

**35**

**STANDING COMMITTEE  
ON AGRICULTURE  
(1995-96)**

**TENTH LOK SABHA**

**MINISTRY OF FOOD  
PROCESSING INDUSTRIES**

**DEMANDS FOR GRANTS (1995-96)**

[Action taken by the Government on the recommendations/  
observations contained in the Twenty-Third Report of Standing  
Committee on Agriculture]

**THIRTY-FIFTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*December, 1995/Agrahayana, 1917 (Saka)*

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contained in the Twenty-Third Report of Standing Committee  
on Agriculture]*



Presented to Lok Sabha on 20.12.1995  
Laid in Rajya Sabha on 20.12.1995

LOK SABHA SECRETARIAT  
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE  
(1995-96)

Shri Nitish Kumar – *Chairman*

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4. Shri Nathuram Mirdha
5. Shri G. Ganga Reddy
6. Shri Ankushrao Raosaheb Tope
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28. Shri Upendra Nath Verma
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(iv)

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2. Smt. Roli Srivastava – *Joint Secretary*
3. Shri P.D.T. Achary – *Director*
4. Shri S. Bal Shekar – *Under Secretary*

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Ceased to be member of the Committee consequent upon his retirement from Rajya Sabha w.e.f. 14.6.95.

\*\* Ceased to be member of the Committee consequent upon his retirement from Rajya Sabha w.e.f. 24.7.95.

## COMPOSITION OF SUB-COMMITTEE 'E'

1. Shri H. Hanumanthappa - *Convenor*
2. Shri Upendra Nath Verma - *Alternate Convenor*
3. Shri G. Ganga Reddy
4. Shri Nathuram Mirdha
5. Shri V.V. Nawale
6. Shri Ganga Ram Koli
7. Shri Ram Tahal Chaudhary
8. Shri Satyanarayana Dronamraju

## INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (1995-96) having been authorised by the Committee to submit Report on their behalf, present this 35th Report on Action Taken by Government on the recommendations/observations contained in the Twenty-Third Report of the Standing Committee on Agriculture (1995-96) (Tenth Lok Sabha) on the Demands for Grants (1995-96) of the Ministry of Food Processing Industries.

2. The Twenty-Third Report of the Standing Committee on Agriculture (1995-96) on Demands for Grants (1995-96) of the Ministry of Food Processing Industries was presented to Lok Sabha on 4th May, 1995. The Ministry of Food Processing Industries was requested to furnish action taken replies of the Government to recommendations contained in the Twenty-Third Report by November, 1995. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered the action taken replies furnished by the Government in its sitting held on 13th December 1995, approved the draft comments and adopted the 35th Report.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the 23rd Report (Tenth Lok Sabha) of the Committee is given in Appendix II.

NEW DELHI;  
20 December, 1995  
29 Agrahayana, 1917 (Saka)

**NIITISH KUMAR,**  
*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 Twenty-Third Report (Tenth Lok Sabha) of the Standing Committee on Agriculture relating to Demands for Grants (1995-96) of the Ministry of Food Processing Industries which was presented to the Lok Sabha on 4th May, 1995.

2. Action taken notes have been received from the Government in respect of all the 13 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 Para Nos. 3.3, 3.4, 3.6, 3.7, 3.8, 3.10 & 3.11  
(Total 7)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:- (Chapter III of the Report)  
Recommendation Para No. 3.9 (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 Para Nos. 3.1, 3.2, 3.5 & 3.12 (Total 4)
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:- (Chapter V of the Report)  
Recommendation Para No. 3.13 (Total 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 No. 3.1**

In its 23rd report on Demands for Grants (1995-96) the Committee made the following recommendation:-

"The Committee note that three schemes are in operation under the Eighth Plan for promotion of deep-sea fishing under the Ministry of Food

Processing Industries viz. Scheme for assistance in deep sea-fishing and processing ventures; Scheme for interest subsidy on loans for acquisition of deep sea-fishing vessels; and Scheme for assistance in Diversified Fishing.

The Committee have observed that in the Scheme for assistance in deep sea-fishing and processing ventures, the funds allocated during 1993-94 and 1994-95 could not be utilised at all, as the MPEDA could not participate in equity of any Indian companies. Under the Scheme for interest subsidy there had been heavy shortfalls in 1992-93 and 1993-94 which are meant for providing interest subsidy on loans taken for acquisition of deep-sea fishing vessels by Indian companies. Under the third scheme, the Revised Estimate for 1994-95 is Rs. 1 crore, whereas the Budget Estimate for 1995-96 has been lowered to Rs. 0.50 crore only.

The Committee do not understand as to how short-falls, under utilisation and lower-budgeting would help in ensuring the presence of Indian Vessels in deep-sea fishing areas, as the object of these scheme is the promotion of activities of Indian deep-sea fishing enterprises. The Committee feel that a re-look at these schemes is necessary to find out as to why these schemes have very few takers and they also recommend the formulation of more schemes to assist the fisheries cooperatives to take to deep-sea fishing in a big way and they expect the Government to come up with proposals for higher Revised Estimates for 1995-96 and for higher Budget Estimates from 1996-97 onwards.

