APPENDIX C

New Policy to Promote Agro-based Industries in The State

Traditionally, Haryana Agro-Industries Corporation was promoting agro-based industries fully owned by the government. By learning from its own experience as well as in the light of liberalisation era, Haryana Agro-Industries Corporation has decided to promote agro-based industries mainly in the Joint and Assisted Sector. In the recent past, the Corporation has made considerable progress in this regard. The salient features of the package of the new policy and the progress made under it is described as under:-

With the national thrust on agro-based and food processing industries State government has also focussed its attention on agro-based and food processing industrial development. Haryana certainly offers a fertile ground for its growth. These industries are necessary not only for preserving agricultural produce but also for ensuring remunerative prices for the farmers. Apart from this, these industries play a vital role in the overall development of the state. In this regard, Haryana Government has declared Haryana Agro-Industries Corporation Ltd. the nodal agency for the promotion of agro-based and food processing industries. The Corporation encourages investment by entrepreneurs and discharges promotional role. The various schemes under which
projects can be set up in Haryana in collaboration with the Corporation are:-

(a) **Joint Sector Project:**

Under this scheme, the pattern of investment is as follows:-

**Equity participation:**

- Haryana Agro-Industries Corporation: 26%
- Co-promoter: 25% minimum
- Public Issue/Financial Institutions: Balance

**Debt Equity Ratio:** 2:1

The Haryana Agro-Industries Corporation selects co-promoters for projects for which the Corporation holds letters of intent/DGTD registration/SSI registration. The Corporation disinvest in projects on expiry of 5 years from the date of commercial production.

(b) **Assisted Sector Projects:**

This scheme is similar to the joint sector but the pattern of investment is as follows:

- Haryana Agro-Industries Corporation
  - Equity participation: 10-15%
  - Co-promoters: 25% minimum
  - Public Issue/Fin.Instt.: Balance

The Corporation enters into a memorandum of
understanding with the entrepreneurs who have registered their projects. If the project is found feasible, a collaboration agreement is signed, even if the project is at an idea stage. However, the project should be worth Rs. 3 crores or more.

**Incentives for Agro-Based and Food Processing Industries**

**Subsidies:**

The New Industrial Policy of the state has attached a lot of importance to agro-based and food processing industries. The state has taken special case to promote such industries by supporting them financially. As a part of the thrust area, all agro-based and food processing industries throughout the state, will be eligible for capital investment subsidy. At the rate of 25% of investment in fixed assets, subject to a maximum of Rs. 30 lakhs anywhere in the state of Haryana w.e.f 1.4.92. The various industries covered under this scheme includes:

1. Vegetable and Fruit Processing Industries including freezing, dehydration and preservation;

2. Agro based industries using rice, dal, oil, barely or flour maize, ginned pressed cotton, cotton yarn as raw materials including non-mollasses based Alcohol and aerated/non aerated drinks where a minimum of 20 percent juice content is used;
3. Integrated oil seed processing industry including solvent extraction units and oil refineries;

4. Items manufactured from agricultural waste material including molasses based industry excluding potable alcohols;

5. Processing of aromatics, herbal and medicinal plants and their oil;

6. Tissue culture;

7. Processing of poultry, animal meat and fish industries based on any of the following processing industries:
   (a) Mechanised dressing plants with minimum capacity of processing 1000 poultry birds or 100 pigs or 200 goats/sheep per day;
   (b) Packaging/canning units of dressed animal products and/or pre-cooked, processed animal products;
   (c) Units making food derivatives from animal bones and units making bone/blood meal, ossien, gelatin;
   (d) Units making egg paste and egg powder; and
   (e) Mechanised processing, preserving and packaging of fish and other marine products.

