

39

**COMMITTEE ON AGRICULTURE
(2012-2013)**

FIFTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

**{Action Taken by the Government on the Observations/
Recommendations contained in the Twenty-first Report
of the Committee on Agriculture (2011-2012)}**

THIRTY-NINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI
November, 2012/Agrahayana, 1934 (Saka)**

THIRTY-NINTH REPORT

**COMMITTEE ON AGRICULTURE
(2012-2013)**

(FIFTEENTH LOK SABHA)

MINISTRY OF FOOD PROCESSING INDUSTRIES

**[Action Taken by the Government on the
Observations/Recommendations contained in the Twenty First Report
of the Committee on Agriculture (2010-2011)]**

Presented to Lok Sabha on	23.11.2012
Laid on the Table of Rajya Sabha on	23.11.2012



**LOK SABHA SECRETARIAT
NEW DELHI**

November, 2012/Agrahayana, 1934 (Saka)

COA No. 262

Price: Rs.

© 2012 By Lok Sabha Secretariat

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fourteenth Edition) and Printed by

<CONTENTS>

	PAGE
COMPOSITION OF THE COMMITTEE (2012-13)	(iii)
COMPOSITION OF THE COMMITTEE (2011-12)	(v)
INTRODUCTION.....	(vii)
CHAPTER I Report	1
CHAPTER II Observations/Recommendations which have been accepted by the Government	41
CHAPTER III Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies	66
CHAPTER IV Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee	67
CHAPTER V Observations/Recommendations in respect of which final replies of the Government are still awaited	86

ANNEXURES

Annexure –I Status of Project Implementation of 15 on-going Mega Food Parks	92
Annexure –II Minutes of the Second Sitting of the Committee held on 17 October, 2012.	94
Annexure –III Analysis of Action Taken by the Government on the Recommendations contained in the Twenty-first Report (Fifteenth Lok Sabha) of the Committee on Agriculture (2010-2011).	96

COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2012-13)

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

2. **Shri Narayansingh Amlabe**
3. **Shri Sanjay Singh Chauhan**
4. **Shri H.D. Devegowda**
5. **Smt. Ashwamedh Devi**
6. **Shri L. Raja Gopal**
7. **Smt. Paramjit Kaur Gulshan**
8. **Shri Anant Kumar Hegde**
9. **Shri Premdas Katheria**
10. **Shri P. Kumar**
11. **Dr. (Smt.) Botcha Jhansi Lakshmi**
12. **Sardar Sukhdev Singh Libra**
13. **Dr. Jyoti Mirdha**
14. **Shri Naranbhai Kachhadia**
15. **Shri Devji M. Patel**
16. **Smt. Bhavana Gawali (Patil)**
17. **Shri Jagdish Singh Rana**
18. **Shri Rajaiah Siricilla**
19. **Shri Patel Kishanbhai V.**
20. **Dr. Vinay Kumar Pandey 'Vinnu'**
21. **Shri Hukamdeo Narayan Yadav**

RAJYA SABHA

22. **Shri Satyavrat Chaturvedi**
23. **Shri A. Elavarasan**
24. **Smt. Mohsina Kidwai**
25. **Shri Dharmendra Pradhan**
26. **Dr. K.V.P. Ramachandra Rao**
27. **Shri Parshottam Khodabhai Rupala**
28. **Shri Rajpal Singh Saini**
29. **Shri Shivanand Tiwari**
30. **Shri S. Thangavelu**
31. **Shri Darshan Singh Yadav**

(iii)

SECRETARIAT

1. Shri K. Vijaya Krishnan - Joint Secretary
2. Shri P.C. Koul - Additional Director

COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2011-12)

Shri Basudeb Acharia - Chairman

MEMBERS

Lok Sabha

2. Shri Narayansingh Amlabe
3. Shri K.C. Singh 'Baba'
4. Shri Thangso Baite
5. Smt. Shruti Choudhary
6. Smt. Ashwamedh Devi
7. Shri Biren Singh Engti
8. Shri Anant Kumar Hegde
9. Shri Deepender Singh Hooda
10. Shri Sk. Nurul Islam
11. Shri Naranbhai Kachhadia
12. Shri Premdas
13. Shri Surendra Singh Nagar
14. Shri Devji M. Patel
15. Shri Vitthalbhai Hansrajbhai Radadiya
16. Shri Nripendra Nath Roy
17. Shri Jagdish Thakor
18. Shri Laxman Tudu
19. Shri D. Venugopal
20. Shri Hukmadeo Narayan Yadav
21. Shri Ramakant Yadav

Rajya Sabha

22. Shri Shashi Bhusan Behera
- *23. Shri Narendra Budania
- *24. Shri Satyavrat Chaturvedi
25. Shri A. Elavarasan
- *26. Shri Vinay Katiyar
27. Shri Mohd. Ali Khan
28. Shri Upendra Kushwaha
29. Shri Bharatsinh Prabhatsinh Parmar
30. Shri Rajpal Singh Saini
31. Shri S. Thangavelu

* Nominated to the Committee on 04.05.2012.

