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COMMITTEE ON AGRICULTURE
(2010-2011)

FIFTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS
(2011-2012)

TWENTY FIFTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

AUGUST, 2011/, BHADRAPADA, 1933 (Saka)

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MINISTRY OF FOOD PROCESSING INDUSTRIES

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(2011-2012)

Presented to Lok Sabha on 29.08.2011

Laid on the Table of Rajya Sabha on 29.08.2011



LOK SABHA SECRETARIAT
NEW DELHI

AUGUST, 2011/, BHADRAPADA, 1933 (Saka)

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COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2010-2011)

Shri Basudeb Acharia - Chairman

MEMBERS

Lok Sabha

2. Shri Narayansingh Amlabe
3. Shri K.C. Singh 'Baba'
4. Shri Thangso Baite
5. Shri Jayant Chaudhary
6. Smt. Shruti Choudhary
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RAJYA SABHA

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28. Shri Upendra Kushwaha
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30. Shri Rajpal Singh Saini
31. Shri S. Thangavelu

SECRETARIAT

- | | | | |
|----|----------------------|---|---------------------|
| 1. | Shri Deepak Mahna | - | Joint Secretary |
| 2. | Shri P.V.L.N. Murthy | - | Director |
| 3. | Shri P. C. Koul | - | Additional Director |

INTRODUCTION

I, the Chairman, Committee on Agriculture, having been authorized by the Committee to submit the Report on their behalf, present this Twenty–fifth Report on the Demands for Grants (2011-12) of the Ministry of Food Processing Industries.

2. The Committee under Rule 331 E(1)(a) of the Rules of Procedure and Conduct of Business in Lok Sabha considered the Demands for Grants (2011-12) of the Ministry of Food Processing Industries, which were laid on the table of the House on 7 March, 2011. The Committee took evidence of the representatives of the Ministry of Food Processing Industries and the Planning Commission at their Sitting held on 11 April, 2011. The Committee wish to express their thanks to the officers of the Ministry of Food Processing Industries and Planning Commission for appearing before the Committee and for furnishing the information that the Committee desired in connection with the examination of Demands for Grants (2011 – 12) of the Ministry.

3. The Report was considered and adopted by the Committee at their Sitting held on 26 August, 2011.

4. For facility of reference, the Observations/Recommendations of the Committee have been printed in bold letters at the end of each Chapter.

NEW DELHI;
26 August, 2011
4 Bhadrapada, 1933 (Saka)

Basudeb Acharia
Chairman,
Committee on Agriculture

ABBREVIATIONS

BE	Budget Estimate
CCEA	Cabinet Committee on Economic Affairs
CPWD	Central Public Works Department
DPR	Detailed Project Report
EFC	Expenditure Finance Committee
EoI	Expression of Interest
ETP	Effluent Treatment Plant
FY	Financial Year
IGPB	Indian Grape Processing board
NBCC	National Building Construction Corporation Ltd
NMPPB	National Meat and Poultry Processing Board
SFC	Standing Finance Committee
SHGs	Self Help Groups
SNA	State Nodal Agencies
SPV	Special Purpose Vehicles
STP	Software Technology Park
WTO	World Trade Organisation

CHAPTER – I

IMPLEMENTATION OF RECOMMENDATIONS

The Fifth Report of the Committee on Agriculture on Demands for Grants (2009-10) of the Ministry of Food Processing Industries was presented to Speaker, Lok Sabha on 18 February, 2010. The Report was subsequently presented to Lok Sabha and laid on the Table of Rajya Sabha on 3 March, 2010.

1.2. In terms of Direction 73A of the Directions by the Speaker, Lok Sabha, the Minister concerned is required to make a Statement in Lok Sabha about the status of implementation of Recommendations contained in the Original Report of the Committee within six months of presentation of the said Report to the Parliament.

1.3. The Minister of State in the Ministry of Food Processing Industries made a Statement in terms of Direction 73A on 22 March, 2011 i.e. more than a year after the Fifth Report was presented to the Parliament.

1.4 In the meantime, on the basis of Action Taken Notes received from the Ministry in respect of the Fifth Report on 19 July, 2010, the Committee presented their Sixteenth Report to the Lok Sabha on 8 March, 2011. The Report was laid on the Table of Rajya Sabha on the same day. Out of the 21 Recommendations contained in the Fifth Report of the Committee 11 Recommendations (52.38%) have been accepted by the Government. Of the remaining 10 Recommendations Action Taken by the Government in respect of 7 Recommendations (33.34%) viz. Paras 2.12, 3.34, 3.36, 3.38, 3.39, 4.42 and 5.20 have been commented upon by the Committee. Replies to the balance 3 Recommendations (14.28%) were of interim nature.

1.5 From the Statement of the Minister referred to in Para 1.2 above it was observed that in the context of most of the Recommendations, the position as indicated in the Action Taken Notes submitted by the Ministry more than eight months back on 19 July, 2010 had been reiterated. The Ministry were, therefore, asked on 21 April, 2011 to get an updated Statement under Direction 73A made in the next Session (Monsoon Session, 2011) of Parliament. The Minister is yet to make the updated Statement under Direction 73A in Lok Sabha.

1.6 Similarly, the Ninth Report of the Committee on Demands for Grants (2010-11) of Ministry of Food Processing Industries was presented to Lok Sabha and laid on the Table of Rajya Sabha on 3 May, 2011.

1.7 On the basis of Action Taken Notes furnished by the Ministry of Food Processing Industries in respect of the Recommendations contained in the Ninth Report, the Committee presented their Twentieth Report to Lok Sabha on 24 March, 2011. The Report was laid on the Table of Rajya Sabha on 25 March, 2011. Out of the 13 Recommendations contained in the Ninth Report of the Committee 10 Recommendations (76.90%) have been accepted by the Government. The Committee decided not to pursue 1 Recommendation (7.7%) in view of the reply of the Government. In case of 1 Recommendation the Committee did not accept the reply of the Government and in the case of the remaining 1 Recommendation the reply was of interim nature.

1.8 The Minister of State in the Ministry of Food Processing Industries made a Statement under direction 73A of the status of implementation of Recommendations contained in the Ninth Report of the Committee on 22 March, 2011 i.e. the day he made a Statement under Direction 73A on the Fifth Report of the Committee. The

Statement was made more than ten months after the Ninth Report was presented to the Parliament. The critical analysis of the Statement revealed that it required updation in respect of most of the Recommendations in general and in regard to Twelfth Plan projections in particular. The Ministry were, therefore, asked to get an updated Statement under Direction 73A made during the next session (Monsoon session, 2011) alongwith the Statement under Direction 73A on the Fifth Report of the Committee. The Minister is yet to make the updated Statement under Direction 73A on the Ninth Report.

1.9 The Committee are greatly perturbed with the manner in which Statements under Direction 73A of Directions by the Speaker, Lok Sabha are being made in the context of the status of implementation of Recommendations contained in their Reports. Previously also, they had taken up this matter in their Fifth Report when they had found that the Statement under Direction 73A in the context of the Fortieth Report (Fourteenth Lok Sabha) was not only made after more than fifteen months from the presentation of that Report to the Parliament but also contained incomplete information. In spite of their well meaning advice, it seems, the situation has not improved. The Statements in the context of the Fifth and Ninth Report have been inordinately delayed and made after more than a year and 10 months respectively. Both the Statements were deficient on several counts requiring them to be updated and made again. Furthermore, though they were to be made in the ongoing Session of Parliament, the needful is yet to be done. The Committee strongly deprecate this casual attitude towards a Direction by Speaker, Lok Sabha and recommend that Statements under Direction 73A in

the context of the Fifth and Ninth Report duly updated and completed in all respects, be made in the ongoing Session of Parliament.

CHAPTER – II

OVERVIEW OF DEMANDS

Introductory

Agricultural development is crucial to India's overall progress which can be achieved by intensifying agricultural and allied activities as well as by diversification and commercialisation of agriculture. A strong and dynamic food processing sector plays a vital role in diversification and commercialisation of agriculture, enhances life, ensures value addition to agricultural produce, generates employment, enhances income of farmers and creates market for exports of agro products.

2.2 The Country in this year of surplus, is facing a major issue of ensuring remunerative prices to the farmers for their produce. There is no denying the fact that greater opportunities can be created for adding income of farmers and employment if the surplus production of cereals, fruits, vegetables, milk, fish meat and poultry etc. are processed and marketed both inside and outside the Country.

2.3 Due to very low levels of food processing capability, huge losses are incurred inspite of India's leading position in the comity of nations as a producer of several agricultural, animal husbandry and dairy products. Because of these very reasons, the share of India's export of processed food in global trade is only 1.5% at present. Even, within the Country, share of processed fruits and vegetables is much less when compared to other agricultural products such as milk (35%) and marine products (26%). More importantly the lack of processing and storage of fruits and vegetables results in huge post harvest losses estimated at about 35%, the value of which is approximately Rs. 50,000 crore annually. A developed food processing

industry would not only reduce wastages, but would also increasingly fetch enhanced income to farmers, which is another problem before the agriculture sector at present.