The Committee are constrained to observe that the scaling down of the Budget Estimates for 1995-96 in respect of the Scheme for Diversified Fishing to 50% of the Revised Estimate of the previous year (1994-95) hardly justifies the claim of the Ministry of Food Processing Industries to be a facilitator and catalyst in the development of food processing industries and they expect a more positive and innovative approach from them to make full use of the funds allocated to them."

The Government in their reply has stated as under:-

"Under the Scheme for assistance in deep sea fishing and processing ventures, funds are provided to MPEDA for enabling them to participate in the equity of deep sea fishing and processing ventures. During 1993-94, the Revised Estimate was Rs. 75 lakhs and an amount of Rs. 28 lakhs was released to MPEDA. However, though RE for 1994-95 was Rs. 100 lakhs, funds could not be allocated to MPEDA as there was no viable

proposal received from them. Since deep sea fishing and processing ventures are capital intensive, new entrants in this field are very limited. The matter is being taken up with MPEDA with a view to attracting new entrepreneurs.

The Scheme for Interest Subsidy provides that those companies who are regular in repayment of principal and interest would alone be eligible for the subsidy envisaged under the scheme. During the years under reference, a number of companies had defaulted in their repayment and most of them fell outside the purview of the scheme; hence the shortfall. Further, the budget allocation is fixed considering the quantum of subsidy required by a SCICI (as projected by them).

Under the third Scheme, fund has been provided to MPEDA for assistance to the individual entrepreneurs for meeting part of the modification cost of the vessels. The quantum of subsidy is limited to 30% of the cost of modification of the vessels. During 1992-93, an amount of Rs. 35 lakhs was provided to MPEDA out of a budget allocation of Rs. 50 lakhs. During 1993-94 and 1994-95, though the budget allocation was kept at Rs. 100 lakhs each, funds could not be utilised as there was no viable proposal received from MPEDA. With the assistance provided by this Ministry, about 14 companies have been assisted to modify a total number of 32 vessels. The scope of the scheme has recently been enlarged to meet 75% of the expenditure on training of the Indian crew employed in the modified vessels for carrying out diversified fishing. Under this scheme, budget allocation is made on the basis of the projections by MPEDA. It is expected that with the enlargement of the scope of the scheme, more and more companies will come forward to avail the benefits provided under this scheme.

This Ministry is having constant interaction with MPEDA which is the field level agency in implementing (1) Scheme for assistance in deep sea fishing and processing ventures and (2) Scheme for diversified fishing so that more proposals are received under these schemes."

**The Committee observe that the Ministry of Food Processing Industries have not taken a re-look at (i) the Scheme for assistance in deep-sea fishing and processing ventures and (ii) the Scheme for Interest Subsidy with a view to modify them or to enlarge their scope so that there are more takers for them as recommended by the Committee. The Committee are not satisfied with the vague reply of the Government that they are in constant interaction with MPEDA to tone up the implementation of two of the three schemes for deep-**

sea fishing. The reply does not reveal about anything about the measures proposed to be taken to discuss the matters with SCICI to modify the Scheme for Interest Subsidy. The Committee note that in effect virtually nothing has been done about the first two schemes in the light of the recommendation of the Committee. The Committee are disappointed to note that no scheme has been formulated to enable the cooperatives to take to deep-sea fishing in a big way as recommended by the Committee. The Committee, therefore, reiterate their earlier recommendation that the Government should take a re-look at these schemes with a view to either modify them or enlarge their scope so that precious outlays earmarked for the purpose are fully utilised. The Committee also reiterate their earlier recommendation to formulate schemes to encourage the cooperative sector to take to deep-sea fishing in a big way and scale up their budgetary allocations accordingly if they are really serious about the development of the deep-sea fishing industry and the development of processing facilities.

### Recommendation No. 3.2

The Committee in its 23rd report in Recommendation No. 3.2 has recommended as under:-

"The Committee note that while Rs. 10.74 crores have been earmarked for subsidies, grants and surveys for deep sea-fishing, the amount earmarked for schemes for setting up of infrastructural facilities for preservation and processing of fish is only Rs. 3.60 crores in the Budget Estimates for 1995-96. The Committee find that the allocation for creation of processing facilities is comparatively lower and has not been assigned the prime of place for higher allocations. The Committee wish to point out that this scheme is of immediate benefit and relevance to a lot of poor fishermen and they, therefore, recommend that the Ministry of Food Processing Industries should seek much higher allocations and raise their estimates for 1995-96 and keep increasing it substantially from 1996-97 onwards. The Committee feel that this should be the surest strategy to be adopted if the exports and domestic supply are to be given a boost by augmenting processing facilities and by setting up large cold chains all through the country."

