

17

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

TWELFTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

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

*[Action taken by the Government on the Recommendations/
Observations contained in the Eleventh Report of the
Standing Committee on Agriculture (1998-99)]*

SEVENTEENTH REPORT



सत्यमेव जयते

AUTHENTICATED

K. YERRANNAIDU
Chairman

Standing Committee on Agriculture

**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1999/Chaitra, 1921 (Saka)

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(1998-99)

(TWELFTH LOK SABHA)

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Standing Committee on Agriculture]*

Presented to Lok Sabha on 15.4.1999

Laid in Rajya Sabha on 15.4.1999



LOK SABHA SECRETARIAT
NEW DELHI

March, 1999/Chaitra, 1921 (Saka)

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

Shri Kinjarapu Yerrannaidu — *Chairman*

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43. Shri Sangh Priya Guatam
44. Shri Devi Lal
45. Prof. M. Sankaralingam

SECRETARIAT

- | | | |
|--------------------------|---|-----------------------------|
| 1. Shri G.C. Malhotra | — | <i>Additional Secretary</i> |
| 2. Shri Joginder Singh | — | <i>Joint Secretary</i> |
| 3. Shri S. Balshekar | — | <i>Deputy Secretary</i> |
| 4. Shri K.L. Arora | — | <i>Assistant Director</i> |
| 5. Smt. Jyochnamay Sinha | — | <i>Reporting Officer</i> |

*Nominated to the Committee w.e.f. 18th March, 1999 in place of Lt. Gen. (Retd.) N. Foley, who ceased to be a member of the Committee consequent upon his nomination to DRSC on Defence w.e.f. 18th March, 1999.

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (1998-99) having been authorised by the Committee to submit the Report on their behalf, present this Seventeenth Report on Action Taken by Government on the recommendations/observations contained in the 11th Report of the Standing Committee on Agriculture 1998-99 (Twelfth Lok Sabha), Demands for Grants (1998-99) of the Ministry of Food Processing Industries.

2. The Eleventh Report of the Standing Committee on Agriculture (1998-99) on Demands for Grants (1998-99) of the Ministry of Food Processing Industries was presented to Lok Sabha on 9th July, 1998. The Ministry of Food Processing Industries was requested to furnish action taken replies of the Government to recommendations contained in the Eleventh Report. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered these action taken replies furnished by the Government and approved the draft comments and adopted the Seventeenth Report.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the Seventeenth Report (12th Lok Sabha) of the Committee is given in Appendix-II.

NEW DELHI;
22 March, 1999
1 Chaitra, 1920 (Saka)

KINJARAPU YERRANNAIDU,
Chairman,
Standing Committee on Agriculture.

CHAPTER I

REPORT

This report of the Committee on Agriculture deals with the action taken by the Government on the recommendations contained in the Eleventh Report (Twelfth Lok Sabha) of the Standing Committee on Agriculture (1998-99) on the Ministry of Food Processing Industries which was presented to the Lok Sabha on 9th July, 1998.

1.2 Action taken notes have been received from the Government in respect of all the 19 recommendations contained in the Report. These have been categorised as follows :—

- | | | |
|-------|---|---|
| (i) | Recommendations/Observations that have been accepted by the Government (Chapter - II of the Report) | |
| | Recommendation Nos. 3, 8, 11, 16, 17 & 18 | |
| | Total | 6 |
| (ii) | Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies (Chapter - III of the Report) | |
| | Recommendation No. 13 | |
| | Total | 1 |
| (iii) | Recommendations/Observations in respect of which reply of the Government have not been accepted by the Committee (Chapter - IV of the Report to be commented upon in Chapter - I of the Report) | |
| | Recommendation Nos. 4, 7, 10, 12 & 14 | |
| | Total | 5 |
| (iv) | Recommendations/Observations in respect of which final replies of the Government are still awaited (Chapter - V of the Report) | |
| | Recommendation Nos. 1, 2, 5, 6, 9, 15 & 19 | |
| | Total | 7 |

1.3 The Committee will now deal with the recommendations which have not been accepted and have been included in Chapter - IV of the report.