2.4 There are many constraints which the food processing industry sector is facing, viz. non-availability of adequate critical infrastructural facilities, like cold chain, packing and grading centres, lack of adequate quality control and testing infrastructure, inefficient supply chain, etc.

2.5 The Ministry of Food Processing Industries are concerned with formulation and implementation of the policies and plans for the food processing industries within the overall national priorities and objectives. The Ministry were set up in July, 1988 to give an impetus to development of food processing sector in the Country. Subsequently, on 15 October, 1999 they were made a Department and brought under the Ministry of Agriculture. They were again notified as the Ministry of Food Processing Industries on 6 September,2001.

2.6 According to the Ministry, they act as a catalyst for bringing in greater investment into this sector, guiding and helping the industry, and creating a conducive environment for healthy growth of the food processing industry. Within these overall objectives, the Ministry aims at:

- . Better utilization and value-addition of agricultural produce.
- . Minimising wastage at all stages in the food processing chain by development of infrastructure for storage, transportation and processing of agro-produce.
- . Induction of modern technology into the food processing industries.

- . Encouraging R&D in food processing for product and process development.
- . Providing policy support, promotional initiatives and facilities to promote value added exports.
- . Create the critical infrastructure to fill the gaps in the supply chain from farm to consumer.

Analysis of Demands

2.7 Demand No. 17 pertaining to the Ministry of Food Processing Industries for the Fiscal 2011-12 was presented to the Lok Sabha on 7 March 2011.

The Table reflects the Demands in brief:

Sl. No.	Section	Plan	Non-plan	(Rs. In crores)
				Total
Revenue				
1.	Voted	504.49	10.09	514.58
2.	Charged	--	--	--
Capital				
1.	Voted	95.50	00.01	95.51
2.	Charged	--	--	--
Grand Total				610.09

It may be noted that a sum of Rs.610.09 crore has been allocated to the Ministry for the ongoing Financial Year. Out of this amount Rs.514.58 crore is in the Revenue Section. The balance of Rs.95.51 crore is in the Capital Section. The break-up in the Revenue Section is Rs.504.49 crore on the Plan side and Rs.10.09

crore on the Non-Plan side. In the Capital Section a sum of Rs.95.50 crore is in the Plan side and the remaining Rs.00.01 crore on the Non-Plan side.

Annual Plan 2011-12

2.8 The Ministry have informed that they sought Rs. 1490.86 crore for Annual Plan 2011-12 but they have been allocated Rs. 600.00 crore only. When asked about the reasons behind this drastic reduction in the allocation for the year 2011-12 by the Planning Commission and to what extent would this shortfall lead to pruning or staggering of the various Schemes, they replied that Eleventh Plan allocation for the Ministry of Food Processing Industries was approved as Rs. 4031.00 crore based on the report of the Working Group. As most of schemes of the Eleventh Plan were new initiatives, hence approval of the scheme could be obtained towards middle of 2008 – 09. Actual progress in the schemes was possible only in the third and fourth year of Eleventh Five Year Plan. The pace of utilization during 2010–11 has shown significant improvement over earlier years. Hence, Ministry have worked out realistic scheme-wise requirement for year 2011–12, being the terminal year of the Eleventh Five Year Plan. It was further stated that the Ministry have made all efforts but Rs. 600.00 crore has actually been allocated. As regards the extent to which various schemes of the Ministry would be required to be pruned due to curtailing of funds is concerned, proportionate reduction against the actual requirement has been made in all the plan schemes. Ministry will not be able to take up projects to the envisaged targets due to pruning down of the budget provisions.

Plan Allocations

2.9 The following are the Budget Estimates, Revised Estimates and Actuals during the first four years of the Eleventh Plan and BE for the current Fiscal:

Year	BE	RE	(Rs. in crore) Actual expenditure
2007-08	250.00	200.00	182.00
2008-09	290.00	242.00	223.12
2009-10	340.00	290.00	277.15
2010-11	400.00	400.00	266.38#
2011-12	600.00	-	-
Total	1880.00	1132.00	948.65

Upto 31.01.2011

2.10 It may be noted that the approved Outlay for Eleventh Plan was of the tune of Rs. 4031.00 crore. However, the actual Allocation including BE for 2011-12 Rs.1880 crore only, which is about 47% of the approved Outlay for Eleventh Plan. When asked about the efforts made by the Ministry to persuade Planning Commission/Ministry of Finance to allocate approved Outlay of Eleventh Plan to them, the Ministry stated that they had submitted their Annual Plan proposals with full justification and tried to convince the Planning Commission about its requirement. Minister of Food Processing Industries has also taken up the issue with Planning Commission and the Ministry of Finance from time to time. The recommendations contained in the reports of Committee on Agriculture have also been communicated from time to time to the Planning Commission and Ministry of Finance.

2.11 Further, the Secretary of the Ministry during the course of Oral Evidence on 11 April, 2011 stated, regarding the lower allocation and still lower expenditure:

“Sir, I would at this stage like to submit that while the Plan originally included allocations related to much larger number of cold chains and mega food parks. In fact, the CCEA in its subsequent approvals told us to do only 10 mega food parks out of 30 and 10 cold chains out of 30, which immediately put restriction on the total amount of money that could be spent. So, I would say that the partial approval of the scheme in a way affected the overall expenditure. If we were able to start 30 cold chains right at the first go, that is, at the end of the second year/beginning of the third year, then I am sure that we would have been able to spend more money and we would have been able to utilize a higher proportion of all our grants.”

2.12 In response to a subsequent query regarding the reasons extended by Planning Commission/Ministry of Finance for the reduced allocations, the Ministry furnished that no specific reasons have been extended by the Planning Commission/Ministry of Finance for the reduced allocation.

Preparation for the Twelfth Plan

2.13 Eleventh Five Year Plan is on the verge of its end and the Twelfth Plan is planning Twelfth one is on the anvil. When asked, during the course of Oral Evidence, as to what all was being done in order to avoid the kind of delays that usually take place in finalisation of Five Year Plans and which has been a perpetual problem, the representative from the Planning Commission stated :

“We are very concerned about this issue and the process that we wish to encourage all the Ministries to follow is that the mid-term appraisal is the time for taking stock of all on-going programmes. At that point, each Ministry is expected to review its schemes and programmes – ones which need to be taken forward, once which need to be changed and ones which need to be dropped. It is also the time to recognize new areas in which the Ministry is not intervening and where a programme is necessary. The Ministry then gets

about two years for the preparatory work which should be reflected in the Plan itself.”

2.14 When asked about the status of Ministry of Food Processing Industries in this regard, the Secretary of the Ministry informed the Committee during Oral Evidence:

“Our Ministry, having gone through a detailed analysis of this sector with the decisions being discussed at the Group of Ministers level last year, has come up with a scheme which we would like to look back seriously and thoroughly only after the project period is over. We will keep on doing the mid-term corrections. We have been doing it. So, for my Ministry, we expect the Mega Food Park, Abattoirs, the cold-chain schemes to be continued. We have had internal discussions amongst our Ministries more than six months back. We are coming to the conclusion that we have to take it to its logical conclusion. Taking a view quite immediately and start questioning your own view is not always the best way. We want to take it to its logical conclusion. At a very early stage, we will be ready to propose to the Planning Commission that so far as our ongoing schemes are concerned, the major infrastructure scheme which will require around Rs. 2000.00 crore only, for continuation of what we have started, is an essential thing. We can very soon write to them on that.”

2.15 During the course of Oral Evidence on 11 April, 2011, the Witness , also stated that the Ministry only implement Central Sector Schemes and unfortunately, Centrally Sponsored Schemes, which have their reach to common man are not implemented by this Ministry. When asked about the actions Ministry proposed in the direction of formulating and implementing such Centrally Sponsored Scheme during the Twelfth Five Year Plan whose benefits reach the common man in a more effective, fast and holistic manner, it has stated that as an exercise for formulation of Twelfth Five year Plan, various Working Groups constituted by the Planning Commission are considering sector-wise proposals. Accordingly Constitution of a Steering Committee on Industry relating to Food Processing Industries is under consideration by Planning Commission under the Chairmanship of Secretary, Ministry of Food Processing Industries. As per statement of the Minister of Food Processing Industry during the full Planning Commission Meeting, the Ministry will be

preparing National Food Processing Mission as a Centrally Sponsored Scheme for the Twelfth Plan period.