The Government in their reply have stated as under:-

"It may be pointed out that the budget allocation earmarked under the Scheme for setting up of infrastructural facilities for preservation and processing of fish is only Rs. 3.60 crores for 1995-96. Considering the

need for promotion of setting up of technologically advanced preservation and processing facilities, it is proposed to assist cooperatives non-governmental organisations, private sector units etc.. for setting up of such facilities. Assistance under this scheme would also be available for modernisation of the existing units. The scheme also envisages setting up of ice-plants, cold storages, refrigerated/insulated transportation facilities aimed at helping the poor fishermen to preserve and process their catch so that they earn more value to their products. The quantum of budget allocation has been fixed taking approximately the requirements of the proposals already received in this Ministry and higher quantum could be sought for the coming financial years depending upon the response from the entrepreneurs in this field."

**The Committee observed that the allocation of not even one third of the total outlay for fishing sector in favour of creation of preservation and processing facilities is hardly sufficient to augment the fish processing facilities in the country and, therefore, they desired that the Government should step up the proportion of their expenditure for this purpose. The Committee are not satisfied with the reply of the Government that higher allocations could be sought depending only on the response of the entrepreneurs from whom proposals are received in the Ministry. The Committee feel that more initiatives should be taken by the Ministry so that entrepreneurs are motivated to come forward with more proposals for development of processing facilities instead of the Ministry remaining a passive receiver of proposals from the field. The entire reply of the Ministry shows that the Government have not been active enough in the matter and a new thrust is required in their efforts to justify their claim of being a facilitator in the matter of development of the food processing industries.**

### **Recommendation No. 3.5**

The Committee in its 23rd report in Recommendation No. 3.5 has recommended:—

"The Committee recommend that emphasis should be laid on setting up of food processing units especially by foreign enterprises in rural areas in order to generate more rural income and rural employment. The Committee desire that the policy of the Government for allowing foreign investment should be re-oriented towards the goal of rural employment generation and rural economic uplift. The Committee recommend that special incentives should be offered to enterprises to set up units closer to the rural sources of raw materials and the Ministry should seek specific

budgetary allocations for this purpose and the Committee are disappointed not to find any such demand raised by the Ministry despite repeated recommendations of the Committee in this regard."

The Government have stated in their reply as under:—

"As per the Industrial Policy, the entrepreneurs are free to decide about the location of the units depending upon several factors such as availability of raw materials, infrastructural facilities, etc. It is also in the interest of the entrepreneurs to set up units close to places where raw materials are available.

To encourage close tie-up between the processing units and the farmers, one of the plan schemes being operated by the Ministry in the fruits and vegetable processing sector aims at establishing backward linkages. We have rendered assistance under the scheme to many units. Such units are necessarily located near the places where raw materials are available.

For assisting small and tiny units, the Ministry proposes to implement a scheme during the year 1995-96. Such units are located mainly in the rural areas.

As per the Industrial Policy, most of the food processing industries are delicensed. In the case of those who are interested to set up such industries are required to file only an IEM. As per information available since liberalisation till August, 1995, 3334 IEMs have been filed for setting up food processing industries, out of which 2841 are for non-urban areas. In addition, 691 approvals have been granted by the Government for setting up joint venture, foreign collaboration, 100% EOUs, etc. Out of these, 615 are proposed to be located in non-urban areas envisaging an employment of about 1.48 lakh persons. From the trend of investment, it may be observed that more than 80% of the investment is in the non-urban areas."

**The Committee are not satisfied with the vague and general reply of the Government, as the Committee find that Government have not formulated any separate scheme of special incentives to induce the entrepreneurs to set up industries in rural areas as recommended by the Committee. The Committee, therefore, reiterate their earlier recommendation stressing the need for reorienting the Governmental policy of assistance which might induce the entrepreneurs to set up food processing industries in rural areas to take advantage of the benefits offered by the Government. The Committee hope**

**that the Government would evolve special packages of assistance with specific budgetary allocations to promote the setting up of rural food processing industries.**

### **Recommendation No. 3.12**

The Committee note that a committee has been constituted under the chairmanship of a Member of the Planning Commission to evolve a National Perspective Plan for Food Processing Industries and three sub-committees have also been constituted under this committee for formulating different strategies. The Committee recommend that the perspective Plan should be finalised within six months by according top-most priority to this work so that atleast from the very beginning of the next financial year, the Ministry of Food Processing Industries can undertake the implementation of the plan by raising suitable demands in their Demands for Grants.

The Government in their reply have stated as under:

"The Expert Committee constituted for evolving a National Perspective Plan has been meeting frequently. The Committee has also set up 3 sub-committees to look into the specific aspects and these sub-committees are also working satisfactorily. A study on the food processing industries in the informal sector has been entrusted to professional consultants. It is expected that the report of the Committee will be available soon."

