

# UTTARAKHAND AROMA PARK POLICY 2018



Government of Uttarakhand



Centre for Aromatic Plants (CAP)  
Department of Horticulture - Uttarakhand  
[www.capuk.in](http://www.capuk.in)

## 1. INTRODUCTION

**1.1** The country's INR 15000 crore fragrances and flavours market (aromatic sector) is witnessing buoyant times with consumption demand going up in the Fast Moving Consumer Goods (FMCG) sector, rapid penetration in the rural market, and growing acceptance of Indian items in the global market. Highlights of the sector are as given below:

- India ranks 2<sup>nd</sup> in essential oils production value (21-22% share)
- The essential oils market is expected to reach USD 11,188 million by 2022, with a Compounded Annual Growth Rate (CAGR) of 8.7% from 2016 to 2022
- Turnover of Indian Herbal Industry is around INR 20000 crores (in 2015)
- India ranks 3<sup>rd</sup> in essential oils production (16 - 17% share)

**1.2** The state of Uttarakhand was formed on 9th November 2000 as the 27<sup>th</sup> State of India, when it was carved out of Northern Uttar Pradesh. Located at the foothills of the Himalayan mountain ranges, it is largely a hilly state, having international boundaries with China (Tibet) in the north and Nepal in the east. The state is close to the national capital and has excellent connectivity with its neighboring states.

**1.3** Uttarakhand being a Himalayan state enjoys a distinct advantage over the availability of some valuable aromatic plants in the state. Key factor which supplements cultivation of aromatic plants in the state is as given below:

- Uttarakhand is blessed with a variety of soils and agro-climatic conditions, ranging from Sub-Tropical to Alpine, which is a mega biodiversity hotspot for wide range of wild and cultivated aromatic species

**1.4** Highlights of Aromatic sector in Uttarakhand are mentioned below:

- Approximately 179 unique & high value aromatic plants found in the state
- Indian Cassia (*Cinnamomum tamala*) first Geographical Indication(GI) registration of state (No. 520 ) due to its rich Cinnamaldehyde content.
- CAGR of 27% (2002 – 17) in turnover of Aromatic Sector in Uttarakhand.
- Uttarakhand promotes aromatic crops in organized manner through cluster approach.
- Establishment of 109 aroma clusters.
- Networking of 178 field distillation units.
- Unique quality of essential oils is produced in the state. Approx 600 MT of pure and natural essential oils suitable for aroma therapy and spa industry is being produced by around 18000 trained farmers.
- Major aromatic crops include Lemon Grass, Damask Rose, Japanese Mint, Chamomile, Cinnamon etc.

## 2. NEED FOR ESTABLISHING AROMA PARK

**2.1** Uttarakhand farmers face typical challenges like damage to crops by wild animals, less of irrigation facilities i.e rain-fed agriculture, transportation constraints, scattered and small land holdings, etc. These challenges force the farmers to shift from agriculture to other livelihood options (in urban areas).

- 2.2 In the last decade, aromatic sector has emerged as viable solution for above mentioned challenges being faced by farmers because aromatic plants are stress tolerant, safe from wild life, require less water, are non-perishable in nature, can be converted into low-volume at field level etc.
- 2.3 In the last ten to fifteen years, more than 18000 farmers have been engaged in aromatic cultivation in 109 aroma clusters and 178 primary distillation units have been installed by the farmer groups. Total production of aromatic sector (essential oils) is around 600 MT. The sector has been growing at CAGR of 27% (during 2002 – 2017).
- 2.4 As a result of the potential as well as success of aromatic sector, the State Government has decided to expand aromatic sector in a big way by adding 5000 hectares new area under aromatic sector on a yearly basis.

### 3. THE PROPOSED AROMA PARK

- 3.1 Keeping in view the above facts, Aroma Park is being proposed in the state for following reasons:

- Currently, most of the aromatic produce goes out of the state resulting in farmers getting less remunerative prices for their produce.
- Industries face logistic problems in collection of raw materials. High transportation costs often make purchase from Uttarakhand less remunerative for Industries.

- 3.2 Following common facilities for Aroma Park are being proposed so that the same could be shared by all the industries being set-up in the Aroma Park:

- Aroma Business Centre which includes conference cum meeting room, guest house, cafeteria, recreation centre, library etc.
- Vermi-composting unit, Fire protection & Security
- Collection and disposal of estate waste, Provision of medical care & Warehouse
- Bank, Post Office, Weighbridge & Central repair workshop
- Common production facilities like distillation & extraction of essential oils units.
- Pilot plant facilities for value addition of aromatic produce.
- Parking for vehicles.

Common facilities such as aroma Business Centre, provision of medical care, bank & post office, etc can be accommodated in one single building, i.e or separate floors/ areas for separate activities. Running and maintenance of guest house can be out sourced on PPP basis.

- 3.3 Apart from the common facilities mentioned above, some additional common facilities (listed below) are also available with Centre for Aromatic Plants (CAP) situated at Industrial Estate Selaqui, Dehradun for use by the industry:

- Survey & selection of land.
- Awareness and training.
- Counselling for cultivation of aromatic crops.
- Extension in cluster approach.
- Quality assessment & certification.
- Agro techniques & technical literature.
- Quality planting material & seeds of aromatic crops.

