

SIXTEENTH REPORT
STANDING COMMITTEE ON AGRICULTURE
(2001)

(THIRTEENTH LOK SABHA)

MINISTRY OF AGRICULTURE
(DEPARTMENT OF FOOD PROCESSING
INDUSTRIES)

DEMANDS FOR GRANTS (2000-2001)

*[Action Taken by the Government on the Recommendations/
Observations contained in the Ninth Report of the
Standing Committee on Agriculture (1999-2000)]*

Presented to Lok Sabha on **19 MAR 2001**
Laid in Rajya Sabha on.....

23 MAR 2001



LOK SABHA SECRETARIAT
NEW DELHI

March, 2001/Phalguna, 1922 (Saka)

**COMPOSITION OF THE STANDING COMMITTEE
ON AGRICULTURE
(2001)**

Shri S.S. Palarimanickam - *Chairman*

MEMBERS

Lok Sabha

2. Shri Ram Tahal Chaudhari
3. Shri Shivraj Singh Chouhan
4. Shri Shamsher Singh Dullo
5. Shri Ramdas Rupala Gavit
6. Shri Thawar Chand Gehlot
7. Shri Raghunath Jha
8. Shri Shivaji Vithalrao Kamble
9. Shri Abul Hasnat Khan
10. Shri Y.G. Mahajan
11. Shri Haribhau Shankar Mahale
12. Shri Savshibhai Makwana
13. Shri Jagannath Mallick
14. Shri M. Master Mathan
15. Shri Dalpat Singh Paraste
16. Shri Tarachand Shivaji Patel
17. Shri Prakash V. Patil
18. Shri Sharad Pawar
19. Smt. Rama Pilot
20. Shri G. Sukender Reddy
21. Shri N.R.K. Reddy
22. Shri Pyare Lal Sankhwar
23. Shri Adi Shankar
24. Shri Chhatrapal Singh
25. Shri Lakshman Singh

(iv)

26. Shri Rampal Singh
27. Shri Tejveer Singh
28. Shri Zora Singh Mann
29. Shri Bhal Chandra Yadav
30. Shri Mahboob Zahedi

Rajya Sabha

31. Smt. Jamana Devi Barupal
32. Shri Khagen Das
33. Shri Devi Lal
34. Shri Oscar Fernandes
35. Shri H.K. Javare Gowda
36. Shri Korambayil Ahammed Haji
37. Shri Kailash Joshi
38. Shri Kanshi Ram
39. Dr. A.R. Kidwai
40. Shri R. Margabandu
41. Shri M. Rajashekara Murthy
42. Shri Yadlapati Venkata Rao
43. Shri Sharief-Ud-Din Shariq
44. Shri Devi Prasad Singh
45. Vacant

SECRETARIAT

1. Dr. (Smt.) Paramjeet Kaur Sandhu — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Deputy Secretary*
3. Shri K.L. Arora — *Under Secretary*
4. Smt. Jyochnamayi Sinha — *Sr. Executive Assistant*

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (2001) having been authorised by the Committee to submit the Report on their behalf, present this Sixteenth Report on Action Taken by Government on the recommendations/observations contained in the 9th Report of the Standing Committee on Agriculture (1999-2000) (Thirteenth Lok Sabha) on Demands for Grants (2000-2001) of the Ministry of Agriculture, Department of Food Processing Industries.

2. The Ninth Report of the Standing Committee on Agriculture (1999-2000) on Demands for Grants (2000-2001) of the Department of Food Processing Industries was presented to Lok Sabha and laid in Rajya Sabha on 19th April, 2000. The Department of Food Processing Industries was requested to furnish action taken replies of the Government to recommendations contained in the Ninth Report. The replies of the Government to all the recommendations contained in the Report were received.

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

4. An Analysis of the Action Taken by the Government on the recommendations/observations contained in the Sixteenth Report (13th Lok Sabha) of the Committee is given in Appendix-II.

NEW DELHI;
28 February, 2000

9 Phalguna, 1922 (Saka)

S.S. PALANIMANICKAM,
Chairman,
Standing Committee on Agriculture.

CHAPTER I

REPORT

This Report of the Committee on Agriculture deals with the action taken by the Government on the recommendations contained in the Ninth Report (Thirteenth Lok Sabha) of the Standing Committee on Agriculture (1999-2000) on Demands for Grants (2000-2001) of the Ministry of Agriculture (Department of Food Processing Industries) which was presented to the Lok Sabha and laid in Rajya Sabha on 19th April, 2000.

1.2 Action taken replies have been received from the Government in respect of all the 14 recommendations contained in the Report. These have been categorized as follows:

- (i) Recommendations/Observations that have been accepted by the Government (Chapter II of the Report)**

Recommendations Sl.Nos. 3,7,9,12,13 & 14

(Total 6)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies (Chapter III of the Report)**

Recommendation Sl.No.8

(Total 1)

- (iii) Recommendations/Observations in respect of which reply of the Government have not been accepted by the Committee (Chapter IV of the Report to be commented upon in Chapter I of the Report)**

Recommendations Sl.Nos. 2,4,5,6 & 10

(Total 5)

- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited (Chapter V of the Report)

Recommendations Sl.Nos. 1 & 11

(Total 2)

1.3 The Committee will now deal with the action taken by the Government on some of their recommendations :

Inadequate allocations for Department of Food Processing Industries

Recommendation Sl.No. 2

1.4 The Committee noted that one of the objectives of a planned strategy for alleviating poverty, generating income and employment is to strengthen and modernize traditional industries such as textiles & leather, agro processing and the small scales industries sector. With this perspective in view the Committee had been time and again recommending for a higher allocation to encourage Food Processing Industries Sector. Against a projected demand of Rs.110 crores for 1999-2000, the Ministry was allocated only Rs.47 crores at BE stage. The Committee had strongly recommended in their Twenty Second report on Demands for Grants (1999-2000), that at the revised estimates stage the budgetary support should be enhanced to Rs.110 crores and this should be gradually increased to 0.2% of the total central plan budget. In this connection, the Committee were constrained to note that although the Ministry had demanded Rs.58.37 crores at the RE stage but they were given Rs.40.00 crores only which was Rs.7.00 crores less than the BE for 1999-2000. The Committee were afraid that there is purposelessness in the efforts made by the Department because due to paucity of funds, the Food Processing Sector will not get the necessary boost it deserves.

The Committee were concerned about the complacency shown by the Department when they stated that "Available funds have been earmarked to different schemes in such a manner that the

optimum utilization of funds is made." They felt that optimum utilization of funds may leave most of the Departmental schemes fund starved. It may result in stalling full operations of the schemes to the next financial year until more funds are released. The Committee were constrained to note that the Department had projected Rs.58.37 crores for RE 1999-2000 but could not pursue with the Finance Ministry and convince them the need of providing funds even to the BE level of Rs.47.00 crores. According to the Committee, this shows lack of seriousness on the part of the Department which is evident from the Budgetary plan allocation for 2000-2001 that has been fixed at Rs.50.00 crores and Non-Plan outlay of Rs. 5.00 crores. Out of this allocation 10% goes to the North Eastern States which will leave Rs.45 crores towards Plan outlay with the Department. The Committee felt that the allocation for the Department is insufficient even to sustain its ongoing schemes, with the value of the rupee dipping low year after year.

