



सत्यमेव जयते

The Assam Agarwood Promotion Policy, 2020

GOVERNMENT OF ASSAM

DEPARTMENT OF INDUSTRIES AND COMMERCE

ORDERS BY THE GOVERNOR OF ASSAM
NOTIFICATION

Dated: Dispur, the 18th December, 2020

No.CI.127/2020/70: The Governor of Assam is pleased to notify "***The Assam Agarwood Promotion Policy 2020***". The Policy will come into effect from 1st January, 2021 and will remain in force for a period of 5 (five) years.

Sd/-

(Dr. K. K. Dwivedi, IAS)

Commissioner & Secretary to the Govt. of Assam,
Industries and Commerce Department

Memo No.CI.127/2020/70-A

Dated: Dispur, the 18th December, 2020

Copy to :

- 1) All Addl. Chief Secretary/Principal Secretary/Commissioner & Secretary/Secretary to the Govt of Assam for kind information.
- 2) The Principal Secretary to the Chief Minister, Assam, Dispur, Guwahati-6 for kind information.
- 3) The Principal Secretary to the Govt. of Assam, Finance Department, Dispur, Guwahati-6 for kind information.
- 4) The Resident Commissioner to the Govt. of Assam, Assam House, New Delhi for kind information.
- 5) The Agricultural Production Commissioner, Assam for kind information.
- 6) All Commissioner of Divisions, Assam for kind information.
- 7) The Commissioner of Taxes, Kar Bhawan, Dispur, Guwahati-6 for kind information.
- 8) The Under Secretary to the Govt. of India, Ministry of Commerce and Industries, Department of Industrial Policy & Promotion, Udyog Bhawan, New Delhi-110011, for kind information.
- 9) All Principal Secretaries of the Autonomous Councils, for kind information.
- 10) The Commissioner, Industries & Commerce, Assam, Bamunimaidam, Guwahati-21. He is requested to make wide circulation of this notification and to upload in the website.
- 11) All Deputy Commissioners, for kind information.
- 12) The Staff Officer to Chief Secretary to the Govt. of Assam, Dispur, Guwahati-6 for kind appraisal of Chief Secretary.
- 13) P.S. to Minister, Industries & Commerce Department for kind appraisal of the Hon'ble Minister
- 14) The P.S. to Addl. Chief Secretary to the Govt. of Assam, Industries & Commerce Minister, Department, Dispur, for information.
- 15) All P.S. to Ministers/Ministers of State, Government of Assam, for kind information.
- 16) The Managing Director, AIIDC, Bamunimaidam, Guwahati-21. He is requested to upload the same in their website.
- 17) The Managing Director, AIDC Ltd., R.G. Baruah Road, Guwahati-24. He is requested to upload the same in their website.
- 18) The Managing Director, ASIDC Ltd., Bamunimaidam, Guwahati-21. He is requested to upload the same in their website.
- 19) The Director, Information and Public Relation, Assam, Dispur, Guwahati-6. He is requested to make wide publicity of the Notification.
- 20) The Deputy Director, Assam Govt. Press, Bamunimaidam, Guwahati-21 with a request to publish the Notification in the next issue of the Gazette and to submit 50 copies of the Gazette notification
- 21) All General Managers, DI&CC, for kind information
- 22) Bibhu Ranjan Salkia, Computer Operator, Industries and Commerce Department for uploading the same in the Departmental website
- 23) Investment Cell
- 24) Office Copy

By order etc,

Additional Secretary to the Govt. of Assam,
Industries and Commerce Department



**Government of Assam
Industries and Commerce
Department**

**The Assam Agarwood Promotion
Policy, 2020**

1. Introduction

Northeast India is particularly significant for its precious wealth *Aquilaria malaccensis* locally known as “Agar” or “Xashi” and is considered to be the cradle of Agarwood aromatics with ancient traditions of Agarwood production which is thriving and growing. In use for over 2000 years for medicinal, aromatic and religious purposes, *Aquilaria malaccensis* is the preferred source of Agarwood for perfumery and religious traditions in the Middle East and in India.

The Agar wood has a huge potential of creating another “Green Revolution” in Assam after tea. The low input for management and growth, lack of site specificity and intercropping adaptation make agar a preferred cash crop.

