

TWENTY THIRD REPORT

STANDING COMMITTEE ON AGRICULTURE (1995-96)

(TENTH LOK SABHA)

MINISTRY OF FOOD PROCESSING
INDUSTRIES

DEMANDS FOR GRANTS (1995-96)

Presented to Lok Sabha on 4th May, 1995

Laid in Rajya Sabha on 4th May, 1995



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE
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(1995—96)

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PREFACE

I, the Chairman, Standing Committee on Agriculture having been authorised by the Committee to submit the Report on their behalf, present this Twenty Third Report on Demands for Grants of the Ministry of Food Processing Industries for the year 1995-96 .

2. The Standing Committee on Agriculture was re-constituted on 8th April, 1995. One of the functions of the Standing Committee as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider the Demands for Grants of the concerned Ministries/Departments and make a report on the same to the Houses. The report shall not suggest anything of the nature of cut motions.

3. The Committee took evidence of the representatives of the Ministry of Food Processing Industries on 19th April, 1995. The Committee wish to express their thanks to the officers of the Ministry of Food Processing Industries for placing before them, the material and information which they desired in connection with the examination of Demands for Grants of the Ministry for 1995-96 and for giving evidence before the Committee.

4. The Committee considered and adopted the Report at their sitting held on 25th April, 1995.

NEW DELHI ;
26 April, 1995
6 Vaisakha, 1917 (Saka)

NITISH KUMAR
Chairman,
Standing Committee on Agriculture.

CHAPTER I

INTRODUCTORY

The latest survey of Industries 1990-91 reveals that the total share of the Food Processing Industries in the total gross value of output and net value added of the manufacturing sector was 15.54% and 10.02% respectively. Keeping in view the potential for export of processed food as also to generate substantial direct and indirect employment opportunities by this sector, Ministry of Food Processing Industries was set up in July, 1988 to act as a catalyst and facilitator for getting larger investments in food processing sector increasing exports and creating a general atmosphere for healthy growth of the Food Processing Industries.

1.2. Accordingly, the Eighth Plan document envisages a moderate increase in food prices consistent with remunerative return to the farmers, a combination of infrastructure and favourable conditions for the growth of Food Processing Industries innovative organisational methods and farms which are important for Food Processing Industries and expanding employment, particularly in the processing and manufacturing activities.

1.3. Therefore, the thrust of the Eighth Plan for Food Processing Industries is to boost exports of agro-products covering processed fruits and juices including other processed food, fish and fish products and meat and meat products by focussing greater attention on strengthening competitiveness of Indian products in the mega markets as well as to identify new export potential markets. In keeping with this thrust of the Plan, setting up of Food Processing Training Centres in the rural areas, improvement in packaging system and extension and training for rural artisans and other workers of the Food Processing Industries, development of infrastructure facilities, establishment of large private sector units in rural areas for production of processed food items, financial assistance to food processing units for strengthening backward linkages between processors and growers, and diversification/modernisation/restructuring plans for M.F.I.L. and N.E.R.A.M.A.C. would be paid greater attention in each of the successive annual plans during Eighth Five Year Plan.

1.4. Plan outlay during Eighth Plan for Food Processing Industries is as follows :

(Rs. in crores)

I. Food, Storage and Warehousing	
(a) Grain Processing Sector	11.00
(b) Fruits and Vegetable Processing	35.00
(c) Meat and Poultry Processing	23.00
Total	69.00
II. Fisheries	63.00
III. Consumer Industries	08.00
IV. Secretariat Economic Services	06.00
Grand Total	146.00

1.5. Ministry of Food Processing Industries have placed a demand of Rs. 45 crores (Plan) and 5.13 crores (Non-Plan) totalling Rs. 50.13 crores during 1995-96 against the Budget Estimate of Rs. 46.00 crores (Plan) and Rs. 5.63 crores (Non-Plan) totalling Rs. 51.63 crores during 1994-95.

