

11

**STANDING COMMITTEE  
ON AGRICULTURE  
(1998-99)**

**TWELFTH LOK SABHA**

**MINISTRY OF FOOD PROCESSING INDUSTRIES**

**DEMANDS FOR GRANTS  
(1998-99)**

**ELEVENTH REPORT**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

*July, 1998/Asadha, 1920 (Saka)*

3657R

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*Presented to Lok Sabha on 9.7.1998*

*Laid in Rajya Sabha on 9.7.1998*



LOK SABHA SECRETARIAT  
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON  
AGRICULTURE (1998-99)

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3. Shri S. Bal Shekar — *Deputy Secretary*
4. Shri K.L. Arora — *Assistant Director*
5. Ms. Amita Walia — *Reporting Officer*

## PREFACE

I, the Chairman of the Standing Committee on Agriculture having been authorised by the Committee to submit the report on their behalf, present this Eleventh Report on Demands for Grants of the Ministry of Food Processing Industries for the year 1998-99.

2. The Standing Committee on Agriculture was constituted on 5th June, 1998. One of the functions of the Standing Committee as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider the Demands for Grants of the concerned Ministries/Departments and make a report on the same to the Houses. The report shall not suggest anything of the nature of cut motions.

3. The Committee took evidence of the representatives of the Ministry of Food Processing Industries on 26th June, 1998. The Committee wish to express their thanks to the officers of the Ministry of Food Processing Industries for placing before them, the material and information which the Committee desired in connection with the examination of Demands for Grants of the Ministry for the year 1998-99 and for giving evidence before the Committee.

4. The Committee considered and adopted the Report at their sitting held on 2nd July, 1998.

NEW DELHI;  
July, 1998  
*Asadha, 1920 (Saka)*

KINJARAPU YERRANNAIDU,  
*Chairman,*  
*Standing Committee on Agriculture.*

## CHAPTER I

### OVERVIEW OF DEMANDS

1.1 The Food Processing Industry encompasses industries on fruit, vegetable, milk, fish and meat processing. The industry has a tremendous potential for increasing agricultural productivity providing significant and widespread employment and contributing significantly to export. The latest survey of Industries 1993-94 reveals that the total share of the Food Processing Industries in the total gross value of output and net value added of the manufacturing sector was 15.19% and 10.02% respectively. Keeping in view the potential for export of processed food as also to generate substantial direct and indirect employment opportunities by this sector, Ministry of Food Processing Industries was set up in July, 1988 to act as a catalyst and facilitator for getting larger investments in food processing sector thereby increasing exports and creating a general atmosphere for healthy growth of the Food Processing Industries.

1.2 During the Eighth Plan, the key element for development of food processing sector was the unfettering of the private initiative and providing requisite stimulus by way of incentives, investment and policy support. In the past, in liberalisation period when liberalisation of investment was emphasised in the Industrial Policy Revolution, priority was accorded to the Agro-Food Processing Sector and foreign equity participation in this area was permitted.

1.3 The working group report on Food Processing Industries for the Ninth Plan envisages that the total investment required in all the sub-sectors dealt with by Ministry of Food Processing Industries will be of the order of Rs. 28,250 crores. Out of this the public sector investment is likely to be of the order of Rs. 3935 crores and Rs. 24315 crores is expected to come from private sector including the financial institutions. Therefore, the thrust of the Ninth Plan for Food Processing Industries is to boost export of agro products, dispersal of Industries in the rural areas and creation of infrastructure in rural areas, quality



upgradation and quality control system, information and technology dissemination system to the intending small entrepreneurs and others. Special Incentive for the North-Eastern States, Jammu & Kashmir, Hilly areas and Backward areas including Tribal areas are to be given in each of the successive annual plan during the Ninth Five Year Plan.

1.4 Plan outlay for the year 1998-99 during the Ninth Plan for Ministry of Food Processing Industries is as under :

		(Rs. in crores)
I.	Food, Storage and Warehousing	
	(a) Grain Processing Sector	8.30
	(b) Horticulture base Industries	96.50
	(c) Meat & Poultry Processing	39.80
	(d) Milk Based Industries	27.00
	Total	171.60
II.	Fisheries	53.80
III.	Consumer Industries	8.40
IV.	Secretariat Economic Service	16.50
	Grand Total	250.30

*Progress Outlay in Plan & Non-plan Allocations*

1.5 Ministry of Food Processing Industries have placed a demand of Rs. 44.10 crores (Plan) and 4.72 crores (Non-plan) totalling Rs. 48.82 crores during 1998-99 against the revised Budget Estimate of Rs. 40.00 crores (Plan) and Rs. 4.18 crores (Non-plan) totalling Rs. 44.18 crores during 1997-98.

1.6 The Budget Estimates, Revised Estimates and Actuals in each year is as follows :—

(Rs. in crores)

Year	Budget Estimate		Revised Estimate		Actuals	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
1992-93	40.00	04.39	41.84	03.58	33.15	03.16
1993-94	47.00	04.05	48.57	08.04	38.53	04.28
1994-95	46.00	05.63	45.00	05.94	30.33	04.43
1995-96	45.00	05.13	45.00	05.86	40.84	05.01
1996-97	45.00	06.06	40.00	05.67	25.90	03.42
1997-98	44.10	03.65	40.00	04.18	—	—
1998-99	44.10	04.72	—	—	—	—

1.7 The Committee observed that there was a gradual decline in the provisions equally on the Plan & the Non-plan side. The non-plan allocation is within a range of 9% to 11% of total allocation.

1.8 Following table shows the Sector-wise Actual Non-plan Expenditure during the 8th Plan Period

1992—97

Sl. No.	Name of the Sector	(Rupees in Crore)						Total of Columns (3) to (7)
		1992-93 Actuals	1993-94 Actuals	1994-95 Actuals	1995-96 Actuals	1996-97 Actuals		
1	2	3	4	5	6	7	8	
1.	Secretariat	1.08	1.59	1.74	2.03	2.14	8.58	
2.	Fisheries							
	(a) Fishery Survey of India	1.46	1.52	1.55	1.77	1.98	8.28	
	(b) Other Expenditure	—	—	—	—	—	—	
	(c) International Co-operation	0.10	—	—	—	—	0.10	
3.	Food Storage and Warehousing							
	(a) Grain Milling	0.07	0.09	0.09	0.11	0.11	0.47	
	(b) Fruit & Vegetable Processing	0.43	0.48	0.46	0.50	0.56	2.43	

1	2	3	4	5	6	7	8
4.	Consumer Industries	--	0.60	0.60	0.60	0.60	2.40
5.	Aid Material & Equipment	--	--	1.15	--	0.33	1.48
	Deduct Recoveries	--	--	-1.15	--	-0.33	-1.48
	<b>Total Revenue</b>	3.14	4.28	4.44	5.01	5.39	22.86
1.	Fisheries	0.01	0.01	--	--	--	0.02
	<b>Grand Total</b>	3.15	4.29	4.44	5.01	5.39	22.88

1.9 The following Statement shows the trend of expenditure in respect of various Eighth Plan Schemes

(Rs. in crores)

Sectors	Expenditure							Total of Coln. 3+4+ 5+6+ 7	%age of Coln. 8 in Col. 2
	Eighth Plan	1992-93 Actuals	1993-94 Actuals	1994-95 Actuals	1995-96 Actuals	1996-97 Actuals	1997-98 Actuals		
1	2	3	4	5	6	7	8	9	
1.	69.00	13.24	16.8	14.19	20.94	21.33	86.50	125.35	
(A+B+C) Food Storage and ware- housing									
(a) Grain Processing	11.00	3.40 R	3.25 R	3.52 R	3.01 R	2.90 R	16.08	146.18	
(b) Fruit Vegetable Processing	35.00	5.08 R 1.68 C	9.29 R 1.00 C	7.08 R 2.00 C	10.44 R 3.00 C	8.51 R 4.59 C	40.50 R 12.27 C	150.77	

1	2	3	4	5	6	7	8	9
(c) Meat and Poultry Processing	23.00	1.06 R 2.02 C	2.08R 1.18 C	1.39 R 0.20 C	1.99 R 2.50 C	2.21 R 3.02 C	8.73 R 8.32 C	76.78 —
2. Fisheries	63.00	15.62 R 0.15 C	16.92 R 0.08 C	12.79 R 0.50 C	14.34 R 0.31 C	11.29 R 0.40 C	70.96 R 1.42 C	114.88 —
3. Consumer Industries	8.00	0.51 R 1.50 C	2.20 R 1.20 C	0.13 R 1.38 C	0.30 R 2.00 C	0.30 R 1.00 C	3.44 R 7.08 C	127.06
4. Secretariat Economic Services	6.00	1.13 R	1.35 R	1.34 R	1.81 R	1.51 R	6.84 R	114.00
Total	146.00	26.80 R 5.35 C	35.09 R 3.44 C	26.25 R 4.08 C	31.89 R 7.81 C	26.82 R 9.01 C	146.55 R 29.690	120.71
Grand Total	146.00	32.15	38.53	30.33	39.70	35.83	176.24	120.71

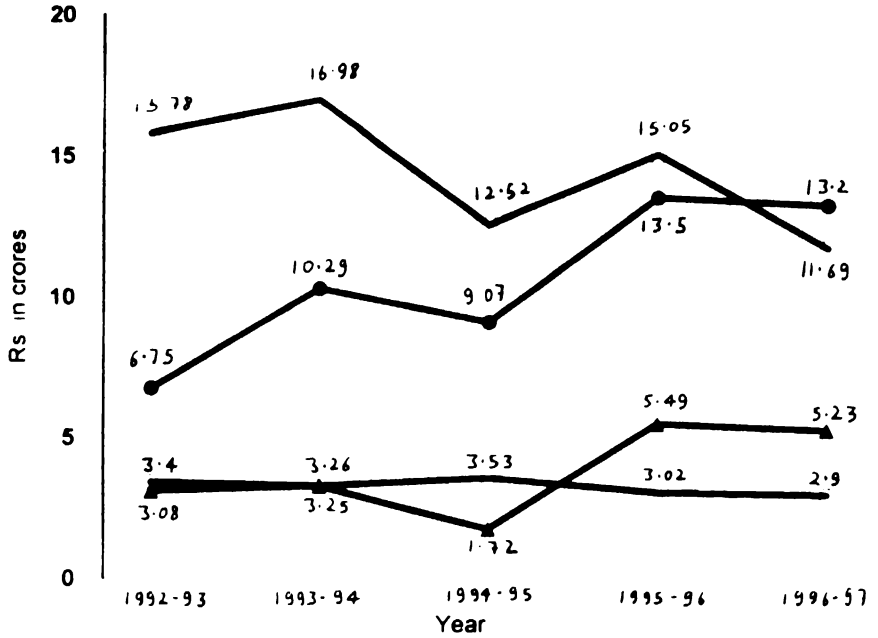
1.10 Following is the Statement showing the Ninth Plan Outlay allocation in various Ninth Plan Scheme:

Sectors	Ninth Plan outlay	(Rs. in crore)					%age of column 6 in column 2
		1997-98 Budget estimate	1997-98 Revised estimate	1998-99 Budget estimate	Total of 4 & 5		
1	2	3	4	5	6	7	
1. (A+B+C+D) Food Storage & Warehousing	171.60	28.1	24.78	28.10	52.88	30.8%	
(a) Grain processing	8.30	1.50 R	1.43 R	0.70 R	2.13 R	25.6%	
(b) Fruit & Vegetable Processing	96.50	9.50 R 6.50 C	8.50 R 4.80 C	11.75 R 4.00 C	20.25 R 8.80 C	31.1%	
(c) Meat & Poultry Processing	39.80	3.60 R 2.70 C	3.41 R 2.56 C	5.25 R 1.00 C	8.66 R 3.56 C	30.7%	

1	2	3	4	5	6	7
(d) Milk Based Industries	27.0	4.3 R	4.08 R	5.40 R	9.48 R	35.1%
2. Fisheries	53.80	9.00 R 3.00 C	8.97 R 2.44 C	8.70 R 3.30 C	17.67 R 5.74 C	45.5%
3. Consumer Industries	8.40	1.50 C	1.43 C	1.50 C	2.93 C	34.8%
4. Secretariat Economic Service	16.50	2.50 R	2.38 R	2.50 R	4.88 R	29.5%
Total R	250.30	30.40 R	28.77 R	34.30 R	63.07 R	
C		13.70 C	11.23 C	9.80 C	21.03 C	
Grand Total	250.30	44.10	40.00	44.10	84.10	28.8