2.16 The Committee are really aghast at the way the financial requirements of the Ministry of Food Processing Industries have been attended to by the Planners and the Governments throughout the Eleventh Plan. As has been amply brought out in the Fifth and Ninth Reports of the Committee pertaining to the Demands for Grants of the Ministry for 2009-10 and 2010-11 respectively, the Ministry was starved of the funds in the initial two years of the Plan due to delays in approvals/clearances of the Schemes, most of whom were new initiatives. In the next two years also, when the momentum was picking up, the schemes of the Ministry though already reduced in the scale by the CCEA were again not provided the requisite funds, thereby hampering their implementation at the proper pace. For the ongoing Fiscal, at least, the Committee expected the planners and the policy makers to do justice with the financial requirements of the Ministry. The Committee are, however, hugely disappointed to note that against a sum of Rs. 1490.86 crore sought by the Ministry, they have been allotted a paltry Rs. 600 crore for what is the terminal year of the Eleventh Plan. It would be noteworthy to mention here that the Ministry was allocated a sum of Rs. 4031 crore for the Eleventh Plan by the Planning Commission against their earlier projections in respect of 30 Mega Food Parks, 30 Cold Chain projects and 30 Modernised Abbatoirs. The approvals were belatedly given for only 10 each of them. The fund allocation, therefore, got pruned in the initial years due to delays in approvals as also scaling down of targets. The targets have, however, been enhanced in the

penultimate year of the Plan presumably after the Government and Planners were satisfied with the progress of the ongoing projects. Under such circumstances the Ministry were not only fully justified in asking for enhanced allocation, they ought to have been rightfully provided the same. How can the Planners and the Government expect the Ministry to perform if they are not provided sufficient where-withal for the purpose. Clearly their attitude towards this fundamental requirement of the Ministry defies logic. In plain statistical terms, the Ministry have got about Rs1130 crore during first four years of the Eleventh Plan. This is one fourth or so of the Rs.4031 crore allocated to them for the Eleventh Plan. Even with the Rs. 600 crore BE for 2011-12 the Ministry will not even reach halfway mark of their total allocation (Rs.1730 crore). The Committee, therefore, recommend that though it may not be worth much to the food processing industries sector at large, the Government should, at least in the interest of the projects in pipeline enhance the allocation of the Ministry substantially at the RE stage, this year.

Plan Allocation

2.17 As has been stated previously in this Report, as also in several other Reports of the Committee, the food processing industries sector has never been a priority area for the Planners and Government alike for decades together though a separate Ministry is in place for over two decades now. As a part of skewed priorities, both these entities have very smugly focused on increasing the production of foodgrains, cereals, oilseeds, dairy products, animal husbandry and fisheries produce over the last so many years but nobody has cared to ensure that post harvest and storage losses are

minimized. Resultantly, while the farming community has kept on contributing their might selflessly towards making the nation self reliant and secure in food, the fruits of their toil are still being wasted in humungous quantities all over the Country for want of adequate processing measures and technologies.

2.18 It is very sad that inspite of the Committee pointing out to the Planners and the Government time and again about the need to fund this would be Sunshine Sector of Indian economy adequately, in several of their Reports, neither of the two have been spurred into requisite action. One can only imagine the staggering savings that could have been effected by more focus on the food processing industry sector particularly when the post harvest losses, as per conservative estimates are a mammoth Rs. 50000 crore per annum in fruits and vegetables sector alone. The Committee can, therefore, at best say that though the Planners and the Government have upto now not appreciated the exact import of their Recommendations about the massive investment needed in the food processing industry sector, all is not lost. They earnestly hope the Planners and the Government could make amends by infusing this funds starved sector with optimum amount of funds at least in the Twelfth Plan so as to plug the massive losses occurring year after year, for decades together, to the agriculture and allied sector produce because of the lack of food processing and storage infrastructure.

Preparation for the Twelfth Plan

2.19 The delayed finalization and approval of Eleventh Plan, as is evident from the implementation proper of Schemes by the Ministries/Departments

under the jurisdiction of the Committee has led to staggering of timelines and resultant inflation in costs of almost the entire developmental process during these five years. This according to the Committee is not a happy situation. It goes without saying that proper and timely planning are *sine qua non* of any activity, the planning process of a developing economy not excluded. The Committee have been, therefore, critical of the way the Eleventh Plan was dealt with by the Planners and Policy makers in all their Reports on the Demands for Grants of last two Fiscals pertaining to the Ministries/Departments under their jurisdiction. While ascertaining the preparedness of the Planners and the Government for the Twelfth Plan the Committee were informed by the representative of the Planning Commission that the Commission wished to encourage the Ministry to do stock taking of all on going programmes at Mid-Term Appraisal Stage so that they get two years for course correction. The Committee find the advice of the Planning Commission totally uncalled for in view of the fact that the Mid-Term-Appraisal of the Eleventh Plan inspite of Committee's Recommendations in their previous Reports for being expedited, was actually completed somewhere in the second half of the Fourth year of the Plan. What would the Ministries/Departments be able to do in the last year of the Plan as Course Correction vis-à-vis the Schemes being implemented, is anybody's guess.

2.20 The Committee, however, hope that a similar fate does not befall the Twelfth Plan. They, therefore, recommend that all the formalities and preparatory work pertaining to the Twelfth Five Year Plan should be completed on a war footing basis. The Plan should be communicated to all line Ministries/Departments at the latest by 31 December, 2011. The

Ministries/Departments should also be directed to complete all formalities and incidental procedures in the last quarter of the ongoing Fiscal so that the implementation of the Schemes included in the Twelfth Plan commences from the very first day of the Plan viz. 1 April, 2012.

2.21 The Committee observe that the Ministry of Food Processing Industries only implements Central Sector Schemes and unfortunately Centrally Sponsored Schemes, which have their reach to common man, are not implemented by the Ministry. They further observe from the statement of the Minister of Food Processing Industries before full Planning Commission Meeting, that the Ministry will be preparing National Food Processing Mission as a Centrally Sponsored Scheme for the Twelfth Plan period. The Committee desire that this should be done in a comprehensive and holistic manner so that the benefits of the implementation of Schemes of the Ministry can reach the common man in an efficient and prompt manner. The Committee would like to be informed of the progress made by the Ministry in this direction at the earliest.

CHAPTER – III

SCHEMATIC ANALYSIS

(A) Scheme for Infrastructure Development

The objective of the Scheme for Infrastructure Development is to provide Infrastructure and common facilities for use by small and medium enterprises, which enhance value addition. The Scheme has three components Viz. (a) Mega Food Parks (b) Cold Chain, Value Addition and Preservation Infrastructure and (c) Establishment of new/ Modernisation of existing Abattoirs. The budgetary allocation for the Scheme during the Eleventh Plan is as given in the table below:

(Rs. in crore)			
Year	BE	RE	Actuals
2007-08	90.00	15.00	14.79
2008-09	90.00	42.20	48.28
2009-10	135.00	73.81	72.94
2010-11	137.50	120.89	88.67#
2011-12	300.00	-	-

#Till 31.01.2011

When asked about the circumstances necessitating drastic reduction at RE stage in all the four completed years of Eleventh Plan, the Ministry replied that delay of about one and half year in approval and phased approvals of the Schemes are the reasons for inadequate progress, thereby, necessitating drastic reduction.

3.2 The following information was furnished in writing by the Ministry to a query about component-wise reasons for the reduced allocations:

Mega Food Park: Although Eleventh Plan commenced with effect from the year 2007, approval of the Scheme was received by the Ministry precisely after one year and five months. Also, only 10 projects were approved in the

first phase out of 30 envisaged for the Eleventh Plan. Due to delay in the approval of the Scheme, the expenditure projected for the year 2007-08 could not be incurred. After the approval of the Government, the Ministry took expeditious action to formulate the Scheme Guidelines in October, 2008 and Expression of Interest was called for these projects in November, 2008. Although the selection of suitable proposal involves a very detailed and strenuous exercise of scrutiny, appraisal, evaluation and approval as per the laid down procedure, 'in principle' approval was accorded in December, 2008 to 10 projects and first tranche of first instalment was released in March, 2009 in case of 5 States such as Andhra Pradesh, Jharkhand, Maharashtra, Uttrakhand and Assam.

Cold Chain: As regard, Cold Chain is concerned, pace of utilization has been normal. In 2010-11 low expenditure is due to phased approval.

Abattoir: The following are circumstances and reasons for reduced allocations and delay in execution of modernization of abattoirs :

- (i) The Eleventh Plan was approved quite late and hence the Scheme was approved by 2009.
- (ii) Delay in allocation land for Abattoirs by State Government due to local agitations and objections of local people.
- (iii) Delay in appointment of Project Management Consultant.
- (iv) Delay in tender process by State Government for turnkey contractor.

3.3 In response to a query as to how the Ministry propose to ensure that the allocated amount is fully utilised in the year 2011-12 and thereby funds escape

pruning at RE stage, as has been done during each of the last four years, the Ministry submitted to following written information to the Committee:

“Mega Food Park: The CCEA in its meeting held on 18 November, 2010 approved setting up of 5 new Mega Food Parks Projects in addition to 10 projects already approved in the first phase.