Recommendation (Sl. No. 4, Para No. 5.4)

Allocation of 10 per cent of Funds for North-East

1.4 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.

Reply of the Government

1.5 Out Plan Schemes have defined difficult areas which include North-Eastern States. Projects set up in such difficult areas would be eligible to get enhanced financial assistance. However, such assistance is not 100% of the project cost except for person power development, promotional measures etc. The recommendations of the Committee have been noted and efforts would be made to extend maximum financial assistance to these areas. For successful completion of the meat and poultry projects in Assam and Nagaland, special efforts have been taken by the Ministry to constitute an Expert Team and to provide additional financial assistance taking into account the enhanced project cost and the inability of the State Governments concerned to provide matching contribution. Full funding for preparation of feasibility report, Seminars etc. are being extended to the North East also.

Comments of the Committee

1.6 The Committee are dismayed to find that inspite of their strong recommendation for making all central plans for North Eastern States 100% centrally funded in view of their difficult geo-economic conditions, no effort has been made to add more schemes to take care of development of North-East with 100% central funding. The Committee, therefore, reiterate that the Government should concentrate more on setting up of projects by giving them 100% assistance by extending the scope of full funding to the entire project instead of limiting it to only peripheral activities such as human resource development seminars etc. and not waiting for contribution from already fund starved state Governments of North-east. Funds from Central Resource Pool should also be utilised for this purpose.

Recommendation (Sl. No. 7, Para No. 5.7)

Need to Ensure Quality Standards for Food Products to Enable Exports

1.7 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 Organization. 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 focused 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.

Reply of the Government

1.8 The Ministry proposes to provide financial assistance to companies seeking ISO certification. No company has so far been assisted for this purpose.

Comments of the Committee

1.9 The Committee are disappointed to note the question of providing financial assistance to companies for seeking ISO certification is only at the proposal stage, although the Committee have been already informed that the Ministry has put up a new window to provide a special grant to companies in this regard. The Committee desire that the scheme should be put in operation immediately. The Committee find that the Government is completely silent about the publicity measures taken and other efforts made by them to make industries seek ISO certification for maximum products with a view to encouraging export of quality processed products. The Committee wish to point out that a mere proposal to provide financial assistance to companies seeking ISO certification without any planned strategy for realising and publicising the necessity of this certification is an exercise in futility. The Committee, therefore, reiterate their earlier recommendation regarding the need to impress upon the industries engaged in processed food manufacture in public as well as private sector to make concentrated and whole-hearted efforts to seek ISO 9000 series certification by improving the quality

management systems and the actual quality of food products in order to augment the export as well as consumption of quality processed food in the country.

Recommendation (Sl. No. 10, Para No. 5.10)

Fish Processing

1.10 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 spent 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 of the funds provided on all schemes.

Reply of the Government

1.11 Out of the allocation of Rs. 11.41 crores shown for fisheries sector, Rs. 10.64 crores was allocated for the Scheme for Infrastructural Facilities for Food Processing Industries. Though the scheme is shown under fisheries sector, it has provision for all the sectors of Ministry including fisheries. A total expenditure of Rs. 6.68 crores was incurred by this Ministry under the scheme of which Rs. 2.30 crore were spent in fisheries sector. The year 1997-98 was the first year of IXth Plan. The modalities for assistance under various schemes were finalized by EFC only in November, 1997. Moreover, there was a change in pattern of assistance for private sector companies in general areas. Earlier, financial assistance was available as *grant* and it was changed to *soft loan* during IX Plan.

Due to these factors, the funds provided for the scheme could not be utilized fully.

Comments of the Committee

1.2 The Committee are unhappy at the incomplete and evasive reply furnished by the Ministry. The Committee had specifically recommended that the Ministry should take specific steps to ensure the complete utilisation of the funds provided for all schemes in fisheries sector but the Ministry in its reply has only mentioned about the reasons for non-utilisation of funds during 1997-98 and is completely silent about the remedial steps taken/proposed in this regard. The Committee, therefore, feel that the Ministry should have chalked out schemes in a way to attract private sector companies and cooperatives to avail of soft loans for development of fish processing sector, even when the schemes are put in operation in the later half of the financial year. The Committee recommend that in all cases where late finalisation of schemes takes place, the strategy should be to redouble the pace of implementation to make good the time lost already.

