



ABSTRACT

Agricultural Marketing and Agri Business - Implementation of Agro and Agro Processing Industry Policy - Orders - Issued.

Agriculture [AM.3] Department

G.O (Ms) No. 320.

Dated: 24.10.2008

Read:

- (1) The New Industrial Policy, 2007.
- (2) G.O. Ms.No. 15, Industries Department dated 4.2.2008.

ORDER:-

The Government had been considering quite some time the need for bringing out an Agro & Agro Processing Industry Policy document as there have been significant developments in Agro and Agro Processing Sector and accordingly the Government have formulated the New Industrial Policy 2007 and it was announced by the Hon'ble Chief Minister on 5.11.07. The New Industrial Policy 2007 covers Agro and Agro Processing Sector also.

2) Support for Agro Industry would focus on increasing returns to farmers, while maximizing value addition of agro products. The goal is to raise share of processed foods in the food market from 1% to 10% and value addition levels from 7% to 30%. Support for this sector will comprise of promotion of agro processing, agro infrastructure development such as cold chains in the PPP mode covering agriculture, meat, fisheries, poultry etc., while also enabling improvement of quality of processed foods to world standards. This initiative will promote investments in production of quality planting material or breeds, processing of cereals, pulses, fruits, vegetables, milk, meat and fish, etc., as well as quality packaging technology.

3) Considering the above and also the provisions relating to Agro & Agro Processing Industry Sector as found in the New Industrial Policy, 2007, the Government pass the following orders towards implementation of the same:-

I. Agro & Agro Processing Industries:-

- (i) Steps will be taken to create Tamil Nadu Agricultural Export Development Authority in lieu of Export Promotion Cell to guide and provide various assistances to exporters.
- (ii) Incentives shall be provided for creation of agro-processing infrastructure such as terminal markets, specialized commodity markets, transport, cold chain, warehousing, abattoirs, R&D units and food parks.
- (iii) Agro Processing clusters shall be promoted in industrial parks and special economic zones keeping in view value-addition of meat and seafood (Ramanathanpuram), Poultry products (Namakkal), Turmeric (Erode), Sago (Salem), Bananas (Trichy), Mangoes (Krishnagiri), Cashew (Panruti), Palm products, Medicinal plants and seafood (Thoothukudi), Milk Products, Grapes (Theni), etc. A comprehensive infrastructure development plan shall be drawn up and implemented over 5 years to provide road and air connectivity to marketing centres, agro-food parks and Agri Export Zones.
- (iv) Special Agro Economic Zones shall be promoted for value added activities like food processing, agro based industries, dairy products, etc., to generate large scale employment for semi-skilled and unskilled persons.
- (v) Steps shall be taken to provide quality power to the Agro Processors.
- (vi) Special thrust shall be given for cultivation of high value crops through scientific and high technology cultivation. For such cultivation, exemption from Land Reforms Act shall be granted on case to case basis for setting up mega orchards of 50 Hectares and above.
- (vii) Efforts shall be taken to encourage contract farming by Agro Processors to give better returns to the farmers.
- (viii) Flower processing and floriculture units shall be encouraged.
- (ix) Agri Biotechnology and Agri Nanotechnology shall be promoted for enhancing productivity, quality and value addition.
- (x) Manufacture of micro-irrigation systems, green house components, shadenets, farm machinery and other agro equipment shall be incentivized and FDI in these sectors shall be encouraged.

- (xi) Production of quality and pedigree planting materials, seeds and breeding materials shall be recognised as agro-processing industry and provided incentives.
- (xii) Better post harvest management, quality assurance and certification systems shall be promoted to enable better shelf life and value of agro products.
- (xiii) Human resource development in the agri-business sector shall be given priority by training of extension staff, farmers and processors.
- (xiv) Appropriate weather forecasting mechanism including automatic weather stations where necessary shall be set up to reduce unpredictability in agricultural production and necessary steps shall be taken for test pilot of a variety insurance schemes to cover the risk of primary producers.

I (A) Incentives:-

- All incentives available for manufacturing industries under the Industrial Policy shall be applicable to agro-industries and manufacturing of agri-machinery and micro-irrigation equipment.
- Efforts shall be taken to fully utilize the benefits available under the schemes of Government of India as well as enable agro units to access such Government of India funding support.
- All concessions under the State Policy shall be available in addition to the concessions offered by Government of India in the agro-processing sector, subject to both Government of India and Government of Tamil Nadu subsidies not exceeding 50% of project cost.
- Standalone SME cold storages for agro processing shall be provided power tariff subsidy of 30%, 20% and 10% in the first, second and third year of commercial operation.
- 100% exemption from payment of Electricity Tax shall be provided for all new agro-processing units for a period of 5 year from the date of commercial production.
- SMEs involved in Agro and Food Processing shall be provided support for getting HACCP and other international safety related certification for export purposes of at 50% of the cost incurred for obtaining quality certification mark from a certifying agency recognized by State Government / Central Government, subject to ceiling of Rs. 5.00 lacs.

