diversified cropping systems**
- **Bio-diversity**
- **Strong Agri-marketing structures**
- **Good logistics infrastructure**
- **Enterprising farming community having business instincts**

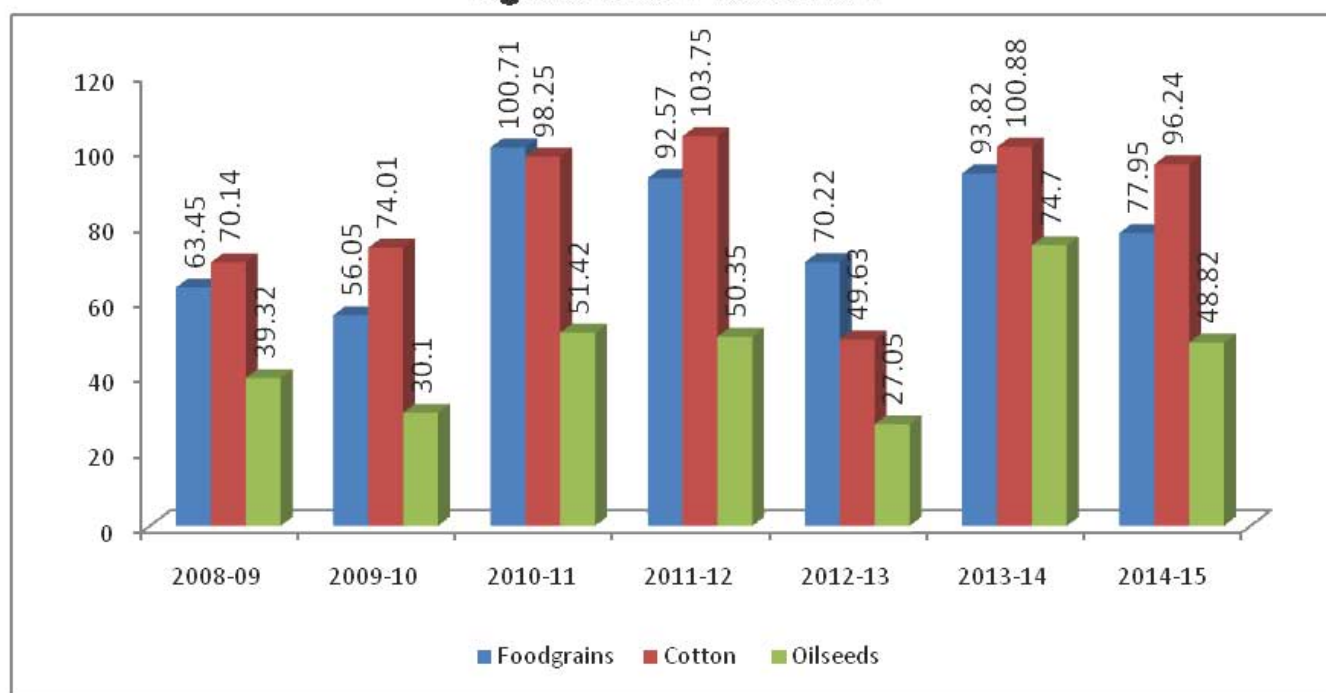
State Government appreciates the importance of agriculture and rural non-farm sector as 58% of the state's population lives in rural areas and it accounts for about 49.6 per cent of employment in the state (as per 2015-16 Socio Economic Survey- Gujarat State). Moreover, this sector is a supplier of food, fodder, and raw materials for a vast segment of industry.

2.1 Snap-shot of Gujarat Agriculture

Agriculture sector in Gujarat holds tremendous potential. Some strengths and key features associated with growth in Gujarat Agriculture are:

- 7 agro-climatic zones; diversified multiple crops and cropping patterns; competitive position in production and productivity.
- Gross cropped area stagnated at 108 lakh ha till 2000-01 increased to 122.11 lakh ha in 2014-15.
- Gross irrigated area of 33 Lakh ha in 2000-01 increased to 56.14 Lakh ha in 2014-15.¹

Agricultural Production



Food Grain and Oil Seed Production in Lakh MT
Cotton Production in No. of lakh bale

Source: 2015-16 Socio Economic Survey- Gujarat State

- GOG has taken initiatives for scientific water harvesting; as a result 1,65,147 check dams; 2,64,652 bori-bandhs; 2,61,785 farm ponds have been created.
- Food grain production of 44 lakh MT in 1999-2000 has risen to ~78 lakh MT in 2014-15 (p); significantly increasing the production of food grains in the state.
- Cotton production of 21 lakh bales in 1999-2000 has risen to ~96 lakh bales in 2015-16 (p); increasing the production by more than four fold.
- Government has created strong agriculture marketing infrastructure with 210 APMC and 403 Market Yards, Cold storages, Processing Units, Services and business centres and a VSAT based real time NMCE at Ahmedabad.