The Committee, therefore, impressed upon the Department to analyze, make actual assessment of the schemes and go to the Planning Commission and Finance Ministry with concrete proposals so as to get higher allocations for the Department, if they really wish to see Food Processing Industry prosper in the country. The Committee at the same time urged upon the Planning Commission to allocate sufficient funds to the Department, so that this unorganized sector can be properly organized and attract more entrepreneurs to come forward to set up Food Processing Units.

Reply of the Government

1.5 The Government in their reply have stated that the Department of Food Processing Industries had requested the Ministry of Finance to allocate Rs.58.37 crores for R.E. 1999-2000 and made sincere efforts to get it approved by the Ministry of Finance. However, due to the overall economic scenario and some constraints, approval of Rs.40 crores only at R.E. stage was given. Thereafter the Department of Food Processing Industries had taken up the matter with the Ministry

of Finance again to get more funds for the processed food sector. The Hon'ble MOS (FPD) vide his letter dated 12.1.2000 had requested the Hon'ble Finance Minister to personally look in to the matter and allocate more funds for the Department not only for the year 1999-2000 but also for future Annual Plan Proposals. During 2000-2001, the outlay has been marginally increased to Rs. 50.00 cr. However, all efforts would be made to enhance the outlay at the stage of Revised Estimates.

Comments of the Committee

1.6 The Committee are highly perturbed over the apathetic attitude of the Ministry of Finance and Planning Commission towards the funding needs of the Department of Food Processing Industries in spite of this Committee making repeated recommendations year after year. In their action taken reply, the Department have stated that during the year 2000-01 the outlay has been marginally increased to Rs.50.00 crores. Out of this 10% allocation goes to the North-Eastern States, which will leave Rs.45.00 crores towards plan outlay with the Department. The Committee feel that this allocation is less than the allocation provided for the year 1999-2000 i.e. Rs.47.00 crores. Furthermore, every year the Department in its action taken reply has been stating that "all efforts would be made to enhance the outlay at the revised estimate stage." However, instead of providing a higher allocation at the revised estimates stage the Committee observes that the allocation has come down gradually since 1995-96. The Committee are afraid that with this declining trend the objectives of a planned strategy for alleviating poverty, generating income and employment will remain elusive.

Therefore, the Committee desire that the Department of Food Processing Industries should not spare any efforts in projecting their demands aggressively and get it sanctioned by the Ministry of Finance and Planning Commission positively during the current financial year.

Non-utilization of funds due to non-availability of viable proposals

Recommendation Sl.No. 3

1.7 The Committee were perturbed to note that in case of a number of schemes run by the Department e.g. strengthening of Traditional Fish Processing Technologies, setting up of cold storages, utilization of low value fish, fruit & vegetable processing, assistance for setting up/expansion/upgradation of Food Processing Industries, strengthening of Backward Linkages, development of Meat Processing etc. there has been low utilization of funds because complete and viable proposals were not received for assistance under the scheme as a result the funds were surrendered year after year. In the opinion of the Committee, this was the main cause of the overall under utilization of funds by the Department.

The Committee also observed that a very insignificant amount of the Central Capital Outlay is given to the Department as Budgetary provision, whereas this is the most important link between the new farm produced and the finished products. Against this insignificant allocation Department is able to utilize only 50% to 60% of funds. The Committee were deeply concerned over the state of Food Processing Industry in the country. The Committee suggested that schemes which do not take off due to non-receipt of viable and complete proposals should be made 100% centrally funded scheme and all assistance should be rendered to such organization interested in the scheme to help them formulate viable proposals. The Committee, however, felt that some schemes may not be attractive at all due to inherent lacunae in the scheme. These schemes should be modified in such a manner as to make them attractive to the entrepreneurs.

The Committee were of the strong opinion that in no case there should be under utilization of funds or surrender of funds. Whenever the Department feels that some funds are likely to be left unutilized, they should be re-appropriated to other schemes within the sectors, where response is good.

The Committee, therefore, recommended that the Department should endeavour to modify schemes and financial assistance patterns, re-appropriate, attract proposals through attractive publicity, involve better participation from States and State Agricultural University etc. and leave no stone unturned exhaust plan funds for the year.

Reply of the Government

1.8 The Government in their reply have stated that during the year 1999-2000 the actual expenditure amounted to Rs. 37.78 crores as against the Revised Estimates of Rs. 40 crores. As suggested by the Committee, on account of more proposals in respect of certain schemes, re-appropriation was resorted to and all efforts made to ensure optimum utilization of plan funds. In pursuance of the suggestions of the Committee for modifying the schemes to make them attractive to entrepreneurs, action has been initiated to reformulate the schemes.

Comments of the Committee

1.9 The Committee desire to be apprised of the action taken to reformulate the schemes to make them attractive to the entrepreneurs.

Scheme for creation of a fund for Development of Food Processing Industries

Recommendation Sl.No. 4

1.10 The Committee noted that the Processed Sector has been facing serious problems in financing of the projects. As the food processing industries are high risk prone with higher gestation period and small returns, it does not find favour with the financial Institutions. The Commercial Banks under their normal lending policy are not forthcoming to cover the risks faced by units in Processed Food Sectors. Further the working capital requirements/problems are generally faced when the peak seasons come and the banks do not

appreciate that industries have to buy raw materials during the period. There is no uniform pattern followed by banks for the financing of food processing industries. It is, therefore, required that this sector is given a special treatment so as to make easy and concessional finance available.

The Committee had been informed during consideration of Demands for Grants 1999-2000 that the Department of Food Processing Industries (earlier Ministry of Food Processing Industries) has evolved a strategy to create a fund known as "Food Development Fund" in association with SIDBI & IDBI. From the fund so created, the Processed Food Sector may be able to get finances at an Interest rate lower than the commercial interest rate. During 1999-2000 a token provision of rupees one crore had been earmarked for this scheme. The Committee had in its 22nd report recommended that the modalities for creation of fund should be got finalized within three months from the date of presentation of their report. The Committee have now been informed that the fund envisages complex financial issues, which the Department along cannot operate. Discussions with financial institutions such as IDBI & ICICI, Risk Capital and Technology Finance Cooperation Ltd. are going on and identification of an appropriate operating financial is pending finalization. A provision of Rs. 50 lakhs has been made for the financial year 2000-2001.

The Committee felt that with the token allocation, the proposal being forwarded to a number of department for their consideration and comments, the subsequent approval of EFC, are all indications of the time that will be taken before the fund actually comes into operation. The Committee were unhappy over the delay in establishing the fund, which will ultimately become the backbone of the food processing industry.

The Committee felt that for healthy and effective growth of the food processing sector, the Government should make concerted efforts to finalize the modalities of the 'Food Development Fund' expeditiously but with due care so that more entrepreneurs come forward to utilize

such funds and objective of setting up of this fund is fulfilled. Further, the Committee recommended that adequate publicity should be given to this Fund through seminars, workshops, meetings with State/nodal agencies, local dailies and electronic media to generate more demand for funds and accordingly sufficient allocation should be made under this head at the revised estimates stage.