Cold Chain: Upscaling to the extent of Eleventh Plan has been approved. New proposals have been received. It will be possible to utilize the entire budget in 2011-12.

Abattoirs: The Ministry of Food Processing Industries have appointed Project Management Agencies that are technical competent consultant to solve any problem raised by State Government immediately.

Monthly review meetings with State Government official and project management consultant are being held at the level of joint secretary for proper execution of the project.”

(i) Mega Food Parks

3.4 The Scheme of Mega Food Park aims to provide a mechanism to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximizing value addition, minimizing wastages, increasing farmers’ income and creating employment opportunities in rural sector. During the Eleventh Plan, provisions have been made for 30 Mega Food Parks, out of which, 10 Mega Food Parks have been taken up during the first phase. EFC has approved the upscaling of Scheme to take up 5 more projects during Eleventh Plan which has been approved by CCEA in its meeting held on 18 November, 2010.

3.5 When asked whether any of the Mega Food Park had become fully operational as on date, the Ministry replied that out of the 7 finally approved projects, 2 projects viz. the Mega Food Park at Chittoor in Andhra Pradesh and that at Haridwar in Uttarakhand are partially operational where processing units/ common pulping facility have come up. The remaining projects are at different stages of

implementation. Queried further as to when would all the ten Mega Food Parks approved initially become operational, the Ministry stated that the successful implementation of the projects depends on a lot of factors such as land related issues and obtaining various statutory clearances from the State authorities. In some cases these issues took a lot of time as a result of which project implementation got slowed down. However, the Ministry took up the matter, from time to time, with respective State Governments to expedite the things. The Ministry are constantly reviewing progress on quarterly basis and taking all possible action for timely completion.

3.6 There is a feeling that the process of establishing Mega Food Parks is too complicated. In response to a query of the Committee about the steps taken by the Ministry to reduce delays in approvals and for seamless setting up of Mega Food Parks, the Ministry stated that the proposal for Mega Food Park is selected in accordance with the procedure laid down in the Scheme Guidelines. Based on the learning experience and suggestions from various stakeholders, the Scheme Guidelines are modified from time to time to facilitate smooth implementation of the Scheme. Initially, the prescribed composition of the Special Purpose Vehicle (SPV) was minimum of 5 members out of which one member should be Food Processor. Subsequently, the composition of (SPV) was modified to comprise of minimum 3 members including one Food Processor whose net worth should be minimum of Rs. 10.00 Crore and should have minimum of 26% of equity holding in the SPV. Ministry have taken expeditious steps from time to time for according early approvals for setting up of Mega Food Parks in various states subject to fulfillment of prescribed conditions. In the first phase of Scheme implementation, CCEA had

approved setting up of 10 Mega Food Parks on 11 September, 2008. Operational Guidelines for the Scheme were formulated within a month's time in October, 2008 and Expression of Interest was called for in November, 2008. Although the selection of suitable proposal involves a very detailed and strenuous exercise of scrutiny, appraisal, evaluation and approval as per the laid down procedure, 'in principle' approval was accorded as early as in December, 2008 i.e. within a month.

3.7 The Secretary, Ministry of Food Processing Industries added further during the Oral Evidence:

“The procedure for Mega Food Park is like this. We give advertisement for a particular State asking for proposals, asking to submit what is normally termed as expression of interest, which is basically the applicants have to form a Special Purpose Vehicle. They have to have certain network, the area identified and it should be economically feasible. After that happens, we scrutinise it and we give in principle, approval to them that you are allowed to now prepare the Detailed Project Report. The DPR preparation is also a time consuming thing and it takes from three months to six months. During this period, they also have to ensure that the land is in possession that the SPV is legally constituted, that the share holders agreements etc., are there and the bank has also been fully involved. That is why, there has always been time taken between first the selection of the project amongst the competing five, six people, identification of the best project and thereafter for them to prepare the DPR. The DPR is again scrutinized by us and if it is found satisfactory, it goes through two stages of scrutiny. Then we give the final approval to the project. When we say that the project amount approved is Rs. 50 crore, that is, we are offering the project our Rs. 50 crore after approval of the project. The release has to be in different instalments. First we give only Rs. 5 crore, followed by another Rs. 10 crore, this makes the first instalment. Thereafter, it is Rs. 15 crore and Rs. 5 crore. Depending on the progress of the thing, money is released. It is not released immediately.”

3.8 When asked about the efforts made to involve Self Help Groups (SHGs) to participate in SPVs for setting up their industry in Mega Food Parks, the Ministry stated that as per the Scheme Guidelines, the responsibility of execution, ownership and management vests with a SPV which shall be a body corporate registered under Indian Company's Act. In the formation of SPV, financial institutions, organized retailers, processors, producers, farmer organizations and other stake holders can

participate as equity holders. Government agencies can also become shareholders in SPV, but the equity holding of such Govt. organization / organizations shall be restricted to less than 26% so as to ensure private sector character of SPV. Since the Scheme is market driven and is operated by a Body Corporate, there is no intervention of the Government in SPV formation. However, where the composition of SPV has farmers group SHGs, such proposal carry more weightage in the selection process.

(ii) Cold Chain, Value-Addition and Preservation Infrastructure

3.9 The objective of this component of Scheme for Infrastructure development is to provide integrated and complete cold chains and preservation facilities without any break, from farm gate to the consumer. When asked about the present status of this component the Ministry replied that the component of Cold Chain, Value Addition and Preservation Infrastructure was approved on 22 August, 2008 for implementation of 10 projects in the first phase, out of 30 projects proposed by the Ministry. Rs. 210.00 crore had been allocated for this component during Eleventh Plan. Accordingly, 10 projects were approved in the financial year 2008-09 in which the total amount of grants-in-aid involved is Rs. 86.94 crore. So far Rs. 72.45 crore has been released and remaining amount of grant is likely to be released in the current Financial Year. Out of 10 projects, 7 have started commercial production. Substantive value addition, reduction in wastage and enhancement in the farmer's income is evident from the concurrent evaluation of the projects. Remaining three projects are also at advanced stages. Based on the progress of first phase, a proposal for upscaling the scheme, to the extent of Eleventh Plan allocation was considered and recommended by EFC and the same was approved by the Finance

Minister. The Ministry would be taking new projects against balance-approved Outlay of Eleventh Plan. In furtherance of the approval by the Finance Minister, Ministry issued Expression of Interest (EOI) notice seeking proposals from potential stakeholders. In response thereto 164 proposals were received by the Ministry, which are under consideration.

(B) Scheme for Technology Upgradation, Establishment and Modernisation of Food Processing Industries

3.10 The objectives of the Scheme for Technology, Upgradation, Establishment and Modernisation of FPI are to increase the level of processing, reduction of wastage, value addition, enhance the income of farmers as well as increase exports thereby resulting in overall economic development. Budgetary allocations for the Scheme for the Eleventh Plan are as under:

(Rs. in crore)

Year	BE	RE	Actuals
2007-08	72.00	113.50	119.30
2008-09	90.00	91.50	96.87
2009-10	60.00	82.52	82.49
2010-11	81.00	106.01	80.61#
2011-12	98.00	-	-

Upto 31.01.2011

It is stated that the Revised Estimates during the last four years are showing an increase over respective Budget Estimates. Expenditures during the years 2007-08 and 2008-09 have been even higher than the respective REs.

3.11 The Ministry in response to a query as to why sufficient fund allocations for the above mentioned Scheme was not being done at the BE Stage, have stated that sufficient allocation of funds could not be done due to overall inadequate allocation of funds to the Ministry. Over 2500 cases are still pending for disbursement. When asked about the steps taken by the Ministry to get fund allocations augmented for the Scheme, the Ministry replied that they have repeatedly requested at various fora and

at various levels to Planning Commission as well as Ministry of Finance for enhanced allocation of funds for the Scheme for Technology Upgradation/ Establishment/ Modernization of Food Processing Industries in view of large number of pending cases as well as efficient utilization of funds continuously. However, the request has not materialized in term of higher allocation of funds so far.

3.12 In response to a query about how the Ministry intended to tackle the 2500 cases pending for disbursement, the Ministry stated that first and foremost requirement for disposal of cases is adequate allocation of funds to the schemes, Besides, the Ministry have taken necessary steps for close monitoring of new applications as well as pending application received under the Scheme. The successful disposal of cases as per laid down norms for percentage of expenditure for each quarter will provide justification for further allocation for the Scheme. Under the Scheme fresh applications have been stopped since February, 2009 in Grain Milling Sector except for North East Region. This will ensure that the pendency does not go up till backlog is cleared as maximum backlog is in this sector. By way of close monitoring of cases according to seniority based on date of application through Computerized Data Management System, the cases pending due to non- receipt of required documents or receipts of incomplete/incorrect document are being monitored on daily basis for vigorous follow up action for early disposal.