1.6. The Budget Estimates, Revised Estimates and Actuals are as follows :

(Rs. in crores)

Year	Budget Estimate		Revised Estimate		Actuals	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1992-93	40.00	04.39	41.84	03.58	33.15	3.16
1993-94	47.00	04.05	48.57	08.04	38.53	4.28
1994-95	46.00	05.63	45.00	05.94	—	—
1995-96	45.00	05.13				

1.7 The following statement shows the trend of expenditure in respect of various Eighth Plan Schemes :

(Rs. in Crores)

EXPENDITURE								
SECTORS	VIII Plan	1982-83	1983-84	1984-85		1985-86	Total of Col. 3 + 4 + 6	Percentage of Col. 8 in Col. 2
	outlay	Actual	Actual	-----		Budget \ Estimate		
	outlay	Actual	Actual	Budget Estimate	Revised Estimate			
1	2	3	4	5	6	7	8	9
I (A + B + C) Food, Storage & Warehousing Sector								
(A) Grain Processing	11.00	3.40 (R)	3.25 (R)	3.70 (R)	3.70 (R)	3.70 (R)	10.35 (R)	94%
(B) Fruits & Vegetable Processing	35.00	5.06 (R) 1.65 (C)	9.29 (R) 1.00 (C)	9.01 (R) 2.00 (C)	9.01 (R) 2.00 (C)	10.50 (R) 3.00 (C)	23.38 (R) 4.68 (C)	80.08%
(C) Meat & Poultry etc. Processing	23.00	1.06 (R) 2.02 (C)	2.08 (R) 1.18 (C)	4.53 (R) 2.80 (C)	4.53 (R) 2.60 (C)	2.10 (R) 3.50 (C)	7.67 (R) 5.80 (C)	58.52%
II Fisheries Sector	63.00	15.62 (R) 0.15 (C)	16.92 (R) 0.06 (C)	18.32 (R) 0.68 (C)	18.32 (R) 0.68 (C)	17.60 (R) 0.50 (C)	50.66 (R) 0.89 (C)	82.12%
III Consumer Industries	8.00	0.51 (R) 1.50 (C)	2.20 (R) 1.20 (C)	1.30 (R) 2.00 (C)	0.30 (R) 2.00 (C)	0.30 (R) 2.00 (C)	3.01 (R) 4.70 (C)	96.37%
IV Secretariat & Eco. Services	6.00	1.13 (R)	1.34 (R)	1.86 (R)	1.86 (R)	1.80 (R)	4.33 (R)	72.16%
Total (R) (C)	146.00	26.80 (R) 5.35 (C)	35.08 (R) 3.44 (C)	38.72 (R) 7.28 (C)	37.72 (R) 7.28 (C)	36.00 (R) 9.00 (C)	99.60 (R) 16.07 (C)	79.18%
GRAND TOTAL (R + C)		32.15	38.52	46.00	45.00	45.00	115.67	

R = Revenue Section Expenditure

C = Capital Section Expenditure

1.8 The following are the details of Non Plan Expenditure of the Ministry of Food Processing Industries :

1	SECTOR	1992-93 Actual	1993-94 Actual	1994-95 BE	RE	1995-96 BE	Remarks
1	2	3	4	5	6	7	8
1	(A + B + C) Food, Storage & Warehousing Sector	0.50	0.56	0.63	0.63	0.63	
A	Grain Processing	0.07	0.08	0.11	0.11	0.11	
R	Fruit & Vegetable Processing	0.43	0.48	0.52	0.52	0.52	
C	Meat & Poultry Processing	—	—	—	—	—	
2	Fisheries Sector	1.58	1.53	1.70	1.71*	1.90	
3	Consumer Industries	—	0.60	0.60	0.60	0.60	
4	Secretariat & Eco. Services	1.08	1.59	1.90	1.95*	2.00	
		3.16	4.28	4.83	4.89	5.13	

* In revised estimates, additional funds amounting to Rs. 5.0 lakhs under Secretariat & Economic Services and Rs. 1.0 lakhs under Fisheries were asked for but not approved in Supplementary Demands for Grants.