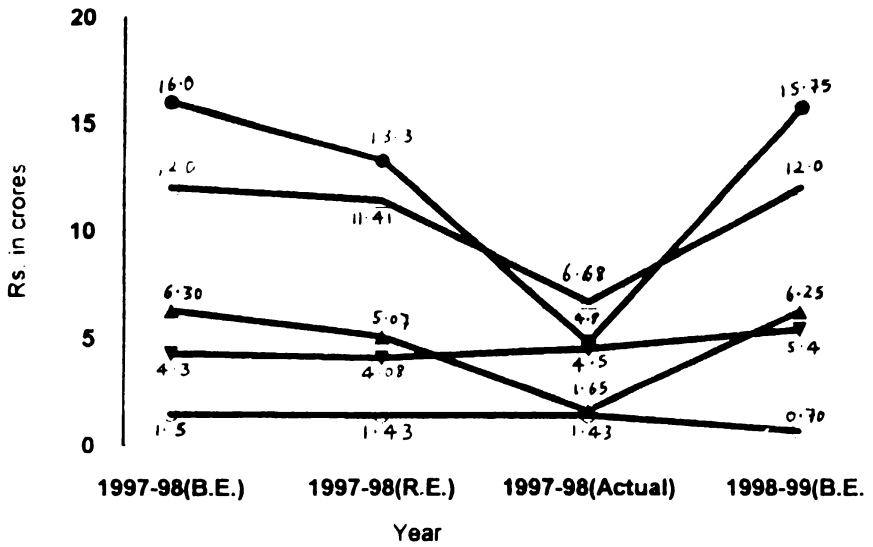
## Sector-wise plan expenditure during 8th Plan



	1992-93	1993-94	1994-95	1995-96	1996-97
— Grain Processing	3.4	3.25	3.53	3.02	2.9
● F&VP	6.75	10.29	9.07	13.5	13.2
▲ M&P Processing	3.08	3.26	1.72	5.49	5.23
— Fisheries	15.78	16.98	12.52	15.05	11.69

(Figure in Rs. crores)

**B.E., R.E., Actual expenditure for 1997-98 & Budget Estimate for 1998-99**



	1997-98(B.E.)	1997-98(R.E.)	1997-98(Actual)	1998-99(B.E.)
↔ Grain Process	1,5	1,43	1,43	0,7
◆ Horticulture based prodn	16	13,3	4,8	15,75
★ M&P Processing	6,3	5,07	1,65	6,25
— Fisheries	12,0	11,41	6,68	12
◆ Milk Based Ind	4,3	4,08	4,5	5,4

- ↔ Grain Processing
- ◆ Horticulture based production
- ★ M&P Processing
- Fisheries
- ◆ Milk Based Industries

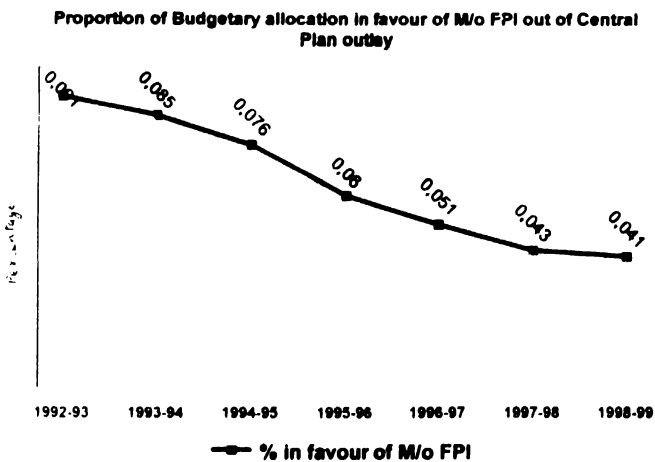
(Figure in Rs. crores)

*Overview of the Outlay to Ministry of Food Processing Industries*

1.11 Following is the table indicating the details and the proportion of Budgetary Allocations made in favour of the Ministry out of the total Plan Budget of the Government of India during the Current Plan period along with a Comparative Statement indicating such proportion of allocations out of the total during 8th Plan in respect of Ministry of Food Processing Industries is as under :

Year	Central Sector Outlay (Rs.in Crores)	Outlay for MFPI (Rs. in Crores)	Proportion of Outlay for MFPI Out of the Total Outlay
1992-93	43693.8	40.00	0.091
1993-94	55215.9	47.00	0.085
1994-95	59053.8	45.00	0.076
1995-96	74594.1	45.00	0.060
1996-97	77517.8	40.00	0.051
1997-98	91838.7	40.00	0.043
1998-99	105187	44.10	0.04198 %

1.12 The Committee observed that the proportion of outlay to Ministry of Food Processing Industries out of the total Central outlay is decreasing year after year.



*Unscientific Clubbing and Merger of Schemes*

1.13 The Ministry had sought an outlay of Rs. 128.045 crores for the year 1997-98. The Planning Commission gave them Rs. 60 crores but the Finance Ministry allocated only Rs. 47.75 crores. The Committee in its 13th Report on Demands for Grants (1997-98) had expressed disappointment and recommended for an allocation of at least Rs. 200 crores at revised estimate for 1997-98. In the Action Taken Replies the Ministry has stated as under :

“The matter of enhanced allocation of plan outlay to this has again been taken up by the Minister of Food Processing Industries with the Deputy Chairman, Planning Commission. The recommendations of the Committee have also been submitted to the integrated finance wing of the Ministry for favour of necessary action.”

1.14 The revised estimate for the year 1997-98 is Rs. 40.00 crores on the plan side and Rs. 4.18 crores on the non-plan side as against the original budget estimate of Rs. 44.10 Crores on the plan side and Rs. 3.65 crores on the non-plan side for that year. The budget estimate for 1998-99 on the plan side is Rs. 44.10 crores and Rs. 4.72 crores as non-plan.

1.15 When asked about the reduced Outlay the Ministry has stated that the Original Plan Outlay for the Schemes of the Ministry of Food Processing Industries for 1997-98 was Rs. 60 crores. For enhancement of this outlay, the Minister of Food Processing Industries had written to the Deputy Chairman, Planning Commission on April 15, 1997. In reply, the Deputy Chairman informed that taking into account the availability of resources, maximum possible outlays would be provided for the Ministry of Food Processing Industries. In October, 1997 two of the Plan Schemes of the Ministry in the Fisheries Sector viz. (i) Fishery Survey of India (FSI) and (ii) assistance to coast guards have been transferred to Department of Animal Husbandry & Dairying, consequent to the transfer of the subject of Deep Sea Fishing to that Department. As a result, the Revised Estimates of the Ministry for 1997-98 were reduced to Rs. 40 crores as Rs. 20 crores was the annual plan provision for those two schemes.

1.16 When asked about the reasons for reduced Outlay the Ministry in a reply has informed the Committee that “ In view of the changed

circumstances necessitating the presentation of an interim budget for 1998-99 in March, 1998, the Planning Commission informed that the Annual Plan proposals for 1998-99 may be formulated on the presumption that the level of gross budgetary support would be at the same level as that of 1997-98. The Ministry had again sought an enhanced outlay of Rs. 25 crores during 1998-99 but could not succeed."

1.17 The total Central Sector Outlay for 1998-99 is Rs. 105187 crores and the percentage of allocation in favour of the Ministry of Food Processing Industries works out to 0.061%.

1.18 It may be mentioned in this connection that "the Ministry formulated 48 schemes for implementation during the 9th Plan and Annual Plan 1997-98 and submitted to Planning Commission requesting for an Annual Plan outlay of Rs. 128.045 crores. During the discussion in the Planning Commission the desirability of clubbing some of the schemes was also expressed. Accordingly, the number of schemes stands reduced to 26 by clubbing many schemes and New Sector Milk Based Industries has been added". Care has however been taken to ensure that the objectives and the contents of the schemes are retained while clubbing. The following are the Seven clubbed schemes alongwith the components:—

1. Scheme for Research & Development for Food Processing Industries (Milk Based Industries)

- (i) Post Harvest Technology Centre, IIT Kharagpur (GP).
- (ii) Paddy Processing Research Centre, Thanjavur (GP).
- (iii) Research & Development (GP).
- (iv) Fortification of Cereals & Cereal Products (GP).
- (v) R&D work relating to Milk Products (MB).
- (vi) Development of value added products using low value fish. (Fisheries)
- (vii) Update processing, packaging & storage technologies.
- (viii) R&D work related to all the sectors in processed food.

2. **Manpower development in Food Processing Industries (Horticulture Based Industries):**
  - (i) Person power development in Rural areas FPTC (HB).
  - (ii) Person-power development for Grain Processing (GB).
  - (iii) Person-power development in Meat Processing (MP).
  - (iv) Training for traditional Fisheries persons for skill upgradation in Fish Processing.
3. **Strengthening of backward linkages (Horticulture Based Industries).**
  - (i) Scheme for strengthening of backward linkages for maize & coarse grains (GP).
  - (ii) Schemes for strengthening of backward linkages (HB).
4. **Setting up/expansion/modernisation of Food Processing Industries (Horticulture Based Industries):**
  - (i) Setting up/expansion/modernisation of Food Processing units (HB).
  - (ii) Scheme for modernization of Pulse Milling Units (GP).
  - (iii) Setting up of Mobile fruit & Vegetable processing unit (HB).
  - (iv) Dissemination of low cost preservation technology (HB).
5. **Scheme for promotion of Food Processing Industries (Sect. Economic):**
  - (i) Strengthening of the Directorate of Fruits & Vegetable Processing.
  - (ii) Participation in National/International exhibitions.
  - (iii) Promoting studies/surveys in the Food Processing Sector.
  - (iv) Performance award.

6. **Infrastructural facilities for Food Processing Industries (Fisheries Sector):**

- (i) Establishment of Post-Harvest infrastructure and cold-chain facilities for food processing and integrated projects of Mushrooms, Hops, Gherkins and Baby corn (HB)
- (ii) Establishment of Food Processing Industrial Estates/Food Parks (HB)
- (iii) Infrastructural facilities for preservation and Processing of fish (Fisheries)

7. **Establishment of Monitoring Cell (Secretariat Economic Services)**

Monitoring the schemes in all the sectors and Ministry of Food Processing Industries.

1.19 Although the outlay has been indicated in respect of a particular sector, the funds would be utilised by all the sectors operating the schemes.

**Major Head 3451**

*Secretariat Economic Service:—*

1.20 State Governments have nominated Nodal Agencies for Food Processing Industries at State level. A sum of Rs. 3 lakhs is provided to each Nodal Agency as a one-time grant for the purpose of procuring certain equipments like computers, typewriters etc. An additional Rs. 50,000/- per Nodal Agency per year is provided for meeting expenses on engaging personnel for data collection, entry, publication of profiles, stationery etc. A grant-in-aid of Rs. 30 lakhs is provided for 1998-99 for the above functions.

1.21 There are 32 Nodal Agencies in the country as on date. 22 of them have already availed of the one-time grant of Rs. 3 lakhs. When asked about the pattern of assistance Ministry in a written reply has stated.

1.22 Financial assistance given under the scheme strengthening of Nodal Agencies is given directly to the Nodal Agencies and not through the State Governments. For proper utilisation of the financial assistance extended under the Plan Schemes, Techno-Economic Planning-cum-Monitoring Committees have been constituted by the Ministry.

## CHAPTER II

### DEMAND No : 39 SECTOR-WISE ANALYSIS MAJOR HEAD 2405 FISHERIES

2.1 Under the Eighth Plan, an outlay of Rs. 63 crores out of total plan outlay of Rs. 146 crores was envisaged for fisheries sector which works out to Rs. 43.15% of the total. Thus fisheries development was accorded the highest priority among other sectors. In this sector during 8th plan period, and total expenditure of Rs. 72.02 crore has been incurred and this works out to 114.28% of approval outlay but 86.77% of actual allocation made.

2.2 During the 9th plan an outlay of Rs. 53.80 has been allocated to this sector since two schemes namely (i) Assistance to Coast Guard and (ii) Fishery Survey of India have been transferred to Deptt. of Animal Husbandry and Dairying. Hence, there lies only the processing part of fisheries with Ministry of Food Processing Industries.

2.3 During the 8th Plan for fish processing and deep sea fishing Ministry has informed that for fishing activity, an outlay of Rs. 32.10 Crores was provided, of which Rs. 19.08 Crores *i.e.* 59.44% has been utilised. Year-wise details of Plan Outlay and Expenditure during the 8th Five Year Plan is given in Annexure-I.

2.4 Following is the table indicating the position as it existed at the commencement of the 8th Plan, 9th Plan and as also on date in respect of Fish Processing Facilities available.