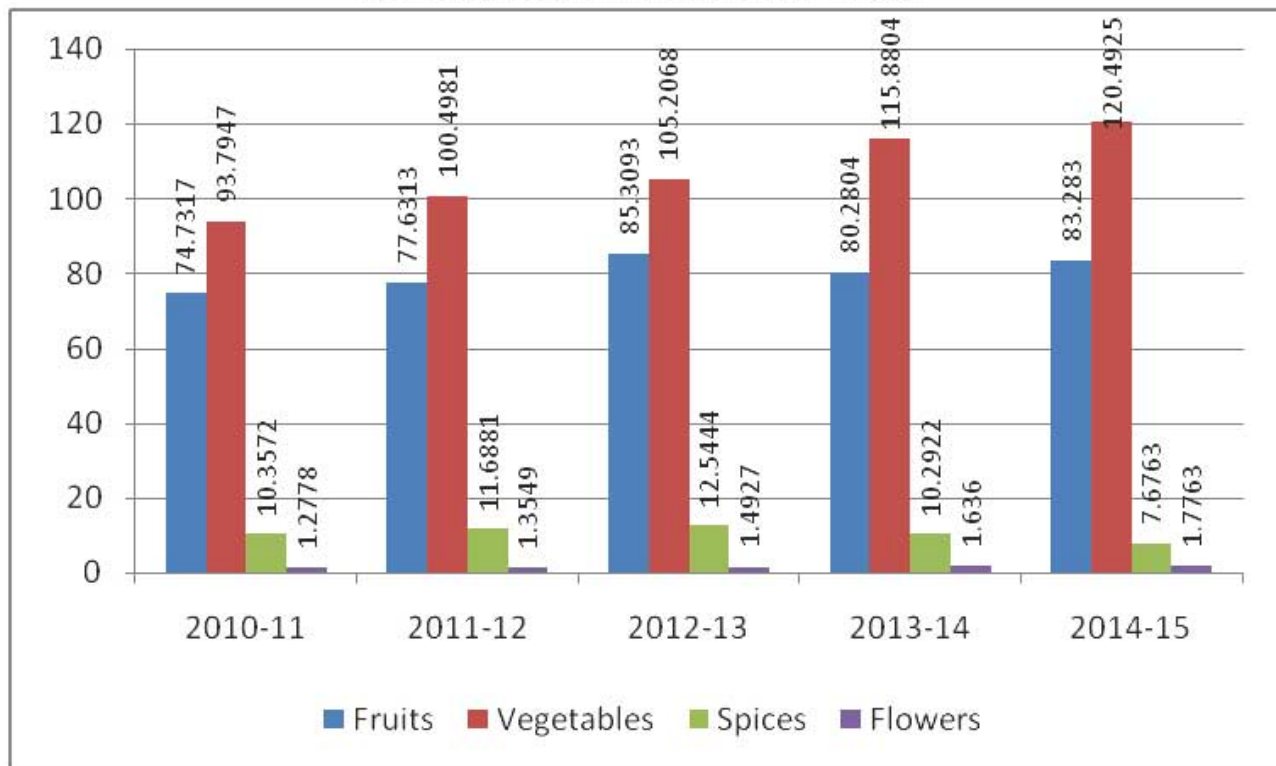
- The food and agro processing industry in Gujarat is well established in terms of natural resources, skilled labour, enterprising farmers and a strong marketing network.
- Gujarat's Agriculture has witnessed progressive trends in contract farming and increased adoption of hi-tech agriculture technologies like tissue culture, green houses and shed-net houses leading to higher yield and production.

2.2 Snap-shot of Gujarat Horticulture

Horticulture is one of the crucial drivers for sustainable agriculture growth of the state. The sector has been the thrust area of development for Gujarat Government for last five years.

Area and production of horticultural crops including fruits, vegetables, spices and flowers have increased from 14.04 to 14.66 lakh ha and from 180.16 to 213.22 lakh MT during 2010-11 to 2014-15.

Production of Horticulture Crops



in Lakh MT

Source: 2015-16 Socio Economic Survey- Gujarat State

Some strengths and key features associated with growth in Gujarat Horticulture are:

- Diversified climatic condition is suitable for a large number of horticulture crop species (Mango, Sapota, Banana and Kagzi lime are the main crops).
- Emerging horticulture crop segments in the state are Papaya, Pomegranate and Date Palms.
- Gujarat state is the largest producer of seed spices like Cumin and Fennel along with largest market yard support.



- Storage infrastructure is progressively coming up like Cold Storages for Potato (>12 lakh ton capacity).
- Supply chain infrastructure for Post Harvest Management, packing, grading, cold storage, ripening chambers and marketing have got established to certain extent as farmers adopted end-to-end approach.
- Quality of farm produce and post-harvest handling has improved considerably resulting in higher exports of commodities like Mango and mango pulp, Banana, Pomegranate, Chives, Capsicum, Lime and Vegetables.
- Onion dehydration industry of the state is the biggest in the country.
- Spices and Isabgul processing are another sectors which have been developed in the state

Government focus towards this sector with higher budgetary allocations and initiatives has enabled farmers to adopt advanced farming techniques, in recent years as:

- Precision farming in Banana
- Cluster cultivation approach in Mango, Banana and Pomegranate
- Use of drip and mulching in Papaya and Melon
- Use of tissue culture plants in Banana, Dates and Flowers
- Green house cultivation in Dutch roses, Gerbera, Capsicum, Tomato and Chives
- Net house cultivation in Capsicum, Tomato, Cucurbits and Leafy Vegetables

2.3 Snap-shot of Animal Husbandry, Dairy and Fisheries

Animal Husbandry, Dairy and Fisheries are one of the critical sectors for the accelerated yet sustainable development of agriculture in the state. The sector has received tremendous support for development from Gujarat Government during last decade.

As a result, production of major livestock produce has increased many folds over the years.

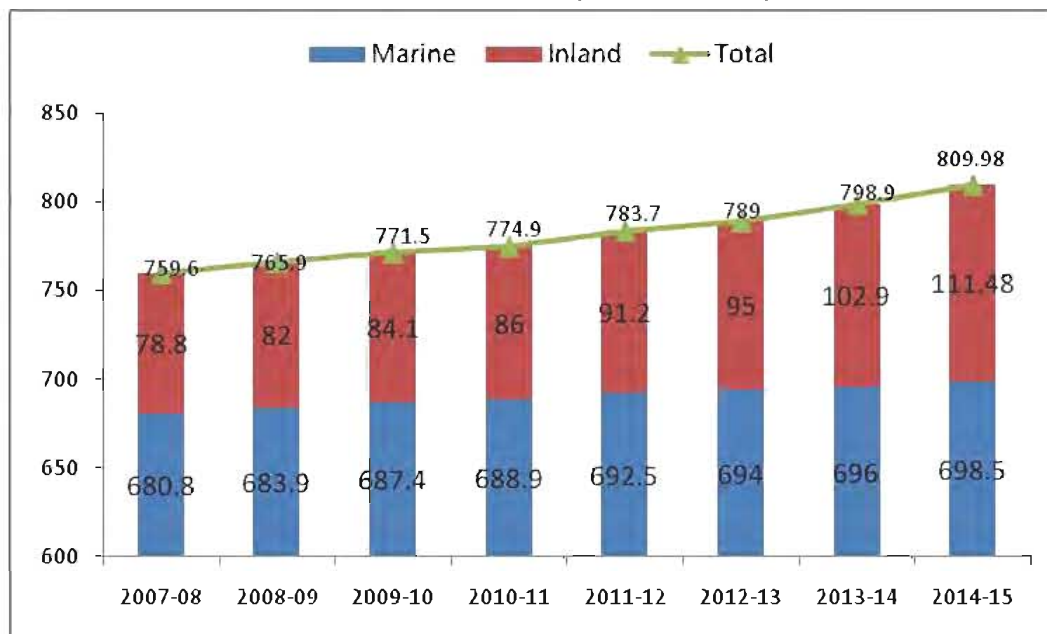
Major Livestock Products						
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Milk (In million tonnes)	8.84	9.32	9.817	10.32	11.13	11.69
Eggs (In million numbers)	1276.20	1326.90	1426.9	1455.8	1555	1656.8
Wool (In million kilos)	2.92	2.92	2.819	2.664	2.578	2.578

Source: 2015-16 Socio Economic Survey- Gujarat State.