In Assam, reputed to be India’s “**Agarwood Capital**”, where this critically endangered tree is quite adaptable to the land, a well planned policy is a need of the hour for supporting the Agar cultivation and its flourishing industries.

2. Objectives

The objectives of the Agarwood Promotion Policy, 2020 are:-

- I. To ensure sustainable utilization of the Agarwood including cultivation, harvesting, processing, transit and trade.
- II. To promote the Agarwood trade by easing the procedures of procurement, processing and sale of various products, within the country and export subject to the provisions of CITES.
- III. To encourage the growers for plantation of Agarwood trees on their farm/private lands which will provide better source of earning.
- IV. To promote the Agarwood based Industries by providing subsidies and proper market linkages.
- V. To encourage the Research and development for artificial induction of agarwood formation, sustainable harvesting and improvement in the quantity and quality of products.
- VI. To train the local unemployed youth in plantation and nursery techniques, artificial induction of Agarwood, Agarwood processing and marketing of Agarwood products.

- VII. To encourage community participation through the involvement of Joint Forest Management Committees (JFMCs) / Self Help Groups (SHGs)/Farmer Producer Organizations (FPOs)/Farmer Producer Companies (FPCs) in plantation of Agar and also in processing and marketing of Agar based products.
- VIII. To promote and emphasize on the National Policy for Sustainable Utilisation of Agarwood 2014 which calls for identification and conservation of wild agarwood population.
- IX. To regularize the functioning of the existing Agarwood processing/Trade Units within the provisions of the Assam Wood Based Industries (Establishment and Regulation) Rules,2000 as amended from time to time with the purpose to ensure forward and backward market linkages.

As per the study report on “Agarwood Resource in Non-Forest Areas of Assam and its industry”, published by Forest Department, Government of Assam and Green Initiatives Certification and Inspection Agency India Pvt. Ltd, Noida, the total number of Agarwood trees estimated in the non- forest areas of Assam is 1.433 million and 91% of Agarwood trees is concentrated in 4 districts namely Jorhat, Golaghat, Sivasagar and Hojai. The targeted area to be covered under Agar Block Plantation on Farmer’s field is 1000 Ha per year which means 5000 Ha within 5 years. The targeted number of saplings to be distributed freely each year is 20 Lakh leading to 100 Lakh free sapling distribution within the policy validity period of 5 years. It is expected to plant atleast 250 Lakh (2.5 Crore) saplings of Agar within 5 years.

3. **Physical properties and Inoculation**

Agar wood is suitable and preferable for planting in warm and high humid sub-tropical climate and is appropriate at a temperature between 22° C to 43° C with a rate of 70% sunlight and with rainfall ranging from 1800-3500mm per annum. It grows at an altitude upto 2000m above sea level. Agarwood plantation is suitable in the land types of soft and sandy clayey soil with a pH ranging between 4.0 to 6.

It is only when *Aquilaria* trees are bruised by external factors such as physical injury, insect attack or bacterial/fungal infection, that they form Agarwood, in defense. The resin is produced as an immune response to attack from fungi or injury by borer insect called *Neurozerra conferta*(=*Zeuzera conferta*) . Agarwood is mostly confined to Golaghat, Jorhat and Sivasagar districts due to the occurrence of this insect borer naturally.

4. Present status and World Market

The population of *A. malaccensis*, a critically endangered tree species of India, has markedly decreased in the forests due to unsustainable harvesting of mature trees for Agarwood trade, forcing the government to act to bring the international trade within sustainable limits. Hence, the species was included in Appendix II (potentially threatened species) of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES 1994). It is listed as Critically Endangered in the IUCN Red List (Harvey-Brown,2018). The Government of Assam has amended the Assam(Control of felling and removal of trees from Non-Forest Lands) Rules,2002 through a recent Notification wherein the provisions provided under the rule has made optional for Agar covering land measuring upto 5(Five) hectare.

Three grades of oil are being extracted from the agar namely *Boya*, *Boha* and *Khara*. The rate also varies from Rs. 500/- to Rs 1000/- per tola (*Boya*) and Rs 2200/- to 2800/- per tola (*Boha*) and Rs 6000/- to 12000/- per tola (*Khara* 1st Jal) in the North East Market. (ie; 11.66 gram = 1 Tola and 86 Tola = 1 Kg) However, in the international market, the value of first grade agar oil is extremely more than two times high like prices range from few US dollar per kilo for the lowest quality to over thirty thousand US Dollars for top quality oil and resinous wood. The Agar wood chips is also a high value starting from Rs 15,000 to Rs.2,50,000 per kg called as *Jura*, *Muri*, *Challa*, *Sisor* etc.