Sl. No.	Facilities	At the Beginning of the 8th Plan	At the beginning of	Current
1	2	3	4	5
1.	Freezing Plants	258 Nos.	397 Nos.	406 Nos.
2.	Capacity of freezing plants	3150 tonnes/ per day	6899 tonnes/ per day	7893 tonnes/ per day



1	2	3	4	5
3.	Canning Units	23 Nos.	13 Nos.	13 Nos.
4.	Capacity of canning units	81 tonnes/ per day	50.500 tonnes per day	50.500 tonnes/perday
5.	Individual quick freezing plants (IQF)	64 Nos.	99 Nos.	104 Nos.
6.	Capacity of IQF plants	341 tonnes/ per day	678 tonnes/ per day	740 tonnes/ per day
7.	Cold Storage	333 Nos.	473 Nos.	482 Nos.
8.	Export of fish products Qty :	209025 tonnes	378199 tonnes	385818 tonnes
	Value :	1768.56 crores (1992-93)	4121.36 crores (1997-98)	4697.48 crores (1997-98)

2.5 The Ministry in a note stated that during the Ninth Plan, the focus of the schemes in fisheries sector has been shifted from deep sea fisheries development to strengthening of traditional sector by providing assistance for traditional technologies, utilisation of low value fish, skill upgradation of the people engaged in fisheries for fishing in deeper water etc.

2.6 When asked about the steps contemplated to achieve the objectives in the traditional sector and about the new schemes introduced in the Ninth Plan the Ministry in a written reply has stated that :

2.7 To boost the traditional sector relating to areas which are within the domain of Ministry of Food Processing Industries, it is proposed to take the following steps:—

- (i) Strengthening of traditional fish processing technologies marketing.

- (ii) Training of traditional fishermen for skill upgradation in areas of fish processing etc.
- (iii) Utilisation of low value fish into value added products.
- (iv) Strengthening of infrastructure facilities for preservation and processing of fish.
- (v) Development of Research and Development

2.8 In fisheries sector only three schemes are there during 9th plan viz. (i) strengthening of traditional fish processing technologies/marketing (ii) Infrastructural facilities for food processing industries and (iii) utilisation of low value fish. Budget estimate for 1998-99 in this sector has been Rs. 12.00 crores (Rs. 8.70 crores revenue section Rs. 3.30 crores capital section) as against revised estimate of Rs. 11.41 crores (Rs. 5.30 revenue section and Rs. 1.38 crores capital section) and actual expenditure of Rs. 6.68 crores for 1997-98 which denotes 5.17% increase.

2.9 When the Ministry was asked why there was increased demands in 1998-99 when only 58.54% of the total allocation could be utilised during 1997-98 it has stated in a reply :

2.10 "1997-98 being the first year of the 9th plan, the procedure of clearance of the scheme by the Expenditure Finance Committee and Standing Finance Committee took some time. Some of the proposals received were incomplete.

Increased demand is expected during 1998-99 and funds are likely to be utilised. Publicity of our schemes in the newspapers has been launched and more proposals are expected to be received."

*Scheme for strengthening of traditional fish processing technologies/marketing*

2.11 The most preferred method of fish processing and preservation is icing and freezing. However, a small percentage of the harvested fish is preserved and processed by way of drying, specially in the rural areas. There is a need for this sector to be supported by the Government by popularising cheap indigenous technologies for drying of fish. This will result in value addition and thus help the women engaged in this sector and also provide hygienically dried fish for domestic market as well as for exports. Presently, dried products are being produced by using traditional technologies with no consideration

for hygienic standards and quality control. The products are dried simply on sand or on leaves. This not only leads to a low quality product but the returns are also low. Therefore there is an urgent need to strengthen this activity. There is also need to assist them by setting up of cold storage facilities to store the fish in good condition when the landings are good as it is difficult to handle the bulk quantity over a short period of time. Efficient and more scientific methods of drying, for example, raised beds for drying, electric drying machine etc. need to be introduced.

2.12 During 1997-98 under the scheme for strengthening of traditional fish processing technologies/marketing, Rs. 48 lakhs were allocated but the Ministry could not utilise these funds. Budget estimate for this scheme during 1998-99 has been Rs. 50 lakhs. Ministry was asked the reasons for not utilising any fund under the scheme inspite of shifting of focus of schemes in fisheries sector from deep sea fisheries development to strengthening of traditional sector, and also the positive steps proposed to be taken to utilise the amount in order to give real benefit to fishermen.

2.13 Ministry has stated that "1997-98 was the first year of the 9th plan and it took quite sometime for finalising the modalities and pattern of assistance under the schemes. Moreover, it was a new scheme introduced for the first time.

2.14 The Ministry has taken up the matter with National Cooperative Development Corporation (NCDC), State Govt. representatives and specially with Central Institute of Fishery Technology (CIFT), Cochin. Considerable amount of work regarding drying of fish in scientific and hygienic manner has been done by CIFT. So Ministry is exploring the possibility of setting up of one or two demonstration units with the help of CIFT" Scheme for setting up of infrastructural facilities for Food Processing Industries in fisheries sector

2.15 Fish deteriorates fast in quality particularly in tropical climates, and therefore all stages of its handling and processing require specific attention towards keeping the temperatures low. Icing is the predominant method adopted for short-term preservation of fish. Starting from landing of fish on board the fishing vessels, ice plays an important role in the preservation of fish. Its application at the landing centres, prior to transportation for marketing and processing, is also equally important to ensure quality of the products. Refrigerated

vehicles is a pre-requisite for safe and hygienic transportation of fish over long distances, without affecting the quality. Freezing of fish at low temperatures helps to retain freshness, texture, colour and improves the hygiene of the product. Frozen products have a good demand in domestic as well as export markets. Lack of adequate storage, preservation and transportation facilities result in low return to fisherfolk, greater wastage, price fluctuation & non availability of the raw material during lean periods for processing units.

2.16 The main objective of this scheme during the Ninth Plan is to create additional infrastructural facilities for preservation and processing of fish, so that the benefits of the same are available to traditional fishermen and other sectors engaged in fishing. Under the scheme, assistance will be in the form of grant in aid to the applicant organisation for meeting 50% of the project cost, excluding cost of land. The entire recurring and operating cost will be borne by the implementing agency. The various components for which assistance will be provided include modernisation of peeling sheds, ice plants, cold storages, deep freezers, cold chains, cycles/autorickshaws fitted with insulated boxes, vending outlets, modernisation of existing processing. During 1998-99 under this scheme for setting up of infrastructural facilities for Food Processing Industries Rs. 11.20 crores. (Rs. 8.20 crores on revenue side and Rs. 3.00 crores on capital side) have been allocated as against Rs. 10.64 crores (Rs. 8.20 on revenue side and Rs. 2.44 on capital side) during 1997-98.

2.17 The three components of the schemes are as follows :—

- (i) Establishment of post-harvest infrastructure and cold chain facilities for food processing and integrated projects of mushrooms, hops, gherkins and baby corn.
- (ii) Establishment of Food Processing Industrial Estates/Food Parks.
- (iii) Infrastructural facilities for preservation and processing fish.

2.18 During the financial year 1997-98, a sum of Rs. 230.027 lacs was released for various projects under fisheries sector. So the fisheries sector received 34% of the total funds released. 24 units were assisted under the scheme as a whole of which 9 units were in the Fisheries sector.

*Scheme for low value fish utilisation and conversion into value added products*

2.19 India is the seventh largest fish producing country in the world. Unlike the fishery of cold and temperate waters where the catch comprises only of a limited species of fish, Indian fishery is multispecies one, comprising of a large number of species of fish of highly varying sizes. The catch consists of some very small sized fishes which often cannot be put to any economic use. Such fish by-catch is discarded over board or at landing centres. The low value fishes constitute a sizeable part of the country's total marine catches. Discarding of these fishes, which are rich in protein, is therefore, a loss to the nation where such cheap protein rich food is needed. The producers and processors reject these fishes only because they don't have commercial value. In the recent past, considerable R&D work has been done by various institutes regarding value added products from low value fish. The processed products of these fishes have been prepared on an experimental basis and are found to be acceptable to the consumer. Hence, there is need to encourage setting up of units which would take up commercial production of value added products like protein concentrate, fish wafers, fish sausages, fish soup, fish cutlets, fish balls and fish feed etc. using low value fish.

2.20 Under this scheme assistance will be given to Central Government Organisations, State Governments/Union Territory Undertakings, cooperative bodies, Association of Industries, private entrepreneurs, NGO's etc. All the assistance to the cooperatives will be given through NCDC. Assistance to private sector units will be given through MPEDA/State Government. The quantum of assistance will be limited to 50% of the total project cost including the cost of initial market development.

2.21 Under this scheme Rs. 30 lakhs have been allocated for 1998-99 as against Rs. 29 lakhs with no utilisation during 1997-98.

## CHAPTER III

### FOOD STORAGE AND WAREHOUSING

*Major Head - 2408*

3.1 Under the Grain Processing Sector, the budget estimate is Rs. 0.70 crores on the plan side and Rs. 0.21 crores on the non-plan side for 1998-99 as against the revised estimate of Rs. 1.43 crores on plan side and Rs. 0.19 crore on non-plan side for 1997-98. It amounts to 43.82% reduction over the previous year.

3.2 When asked about the reasons for this reduction in the budget allocation Ministry in a written reply stated :—

In the grain processing sector a total of 10 schemes were proposed to be implemented in the 9th plan. Consequent upon the discussion in the Planning Commission a need was felt to reduce the number of schemes being operated.

No.	Scheme in Grain Processing Sector	Clubbed scheme and Sector
1	2	3
1.	Post Harvest Technology Centre, IIT Kharagpur	Research & Development in Food Processing Industries in milk base industries sector.
2.	Paddy Processing Research Centre, Thanjavur	
3.	Research & Development	
4.	Fortification of Cereals & Cereals Products	

1	2	3
5.	Manpower development for cereal processing industries	Manpower development in food processing industries in Horticulture based Industries Sector
6.	Scheme for strengthening of backward linkages for maize and coarse grains sector	Strengthening of backward linkages in Horticulture based Industries.
7.	Modernisation of pulse milling industry	Setting up/Expansion/Modernisation of food processing industries in horticulture based industries sector.

The total allocation on all the schemes in 1997-98 was Rs. 15.80 crores whereas in the current year (1998-99) it is Rs. 18.25 crores. So, the allocation for this sector has not been reduced. No drawbacks have been noticed in the already operating schemes. Neither any new scheme has been initiated nor any scheme has been dropped.

3.3 The details of Eight Plan (1992-97) outlays and total expenditure against outlay under the different schemes of the Grain Processing Sector are given below :—

(Rs. in lakhs)

Name of the Scheme/ Project/Programme expenditure	Approved outlay 5 year Plan	Actual allocation in Annual Plans	Actual Expenditure	Percentage of expenditure out of actual allocation
1	2	3	4	5
1. Post Harvest Technology Centre I.I.T. Kharagpur	120.00	220.00	215.00	97.7%
2. Establishment of Regional Centres	110.00	190.00	155.45	81.8%

1	2	3	4	5	
3.	Paddy Processing Research Centre, Thanjavur	120.00	200.00	113.00	56.5%
4.	Other Grants in aid for R&D and Testing Centres.	175.00	260.00	195.63	75.2%
5.	Subsidy for Modernisation of Hullers	350.00	445.00	444.40	98.7%
6.	Food Engg.Centre	225.00	460.00	490.00	106.5%
Total		1100.00	1775.00	1613.48	90.9%

3.4 The details of Budget Estimate, Revised Estimate and Actual Expenditure during 1997-98 and Budget Estimate for 1998-99 in regard to Grain Processing Sector is as follows :—

Sl. No.	Name of the Scheme	B.E. 1997-98	R.E. 1997-98	A.E. 1997-98	1998-99
1.	Cereal Processing Machinery Testing Centres	0.20	0.19	0.19	0.25
2.	Regional Extension Service Centre (Rice Milling)	0.23	0.22	0.22	0.30
3.	Post Harvest Technology Centre, IIT, Kharagpur	0.50	0.47	0.47	—
4.	Extension Service Centre at CFTRI, Mysore.	0.12	0.12	0.12	0.15
5.	Paddy Processing Research Centre	0.45	0.43	0.43	—
		1.50	1.43	1.43	0.70



3.5 The Post Harvest Technology Centre (PHTC), IIT Kharagpur and the Paddy Processing Research Centre (PRRC) have been merged with the scheme for Research & Development for Food Processing Industries coming under Minor Head 04 of Major Head 2408.

3.6 The IIT offers training courses of long & short duration leading to Ph.D, M.Tech & Fellowship and training under Colombo plan, SCAAP, FAO, UNIDO etc.

3.7 About the autonomy of the IIT, Kharagpur, Ministry informed that the functioning of Post Harvest Technology Centre at IIT, Kharagpur is managed independently by the Chairman of the Centre directly under the administrative control of the Director of the Institute and autonomy of the Centre would not be disturbed by clubbing of the schemes.

3.8 Thirteen Regional Extension Centres (Rice Milling) have been set up in different States in collaboration with State Governments/ Agricultural Universities/Research Institutions etc. for providing technical guidance to State Government, Rice millers, Rice mills machinery manufacturers & financial agencies etc. These centres are funded for 5 to 8 years after which they are handed over to the respective host organisations. Rs. 30 lakhs grants-in-aid has been provided in 1998-99.