Reply of the Government

1.11 The Government in their reply have stated that in pursuance of the recommendations of the Committee, subsequent discussions had been held with various organizations. Our discussions have revealed that past experience of the financial institutions/banks in operating such fund-based schemes have not been very encouraging. Some of the institutions have suggested that we may explore possibility of an interest subsidy/interest reduction scheme. Discussions are on with banking Division, Government of India to identify suitable financial institutions/banks, which could leverage the Government fund at affordable rates to attract much larger investment in this sector. State Governments have also requested to suggest mechanisms and names of suitable agencies so that funds can be allocated to the agencies for judicious disbursement to the entrepreneurs.

Comments of the Committee

1.12 The Committee are not satisfied with the reply of the Department. They noted that the Department had evolved a strategy to create a fund known as 'Food Development Fund' in association with SIDBI and IDBI. This fund in its very nascent stage ran into trouble because it envisaged complex financial issues, which the Department alone could not operate, therefore, the Department thought of involving financial institutions. The financial institutions have, however, not shown any interest and have given some alternate suggestions to the Department. At present, Department is having a discussion with the Banking Division of Government of India to explore a new line of action for this fund.

The Committee are perturbed to note that the whole process has taken approximately two years and the Department have not yet reached any conclusion till date. It is totally unrealistic for the Department not to have thought of a very solid process of operation of a fund before having created the fund with a heavy amount. The Committee are of the strong view that with such a slow progress the fund shall never come into existence as a help to Food Processing Industries. They are afraid that even if some scheme is thought of at a later stage it will come as a cropper. The Committee, therefore, recommends that the Department should carefully and perspectively plans for the entire gamut of the operation of such a fund and finalise all negotiations before the advent of the next Budget Session. The Committee would like to see that the fund is put into operation for the development of the Food Processing in the next Budget.

Venture Capital Fund

Recommendation Sl.No. 5

1.13 The Finance Minister in his budget speech while speaking on the future of Industry & Capital Market had said that "A key ingredient for future success lies in Venture Capital Finance. After a thorough review, I am proposing a major liberalization of the tax treatment for venture capital funds."

Accordingly, the Department had created a Venture Capital Fund of the size of Rs. 40 crores out of which Rs. 15 crores was to be mobilized from department of Food Processing Industries, Rs. 15 crores from other financial institutions and balance Rs. 10 crores from private/foreign investors. The Committee noted that this proposal is lying with the EFC for approval and subsequently the Planning Commission/Ministry of Finance will be approached for additional funds. An amount of Rs.1 crore had been provided as BE 2000-2001.

The Committee expressed their doubts about early clearance of this fund by EFC. They were afraid that in the event of the delay the entire exercise may end up in futility or get belatedly started thereby

leaving the whole funds earmarked for the purpose unutilized. The Committee, therefore, urged upon the Department to make efforts for expeditious clearance of the proposals so that the fund is made operational within this year itself.

Reply of the Government

1.14 The Government in the reply have stated that during the discussions with various authorities it has emerged that there are many loose ends to be tied up in the proposal. Efforts are on to fine-tune the proposal before the same could be taken up at appropriate levels.

Comments of the Committee

1.15 The Committee in their 9th Report had expressed their doubts about early clearance of this fund by EFC. The reply of the Department confirms the doubt expressed by the Committee that Rs.1 crore provided, as BE 2000-2001 for creating venture capital fund might remain unutilised, The Committee once again express their deep concern and are afraid that this Fund may also meet the same fate as "Food Development Fund" "Loose ends" and "fine tuning" may later lead to "complexities", rethinking, etc. ending in shelving of the very proposal as a non-viable venture. The Committee, therefore, reiterates their earlier recommendation and would like the Government to speed up the matter of creating and operating the venture capital fund with utmost urgency.

Scheme for strengthening of Traditional Fish Processing Technologies/Marketing

Recommendation SI.No. 6

1.16 The Committee noted that during 1997-98 and 1998-99 the Department could not utilize even the meagre allocations made for the scheme. In the year 1999-2000 the Government expect to spend Rs.40.00 lakhs out of Budget Estimates of Rs.50.00 lakhs. In the current financial

year the Government has drastically reduced the allocation to Rs.5.00 lakhs due to non-receipt of any complete and viable proposal under the scheme.

The Committee were of the opinion that in the coastal areas the fishing activity is very active and continues throughout the year. The activity of drying fish is mainly carried out by fisherwomen on the sands along the coast under the open sun. In order to give a boost to this activity as a commercial venture the Department should popularise and tie up through the Veterinary Institutions, Agricultural Universities and fishery cooperatives to get better results on the production of value added products from low value fish. As a backyard drying activity the fishermen/women should be encouraged and taught to use solar energy in a healthy and hygienical method.

As regards the pattern of assistance, the Committee liked to add that there is an urgent need to modify the pattern. 100% grants should be provided to individual fishermen/women through cooperatives. Entrepreneurs should be encouraged through export benefits so that they earn a substantial profit and can be lured into this business.

Reply of the Government

1.17 The Government in their reply have stated that in pursuance of the recommendations of the Committee action has been initiated to reformulate the scheme. A number of Apex bodies of Fisheries Cooperative of the States, Agricultural Universities, and Veterinary Institutions etc. have been addressed to send proposals under the schemes for Traditional Fish Processing Technologies and marketing and utilization of low value fish to make value added products.

Comments of the Committee

1.18 The Committee are deeply concerned over the apathy shown by the Department to the recommendation of the Committee. On the one hand the Department has initiated action to reformulate the scheme and at the same time without having formulated the scheme a number of Apex bodies, Agricultural Universities, Veterinary Institutions have been addressed to send proposals under the scheme. The Committee have therefore got an impression that these proposals have been sought only against the existing scheme which is against the spirit of the recommendation.

The Committee, reiterate their earlier recommendation and desire that the Department should take prompt executive decisions in order to help the poor fisherman / woman and make the scheme more attractive. The Committee wish that a copy of the reformulated scheme may be forwarded to them at the earliest.

Need to popularise Traditional methods of Food Processing & Preservation

Recommendation Sl.No. 9

1.19 The Committee were of the view that India has a valuable heritage of processing and preserving food items without using chemical and inorganic substances. Their nutritional, environmental and health friendly value are well known. Value addition through these traditional technologies needs no machinery and no big capital investments. The Committee were very much distressed to note that the Government has failed to imbibe such rich traditions and neither has it been able to provide infrastructural support as a result of which more than 30% of fruits and vegetables goes waste causing great loss to the nation as a whole. Therefore, the Committee strongly recommended that the Government should put more stress on the conventional method of processing and preserving food and by reminding people the practices adopted by their forefathers. India can emerge as a pioneer in this field and reap good dividends by exporting these in the world market, where there is a new wave and craze for organic and naturally processed food.

The Committee also advised the Department to compile an inventory of these practices and processes.