Recommendation (Sl. No. 12, Para No. 5.12)

Backward Linkages for Maize/Coarse Grains

1.13 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 and 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.

Reply of the Government

1.14 Due to change of the pattern of assistance under the scheme from grant-in-aid to loan (at 4% interest) the prospective beneficiaries did not respond to the scheme favourably. However, due to wide publicity now given to the plan schemes by the Ministry through newspapers on all India basis, a favourable response to the scheme is expected during 1998-99.

A Research & Development project for production of value added products from coarse grains has been sanctioned by the Ministry to Central Food Technological Research Institute, Mysore at a cost of Rs. 26.50 lakhs in March, 1998 with the following objectives:—

- (a) To develop appropriate rural level technologies for processing of sorghum, finger millet and pearl millet for the production of refined grain, grits and flour.
- (b) To develop technologies for production of value added and newer products from processed sorghum, finger millet and pearl millet grits and flour.
- (c) To develop technologies for making bakery and traditional products that are commonly prepared from rice or wheat.

The project is expected to be completed by March, 2001.

Comments of the Committee

1.15 The Committee find that the beneficiaries did not respond favourably to the scheme for creating backward linkages in the maize/coarse grain sector due to the change in the pattern of assistance. The Committee, therefore, recommend that if no favourable response comes up for the scheme during 1998-99, the Government should reconsider the question of reverting back to the old pattern of assistance by way of grant-in-aid, as this sector concerns the poor and marginal farmers who are resource-poor and who undertake cultivation of these crops in difficult rainfed terrains. The Committee are disappointed to note that the funds for the research activities on production of value added products from coarse grains were made available only at the fag end of the financial year in the month of March leaving no time for absorption of funds. Even the quantum of fund released appears to be quite insignificant. The Committee

therefore, recommend that funds for research activities should be made available well in advance to enable uninterrupted research on this neglected sector which is quite crucial to the economic well-being of the resource poor farmers of the geographically disadvantaged areas.

Recommendation (Sl. No. 14 , Para No. 5.14)

Processing of Perishable Produce

1.16 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.

Reply of the Government

1.17 The Ministry is operating a scheme for setting up/expansion/modernisation of food processing units. Such units may also relate to fruit and vegetable processing. During the period 1992—98, 44 units have availed of assistance of around Rs. 15 crores for such projects involving a total project cost of about Rs. 300 crores. A large number of these projects are engaged in processing of fruits such as mango, orange, papaya, pineapple and guava etc. With a view to increase the level of availability of finance per project and to ensure greater accountability and higher responsibility for the promoters, modifications in the schemes have been incorporated so as to increase the quantum of soft loan assistance. The Ministry has also put up advertisements in newspapers to publicise its plan schemes including schemes for setting up/expansion and modernisation of fruit and vegetable processing units.

Comments of the Committee

1.18 The Committee are dismayed to find that no heed has been paid to their recommendation about evolving an exclusive scheme for helping the entrepreneurs to set up processing units in large numbers in the fruit and vegetable sector and pose it for funding to the Planning Commission. The Committee, therefore, urge upon the Government to reconsider the entire matter with a great sense of urgency in view of the extent of fruits & vegetables that go waste on the one hand and in view of the rising prices of these commodities on the other hand in the domestic market. The Committee are of the opinion that the processed fruits & vegetables products can also substitute, in some way, the fresh fruits & vegetables at the time of shortage which results in price rise thus benefiting the farmers as well as the consumers. The Committee, therefore, desire the Government to evolve a scheme specifically for setting up of new processing units and cold storages, in various parts of the country and separate budgetary allocations in this regard with only fruits and vegetables as the focus.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 3, Para No. 5.3)

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

2.1 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.