3.9 Under the Scheme for setting up of Regional Extension Service Centres (Rice Milling) seven centres out of the 13 centres set up so far have been handed over to the host organisations. Out of which six are continuing the activities for propagation of benefits of modernisation and modern methods of processing paddy alongwith effective and economic use of by products like husk and bran. Each centre is provided with a one time non-recurring grant of Rs. 7.5 lakhs for the purchase of equipments and office furniture etc. and recurring grant of Rs. 6.5 lakhs per year to meet expenses on salaries of staff, TA and contingencies etc.

#### *Horticulture Based Industries Sector*

3.10 During the Eighth Plan the Ministry has been operating some developmental Plan schemes in the Fruits & Vegetables Processing Sector. In a note furnished by the Committee the Ministry of Food Processing Industries has stated that on the basis of the recommendations of the Working Group constituted for the formulation

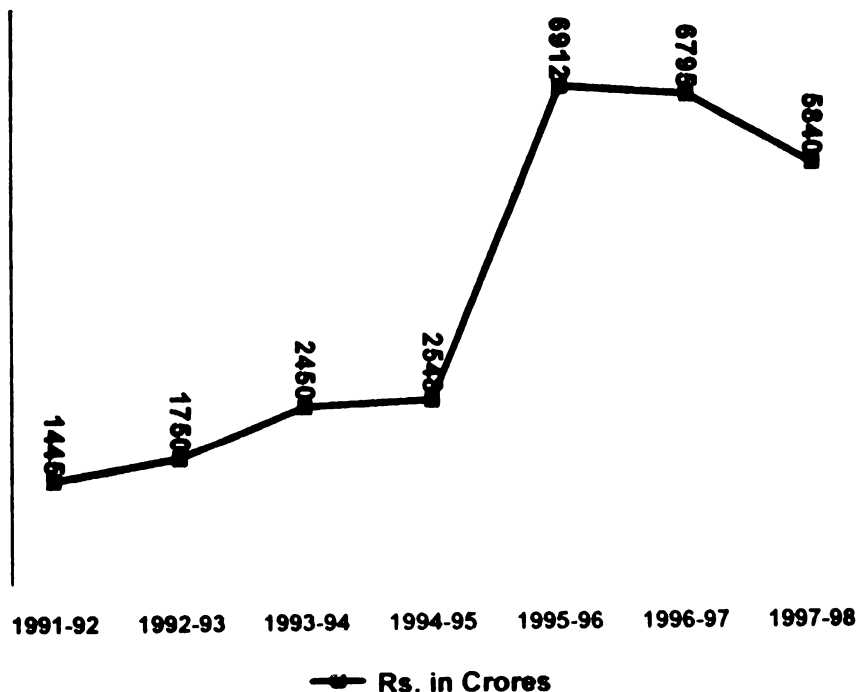
of the Ninth Five Year Plan, eleven Schemes were formulated for implementation during the Ninth Plan period. However, after the Plan discussions with the Planning Commission, the number of schemes has been reduced by rationalising/clubbing some of the schemes and it has also been ensured that the content and objective of the schemes have been retained. In the sector during the year Ninth Five Year Plan period Five schemes are to be operated. Some of the schemes pertaining to this sector have been clubbed together with other schemes relating to the other segments. The Fruits & Vegetables Processing Sector is renamed as Horticulture based Industries.

3.11. The Budget Estimate under Horticulture based Industries sector for 1998-99 on the plan side is Rs. 15.75 crores (Rs. 11.75 crores in revenue section and Rs. 4.00 crores in the Capital Section) as against Rs. 13.30 crores (Rs. 8.50 crores revenue section and Rs. 4.80 crores Capital Section) for 1997-98.

3.12 Following are the Budget Estimates, Revised Estimates & Actual Expenditure during 1997-98 and Budget Estimates for 1998-99 in regard to horticulture based industries sector.

Sl. No.	Name of the Scheme	B.E. for 1997-98		RE for 1997-98		A.E. for 1997-98		B.E. for 1998-99	
		Capital Revenue	Capital Revenue	Capital Revenue	Capital Revenue	Capital Revenue	Capital Revenue	Capital Revenue	Capital Revenue
1.	Manpower Development in Food Processing Industries	3.00		2.85		—	0.81		2.50
2.	Setting up/expansion Modernisation of Food Processing Industries	6.50	3.50	4.80	3.50	1.31	2.24	4.00	6.00
3.	Strengthening of Backward Linkages	1.00		—	0.95	—		0.44	0.75
4.	Setting up Demonstration Units/Pilot Projects	1.00		0.30		—	—		1.00
5.	Generic Advertisements	1.00		0.90		—	—		1.50
<b>TOTAL</b>		<b>6.50</b>	<b>9.50</b>	<b>4.80</b>	<b>8.50</b>	<b>1.31</b>	<b>3.49</b>	<b>4.00</b>	<b>11.75</b>

### Export of Processed Foods (including Processed Cereals)



3.13 During 9th Plan a new scheme for strengthening of Backward Linkages for Maize/ Coarse grains processing industry has been introduced with an outlay of Rs. 550 lakhs. Rs. 95 lakhs had been allocated for the financial year 1997-98. Five units have been provided grant as incentive during 1997-98. The maximum financial support a unit can get per year is Rs. 10 lakhs. The Revised Estimate for 1997-98 is Rs. 44 lakhs.

3.14 Under the scheme 3 units have been provided the maximum financial assistance of Rs. 10 lakhs each and two other companies which were not eligible for maximum reimbursement in the years concerned have been provided Rs. 9.04 lakhs and Rs. 4.88 lakhs respectively.

3.15 Ministry stated that an outlay of Rs. 75.00 lakhs is provided under the scheme during 1998-99, which envisages reimbursement of 5% of the value of the total purchases made in a year. While no expenditure has been incurred for backward linkage for maize/coarse grains in 1997-98, some projects are expected to be received during 1998-99.

3.16 Under the scheme for promoting studies in the Food Processing Sector, during the 8th Plan period, financial assistance to the tune of Rs. 72.48 lakhs was extended for promoting studies. An amount of Rs. 45.00 lakhs has been extended for such studies during the year 1997-98. Details are in Annexure-II

3.17 Under the scheme for establishment of Food Processing Industrial Estates/Food Parks, which is one of the components of the scheme for development of infrastructural facilities, two projects have been assisted in the States of West Bengal and Kerala and as the Ministry has informed while the first instalment of Rs. 75.00 lakhs was released to West Bengal in 1995-96, two instalments amounting to Rs. 125.00 lakhs have been released for the project in Kerala. But both these projects are under implementation.

3.18 Under the scheme for Generic advertisement in Food Processing Industries Rs. 1.50 crores has been allocated in the budget estimates for 1998-99 which comes to 166.66% of the previous year's revised estimate of Rs. 90 lakhs. As per the allocation and expenditure details provided the Ministry during 1997-98 no expenditure has been incurred under the scheme.

3.19 When asked about the reasons for non-utilisation of funds Ministry in a written reply has stated that :—

“Under the Scheme of Generic Advertisement no expenditure was incurred during 1997-98 because, being the first year of the Ninth Plan, certain procedures had to be evolved for finalising the pattern of assistance etc. Action envisaged implementation through Industry Associations. However, no complete proposal was received from them. Action has already been initiated for implementing the scheme during the year 1998-99 and funds are likely to be utilised.”

3.20 As per the Annual Report of the Ministry of Food Processing Industries following three subjects are allocated to the Ministry among other subjects. (i) Beer, including non-alcoholic beer (ii) Alcoholic drinks from non-molasses base (iii) Aerated waters/Soft drinks and other processed foods.

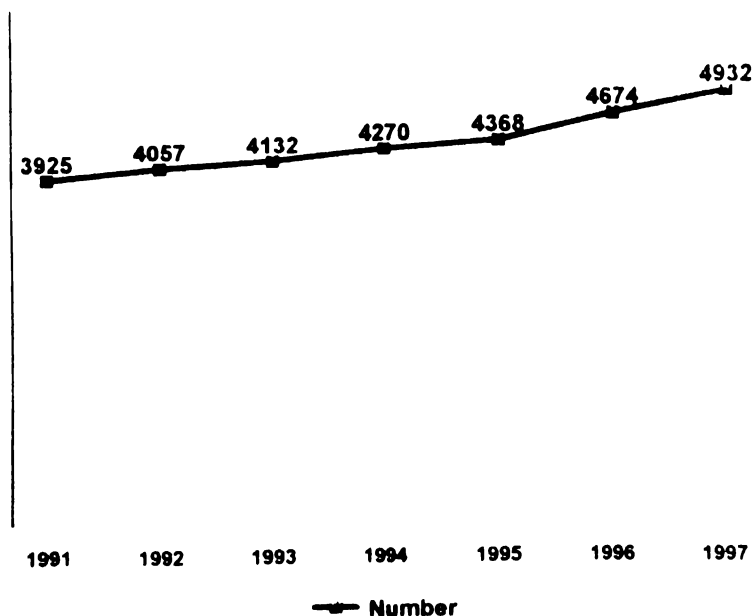
3.21 About the role of the Ministry in the context of these subjects the Ministry has stated that :—

“Under the liberalised economic and industrial policy, most of the food processing industries have been delicensed and as such, the role of the Ministry is that of facilitating the growth of various food processing industries in the country. Whereas in the case of aerated waters, role of Ministry of Food Processing Industries is limited to furnishing its views to the Ministry of Industry for consideration of grant of licence.”

3.22 As far as the role of the Ministry in regard to operation of various multi-national companies is concerned, the Ministry considers proposals from such companies for foreign investment and sends its views to the Foreign Investment Promotion Board (FIPB) under the Ministry of Industry for its consideration. As regards fruit drinks like Frooti & Jumpin produced by Indian companies, no approval is required for setting up such projects. However, the Ministry provides financial assistance for setting up horticulture based units for production of fruit juice, fruit pulp etc.

3.23 The quality and safety of various processed food products is subject to the provisions of Prevention of Food Adulteration (PFA)

**Number of Licenced Units under FPO**



Act, 1955 and Fruit Products Order (FPO), 1955. Whereas PFA provides for standards for various food products, the FPO provides for compulsory licensing for all fruit and vegetable based products and also specifies standards for the hygienic conditions to be maintained by units producing fruit and vegetable products. PFA is administered by Ministry of Health and the State Health authorities are the inspecting agencies under the Act. FPO is administered by Ministry of Food Processing Industries and is implemented through four regional offices of the Directorate of Fruit and Vegetable Processing Industries under the Ministry of Food Processing Industries.

3.24 India produces a wide range of fruits and vegetables in substantial quantities but a large quantity of fruits & vegetables perish every year. Only 1.8% of the total production of fruits and vegetables is commercially processed which is far below the level compared to developed and developing countries inadequate post-harvest technology, poor infrastructure, as well as absence of linkages between processing industry and the growers. Considerable inter-state variation exists in distribution of processing units and levels of infrastructural development. Processing units are mainly concentrated in the States with better infrastructural facilities rather than based on the availability of raw materials.

3.25 Explaining the steps taken to prevent the fruits and vegetable from perishing the Ministry has stated that :—

“The Ministry provides financial assistance for setting up fruit and vegetable processing units and post harvest infrastructure as well as cold chain to reduce the wastage in horticulture sector and to increase the shelf life of fruits & vegetables. The Ministry also provides financial assistance for strengthening of backward linkages, research & development, human resource development and other promotional measures. As a result of these measures and steps taken by the food processing industries themselves, the percentage of fruits & vegetables used for processing which was less than 0.5% of total production in 1987 has increased to about 1.8% in 1997.”

3.26 Ministry has stated that Ministry of Food Processing Industries does not set up Food Processing units in any States on its own. However, financial assistance in the form of loans & Grants-in-aid is

provided to NGO's, Co-operatives, PSU and industry for setting up/ expansion/ modernisation of Food Processing Industries. The National Horticulture Board and National Cooperative Development Corporation are also in this field.

3.27 The Committee being afraid of overlapping & multiplicity of financing the same projects/schemes which may result in wastage of money & efforts when asked about the reasons & measures taken in this regard. The Ministry has stated that :—

“Ministry of Food Processing Industries, National Horticulture Board and National Cooperative Development Corporation are operating Plan Schemes, some of which have common objectives e.g. setting up of cold stores, setting up of fruits and vegetables units etc. However, all 3 agencies are working in close collaboration and are aware of each other's schemes/ programmes. What is more, many projects are co-funded by the Ministry with National Horticulture Board or National Cooperative Development Corporation. The Ministry is of the view that such co-funding of the projects by MFPI, NCDC and NHB is necessary because the need of concessional finance by the Food Processing Industries is so large that the financial resources of all 3 agencies have to be mobilised to meet that need.