Due to long coastal line and availability of various fish breeds, Gujarat is largest marine fish production state in the country. During the year 2014-15, total fish production in the Gujarat State has been estimated at 8.10 lakh tonnes worth Rs. 5,996.22 crore and state has received foreign exchange earnings of Rs.3,645.23 crore through export of 2,45,434 tonnes of fish and fish products. The marine fish production constitutes about 86.24 percent of total fish production of the State. During the year 2014-15, there were 35,990 fishing boats registered in the State, out of which 25,041 were mechanized boats and 10,949 were non-mechanized boats.

Fish Production (in '000 MT)



Source: 2015-16 Socio Economic Survey- Gujarat State

2.4 Strategies Adopted to Enhance Production and Productivity

• Initiatives in Natural Resource Management:

- **Soil health management:** Deteriorating soil health is a major concern in agriculture. Gujarat is first state which has started Soil Health Card Programme. Based on soil health card information farmer can use fertilizers in balanced and integrated way. This helps in soil enrichment and maintaining soil health. State has completed analysis work of 42.39 lakh farmer's soil samples, distributed soil health cards to farmers and made all the data online.
- **Irrigation and water conservation practices:** Envisaging the ensuing water crisis in agriculture, Government of Gujarat (GOG) has taken proactive steps to provide irrigation water to maximum farm lands under various irrigation schemes. Major expansion in canals in Sardar Sarovar Project is a multipurpose project involving Participatory Irrigation Management, water management, implementation of drip and sprinkler irrigation. To achieve the objective of "Per Drop, More Crop" the Micro Irrigation Scheme in Gujarat is being implemented, by the Gujarat Green Revolution Company (GGRC) since May-2005

• **Initiatives In Farm Inputs:**

- **Timely availability of quality inputs:** The Gujarat State Seeds Corporation Ltd. has constructed its own scientific storage godowns having capacity of 1.37 lakh quintals of seeds at various district/taluka places of the state to ensure timely availability of quality seeds to farmers. Similarly Gujarat Agro Industries Corporation Ltd, has taken innovative step to purchase fertilisers during off- season to ensure its availability during peak demand.
- **Increase in seed replacement ratio:** GOG has provided assistance to seed farms to augment seed production in Gujarat. GOG has mandated Gujarat State Seeds Corporation Ltd. to produce/ purchase quality seeds and distribute through various channels including Agri-Business and Agri Service Centres established by GAIC.
- **Thrust on Micro Irrigation (MI):** The Gujarat State has a limited source of irrigation facilities. In order to inspire the farmers of the state to maximize agriculture production at minimum cost and to increase their income by adopting scientific management of water and to bring in revolutionary transformation of the agriculture scenario, the State Government has formed Gujarat Green Revolution Co. Ltd. with the aim to provide facilitation between the farmers and the registered Micro Irrigation System Suppliers to ensure that the farmers get professional Services on Micro Irrigation System coupled with required equipment and essential agro-inputs.
- **Large scale farm mechanization:** State has adopted empanelment procedure for farm mechanization components under its Rs. 100 crore project for Farm Mechanization. Empanelment procedure provides competitive rates of assured quality standard farm machineries and equipments across the state and subsidy is directly transferred by NEFT/RTGS in Farmers' bank A/C.

• **Initiatives In Agriculture Research and Extension:**

- **Massive agriculture extension campaigns:** In a unique "Lab to Land Programme", GOG has initiated Kharif and Rabi Krushi Mahotsav to cover with Researchers, Scientists and experts interacting and providing information and
- **Counselling to farmers on modern machine, agriculture system, programme of accumulation of water and electricity.** Looking into the innate need to bring government organizations, policy makers, entrepreneurs, farmers from within the country under one roof for discussion and chalking out roadmap for all-round development of rural community, Global Agri-business Summit is organised bi-annually.
- **GOG has set up three Centres of Excellence for Mango, Vegetables and Dates in collaboration with Israel for research and adoption of New Technology.** GOG intends to set up four more such Centres of Excellence.

• **Initiatives in Crop Diversification:**

- **Thrust on Horticulture development:** GOG has identified horticulture as key sub-sector to enhance farmers' income. For this, "Gujarat State Horticultural Mission (GSHM)" registered society has been formed to implement "National Horticultural Mission (NHM)" in the state. The Mission has adopted end to end approach with simultaneous development of post harvest infrastructure and marketing



facilities. The mission is being implemented in 21 potential districts and covers important crops of the state viz. Mango, Chikoo, Amla, Banana, Papaya, Lime, Cumin, Fennel, Flowers, Medicinal and Aroma crops.

- Mission mode support even in 10 non-NHM districts: With a view to ensure development of Non-NHM districts, GOG has provided special funds for implementation of similar schemes as per guidance of State Horticultural Mission (SHM) norms.

- **Policy Initiatives:**

- Reforms in rural electrification: Government of Gujarat has initiated Jyotigram Yojana to ensure availability of 24-hour three phase quality power supplies to rural areas of the state and to supply power to farmers residing in scattered farm houses through feeders having specially designed transformers.
- The State Govt has taken policy level initiatives for creation of rural infrastructure such as Narmada Main Canal and Saurashtra Branch Canal and its distribution system, Check Dams, Rural Drinking Water through pipeline system, rural roads, Aanganwadi Centres, Public Health Centres and Community Healths including '108' type ambulances and Salinity Ingression Projects.

