

Agri Export Zones (AEZ)

Current status of AEZ

At present, APEDA has set up 60 Agri-Export Zones (AEZs) spread over 230 districts in 20 states. The crops covered include fruits, vegetables, spices, cashew, tea, basmati rice, medicinal plants, pulses etc. In all, 35 crops were identified for promotion in these zones. The total investment committed under the AEZ programme by all agencies stands at Rs.1, 724 crore, including private investments of Rs.970 crore.

NABARD Initiatives in Promotion of AEZs

Financial Initiatives

- Keeping in view the larger objective of promoting exports, NABARD has extended 100% refinance scheme to all client institutions (CBs, RRBs, SCBs, SCARDBs with NPA not exceeding 5%). In order to augment the reach of bank credit and increase the production of commercial crops as also for creation of marketing avenues for the farmers, all contract farming arrangements (within and outside AEZs) are made eligible for availing special refinance package.
- For accelerating the export growth of agricultural produce with institutional credit in AEZs, NABARD has executed a tripartite agreement (MoU) with APEDA and EXIM Bank in November 2002 to synergise the efforts and to leverage the respective strengths.
- NABARD has provided a minimum repayment period of 3 years for all activities in AEZs.
- Preparation of crop specific credit plans for AEZs.
- Sanctioned a scheme for cultivation and processing of Gherkins in Karnataka under co-financing scheme.

Promotional Initiatives

- Conducted sensitization programmes for the officials of Banks & NABARD through BIRD & NBSC, Lucknow during 2003-04 & 2004-05 and sensitization meets in 106 districts through DDMs.
- Investors conferences for Agri-Exports in four regions along with APEDA and EXIM Bank to explore the possibilities of higher investment in agri exports by Corporate Sector.
- NABARD Regional Offices have been conducting State Level Review meetings on AEZs involving all stakeholders to address the challenges in implementation of AEZs.
- Inter Institutional meetings of NABARD, APEDA and EXIM Bank were held during 2002-03, 2003-04 and 2004-05 to review the progress of implementation in AEZs and to consider further policy changes.

Refinance support by NABARD

The various initiatives taken up by NABARD has resulted in disbursement of refinance to the tune of Rs.111024 lakh under AEZ for various crops during the period 2002-03 to 2005-06. NABARD refinance disbursement under AEZ since the inception of the programme is furnished below.

Year	Total (Amt Rs. lakh)
2002-03	4539
2003-04	34316
2004-05	43714
2005-06	28525
Total (2002-03 to 2005-06)	111094

Road Ahead

- Capturing ground level credit flow in AEZs is very crucial for credit planning.
- Inadequacy of infrastructure facilities in most of the AEZs is another area, which needs immediate attention. NABARD can support infrastructure development projects in AEZ areas through Rural Infrastructure Development Fund.
- Need for closer coordination among the stakeholders especially the nodal agencies through interactive workshops/seminars.
- Lack of convergence of various schemes in AEZ at district level. Compilation of list of incentives from different agencies in local languages will be useful for the investor community.
- Appropriate technological intervention for specific crops: assigning of research project to State Agriculture Universities/ICAR based on field specific problems of AEZ crops can be considered.
- Stabilising the contract farming legal framework for adoption by all states.
- Promotional initiatives in the marketing of Indian crops and patenting product based on geographical indications.
- Focus on organic production in AEZs and Quality certification by internationally accredited certifying agencies.
- Need for project monitoring at district level.
- AEZ wise identification of potential projects having scope for bank credit and implementation of a time bound action plan.