(C) Schemes for Upgradation of Quality of Street Food

3.13 A new Scheme for 'Upgradation of quality of Street Food' was proposed in the Eleventh Plan. The Scheme has two components Viz. "Safe Food Town and the Food Street". The Scheme is aimed at improving the quality of street food being

served and laying down standards. This Scheme has not been approved by Ministry of Finance. When asked why the Ministry of Finance have not accorded their approval to the Scheme, the Ministry stated that the Ministry of Finance observed that the Ministry were hard pressed for funds for implementation of its existing Schemes. As almost half of the Eleventh Plan was over, only one and half year was left therefore the Ministry need not take any new Scheme.

3.14 When further asked about the efforts made the Ministry to get the Scheme approved, they submitted that Secretary, MoFPI took up the matter with the Secretary Department of Expenditure stating that since scheme was operationalized for undertaking preparatory work with the approval of Minister for Food Processing Industries in 11 cities for Safe Food Town & 6 cities for Safe Food Street component, the Scheme may be allowed to be continued on pilot basis, which will help the Ministry in implementation of Scheme more effectively in Twelfth Plan. In reply, Ministry of Finance have suggested that scale down version of Scheme can be considered if the Ministry feels there is merit in continuing Scheme on a pilot basis during Eleventh Plan and after consideration of SFC under Chairmanship of Secretary, MoFPI, subject to availability of funds. Ministry is preparing SFC note for the same.

(D) Scheme for Quality Assurance, Codex Standards and Research and Development and other Promotional Activities

3.15 The objectives of the above mentioned Schemes are to motivate Food Processing Industries for adoption of food safety and quality assurance mechanisms, to prepare them to face the global competition in international trade in post WTO, to enable adherence to stringent quality in hygiene norms, to enhance product

acceptance by overseas buyers, to keep Indian industry technologically abreast of international best practices and that the end product/outcome/findings of R&D work benefit food processing industry, Sector. Budgetary allocations for the Scheme during the Eleventh Plan are as under: -

(Rs. in crore)

Year	BE	RE	Actuals
2007-08	18.00	19.30	15.12
2008-09	18.00	19.00	17.37
2009-10	30.00	32.08	29.07
2010-11	38.00	31.40	21.61#
2011-12	45.00	-	-

Upto 31.01.2011

3.16 It is observed that Revised Estimates for the first three years of Eleventh Plan for the Scheme are on a higher side as compared to respective Budget Estimates. For the year 2010-11, it is on the lower side. The Actuals in all the four years are, however, less than even the RE amounts. In response to query about reasons for these fluctuations, the Ministry replied that based on the actual expenditure for the preceding three years and the projects in hand, the RE for FY 2010-11 was pegged at Rs. 31.90 Crore. Hence, against RE of Rs. 31.40 Crore, an expenditure of approximately Rs. 31.22 Crore has been booked as on 31 March, 2011, which is around 98% of the RE allocation of 2010-11.

3.17 When asked about the underutilisation of allocated funds during the previous four years of the Eleventh Plan, the Ministry replied that the Scheme envisages assistance for various sub-components viz., setting up of food testing laboratories, R&D projects and promotional activities based on the request received for financial assistance. Except for the first year of the Eleventh Plan (2007-08) in which the

expenditure was around 78.14%, the actual expenditure in remaining years has been progressively and consistently increasing. Only a small allocation of the BEs/REs remained unutilized due to non-availability of enough suitable proposals. As a pro-active measure, Ministry have issued Special calls seeking proposals under the food testing laboratories and research and development so that there are enough feasible proposals/ projects, which can be taken up in the current Financial Year to utilize the full BE allocation.

(E) Scheme for Strengthening of Institutions

3.18 The objective of the Scheme for Strengthening of Institutions are to strengthen Indian Institute of Crop Processing Technology, State Nodal Agencies(SNA), setting up of National Meat and Poultry and Processing Board, National Wine Board and National Institute of Food Technology, Entrepreneurship and Management (NIFTEM). During the Eleventh Plan the budgetary allocations for the Scheme are as indicated in the table below : -

(Rs. in crore)

Year	BE	RE	Actuals
2007-08	35.10	26.10	26.51
2008-09	54.00	53.50	52.71
2009-10	64.00	92.08	83.59
2010-11	132.00	130.06	67.73#
2011-12	137.00	-	-

#Upto 31.01.2011

3.19 In response to a query that keeping in view the continued under spending in the previous three years how the Government propose to utilize the allocation of Rs. 137.00 crore during the year 2011-12 on the Scheme, the Ministry replied that the Scheme for Strengthening of Institutions includes allocations for IICPT, NMPPB, State Nodal Agencies, NIFTEM and the Indian Grape Processing Board (IGPB). During the financial year 2010-11 against the RE of Rs.130.06 actual expenditure

was Rs. 128.66 crore. The Ministry is therefore, confident of spending Rs. 137.00 crore provided for 2011-12 fully.

**NATIONAL INSTITUTE OF FOOD TECHNOLOGY, ENTREPRENEURSHIP
AND MANAGEMENT (NIFTEM)**

3.20 National Institute of Food Technology, Entrepreneurship and Management is a component of Scheme for strengthening of Institutions. It is being set up as an Institute of global excellence in education and research in the areas of food technology. The Institute is being set up at Kundli, Distt. Sonapat, Haryana. CCEA had approved setting up of the Institute on 31 August 2006 at an estimated cost of Rs. 244.60 crore.

(i) Financial Review

3.21 The Ministry informed that based on the inputs provided by Cornell Sathguru Foundation the estimated cost was revised to Rs. 604.75 crore. Concerned with this massive cost escalation, the Committee in their Fifth Report had recommended that the revised cost estimates be considered carefully and in all their dimensions by the evaluating agencies/ministries and a final decision arrived at accordingly. In reply to a point, the Ministry have now stated that the proposal for revision of Project Cost Estimates from Rs. 244.60 crore to Rs. 479.94 crore has been appraised and recommended by the Expenditure Finance Committee in its meeting held on 18 February, 2011 for approval of CCEA. The proposal as recommended by EFC is being submitted to CCEA for consideration and approval. When asked to furnish a detailed note on hiking of initial estimated cost of Rs. 244.60 crore to Rs. 604.75 crore and, thereafter, pruning it down to Rs. 479.94 crore, the Ministry replied that

the original cost estimated of Rs. 244.60 crore was based on DPR of May 2006 prepared by M/s RABO India Finance India Pvt. Ltd. The Break-up of cost, component wise, is indicated below:

(Rs. in crore)				
S.No	Component	Original Approved Cost	1st Revised Cost	Final Revised Cost
1	Land	31.40	31.37	36.10
2	Building	75.10	314.16	264.58
3	Equipments	47.00	41.60	56.00
4	Hardware & Software	4.00	9.58	13.57
5	Library & Others	11.70	12.50	12.50
6	Preoperative expenses		31.32	13.27
7	Contingencies (@3% on S. No. 3 to 5)		1.91	-
8	Total Non-recurring cost	169.20	432.44	396.02
9	Recurring Cost (For 5 Years)	75.40	172.31	83.92
	Total	244.60	604.75	479.94

3.22 The Ministry further clarified that Secretary, MoFPI after visiting various Universities in USA from 23 September, 2007 to 3 October, 2007 suggested that the structure of NIFTEM as provided in RABO DPR and functional requirements need to be reviewed immediately with a view to ensure that they are in line with the best international practices and that the Architect should visit USA and understand the architectural practices adopted and the facilities provided. These suggestions were approved by Minister of State (Independent Charge) of the Ministry of Food Processing Industries on 10 October, 2007 and he further ordered that the experience gained by the Secretary should be fully utilized in framing the Ministry's MOU with NBCC.

Accordingly, a team consisting of representatives of NBCC, STUP Consultants and MFPI visited Cornell University and U.C. Davis during December 1-7, 2007. Based on the inputs gathered by the team and those provided by the Cornell University to NBCC and their Architect, the concept and design of NIFTEM

Campus was prepared by the Architect and approved by the Ministry with the approval of Minister of State (Independent Charge) of the MoFPI. On the basis of accepted concept and design Block Cost Estimates were submitted by NBCC for construction work.

