

Indian Economy: Agri- Export Zones.

GS Paper 3: Food processing and related industries in India- scope and significance, location, upstream and downstream requirements, supply chain management.

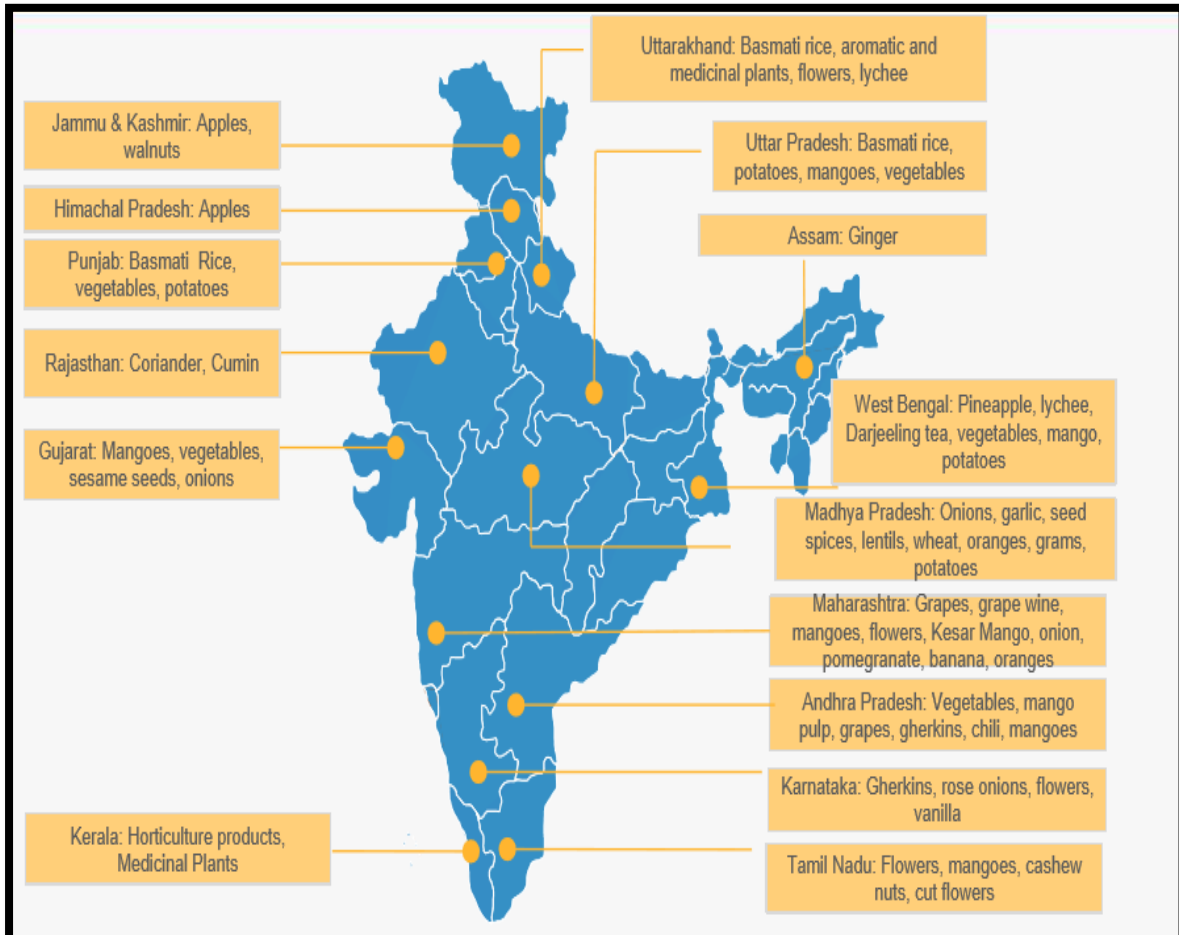
An Agri Export Zone or AEZ is a specific geographic region in a country demarcated for setting up agriculture based processing industries, mainly for export. The term is widely used mainly in India. AEZ are to be identified by the State Government, who would evolve a comprehensive package of services provided by all State Government agencies, State agriculture universities and all institutions and agencies of the Union Government for intensive delivery in these zones. Corporate sector with proven credentials would be encouraged to sponsor new agri export zone or take over already notified agri export zone or part of such zones for boosting agri exports from the zones.

The concept of agri-export zone

- The concept of AEZs was first introduced in India under the EXIM policy 2001.
- They were developed to play the role of key facilitator in boosting agricultural exports of the country and augmenting farmers' income as well.
- The concept of agri export zone takes a comprehensive look at a particular produce/product located in a contiguous area for the purpose of developing and sourcing the raw materials, their processing/packaging, leading to final exports.
- The entire effort is centred around the cluster approach of identifying the potential products, the geographical region in which these products are grown and adopting an end-to-end approach of integrating the entire process right from the stage of production till it reaches the market.
- Since agriculture is a state subject, the development of AEZs, is chiefly the responsibility of the respective state governments.
- At present, the AEZs in India are product-specific covering a number of clusters in different states as under: Fruits export zones; Flowers export zones; Dry fruits export

Agri export Zone attempts to take a look at an identified produce/ product or a group or a group of produce/ products sourced from a geographically contiguous area with a view to comprehensively addressing all the issues relating to each stage of the entire value chain, from farm to the ultimate consumer

zones; Spices export zones; Onion export zones; Potato export zones; and Cereal export zones.



Problems faced

A number of problems related to AEZs have been identified such as increase in exploitation of farmers and farmers becoming landless. There has been decrease in agricultural production thereby an increase in the cost of food items. An increase in economic imbalance and disparity regarding the ownership rights has been observed. There has been an increase in exploitation of workers and in the number of untrained workers. A number of negative externalities like increase in pollution, endangerment to wildlife due to pollution and related diseases observed.



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BENEFITS OF AEZ

- Strengthening of backward linkages with a market-oriented approach.
- Product acceptability and its competitiveness abroad as well as in the domestic market.
- Value addition to basic agricultural produce.
- Bring down cost of production through economy of scale.
- Better price for agricultural produce.
- Improvement in product quality and packaging.
- Promote trade related research and development.
- Generating employment opportunities.

Questions

1. Enumerate the challenges faced regarding the strengthening of Agri-Export Zones. How can AEZs benefit farmers?
2. Elaborate on the present scenario of AEZs (Agri-export zones) in India.