- **Infrastructure Development:**

- The state govt has given top priority for public investment in Agri and Marketing infrastructure, Establishment of Post-harvest Storage and Marketing Infrastructure at APMCs. The state government has decided to give priority to e-market-linked APMCs to set up warehouses and to connect all APMCs to the e-market platform under the National Agriculture Market (NAM) initiative. Apart from this, 280 main yards and sub yards are equipped with computer & Internet facilities and are sending daily prices of arrivals to the Agmarknet site currently.
- In order to give emphasis on adoption of advanced farming systems under controlled atmosphere to mitigate risk of natural calamities, the Govt of Gujarat is providing financial assistance to farmers for taking up Green and Net house cultivation, tissue culture in dates, banana and flowers. These benefits are in addition to the financial assistance provided by Central Govt.
- The GAIC has set up state of the art Irradiation Plant at Bavala, Ahmedabad to reduce the spoilage of Agro and Food Productions during storage and Cargo for Perishable Commodities to facilitate export of Agro and Food Products from SVP International Airport, Ahmedabad.



2.5 Key Challenges and Constraints

- **Slow Investment Growth in Food and Agriculture, Compared to Other Sectors:**
Capital formation is very important in agriculture as increasing production and productivity of Indian agriculture is of paramount concern to keep pace with the increased population. Many of the problems of Indian agriculture sector viz low productivity, low employment opportunities, high intensity of poverty and inadequate infrastructure are attributed to inadequate and progressive decline in capital formation and Private investments in agriculture.
- **Depletion of Natural Resources:**
Resource depletion is the consumption of a resource faster than it can be replenished. Amongst the major resources depletion affecting agriculture are Soil health deterioration due to imbalanced and indiscriminate use of fertilisers, Scarcity of water and inefficient water management practices. The climate change is leading to changing the water cycle, an increase in soil erosion, and a decrease in biodiversity, thereby, making agriculture all the more difficult.
- **Low Adoption and Knowledge on Quality Farm Inputs:**
Seed is a critical and basic input for attaining higher crop yields and sustained growth in agricultural production. Distribution of assured quality seed is as critical as the production of such seeds. However, Availability of good quality seeds is yet to reach of the majority of farmers, especially small and marginal farmers mainly because of higher prices of better seeds. Due to this, present seed replacement rate of these crops are very low due to limited access of quality seeds to farmers
One of the most notable constraints faced by farmers is access to farm inputs mainly due to inefficient delivery system. It has also been realized that farm machinery and equipments and agro based inputs are relatively expensive. Hence, timely and accurate availability of farm inputs and service is the need of hours for better agricultural growth as well as development of farming community.
Despite large scale mechanisation of agriculture in the state, most of the agricultural operations such as ploughing, sowing, irrigating, thinning and pruning, weeding, harvesting threshing and transporting the crops are still carried on by human hand using simple and conventional tools and implements like wooden plough, sickle, etc. This is specially the case with small and marginal farmers. It results in huge wastage of human labour and in low yields per capita labour force.
- **Inadequate Extension Services to the Farming and Rural Communities:**
Farmers frequently consider access to market information and best practices as being their major problem. However, while they are able to identify such problems as poor prices, lack of transport and high post-harvest losses, they often have limited expertise to identify potential solutions.
The state govt has done tremendous work to identify and address farm level problems. However, there is still a lot of scope for improvement in organized processes and systems to capture and address farm level problems
- **Less Penetration of Advanced Agri and IT Technologies:**
There is significant yield gaps between experimental yields and those obtained at farm level due to slower adoption of advanced farming technologies such as precision farming, Good Agricultural Practices etc.



Up-scaling of on-farm validated advanced Agri and IT Technologies, Hi-Tech Agriculture Initiatives and Agriculture Innovations is taking place at slower pace.

The organized mechanism and systematic approach to protect, conserve, augment, sustainably use and benefit from Bio-diversity resources couldn't be deployed for extensive usage despite the availability of germplasm of both plant and animal origin that is adapted to Gujarat conditions.

Low adoption of in-depth knowledge about modern technology tools of science like Genotyping and Allele mining that can be put into practice to conserve unique Bio-diversity. The emerging techniques and technologies such as Nano-technology, Biotechnology, Remote Sensing, GIS etc. need exploration for the benefit of Gujarat Agriculture.

Comprehensive technology based developmental and implementable approach to promote alternate farming systems commercially is growing at comparatively slower pace.

Science led conservation agriculture is being adopted at a slower pace. Modern resource conservation technologies (RCTs) along with the improvised and field tested indigenous technical knowledge need promotions in the State.

- **Gaps in Knowledge and Implementation about Advanced Farming Models:**

There are gaps in implementing the Integrated farming approach as the cultivation of crops alone cannot provide sustainable livelihood in several regions.

Adoption of commercially successful Integrated farming approach and Supplementary livelihood options such as Livestock Raising, Milk Production, Arid Horticulture, Fisheries etc. including the Services in Agriculture and Rural non-farm enterprises for retaining youth in agriculture is taking place at slower than desired rate.

- **Gaps in Planned Approach Integrating Cluster and Value Chain Development:**

The development, implementation and adoption of crop specific strategies with a mix of cluster and value chain based approaches are not fully utilised to explore full potential of production strengths.

- **Knowledge and Implementation Gaps in Advanced Risk Management Models:**

Crop and weather insurance concept and process are largely unknown amongst farmers due to complexities involved. As compared to developed countries, there is limited awareness of price protection mechanism in farmers.

- **Gaps in Comprehensive Market Access Strategy:**

Farmers have limited access on comprehensive view about varied market access opportunities. This problem is accentuated further by fragmented supply chain across all agricultural commodities.

Presently, agriculture is considered as relatively unrewarding profession mainly due to low productivity, unfavourable prices and practically very little value addition. In most of the cases, even primary value additions are not adopted. The situation is exaggerated further in the wake of globalization of agricultural trade.

- **Partial Development of Common Umbrella Infrastructure and Institution for Agri Value Chain Dev:**

Common umbrella institutional and infrastructure platform to ensure overall farmer prosperity and enhanced system productivity with a holistic approach is not widely adopted in all the crops.

The common R&D platform with a holistic approach for Comprehensive Agri Value Chain



Development are not utilised to the full potential. This has impacted development of strong Agro and Food processing industry in Gujarat.

There is significant requirement for initiatives to scale up entrepreneurship development in rural areas so that the rural youth can start on farm processing of agro and food products and thus mitigating migration to urban areas.