INTRODUCTION

I, the Chairman, Committee on Agriculture (2012-2013) having been authorized by the Committee to submit the Report on their behalf, present this Thirty-ninth Report on Action Taken by the Government on the Observations/ Recommendations contained in the Twenty-first Report of the Committee on 'Infrastructure Facilities for Development of Food Processing Industries-An Evaluation' of the Ministry of Food Processing Industries.

2. The Twenty-first Report of the Committee on Agriculture (2010-2011) was presented to Lok Sabha and laid on the Table of Rajya Sabha on 23 August, 2011. The Action Taken Replies on the Report were received on 22 November, 2011.

3. The Report was considered and adopted by the Committee at their Sitting held on 17 October, 2012.

4. An analysis of the Action Taken by the Government on the Observations/ Recommendations contained in the Twenty-first Report of the Committee is given in **Annexure – III.**

NEW DELHI;
21 November, 2012
30 Kartika, 1934 (Saka)

BASUDEB ACHARIA
Chairman,
Committee on Agriculture.

CHAPTER I

REPORT

This Report of the Committee on Agriculture deals with the action taken by the Government on the Recommendations contained in the Twenty-first Report (Fifteenth Lok Sabha) of the Committee on Agriculture (2010-2011) 'Infrastructural facilities for Development of Food Processing Industries –An Evaluation' of the Ministry of Food Processing Industries which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 23 August, 2011 respectively.

1.2 The Ministry of Food Processing Industries have furnished Action Taken Replies in respect of all the 36 Observations/Recommendations contained in the Report. These have been categorised as under:

- Observations/Recommendations that have been accepted by the Government
Recommendation Para Nos. 1.14, 1.15, 1.16, 1.17, 1.18, 1.19, 1.20, 2.38, 2.43, 3.17, 3.18, 3.19, 3.21, 4.15, 4.16, 4.17, 4.18 and 4.21.
- Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply
Recommendation Para No. 2.40
- Observations/Recommendations in respect of which action taken replies of the Government have not been accepted by the Committee.
Recommendation Para Nos. 1.13, 2.39, 2.41, 2.44, 2.45, 2.46, 2.47, 2.48, 2.49, 2.50, 3.20, 4.19 and 4.20
- Observations/Recommendations in respect of which final replies of the Government are still awaited.
Recommendation Para Nos. 2.35, 2.36, 2.37 and 2.42

1.3 The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the

Government. In cases where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken Notes on the Observations/Recommendations contained in Chapter-I and final Action Taken Replies to the Recommendations contained in Chapter-V of this Report should be furnished to them at an early date.

1.4 The Committee will now deal with the action taken by the Government on some of the Recommendations in the succeeding paragraphs.

(Recommendation Para No. 1.13)

1.5 The Committee had expressed their concern over the appalling state of food processing sector in the Country in spite of an exclusive Ministry of Food Processing Industries, functioning at the Union Government level for more than two decades. They had also noted that year after year, the benefits of a strong agriculture production base are being frittered away with monotonous regularity due to lack of storage and processing infrastructure and the post-harvest losses of fruits and vegetables are as high as 35 per cent, valuing more than Rs. 50000 crore per annum. Furthermore, they had found that the processing levels of fruits and vegetables are a mere 2.2 per cent as compared to USA (65 per cent), Philippines (78 per cent) and China (23 per cent). In case of the marine products, poultry and buffalo meat where processing levels are as high as 60-70 per cent in developed countries, we are able to process hardly 26 per cent, 6 per cent and 20 per cent respectively. With such a pathetic situation obtaining in the food processing sector, our export share of processed food in the global trade is at an abysmal level of around 1.5 per cent.