Reply of the Government

1.20 The Government in their reply have stated that Government is conscious of the need for popularizing the traditional methods of food processing and preservation. Government has taken following steps in this regard:

- (i) Provision of concessional finance for setting up units based on traditional methods of food processing and preservation.
- (ii) Department has also assigned a study to a Management Consultancy for development of select traditional foods as small scale industries. The study will involve the detailed data collection and analysis for identifying the three potential traditional foods for development as processed foods, involving the comprehensive assessment of the market, technology, material infrastructure and resources. The potential sites for development and the entrepreneur will also be identified. The report is likely to be submitted shortly.
- (iii) Department has also asked the CFTRI to prepare a compendium of traditional foods on the seminars and conferences held at various places so that details of different traditional processed food products are available in one document.

Comments of the Committee

1.21 The Committee would like that a copy of the report of the Management Consultancy and the compendium CIFRI may be forwarded to them at the earliest.

Need to boost Processed food exports

Recommendation Sl.No. 10

1.22 The Committee had been informed that the Department support innovative dairy products, which use milk as raw material to develop even more high value-added items like casein, whey and other products from where we get various types of proteins. These products have a good potential for export. But, surprisingly even though India is the highest producer of milk not even five such units are existing in the nation.

The Committee, therefore, recommended that the time has come when the Department should show greater concern and provide a number of schemes which will support export oriented units on liberal terms.

Reply of the Government

1.23 The Government in their reply have stated that the incentives provided by the Department of Food Processing Industries for promoting exports include:-

- (i) Provision of grant/loan for establishment of post harvest infrastructure and cold chain facilities for food processing, assistance for undertaking Research and Development, human resource development, for development, and modernization of meat processing, strengthening of traditional fish processing technologies and marketing.
- (ii) Grant of financial assistance for improved packaging and strengthening of quality control including adoption of quality systems such as ISO 9000-HACCP at export units.
- (iii) Arranging promotional campaigns such as buyer-seller meets and participation in important national/international fairs and exhibitions.
- (iv) Setting up of integrated cargo handling and cold storage facilities at various international airports.

Comments of the Committee

1.24 The Committee are surprised at the evasive reply of the Government. The Department have detailed the incentives provided by them for promoting exports, whereas the Committee had recommended for formulating schemes under which the export oriented units could be granted loan on liberal terms with a view to enable them to develop more value added products by using milk as a raw material.

The Committee desire that a detailed information supported by relevant documents be forwarded to them so that the Committee can get a clear picture of the action taken by the Department on their recommendation.

Milk & Milk Product

Recommendation Sl.No. 13

1.25 The Committee observe that India is set to retain its position as the world's largest milk producing country in 1999-2000 with the output expected to touch 78 million tonnes in comparison to 74.5 million tonnes during 1998-99. The Committee express displeasure that inspite of such record, India is still importing milk powder from other countries of the world which causes great damage to the milk powder processing plants in the country as a whole. Further, import of milk powder if included in the new list of products under WTO agreement will further aggravate the pathetic state of the milk processing units. Therefore, the Committee strongly recommend that the Department should take up this matter with the Ministry of Commerce to suitably revise the policy on the import of milk powder so that the interest of local milk powder processing units as well as the milk producing societies may be properly safeguarded.

Reply of the Government

1.26 The Government in their reply have stated that as recommended by the Committee the matter of suitably revising the policy of import of the milk powder in order to protect the interest of local milk powder processing unit as well as milk processing societies has recently been taken up with the Ministry of Commerce.

Comments of the Committee

1.27 The Committee would like to know the details and exact nature of the correspondence between the Department of Food Processing Industries and the Ministry of Commerce and also the final outcome in this regard.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS, WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Non-utilization of funds due to non-availability of viable proposals

Recommendation Sl.No. 3

2.1 The Committee are perturbed to note that in case of a number of schemes run by the Department e.g. strengthening of Traditional fish Processing Technologies, setting up of cold storages, utilization of low value fish, fruit and vegetable processing, assistance for setting up/expansion/upgradation of food processing industries, strengthening of Backward Linkages, development of Meat Processing etc. there has been low utilization of funds because complete and viable proposals were not received for assistance under the scheme as a result the funds were surrendered year after year. In the opinion of the Committee this is the main cause of the overall under utilization of funds by the Department.

The Committee also observe that a very insignificant amount of the Central Capital Outlay is given to the Department as Budgetary provision, whereas this is the most important link between the new farm produce and the finished products. Against this insignificant allocation Department is able to utilize only 50% to 60% of funds. The Committee are deeply concerned over the state of food processing industry in the country. The Committee suggest that schemes which do not take off due to non-receipt of viable and complete proposals should be made 100% centrally funded scheme and all assistance should be rendered to such organization interested in the scheme to help them formulate viable proposals. The Committee, however, feel that some schemes may not be attractive at all due to inherent lacunae in the scheme. These schemes should be modified in such a manner as to make them attractive to the entrepreneurs.

The Committee are of the strong opinion that in no case should there be under utilization of funds or surrender of funds. Whenever the Department feels that some funds are likely to be left unutilized, they should be re-appropriated to other schemes within the sectors, where response is good.

The Committee, therefore, recommend that the Department should endeavour or modify schemes and financial assistance patterns, re-appropriate, attract proposals through attractive publicity, involve better participation from States and State Agricultural University etc. and leave no stone unturned exhaust Plan funds for the year.

Reply of the Government

2.2 During the year 1999-2000 the actual expenditure amounted to Rs. 37.78 Crores as against the Revised Estimates of Rs. 40 Crores. As suggested by the Committee, on account of more proposals in respect of certain schemes, re-appropriation was resorted to and all efforts made to ensure optimum utilization of plan funds. In pursuance of the suggestions of the Committee for modifying the schemes to make them attractive to entrepreneurs, action has been initiated to reformulate the schemes.

Comments of the Committee

2.3 For Comments of the Committee please refer to Paragraph No. 1.9 of Chapter I of the Report.

Infrastructural Facilities for Food Processing Industries—Policy to help Survival of Cold Storage

Recommendation Sl.No. 7

2.4 The Committee are informed that the total number of cold storages as on 1997-98 is 3443 with a capacity of 1,03,53,090 tonnes. The additional requirements as assessed by the Ministry of Agriculture

is 12 lakh tonnes of cold storage. The loss of fruits and vegetables due to lack of post harvest facilities like lack of storage and processing facilities is 8 to 37% out of the total horticulture output which is approximately 37.13 million tonnes of fruits and 54.97 tonnes of vegetables.

The Committee are further informed that a sizeable number of the existing cold storages/chilling stations are inoperative due to the overheads on manpower, electricity, nons utilization of capacity once the season is over. In this connection, the Committee desire that the Department should take up this issue with the respective State Governments and frame some common strategy by providing some alternate use of these cold storages/chilling stations during off seasons so as to help these units to survive and induce other farmers to set up new units to enhance cold storages/chilling stations capacity. The Committee also recommend that the Central Government should evolve liberal strategies to provide funds to the State Governments for the revival of the sick cold storages.