- **Gaps in Development of Sound Agri-Infrastructure:**

Current availability of sound Agri-infrastructure facilities across the value chain of food and agribusiness is very much limited. Under such conditions the farmers are compelled to sell their produce immediately after the harvest at the prevailing market prices which are bound to be low. Such distress sale deprives the farmers of their legitimate income. Another handicap with agriculture is the limited availability of cost effective and efficient means of transportation. Even at present there are many villages which are not well connected with main roads or with market centres.

The affordability for the utilization of available infrastructure along with its viability commercially stands as major hindrance for the farming community.

- **Inefficiencies in Marketing Infrastructure:**

Agricultural marketing still continues to be in a major problem area. In the absence of sound marketing facilities, the farmers have to depend upon local traders and middlemen for the disposal of their farm produce which is sold at throw-away price.

In most cases, these farmers are forced, under socio-economic conditions, to carry on distress sale of their produce. In most of small villages, the farmers sell their produce to the money lender from whom they usually borrow money. This is further accentuated by absence of comprehensive supply chain grid including cold chain and responsible retail mechanism in local markets.

- **Pitfalls In Meeting Requisite Export Standards:**

Voluntary adherence to sanitation and phyto-sanitation (SPS) standards and measures for minimizing the export rejections are seldom seen in case of several seed spices and industrial crops that have potential for export to other countries.

- **Lack of Skilled Professionals as farmers:**

Since farming is rendered less remunerative and less respected due to highly fragmented land holdings, unfavourable price realisation by farmers for their produce, rising cost of cultivation and inadequate post harvest infrastructure and processing facilities. Hence, there is lack of educated professionals adopting farming as profession.

- **Limited Access to Capital:**

Agricultural financing is an important element in the modernization and development of the sector, however, public and private sector agricultural financing in India is inadequate. Unavailability of long-term financing has limitations in terms of investment for medium and large-scale farming. The agriculture in Gujarat is characterised by smallholder producers who are unable to borrow from financial institutions due to lack of collateral. Limited private spending on agri assets including R&D, Post Harvest Management and Marketing Infrastructure and Irrigation has again amplified the problems in agriculture.



3.

VISION, GOAL and OBJECTIVES

Government of Gujarat has inscribed that the **Vision of "Comprehensive Agro Business Policy"** shall be **Economic Empowerment with Sustainable Growth in Agriculture Sector.**

The **Goal** will be to ensure food and nutrition security, farm prosperity and strengthen agrarian economy by tapping vast agricultural resources of the State through an Inclusive development strategy. For this, the **Comprehensive Agro Business Policy** shall strive for doubling the production of food grains in the next 10 years i.e. by 2025, and to sustain a minimum 8% of growth rate in agriculture per annum during next 10 years.

The Comprehensive Agro Business Policy is framed to address the key challenges across the value chain of food and agribusiness with a holistic cluster based and value chain development approach. The policy unravels options and opportunities for addressing major issues in agricultural development from both short-term and long-term perspectives.

The Objectives of the Comprehensive Agro Business Policy shall be:

- To generate sustainable employment in Agro and Food Processing Sector
- Sustain production and productivity in all the key crops relevant for Gujarat State and thereby improving farmer's income.
- To increase farm income by minimizing cost of cultivation, increase in productivity, rural based agro-processing and value addition and by linking farmers to market.
- To build the seed related infrastructure from massive certified seed production to advanced seed processing infrastructure for community level usage. Also, build the planting material infrastructure for Horticulture crops.
- To promote farm mechanization and make available access to agriculture machinery and tools to farmers.
- To bridge the existing yield gap through adoption and up-scaling of improved technologies involving public, private and community approaches for extension, delivery and input availability.
- To promote water management practices and recycling of water that save water at least by 30 percent and increase productivity per unit of water.
- To make grey areas green through adoption of new technologies, including scientific land use planning and integrated farming system's mode.
- To promote much needed diversification of agriculture, comprising an amalgam of cash and specialty crops, horticulture, animal husbandry, dairying, bee-keeping, sericulture, agro-forestry, and inland aquaculture. In this context, area specific development of integrated agricultural production systems, associated with market linkages and post-harvest management, will be



accorded priority.

- To accelerate capital investments in agriculture through long term both public and private investment including development of infrastructure such as roads, communication, silos, cold chain, and agro-based processing industries.
- To encourage individual, joint or contract-farming for specialty crops in order to ensure higher income through efficient production, processing and export of value added commodities.
- To discourage migration, both seasonal and permanent, of rural people to urban areas through various means of improved rural livelihood and income generation through on-farm and off-farm opportunities.
- Food and nutritional security will be given high priority to ensure social justice and equity. To ensure a balanced diet for all, particularly the rural masses, the policy will promote fruit and vegetable production and their consumption in rural areas.
- Fodder security shall be attained to meet the demand of livestock population. This shall be ensured by promoting fodder crops and both fodder and feed storage systems, as well as by promoting silvi-pastoral practice in Gujarat.
- To promote gender equity and enhance sensitization towards woman's participation in rural developmental of Gujarat.



4.

APPROACH

Present status of agribusiness industry in Gujarat, warrants a shift from `supply' to `demand' driven sub-sectors by reducing costs, enhancing quality and food safety systems, building markets, creating and promoting efficient value chains, inducting world class technology and management, promoting synergy between big and small enterprises for catering to domestic and export market and employment generation.

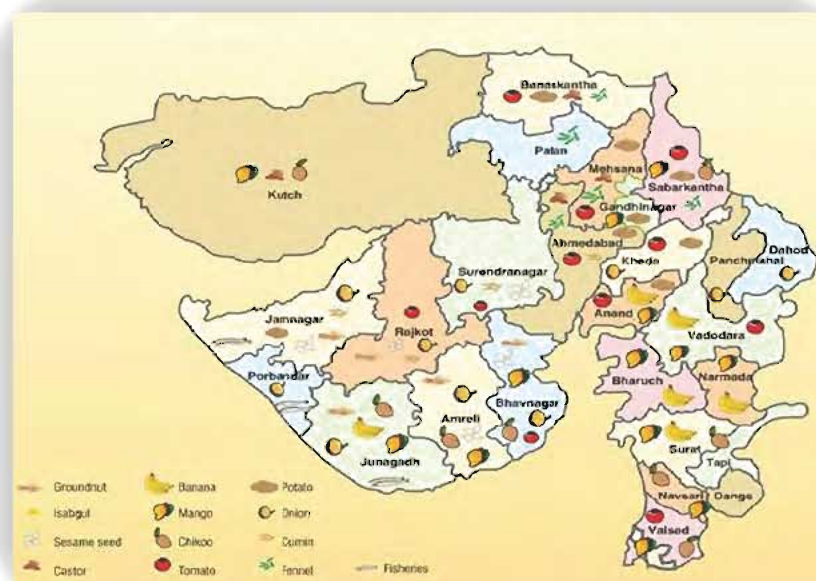
The approach to evolve Comprehensive Agro Business Policy will take into consideration the following elements:

4.1 Cluster Development

The key issue faced is the viability and scalability factor in the food and agribusiness sector, which in turn is linked to absence of efficient food supply chain mechanics effectively integrating backward and forward linkages in a seamless manner.