Based on the inputs about technical area requirement from Cornell-Sathguru Foundation, NBCC worked out the circulation and utility areas for the NIFTEM campus as per established sound civil engineering practices and bye laws. The area for residential and other amenities buildings have been adopted as per CPWD/UGC norms by NBCC. The cost of construction submitted by NBCC has increased from Rs. 75.10 crore to Rs.310.74 crore with covered area of 98,539 sq.m. The construction cost has been worked out based on CPWD rates of 2008. The increase in cost of construction of NIFTEM campus has been attributed to the following:

- Escalation in cost vis-à-vis the cost indicated in the DPR which is based on May 2005 market price.
- Increase in area of construction vis-à-vis the area indicated in the DPR due to increased intake capacity of the students from 430 to 950 and assuming 100% provision for hostels and 60% for residential as against 50% both for residential and hostels assumed in DPR of May 2006.
- Additions of facilities not provided in the DPR such as landscaping, internal roads, lighting, etc., Continuing Education Centre, Water treatment plant with pumps, electric work for water treatment plant, plant room work, solar panel system, lifts, boundary wall, neighborhood facilities, amphitheater, ETP and STP.

Further to the submission of Block Cost Estimates by NBCC, Cornell Sathguru Foundation worked out the total project outlay covering cost of construction, cost of equipments, hardware & software, library resources, IT infrastructure and other miscellaneous expenditure at Rs. 604.75 crore.

Accordingly, the draft EFC Note was circulated to Ministry of Finance and Planning Commission and other concerned Ministries/ Departments for their comments. The Ministry of Finance and Planning Commission had expressed reservations on the enhanced cost projected in the RCE vis-à-vis the original approved cost of Rs. 244.60 crore and advised the MoFPI to re-examine and rationalize the overall cost estimate. In pursuance of the directives of Ministry of Finance and Planning Commission the Revised project cost was revised by the Ministry. A series of review meetings were taken with NBCC and Architect as a result of which the revised cost was reduced from Rs.604.75 crore to Rs. 479.94 crore without compromising with the quality of construction.

(ii) Recruitment Process

3.23 The Committee were informed that Government have approved creation of 46 posts for NIFTEM. Recruitment process of academic and non academic posts has since commenced and will be completed by June 2011. When the Ministry were asked to furnish details of all the 46 posts created for NIFTEM, the following information was furnished by them :

S. No.	Name of the Post	No. of Sanctioned Posts
	Director	1
	ACADEMIC POSTS	
1	Professor	5

2	Associate Professor	5
3	Assistant Professor	11
	NON-ACADEMIC	
1	Registrar	1
2	Assistant Registrar (Admin)	1
3	Assistant Registrar (IT)	1
4	Assistant Registrar (Exam)	1
5	Deputy Controller(Finance & Accounts) (Deputation)	1
6	Deputy Librarian	1
7	Assistant Librarian	1
8	Accounts Officer	1
9	Accountant	2
10	Junior Engineer	2
11	Lab Incharge	2
12	Lab Technician	3
13	Executive Assistant	6
14	Cashier	1
	Total	46

Information sought by the Committee about the recruitment process, mode prescribed for each of the posts etc. is placed at **Annexure-I**.

The status of recruitment of each of the posts is placed at **Annexure –II**.

(iii) Targets for NIFTEM for 2011-12

3.24 As the Scheme has lingered on for quite sometime now the Committee desired to know from the Ministry the specific timelines laid out for completion of various activities:

In response the following information was furnished to the Committee:

S.No	Task	Completion Date
1	To obtain approval of CCEA to the RCE proposal	Completed
2	To Obtain deemed to be University status under De Novo category from UGC/ Ministry of HRD	31.7.2011

3	Completion of Construction of second phase consisting of residential accommodation, student hostels, research Labs, etc.	31.3.2012
4	a) Release of Advertisement for admission after UGC approval b) Finalise Admission of Students with CBSE	15.8.2011 15.9.2011
5	Appointment of Director	31.8.2011
6	Appointment to Faculty and Administrative posts	31.7.2011
7	Commencement of media campaign	15.6.2011
8	Setting up five teaching labs for B.Tech (FT&M)	31.7.2011
9	Commence activities under : a) Consultancy Division b) Skill Development Division c)SME Development Divisions d) Engagement of Companies interested in Joint Ventures	1.7.2011 20.6.2011 31.7.2011 1.8.2011
10	Continue Outreach programmes in cities, towns, metros across the Country for brand building of NIFTEM.	Already Commenced

3.25 During Oral Evidence, representative of the Ministry of Food Processing Industries submitted:

“Institutional building has been completed. We hope for starting of first year of B. Tech Food Technology and Management Courses by this year during August-September, we are to get Deemed to be University status of UGC.”

When asked further, whether the construction has been completed, the representative of the Ministry stated:

“Sir, construction was in two parts, one was institutional building and other was residential complex, hostels. Institutional building is complete, we have to use it.”

Queried further if the hostels, labs and utility buildings were still not completed, the representative of Ministry, admitted:

“It is right, Sir.”

(G) Utilisation Certificates

3.26 The pending Utilisation Certificates have been inviting the attention of the Committee for quite a number of years now. The Ministry have 2117 numbers of Utilisation Certificates amounting Rs. 330.65 crore pending in respect of grants-in-aid paid up to 31 March, 2008 and due as on 31 March, 2009. 2389 numbers of Utilisation Certificates for an amount Rs. 385.70 crore are pending in respect of grant-in-aid paid up to 31 March, 2009 and due as on 31 March, 2010. When asked about the reasons for slow liquidation of outstanding Utilisation Certificates, the Ministry submitted that many pending UCs are very old. Current pendency is mostly with respect to last installments hence, the grant recipients are not submitting UCs in time. In some cases, the progress of implementation of the projects is slow and no demand is being received for subsequent installment.

3.27 In response to a query regarding the steps taken against the defaulters for not submitting the certificates the Ministry stated that they are vigorously and continuously pursuing the matter with a view to expedite all pending utilization

certificates. In case of non-receipt of utilization certificates of earlier grants, the Ministry do not consider requests, if any, received for further grant of units/organizations. The Ministry have been following this practice in respect of all such cases. Release of second and subsequent installments is considered only after receipt of the utilization certificates for the assistance already extended. When asked about the status of the advice sought in regard of old Utilization Certificates by the Ministry from Ministry of Finance, they stated that the advice of Ministry of Finance, Department of Expenditure, is still awaited and matter is being followed up.

Scheme for Infrastructure Development

3.28 The Committee note that Scheme for Infrastructure Development is the main Scheme of the Ministry which aims to provide infrastructure and common facilities, which enhance value addition, for use by small and medium enterprises. The Scheme has three components viz. (a) Mega Food Parks (b) Cold Chain, Value Addition and Preservation Infrastructure and (c) Establishment of new/modernisation of existing Abattoirs.

3.29 In the first phase only 10 Mega Food Parks and Cold Chains respectively were approved out of 30 envisaged for the Eleventh Plan. The Committee note underutilisation of funds under this Scheme during the first four years of the Eleventh Plan. Against the BE figures of Rs.90 crore, Rs.90 crore, Rs.135 crore and Rs.137.50 crore respectively for the four Fiscals of the Eleventh Plan, the RE figures have been Rs. 15 crore, Rs. 42.20 crore, Rs. 73.81 crore and Rs. 120.89 crore only. The Actuals in these years have been Rs. 14.79 crore, Rs. 48.28 crore, Rs. 72.94 crore and Rs. 86.67 crore (upto 31 January, 2011), respectively. The underspending is mainly attributable to the inordinate delays in approval of the Scheme. Glitches in implementation of the Scheme have

also resulted in under utilization as also staggering of timelines of the three components of the Scheme. As can be seen from the financial performance of the Scheme, the implementation has improved and the scheme has gained momentum from the fourth year onwards of the Eleventh Plan. The Committee also find that the Government have accorded approval for five more Mega Food Parks and upscaled the Cold Chain, Value Addition and Preservation Infrastructure Component to the extent of balance, approved Eleventh Plan allocation. With these additional items of expenditure the Committee are sure the Ministry will be able to utilize the Rs. 300 crore allocated as BE to them for the ongoing Fiscal. Since this Scheme is likely to continue in the Twelfth Plan as well, the Committee recommend that allocation for this Scheme be suitably enhanced by the Government so that substantial ground work for Twelfth Plan is done before hand.

Scheme for Technology Upgradation, Establishment and Modernisation of Food Processing Industries

3.30 This scheme is meant for the existing Units in the food processing industry sector. The scheme provides financial assistance with a view to increase the level of processing, reduction of wastage, value addition, enhancement of income of farmers as well as increase exports. The Scheme has been provided BE of Rs. 72 crore, Rs. 90 crore, Rs. 90 crore and Rs. 81 crore during the four completed years of the Eleventh Plan. These amounts were modified to Rs. 113.50 crore, Rs. 91.50 crore, Rs. 82.52 crore and Rs. 106.01 crore respectively at the RE stage. The RE allocations were more than fully utilized in the first three Fiscals and as per the indications be spent fully

in the year 2010-11. Apart from the reasonably good financial performance of the Scheme its benefit to the existing units in the food processing industry sector are innumerable. Unfortunately, however, the Government's attitude towards this Scheme can at best be termed apathetic. With such pittance as a budget, year after year, the number of pending applications for assistance have burgeoned to 2500 plus. And the Ministry, have virtually been compelled to resort to rationing of the Scheme, which is not a healthy state-of affairs. The Committee, therefore, strongly recommend that the Ministry should immediately work out their funds requirements for this Scheme for the ongoing Fiscal with a view to liquidate as many eligible applications as possible and present it to the Ministry of Finance. The Committee further recommend that additional requirements of funds for this scheme should be released by the Ministry of Finance on top priority basis.