Reply of the Government

25 The issue of providing alternate use for cold storages/chilling stations during off seasons will vary from State to State. The issue will be taken up with the State Governments and our Nodal Agencies to evolve strategies in this regard.

The scheme operated by this Department is for establishment of cold chains and chilling stations as a prelude to processing facilities. Since at present there is no scheme for providing funds to the State Governments for revival of sick cold storages, this issue could be taken up by the Department with the Planning Commission and other related Departments like Department of Agriculture and Co-operation and National Horticulture Board (NHB) etc., so as to evolve appropriate strategies for revival of the sick cold storages as recommended by the Committee.

Need to Popularize Traditional methods of Food Processing and Preservation

Recommendation Sl.No. 9

2.6 The Committee are of the view that India has a valuable heritage of processing and preserving food items without using chemical and inorganic substances. Their nutritional, environmental and health friendly values are well known. Value additions through these traditional technologies needs no machinery and no big capital investments. The Committee are very much distressed to note that the Government has failed to imbibe such rich traditions and neither has it been able to provide infrastructural support as a result of which more than 30% of fruits and vegetable goes waste causing great loss to the nation as a whole. Therefore, the Committee strongly recommend that the Government should put more stress on the conventional method of processing and preserving food and by reminding people the practices adopted by their forefathers. India can emerge as a pioneer in this field and reap good dividends by exporting these in the world market, where there is a new wave and craze for organic and naturally processed food.

The Committee also advise the Department to compile an inventory of these practices and processes.

Reply of the Government

2.7 Government is conscious of the need for popularizing the traditional methods of food processing and preservation. Government has taken following steps in this regard.

- (i) Provision of concessional finance for setting up units based on traditional methods of food processing and preservation.
- (ii) Department has also assigned a study to a Management Consultancy for development of select traditional foods as small scale industries. The study will involve the detailed data collection and analysis for identifying the three

potential traditional foods for development as processed foods, involving the comprehensive assessment of the market, technology material infrastructure and resources. The potential sites for development and the entrepreneur will also be identified. The report is likely to be submitted shortly.

- (iii) Department has also asked the CFTRI to prepare a compendium of traditional foods on the seminars and conferences held at various places so that details of different traditional processed food products are available in one document.

Comments of the Committee

2.8 For Comments of the Committee please refer to Paragraph No. 1.21 of Chapter I of the Report.

Generic Advertising on processed foods and for providing Marketing Assistance

Recommendation Sl.No. 12

2.9 The Committee feel that generic advertisement is the only way by which the farmers, entrepreneurs, self-help group, NGOs and research organization can be made aware of the processing units which they can set up by taking soft loans/grants from the Government and venture into profitable business. Awareness through electronic media advertisement not only helps the entrepreneur but also reaches the customers *i.e.* the masses. The private sector is a clear example it spends crores of rupees for advertisement to create a market. The Committee are informed that in many schemes being implemented by the Department, the response has not been encouraging in the past as expected in spite of wide publicity given to the various schemes. During the year 1999-2000 the Department could spend a reduced allocation of Rs. 1.00 crores for this scheme because DAVP, through which generic advertisement on processed food is being undertaken has indicated to incur expenditure only up to that extent.

India has the largest middle class society and there is no option before the Nation than to use processed food. The Committee are of the opinion that the Department is losing a golden opportunity of capture the Processed Food Market to the private sector in absence of aggressive generic advertisement campaign. The Committee, therefore, strongly recommended that the Government should resort to proper planning and evolve strategies to implement the scheme in more practical manner. The need of the hour is to advertise the schemes of the Government on the processed food sector as well as the products of the farmers through various media including electronic media which is far reaching and has greater coverage. This initiative has to be taken by both States as well as Central Government and needs high allocation and utilization.

Reply of the Government

2.10 Generic advertisement campaign on processed foods so proposed to be launched, action is already in progress in finalizing the material to be disseminated. A sum of Rs. 1.00 crore has already been placed at disposal of DAVP during 1999-2000 for generic advertisement campaign. Additional funds to the tune of Rs. 4.60 Crores have been earmarked during the current year for this purpose.

Besides the proposed generic advertisement, following other activities have also been undertaken :-

1. The plan schemes of the Department are widely disseminated through seminars/workshops and such other events, held at State/National level, and funded/co-sponsored by this Department.
2. Information about Departments Plan Schemes is also available on Departments Website <http://www/nic.in/mofpi>.

Milk and Milk Product

Recommendation Sl.No. 13

2.11 The Committee observe that India is set to retain its position as the world's largest milk producing country in 1999-2000 with the output expected to touch 78 million tonnes in comparison to 74.5 million tonnes during 1998-99. The Committee express displeasure that in spite of such record, India is still importing milk powder from other countries of the world which causes great damage to the milk powder processing plants in the country as a whole. Further, import of milk powder if included in the new list of products under WTO agreement will further aggravate the pathetic State of the milk processing units. Therefore, the Committee strongly recommend that the Department should take up this matter with the Ministry of Commerce to suitable revise the policy on the import of milk powder so that the interest of local milk powder processing units as well as the milk producing societies may be properly safeguarded.

Reply of the Government

2.12 As recommended by the Committee the matter of suitable revising the policy of import of the milk powder in order to protect the interest of local milk power processing units as well as milk processing societies has recently been taken up with the Ministry of Commerce.

Comments of the Committee

2.13 For Comments of the Committee please refer to Paragraph No. 1.27 of Chapter I of the Report.

NERAMAC

Recommendation Sl.No. 14

2.14 The Committee note that the North Eastern Regional Agricultural Marketing Corporation Ltd. (NERAMAC) was set up on 31.3.82 by Government to undertake marketing and processing of fruits and vegetables grown in the North Eastern Region. The Corporation

is incurring losses since inception. The Committee have been informed that due to its sickness it was referred to BIFR in December, 1996. On the direction of BIFR and on the basis of a revival scheme prepared by IDBI, the operating agency, the Government had approved a package for revival of NERAMAC. The revival package as approved by the Government was also cleared by BIFR in 1999. The Committee feel that strengthening of NERAMAC into a more effective and efficient organization is a must for the processing and marketing of agro-horti produces in the North East. The Committee hope that the Department will implement the revival package in true letter and spirit without any loss of time.

The Committee were further informed that the Corporation set up a major project *i.e.* pineapple juice concentrate plant at Nal Kata in Tripura and cashew processing unit at Agartala. The Committee recommend that the Corporation should diversify its job and should undertake processing and marketing of other fruit products as well as other agro based products/inputs in order to incur profit in future. The Committee also wish to point out that since pineapple cultivation has increased substantially in Tripura over the last few years in view of setting up of NERAMAC plant, the potential for export of processed and fresh horticultural produce from Tripura to Bangladesh and through Bangladesh to Third world countries needs to be fully exploited by the Department. Further the Committee would like to recommend that funds to NERAMAC should be made available outside the BIFR package, under normal schemes of Department of Food Processing.

Reply of the Government

2.15 The Department of the FPI is committed to the implementation of the revival package of NERAMAC in true letter and spirit. All the funds and reliefs/concessions to be granted under the package have already been provided to the Corporation.