**The Committee are disappointed to note that the Government could not prevail upon the Ministry for finalising the National Perspective Plan for Food Processing Industries to complete its work within a period of six months and no definite time frame has been fixed for the completion of its work. The Committee, therefore, reiterate their earlier recommendation that top-most priority should be assigned to the immediate finalisation of the National Perspective Plan well in time so that its implementation could commence right from the forthcoming financial year.**

### **Implementation of Recommendations**

**The Committee would like to emphasize that the greatest importance has to be attached to the implementation of the recommendations by Government. They, therefore, expect the Government would implement such recommendations expeditiously. In case, it is not possible to implement any recommendation in letter and spirit for any reasons, the matter should be reported to the Committee in time with reasons for a non-implementation.**

## **CHAPTER II**

### **RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Recommendation Sl. No. 3 (Page No. 20, Para No. 3.3)**

The Committee have noted that the Fishery Survey of India through vessel based surveys, provide the information base for all deep sea fishing developmental activities and acts as a catalyst for the development of deep sea fishing industry in the country. The Committee also note that the achievement with respect to area surveyed under different types of surveys are far below the targets. The Committee have been informed that survey vessels, being very old, required frequent repair and no proposals for acquisition of new vessels could be initiated during the past years because of financial constraints.

The Committee feel that there is an urgent need to acquire modern survey vessels and to modernise completely the available vessels for which no demand has been raised by the Ministry. The Committee therefore recommend that the Ministry should make substantial allocation under the relevant heads for acquisition of modern survey vessels and for modernisation of existing vessels during 1995-96 and in the years to come.

#### **Reply of the Government**

DG (FSI) had constituted a committee to work out detailed specifications of the vessels to be acquired. Based on the recommendations of this committee, DG (FSI) has sent a proposal for decommissioning of 4 vessels and their replacement by new vessels by 1998-99. The proposal involves acquisition of two vessels from indigenous shipyard(s) and two from foreign shipyard(s). This is being examined.

#### **Recommendation Sl. No. 4 (Page No. 20, Para No. 3.4)**

The Committee have noted that the foodgrain milling activities which have been covered by the Ministry relate mainly to wheat, rice and pulses. The Committee also note that the processing of various varieties of coarse grains which are grown over large tracts of land in the country has not been given proper attention and there appears to be some work done in respect of bajra and maize only. The Committee wish to point out that the processing of coarse-grains to turn them into value-added products deserve encouragement in view of the higher



nutritional value of the coarse grains and in view of the need to better the economic status of the farmers. The extent of cultivated areas under coarse grains is comparatively much larger than the areas under other elite grains and their cultivation is undertaken largely by poor and marginal farmers. Since the coarse grains can be easily converted into chick-feed, pig-feed etc. of high nutritional value, the Committee recommend that the Ministry of Food Processing Industries should formulate urgently suitable schemes and launch them within three months and seek revised budgetary allocations for 1995-96 and suitable increased allocations from 1996-97. The Committee also recommend that research activity in processing of coarse grains to convert them into attractive food-products to catch the large urban markets should be initiated with a view to improve the nutritional content of daily in-take of foods of all the citizens of the country. The Committee expect significant separate allocations for this purpose to be made this year itself.

The Committee also desire that the potential of soyabean for production of value-added items and the processing of de-oiled cakes of soyabean have to be fully exploited and the soyabean processing training centres should promote the production of value-added de-oiled cakes in a big way by undertaking special programmes for which the Ministry should raise substantial Demands in view of the export possibilities in the production.

### **Reply of the Government**

The Ministry has formulated a plan scheme to be implemented from 1996-97 for encouraging backward linkages with the farmers for which reimbursement would be permissible to the extent of 5% of the cost of extension and purchases of coarse grains & Maize subject to a ceiling of Rs. 10.00 lakhs per year. Besides, CFTRI, Mysore is constantly engaged in R&D activity to find ways & means of producing higher value added products and to generate higher demands for these crops.

The activity relating to processing and development of value added products from soyabean cakes is already included in the plan scheme for setting up of Food Engineering Centre at CFTRI, Mysore.

### **Recommendation Sl. No. 6 (Page No. 21, Para No. 3.6)**

The Committee also note that the extent of post-harvest wastages due to non-availability of processing facilities has not been assessed at all with a view to identify the areas where improved processing facilities are required and to prioritise the efforts towards the creation of facilities. The Committee desire that the Government should also make use of the findings of the Swaminathan's Committee Report in the matter and come up with fresh proposal for additional

allocation to assist in the creation of processing facilities and appropriate storage facilities.

### **Reply of the Government**

The Plan Schemes being operated by the Ministry of Food Processing Industries in the Fruit & Vegetable Processing sector aim *inter alia* at reducing post harvest losses by creating processing facilities. Under the scheme for creation of infrastructural facilities for fruit & vegetable processing including mushrooms and hops, assistance is being provided to different organisations. During the first 3 years of the 8th Five Year Plan, the outlay was Rs. 10.11 crores. During the last 2 years, it is proposed to enhance the outlay.

Similarly, under the scheme for setting up/expansion/upgradation of fruit & vegetable processing industries, assistance is being provided to different organisations. In this case also, the outlay for the first 3 years of the 8th plan was Rs. 11.10 crores. However, the outlay is proposed to be enhanced in the remaining years of the 8th plan.