Government has treaded an Agri Cluster Development Approach on the basis of production strengths of various regions and sub regions. GOG will develop and implement a Comprehensive Value Chain Development Strategy for each Agri Cluster. The identified Agri Clusters will receive due support for developing required Agri-infrastructure facilities along the value chain to attract investment and thereby generating off farm jobs for rural people.

For example, Indicative potential Agri-processing clusters basis key crops in Gujarat is schematized in the figure below:



Based on the production strengths of each Agri Cluster, GOG shall attract the interests of producers, processors, marketers and support institutions to participate in the overall value chain development in the cluster and exploit the business opportunities to the ultimate potential. The cluster would facilitate the farmers and processors to produce market oriented and higher value products. The cluster approach to develop food and agribusiness value chain would include support for micro clusters and mega food parks with common facilities for all the units. This would minimize the risk and improve the profitability of individual units.

4.2 Integrated Value Chain Development

The approach to integrated value chain development would require support from aggregation of agriculture produce, setting up of post-harvest infrastructure for storage, sorting and grading facilities at farm level, supply chain infrastructure (pack houses; cold and dry warehousing infrastructure; logistics) and market linkages.

The State Government's endeavour will be to support the strengthening of weak links in the value chain keeping in mind the small and marginal land holder's participation, to address the challenges of weak internal linkages.

GOG will provide desired handholding in capacity building through coordination with existing institutions viz., SAUs; Public; and Private Institutions.

4.3 Leveraging Agricultural Production Strengths

Gujarat has competitive advantage in several crops. However, GOG's approach will be to address the requirements in R&D in a comprehensive and holistic way and draw investments as per requirements to build requisite capability to meet the vision of food security and sustainable growth of the sector; and alongside aim at farmer's prosperity.

The Comprehensive Agro Business Policy will endeavour to augment the identified strengths of each commodity value chain, creating enabling conditions for the betterment through specific and clinical value chain interventions.

4.4 Value Addition by Agro and Food Processing

Agro and Food Processing Industry is dominated by Small Scale Industries in Gujarat. The State is leader in Oil Seed such as Groundnut, Sesame Seeds, Castor and Cotton Seeds etc, Psyllium Husk, Dehydrated Onion and Garlic, Fruits and Vegetable Processing Industry, Dairy Industry and Fishery Industry and its value added products.

The key requirement of Agro and Food Processing Industries is to integrate backward in the supply chain for procurement of raw materials as per desired specifications, quantity and in time. An integrated model wherein Cottage, Small and Medium Scale Industries act as input conduits for further development of products by larger industries is envisaged in the policy.

4.5 Strengthening Agriculture Marketing

The endeavour of the state is to further strengthen the Agriculture Marketing Infrastructure of the state.

The approach underline the policy framework has been to plug the gaps in the existing marketing structure through up-gradation of existing marketing facilities at APMCs and encouraging development



of state-of-the-art facilities to facilitate entry of other market access models which will enable transparency and promote healthy competitiveness.

It is also envisaged that alternate market access models like terminal markets, e-auction and e-commerce facilities, commodity spot markets, private market yards, retail, etc. will find favour to benefit the farming community at large.

4.6 Promotion of Exports of Processed Agri Produce

Food and Agro processing units in State are generally Small and Medium Enterprises who need support in comprehensive project development; turnkey solutions; market access and business development.

GOG will provide assistance in enhancing their competitiveness through proper initiatives and offering financial incentives, business and market development support as well.

The State would build infrastructure to support quality certification and business development.

4.7 Entrepreneurship and Skill Development

The policy throws open entrepreneurship and skill development opportunity for the rural community in Gujarat.

Government shall support with capacity building and financially as well to promote Entrepreneurship particularly for rural youth, so that the migration from villages is restricted to attain sustainable growth in Agriculture.

4.8 Gender Balance

In agricultural operations and also in agro processing, a large number of women are engaged. The State government shall support and encourage the participation of women and increase their productive employment.

GOG will support women entrepreneurs in agro and food processing activities by providing additional financial incentives.

4.9 Environmental, Ecological, Economic and Social Issues

The State Government would ensure that its support is available only to those agro and food processing units which comply with the existing laws on pollution and other environmental safeguards.

The support will also be given to those units, as well, processing crop residue to add value. This will help in reducing environmental hazards due to crop residue burning in fields, reduction in carbon emission and increasing farmers' earnings.

4.10 Value Addition from Agro Waste

GOG will support initiatives for value addition from crop residues and agro waste that will improve the earning of the farmers and help in resolving environment concerns.



5.

POLICY INTERVENTIONS

5.1 Policy Framework

Policy framework developed will enable execute the strategies outlined below to build "Agri Clusters" for "Agriculture Development" and offer implementable solutions in "Value Chain Development".

- **Strengthen Public Institutions to Support Development Initiatives and Solid Institutional framework for Coordination with Clear Role Definitions**
- **Value Chain Development Strategies.**

- There is need for crop diversification to mitigate farmers' income risk by incorporating various supplementary livelihood options such as Livestock Raising, Milk Production, Arid Horticulture, Fisheries etc.