- Vehicles transporting perishables shall be labelled “green transport” and shall be given speedy clearances at check posts.
- Primary producers who commit to install micro-irrigation systems shall be given priority in provision of free electricity connections. Overriding priority for free electricity connection shall be given to small and marginal farmers if they join together to form a cluster of 20 hectares and above and undertake to jointly set up, own and manage the common irrigation systems using micro-irrigation technology.

II. Bio-fuel Industry:-

- Oil Companies shall be encouraged to effectively implement the Ethanol Blended Petrol (EBP) scheme launched by GOI, which leads to better returns for farmers and profitability of sugar mills and use of ethanol as fuel and increase of blending ratio of ethanol to petrol shall also be encouraged.
- Suitable support and encouragement shall be extended to investors willing to set up ethanol units through sugarcane and grain-based routes so as to enable better returns for dry land farmers who cultivate sago, millets, etc.

II (A) Incentives:-

- 50% subsidy shall be given on planting material for jatropha and other bio-fuel crops and the subsidy available to agro-processing industry shall be extended to bio-fuel and bio-diesel extraction plants.
- Jatropha seed shall be exempted from purchase tax and jatropha oil shall be exempted from VAT for a period of 10 years from the date of commercial production.

III Sugar Industry:-

- Guidelines have already been issued vide G.O. Ms. No. 362, Agri dated 27.11.2006 for establishment of Integrated Sugar Complexes consisting of sugar mills, co-generation plants and distilleries in all future projects and the existing sugar mills shall be encouraged to put up such facilities in their complexes.
- Establishment of ethanol units in sugar mills shall be encouraged.

4) Directorate of Agricultural Marketing and Agri-Business shall be the nodal agency for agro-processing industries in Tamil Nadu and it shall serve as a single window clearance agency for agro-processing industry in the State, including statutory clearances and provision of necessary incentives.

5) The concerned Departments / agencies like Commissioner of Agriculture, Director of Horticulture and Plantation Crops, Director of Seed Certification, Commissioner of Sugar, Tamil Nadu Agricultural University, Tamil Nadu State Agricultural Marketing Board and TANHODA should formulate and submit proposals urgently to operationalize the above decisions.

6) The Nodal Agency viz. the Directorate of Agricultural Marketing & Agri Business shall coordinate formulation of projects as ordered in para 5 above.

(By Order of the Governor)

SURJIT K. CHAUDHARY
Agricultural Production Commissioner
and Principal Secretary to Government.

To

The Commissioner of Agricultural Marketing & Agri Business, Chennai -32.

The Commissioner of Agriculture , Chennai - 5.

The Director of Horticulture and Plantation Crops, Chennai - 5.

The Director of Seed Certification, Coimbatore -13.

The Commissioner of Sugar, Chennai -35.

The Tamil Nadu Agricultural University, Coimbatore -3.

The Tamil Nadu State Agricultural Marketing Board, Chennai -32.

The Managing Director, TANHODA, Chennai -5.

Copy to:-

The Secretary to Hon'ble Chief Minister, Chennai - 9.

The Secretary to Chief Minister (Monitoring), Chennai-9.

The Principal Secretary to Government, Industries Department, Chennai-9.

The Principal Secretary to Government, Micro, Small and Medium Enterprises Department, Chennai-9.

The Principal Secretary to Government, Finance Department, Chennai-9.

The Principal Secretary to Government, Energy Department, Chennai-9.

The Principal Secretary to Government, Animal Husbandry Dairy and Fisheries Department, Chennai-9.

The Principal Secretary to Government, Commercial Taxes and Registration Department, Chennai -9.

The Principal Secretary to Government, Revenue Department, Chennai-9.

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The Chairman, Tamil Nadu Electricity Board, Chennai -2.
The Commissioner of Land Reforms, Chennai - 5.
The Commissioner of Commercial Taxes, Chennai-5.
The Special Personal Assistant to Hon'ble Minister for Agriculture, Chennai-9.
The Private Secretary to Chief Secretary, Chennai-9.
The P.S to Agricultural Production Commissioner and
Principal Secretary to Government, Agriculture Department, Chennai -9.
The P.S. to Special Secretary to Government & Commissioner (DPAP),
Agriculture Department, Chennai-9.
Industries (MIB) Department, Chennai -9.

/Forwarded by Order/

Section Officer.