### **Recommendation Sl. No. 7 (Page No. 22, Para No. 3.7)**

The Committee find that no demand has been raised by the Ministry to promote the setting up of multiple processing units with a view to achieving maximum capacity utilisation by shifting from processing one seasonal item to another seasonal item as soon as supply of a particular raw material cases at the end of a season. The Committee desire that assistance to undertake special research and development efforts in this sphere should be given in order to evolve cost-effective technologies and methodologies to be passed on to the industries. The Committee, therefore, expect the Government to come up with a suitable scheme urgently and seek adequate financial allocations for the scheme, as this would help achieve the objective of diversification and commercialisation of agriculture.

### **Reply of the Government**

The Ministry does not set up any fruit and vegetable processing unit directly. However, under its plan schemes, assistance is extended for the overall development of the food processing industries covering various sectors such as fruit and vegetable processing, meat & poultry processing, grain processing, fisheries, etc.

As regards promoting/setting up of multiple processing units, it would be worthwhile to mention that assistance is extended under our plan scheme in the Fruits and Vegetable Processing Sector for upgradation/modernisation of the units which also cover multiple processing. Assistance extended and advice rendered in other cases also covers multiple processing.

Our plan schemes envisage assistance for R&D programmes. A Food Engineering Centre is being set up at CFTRI, Mysore, with Ministry of Food Processing Industries' assistance. Many other organisations have been assisted for R&D programmes under our plan schemes. Cost effective technologies are being developed in our country. Wherever necessary, industry is advised to acquire technology from abroad.

Keeping in view the recommendations of the Committee, adequate outlay will be allocated to the R&D programmes in future years.

**Recommendation Sl. No. 8 (Page No. 22, Para No. 3.8)**

The Committee find that the Ministry of Food Processing Industries have assisted in the setting up of 150 Food Processing Training Centres against an Eighth Plan target of 250 such centres where entrepreneur who intend to set up food processing units are trained. The Committee have been informed that about 1500 persons have been trained from 1992-93 onwards when the scheme was launched. The Committee find that the target of assisting only 250 training Centres is too small to be called as a national effort and the number of entrepreneurs trained are also comparatively small. The Committee feel that these training centres should also be assisted to introduce courses to provide trained manpower to be employed in the local food processing industries. The Committee feel that there is a need to take the active help of the State Governments and Non-governmental organizations to make this training course a part of the States technical education programme. There is also a need to evolve product-specific and location-specific curricula and the State Governments and other organizations should be assisted to evolve such a curriculum for which the Ministry of Food Processing Industries should formulate a scheme and seek adequate financial allocations. The Committee recommend that the schemes for assistance for the training centres should be adequately publicised to generate awareness and to create demands for assistance.

**Reply of the Government**

The plan scheme for providing assistance for setting up Food Processing and Training Centres in rural areas, in different States and Union Territories was formulated for the first time in 1992-93 by this Ministry for implementation during the 8th Five Year Plan. Since this scheme was of a pioneering nature and ultimately the number would depend upon several factors such as availability of resources, availability of locally available raw materials, facilities for imparting training and processing facilities, an initial target of 250 such Centres have been fixed for the 8th Five Year Plan. Accordingly, during the first three years, assistance has been extended to set up 150 such Training Centres. It is expected that the Ministry would be able to achieve the initial target of 250 Centres in the five year period. However,

if requests are received from different organisations and State Governments for setting up of more such training Centres, a higher target would be considered.

Taking into account the recommendations for multiple product and multiple disciplinary training, extent of assistance being provided under the scheme, has been enhanced from 1995-96 in selected cases.

Our scheme envisages that the training Centres will provide 'Hands on' experience in operating and managing a small unit apart from hygienic and technology for marketable food products. The scheme also envisages providing an assistance for training of trainers from the CFTRI and other Government approved institutions so that the training imparted by the trainers have sufficient technical and other necessary managerial contents. Since the trainees in these Centres would depend on several variable factors such as availability of raw materials, market, etc., the training need to be necessarily flexible and informal. Moreover, these training programmes are aimed at building up capabilities and confidence among the trainees rather than giving any certificates.

The recommendations of the Committee have been noted and after a few years of experience of successful operations of these Centres, formal training programme can be evolved. The grantees have been advised to give adequate publicity for this programme.

**Recommendation Sl. No. 10 (Page No. 23, Para No. 3.10)**

The Committee note that the Modern Food Industries (India) Limited is to be provided a budgetary support of Rs. 1 crore during 1995-96 to enable it to consolidate its financial position. The Committee are happy to note that the company has started making profits since 1992-93. However, they note that there is a perceptible fall in the quantum of profit in 1993-94 due to reduction in sales in Delhi and Indore units. The Committee desire that immediate steps should be taken to improve the quality of bread manufactured by them so that their bread competes with other brands in the market while holding the price line reasonably to remain competitive. The Committee recommend that the reasons for lower sales in Delhi and Indore units should be analysed quickly and remedial action taken to tune up the sales among the discerning consumers. The Committee wish to point out that it is necessary to adopt modern methods in production and in sales in order to stay in business in an ever increasing atmosphere of competition and therefore, they recommend that a crash programme towards this end should be launched to achieve higher rates of profits in the years to come.