Scheme for Upgradation of Quality of Street Food

3.31 The Scheme for Upgradation of Quality of Street Food, in the opinion of the Committee is another instance of the Government's apathetic attitude towards schemes of public welfare. Almost the entire Eleventh Five year Plan has gone by and this scheme is still looking askance for approvals. The lack of hygienic conditions, etc. are the main reasons behind sub-standard food being sold on streets almost on a pan India basis resulting in avoidable diseases in the consumers and avoidable unquantified expenditure on their healthcare. This scheme could have gone a long way in improving the quality of street food and thereby serving the cause of unsuspecting consumers, who belong to the poorer section of the society and for whom healthcare is still a

pipe dream. The assurance of the Ministry of Finance that the scaled down pilot project version can be considered subject to availability of funds sounds hollow at the fag end of the Eleventh Plan. Moreover, when the Committee had in view of the inherent benefits of the Scheme asked the Ministry in their Fifth Report to operationalise the scheme well before the commencement of the Commonwealth Games held in October, 2010. Still, notwithstanding the step motherly treatment meted out to this Scheme by the Ministry of Finance, the Committee recommend release of additional funds for it at the RE stage so that the ambit of the Scheme is extended a bit beyond the scaled down version so that the Ministry is able to implement it with full speed during the Twelfth Plan with the benefit of experience gained now.

Scheme for Quality Assurance, Codex Standard and Research and Development and Other Promotional Activities.

3.32 The Committee observe that the above Scheme has been launched by the Ministry with a view to motivate food processing industries to adopt food safety and quality assurance mechanisms so as to prepare themselves for global competition. They further observe that the BE for the Scheme required upward revision at RE stage during the first three years of the Plan viz. 2007-08, 2008-09 and 2009-10. In all these years the BE was pegged at Rs. 18 crore and was hiked at RE stage to Rs. 19.30 crore, Rs. 19 crore and Rs. 32.08 crore respectively. In the next year the trend got reversed. The BE amount of Rs. 38 crore was reduced at RE stage to Rs. 31.40 crore. Inexplicably, however, the actuals during the first three years have been less than the RE allocations at Rs. 15.12 crore, Rs. 17.37 crore and Rs. 29.07 crore respectively in 2007-08, 2008-09 and 2009-10. During the Fourth year of the Plan the Scheme has

gained momentum and the Ministry have been able to spend Rs. 31.22 crore i.e. about 98% of the RE, which is a good sign. The low expenditure in this Scheme is mainly due to the fact that assistance and the Scheme is released on request basis. The Committee are, however, happy to note that the Ministry have now issued special calls seeking proposals under the food testing laboratories and R&D. The Committee recommend that apart from this welcome initiative, the Ministry should also launch a suitable publicity campaign to popularize this Scheme. This will not only facilitate the limited purpose of full utilization of the allocation of Rs. 45 crore this year but also enable the local food processing sector to adhere to the stringent quality in hygiene norms with a view to enhance the acceptance of local produce overseas.

National Institute of Food Technology, Entrepreneurship and Management (NIFTEM)

3.33 The Committee are constrained to note the sordid state of affairs in the National Institute of Food Technology, Entrepreneurship and Management (NIFTEM). This Institute is being set up as an institute of global excellence in education and research in the areas of food technology at Kundli, Sonapat, Haryana. CCEA had approved setting up of the institute on 31 August, 2006 at an estimated cost of Rs. 244.60 crore. The estimated cost was revised to a staggering Rs. 604.75 crore compelling the Committee to recommend in depth review of the same by the Government. The cost of the project later on was further revised to Rs. 479.94 crore. Further probing of this vexed matter of fluctuating estimates revealed that it was the then Secretary's inputs after his overseas visits that lead to the upscaling of earlier estimates of Rs. 244.60

crore to a massive Rs. 604.75 crore. This was apparently done with a view to make the Institute a world class facility.

3.34 On the execution part also the Committee find that the situation is far from satisfactory. During last five years only the institutional building has been completed. The status of the Institute as a Deemed University is a big question mark as on date. With the recruitment process also yet to be completed, the Committee wonder as to what would happen to the students seeking admission in NIFTEM with high hopes. They are doubtful if the Ministry would be able to start the Institute even in this Academic Session in the prevailing chaos.

Growth Rate in Food Processing Industry Sector

3.35 The apparent lack of a suitable information system to monitor and collate data pertaining to the food processing industry sector has been engaging the attention of the Committee for quite a long time now. They have recommended for creation of a reliable information system for the purpose within the Ministry instead of the present practice of using the inputs of stakeholders. Precisely for these reasons, the Committee have also put to question the reliability of the data regarding post harvest crop losses, growth rate of the sector as well as the Vision 2015 Document, etc. After persistent follow-up, the Ministry now seem to have realised the importance of having a in-house information system. The Ministry are contemplating taking up the matter with National Manufacturing Competitiveness Council or outsourcing for computation of growth rate in the food processing industry sector. They are also in the process of engaging a professional agency which will also help

in establishing a mechanism for compilation of growth rate in the sector. Furthermore, the Committee note, that the Ministry have engaged a professional agency to develop web based financial and physical progress monitoring system. The Food Processing Information System, so developed, will compile State-wise and Sector-wise data on various aspects of the Sector for the Plan Schemes of the Ministry. The Committee while welcoming this belated initiative, exhort the Ministry to take all these initiatives to their logical conclusion at the soonest so that the information system is operationalised without any further loss of time and in any case before the Twelfth Plan commences in April, 2012.

Utilisation Certificates

3.36 The Committee are constrained to find that while 2117 numbers of Utilisation Certificates amounting Rs. 330.65 crore were pending in respect of grants-in-aid paid up to 31 March, 2008 and due as on 31 March, 2009 the number has swelled to 2389 for an amount Rs. 385.70 crore in respect of grant-in-aid paid up to 31 March, 2009 and due as on 31 March, 2010. What is more perturbing as per the Ministry's own admission is that many pending UCs are very old. The situation has been further aggravated by current pendency mostly with respect to last installments as the grant recipients are not submitting UCs in time. It is apparent that contrary to the claims of the Ministry that they are vigorously and continuously pursuing the matter with a view to expedite all pending utilization certificates things are not showing any improvement. The Ministry's practice of stopping release of further installments also is not a sufficient deterrent. In fact the Ministry had sought the advice of the Ministry of Finance on this vexed issue of pendency but that

advice of Ministry of Finance (Department of Expenditure) is still awaited inspite of their following up. The Committee in their previous Reports on Demands for Grants for the years 2009-10 and 2010-11 exhorted that Ministry to pursue the liquidation of pending UCs with all seriousness so that such huge backlog is cleared at the earliest. But nothing tangible has happened. They are of the firm opinion that Fiscal discipline is essential for implementation of Schemes as well as for accounting of precious public funds. They, therefore, desire the Ministry to take up the matter more forcefully with all concerned including the Ministry of Finance with a view to find out a lasting solution to this cronic problem. They desire to be apprised of the steps taken/progress made in this regard.

NEW DELHI;
26 August, 2011
4 Bhadrapada, 1933 (Saka)

Basudeb Acharia
Chairman,
Committee on Agriculture

ANNEXURE-I

The Recruitment process prescribed for each post in NIFTEM

S. No.	Name of the Post	No. of Sanctioned Posts	Method of Recruitment	Method of Selection
	Director	1	Direct Recruitment including on contract basis/ Deputation	Through Search cum Selection Committee procedure
	ACADEMIC POSTS			
1	Professor	5	Direct Recruitment/ Contract/ Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
2	Associate Professor	5	Direct Recruitment/ Contract/ Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
3	Assistant Professor	11	Direct Recruitment/ Contract/ Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
	NON-ACADEMIC			
1	Registrar	1	Contract/ On tenure (5 years) basis through open selection, failing which by Deputation/ Transfer.	Selection through Search cum Selection Committee procedure.
2	Assistant Registrar (Admin)	1	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committee.
3	Assistant Registrar (IT)	1	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
4	Assistant Registrar (Exam)	1	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
5	Deputy Controller(Finance & Accounts) (Deputation)	1	Deputation only.	Deputation
6	Deputy Librarian	1	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
7	Assistant Librarian	1	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
8	Accounts Officer	1	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
9	Accountant	2	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
10	Junior Engineer	2	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.