3.28 At the same time there are distinctive differences between the orientation and thrust of the schemes of the 3 agencies. NCDC for example extends loan assistance to cooperatives only. NHB's schemes aim mainly at development of horticulture and horticulture based industries. The plan Schemes of MFPI covers all the segments of the processed food sector. Hence, all activities cannot be undertaken by a single agency.

#### *Meat & Poultry Processing Sector*

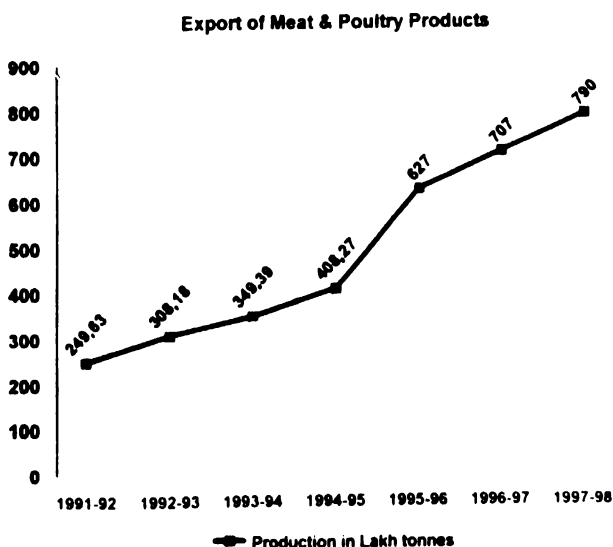
3.29 The Livestock sector in the country is very large and contributing about 8% of the Gross Domestic Product. Poultry has developed as an organised sector and producing about more than 350 million broilers and 29 billion eggs per year. Processing, chilling, freezing of meat, poultry and eggs needs to be given important position in the Agro Industries Development Plans of our country.

3.30 In the Meat and Poultry Processing Sector, the total expenditure during the eighth plan has been Rs. 18.78 Crores as against the original outlay of Rs. 23.00 crores and actual allocation of Rs. 31.50 crores. The average expenditure per year during the 8th plan period has been only Rs. 3.75 crores which works out to 59.63% of actual allocation. Scheme-wise allocation & expenditure is in annexure-III.

3.31 The Budget Estimates for Development of meat processing is as under:

Budget Estimates for 1997-98		Revised Estimates for 1997-98		Anticipated Estimates 1997-98	
C	R	C	R	C	R
0.50	2.50	0.36	2.50	0.14	—

3.32 The Scheme envisages financial assistance in the form of grant/loan. During 1997-98 assistance was extended to one unit only. About the takers for the scheme the Ministry informed the Committee that during 1997-98, three new proposals for financial assistance under this scheme were received. However, none of these were complete in all respects, and all the necessary clarifications and documents were not received during that year. Therefore, no financial assistance could be provided for any of these projects.





3.33 There were also nine on-going projects which were given financial assistance under this scheme in the earlier years and further releases were expected to be made by the Ministry during 1997-98. Three of these projects were in Assam, two in Karnataka, one in Nagaland, one in Mizoram, one in Madhya Pradesh and the remaining one in Punjab. However, only the project of Punjab Agro Industries Corporation could be given Rs. 14 lakhs during that year. Other projects were not given the next instalment of financial assistance during 1997-98 due to some reasons.

3.34 The total meat production in the country is to the tune of 4.06 million tonnes per annum. The slaughter rate in relation to the population of animals is about 6% in the case of cattle, 10% in the case of buffalo, 99% in case of pigs, 31% in the case of sheep and 39% in the case of goat.

3.35 The quantum of meat produced in the country during each year of the 8th plan is as follows:

(000 tonnes)

	Buffalo	Pig	Goat	Sheep	Cattle	Rabbit
1992	1182	397	456	167	1216	The meat production from rabbit is not very significant so data are not available
1993	1182	403	466	169	1276	
1994	1204	408	470	171	1292	
1996	1204	420	490	179	1292	

3.36 The quantum of meat processed into products is low as compared to the total meat produced in the country. It has been reported by Kondaiah N., in his article "Meat and Meat Products as Human Food", (Indian Farming—Special Issue of the Golden Jubilee of FAO , 1995) that only an estimated 1% of total meat is further processed into products.

3.37 Meat and Poultry Products exported during the eighth plan period and in 1997-98 is as under:

Year	Export (Rs. Crores)
1992-93	308.18
1993-94	349.39
1994-95	408.27
1995-96	627.00
1996-97	707.00
1997-98	790.00

3.38 The details of the different schemes in Meat and Poultry Processing Sector and allocation therein are as under :

Sl. No.	Name of the Scheme	B.E. for 1997-98		Re. for 1997-98		A.E. for 1997-98		B.E. for 1998-99	
		Capital Revenue		Capital Revenue		Capital Revenue		Capital Revenue	
1.	Development/improvement of marketing Quality control Storage & Transport of meat and meat products	—	0.50	—	0.40	—		0.75	
2.	Development of meat processing (pork, Sheep, Goat, Rabbit & Buffalo)	0.50	2.50	0.36	2.50	0.14	—	0.50	3.00
3.	Development of poultry & egg processing	2.20	0.50	2.20	0.50	1.48	0.30	0.50	1.50
	<b>TOTAL</b>	<b>2.70</b>	<b>3.50</b>	<b>2.56</b>	<b>3.40</b>	<b>1.62</b>	<b>0.30</b>	<b>1.00</b>	<b>5.25</b>

3.39 However out of the above programmes during 8th Plan period & 1997-98 assistance has been extended to set up following units:

Name of the Unit	1992-93	93-94	94-95	95-96	96-97	97-98	98-99
1. Buffalo Meat Processing Units	2	1	Nil	1	1	1	1
2. Poultry and Egg processing	2	1	1	4	3	2 new & 2 old(4)	2 1 new 1 old
3. Pork Processing Units	3	Nil	1	2	2	Nil	4 (old)
4. Sheep,Goat & Rabbit processing Units	1	1	1	1	Nil	Nil	1 (old)
5. Establishment of Deep freezer for retail outlets	24	94	39	60	66	Nil	75
6. Number of persons trained	212	180	270	235	160	40	200

3.40 During 1997-98 revised estimate for the scheme for development improvement of Marketing Quality Control Storage & Transport of meat and meat products has been 0.40 crores and for the scheme for development of poultry and egg processing has been Rs. 2.50 crores on revenue side. But no money has been spent on these two schemes during 1997-98. During 1998-99 Rs. 3.00 crore and Rs. 1.50 crores respectively have been allocated for these schemes.

3.41 Informing about the non utilisation of the funds provided for the scheme of marketing, quality control, and transport of meat and meat products the Ministry has stated that the fund could not be utilised as the proposals received under the scheme were not satisfactory. Regarding the utilisation of funds on poultry and egg processing projects in the year 1997-98, a project on Integrated Poultry Processing was approved in Maharashtra for which Rs. 30 lakhs have been released as grant-in-aid under Revenue Head. So far as utilisation

of funds under capital Head on the Scheme on poultry and Egg Processing are concerned, Rs. 148 lakhs out of Rs. 220 lakhs have been utilised.

3.42 Regarding the proposal of utilisation of the amount allocated for 1998-99 for the scheme of Marketing, Quality Control and Storage, where Rs. 75 lakhs has been provided, it is envisaged that a proposal from Magas Vargya Kukkut Palan Sahkari Sanstha, Jayatpur, Aurangabad which could not be approved last year due to non adherence to the procedure by the Implementing Agency, may get approval for assistance when the revised proposal is submitted this year.

3.43 As for the utilisation of funds under the poultry and egg processing scheme, the committed expenditure on projects approved in earlier years in Assam and Maharashtra will amount to Rs. 189.75 lakhs. New proposal for egg processing are also likely to be received from Orissa and Madhya Pradesh.

#### *Milk Based Industries*

3.44 The Indian dairy industry has achieved substantial growth during the Eighth Five Year Plan. India is now the second largest milk producing country in the world and the milk production which was stagnant up to 1970, at the end of Eighth Plan the milk production is estimated at 70 million tons. Similarly there has been an increase in the production of milk powders including baby food, malted food and condensed milk and their production in the year 1995 was two lakh tonnes, 40,000 tonnes and 9100 tones respectively. About 60% of the installed capacity is in cooperative sector and with the liberalisation of Indian economy, more processing plants are coming up.

3.45 As per the Working Group Report it is expected that there will be growth of 50% in the milk-products industry during the Ninth Five Year Plan period , provided adequate measures are taken by the Government . Accordingly the Ministry of Food Processing Industries introduced a separate sector named Milk Based Industries during first year of Ninth Plan i.e. 1997-98 with the revised estimate of Rs. 4.08 Crore with an anticipated expenditure of Rs. 4.50 crores. During 1998-99 budget estimates under this sector is Rs. 5.40 Crore..

## 3.46 Following is the allocation under this sector :

Sl. No.	Name of the Scheme	B.E. for 1997-98 (Rs. in Crores)	R.E. for 1997-98 (Rs. in Crores)	A.E. for 1997-98	B.E. for 1998-99 (Rs. in Crores)
1.	Scheme of Research & Development for food processing industries	3.90	3.70	4.50	5.00
2.	Scheme for setting up of innovative dairy products	0.40	0.38	—	0.40
<b>TOTAL</b>		<b>4.30</b>	<b>4.08</b>	<b>4.50</b>	<b>5.40</b>

3.47 About the utilisation of funds, the Ministry clarified that although the amount of Rs. 3.70 crores, has been shown in the milk based industries sector, the amount will actually be utilised for supporting R&D projects in all sectors of food processing. The terms of assistance for all R&D projects is grants in aid. The Scheme for setting up innovative dairy products has been introduced during 1997-98. The dairy industry has shown interest in the scheme and proposals are expected during the year 1998-99.

3.48 Explaining about the measures contemplated by the Ministry to ensure that the funds spent on research in milk sector do not overlap with the research work being done by DARE in the same field, the Ministry has stated that the Ministry invariably consults NDRI, Karnal the dairy R&D institute of DARE and the National Dairy Development Board, Anand on all proposals received by the Ministry on Research & Development in dairy sector before such proposals are approved.

## CHAPTER IV

### CONSUMER INDUSTRIES

*Major Head - 2852 Industries*

*Consumer Industries*

4.1 The following two public sector enterprises are under the administrative control of the Ministry :

1. Modern Food Industries (India) Limited (MFIL)
2. North Eastern Regional Agricultural Marketing Corporation Limited (NERAMAC)

4.2 Ministry of Food Processing Industries has two undertakings namely, Modern Food Industries (India) Ltd., (MFIL) and North-Eastern Regional Agricultural Marketing Corporation Ltd. (NERAMAC). During 1997-98 Rs. 95 lakhs has been allocated as budgetary support for MFIL and Rs. 48 lakhs for NERAMAC. Expenditure has been Rs. 143 lakhs by MFIL and nil by NERAMAC. During 1998-99 budgetary support for MFIL is projected as Rs. 100 lakhs and 50 lakhs for NERAMAC.

*Modern Food Industries (India) Limited (MFIL)*

4.3 Modern Food Industries (India) Limited, formerly known as modern Bakeries (India) Limited is the largest producer of bread in the country. The company has 14 bread units located at different parts of the country. Besides bread units, company has fruit juice bottling plant at Delhi, Roller Flour Mill at Faridabad, an extruder food unit at Jaipur and a fruit pulping unit at Bhagalpur. The Ujjain oil plant of the Company has been closed with the approval of the Government w.e.f. 1.4.1994.

4.4 The performance budget 1998-99 states that Modern Food Industries (India) Limited made a net profit (after interest and depreciation) of Rs. 1645.30 lakhs during 1996-97 as against 1151.59 lakhs in 1994-95.

4.5 The Standing Committee on Agriculture in their 13th report had recommended that the Modern Food Industries (India) Limited (MFIL) should upgrade their machines and technology in order to produce consistently good quality bread and other products to compete

with multinationals in the market and become self-reliant in the field.

4.6 The Ministry in their reply has stated that the company has plans to upgrade the technology in phases, with an investment of Rs. 4.00 crore in first phase for upgrading machines.

4.7 Stating about the financial implications and actual requirement of the Machinery to be upgraded the Ministry has stated that "It is desirable to undertake the upgradation of all units in one go. However in view of the fact that the process of disinvestment is on, the company is going slow in its modernisation programme."

4.8 The written down value as on 31st March, 97 of the machinery requiring upgradation is approximately Rs. 3.00 crores. The value after upgradation will be the value for which the new machinery is installed as a consequence of replacement.

4.9 The total installed capacity of MFIL is 2686 lakhs SL (1) SL=400 gm. loaf. The machinery is 25 to 30 years old. The capacity utilisation is around 85% since most of the machinery is obsolete, it leads to problems of maintaining the consistent quality of the product, high percentage of defective production and higher repair and maintenance costs. With new and upgraded machinery, the capacity utilisation will be around 95% or more and most importantly, the company will be able to produce bread of consistent quality.