**Reply of the Government**

Modern Food Industries (I) Ltd. have taken steps to further improve the sales of bread in commercial markets and have also taken up a crash programme in this direction. The Company has set up a High-Level Committee to study and recommend the steps to be taken for improving the performance of the Company in terms of bread sales and other measures to be implemented so as to effectively operate in a competitive environment.

**Recommendation Sl. No. 11 (Page No. 23, Para No. 3.11) .**

The Committee are happy to note that the North Eastern Regional Agricultural Marketing Corporation Ltd. (NERAMAC) is making a steady progress and is trying to reverse the trend of loss-making gradually. The Committee hope that with efforts of the Corporation to revitalize the organisation, they would soon reach the break-even point to eventually start an era of profits. The Committee, therefore, recommend that the process of revitalisation and the trend of growth should be further consolidated to make NERAMAC a nodal agency for development of horticulture-based industries in the North Eastern Region.

**Reply of the Government**

NERAMAC is endeavouring to improve their performance further as compared to the earlier years and has also succeeded in reducing the losses. The Corporation is also taking up work of backward integration of Pineapple production with the assistance of Indian Institute of Horticulture Research, Bangalore, so as to improve the quality and yield of fruit and thereby the economics of Pineapple concentrate production. The Ministry is also providing non-plan support to NERAMAC to revitalise its operations and to help tide over the financial crunch in respect of working capital requirements. NERAMAC has also made plans to set up marketing centres for horticultural produce, for which the Government has provided budgetary support.

## CHAPTER III

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

#### **Recommendation Sl. No. 9 (Page No. 22, Para No. 3.9)**

The Committee note that there is a mention about the quantum of production of veal in India over a period of time and observe that the Government has been monitoring an activity which was banned by the Supreme Court, as there exists a judgement of the Apex court banning the slaughter of cows below the age of 14 years. The Committee recommend that the Government should ensure that the orders of the Supreme Court are implemented in letter and spirit by bringing the matter to the pointed attention of the enforcement agencies concerned for necessary action.

#### **Reply of the Government**

Food and Agriculture Organisation categorises "Beef and Veal" together. Because of this categorisation, the figures of production reported include both beef & veal. FAO follows this categorisation for all the countries including India. The figures reported to the Committee are those taken from the FAO production year book.

As regards the orders of the Supreme Court regarding ban on slaughtering of cow-calf, it may be mentioned that these orders have been made effective in the States of Madhya Pradesh, Bihar, Uttar Pradesh, etc.

As per available information, cow-calf is not slaughtered in our country. However, since the subject of slaughter houses is under the administrative control of the Ministry of Agriculture, the observations of the Committee have been brought to their notice for taking appropriate action.

(Ministry of Food Processing Industries O.M. No. 4/3/95-A.II, dated 6.11.95)

## CHAPTER IV

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

#### **Recommendation Sl. No. 1 (Page No. 19, Para No. 3.1)**

The Committee note that three schemes are in operation under the Eighth Plan for promotion of deep-sea fishing under the Ministry of Food Processing Industries viz. Scheme for assistance in deep sea fishing and processing ventures; Scheme for interest subsidy on loans for acquisition of deep sea-fishing vessels; and Scheme for assistance in Diversified Fishing.

The Committee have observed that in the Scheme for assistance in deep sea-fishing and processing ventures, the funds allocated during 1993-94 and 1994-95 could not be utilised at all, as the MPEDA could not participate in equity of any Indian Companies. Under the Scheme for interest subsidy there had been heavy shortfalls in 1992-93 and 1993-94 which are meant for providing interest subsidy on loans taken for acquisition of deep sea fishing vessels by Indian companies. Under the third scheme, the Revised Estimate for 1994-95 is Rs. 1 crore, whereas the Budget Estimate for 1995-96 has been lowered to Rs. 0.50 crore only.

The Committee do not understand as to how short-falls, under utilisation and lower-budgeting would help in ensuring the presence of Indian vessels in deep-sea fishing areas, as the object of these schemes is the promotion of activities of Indian deep-sea fishing enterprises. The Committee feel that a re-look at these schemes is necessary to find out as to why these schemes have very few takers and they also recommend the formulation of more schemes to assist the fisheries cooperatives to take to deep-sea fishing in a big way and they expect the Government to come up with proposals for higher Revised Estimates for 1995-96 and for higher Budget Estimates from 1996-97 onwards.

The Committee are constrained to observe that the scaling down of the Budget Estimates for 1995-96 in respect of the Scheme for Diversified Fishing to 50% of the Revised Estimate of the previous year (1994-95) hardly justifies the claim of the Ministry of Food Processing Industries to be a facilitator and catalyst in the development of food processing industries and they expect a more positive and innovative approach from them to make full use of the funds allocated to them.