CHAPTER II

DEMAND-WISE ANALYSIS

Demand No. 38

2.1. Major Head-2405 B. Fisheries

In this sector, in the first three years of the plan from 1992-93 to 1994-95, a total expenditure of Rs. 51.74 crores (Rs. 50.85 crores on revenue side and Rs. 0.89 crores on capital side) has been incurred and this works out to 82.12% of the total Eighth Plan outlay for fisheries. The Budget Estimates for 1995-96 for Fisheries is Rs. 18.10 crores (Rs. 17.60 crores on revenue section and Rs. 0.50 crore on Capital section).

2.2. Marine Fisheries

The following schemes are in operation under the Eighth Plan in fisheries sector under the Ministry of Food Processing Industries :

- (i) Schemes for assistance in deep sea fishing and processing ventures.
- (ii) Scheme for interest subsidy on loans for acquisition of deep sea fishing vessels.
- (iii) Scheme for assistance in Diversified Fishing.
- (iv) Scheme for providing funds for installation of communication facilities by Cost Guard.
- (v) Scheme for setting up of infrastructural facilities for Preservation and Processing of fish.

2.3. B2 (1) Grant-in-aid for Deep Sea Fishing and Processing ventures—M.P.E.D.A.

The objective of the scheme is for assistance in Deep Sea Fishing and processing ventures. The Scheme provides financial assistance (grant-in-aid) to the Marine Products Export Development Authority (MPEDA) to enable them to participate in the equity of the projects which undertake deep-sea fishing.

2.4. The actual expenditure made during 1993—94 was Rs. 28 lakhs. The Committee have observed that in 1994—95, the Budget Estimate has been increased to Rs. 100 lakhs and in this year's (1995—96) Budget Estimate it is Rs. 100 lakhs again.

2.5. The Committee have observed that the allocation under this head has gone up substantially over the years. However according to the Ministry's own submission "With the fund provided by this Ministry, MPEDA has participated in the equity of 3 companies in the year 1992—93 ; During the remaining 2 years, there was no participation by MPEDA.

2.6. Scheme for interest subsidy on loans for acquisition of deep sea fishing vessels.

The budget allocation and disbursements under the Scheme for providing Interest Subsidy on Loans for Acquisition of Deep Sea Fishing Vessels were as under :

Year	BE/RE (Rupees in lakhs)	Disbursement
1992—93	150.00	103.54
1993—94	100.00	22.83
1994—95	50.00	50.00
1995—96	50.00	—

Disbursements made under this Scheme are based on the fund requirements sought by SCICI Ltd., and SCICI calculates this amount on the basis of the eligibility of the loanees, taking into account their past performance regarding repayment of loan. A total number of two companies were assisted during 1992—93 to 1994—95.

2.7. Regarding the reasons for under-utilisation of funds the, Ministry have submitted that "Disbursements made under this Scheme are based on the fund requirements sought by SCICI Ltd. and SCICI calculates this amount on the basis of the eligibility of the loanees, taking into account their past performance regarding repayment off loan. During 1992—93 and 1993—94, most of the loanees have defaulted and therefore, are not eligible for subsidy. Hence the shortfall in disbursement."

B.2 (1) Grant-in-Aid for Diversified Fishing

2.8. Most of the Indian owned deep sea fishing vessels are undertaking demersal trawling. Experts and Associations of vessel operators have pointed out that a number of these vessels could be modified for diversified fishing so as to divert the same from shrimp resources. Under this scheme, it is envisaged to provide financial assistance (grant-in-aid) for modification of vessels. The scheme is implemented through MPEDA. The details of funds disbursed under this scheme in the 8th Plan are as under :

1992—93

Rs. 35.00 lakhs

With the funds provided by this Ministry, MPED A have so far assisted about 15 companies. Since, there is an over-exploitation of shrimp resources in the Indian waters, diversification of the vessels will help exploitation of other unexploited fishery resources.