11	Lab Incharge	2	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
12	Lab Technician	3	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
13	Executive Assistant	6	Direct Recruitment	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
14	Cashier	1	Direct Recruitment, Deputation/ Transfer	Personal Interview before the Selection Committee after screening of applications through duly constituted Screening Committees.
	Total	46		

ANNEXURE-II

The details of recruitment process for each of the academic and non-academic posts started, post wise and the status of each case as on date

S. No.	Name of the Post	No. of Sanctioned Posts	Date of initiating the recruitment process	Status as on date
	Director	1	--	Search cum selection committee has been constituted.
ACADEMIC POSTS				
1	Professor	5	Recruitment advert published on 28 th Aug'2010 and subsequently on 30 th Apr'2011	Due to inadequate response received against 1 st advert, RRs amended to get the experience requirement on par with UGC prescription. Re-advertised on 30 th Apr'2011. Last date for receiving applications is 31 st May'2011.
2	Associate Professor	5	Recruitment advert published on 28 th Aug'2010 and subsequently on 30 th Apr'2011	Selection of 2 candidates is made against 5 posts. Appointment letters dt. 21st Apr'2011, have been issued. Remaining 3 posts readvertised on 30 th Apr'2011.
3	Assistant Professor	11		Selection of 6 candidates is made against 11 posts. Appointment letters dt. 21st Apr'2011, have been issued. Remaining 5 posts re-advertised on 30 th Apr'2011.
NON-ACADEMIC				
1	Registrar	1		Search Cum Selection Committee is under constitution.
2	Assistant Registrar (Admin)	1	Recruitment advert published on 28 th Aug'2010 .	Candidate selected. Appointment Letter Dt. 2nd May'2011 issued.
3	Assistant Registrar (IT)	1	Recruitment advert published on 28 th Aug'2010.	Candidate selected. Appointment Letter Dt. 2nd May'2011 issued.
4	Assistant Registrar (Exam)	1	Recruitment advert published on 28 th Aug'2010.	Due to inadequate response and screening having found only 1 candidate eligible. RRs are being amended.
5	Deputy Controller (Finance & Accounts) (Deputation)	1	Recruitment advert published on 28 th Aug'2010.	The method of recruitment is by Deputation only. There is no response against recruitment advert. Dt. 28 th Aug'2011. Post re-advertised with no response .Letters sent to central accounting organizations for widely circulation of the post. Response is still awaited.
6	Deputy Librarian	1	Recruitment advert published on 28 th Aug'2010.	Candidate selected. Appointment Letter under issue.
7	Assistant Librarian	1	Recruitment advert published on 28 th Aug'2010.	RRs have been amended and the post was re-advertised on 11.3.2011 Screening of applications is being done by the duly constituted committee.
8	Accounts Officer	1	Recruitment advert published on 28 th Aug'2010.	Screening process completed and interviews will be held by the Selection Committee in the next 15-20 days.
9	Accountant	2	Recruitment advert published on 28 th Aug'2010.	Candidates have been selected. Appointment Letters will be issued shortly.

10	Junior Engineer	2	Recruitment advertised on 28 th Aug'2010.	Screening Process completed. Interviews will be held shortly
11	Lab Incharge	2	Recruitment advertised on 28 th Aug'2010.	Candidates have been selected. Appointment Letters will be issued shortly.
12	Lab Technician	3	Recruitment advertised on 28 th Aug'2010.	Candidates have been selected. Appointment Letters will be issued shortly.
13	Executive Assistant	6	Recruitment advertised on 28 th Aug'2010.	Screening process has been completed. Interviews will be held shortly.
14	Cashier	1	Recruitment advertised on 28 th Aug'2010.	Candidates have been selected. Appointment Letter under issue.
	Total	46		

**COMMITTEE ON AGRICULTURE
(2010-11)**

MINUTES OF THE TWENTY THIRD SITTING OF THE COMMITTEE

The Committee sat on Monday, the 11th April, 2011 from 1100 hours to 1330 hours in Room '62', Parliament House, New Delhi.

PRESENT

Shri Satyavrat Chaturvedi – In the Chair

MEMBERS

LOK SABHA

2. Shri Narayansingh Amlabe
3. Shri Thangso Baite
4. Smt. Ashwamedh Devi
5. Shri Anant Kumar Hedge
6. Shri Sk. Nurul Islam
7. Shri Naranbhai Kachhadia
8. Shri Prabodh Panda
9. Shri Premdas
10. Shri Vitthalbhai Hansrajbhai Radadiya
11. Shri Hukmadeo Narayan Yadav

RAJYA SABHA

12. Shri Shashi Bhusan Behera
13. Shri Narendra Budania
14. Shri Mohd. Ali Khan
15. Shri Upendra Kushwaha
16. Shri Bharatsinh Prabhatsinh Parmar
17. Shri Rajpal Singh Saini

SECRETARIAT

1. Shri Raj Shekhar Sharma - Joint Secretary
2. Shri P.V.L.N. Murthy - Director
3. Shri P.C. Koul - Additional Director

REPRESENTATIVES OF MINISTRY OF FOOD PROCESSING INDUSTRIES

1. Shri Ashok Sinha - Secretary
2. Shri Chaman Kumar - Additional Secretary
& Financial Advisor
3. Shri Ajit Kumar - Joint Secretary
4. Dr. U. Venkateswarlu - Joint Secretary
5. Shri Amrit Lal Meena - Joint Secretary

REPRESENTATIVES OF PLANNING COMMISSION

1. Shri Pranob Sen - Principal Adviser
2. Dr(Mrs) Renu Singh Parmar- Adviser

At the outset, Joint Secretary, Lok Sabha Secretariat informed the Committee that due to unforeseen exigencies, it would not be possible for the Chairman to chair the Sitting. Therefore, the Committee chose Shri Satyavrat Chaturvedi, MP (Rajya Sabha) to act as Chairman for the Sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha. Thereafter, the Chairman welcomed the Members of the Committee and representatives of the Ministry of Food Processing Industries and Planning Commission to the Sitting. The Chairman then asked the witnesses to introduce themselves.

2. The Committee then took the oral evidence of the representatives of the Ministry and other witnesses for and in connection with examination of Demands for Grants (2011-12) of the Ministry. The Secretary briefly highlighted the activities/achievements made by the Ministry during the ongoing Financial Year and the Plans of the Ministry for Annual Plan 2011-12. The Chairman and Members of the Committee raised queries on several issues concerning the Demands for Grants. The witnesses replied thereto.

3. The Chairman, thereafter, thanked the witnesses for appearing before the Committee as well as for furnishing valuable information desired by the Committee on the subject. He also directed them to furnish replies to points on which information could not be provided by them during the Sitting to the Committee Secretariat by 15 April, 2011.

The Witnesses then withdrew.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

**COMMITTEE ON AGRICULTURE
(2010-11)**

MINUTES OF THE THIRTY NINTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 26th August, 2011 from 0930 hours to 1000 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - *Chairman*

LOK SABHA

2. Shri Narayansingh Amlabe
3. Shri Thangso Baite
4. Smt. Ashwamedh Devi
5. Smt. Paramjit Kaur Gulshan
6. Shri Naranbhai Kachhadia
7. Shri Prabodh Panda
8. Shri Premdas
9. Shri Nripendra Nath Roy
10. Shri Uday Singh
11. Shri Jagdish Thakor
12. Shri Hukmadeo Narayan Yadav

RAJYA SABHA

13. Shri Shashi Bhusan Behera
14. Shri Satyavrat Chaturvedi
15. Shri Mohd. Ali Khan
16. Shri Upendra Kushwaha
17. Shri Rajpal Singh Saini
18. Shri S. Thangavelu

SECRETARIAT

- | | | | |
|----|----------------------|---|---------------------|
| 1. | Shri Deepak Mahna | - | Joint Secretary |
| 2. | Shri P.V.L.N. Murthy | - | Director |
| 3. | Shri P.C. Koul | - | Additional Director |
| 4. | Shri C. Vanlalruata | - | Deputy Secretary |

2. At the outset the Hon'ble Chairman welcomed the members to the Sitting of the Committee. They, thereafter, took up the following draft Reports for consideration:-

- | | | | | |
|--------|-----|-----|-----|-----|
| *(i) | xxx | xxx | xxx | xxx |
| *(ii) | xxx | xxx | xxx | xxx |
| *(iii) | xxx | xxx | xxx | xxx |

- (iv) draft Report on Demands for Grants (2011-2012) relating to the Ministry of Food Processing Industries.

After some deliberations, the Committee adopted the above draft Reports without any modification. They also authorized the Chairman to finalise the above Draft Reports in the light of factual verification got done from the concerned Ministry/Department and present them to the Parliament.

The Committee then adjourned.

*Matter not related to this Report.