As regards diversification, the BIFR package envisage the setting up of a Post Harvest Handling Centre for processing of Ginger. Although the Government of Meghalaya has already accorded in principle approval for providing a suitable plot of land at the Export Promotion Industrial Park (EDIP), Burnihat, it is yet to actually hand over the industrial plot to NERAMAC. The matter is being pursued so that NERAMAC can set up the unit at the earliest.

During the year 1999-2000, NERAMAC has exported True Potato Seeds to Indonesia and Nepal. NERAMAC is exploring the possibilities of exporting processed and fresh horticultural produces of the North Eastern region to Bangladesh and other neighbouring countries.

CHAPTER III

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

Imbalances in availability of Cold Storages Space

Recommendation Sl.No. 8

3.1 The Committee are informed that some States provide land at agricultural land rates for the construction of cold storages whereas in some other States land is made available at commercial rates and is considered to be in industrial investment. This enable some of the States to have a larger number of cold storages and larger cold storage space in comparison to other States, where land is available at commercial rates.

The Committee recommend that in order to remove such imbalances the Department should take the initiative and persuade the State Governments to evolve a consensus on the uniformity of making land available at agricultural land cost for cold storage purposes.

The Committee further recommend that under the scheme for infrastructural facilities for Food Processing the Government should encourage setting up of primary processing facilities in the proximity of the growing areas so that most of produce could be processed on the spot, avoiding huge expenditure incurred on transportation.

Reply of the Government

3.2 In the meeting of the Committee, it was decided that the issue of the removing imbalances in providing agricultural land for the construction of cold storages should be taken up with the State Governments. The Department of Agricultural and Cooperation have been asked to take action on this recommendation. (Copy of the letter is appended as Annexure-I).

The primary processing facilities include washing/clearing, sorting, grading, treatments, packaging, pack/cool houses. National Horticulture Board (NHB) already has a scheme for post harvest management for providing assistance to such projects. Assistance to the tune of 20% of the project cost subject to a maximum of Rs. 25 lakhs in general areas and Rs. 30 lakhs in North-East/hilly areas is provided in the form of grant. However, wherever primary processing facilities are an integral part of the processing unit, financial assistance in the form of loan/grant, ranging from Rs. 25 lakhs to Rs. 200 lakhs, is provided by the Department of Food Processing Industries.

ANNEXURE-I

F. No. 4(1)/2000 – Coord.
GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE
DEPARTMENT OF FOOD PROCESSING INDUSTRIES
PANCHSHEEL BHAWAN, AUGUST KRANTI MARG,
NEW DELHI – 110049

Dated : 04.07.2000

OFFICE MEMORANDUM

SUBJECT : *Standing Committee on Agriculture — Action taken by Government on the recommendations contained in the Ninth Report on Demands for Grants (2000-2001) of Ministry of Agriculture, Department of Food Processing Industries.*

The undersigned is directed to enclose a copy of the Lok Sabha Secretariat (Agricultural Committee Branch), O.M. No. 14/2/1/AC/2000, dated 24th April 2000 and the relevant recommendations of the 9th Report of the Standing Committee on Agriculture (1999-2000) of demand for grants 2000-2001 in respect of Department of Food Processing Industries.

In the meeting of the Committee, it was decided that the issue of removing imbalances in providing agricultural land for the construction of cold storages by different States should be taken up with the State Governments. The action on this para of the recommendation No. 8 of the Report has to be taken up by your Department.

Kindly take necessary action in this regard and forward necessary action taken note to the Committee under intimation to this Department.

Sd/-
(G. Venkataramani)
Director

To

1. Shri R.K. Vaish,
Joint Secretary,
Horticulture,
Department of Agriculture and Co-operation,
Ministry of Agriculture,
Krishi Bhawan,
New Delhi – 110001.
2. Shri J.P. Negi,
Executive Director,
National Horticultural Board,
85, Sector – 18,
Institutional Area,
Gurgaon – 122015.
(Fax : 91-342990-491)

CHAPTER IV

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

Inadequate Allocations for Department of Food Processing Industries

Recommendation Sl.No. 2

4.1 The Committee note that one of the objectives of a planned strategy for all alleviating poverty, generating income and employment is to strengthen and modernize traditional industries such as textile, leather, agro processing and small scale industries sector. With this perspective in view the Committee have time and again been recommending for a higher allocation to encourage Food Processing Industries Sector. Against a projected demand of Rs. 110 crores for 1999-2000, the Ministry was allocated only Rs. 47 crores at BE stage. The Committee had strongly recommended in their Twenty Second Report on Demands for Grants (1999-2000), that at the Revised Estimates stage the budgetary support should be enhanced to Rs. 110 crores and this should be gradually increased to 0.2% of the total Central Plan Budget. In this connection, the Committee are constrained to note that although the Ministry had demanded Rs. 58.37 crores at the RE stage but they were given Rs. 40.00 crores only which was Rs. 7.00 crores less than the BE for 1999-2000. The Committee are afraid that there is purposelessness in the efforts made by the Department because due to paucity of funds, the Food Processing Sector will not get the necessary boost it deserves.

The Committee are concerned about the complacency shown by the Department when they stated that "Available funds have been earmarked to different schemes in such a manner that the optimum utilization of funds is made." They feel that optimum utilization of

funds may leave most of the Departmental schemes fund starved. It may result in stalling full operations of the schemes to the next financial year until more funds are released. The Committee are constrained to note that the Department had projected Rs. 58.37 crores for RE 1999-2000 but could not pursue with the Finance Ministry and convince them the need of providing funds even to the BE level of Rs. 47.00 crores. According to the Committee, this shows lack of seriousness on the part of the Department which is evident from the Budgetary plan allocation for 2000-2001 that has been fixed at Rs. 50.00 crores and Non-Plan outlay at Rs. 5.00 crores. Out of this allocation 10% goes to the North Eastern States, which will leave Rs. 45 crores towards Plan outlay with the Department. The Committee feel that the allocation for the Department is insufficient even to sustain its ongoing schemes, with the value of the rupee dipping low year after year.

The Committee, therefore, impress upon the Department to analyze, make actual assessment of the schemes and go to the Planning Commission and Finance Ministry with concrete proposals so as to get higher allocations for the Department, if they really wish to see Food Processing Industry prosper in the country. The Committee at the same time urge upon the Planning Commission to allocate sufficient funds to the Department, so that this unorganized sector can be properly organized and attract more entrepreneurs to come forward to set up Food Processing Units.

Reply of the Government

4.2 The Department of Food Processing Industries had requested the Ministry of Finance to allocate Rs. 58.37 crores for R.E. 1999-2000 and made sincere efforts to get it approved by the Ministry of Finance. However, due to the overall Economic scenario and some constraints, approval of Rs. 40 crores only at R.E. stage was given. Thereafter the Department of Food Processing Industries had taken up the matter with the Ministry of Finance again to get more funds for the processed food sector. The Hon'ble MoS (FPI) *vide* his letter dt. 12.1.2000 had requested the Hon'ble Finance Minister to personally look into the matter and allocate more funds for the Department, not

only for the year 1999-2000 but also for future Annual Plan proposals. During 2000-2001, the outlay has been marginally increased to Rs. 50.00 cr. However, all efforts would be made to enhance the outlay at the stage of Revised Estimates.