2.9. The Committee have been informed that total plan funds provided for diversified fishing in 1994-95 is Rs. 100 lakhs while Budget Estimates made for 1995—96 is Rs. 50 lakhs. No company was assisted during 1994-95.

2.10. During evidence, the Committee was informed that assistance with foregoing schemes was meant only for Indian companies as the presence of Indian vessels in deep-sea fishing areas was not significant and the Government wanted to give a boost to the activities of Indian vessels to promote exports.

B.4 (1) (2) Communication Facilities for Coast Guard

2.11 As Coast Guard are authorised to monitor fishing by foreign vessels under the MZI Act, 1981, a need was felt to strengthen their communication facilities by providing funds for them to set up ship to shore and *vice-versa* direct voice (radio) communication link with fishing vessels. Apart from this, the link will also help the Coast Guard in ensuring safety of the Indian owned vessels fishing at sea and in rendering any assistance required.

2.12. The Committee have noticed that total assistance provided to Coast Guard in 1992—93 is Rs. 100 lakhs, in 1993—94 it is Rs. 75 lakh and in 1994—95 Rs. 40 lakh respectively and Budget Estimate for 1995—96 is Rs. 40 lakhs.

2.13. In respect of decrease in allocation for the year 1993—94 and 1994—95, the Committee have been informed by the Ministry that "Installation of communication facilities by the Coast Guard is being taken up in a phased manner. Under the 8th Five Year Plan, a total amount of Rs. 3 crores have been earmarked for providing grant-in-aid to Coast Guard for implementing the above scheme. The amount is being released by this Ministry in a phased manner depending upon the requirements projected by Coast Guard and as such the decrease in allocation will not affect implementation of the scheme.

B.1. (2) Schemes for setting up of Infrastructural facilities for preservation and processing of fish

2.14. Fish is a highly perishable item and utmost care has to be taken in its preservation and processing to avoid wastage and deterioration in quality. Establishment of cold storage facilities at the fish landing/producing centres, wholesale market places and consumer centres and providing refrigerated/insulated trucks/vehicles or other modes of transport will help ensuring availability of good quality fish for domestic consumption as well as exports. Similarly, processing of good quality fish like tuna, shrimp etc. using the latest technology will go a long way in enhancing the export potential of fish and fish products from India. This scheme has therefore been formulated to create/help create setting up of the required infrastructural facilities in this regard. Under this scheme, it is envisaged to provide financial assistance (grant-in-aid) to the tune of 50% of the capital cost of the projects. The State/UT Govts. their undertakings/corporations/joint sector units/co-operatives, association of industries, voluntary organisations etc. are assisted under this scheme. Implementation of the scheme will help generate employment and remunerative prices to the fishermen for their products. The details of assistance provided under this scheme during the 8th Plan are as under :

1992—93	Rs. 334.19 lakhs
1993—94	Rs. 250.13 lakhs

2.15. The Revised Estimate for assistance in the creation of infrastructure facilities for 1994—95 is Rs. 3.60 crores and the Budget Estimate for 1995—96 is Rs. 3.60 crores.

B.1. (1) Fishery Survey of India

2.16. The Fishery Survey of India, Bombay is the nodal agency under the Government of India for the survey and assessment of marine fishery

resources of the Indian EEZ. Besides surveys, the Institute has undertaken assessment studies of suitable craft and gear for deep sea fishing, preparation of fishery charts, training of post-institutional trainees of C.I.F.N.E.T. and consultancy work on various aspects of deep sea fishing. The FSI, 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.