- Govt will facilitate creation of Agri-infrastructure under PPP and through support to private players. The identified critical Agri-infrastructure are mentioned below:

- Dry Warehouses and Cold Storages
- Food Parks
- Cold Chain

Irradiation Plants

Sorting, Grading and Packing lines

Testing Labs for Accreditation

Specialized Reefer Containers and Port Infrastructure

- Govt. will facilitate upgrading Marketing support Infrastructure Particularly in APMC's

- Grading, Sorting, Packaging and Storage facilities
- Spot market facilities including e-platforms

- Incubation centers for Agri R&D and Processing technologies

- R&D for developing good hybrid yielding varieties
- Agri Bio-technology
- Field research
- Tissue culture implants
- Processing and packaging technology

- Strengthening Branding and Marketing efforts

- Export Promotion (Protocols for exports will be laid down; Licensing of exports; Center for processing market information; Participation of stakeholders in national and international fairs; Buyer- Seller meets)
- Organic farming to be thrust area
- Branding of the produce from the state based on knowledge based differentiation
- Identification of unique products and patenting
- Brand Marketing - GI for Bhal Wheat, Kesar Mango, ethnic foods



5.2 Definitions

(a) Agro Industries:

Agro Industry means units which add value to agriculture products/its derivatives/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 hi-tech and biotechnology based agriculture.

(b) Agricultural product:

Agricultural product means produce of Agriculture-Horticulture-Sericulture-Floriculture-Fisheries-Dairy and it also includes minor forest produce and live stock based products.

(c) Hi-tech and Bio-technology based Agriculture:

Hi-tech 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 unit, produce and processes which may be included from time to time and will be liable to be included under this.

(e) Beneficiary:

Any Legal Entity investing in Gujarat will be eligible for availing benefits under these this policy.

(f) 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.

(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 loose its eligibility, if the utilities of existing units for water, electricity, steam and pollution control facilities are extended to the new project.

(g) The agro industrial unit or infrastructure project, which has initiated actions for setting up but started commercial production after the approval of this policy, will be treated as New units/projects.

(h) Existing Agro Industry unit:

An existing agro industrial unit means the project of industrial undertaking which was has commenced commercial production prior to the date of announcement of this scheme.

(l) 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 and diversification:

Existing or new enterprise carrying out expansion/ diversification with an investment of more than



50% of (out of which minimum 60% should be in plant and machinery) its gross fixed capital investment on the date of initiating expansion/ diversification and commencing production of said expansion/ diversification during the operative period of the scheme.

Only one expansion/ diversification shall be considered during the operative period of scheme.

Only following will be considered for expansion/ diversification:

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).

(k) Modernization:

If any existing agro unit carrying out modernization by way of adopting New Technology/Production Process and/or improving quality of products with an investment of more than 25% of its existing gross fixed capital investment in plant and machinery on the date of initiating modernization and commencing production of said modernization during operative period of the scheme shall be termed as modernization.

Only one modernization will be eligible for assistance during the operative period of the scheme.

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.

(l) Food Processing Unit:

Food processing industries contains all the items pertaining to these two processes viz. (a) **Manufactured Processes:** If any raw product of agriculture, animal husbandry or fisheries is transformed through a process [involving employees, power, machines or money] in such a way that its original physical properties undergo a change and if the transformed product is edible and has commercial value, then it comes within the domain of Food Processing Industries and (b) **Other Value-Added Processes:** Hence, if there is significant value addition (increased shelf life, shelled and ready for consumption etc.) such produce also comes under food processing, even if it does not undergo manufacturing processes."

(m) Agro and Food Infrastructure Projects:

The Agro and Food Infrastructure Projects will be the facilities such as CA Cold Storage, Cold Chain, Food Parks, Food irradiation Plants, Silos, Pack Houses, Reefer Vans etc.

(n) The Cold Chain and Preservation Infrastructure for agricultural, horticultural, dairy, fish and marine, poultry and meat products:

It will establish linkage from farm gate to the consumer, end to end, to reduce losses through efficient storage, transportation and minimal processing. The different components of the Cold Chain projects are as under:

- (I) **Minimal Processing Centre at the farm level and centers is to have facility for weighing, sorting, grading waxing, packing, pre-cooling, Control Atmosphere (CA)/ Modified Atmosphere (MA) cold storage, normal storage and Individual Quick Freezing (IQF).**



- (ii) Mobile pre-cooling vans and reefer trucks.
- (iii) Distribution hubs with multi products and multi Control Atmosphere (CA)/ Modified Atmosphere(MA) chambers/ cold storage/ Variable Humidity Chambers, Packing facility, Cleaning in Process (CIP) Fog treatment, Individual Quick Freezing (IQF) and blast freezing.
- (iv) Irradiation facility.

Irradiation facilities may also cover warehousing, cold storage facilities etc. for storage of raw material and finished products for efficient utilization of the facility.

To avail financial assistance, at least two of the components, from (i), (ii) or (iii) above will have to be set-up by the promoters. Irradiation facility can be set up as standalone for the purpose of availing grant.

- (o) Reefer Van: Refrigerated shipping container for transporting perishables, having its own stand-alone (self-powered) cooling system.
- (p) Primary Processing Centers / Collection Centers in rural area will have the following components:
 - Minimum land requirement will be 1-2 acres.
 - Minimum Processing Facilities at the farm level which may include facilities for weighing, cleaning, sorting, grading, packing, pre-cooling, Controlled Atmosphere (CA)/ Modified Atmosphere (MA), Cold Storage, Dry Warehouses and IQF.
 - Mobile Pre-cooling trucks and reefer trucks which may be suitable for transportation of the perishable agricultural produce/ horticulture/ dairy/ meat/ fish produce.

- (q) Gross fixed capital investment:

Gross fixed capital investment means investment made in buildings, Plant and Machinery and other related fixed assets required to manufacture end product or render services.

- (r) Eligible Fixed Capital Investment

Eligible Fixed Capital Investment means the investments made in required new building, new plant and machineries and other related fixed assets required to manufacture or render services.

Note : Ineligible expenses means the cost land and transport vehicle, preliminary and pre-operative expenses, goodwill expenses, commissioning fee, royalty, interest capitalized, technical fees/consultant fees/working capital or not specifically expressed as eligible investment or any other expenditure specified by SLIC. These expenses will not be eligible for any assistance.

- (s) Commercial production:

- The date of commercial production means the date when the unit starts manufacturing marketable produces. In normal circumstances the date of first sales bill will be considered as date of start of commercial production, however in case of any doubt, it will have to be verified from the followings to ascertain the actual date of production.
- Whether the unit had purchased and installed the required machinery on or before specified date.
- Whether the unit had got electricity supply on or before the specified date
- Whether the unit had purchased the required raw materials, consumable on or before the specified date
- Whether the unit had consumed electricity for production during the relevant month etc.