4.10 Performance budget for 1998-99 states that MFIL will aim at improving quality assurance services for better consumer satisfaction and achieve ISO 9000 certification for bakery operations.

4.11 Informing about the plans of the company for obtaining ISO 9000 or similar certification the Ministry stated that the company plans to obtain ISO 9000 certification in a phased manner. Initially, this certification is planned for one bakery unit only.

4.12 Rated capacity of Rasika Fruit Juice bottling plant is 38.40 lakhs of crates each having 24 bottles of 200 ML, attainable capacity is 25.60 lakhs crates. During 1996-97 the company could produce only 0.94 lakhs crates as against the target of 200 lakh crates.

4.13 The Committee asked about the strategy adopted by MFIL to compete with Multinational Companies in Fruit/Soft drink market, the Ministry in a written reply stated that:

" To compete with multi-nationals, immense financial strength is required to effectively counter their advertising and marketing strategies. In the present circumstances, the company is unable to make such huge investments in this direction."

*North-Eastern Regional Agricultural Marketing Corporation Ltd. (NERAMAC)*

4.14 The Corporation was set up on 31.3.1982 by the Government of India with an authorised capital of Rs. 5.00 crores. The main objective of the Corporation is to undertake marketing and processing of fruits and vegetables grown in the North-Eastern region and thereby fostering the development of horticulture in the region. The paid up capital of the corporation is Rs. 2.69 crores. The corporation's first major project i.e. pineapple juice concentrate plant at Nalkata in Tripura was commissioned in June 1988. The plant produced about 80 Mts. of pineapple juice concentrate during the year 1997-98 (up to Nov. 1997).

4.15 The performance budget 1997-98 states the Corporation undertook marketing of fruit products as well as other agro-based products/inputs. The total sales during the year 1996-97 in respect of marketing activities other than sale of NERAMAC's own products, is Rs. 202.06 lakhs as compared to Rs. 175.26 lakhs during the year 1995-96. The corporation during the year 1996-97 sold 62.10 MTs of PJC as compared to 92.09 MTs during the year 1995-96.

4.16 The total turnover of the Corporation during the year 1996-97 was Rs. 281.28 lakhs as against Rs. 220.18 lakhs during 1995-96. The Corporation incurred a net loss of Rs. 168.03 lakhs during the year 1996-97 as against a net loss of Rs. 166.28 lakhs during the year 1996-97.

4.17 During 1997-98 Rs. 48 lakhs has been allocated as budgetary support for NERAMAC but there has not been any expenditure. During 1998-99 again there is a provision of Rs. 50 lakhs for NERAMAC as budgetary support.

4.18 Giving the reasons for non-utilisation of funds by NERAMAC Ministry stated :

"NERAMAC has become sick and is registered with BIFR. Therefore, no funds were provided to NERAMAC during the year 1997-98 for new projects. However, for the ongoing activities, a sum of Rs. 60 lakhs was provided as working capital subsidy which has been utilized by the Corporation."

4.19 Providing of budgetary support to NERAMAC for new schemes/projects will depend upon the final outcome of the case pending before BIFR. However, for ongoing activities, working capital subsidy to the extent of Rs. 60 lakhs per year is being provided to the Corporation. Action has also been initiated to recommission the aseptic line which will help to package the Pineapple juice concentrate aseptically, thereby making it more acceptable to consumers.



4.20 At Guwahati on 27th October, 1996 the then Prime Minister had made a statement announcing new initiatives for the North-Eastern region that "All Central Ministries/Departments will earmark atleast 10% of their budget specific programme in the North-East States. They will also ensure that the programmes are speedily implemented."

4.21 Standing Committee on Agriculture in their 13th report on Demands for Grants 1997-98 had recommended that North-Eastern States by their geographical situation and inherent attributes suffer from great handicaps. North Eastern States may be declared as tax-free zone for the next 10 years in respect of all the food processing industries to give a boost to its economic development.

4.22 About the expenditure in North-Eastern region Ministry informed that the Schemes operated by the Ministry are not State specific or region specific but are project oriented. During the 9th Plan period, the Ministry proposes to give enhanced financial assistance in respect of proposals received from difficult areas which have been defined to include *inter alia* North-Eastern States also. During 1997-98, an amount of Rs. 78.49 lakhs has been extended as financial assistance to projects in the North-East. Besides assistance of Rs. 60 lakhs has been provided to our public sector company North Eastern Regional Agricultural Marketing Corporation (NERAMAC) as working capital subsidy.

4.23 During 1998-99, it is expected that about 18% of the total Budget outlay of the Ministry would be utilised in respect of Projects being set up in the North-East. There are 4 meat Projects being set up in Assam for which partial assistance has been extended by the Ministry. Similarly, one pork processing project in Nagaland and 3 projects of meat, poultry and fruit and vegetable processing units being set up in Mizoram may require additional assistance from the Ministry. A team constituted for reviewing some of these projects have already visited the places in order to expedite completion of these projects.

4.24 The Committee was further informed that Ministry of Industry *vide* Office Memorandum dated 24th December, 1997 has announced a new Industrial Policy and other concessions in the North-Eastern region. Government has approved for converting the growth centres and IIDC's into total tax-free zones for the next 10 years Industrial activity for these zones would be free from Income Tax and Excise for a period of 10 years from the commencement of production and State Governments would be requested to grant exemptions in respect of Sales Tax and Municipal Tax.

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS

#### Recommendation Sl. No. 1

##### *Declining Proportion of Allocation in Favour of Ministry of Food Processing Industries Out of Total Central Outlay*

5.1 The Committee are dismayed to find that the percentage of allocation of annual plan outlay in favour of Ministry of Food Processing Industries is declining very dangerously from 0.091% in 1992-93 to 0.041% for 1998-99. The effective performance of this Ministry has been crippled mainly due to the gradual reduction in the plan allocation. This ominous falling graph line of allocation reminds the Committee of the falling lines on a Monitor indicating the pulse rate graph of a dying person. The Central Budget outlay is the life-saving oxygen supply that can sustain and recuperate the sinking Ministry of Food Processing Industries and if it keeps declining in this manner, a time will come when there would be no option but to wind up this Ministry. It appears to be a virtual countdown leading to the inevitable winding up of the Ministry. The Committee observe that the Ministry was allocated 0.091% of the Central outlay in the 1992-93. If the same percentage is allocated in 1998-99 it should have got Rs. 95.720 crores. Keeping a 12% inflationary trend for every year from 1992-1998 (7 years) the allocation should have been around Rs. 176.12 crores. Keeping in view the utmost priority given to the food processing sector, an allocation of Rs. 200.00 crores per year would be the barest minimum requirement for the Ministry to survive. The Committee, therefore, recommend strongly to the Ministry of Finance and the Planning Commission that they should make suitably higher allocations as demanded by the Ministry, if they really want this ministry to do some meaningful business for the upliftment of the farmers, the common masses, the food processing sector and the nation. The proportion of allocation in favour of Ministry of Food Processing Industries out of the total Central Plan Outlay should be significantly enhanced and in any case it should not be below 0.2% of the total central plan budget.

**Recommendation Sl. No. 2***Total Plan Outlays*

5.2 The Committee wish to point out that a need was felt for setting up a separate Ministry for specifically promoting and coordinating the development of processed food sector in the agro-based industries which in turn would give the much-needed extra impetus to agricultural sector. This led to the creation of the Ministry of Food Processing Industries. The Committee in their 5th Report on Demands for Grants (1996-97) and again in 13th Report on Demands for Grants (1997-98) had observed that while finalising the Ninth Plan Proposals, the Ministry should come out with an effective package of varied programmes which could be implemented on a much larger scale and pose it for funding to the Planning Commission, so as to enable them to receive at least an allocation of Rs. 2000 crores for the Ninth Plan to achieve definite targets.

The Committee now find that the Fisheries sector has been transferred from the Ministry of Food Processing Industries. The Ministry has projected a financial requirement of Rs. 675.12 crores to the Planning Commission which was slashed down to Rs. 250.30 crores by the Planning Commission.

The Food Processing Industry is expanding rapidly and its activities range all over India. It is a capital intensive industry and requires large investment even in the initial stage. As a result of involvement of the Ministry in the Foreign Investment Promotion Board (FIPB), it has to take up matters in the various international *fora and fight* technical and legal battles to promote the trade interest of the country. The WTO is one such forum where tough negotiation have to be conducted as far as India is concerned. The North-East sector projects have to be funded with 100% central share.

The Committee are pained to note that the Planning Commission and the Ministry of Finance did not make a realistic mathematical calculation of the needs of the Ministry based on the task assigned to them. Instead they have preferred to remain silent to keep the budgetary allocation for 1998-99 at a level equal to that of the last year. They have not appreciated the need for a higher allocation for this Ministry to perform the task of linking the farmer to the processor and have chosen to slash down the projected amount of Rs. 675.12 crores to Rs. 250.30 crores for the entire Ninth Plan.

The Committee recommend that the Ministry should make a serious and concerted effort placing before the Planning Commission & the Ministry of Finance all documents in support of their factual demand, discuss the expanding needs of the Ministry and seek higher allocations. The Committee also urge upon the Planning Commission to give a patient hearing to the Ministry and evolve suitable schemes for providing an allocation of at least Rs. 1000 crores during years to come in the 9th Five Year Plan period.

#### Recommendation Sl. No. 3

*Late Start of New Programmes on the Ninth Plan and Need for Higher Allocation*

5.3 The Committee observe that in the initial year of the Ninth Five Year Plan *i.e.* 1997-98 many of the schemes under the Ministry could not be taken up for implementation as certain procedures had to be still evolved for finalising the system and pattern of assistance etc. The Committee are astonished to note that while preparing the scheme for posing it for funding before Planning Commission, no proper home work was done and no procedure was evolved. The Committee highly deplore this kind of casual and unplanned approach of the Ministry.

Even in the current financial year 1998-99, already one-fourth of the year is over and the plan provisions are yet to be voted. The Committee wish to point out that already 1 $\frac{1}{4}$  years of Ninth Plan period is over without much being done towards the implementation of the new 9th plan programmes. In view of this loss of precious time, the Committee recommend that very high allocations should be made for the implementation of the new schemes of the Ninth Plan in the Revised Estimates of this year and also in Budget Estimates of the coming years and it should be ensured that the plan schemes do not take much time to take off. The Committee expect the Government to bring this observation of the Committee to the pointed attention of the Planning Commission and the Ministry of Finance for appropriate and immediate action.

#### Recommendation Sl. No. 4

*Allocation of 10 per cent of Funds for North-East*

5.4 The Committee are happy to note that the Ministry of Food Processing Industries is keeping a track of their expenditure to the

North-Eastern States and are allocating above 10 per cent of their plan budget for their development. This is in line with the Prime Minister's commitment on the subject made in November, 1996.

The Committee would also like to draw the attention of the Ministry to a portion of the Budget speech of the Hon'ble Finance Minister delivered on 1st June, 1998 wherein he has mentioned about the creation of a non-lapsable Central Resource pool for deposit of funds from all Ministries where the Plan expenditure on the North-Eastern Region is less than 10 per cent of the total plan allocation of the Ministry. The difference between 10 per cent of the plan allocation and the actual expenditure incurred on the North Eastern Region will be transferred to the Central Resource Pool which will be used for funding specific programmes for economic upliftment of the North Eastern States.

The Committee, therefore, recommend that special efforts should be taken in the Ministry to draw up more programmes/schemes exclusively for the North-East to the value of 10 per cent of their total plan allocation every year. The Committee further recommend that there is a need for having schemes even beyond this 10 per cent minimum limit for the North-East in the field of food processing, as there is great potential as far as food processing is concerned in the North-East. For this purpose, the Committee recommend that funds from Central Resource Pool should be utilised by the Ministry to develop these under developed areas of the country.

The Committee further recommend that all the Schemes for the North-East States should be 100% Centrally funded and no stipulation for any contribution from the State Government should be there, in view of the fact that these States do not have much money left with them to make matching contributions after they have spent large sums on the problem of tackling insurgency in the area and on dealing with the special problems peculiar only to the difficult hilly terrains of the North-East.

#### Recommendation Sl. No. 5

##### *North-East as Tax Free Zone*

5.5 The Standing Committee on Agriculture in their 13th report on Demands for Grants 1997-98 recommended that North Eastern States by their geographical situation and inherent attributes suffer

from great handicaps. North Eastern States may be declared as tax free zone for the next 10 years in respect of all the food processing industries to give a boost to its economic development. The Committee are happy to note that the Government has approved the conversion of the growth centres and Integrated Infrastructural Development Centres (IIDCs) into total tax-free zones *i.e.* free from Income Tax and Central Excise Duty for a period of 10 years in that area.