2.17. The targets and achievements in terms of area surveyed for different types of surveys are furnished below :

Area Surveyed in '000 Sq. Kms

Year	Demersal Trawling		Midwater Trawling*		Purse Seining		Tuna longlining	
	Target,	Achi- evement	Target,	Achi- evement	Target,	Achi- evement	Target,	Achi- evement
1992—93	112	57	—	—	—	—	139	66
1993—94	112	40	—	—	—	—	92	24
1994—95	101	45	—	—	—	—	81	47
(upto Jan. 95)								
1995—96	95	—	15	—	7	—	80	—

* Midwater Trawling-A total of 0.15 lakhs Sq. Kms. area has already been surveyed.

** Purse Seining-0.15 lakhs Sq. Kms. area has already been surveyed.

2.18. In a note furnished to the Committee, the Ministry of Food Processing Industries have stated that the :

Number of Survey Vessels with FSI is 12. These were purchased between 1978 and 1989. Some vessels, being very old, require frequent repairs. Consequently, the performance in terms of number of days at sea for each vessel varies from year to year. The vessels are also required to be dry docked, which period varies from 30 to 100 days in a year. A number of equipment on board the vessels like radio, telephone, echosounders, net recorder, satellite navigator, aloft transceiver have been replaced and modernised with new equipment at a cost Rs. 67 lakhs.

Under Indo-Danish Technical Co-operation programme, a 'Project' for rehabilitation of 2 survey vessels of FSI viz. M.V. Matsya Darshini and

M.V. Matsya Varshini was agreed upon and accordingly an agreement was entered into between Govt. of India and DANIDA in June, 1993.

The Project aimed at upgradation of the said two vessels to their full capacity with DANISH AID to the tune of about 11 million Danish Kroner started in 1993—94.

Both the vessels Matsya Darshini and Matsya Varshini were shifted to the Cochin shipyard Ltd., Cochin for rehabilitation works under the Project in May 1994 and the works are nearing completion.

No proposals for acquisition of new vessels could be initiated during the past years because of financial constraints. However, the possibility of vessel acquisition and vessels repairs by re-appropriation of funds from related fishery schemes will be examined in the later half of 1995-96.

2408 C—Food Storage and Warehousing (Major Head)

Grain Processing Sector

2.19 Modernisation of Rice Milling Industry

The outlays under the different schemes of the rice Milling Modernisation Programmes in the Revised Estimates 1994—95 and Budget Estimates 1995—96 are given below :

(Rs. in crores)

Sl. No.	Schemes	RE 1994-95	RE 1995-96
1	2	3	4
I. PLAN			
(a)	Grants-in-aid to Post harvest Technology Centre (PHTC), IIT, Kharagpur	0.45	0.45
(b)	Grants-in-aid to Regional Extension Service Centres	0.35	0.50
(c)	Grants-in-aid to Paddy Processing Research Centre (PPRC)	0.40	0.35
(d)	R & D and Processing Machinery Testing Centre	0.50	0.50

1	2	3	4
(e)	Assistance for Modernisation of Rice Milling Industry (Huller Subsidy)	1.00	1.00
(f)	Setting up of Food Engineering Centre	1.00	0.90
	Total Plan	3.70	3.70

II. NON-PLAN

(a)	Establishment of Rice Milling	0.08	0.08
(b)	Advertisement & Publicity	0.03	0.03
	Total (Non-Plan)	0.11	0.11

2.20. In a note furnished to the Committee it has been stated that in the Grain Processing Sector, target was fixed to release assistance to modernise about 1200 small capacity huller mills by providing a subsidy of Rs. 2.00 crore in 1992—93 and 1993—94. This has been achieved. Also Targets for holding Seminars, Workshops, Training programmes and undertaking Research and Development schemes to motivate the industry to modernise their units have been achieved.