8. All 100 percent export oriented agro-based and food processing units.

These above mentioned industries would be eligible for capital investment subsidy only if they have the potential of employing a minimum of 20 persons. However, this condition is
 Generating Set Subsidy:

The subsidy for captive generating sets is available at the rate of Rs. 1200/- per KVA for small scale units and Rs. 600/- per KVA for large and medium scale units or 50% of the cost of the generating set, whichever is less subject to a maximum of Rs. 15 lakhs per unit. Subsidy is also available for a second or subsequent generating set with the ceiling of 150% of the connected load of the unit. This subsidy is admissible for generating sets which are installed jointly by two or more units.

Other Incentives:

To bring down the cost of production, various exemptions have also been announced like exemption from payment of electricity duty, provision of uninterrupted power supply, exemption from obtaining No objection certificate from Water Pollution Board and exemption from sales tax. Non-Resident Indians (NRIs) and foreign investors also get special incentives.

Exemption from Payment of Octroi:

All new industrial units are exempted from the payment of octroi on capital equipment building materials and raw
materials used by them for a period of 9 years in Zone 'A', 7 years in Zone 'B' and 5 years in Zone 'C'. The period of exemption commences from the date of provisional registration with the Industries Department.

Income Tax incentives & Excise Duty Exemptions:

The Central government offers a number of income tax incentives, excise duty exemptions, etc. The profits of newly established industrial undertakings as computed after deducting all business expenditure are further reduced by amount equal to 20% for a period of eight years beginning from the year in which the undertaking commences its production.

Under section 80 HH of the Income Tax Act, new industrial undertakings set up in backward areas are allowed

1. Zone 'A':- Zone 'A' comprises centrally and state notified backward areas. Centrally notified backward areas are districts of Mohindergarh, Bhiwani, Hisar, Jind (except Pajand block), Sirsa Kaithal (only Kalayat block) and Rewari (except Nahar block). The state declared backward areas include Kalka, Naraingarh and Ambala, tehsils of Ambala district, sub-tehsil Nahar (except Nahar Block) and tehsils of Jhajjar, Meham, Rohtak and Gohana blocks of Rohtak district, tehsil Gohana (excluding Gohana block) of Sonepat district and Mewat regions of Faridabad and Gurgaon district (Hathin, Nuga, Nuh Punan, Ferozepur Jhirka and Taoru blocks).

2. Zone 'B':- Zone 'B' comprises of rests of the areas except those mentioned in Zone 'A' and zone 'C'.

3. Zone 'C':- It includes Faridabad and Ballabgarh complex administration areas.
deduction in computation of total income of an amount equal to 20% of profits and gains, for ten years. Small scale units in rural areas are also entitled to a deduction of 20% for ten years. Besides, there are liberal provisions for depreciation of capital assets, amortization of preliminary expenses, incentives for encouraging scientific research, wealth tax holiday, etc.

Sales Tax Exemption/Deferment:-

All new industrial units and units going for expansion/diversification have the option of seeking sales Tax exemption or deferment as per the scale given below:-

<table>
<thead>
<tr>
<th>Zone</th>
<th>Small Scale Sector</th>
<th>Medium Scale Sector</th>
<th>Time Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone'A':comp-rising cent-rally and state identified backward areas.</td>
<td>150% of fixed capital investment</td>
<td>125% of fixed capital investment but not exceeding Rs.6 crores</td>
<td>9 years</td>
</tr>
<tr>
<td>Zone'B':comp-rising areas other than zones A&amp;C</td>
<td>125% of fixed capital investment</td>
<td>100% of fixed capital investment but not exceeding Rs.4.5 crores</td>
<td>7 years</td>
</tr>
<tr>
<td>Zone'C: comp-rising Faridabad, Ballabgarh complex admn. areas.</td>
<td>100% of fixed capital investment</td>
<td>90% of fixed capital investment but not exceeding Rs. 3 crores</td>
<td>5 years</td>
</tr>
</tbody>
</table>
Incentives for Non-Resident Indians and Persons of Indian Origin:-

With a view to attract investment by Non-Resident Indians (NRIs) and Persons of Indian Origin (POIOs) settled abroad, the Government of Haryana has set up Industrial Assistance Group (IAG) to act as 'one point contact service' for such entrepreneurs. Some industrial plots in new industrial estates have been exclusively reserved for allotment by IAG to NRIs/POIOs. Facility of provisional registration to small scale industries has been centralised at the head quarters and provisional registration certificates are issued by the IAG, to small scale industries promoted by NRIs/POIOs. To provide quick and timely credit assistance (both term loans and working capital), the Haryana government has also constituted a high-level Credit Assistance Group. Power connections to units are sanctioned on priority basis.