5. Export and Re- export process

The export of Agarwood has been prohibited since 1991, when the export of all wood products (including log, timber, chip, powder, flake, dust etc) of all species was banned through the EXIM Policy in force at that time. In the EXIM Policy(2009-2014) published by the Directorate General of Foreign Trade, Government of India, import of Agarwood has been restricted and is subjected to the provisions of Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES). Regarding the export provision of Agarwood, the export of Agarwood is regulated under Chapter 12 (Sl. No. 80 to 83) of ITC (HS) Classification of Export and Import items. As per this provision, the export of “Plants, plant portion of wild or cultivated origin, of species specified in Appendix II or III of CITES” is free but it is subjected to production of a certificate of Legal Possession in favour of the exporter, issued by the DFO having jurisdiction where the exporter is situated. Export subject to CITES. Forest Officials with requisite authority shall continue to exercise powers under various conventions. However, these officials will work on developing timelines for delivery of such services.

The Assam Government will promote(a) value addition of imported Agarwood and its export and (b) export of locally cultivated Agarwood, subject to the fulfillment of requirements under the CITES and EXIM Policy of Government of India. The Government will also take necessary steps to bring Guwahati Airport in the lists of ports specified in EXIM Policy for foreign trade in respect of species listed in Appendix II and II of CITES.

Further any amendment made in Assam Wood Based Industries (Establishment and Regulation) Rules, 2000 will be strictly enforced. It is learnt that Amendment to Assam Wood Based Industries (Establishment and Regulation) Rules, 2000 has been proposed for the fortification of Ease of Doing Business process for the Agarwood processing/Oil Extraction Units. Such initiatives will further accelerate the growth of Agarwood Sector in Assam.

6. **Promotional Strategies**

For the promotion of Agarwood sector, the following strategies will be implemented:-

I. Inventory preparation and documentation

Inventory of Wild and cultivated population of Agarwood of respective forest divisions in the state of Assam will be promoted as a Non- Detrimental Finding(NDF) study report is required by the CITES Management Authority of India to ascertain the availability and harvesting of Agarwood in wild and cultivable area for issuance of CITES Export permit. The inventory work in Assam is already under progress and it is being conducted by Rain Forest Research Institute (RFRI), Jorhat which is listed as a Scientific Authorities of CITES. The Inventory related work will be facilitated through coordination with the concerned departments and CITES Scientific Authorities. Inventory by sampling shall be done by CITES Scientific Authority, whenever need for revision of quota arises.

II. Promotion of Cultivation

For the promotion of cultivation amongst the small growers and farmers, the following activities will be promoted:-

a. **Rising of quality planting material in Nurseries-** Good quality Agar saplings will be raised in both departmental and private Nurseries through seeds or through tissue culture. Both departmental as well as private Nurseries will be promoted through incentives. The departmental Nurseries available with the Forest and other departments which are presently dysfunctional due to lack of fund but the infrastructure is very much intact, will be utilized for raising Agar saplings. A onetime fund for the creation will be given and for the maintenance of the Govt. Nurseries, the respective department has to come up with its own model.

b. **Plantation on Farmer's land** –Block Plantation on Farmer's land and Agar plantation in the homestead `gardens of the small growers will

mostly be encouraged. Free distribution of limited number of saplings amongst the small growers will be promoted. The Farmers who can devote 1 Bigha(0.13 Ha) or more land for Agar cultivation, will be incentivize through incentives for Block plantation. The expected number of saplings to be planted per hectare is 3000 atleast. The maintenance in the subsequent 2 years for block plantation will be linked to the survival percentage of the saplings. For achieving economies of scale, Farmer Producer Organizations (FPOs), Farmer Producer Companies (FPCs, Village Producer Organizations (VPOs), Cooperatives and Self Help Groups(SHG) will be given preference. All the plantations are to be geo-referenced.