5.3 Financial Interventions for Agro and Food Processing Industries

5.3.1 Scheme of Capital Investment Subsidy

5.3.1.1 Capital Investment Subsidy for Agro and Food Processing Units

Capital Investment Subsidy @ 25% of eligible project cost subject to maximum Rs. 50.00 lakhs for setting up/expansion and diversification/modernization.

5.3.1.2 Capital Investment Subsidy for Cold Chain, Food Irradiation Processing Plants and Pack Houses

Capital Investment Subsidy @ 25% of eligible project cost subject to maximum Rs. 500.00 lakhs.

5.3.1.3 Capital Investment Subsidy for Creating Primary Processing Centers / Collection Centers in Rural Areas

Capital Investment Subsidy @ 25% of eligible project cost subject to maximum Rs. 250.00 lakhs.

5.3.1.4 Assistance of Capital Subsidy for Reefer Vehicles

Capital Investment Subsidy @ 25% of eligible project cost subject to maximum Rs. 50.00 lakhs.

5.3.2 Scheme for Back Ended Interest Subsidy on Term Loan

5.3.2.1 Back Ended Interest Subsidy on the Term Loan for Agro and Food Processing Units

Back Ended Interest Subsidy @ 7.5% on the Term Loan with maximum amount of Rs. 150.0 Lakhs for a period of 5 years for setting up/ expansion and diversification/ modernization of Agro and Food Processing Units.

5.3.2.2 Back Ended Interest Subsidy on the Term Loan for Agro and Food Infrastructural Projects

Back Ended Interest Subsidy @ 7.5% on Term Loan with maximum amount of Rs. 400.0 Lakhs for a period of 5 years for Setting up Infrastructure Project in Agro and Food Processing Sector such as CA Cold Storages, Food Irradiation Processing Plants, Silos, Pack houses, Food Parks, Reefer Vans etc.



- **Additional Back Ended Interest Subsidy for specific class of people:**
 - a) 1% additional interest subsidy to SC/ST, physically challenged or woman entrepreneurs.
 - b) 1% additional interest subsidy to entrepreneurs below 35 years age.

5.3.3 Scheme for Financial Assistance for Freight Subsidy

Benefits under this scheme will be available to MSME units only.

5.3.3.1 Financial Assistance for Air- Freight Subsidy

In view of the globalization trend, it is essential to encourage exports of agro and processed food products from the State. Considering this aspect in mind, assistance of 25% of actual air freight paid by any legal entity subject to maximum Rs. 10.00 Lakhs per year per unit will be granted for export of any fresh or processed horticulture, milk products, poultry or fish produce or 40% of actual air freight paid max Rs. 15.00 Lakhs per year per unit for 5 years for Organic produce from cargo complex at Ahmedabad International Airport subject to following conditions:

1. Such subsidy shall not be granted for more than five years per unit. The enterprise which has obtained subsidy in earlier scheme will not be eligible to avail benefits under this scheme.
2. If samples are required to be sent in foreign country for exporting edible agro products and expenditure is incurred for getting sample passed for export of edible agro article, assistance of 25% of actual legal expenditure (except expenditure incurred for purpose of travelling etc.) incurred on it shall be granted limited to 2.0 lakhs per annum and maximum limit per beneficiary will be Rs. 5.0 lakhs.

5.3.3.2 Financial Assistance for Sea- Freight Subsidy

In view of the globalization trend, it is essential to encourage exports of agro and processed food products from the State.

Considering this aspect in mind, assistance of 25% of actual sea freight paid by any legal entity subject to maximum Rs. 10.00 Lakhs per year per unit will be granted for export of any fresh horticulture produce or 40% of actual sea freight paid subject to maximum Rs. 15.00 Lakhs per year per unit for Organic Fresh Horticulture produce from cargo complex of Gujarat State. This subsidy shall not be granted for more than five years per unit.

5.3.4 Other Schemes

5.3.4.1 Scheme for Quality Certification Mark

MSME agro units are required to obtain quality certification mark for export purpose.

- For this 50% (maximum of Rs.5.00 lakh) assistance of expenditure incurred by institute/ entrepreneur will be granted for obtaining certification mark from institute approved by Quality Council of India such as ISO/ HACCP/ FSSAI/ FPO mark/ India Organic certification mark/ Agmark etc. Such assistance will be paid after having received certificate for Certification Mark.
- 50% of fee payable to recognized International Certification Authority and 50% cost of testing equipment and machineries required for that certification totalling up to maximum amount of Rs. 10.0 lakhs will be paid to the beneficiary.



5.3.4.2 Scheme for Skill Enhancement

Only MSME unit will be eligible to avail assistance under this scheme.

Assistance will be provided to Agro and Food Processing units/infrastructure projects at the rate of 50% of fee paid, subject to a maximum Rs. 10,000 per employee on obtaining industry recognized skill certifications from recognized institutions. The assistance under this incentive will be subject to an overall ceiling of Rs. 0.5 lakh per year per unit maximum for a period of three years.

5.3.4.3 Reimbursement of VAT

The eligible Agro and Food Processing units and infrastructure projects will be provided reimbursement of net tax (net of input credits) paid by them under Section-13 of Gujarat Value Added Tax Act against their output tax liability. The reimbursement will be limited to a ceiling of 70% of the Gross Fixed Capital Investment (GFCI) made by the unit. The VAT reimbursement will be allowed for period of 5 years .

5.3.4.4 Incentive on Power Tariff and Electricity Duty

- Agro and Food Processing units and Infrastructure Projects will be given power tariff subsidy on reimbursement basis at the rate of Re. 1 per unit in the billed amount of the utility as promotional incentive on reimbursement basis for a period of five years with effect from the commencement of commercial production/ operation date
- Agro and Food Processing units and Infrastructure Projects will be given 100 % reimbursement for electricity duty paid for a period of five years on coterminous basis with power tariff subsidy.

5.3.4.5 Registration/Stamp Duty Concession

The Agro and Food Processing units will be eligible for 50% reimbursement of Stamp Duty/Registration Fee/Conversion Fee paid on sale/lease/transfer of land and 100% reimbursement of Stamp Duty/Registration Fee/Conversion Fee paid for setting up for infrastructure projects in agro and food processing sector.