So far, the Corporation has signed ten 'Memorandum of Understanding' for setting up of Agro-based industry in the State of Haryana. These are:-

(A)

1. Name of the Project
   Haryana Suraj Malting Ltd.

2. Raw material
   Barley, which is available in Haryana and Rajasthan.

3. Location
   Bawal, Distt. Rewari
<table>
<thead>
<tr>
<th>No.</th>
<th>Name of the Project</th>
<th>Raw Material</th>
<th>Product and capacity</th>
<th>Location</th>
<th>Haryana Agro-Industries Corporation Equity Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(B)</td>
<td>Chem. Oil Tech.(India Ltd.)</td>
<td>Rice Bran (75%), coconut oil, Dichano Romine and other Chemicals.</td>
<td>Methyl Ester: 12000 TPA, Sulphonate: 10000 TPA, Cocofatty Amydes: 300 TPA, Washing powder and: 10,000 TPA cake, Rice Oil: 66000 TPA</td>
<td>Vill. Korali (Roz-Ka-Meo), Gurgaon.</td>
<td>Rs. 17.00 Lakhs.</td>
</tr>
<tr>
<td>(C)</td>
<td>Naraingarh Sugar Mills Ltd.</td>
<td>Suger cane</td>
<td>Suger: 2500 TCD</td>
<td>Naraingarh, Distt. Ambala</td>
<td>Rs. 70.00 Lakhs.</td>
</tr>
<tr>
<td>(D)</td>
<td>Sunfin Oil Ltd.</td>
<td>Sunflower</td>
<td>Sunflower Oil: 30000 TPA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Location
Mansana, Distt. Kurukshetra

5. Haryana Agro-Industries Corporation equity participation
Rs. 18 Lakhs.

(E)

1. Name of the Project
Floriculture

2. Raw Material
Flowers

3. Product and capacity
Exportable flowers of value of Rs. 10 Crores.

4. Location
Rai near sonepat.

5. Haryana Agro-Industries Corporation equity participation
Rs. 1.3 Crores.

(F)

1. Name of the Project
Integrated Mushroom Processing and canning unit.

2. Raw Material
Mushroom.

3. Location
Not decided

4. Haryana Agro-Industries Corporation equity participation
Rs. 44 Lakhs.

(G)

1. Name of the Project
Euro Indian Bio-Tech Ltd. Tissue culture Project.

2. Location
Panchkula Naraingarh Road, Distt. Ambala.

3. Haryana Agro-Industries Corporation equity participation
43.20 Lakhs.
<table>
<thead>
<tr>
<th>Name of the Project</th>
<th>Raw Material</th>
<th>Product and capacity</th>
<th>Location</th>
<th>Corporation equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(H) Fruit and Vegetable Chips Project</td>
<td>Fruit and vegetables.</td>
<td>Chips 720 MT of fruit and vegetables chips 620MT of mango Pulp.</td>
<td>Vill Billa, Tehsil Panchkula, Distt. Ambala</td>
<td>Rs.32 Lakhs.</td>
</tr>
<tr>
<td>(I) Egg Powder Project</td>
<td>EGG</td>
<td>Egg Powder: 150,000 eggs per day</td>
<td>Barwala, Distt. Ambala.</td>
<td>Rs. 30 Lakhs.</td>
</tr>
</tbody>
</table>

It is hoped that with the commissioning of these projects more than four thousand people (approximately) will
get employment. It is pertinent to mention here that while deciding about the location of the project, backward regions of the state should be preferred so that fruits of development could reach to these areas.