Reply of the Government

2.2 All the procedures such as clearance of the Schemes for operating the same during the 9th Plan period, have been obtained from the Expenditure Finance Committee/Standing Finance Committee. During the first year of the 9th Plan *viz.* 1997-98, out of the total outlay of Rs. 40 crores, around Rs. 23 crores was utilised. In these

circumstances, it would not be correct to say that no proper home work was done and no procedure was evolved by the Ministry. It may be appreciated that 1997-98 being the first year of the 9th Plan, the action for getting clearances could be taken only after the outlay was approved.

Keeping in view the recommendations of the Committee, enhanced outlay would be sought in the Revised Estimates of 1998-99 and Budget Estimates of the ensuing years. As directed by the Committee, the observations of the Committee have been brought to the pointed attention of the Planning Commission and Ministry of Finance for appropriate and immediate action.

Recommendation (Sl. No. 8, Para No. 5.8)

Separate Wing for Research & Documentation

2.3 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.

Reply of the Government

2.4 Action has been initiated to create comprehensive data base on CODEX matters. The scheme "Establishment of Monitoring Cell" under Secretariat Economic Services has a financial provision of Rs. 60 lakhs during 1998-99 which would *inter-alia* cover expenditure on matters relating to CODEX Cell.

Recommendation (Sl. No. 11, Para No. 5.11)

Utilisation of Low Value Fish to Make Value Added Products

2.5 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 a 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.

Reply of the Government

2.6 During 9th Plan, a new Scheme for R&D in Food Processing Industries has been introduced. Under the scheme, one of the objectives relates to "Development of value added products using low value fish, product development, standardization of processing technology for non-conventional marine resources like snails, clams, mussels, oysters etc., and development of low cost packaging technology. It will also include development of suitable fishing gear and other accessories for exploitation of non-shrimp resources and setting up quality control laboratories." Thus the Ministry has given adequate importance to the research & development relating to development of value added products from low value fish.

Steps are being taken to commercialize the technologies developed by various institutes like Central Institute of Fisheries Technology (CIFT), Cochin, Integrated Fisheries Project, Cochin to make value added products from low value fish.

Recommendation (Sl. No. 16, Para No. 5.16)**Establishment of Cold Storages/Cold Chains**

2.7 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 hindrance 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.

Reply of the Government

2.8 The plan scheme being operated by the Ministry of Food Processing Industries titled "Scheme for Development of Infrastructural Facilities" as a component for establishment of post-harvest infrastructure and cold chain facilities for food processing. Under the scheme of cold storage, Non-Governmental Organisations/Joint Sector/Public Sector and Co-operatives are eligible to get grant in aid of 50% of the capital equipment and technical civil works upto Rs. 25 lakhs in general areas and 50 lakhs in difficult areas.

The Scheme has now been modified to make private sector eligible to get 50% of the cost of capital equipment and technical civil works upto Rs. 50 lakhs in general areas and upto Rs. 75 lakhs in difficult areas as soft loan. The North East has been defined as 'difficult area' with a higher level of financial assistance. However, 100% financial assistance is not available for the projects of infrastructure and processing.

National Horticulture Board has been requested to publicise their plan schemes to provide soft loan with 4% interest for setting up of cold storages. As recommended by the Standing Committee, the matter has been taken up with the Ministry of Finance, Banking Division to extend similar soft loan by the banks for the purpose.

One of the components of the Scheme "for setting up/expansion/modernisation of food processing industries" is "dissemination of low cost preservation technology." As per this component, actual cost of technology and plant and equipment upto Rs. 5 lakhs is admissible as grant to non-Governmental organisations, cooperatives and public sector undertakings. However, in the case of joint/assisted/private sector, this assistance is in the form of soft loan. This scheme would also cover specifically the low cost cold storage/cooling chambers that have been developed by Indian Council for Agricultural Research.

Recommendation (Sl. No. 17, Para No. 5.17)**Implementation of Fruit Products Order (FPO), 1955**

2.9 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 number 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.

Reply of the Government

2.10 The observations of the Committee have been noted. The Regional Offices of the Directorate of Fruit & Vegetable Processing

under the Ministry of Food Processing Industries are located at Calcutta, Delhi, Mumbai and Chennai. Technically qualified Inspecting Officers of these regions conduct inspections of the units, collect random samples and get them analysed in the laboratories in order to ensure their conformity with the prescribed specifications laid down in the F.P.O. Action has already been initiated to review the working of these regional offices to improve their all round performance. As a part of this initiative, the working of the regional offices have been computerised and the performance is being monitored at regular intervals by the Ministry.