2.21. It has been added in the note that as a result of implementation of Plan Schemes and other efforts made by the Ministry, the modern/modernised rice mills in the country have increased from 32969 as on 1.1.92 to 34113 as on 1.1.95. The modernisation programme has helped in production of good quality rice with uniform polish and low per centage of brokens. In addition, the modernisation process has helped in increased utilisation of by-products like rice bran and husk for eddible/non-edible rice bran oil production and energy respectively.

2.22. The effort of the Ministry has resulted in increased awareness among the millers for production of quality superfine basmati rice which in turn has helped in increasing the exports of rice from India. In comparision to export of rice worth Rs. 755 crores in 1991—92, the export of rice has increased to Rs. 1280 crores in 1993-94.

2.23. The actual expenditure under the scheme for the setting up of Food Engineering Centre during the year 1993—94 was Rs. 70.00 lakhs only while the Budget Estimates of 1994—95 was Rs. 100.00 lakhs and the budget estimate for 1995—96 is Rs. 90 lakhs.

2.24 The reasons for the variations in budget allocations under this head as stated by the Ministry are :

"The Centre requires more funds in the initial years for construction of building, laboratories and procurement of equipment indigenously and from foreign countries. In the last year the amount required will be less as the Centre will be requiring only recurring grant. The total requirement shall not be exceeding Rs. 490.00 lakhs in the entire 8th Five Year Plan."

C1 (2) (1) Fruit and Vegetable Processing

2.25 Under this head, the following schemes are covered :

(Rs. in crores)			
Sl. No.	Scheme Plan	R.E. 1994-95	B.E. 1995-96
1	2	3	4
1.	Assistance for creation of infrastructural facilities	4.80	5.00
2.	Assistance for setting up/expansion/up-gradation of F & VP Units and backward linkages etc.	3.50	5.00
3.	Generic Advertising on processed foods and for providing marketing assistance	1.00	0.50
4.	Research & Development	0.70	1.00
5.	Assistance for setting up Food Processing Centres	1.00	2.00
6.	Assistance for export infrastructure	0.01	—
	Total	11.01	13.50
NON-PLAN			
1.	Continuous Inspection of Fruit Products Control order	0.33	0.33

1	2	3	4
2.	Establishment Fruit Products Control order	0.16	0.16
3.	Consultancy Service Cell	0.03	0.03
Total		0.52	0.52

2.26 It has been stated in a note from the Ministry of Food Processing Industries that with the implementation of the above-mentioned 8th Plan schemes, pertaining to F & VP sector, more and more rural people will be able to start their own entrepreneurship as also get employment opportunity as well as remunerative price for their horticultural produce.

2.27 During evidence, the Committee recalled that the Secretary, Ministry of Food Processing Industries stated before the Committee (*vide* para 2.7 of Fifth Report of the Committee) that in the Eighth Plan, the Ministry had proposed to set up 250 food processing centres in the rural areas and desired to know the number of units set up by foreign investors in rural areas. It was clarified during evidence that no stipulation had been prescribed that the foreign investors should open their units in rural areas.

2.28 The Committee desired to know during evidence as to whether any assessment had been made about the extent of post-harvest losses in respect of fruits and vegetables due to non-availability of processing facilities and cold-storage, the representative of the Ministry stated they did not have the necessary set-up to collect the information.

2.29 Regarding the inadequacy of cold storage facilities/pre-cooling systems, the representative of the Ministry stated during evidence that the National Horticulture Board has also been entrusted with the task of arranging these facilities.

2.30 The Committee desired to know during evidence whether any study had been done about the reasons for the inability of the food processing industries to have maximum capacity utilisation. The representative of the Ministry replied that due to limited seasonal availability of food items there had not been full capacity utilisation. In order to maximise capacity utilisation, increase in cold storage capacities and switching over to processing of multiple food materials which are available in the respective seasons could be done.

C.1 (2) (1) (3) Assistance for setting up Food Processing Training Centres

2.31 These centres are proposed to be funded in order to identify and develop entrepreneurs who may set up food processing industries in rural areas thereby providing self-employment and reduction in exodus of rural population to urban areas. It would also lead to transfer of technology to rural areas as also familiarisation with modern processing techniques.