The Committee recommend that wide publicity campaign about this decision of the Government should be undertaken to attract the entrepreneurs from all over the country to come forward to invest in the food processing Sector in North-East region, taking advantage of the tax holiday. The Committee further recommend that the Ministry should discuss with the State-Governments the modalities of making land available to industrialists in order to set up food processing industries in view of the community ownership of land in North East region.

#### Recommendation Sl. No. 6

##### *Need to Give More Grants to Disadvantaged Areas*

5.6 The Committee are happy to note that the strategy of assistance to the food processing industries is being changed and the grant component of the schemes which used to be quite large in the earlier years is being reduced, while provisions for soft loans are being incorporated in a higher proportion. The Committee appreciate these efforts of the Ministry as they are in the right direction and the loan components will make the industries more responsible in the utilisation of the precious public funds. However, the Committee feel that the grant components thus saved by this policy should be diverted to increase the corpus of grants to be given to less developed areas, as this would encourage the setting up of industries in those areas which would in turn increase the employment opportunities and help backward linkages of the industries with the farmers. The Committee hope that the Ministry would fine-tune schemes to provide much larger grant components to enable the development of difficult and disadvantaged areas such as the North East, the hilly belt from Laddakh to Arunachal Pradesh, the far-flung islands of the Andman & Nicobar and Lakshdweep through food processing industrial operations. The Committee,

therefore, recommend that the Ministry should approach the Planning Commission and the Ministry of Finance for substantially higher allocations in view of the need for utilising the untapped potential for food processing in these areas.

#### Recommendation Sl. No. 7

##### *Need to Ensure Quality Standards for Food products to Enable Exports*

5.7 The Committee understand that the western countries, especially the European Union Countries lay down very stringent quality standards for food products as a strategic non-trade barrier to ban imports from other countries. They accept only those food products which have ISO 9000 certification issued in accordance with the set of procedures prescribed by the International Standards Organisation. The Committee note that the Ministry has put up a new window to provide a special grant to companies to get this ISO certification. The Committee are happy to note that a good beginning has been made in this vital area and they recommend that the Ministry should undertake focussed efforts to make the industries seek ISO certification for more and more products through adequate publicity about the need to have ISO certification to ensure total acceptance of the products by the importing countries. The Committee wish to be appraised of the position regarding the number of new ISO certifications granted after the opening of the special window and the number of companies assisted for obtaining ISO certification.

#### Recommendation Sl. No. 8

##### *Separate Wing for Research & Documentation*

5.8 The Committee find that there is no regular set-up or wing in the Ministry of Food Processing Industries to continuously keep doing research work and documentation which is an essential back-up requirement to prepare the negotiating delegation of officers deputed to WTO and other international bodies. The Committee are anxious that such a wing in the Secretariat should be set up immediately so that our delegation goes with very clear ideas to safeguard our country's interests at the negotiating table. The Committee recommend that such a wing should be created within three months of presentation of this Report. The Committee recommend further that necessary financial allocation for this purpose should be made at the Revised Estimates stage in this financial year itself.

### Recommendation Sl. No. 9

#### *Unscientific Merger of Schemes*

5.9 The Committee observe that when the Ministry approached the Planning Commission for higher allocations for 9th Plan for 48 schemes the Planning Commission desired that some schemes may be clubbed. Accordingly, the number of schemes were reduced to 26 by clubbing many schemes, under one programme and a new sector on "Milk based Industries" has been added. On an analysis, the Committee find that totally unrelated subjects have been clubbed together with the Milk based Industries Sector as under :—

#### *Programmes merged with Milk Based Industries Sector*

Programmes	Original Sector	Merged with	Objective of the Scheme & Comments of the Committee
(a) PHTC, Ill, Kharagpur	Grain Processing	Milk Based Industries Sector	This institute is imparting education research and development and continuing education in the fields of post harvest processing of agricultural produce. The research is conducted in the fields of grains and fruits.
(b) Paddy Processing Research Centre, Thanjavur	—do—	—do—	Research work is on paddy and it is not at all connected to milk.
(c) Research & Development	—do—	—do—	All types of research are carried out. Milk is only one part of the research.
(d) Schemes for fortification of Cereals and Cereal products for improving nutritional profile of the population.	—do—	—do—	The scheme content relates to cereal and has nothing to do with milk.

#### *Programmes merged with Horticulture Sector*

Programmes	Original Sector	Merged with	Observation of the Committee
1	2	3	4
(a) Schemes for strengthening of backward linkages for Maize & Coarse Grains	Grain processing	Horticulture	the schemes has no link with Horticulture



	1	2	3	4
(b)	Schemes for modernisation of pulse Milling Industry	—do—	—do—	—do—
(c)	Schemes for the Assistance of manpower development of Central Technological	—do—	—do—	—do—

The Committee observe that the clubbing is very unscientific. The Committee also feel that the Ministry has undertaken this exercise only to satisfy the Planning Commission. The Committee further feel that the funds allocated to a group of unscientifically clubbed schemes can be utilised on only a few component schemes, leaving the other component schemes neglected and fund-starved, as there is no specific tied allocation for every scheme. The Committee feel that no focussed development can take place in this kind of allocation. By clubbing the schemes in this manner, no advantage has accrued to the Ministry or to the food processing industries. Besides no economy seems to have been effected by this sort of clubbing.

The Committee, therefore, recommend that all schemes that have been clubbed/merged may be put back under their original sectors. This is the only way by which it can be ensured that budgetary projections are properly tied to each specific scheme and arrangement of schemes belonging to one genre together under one sector will lead to better accountability and better monitoring.

#### Recommendation Sl. No. 10

##### *Fish Processing*

5.10 The Committee note that during the 9th Plan an outlay of Rs. 53.80 crores has been allocated to fisheries sector since two schemes namely (i) Assistance to Coast Guards and (ii) Fishery Survey of India have been transferred to Department of Animal Husbandry and Dairying. After this transfer only the part relating to processing of Fish remains with the Ministry of Food Processing Industries.

The Committee are unhappy to note that during the financial year 1997-98, the Ministry could spend only Rs. 2.30 crores out of

**Rs. 11.41 crores allocated for fisheries sector and that too this expenditure has been incurred only on one scheme.**

The Committee are not satisfied with this poor performance of the Government. The Committee, therefore, recommend that Ministry should take specific steps to ensure the complete utilisation on the funds provided on all schemes.

#### **Recommendation Sl. No. 11**

##### *Utilisation of Low Value Fish to Make Value Added Products*

5.11 The Committee note that during 1997-98 under the scheme of utilisation of low value fish to make value added products, Rs. 29 lakhs were allocated at Revised Estimates stage but the Ministry could not utilise the funds at all. During 1998-99 Rs. 30 lakhs have been allocated for the purpose. The Committee are of the opinion that the low value fishes constitute a sizeable part of the country's total marine catches. Discarding of these fishes, which are rich in protein is therefore, a loss to the nation where such cheap protein-rich food is needed.

The Committee in their 13th report also desired that considerable Research & Development work had to be done on the production of value added products from low value fish. The Committee had recommended that separate budgetary allocations should be made for research in this field and a wide publicity should be made for the commercialisation of these products. The Committee further note that there is high potential for export of marine products and the country can earn a lot of foreign exchange by exporting these value added products from low value fish. The Committee, therefore, desire the Ministry to initiate a scheme for popularisation of these products with a view to earning profit from export.

#### **Recommendation Sl. No. 12**

##### *Backward Linkages for Maize/Coarse Grains*

5.12 The Committee note that as per the recommendation of the Committee a scheme for strengthening of Backward Linkage for Maize/coarse grains processing industry has been introduced during 9th Plan with a total outlay of Rs. 550 lakhs. The budgetary allocation for 1997-98 was Rs. 95 lakhs. But the Committee find that financial

assistance has not been given even to a single unit in case of Maize/ Coarse grains during 1997-98. The Committee feel that there is some lacuna in the scheme content due to which there are no takers for this scheme. The Committee desire that procedures to avail of the funds under the scheme should be simplified so as to attract more & more entrepreneurs to undertake projects in this regard.

The Committee in their 13th Report on demands for grants 1997-98 had recommended that research activities in processing of coarse grains to convert them into attractive food products in order to catch the large urban markets should be initiated and be supported with adequate outlays for the purpose. But the Committee observe that no project has yet been started in this field. The Committee, therefore, recommend that research activities should be started in this regard at the earliest with separate budgetary provisions.

#### Recommendation Sl. No. 13

*Beer, Non-Alcoholic Beer Etc.*

5.13 The Committee observe that the Ministry of Food Processing Industries has been allocated three subjects *viz.* (i) Beer, including non-alcoholic beer (ii) Alcoholic drinks from non-molasses base and (iii) Aerated waters/soft drinks and other processed foods.

The Committee note that in regard to beer and alcoholic drinks from non-molasses based which are subject to compulsory licensing, the role of Ministry of Food Processing Industries is limited to furnishing its views to the Ministry of Industry for consideration of grant of licence. The Committee feel that the role of the Ministry of Food Processing Industries in the matter is very limited in scope. The Committee, therefore, recommend that the Ministry should themselves also be entrusted with the task of grant of licences in order to reduce delays in grant of licences and to help the entrepreneurs to launch their ventures at the earliest.

#### Recommendation Sl. No. 14

*Processing of Perishable Produce*

5.14 The Committee observe that the India produces a wide range of fruits and vegetables in substantial quantities. But a large quantity of fruits and vegetables perish every year. Only 1.8% of the total production of fruits and vegetables is commercially processed which is far below the level compared to other developed and developing countries.

The Committee are of the opinion that very little has been done so far in this field. There are some fruits like mango, pineapple, orange, papaya, and guava etc. which can be processed into fresh juice and marketed in tetra packs or in any other hygienically preserved packaging. All these fruits and large quantities of potato & tomato etc. go waste for want of adequate processing facilities. The Committee, therefore, recommend that the Ministry should take some special efforts to help the entrepreneurs to set up processing units in large numbers all over the country and an exclusive scheme for this purpose should be drafted and posed for funding to the Planning Commission.

#### Recommendation Sl. No. 15

##### *Infrastructural Facilities for Processing*

5.15 The Committee note that every year 25-30% of the total agricultural produce goes waste due to inadequate post-harvest technology, poor infrastructure, as well as absence of linkages between the processing industry and the growers. The processing units are mainly concentrated in the States with better infrastructural facilities rather than at places where raw material is available.

The Committee also observe that there is a scheme for setting up of Mobile Fruit & Vegetable processing units but during 1997-98, the Ministry could receive only one proposal from Karnataka in this regard. The Committee, desire that awareness about this scheme must be generated in order to receive more proposals and to provide the processing facility to the farmers at their doorsteps.

The Committee, therefore, recommend that under the scheme for infrastructural facilities for Food Processing the Government should encourage the setting up of mobile processing units in the rural areas and near the places where a particular quality crop is produced in abundance so that most of the produce could be processed on the spot avoiding the huge expenditure being incurred on transportation.

#### Recommendation Sl. No. 16

##### *Establishment of Cold Storages/Cold Chains*

5.16 The Standing Committee on Agriculture in their 13th report on Demands for Grants (1997-98) had observed that the existing cold storage facilities are very few in rural areas where the farmers can preserve their produce and save the raw fruits and vegetables from perishing. The total number of cold storages in the country as on 31.5.97 is 3443 having a capacity of 103.48 lakhs MT out of which

2975 are in private sector, 303 in cooperative sector & 165 are in public sector. The Committee recommended that private parties or individuals should be encouraged to set up cold storages in rural areas and 35% subsidy should be provided to them. The Committee also desired the cold storage order to be repealed.

The Committee are satisfied to note that the Cold Storage Order which was imposing unnecessary control over cold storage facilities and was a hinderance for the growth of this sector has been repealed. The Committee are dismayed to find that no steps have been initiated for establishment of cold storages/cold chains as recommended by the Committee.

The Committee, therefore, once again recommend that a separate scheme of assistance for establishing cold storages/cold chains in rural areas should be started and the private parties, individuals and cooperatives should be encouraged with 35% subsidy to set up the cold storages. The Committee further recommend that the scheme for the North-East States for this purpose should be 100% Centrally funded and no stipulation for any contribution from the State Government should be there.

The Committee have been informed by the Secretary, Agriculture during Evidence that the National Horticulture Board offers soft loans with 4% interest for setting up of cold storages. This is not known to many persons in the country. Therefore, the availability of this loan should be publicised. The same kind of soft loans should be made available by the Banks also for this purpose. The matter should be suitably taken up with the Ministry of Finance for necessary directions to the Banks. The State Governments should also publicise the Scheme in local languages.

The Committee further recommend that the Ministry of Food Processing Industries should formulate a separate Scheme of assistance for setting up of the low cost cold storages/cooling chambers that have been recently developed by ICAR with suitable budgetary allocations.