- c. **Plantation on Government/ Panchayat/ Community land including wastelands-** The Agar Plantation on Government, Panchayat and Community land will be promoted through the involvement of Communities, Self Help Groups, Non- Government Organizations, Joint Forest Management Committees and other such organizations. A sustainable harvest and benefit sharing Model will be established for the plantation on these lands. The provision of Para 4 of the Land Policy,2019 shall be applicable for allotment of land for Agarwood cultivation on Government/Panchayat/Community land, including wastelands. Also, VGRs and PGRs and other Government land reserved for public purposes shall be excluded for the purpose of Agarwood cultivation.
- d. **Plantation on tea garden and small tea grower's land-** The tea industry will be joined with Agarwood plantation, so as to open up new vista for the plantation based economy of the state. The tea gardens will be encouraged to take up Agarwood plantation around the boundary of the Tea Gardens and along the roads inside the Tea gardens for bringing additional income.

Massive plantation drive on Government, community and private land will be promoted strictly in lines with the provisions of Land Policy,2019. The Public Sector Units (PSUs) will be approached to fund the plantation drives through

CSR funding. The fund available with other schemes for plantation and nursery creation will also be explored.

III. Harvesting

The time of harvesting depends upon the extent of disease infestation and oleoresin accumulation on Agar tree. The black patches on the bark of a tree indicate the infection. Period from October to April is preferred for harvesting to get maximum concentration of oil. During the period from May till August, harvesting should not be preferred as it is the time for flowering and fruiting of Agar.

In trade, the oil from natural infection is preferred, as the composition of terpenes varies. The composition of oil depends on the organisms used. The success of the artificial induction depends on the organisms used and also the virulence of the strains, and the reaction of the tree to the infection.

The scientific harvesting of Agarwood will be promoted by imparting proper training to cultivators and also by generating mass awareness. Toolkits for the harvesting of Agarwood will be distributed amongst the growers. New products and processes and their patenting will be promoted.

IV. Processing

The processed Agarwood is available in the following forms:-

a. Agarwood chips

The Agar wood chips are also very costly and valuable incense in the international market. It is an extremely rare and precious aromatic natural resource which can be used for high quality incense. At present Indian 'Agaru' is largely exported to Arab countries

The extraction of Agarwood chips from the respective trees can be promoted through distribution of toolkits for wood extraction and training can also be given to the interested person for skill development.

b. Semi solid gel- Boya

Boya Oil Gel (semi solid) is extracted from non infected Agar wood trees which are totally creamish in colour and aged above 5 years. The end product Boya (Gel) is used in Cosmetics, Perfumery, Ayurvedic medicines and also it's a great culinary ingredient.

c. Agarwood oil

The essential oil from agar wood is valued in high class perfumery as fixative and is much priced by European perfumer mixing their best grade scents. Also known as the "King of Incense". Moreover, it has been used in treatment of many medical conditions like lung and stomach tumours, nervous disorders, digestive, bronchial complaints, smallpox, rheumatism etc

The Government will promote the small Distillation units (capacity of 25 kg, 60 kg) as well as bigger units of 500 kg to 1100 kg capacity through incentives. Cluster based approach will be encouraged. Agarwood oil based Industries will also be promoted through incentives on plant and machinery but the provisions related to Agarwood oil extracting units in "The Assam Wood based Industries(Establishment and Regulation) Rules,2000" needs to be strictly followed.

V. Marketing

The International Agarwood Trade Centre(IATC) at Golaghat will be used for the promotion and expansion of Agarwood trade. It will mainly facilitate the international trade. It will have facilities like Buyers and Sellers meeting and video conferencing space, trade information and education services, exhibit space and many other similar facilities. It will provide ample opportunities to get foreign funding and also the Agarwood farmers and traders will be largely benefited.

The Memorandum of Association of International Agarwood Trade Centre(IATC) will be notified by the Government of Assam separately.

Further, the following initiatives will also be taken through the policy for the promotion of this sector:-

- 1) Zonal & State Level Exhibitions on Agarwood products shall be organized.
- 2) Participation of Agarwood based units in different National and international exhibitions and also in Trade fairs.
- 3) Marketing tie up with *Amazon, Flipkart* and other similar kind of platforms can be facilitated.
- 4) Training on documentation & procedure and on e-commerce for international marketing shall be organized.
- 5) Support from MSME schemes of Govt. of India can be sought for marketing promotion and trade facilitation.