2.32 It is estimated that during the Eighth Plan period 250 such FPTCs would be assisted under the scheme. In the year 1992-93 and 1993-94 and 1994-95 as many as 150 FPTCs have been assisted in different locations in rural areas in the country. Out of them, about 47 EPTCs have already started functioning and almost 1500 persons have already been trained in those Centres.

2.33 In a note furnished to the Committee, the Ministry of Food Processing Industries has stated that 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 Eighth Five Year Plan. Since the scheme was of pioneering nature and ultimate number would depend upon several factors such as availability of resource, availability of locally available raw materials, existence of infrastructural facilities for imparting training and processing facilities, an initial target of 250 such centres has been fixed for the 8th Five Year Plan. During 1992-93 assistance could be rendered for setting up 38 such centres whereas the scheme became more popular and the Ministry could assist setting up of 83 centres during the year 1993-94. In other words, it is expected that the Ministry would be able to achieve the initial target of 250 centres in the 5 year period. However, if requests are received from different organisations and State Governments for setting up of more such Training Centres, depending upon the total outlay made available by the Planning Commission, a higher target would be considered.

C. 1 (2) (2) Meat Processing

2.34 The details of the different, schemes of the Meat and Poultry Processing Programmes are as under :-

		(Rs. in lakhs)	
		1994-95 (B.E.)	1995-96 (B.E.)
1.	Assistance for National Livestock Product Development Council	25.00	10.00
2.	Development of Poultry & Egg Processing	100.00	125.00
3.	Development of Meat Processing (Pork, Sheep, Goat, Rabbit & Buffalo Meat)	425.00	325.00
4.	Development of Marketing Facilities, Infrastructure and Transport in Meat Industry	80.00	50.00
5.	Research, Technology & Trained Manpower	83.00	50.00
Total		713.00	560.00

2.35 The Committee have been informed that although on specific targets were laid down, it was envisaged that during Eighth Plan, with money available, assistance could be provided for the following :

- 5 buffalo meat processing units;
- 15 poultry processing plants;
- 6-7 pork processing plants;
- 10 sheep, goat and rabbit processing plants;
- Training of 1000 persons engaged in the meat and poultry industry;
- Establishment of deep freezer, etc. for 500 outlets.

2. 36 However, out of the above programmes, in the first three years of Plan period, assistance have so far been extended for the following:

- 3 buffalo meat processing units;
- 5 poultry and egg processing units;
- 3 sheep and rabbit meat processing units; and
- 3 pork processing units.
- Training of man-power of 757 persons.
- Establishment of deep freezer in 320 outlets.

2.37 The Committee pointed out during evidence that in the Table showing production of various kinds of meats in Annual Report (1994-95) of the Ministry, mention has been made of FAO estimates of 'veal' production and enquired as to whether the Government were aware of the Supreme Court judgement preventing the slaughter of cows below the age of 14 years. It was further pointed out that the publication of production details about veal meant monitoring of an activity banned by the Supreme Court. The representative of the Ministry assured that the observations of the Committee have been taken due note of for appropriate action by concerned authorities.

2.38 In regard to a query during evidence as to why Indian meat fetched a very low price in the international market, it was explained to the Committee that India did not have many quality abattoirs to produce quality meat and the price of meat depended on its quality.

D. 1 Consumer Industries (Sub Major Head)

2.39 Performance Budget states that Modern Food Industries (India) Ltd. made a net profit (after interest and depreciation) of Rs. 65.19 lakhs during 1993-94 as against Rs. 141.68 lakhs in 1992-93.

2.49 The drop in profitability was mainly due to reduction in sales in Delhi and Indore units and also lower realisation particularly in nutritional supplies.