- Marketing of essential oils & aromatic produce.
- Pilot scale processing & value addition.
- Integrated IPR facilitation centre.

**3.4** Following advantages of CAP – Aroma Park association are envisaged:

- Employment generation in rural areas.
- Establishing primary processing in farmer's fields.
- Increase in income of farmers.
- Local market available to farmers for their produce.
- Rehabilitation of abandoned land through expansion of aromatic crop cultivation.
- Improvement in environment by preventing soil erosion, water recharging and more accumulation of CO<sub>2</sub> (carbon sequestration) through aroma cultivation in abandoned land of mountain areas of Uttarakhand.
- Entrepreneurship would be encouraged and replicated in this sector.
- Availability of qualitative essential oils and aromatic produce made available to entrepreneurs in bulk quantity.

## **4. TYPES OF INDUSTRIES PROPOSED IN AROMA PARK**

Following industry types are proposed to be set up in the Aroma Park:

- Distillation and extraction of essential oils from aromatic produce.
- Fractionation of aroma chemicals & isolates.
- Fragrance and flavour creation (blending).
- Dhoop and agarbatti manufacturing.
- Drying & packaging of aromatic & culinary herbs.
- Perfumery & deodorant.
- Designing & packaging of various aroma products.
- Flavoured & blended tea.
- Traders & exporters/ importers.
- Aroma candles/ diffusers/ Handmade soaps.
- Cosmeceuticals & Aroma therapy products, etc.

## **5. LAND REQUIREMENT FOR AROMA PARK**

- 5.1** As per discussions with representatives of various industry associations, such as, “Essential Oil Association of India (EOAI)”, “Fragrance & Flavour Association of India (FFAI)”, “Sugandh Vyapar Sangh, Delhi” it emerged that around 50 aroma units would be interested in setting up bases in the state.
- 5.2** Land requirement for Aroma Park is expected to be 30 acres. Distribution between saleable land and common facilities land is likely to be in the proportion of 60% and 40%, respectively. Thus 18 acres of land is likely to be available to units and 12 acres of land is likely to be available for development of common facilities. Average size of land per unit is expected to be 1600 sq m (land allocation to small units would be 1000 sq m and to large units would be 6000 sq m). Thus, 50 units are likely to be accommodated in the Aroma Park.
- 5.3** Road and air connectivity to Delhi NCR from proposed Aroma Park would be ensured by the State Government. The State Government would also ensure existence of basic infrastructure, such as, electricity, water, etc in the Aroma Park.

## 6. INVESTMENT

Assuming an average investment @ 10 crore per unit (investment range 5 to 25 crore), total investment is expected to be around INR 500 crore (@INR 10 crore per unit multiplied by 50 units).

## 7. EMPLOYMENT GENERATION

Assuming 6 to 10 employees in small units i.e 5 - 8 crores (investment) and 25 – 35 employees in large units i.e 20 – 25 crores (investment), it emerged that average employee size would be about 18 employees per unit. Thus, employment generation for about 900 people would be generated i.e (@ 18 employees per unit multiplied by 50 units).

## 8. ADMISSIBLE INCENTIVES FOR ESTABLISHING AROMA UNITS IN THE AROMA PARK

Sl. No.	Parameter	Incentives for units being set up in Aroma Park
1.	Capital subsidy	40% (maximum up to Rs. 40 Lacs) on the fixed capital investment on plant & machinery and factory building/workshed.
2.	Interest Subsidy	@ 10% (max. upto 8 lacs) per annum for a period of maximum 5 years.
3.	SGST Concession	100% exemption of SGST for 5 years from the date of start of production.
4.	Stamp Duty	100% exemption on land purchase and lease deed for the first time.
5.	Power Bill Rebate	As per electricity tariff as applicable for Irrigation Tubewells (presently INR 1.55 per unit) for a period of 5 years from the date of start of production and uninterrupted electricity will be provided.
6	Mandi Fee	100% exemption of mandi fee on raw materials for a period of 5 years from the date of start of production.

**Note:** The aroma units set up in Aroma Park shall undertake the same works/activities for which the units have been installed, otherwise the State government shall withdraw all grants or incentives given or proposed to be given under this policy.

**Ministry of Commerce & Industry, Government of India  
Industrial Development Scheme for Himachal Pradesh (HP) & Uttarakhand, 2017**

### Central Capital Investment Incentive for Access to Credit (CCIIAC)

All eligible new industrial units and existing industrial units on their substantial expansion in the manufacturing and service sector located anywhere in the State will be provided Central Capital Investment Incentive for access to credit (CCIIAC) @ 30% of the investment in Plant and Machinery with an upper limit of Rs. 5.00 crore.

### Central Comprehensive Insurance Incentives (CCII)

All eligible new industrial units and existing industrial units on their substantial expansion located anywhere in the state will be eligible for reimbursement of 100% insurance premium on insurance of building and Plant & Machinery for a maximum period of 5 years from the date of commencement of commercial production/ operation.



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