Recommendation (Sl. No. 18, Para No. 5.18)

Meat & Poultry Processing Sector

2.11 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 utilize the amount of Rs. 625 lakhs earmarked for this sector during 1998-99.

Reply of the Government

2.12 The Plan Schemes operated under Meat and Poultry Processing Sector have been given wide publicity. Besides, the Ministry has initiated following actions to ensure maximum utilisation of funds under these schemes.

An Expert Team was constituted in May, 1998 to visit Assam and Nagaland to examine release of funds and other necessary measures for completion of three Meat and poultry Processing Projects in Guwahati and one each in Nazira (Assam) and Dimapur (Nagaland) and make recommendations. According to these recommendations, an expenditure of Rs. 4.5 crores and Rs. 2.32 crores has been proposed in 1998-99 and 1999-2000 respectively to complete these projects.

The Ministry has also appointed CFTRI as Consultant for establishing a pork processing sector at Bongaigaon, Assam. In case the project proposal is approved, an expenditure of Rs. 46.5 lakhs each is expected to be incurred during 1998-99 and 1999-2000.

Three other proposals (combined project cost Rs. 5.7 crores) from Maharashtra, Orissa and Manipur are under consideration for which an expenditure of Rs. 1.22 crores each is likely to be incurred during 1998-99 and 1999-2000.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS, WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Sl. No. 13, Para No. 5.13)

Beer, Non-Alcoholic Beer etc.

3.1 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 base 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.

Reply of the Government

3.2 Government of India is the licensing authority for the List of Industries mentioned in Annexure-2 of the Industrial Policy Statement of July, 1991 and licences are granted under the Industries (Development & Regulation) Act (IDR Act), 1951.

As per allocation of business, Ministry of Industry (Department of Industrial Policy & Promotion) administers the IDR Act and as such they exercise the powers of licensing authority under the Act for all industries which are subjected to compulsory licensing.

It is further submitted in this context that as per the Supreme Court judgement passed in the case of Bihar Distilleries, the Apex Court has taken the view that the Central Government has no authority to grant licences for manufacture of potable alcohol including beer and that the powers to grant such licence vests with State Government concerned. However, Government of India is yet to take a final view in the matter.

In the above circumstances, it would not be appropriate to take up this matter for further consideration at this stage.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 4, Para No. 5.4)

Allocation of 10 per cent of Funds for North-East

4.1 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.

Reply .of the Government

4.2 Our Plan Schemes have defined difficult areas which include North-Eastern States. Projects set up in such difficult areas would be eligible to get enhanced financial assistance. However, such assistance is not 100% of the project cost except for person power development, promotional measures etc. The recommendations of the Committee have been noted and efforts would be made to extend maximum financial assistance to these areas. For successful completion of the meat and poultry projects in Assam and Nagaland, special efforts have been taken by the Ministry to constitute an Expert Team and to provide additional financial assistance taking into account the enhanced project cost and the inability of the State Governments concerned to provide matching contribution. Full funding for preparation of feasibility report, Seminars etc. are being extended to the North East also.

Recommendation (Sl. No. 7, Para No. 5.7)

Need to Ensure Quality Standards for Food Products to Enable Exports

4.3 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 Organization. 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.

Reply of the Government

4.4 The Ministry proposes to provide financial assistance to companies seeking ISO certification. No company has so far been assisted for this purpose.

Recommendation (Sl. No. 10, Para No. 5.10)

Fish Processing

4.5 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 spent 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 of the funds provided on all schemes.

Reply of the Government

4.6 Out of the allocation of Rs. 11.41 crores shown for fisheries sector, Rs. 10.64 crores was allocated for the Scheme for Infrastructural Facilities for Food Processing Industries. Though the scheme is shown under fisheries sector, it has provision for all the sectors of Ministry including fisheries. A total expenditure of Rs. 6.68 crores was incurred by this Ministry under the scheme of which Rs. 2.30 crore were spent in fisheries sector. The year 1997-98 was the first year of IXth Plan. The modalities for assistance under various schemes were finalized by

EFC only in November, 1997. Moreover, there was a change in pattern of assistance for private sector companies in general areas. Earlier, financial assistance was available as *grant* and it was changed to *soft loan* during IX Plan.