Diversification & Restructuring of Loss Making Units

2.40 Company has diversified into production of energy food which is being supplied to U.P. and Bihar Governments under their ICDS programmes. The Company has also taken up production of value added products like cakes and new varieties of bread, extruded food etc.

2.41 Some of the non-bakery units which were incurring losses, have been restructured and have shown positive results. The Roller Flour Mill (RFM) Faridabad produced 7700 MT of Poshahar during 1992-93 and earned a profit of Rs. 5.67 lakhs. During 1993-94, RFM produced 9937 MT of energy food and earned a profit of Rs. 77.87 lakhs. Most of the non-bakery units have performed well during the year 1992-93 and 1993-94 and helped the Company to consolidate its financial position.

2.42 The Committee are informed in a note that even though the Company has started making profit since 1992-93 there is a need to continue this financial assistance for some more time. A budgetary provision of Rs. 1 crore for the year 1995-96 has been made so that the Company can consolidate its financial position.

North Eastern Regional Agricultural Marketing Corporation Ltd. (Neramac)

2.43 The Corporation was set up on 31st March, 1982 by the Government of India with an authorised capital of Rs. 5 crores. The main objective of the Corporation is to undertake marketing and processing of fruits and vegetables grown in the North-Eastern Region and thereby to foster the development of horticulture in the region.

2.44 In a note furnished to the Committee it has been stated that the Company made efforts to revive and rejuvenate activities in areas of marketing and processing during the year 1993-94. During the first half of the year 1994-95, the Company made significant improvement in both. The Company diversified its marketing activities during the first half of 1994-95 from traditional agro-food products to products based on minor forest produce like agarbathi sticks, ice-cream sticks, etc.

2.45 The total turn-over of the Corporation during the year 1994-95 (upto Dec.) was Rs. 52.13 lakhs (unaudited) as against Rs. 15.30 lakhs (un-audited) during the corresponding period last year.

2.46 The Corporation's operations during the year 1994-95 are anticipated to result in a loss of Rs. 105 lakhs (un-audited) as against a loss of Rs. 137 lakhs (un-audited) during the year 1993-94.

National Perspective Plan for Food Processing Sector

2.47 The Committee in their Seventh Report on last years Demands for Grants 1994-95 have emphasised the need for formulating a National Perspective Plan for food Processing Section to achieve the objectives behind the setting of a separate Ministry for Food Processing Industries.

2. 48 In a note furnished in response to this recommendation, the government have stated that for evolving a National Perspective plan for Food Processing Industries a Committee has been constituted under the chairpersonship of Member, Planning Commission, which has already met twice. Three Sub Committees have also been constituted under this Committee for formulating different strategies.

Availability of Resources

2.49 During evidence, Secretary of Ministry of Food Processing Industries stated that his Ministry has asked for a total allocation of Rs. 75 crores against which only Rs. 45 crore was given to the Ministry for implementing various programmes.

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS

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 .

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.

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.

3.4 The Committee have noted that the food grain 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.

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.

3.6 The Committee also note that the extent of post-harvest wastage's 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 proposals for additional allocation to assist in the creation of processing facilities and appropriate storage facilities.

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 ceases 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.

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 centers should also be assisted to introduce courses to provide trained man-power 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 .

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 judgment 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.

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 an perceptible fall in the quantum of profit in 1993-94 due to reduction in sales in Delhi and Indoor 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 Indoor units should be analysed quickly and remedial action taken to tone 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

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.

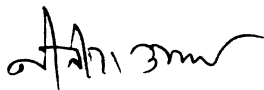
3.12 The Committee note that a committee has been constituted under the chairmanship of a Member of the Planning Commission to evolve a National Perspective Plan for Food Processing Industries and three sub-committees have also been constituted under this Committee for formulating different strategies. 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.

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.

NEW DELHI ;
26 April, 1994
 6 Vaisakha, 1917 (Saka)

NITISH KUMAR
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