The Digital Marketing which has changed the way brands and businesses use technology for marketing will be fully explored for Agarwood products marketing. It will be extended to non internet channels that provide digital media, such as television, mobile phones (SMS and MMS), and callback and on hold mobile ring tones.

VI. Training and Awareness Generation

Appropriate training is required to be imparted for engaging the unemployed and under employed youth in the Agarwood sector. Training will be given for the following:-

- a. Training to the farmers/ small growers on Nursery and plantation techniques
- b. Training on techniques of artificial induction of Agarwood
- c. Training on ways and means of Agarwood chips cutting.
- d. Training on techniques of chemical evaluation process for the various Agarwood oils
- e. Training on digital Marketing for Agarwood products

Training can be imparted either by some recognized institute like Rain Forest Research Institute or some private Agencies/ Institutes/NGOs recognized by the Skill Development Council.

The State and District level workshops, seminars will be organized and participation of traders in national and international trade fairs and exhibitions will be promoted for the better development of Agarwood sector. Exposure visits of the stakeholders including farmers will be arranged to abroad for the study of best practices in plantation, harvesting, marketing and trading.

VII. Research

The Research in Agarwood will be promoted for identification of fast –growing genotypes, variability in infections, pests and diseases, nursery practices, silviculture, agroforestry, role of the insect in causing infection, micro propagation and also for the proper Agarwood Market (Demand & Supply) Research. The National level research organizations like RFRI, Jorhat and other similar agencies which are working on Agarwood will be encouraged by funding Agar related projects. The private agencies which are doing research on Agarwood in collaboration with some Government Institutes will also be funded. A Research Fund will be created for supporting the research on Agar by both Government and private institutes. An International Agarwood Trade and Research Centre will also be established by the Government of Assam.

7. The Implementing Mechanism

The Industries and Commerce Department, Government of Assam will be the Nodal Department for promotion of plantations, nurseries and other related activities in Non-Forest lands and for doling out incentives to the Agarwood Processing and Agar Oil extraction Units. A separate society will be constituted and a mission will be launched for creating sustainable and viable ecosystem for the promotion of Agarwood sector. Till a new society is formed, the State Bamboo Development Agency, Assam under Industries and Commerce Department will be the decision-making body to effectively implement the policy and to promote Agar plantation, harvesting, processing of Agarwood and to facilitate the Agarwood trade and research in the state.

Environment and Forests Department will continue to regulate the Agarwood Processing and Agarwood Extraction Units as per Assam Wood Based Industries (Establishment and Regulation) 2000

8. Period of validity of the Policy :

The policy will be effective from date of Notification and will be valid for a period of 5 years. All eligible new units as well as the existing units which prefer for substantial expansion/Modernization/Diversification, and which had commenced commercial production within the period of validity will be eligible for the incentives.

9. General Fiscal Incentives

- I. **Incentives for Nursery creation-** An amount of 16 Lakh and 10 Lakh will be provided for the creation of 1 Ha and 0.5 Ha Nurseries respectively. The Government Organizations/Institutes/Department will be 100% funded and the private agencies/individuals will be provided 50% of the amount earmarked as incentives. No maintenance fund will be provided. The Government departments/ Agencies have to come up with their own model for fund arrangement for maintenance of Nurseries.
- II. **Incentives for cultivation-** The incentives to be provided for cultivation of Agar tree are as follows:-
 - a. Free distribution of Agarwood saplings (upto 10 sapling per family) to the small growers who usually grow Agarwood in their homestead gardens both in villages as well as in cities. Small tea growers interested in growing Agar tree in their home tea gardens will also be covered.
 - b. Growers who are willing to opt for commercial cultivation of Agar, where the landholding is more than or equal to 1 Bigha(0.13 Ha), an amount of 1.00 lakh per hectare will be provided in the ratio of 50:30:20 in the 1st, 2nd and 3rd year respectively considering 150 Daily wage labour requirement per hectare. The release of fund for the 2nd and 3rd year will be dependent upon the survival percentage

of the saplings. The same amount will be funded for the plantation on Government land as well as on the unused tea estate land(5%) where planters wish to go for Agar plantation. The tea estates can avail this benefit up to 10 hectare plantation.