Due to these factors, the funds provided for the scheme could not be utilized fully.

Recommendation (Sl. No. 12, Para No. 5.12)

Backward Linkages for Maize/Coarse Grains

4.7 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. 85 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 and 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.

Reply of the Government

4.8 Due to change of the pattern of assistance under the scheme from grant-in-aid to loan (at 4% interest) the prospective beneficiaries did not respond to the scheme favourably. However, due to wide publicity now given to the plan schemes by the Ministry through newspapers on all India basis, a favourable response to the scheme is expected during 1998-99.

A Research & Development project for production of value added products from coarse grains has been sanctioned by the Ministry to Central Food Technological Research Institute, Mysore at a cost of Rs. 26.50 lacs in March, 1998 with the following objectives:—

- (a) To develop appropriate rural level technologies for processing of sorghum, finger millet and pearl millet for the production of refined grain, grits and flour.
- (b) To develop technologies for production of value added and newer products from processed sorghum, finger millet and pearl millet grits and flour.
- (c) To develop technologies for making bakery and traditional products that are commonly prepared from rice or wheat.

The project is expected to be completed by March, 2001.

Recommendation (Sl. No. 14, Para No. 5.14)

Processing of Perishable Produce

4.9 The Committee observe that 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 vegetable 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.

Reply of the Government

4.10 The Ministry is operating a scheme for setting up/expansion/modernisation of food processing units. Such units may also relate to fruit and vegetable processing. During the period 1992-98, 44 units have availed of assistance of around Rs. 15 crores for such projects involving a total project cost of about Rs. 300 crores. A large number of these projects are engaged in processing of fruits such as mango, orange, papaya, pineapple and guava etc. with a view to increase the level of availability of finance per project and to ensure greater accountability and higher responsibility for the promoters, modifications in the schemes have been incorporated so as to increase the quantum of soft loan assistance. The Ministry has also put up advertisements in newspapers to publicise its plan schemes including schemes for setting up/expansion and modernisation of fruit and vegetable processing units.

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. No. 1, Para No. 5.1)

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 recouperate 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 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.

Reply of the Government

5.2 Recommendations of the Committee have already been taken up with the Ministry of Finance and the Planning Commission, requesting for enhanced allocation of outlay for the Ministry's Plan Schemes.

Recommendation (Sl. No. 2, Para No. 5.2)

Total Plan Outlays

5.3 The Committee wish to point out that a need was felt for setting up a separate Ministry for specifically promoting and co-ordinating 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 finalizing 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.

Reply of the Government

5.4 While submitting the Annual Plan proposals of the Ministry for 1999-2000, the recommendations of the Standing Committee would be kept in view and higher outlays would be sought for the development of processed food sector. The recommendations of the Standing Committee have already been conveyed to the Planning Commission and Finance Division for appropriate and immediate action.

Recommendation (Sl. No. 5, Para No. 5.5)

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.

Reply of the Government

5.6 The recommendations of the Committee have been taken up with the Nodal Agencies of the North-Eastern States in order to finalise the modalities for giving effect to these recommendations. Copy of the New Industrial Policy and other concessions in the North-Eastern Region has been made available to them with the request to give wide publicity to those.

Recommendation (Sl. No. 6, Para No. 5.6)

Need to Give More Grants to Disadvantaged Areas

5.7 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 Andaman & Nicobar and Lakshadweep 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.

Reply of the Government

5.8 The recommendations of the Committee that the Ministry should fine tune schemes to provide larger grant component to enable the development of difficult and disadvantaged areas such as the North-East etc. have been noted. Both Planning Commission and Ministry of Finance have been approached for higher allocation of Plan outlays.

Recommendation (Sl. No. 9, Para No. 5.9)

Unscientific Merger of Scheme

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, IIT, 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 and Coarse Grains.	Grain Processing	Horticulture	The schemes has no link with Horticulture
(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.