**Reply of the Government**

Under the Scheme for assistance in deep sea fishing and processing ventures, funds are provided to MPEDA for enabling them to participate in the equity of deep sea fishing and processing ventures. During 1993-94, the revised estimate was Rs. 75 lakhs and an amount of Rs. 28 lakhs was released to MPEDA. However, though RE for 1994-95 was Rs. 100 lakhs, funds could not be allocated to MPEDA as there was no viable proposal received from them. Since deep sea fishing and processing ventures are capital intensive, new entrants in this field are very limited. The matter is being taken up with MPEDA with a view to attracting new entrepreneurs.

The Scheme for Interest Subsidy provides that those companies who are regular in repayment of principal and interest would alone be eligible for the subsidy envisaged under the scheme. During the years under reference, a number of companies had defaulted in their repayment and most of them fell outside the purview of the scheme; hence the shortfall. Further, the budget allocation is fixed considering the quantum of subsidy required by SCICI (as projected by them).

Under this Scheme, fund has been provided to MPEDA for assistance to the individual entrepreneurs for meeting part of the modification cost of the vessels. The quantum of subsidy is limited to 30% of the cost of modification of the vessels. During 1992-93, an amount of Rs. 35 lakhs was provided to MPEDA out of a budget allocation of Rs. 50 lakhs. During 93-94 and 94-95, though the budget allocation was kept at Rs. 100 lakh each, funds could not be utilised as there was no viable proposal received from MPEDA. With the assistance provided by the Ministry, about 14 companies have been assisted to modify a total number of 32 vessels. The scope of the scheme has recently been enlarged to meet 75% of the expenditure on training of the Indian crew employed in the modified vessels for carrying out diversified fishing. Under this scheme, budget allocation is made on the basis of the projections by MPEDA. It is expected that with the enlargement of the scope of the scheme, more and more companies will come forward to avail the benefits provided under this scheme.

This Ministry is having constant interaction with MPEDA which is the field level agency in implementing (1) Scheme for assistance in deep sea fishing and processing ventures and (2) Scheme for diversified fishing so that more proposals are received under these schemes.

**Recommendation Sl. No. 2 (Page No. 20, Para No. 3.2)**

The Committee note that while Rs. 10.74 crores have been earmarked for subsidies, grants and surveys for deep sea-fishing, the amount earmarked for



schemes for setting up of infrastructural facilities for preservation and processing of fish is only Rs. 4.10 crores in the Budget Estimates for 1995-96. The Committee find that the allocation for creation of processing facilities is comparatively lower and has not been assigned the prime of place for higher allocations. The Committee wish to point out that this scheme is of immediate benefit and relevance to a lot of poor fishermen and they, therefore, recommend that the Ministry of Food Processing Industries should seek much higher allocations and raise their estimates for 1995-96 and keep increasing it substantially from 1996-97 onwards. The Committee feel that this should be the surest strategy to be adopted if the exports and domestic supply are to be given a boost by augmenting processing facilities and by setting up large cold chains all through the country.

### **Reply of the Government**

It may be pointed out that the budget allocation earmarked under the Scheme for setting up of infrastructural facilities for preservation and processing of fish is only Rs. 3.60 crores for 95-96. Considering the need for promotion of setting up of technologically advanced preservation and processing facilities, it is proposed to assist cooperatives, non-governmental organisations, private sector units etc., for setting up of such facilities. Assistance under this scheme would also be available for modernisation of the existing units. The scheme also envisages setting up of ice-plants, cold storages, refrigerated/insulated transportation facilities aimed at helping the poor fishermen to preserve and process their catch so that they earn more value to their products. The quantum of budget allocation has been fixed taking approximately the requirements of the proposals already received in this Ministry and higher quantum could be sought for the coming financial years depending upon the response from the entrepreneurs in this field.

### **Recommendation Sl. No. 5 (Page No. 21, Para No. 3.5)**

The Committee recommend that emphasis should be laid on setting up of food processing units especially by foreign enterprises in rural areas in order to generate more rural income and rural employment. The Committee desire that the policy of the Government for allowing foreign investment should be re-oriented towards the goal of rural employment generation and rural economic uplift. The Committee recommend that special incentives should be offered to enterprises to set up units closer to the rural sources of raw materials and the Ministry should seek specific budgetary allocations for this purpose and the Committee are disappointed not to find any such demand raised by the Ministry despite repeated recommendations of the Committee in this regard.

**Reply of the Government**

As per the Industrial Policy, the entrepreneurs are free to decide about the location of the units depending upon several factors such as availability of raw materials, infrastructural facilities, etc. It is also in the interest of the entrepreneurs to set up units close to places where raw materials are available.

To encourage close tie-up between the processing units and the farmers, one of the plan schemes being operated by the Ministry in the fruits and vegetable processing sector aims at establishing backward linkages. We have rendered assistance under the scheme to many units. Such units are necessarily located near the places where raw materials are available.

For assisting small and tiny units, the Ministry proposes to implement a scheme during the year 1995-96. Such units are located mainly in the rural areas.