- c. For boundary plantation on Farmer's field and tea estates, an amount of Rs 1.00 Lakh per 3000 sapling in the ratio of 50:30:20 in the 1st, 2nd and 3rd year respectively will be provided as an incentives. This benefit can be availed for plantation of minimum 100 saplings to maximum 10000 saplings on boundary.

III. Incentives for the artificial induction of Agarwood- Since the natural induction of Agarwood is time taking, artificial induction seems to be a better option. The incentives to be provided are:-

- a. For the artificial inoculation of Agar tree of 8-10 years of age, a subsidy of Rs 500/- per plant will be provided. The payment will be made directly to the concerned Agencies or to the farmer after third party verification.
- b. Inoculums' Production units will be set up at the Institutes that are already doing research on the microbes viz RFRI (Rain Forest Research Institute), Jorhat or any other agency having microbiology lab. For the setting up of Inoculum Production units, the Government Agencies will be 100% funded and private agencies will be given financial assistance of 50% of total cost upto a maximum limit of 10 lakh.

IV. Incentives for Harvesting- Under the scheme 'Distribution of Tools and Machineries for Agarwood Harvesting", tools and implements will be distributed to the Beneficiaries for the Agarwood chips extraction.

V. Incentives for processing of Agarwood

- a. All eligible new industrial units for the distillation of Agar oil, perfumery and packaging will be provided Capital Investment Incentives @ 50 % of the investment on plant and machinery with an upper limit of Rs 50 lakh.

- b. All eligible new industries will be given interest incentives @ 5% on working capital credit advanced by the Scheduled Banks or Central/State financial institutions for first five years from the date of commencement of commercial production/operation.
- c. For the small distillation units, 50% subsidy will be provided on the cost of SS vessels(Dag) upto 60 Kg and steam boiler subject to the ceiling of Rs 5 Lakh.
- d. 100% sponsorship for the patent of Agarwood based products.

VI. Incentives for Research- Research related to novel technique of induction of Agarwood, new distillation method and finding superior varieties or any other development related to Agarwood will be funded upto 10 Lakh.

VII. Support to training- 100% sponsorship on training in Training Institutes & Skill Development Centres for providing training to the following:-

- a. Training to field functionaries and cultivators on Agarwood Nursery and plantation techniques , artificial induction of Agarwood method and other related skills.
- b. Training to traders for processing and online marketing.

VIII. Marketing support For facilitating the marketing of Agarwood and its products, the following activities will be funded:-

- a. For the participation in National and international trade fairs/exhibitions, per unit upto 5 Lakh will be provided
- b. 50% Subsidy on the cost of development of Online portal for marketing of Agarwood products with a maximum ceiling of Rs 5.0 Lakh whichever is lower.

The Agarwood based units will be eligible for the fiscal incentives under the following schemes:-

- a. Industrial & Investment Policy of Assam,2019;
- b. North East Industrial Development Scheme (NEIDS),2017;
- c. Incentives mentioned under “Assam Agarwood Promotion Policy,2020”
- d. Other categories of incentives as may emerge and stand applicable.

Financial incentives in a particular category will be given from only one source out of the above mentioned schemes.

10. Right of the State Government to amend the Policy

The Government of Assam reserves the right to amend any provision(s) of this policy as and when required.

11. Conclusion

The Assam Agarwood Policy, 2020 has sought to cover various aspects of Agarwood sector for the benefit of all the stakeholders. With the combined efforts from various stakeholders, and through inter- departmental coordination, Assam will soon become the “International Hub” for the Agarwood trade.

Detailed operational guidelines for the implementation of the policy shall be issued separately by the Industries and Commerce Department, Government of Assam in due consultation with the Environment and Forests Department.

For the purpose of effective implementation of the policy, Environment and Forests Department has already initiated steps for amending Rule 3(2) of the Wood Based Industries (Establishment and Regulation) Rules,2000 for the fortification of Ease of Doing Business process for the Agarwood Processing and Oil Extraction Units. It is iterated that the extant provisions of all Acts, Rules, Regulations, etc. of the Environment and Forests Department shall be complied with. However, the Environment and Forests Department will notify timelines for all the relevant services that officials of the Department are required to adhere to.