#### Recommendation Sl. No. 17

##### *Implementation of Fruit Products Order (FPO), 1995*

5.17 The quality and safety of various processed food products is subject to the provisions of Prevention of Food Adulteration (PFA) Act, 1955 and Fruit Products Order (FPO), 1955. Whereas PFA provides for standards for various food products, the FPO provides for compulsory licensing for all fruit and vegetable based products and also specifies standards for the hygienic conditions to be maintained

by units producing fruit and vegetable products. PFA is administered by Ministry of Health and the State Health authorities are the inspecting agencies under the Act. FPO is administered by Ministry of Food Processing Industries and is implemented through four regional offices of the Directorate of Fruit and Vegetable Processing Industries under the Ministry of Food Processing Industries. The Ministry has issued a total no. of 4500 licences under FPO.

The Committee note that enforcement under FPO is done to check whether (a) the unit is conforming to FPO or not (b) the products are conforming to the specifications or not and (c) labels are in order or not. The Committee are also informed that no licence has been cancelled during the last 3 years due to non-compliance of the above conditions. However, about 125 licences are cancelled every year for non-receipt of renewal fee or if the unit has on its own closed its operations.

The Committee are of the opinion that compulsory licensing is not sufficient to have a check on these industries and there should be regular physical checks undertaken to ensure compliance with the FPO. The task of constant checks is carried out by the four regional offices of the Directorate of Fruit & Vegetable Processing Industries under the Ministry of Food Processing Industries. It appears that no review about the methods of working of these regional offices has been undertaken so far. The Committee desire that the Government should review the working of these Regional Directorates and take proper corrective measures to tone up their functioning.

#### Recommendation Sl. No. 18

##### *Meat & Poultry Processing Sector*

5.18 The Committee note that during 1998-99 Rs. 625 lakhs have been allocated for the Meat & Poultry processing sector and the allocation for 1997-98 was 286 lakhs. During 1997-98, only Rs. 192 lakhs could be utilised and only one unit could be extended the assistance. The Committee also note that during 1997-98 no money has been spent on two schemes namely (i) the scheme for development/improvement of Marketing Quality Control Storage, and (ii) the scheme for development of poultry and egg processing. During 1998-99 Rs. 300 lakhs and Rs. 150 lakhs respectively have been allotted for these schemes.

The Committee observe heavy shortfalls in respect of utilisation of financial allocations under these schemes.

The Committee have been informed that the funding under the schemes is done in two ways (i) Grant-in-aid, and (ii) Interest free

loan. The Committee are surprised, to learn that there are no takers for the schemes in this sector even when the Government is ready to give grant-in-aid and interest free loan.

The Committee, therefore, recommend that the Ministry should evolve some simplified procedures to woo the entrepreneurs and for expeditious release of funds so that the Ministry could be able to utilise the amount of Rs. 625 lakhs earmarked for this sector during 1998-99.

#### Recommendation Sl. No. 19

##### *All Meat Processing Activities Under one Ministry*

5.19 The Committee find that schemes relating to Meat Processing activities are being operated by Department of Animal Husbandry and Dairying. They have 3 schemes on meat processing viz. (i) Projects on animal systems, (ii) Development of infrastructure of export oriented slaughter houses, and (iii) Establishment/Modernisation of slaughter houses/carcass utilisation centre near Indian Airforce Airfields. During 1998-99, Rs. 21.00 crores have been allocated on Meat Processing under the Department of Animal Husbandry & Dairying. Ministry of Food Processing Industries has been allocated Rs. 6.25 crores to spend on schemes relating to meat and poultry processing activities during 1998-99.

The Committee desire that all the poultry processing and meat processing activities should be brought under the Ministry of Food Processing Industries because it is this Ministry who has the prime responsibility of developing the food processing industries. Moreover, two schemes of Fisheries sector from Ministry of Food Processing Industries has already been transferred to Department of Animal Husbandry & Dairying on the same analogy.

The Committee, therefore, recommend that in the interest of the overall growth of meat processing sector, all the schemes relating to meat and poultry processing should be brought under the Purview of the Ministry of Food Processing Industries.

NEW DELHI;  
July 2, 1998  

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Asadha 11, 1920 (Saka)

KINJARAPU YERRANNAIDU,  
Chairman,  
Standing Committee on Agriculture.

## APPENDIX

Minutes of the Eleventh Sitting of the Standing Committee on Agriculture Held on Thursday the 2nd July 1998 at 1015 Hrs. In Committee Room 'B', Parliament House Annexe, New Delhi

The Committee sat from 1015 hrs to 1500 hrs.

### PRESENT

Shri Kinjarapu Yerrannaaidu — *Chairman*

### MEMBERS

#### *Lok Sabha*

2. Shri Ramachandra Baina
3. Shri D.C. Sreekantappa
4. Shri Baliram Kashyap
5. Smt. Sangeeta Kumari Singh Deo
6. Shri Virendra Verma
7. Shri Bhupinder Singh Hooda
8. Shri Sudhakar Rao Rajusing Naik
9. Shri Ramkrishna Baba Patil
10. Shri Maganti Venkateswara Rao
11. Shri Uttamrao Deorao Patil
12. Shri Kantilal Bhuria
13. Shri Mahaboob Zahedi
14. Shri Abul Hasnat Khan
15. Shri Anup Lal Yadav
16. Shri Bashist Narayan Singh
17. Shri Sode Ramaiah
18. Dr. Sushil Kumar Indora
19. Lt. Gen. (Retd.) N. Foley



*Rajya Sabha*

20. Maulana Habibur Rahman Nomani
21. Shri Devi Prasad Singh
22. Shri Shiv Charan Singh
23. Shri Ramnarayan Goswami
24. Shri Sukh Dev Singh Dhindsa

## SECRETARIAT

- |                       |   |                           |
|-----------------------|---|---------------------------|
| 1. Shri P.D.T. Achary | — | <i>Joint Secretary</i>    |
| 2. Shri S. Bal Shekar | — | <i>Deputy Secretary</i>   |
| 3. Shri K.L. Arora    | — | <i>Assistant Director</i> |

Chairman (AC) welcomed the Members. Thereafter the Committee took up for consideration the draft reports on Demands for Grants (1998-99) of the following Ministries/Departments one by one for consideration.

- |  |             |
|--|-------------|
| (i) Ministry of Agriculture (Department of Agricultural Research & Education.) | 8th Report  |
| (ii) Ministry of Agriculture (Department of Animal Husbandry & Dairying)       | 9th Report  |
| (iii) Ministry of Water Resources  | 10th Report |
| (iv) Ministry of Food Processing Industries                                    | 11th Report |

2. The Committee considered the draft reports and adopted the 8th, 9th, 10th and 11th Reports with minor additions & modifications.

3. The Committee, then, authorised the, Chairman to present the above mentioned 4 Reports and the 7th Report on Demands for Grants (1998-99) pertaining to the Ministry of Agriculture (Department of Agriculture & Cooperation) already adopted by the Committee on Monday, 29th June, 1998, to the House on a date and time convenient to him.

4. The Hon'ble Chairman thanked the Members of their co-operation during the consideration of Demands for Grants of the Ministries/Departments and appreciated the sincere and dedicated efforts put in by the officers and staff of the Agriculture Committee Branch.

*The Committee then adjourned.*

**EIGHTH PLAN OUTLAY AND EXPENDITURE IN FISHERIES  
SECTOR VIDE PARA NO. 2.3 OF CH. II**

(Rs. in lakhs)

Name of the Scheme/ Project/Programme	Approved Outlay 5 Year Plans	Actual allocation in Annual Plans	Actual Expenditure	Percentage of expenditure out of actual allocation
1	2	3	4	5
<i>Fisheries Sector</i>				
1. Scheme for Assistance for deep sea fishing and processing ventures	300	380	128	33.68
2. Scheme for interest subsidy loan for acquisition of deep sea vessels	400	355	176.37	49.68
3. Scheme for Diversified Fishing	600	305	35	11.47
4. Scheme for Implementation of MZI Act—communication facilities to Coast Guard	300	271	271	100
5. Scheme for Cold Chain Facilities	—	275	318.23	115.68
6. National Marine Fisheries Development Board	200	255	—	—

1	2	3	4	5
7. Scheme for tuna and other fish processing	—	225	266.20	118.31
8. Scheme for R & D in fish processing	—	100	17.5	17.50
9. Scheme for setting up of infrastructural facilities for preservation & processing of fish	900	1044	696.18	66.68
			This scheme was formulated for implementation from the year 1994-95 onwards by merging the schemes at Sl. No. 5 & 7.	
Fishery Survey of India	3600	5758	5294	91.94
	6300	8968	7202	80.30

DETAILS OF SANCTIONS ISSUED FOR STUDIES DURING  
8TH PLAN PERIOD VIDE PARA NO. 3.16 IN CH. III

Sl. No.	Name of Organisation	Amounts (Rs. in lakh)
1	2	3
1.	Himachal Fruit Growers Coop. Marketing and Processing Society Ltd., Shima	3.00
2.	FPI Deptt., Government of West Bengal, Calcutta	2.50
3.	—Do—	1.97
4.	N.P.C., New Delhi	3.00
5.	Technical Consultancy Services Organisation of Karnataka, Bangalore	3.00
6.	Directorate of Civil Supplies, Government of Pondicherry	0.85
7.	Technical Consultancy Services Organisation of Karnataka (TESCSOK)	3.00
8.	Government of Manipur	1.50
9.	Association of Women Entrepreneurs of Karnataka	0.885
10.	Association of Women Entrepreneurs of Karnataka	1.105
11.	N.P.C., New Delhi	2.90
12.	HAIC Ltd., Chandigarh	

1	2	3
13.	Assam Industrial Development Corporation Ltd.	4.35
14.	Bihar Industrial & Technical Consultancy Organisation Limited, Patna	3.00
15.	All India Starch Manufacturers Association Pvt. Ltd., Bomaby	2.20
16.	Orissa Agro Industries Corpn. Ltd., Bhubaneshwar	2.90
17.	Indian Institute of Entrepreneurship, Guwahati.	5.00
18.	Bihar Industrial & Technical Consultancy Organisation Ltd., Patna	3.00
19.	Govt. of Manipur	1.00
20.	National Productivity Council Patna	1.50
21.	Assam State Co-operative Marketing & Consumer's Federation Ltd.	2.25
22.	Punjab Agro Industries Corporation Ltd., Chandigarh	3.00
23.	U.P. Industrial Consultants Ltd., Kanpur	120
24.	Agriculture Deptt., Govt. of Tamil Nadu	2.60
25.	Tata Economic Consultancy Services, New Delhi	2.075
26.	N.P.C., Patna	1.20

1	2	3
27.	Operation Research Group Bhubaneswar	1.80
28.	National Productivity Council, Patna	0.30
29.	Commissioner (Industries) Govt. of Manipur, Imphal	0.50
30.	Tata Economic Consultancy Service, New Delhi	1.245
31.	U.P. Industrial Consultants Ltd., Kanpur	1.20
32.	Confederation of Indian Industry, New Delhi	3.00
33.	Himachal Pradesh Agro-Industries Corporation Ltd., Simla	2.45
Total		72.48

DETAILS OF SANCTIONS ISSUED FOR STUDIES DURING 1997-98  
VIDE PARA NO. 3.16 IN CH. III

Sl. No.	Name of Organisation	Amounts (Rs. in lakh)
1.	Director of Industries, J&K (Study by CIFTI) No. 7-46/97-Pc dt. 08.01.98)	9.00
2.	M/s Maharashtra Fisheries Dev. Crop. Ltd. (No. 32015/26/96-Fy(C-I) dt. 04.02.98	3.00
3.	Agricultural Promotion & Investment Corpora- tion of Orissa Limited (APICOL).	3.00
4.	Multi-centric Study by NIN, Hyderabad (No. 1-13/97-Pc dt. 31.03.1998)	30.00
Total		45.00

**8TH PLAN OUTLAY AND EXPENDITURE IN MEAT AND  
POULTRY PROCESSING VIDE PARA NO. 3.30 IN CH. III**

(Rs. in lakhs)

S. No.	Name of the Scheme	Approved outlay five year plan	Actual allocations in annual plans	Actual expenditure	Percentage of expenditure vis-a-vis actual allocations
<i>Meat &amp; Poultry Processing Sector</i>					
1.	Development of Poultry & Egg Processing	350	740	593.18	80
2.	Development of Meat Processing (Sheep, Goat, Pork, Rabbit & Buffalo)	1200	1585	1066.22	67.25
3.	Development of Infrastructure for Storage, Transportation of Meat for Exports	200	160	Nil	Nil
4.	Development of Marketing Facility and Transport	250	300	46.91	15.67
5.	Development of Trained Man Power	150	239	172.13	70
6.	Establishment of National Meat & Poultry Products Development Council (National Livestock Products Development Council)	150	126	Nil	Nil
<b>Total</b>		<b>2300</b>	<b>3150</b>	<b>1878.44</b>	<b>59.63</b>