Comments of the Committee

4.3 For comments of the Committee please refer to Paragraph No. 1.6 of Chapter-I of the Report.

Scheme for Creation of a Fund for Development of Food Processing Industries

Recommendation Sl.No. 4

4.4 The Committee note that the Processed Sector has been facing serious problems in financing of the projects. As the Food Processing Industries are high risk prone with higher gestation period and small returns, it does not find favour with the financial institutions. The Commercial Banks under their normal lending policy are not forthcoming to cover the risks faced units in Processed Food Sectors. Further the working capital requirements/problems are generally faced when the peak seasons come and the banks do not appreciate that industries have to buy raw materials during the period. There is no uniform pattern followed by banks of the financing of Food Processing Industries. It is therefore, required that this sector is given a special treatment so as to make easy and concessional finance available.

The Committee had been informed during consideration of Demands for Grants 1999-2000 that the Department of Food Processing Industries (earlier Ministry of Food Processing Industries) has evolved a strategy to create a fund known as "Food Development Fund" in association with SIDBI and IDBI. From the fund so created, the Processed Food Sector may be able to get finances at an Interest rate lower than the commercial interest rate. During 1999-2000 a token provision of rupees one crore had been earmarked for this scheme.

The Committee had in its 22nd report recommended that the modalities for the creation of fund should be got finalized within three months from the date of presentation of their report. The Committee have now been informed that the fund envisages complex financial issues which the Department alone cannot operate. Discussions with financial institutions such as IDBI and ICICI, Risk Capital and Technology Finance Cooperation Ltd. are going on and identification of an appropriate operating financial institutions is pending finalization. A provision of Rs. 50 lakhs has been made for the financial year 2000-2001.

The Committee feel that with the token allocation, the proposal being forwarded to a number of department for their consideration and comments, the subsequent approval of EFC are all indications of the time that will be taken before the fund actually comes into operation. The Committee are unhappy over the delay in establishing the fund which will ultimately backbone of the Food Processing Industry.

The Committee feel that for healthy and effective growth of the Food Processing Sector, the Government should make concerted efforts to finalize the modalities of the 'Food Development Fund' expeditiously but with due care so that more entrepreneurs come forward to utilize such funds and objective of setting up of this fund is fulfilled. Further, the Committee recommended that adequate publicity should be given to this Fund through seminars, workshops, meetings with States/nodal agencies, local dailies and electronic media to generate more demand for funds and accordingly sufficient allocation should be made under this head at the Revised Estimates stage.

Reply of the Government

4.5 In pursuance of the recommendations of the Committee, subsequent discussions had been held with various organizations. Our discussions have revealed that past experience of the financial institutions/banks in operating such fund-based schemes have not been very encouraging. Some of the institutions have suggested that we may

explore possibility of an interest subsidy/interest reduction scheme. Discussions are on with Banking Division, Govt. of India to identify suitable financial institutions/banks which could leverage the Govt. fund at affordable rates to attract much larger investment in this sector. State Governments have also requested to suggest mechanisms and names of suitable agencies so that funds can be allocated to the agencies for judicious disbursement to the entrepreneurs.

Comments of the Committee

4.6 For Comments of the Committee please refer to Paragraph No. 1.12 of Chapter-I of the Report.

Venture Capital Fund

Recommendation Sl.No. 5

4.7 The Finance Minister in his Budget speech while speaking on the future of Industry and Capital Market had said that "A key ingredient for future success lies in Venture Capital Finance. After a thorough review, I am proposing a major liberalization of the tax treatment for venture capital funds".

Accordingly, the Department has created a Venture Capital Fund of the size of Rs. 40 crores out of which Rs. 15 crores is to be mobilized from Department of Food Processing Industries, Rs. 15 crores from other financial institutions and balance Rs. 10 crores from private/foreign investors. The Committee note that this proposal is lying with the EFC for approval and subsequently the Planning Commission/Ministry of Finance will be approached for additional funds. An amount of Rs. 1 crore has been provided as BE 2000-2001.

The Committee expresses their doubts about early clearance of this fund by EFC. They are afraid that in the event of the delay the entire exercise may end up in futility or get belatedly started thereby

leaving the whole funds earmarked for the purpose unutilized. The Committee, therefore, urge upon the Department to make efforts for expeditious clearance of the proposals so that the fund is made operational within this year itself.

Reply of the Government

4.8 During the discussions with various authorities it has emerged that there are many loose ends to be tied up in the proposal. Efforts are on to fine-tune the proposal before the same could be taken up at appropriate levels.

Comments of the Committee

4.9 For comments of the Committee please refer to Paragraph No. 1.15 of Chapter-I of the Report.

Scheme for strengthening of Traditional Fish Processing Technologies/Marketing

Recommendation Sl.No. 6

4.10 The Committee note that during 1997-98 and 1998-99 the Department could not utilize even the meagre allocations made for the scheme. In the year 1999-2000 the Government expect to spend Rs. 40.00 lakhs out of Budget Estimates of Rs. 50.00 lakhs. In the current financial year the Government has drastically reduced the allocation to Rs. 5.00 lakhs due to non-receipt of any complete and viable proposal under the scheme.

The Committee are of the opinion that in the coastal areas the fishing activity is very active and continues throughout the year. The activity of drying fish is mainly carried out by fisherwomen on the sands along the coast under the open sun. In order to give a boost to this activity as a commercial venture the Department should popularize and tie up through the Veterinary Institutions, Agricultural Universities and fishery cooperatives to get better results on the

production of value added products from low value fish. As a backyard drying activity the fishermen/women should be encouraged and taught to use solar energy in a healthy and hygienical method.

As regards the pattern of assistance, the Committee would like to add that there is an urgent need to modify the pattern, 100% grants should be provided to individual fishermen/women through cooperatives. Entrepreneurs should be encouraged through export benefits so that they earn a substantial profit and can be lured into this business.

Reply of the Government

4.11 In pursuance of the recommendations of the Committee action has been initiated to reformulate the scheme. A number of Apex bodies of Fisheries Cooperative of the States, Agricultural Universities, Veterinary Institutions etc. have been addressed to send proposals under the schemes for Traditional Fish Processing Technologies and marketing and utilization of low value fish to make value added products.

Comments of the Committee

4.12 For Comments of the Committee please refer to Paragraph No. 1.18 of Chapter-I of the Report.

Need to Boost Processed Food Exports

Recommendation Sl.No. 10

4.13 The Committee have been informed that the Department support innovative dairy products which use milk as raw material to develop even more high value-added items like casein, whey and other products from where we get various types of proteins. These products have a good potential for export. But, surprisingly even though India is the highest producer of milk not even five such units are existing in the nation.

The Committee, therefore, recommend that the time has come when the Department should show greater concern and provide a number of schemes which will support export oriented units on liberal terms.