Reply of the Government

5.10 The recommendations of the Committee that all schemes that have been clubbed/merged may be put back under their original sectors have been noted and possibilities of taking up these schemes separately would be explored at the time of preparation of Annual Plan for the year 1999-2000. Changes in the schemes would entail changes in the Demands for Grants and such changes can be possible only during the next year. In the meantime, Divisions of the Ministry have been requested to undertake the exercise, keeping in view the recommendations of the Standing Committee.

Recommendation (Sl. No. 15, Para No. 5.15)

Infrastructural Facilities for Processing

5.11 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.

Reply of the Government

5.12 The scheme for setting up/expansion/modernisation of food processing units has four components. One of the components relates to the establishment of mobile fruit and vegetable processing units to take the facility of processing to the doorsteps of the farmer.

The feasibility of setting up of such units is being evaluated in consultation with Karnataka Agro Industries Corporation who had put forward this concept initially and the Central Food Research Technological Research Institute (CFTRI), Mysore etc. After evaluation, the Ministry would take suitable follow up action.

Recommendation (Sl. No. 19, Para No. 5.19)

All Meat Processing Activities Under one Ministry

5.13 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 and 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 and 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.

Reply of the Government


5.14 Meat Food Products Order is presently administered by the Ministry of Rural Development (Directorate of Marketing and Inspection). A proposal was moved by Minister, Food Processing Industries in January, 1998 to bring this Order under the purview of the Ministry of Food Processing Industries as the Meat Food Products Order is directly related to the quality control of the meat food products. Processing of meat and meat products come under the purview of Ministry of Food Processing Industries. However, the response from the Ministry of Rural Development is still awaited.

The Ministry has taken up with the Department of Animal Husbandry and Dairying, the recommendations of the Standing Committee that all the schemes relating to meat and poultry processing sector should be brought under the purview of the Ministry of Food Processing Industries.

NEW DELHI;
22 March, 1999
 1 Chaitra, 1921 (Saka)

KINJARAPU YERRANNAIDU,
 Chairman,
 Standing Committee on Agriculture.

AUTHENTICATED



K. YERRANNAIDU
 Chairman

Standing Committee on Agriculture

APPENDIX I

MINUTES OF THE TWENTY THIRD SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON MONDAY THE 22ND MARCH 1999 FROM 11.15 HRS. TO 13.15 HRS. IN COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 11.15 hrs. to 13.15 hrs.

PRESENT

Shri Kinjarapu Yerrannaidu — *Chairman*

MEMBERS

Lok Sabha

2. Shri D.C. Sreekantappa
3. Shri Baliram Kashyap
4. Shri Maganti Venkateswara Rao
5. Shri Uttamrao Deorao Patil
6. Kum. Vimla Verma
7. Shri Mahaboob Zahedi
8. Shri Mitrasen Yadav
9. Shri Anup Lal Yadav
10. Shri Bashist Narayan Singh
11. Dr. Sushil Kumar Indora

Rajya Sabha

12. Maulana Habibur Rahman Nomani
13. Shri Devi Prasad Singh
14. Shri Ramnarayan Goswami
15. Shri H.K. Javare Gowda
16. Dr. Ramnendra Kumar Yadav (Ravi)
17. Shri Sangh Priya Gautam

APPENDIX II

(Vide Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE 11TH REPORT OF STANDING COMMITTEE ON AGRICULTURE (12TH LOK SABHA)

(i) Total Number of Recommendations	19
(ii) Recommendations/Observations which have been accepted by the Government Serial Nos. 5.3, 5.8, 5.11, 5.16, 5.17 & 5.18	
Total	6
Percentage	30.15
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies Serial No. 5.13	
Total	1
Percentage	5.26
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee Serial Nos. 5.4, 5.7, 5.10, 5.12 & 5.14	
Total	5
Percentage	26.31
(v) Recommendations/Observations in respect of which final replies of the Government are still awaited Serial Nos. 5.1, 5.2, 5.6, 5.9, 5.15 & 5.19	
Total	7
Percentage	36.80