**Recommendation Sl. No. 12 (Page No. 23, Para No. 3.12)**

The Committee note that a committee has been constituted under the Chairmanship of a Member of the Planning Commission to evolve a National Perspective Plan for Food Processing Industries and three sub-committees have also been constituted under this committee for formulating different strategies. The Committee recommend that the perspective Plan should be finalised within six months by according top-most priority to this work so that atleast from the very beginning of the next financial year, the Ministry of Food Processing Industries can undertake the implementation of the plan by raising suitable demands in their Demands for Grants.

**Reply of the Government**

The Expert Committee constituted for evolving a National Perspective Plan has been meeting frequently. The Committee has also set up 3 sub-committees to look into the specific aspects and these sub-committees are also working satisfactorily. A study on the food processing industries in the informal sector has been entrusted to professional consultants. It is expected that the report of the Committee will be available soon.

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

**Recommendation Sl. No. 13 (Page No. 24, Para No. 3.13)**

In view of the various recommendations made by the Committee for formulating new schemes and for increasing the allocations under all the sectors, the Committee feel that the total budgetary allocations of the Ministry of Food Processing Industries should be increased to atleast Rs. 100 crores during 1995-96 in order to do some justice though not fully to the mandate given to the Ministry. The Committee would like the Planning Commission and the Ministry of Finance to adopt a realistic and reasonable attitude in the matter of allocation of Rs. 100 crores in favour of the Ministry of Food Processing Industries in order to achieve vital development in this important sector so that the vast potential for export of processed products is fully exploited to the advantage of the entire nation. The Committee are of the firm opinion that any allocation in this sector would result in profitable return which will be several times higher than the allocations made and therefore, the Committee recommend that the budgetary plan allocations should be increased atleast to Rs. 100 crores in total in favour of Ministry of Food Processing Industries.

**Reply of the Government**

As per the recommendations of the Committee, Planning Commission and the Finance Ministry have been requested to increase the outlay for the schemes being implemented by the Ministry. In the Annual plan proposals of 1996-97 also, enhanced allocation is being sought. While submitting the revised estimates for 1995-96, enhancement of outlay in the Fruits & Vegetable Processing sector and the Secretariat Economic Services have been sought.

NEW DELHI;  
20 December, 1995  
29 Agrahayana, 1917 (Saka)

NITISH KUMAR,  
*Chairman*  
*Standing Committee on Agriculture.*

## APPENDIX I

### MINUTES OF THE NINETY THIRD SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON WEDNESDAY, THE 13TH DECEMBER, 1995 AT 1500 HRS. IN COMMITTEE ROOM 'C' PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee sat from 1500 hrs. to 1540 hrs.

#### PRESENT

Shri Nitish Kumar – *Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Shri D. Pandian
3. Shri Birbal
4. Shri Nathuram Mirdha
5. Shri Govindrao Nikam
6. Shri Tara Singh
7. Shri Uttamrao Deorao Patil
8. Shri Rajvir Singh
9. Shri Rudrasen Chaudhary
10. Dr. Parshuram Gangwar
11. Shri Rajendra Kumar Sharma
12. Shri Ram Tahal Chaudhary
13. Shri B.N. Reddy
14. Shri Kamla Mishra Madhukar
15. Dr. R.K.G. Rajulu
16. Shri Upendra Nath Verma

##### *Rajya Sabha*

17. Shri H. Hanumanthappa
18. Shri Shiv Charan Singh
19. Shri Som Pal

#### SECRETARIAT

1. Shri P.D.T. Achary – *Director*
2. Shri S. Bal Shekar – *Under Secretary*

At the outset Chairman (AC) welcomed the Members to the sitting of the Committee and requested them to take up the adoption of the Draft Action Taken Reports on the Demands for Grants for 1995-'96 in respect of Department of Agriculture & Cooperation and Ministry of Food Processing Industries and Draft Report on Krishi Vigyan Kendra.

2. The Draft Reports were considered one by one and unanimously adopted without any change.

3. The Members of the Committee, thereafter, authorised the Chairman to present the Action Taken Reports on Demands for Grants 1995-96 in respect of Ministry of Agriculture (Department of Agriculture & Cooperation) & Ministry of Food Processing Industries and Draft Report on Krishi Vigyan Kendra to the House on a date convenient to him.

*The meeting then adjourned.*

## APPENDIX II

(Vide Introduction of the Report)

### *Analysis of Action Taken by Government on the 23rd Report of Standing Committee on Agriculture (10th Lok Sabha)*

I.	Total number of Recommendations	13
II.	Recommendations/Observations which have been accepted by Government (Nos. 3.3, 3.4, 3.6, 3.7, 3.8, 3.10, 3.11)	
	Total	7
	Percentage	53.84%
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies (No. 3.9)	
	Total	1
	Percentage	7.69%
IV.	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee (Nos. 3.1, 3.2, 3.5, 3.12)	
	Total	4
	Percentage	30.76%
V.	Recommendations/Observations in respect of which final replies are still awaited (No. 3.13)	
	Total	1
	Percentage	7.69%