Reply of the Government

4.14 The incentives provided by the Department of Food Processing Industries for promoting exports include :-

- (i) Provision of grant/loan for establishment of post harvest infrastructure and cold chain facilities for food processing, assistance for undertaking Research and Development, human resource development, for development and modernization of meat processing, strengthening of traditional fish processing technologies and marketing.
- (ii) Grant of financial assistance for improved packaging and strengthening of quality control including adoption of quality systems such as ISO 9000/HACCP at export units.
- (iii) Arranging promotional campaigns such as buyer-seller meets and participation in important national/international fairs and exhibitions.
- (iv) Setting up of integrated cargo handling and cold storage facilities at various international airports.

Comments of the Committee

4.15 For Comments of the Committee please refer to Paragraph No. 1.24 of Chapter-I of the Report.

CHAPTER V

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

**Status quo should be maintained for having a separate Ministry
for Food Processing Industries**

Recommendation Sl.No. 1

5.1 The Committee feel that Agricultural Development is crucial to India's overall progress and this can be achieved by intensifying agricultural and allied activities as well as by diversification and commercialization of Agriculture. A strong and effective food processing sector plays a significant role in diversification and commercialization of agriculture, improvement in value addition of the agricultural produce, generation of employment in rural areas, enhancing income of farmers, creation of surplus for export of agro foods.

At present, our country has a very weak post-harvest storage, marketing infrastructure and value addition capabilities which causes tremendous loss to the nation. These activities are separate to the primary functions of the Ministry of Agriculture, whose main objective is to provide sufficient food and food surpluses to the nation. The Ministry of the Food Processing Industries which was striving to come out with better results in the last two years of the Ninth Plan has now been made a Department under the Ministry of Agriculture in October, 1999 through a high level decision the reasons of which are not known to the Department.

The Committee are of a unanimous view and desire that the value addition of raw-agri products and the development of post harvest storages and marketing infrastructure should come up to the best standards in the world so that the loss of fruits and vegetables which is presently ranging from 8% to 37% can be turned into a source of revenue for the nation.

In pursuance of these objectives, the Committee feel that a lot of good work can be done, if the Ministry's status is restored to the Department of Food Processing Industries. The expert committees have opined that there should be a single food controlling Authority. The Committee, therefore, recommend that the Government should reconsider their decision and accord Ministry status to the Department and also advise the Department to present their case strongly so that it regains its lost status in the larger interest of the Food Processing Industry.

Reply of the Government

5.2 In pursuance of the recommendation of the Committee, a strong case has been made and taken up at the highest level. However, a decision is awaited.

Upgrading the Paddy Processing Centre—Thanjavur

Recommendation Sl.No. 11

5.3 The paddy processing centre at Thanjavur is the only Centre which is directly under the control of the Department. This Centre is mandated to concentrate on paddy processing and research. The Committee are informed that seed technology, research and processing form a part of mandate of the Indian Council of Agricultural Research rather than food processing. The Committee feel that this Centre can perform the dual function of being a research centre for the region and also disseminate the research to the farmers by attaching the functions of a Krishi Vigyan Kendra.

The Committee, therefore, recommend that the Department should take up the matter with the Department of Agricultural Research and Education for upgrading the Institute into a Research cum Educational Institute for the region.

Reply of the Government

5.4 As recommended by the Committee, the matter of exploring the possibilities of attaching a Krishi Vigyan Kendra to the Paddy Processing Research Centre, Thanjavur has already been taken up with the Indian Council of Agricultural Research and their reply is awaited.

NEW DELHI;
22 February, 2001
3 Phalgun, 1922 (Saka)

S.S. PALANIMANICKAM,
Chairman,
Standing Committee on Agriculture.

APPENDIX-I

MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON 22ND FEBRUARY, 2001 IN COMMITTEE ROOM 'C', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs to 1540 hrs

Members

Lok Sabha

1. Shri M. Master Mathan - *in the Chair*
2. Ram Tahal Chaudhari
3. Shri Ramdas Rupala Gavit
4. Shri Raghunath Jha
5. Shri Abul Hasnat Khan
6. Shri Y.G. Mahajan
7. Shri Haribhau Shankar Mahale
8. Shri Savshibhai Makwana
9. Shri Dalpat Singh Paraste
10. Shri Adi Shankar
11. Shri Tejveer Singh
12. Shri Mahaboob Zahedi

Rajya Sabha

13. Smt. Jamana Devi Barupal
14. Shri Khagen Das
15. Shri Kailash Joshi
16. Shri Devi Prasad Singh

Secretariat

1. Dr. (Smt.) Paramjeet Kaur Sandhu - *Joint Secretary*
2. Shri Raj Shekhar Sharma - *Deputy Secretary*
3. Smt. Anita Jain - *Under Secretary*
4. Shri K.L. Arora - *Under Secretary*

In the absence of Hon'ble Chairman (AC), the Committee chose Shri M. Master Mathan to act as Chairman for the sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha. The Committee then took up the following Memoranda for their consideration and adoption :-

Memoranda No.	Reports
1.	Draft Action Taken Report on 12th Report (12th Lok Sabha) on cultivation of cotton of the M/o Agriculture (Deptt. of Agriculture and Co-operation)
2.	Draft Action Taken Report on 6th Report (13th Lok Sabha) on Demands for Grants (2000-2001) of the M/o Agriculture (Deptt. of Agriculture and Co-operation)
3.	Draft Action Taken Report on 7th Report (13th Lok Sabha) on Demands for Grants (2000-2001) of the M/o Agriculture (Deptt. of Agricultural Research and Education)
4.	Draft Action Taken Report on 8th Report (13th Lok Sabha) on Demands for Grants (2000-2001) of the M/o Agriculture (Deptt. of Animal Husbandry and Dairying)
5.	Draft Action Taken Report on 9th Report (13th Lok Sabha) on Demands for Grants (2000-2001) of the M/o Agriculture (Deptt. of Food Processing Industries)
6.	Draft Action Taken Report on 10th Report (13th Lok Sabha) on Demands for Grants (2000-2001) of the Ministry of Water Resources.

The Committee considered the Draft Reports one by one and adopted them without any change.

The members of the Committee, thereafter, authorised the Chairman to present all the above mentioned Reports to the House on a date and time convenient to him.

The Committee then adjourned.

APPENDIX II

(Vide Para 4 of the Introduction of the Report)

**ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE
TWENTY-SECOND REPORT OF THE STANDING COMMITTEE
ON AGRICULTURE (THIRTEENTH LOK SABHA)**

(i) Total Number of Recommendations	14
(ii) Recommendations/Observations which have been accepted by the Government :	
Sl.Nos. 3, 7, 8, 9, 12, 13 and 14	
Total	6
Percentage	42.8%
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Govt's replies :	
Sl.No. 8	
Total	1
Percentage	7.3%
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee :	
Sl.Nos. 2, 4, 5, 6 and 10	
Total	5
Percentage	35.7%
(v) Recommendations/Observations in respect of which final replies of the Government are still awaited :	
Sl.Nos. 1 and 11	
Total	2
Percentage	14.2%