1.6 In their Action Taken Note the Government have stated that the post harvest figures stated in para 1.13 are much higher than the figures found out by a study conducted by ICAR during 2009-10 according to which over all loss in fruits and vegetables has been stated as 5.8 to 18.00 % and estimated value of the loss for fruits

and vegetables is Rs.13,309.00 Cr. The losses can be brought down by improvements in infrastructure. To meet the critical requirement of infrastructure, under the Eleventh Five Year Plan Period, Government had approved Scheme of Infrastructure Development with the following three components:-

- (a) Mega Food Park
- (b) Integrated Cold Chain
- (c) Setting up of Abattoirs

1.7 Out of the above 3 components, the Scheme of Mega Food Parks was flag ship Scheme with a total Plan Allocation of Rs.1575.00 Cr during the Eleventh Plan. Government have approved all the envisaged 30 projects. The Scheme was approved only on 11-09-2008 with 10 projects in 1st Phase while Plan period commenced with effect from 1-04-2007. Thus, there was some delay in approval of the Scheme and consequent delay in implementation thereof. Based on implementation of 10 projects in Phase-I, 5 projects were approved by the Government on 18-11-2010 in Phase-II although the Ministry had initiated proposal for setting up of all remaining 20 projects. Detailed status of these 15 projects has been given at **Annexure-I**. The CCEA in its meeting held on 25-10-2011 has approved setting up of 15 new Mega Food Park Projects. In compliance with CCEA approval follow up action has been initiated to invite Expression of Interest from the prospective entrepreneurs for these newly approved projects. Once these projects become fully operational, it will lead to address the problem of low processing level and huge post harvest wastage to a great extent.

1.8 The Committee find the Action Taken Reply of the Ministry, at the least, surprising. The figure of Rs. 50000 crore as post-harvest crop losses in fruit and vegetable sector (35% of the production), may appear much higher to the Ministry now but this has been quoted by the Committee from the Ministry's very own Annual Report of 2010-11. Furthermore, this very figure has been time and again quoted by the Ministry, in various documents submitted in the past to the Committee.

1.9 The Committee would, therefore, in the first instance like to have a detailed explanation from the Ministry about the source and veracity of the figure of Rs. 50000 crore that has been repeatedly quoted by them in the past in various documents submitted to the Committee.

1.10 They would also like to be apprised of the details of the study carried out by ICAR during 2009-10 on the basis of which new figures of post-harvest crop losses have been quoted by the Ministry in their Action Taken Note. The Committee would also like to be apprised of the terms of reference, parameters, reach, spread and coverage of the said study, along with the sample size, based on which these conclusions have been arrived at.

(Recommendation Para Nos. 1.15 and 1.16)

1.11 On being informed by the Ministry during the course of their examination of this Subject that their initiatives of the last 4-5 years have led to average growth rate of the Sector climbing to 13.5 per cent; the processing levels having gone up from 20 per cent to 26 per cent; the quantum of waste of perishables having gone down from 35 to 30 per cent; the Committee had wondered as to what extent on these estimates based merely on a regular discussion with stakeholders could be relied upon. The Committee had also severely criticized the Ministry for the glaring absence of an information system for compiling data and indices pertaining to the food processing industry sector in the Country, inspite of the Ministry being in existence for two decades now as it reflected poorly on the planning and management capabilities of the Ministry. Be it their Vision 2015 Document or their intended proposal for creation of a vertical in the reporting system of Reserve Bank of India for monitoring credit flow to the marginal, small and medium food processors or their proposal to the Indian Banks Association that a district food processing plan be worked out by each bank, all smack of a non-serious and *ad hoc* approach towards ensuring the much needed changes in the extant food processing industry sector. In case of the Vision 2015 a massive sum of Rs.1 lakh crore has been worked out as the requirement for food processing industry sector in the

Country upto 2015 without any comprehensive studies or access to scientific data base pertaining to the sector.

Reply of the Government: (Recommendation Nos. 1.15 & 1.16)

1.12 The lack of a comprehensive and reliable data base on Food Processing Industry sector is a constraint in policy formulation and decision making. A professional agency has been engaged to assist the Ministry in creating and updating the data base. Efforts have been made to collect authentic data that has been generated by Ministry of Statistics & Programme Implementation for both organized and unorganized units. A reliable data base is being created and consultations are on with all stake-holder departments to firm up the data base. The data available with this Ministry is as follows:

(Rs. in Crore)

Contribution to GDP of Food Processing (Regd. & Unregd.)							
Activity	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Average
Manufacturing (Registered & Unregistered) under Food Processing Sector							
Meat, Fish, Fruits, Vegetables and Oils	9236	8682	9548	10349	12043	12224	10347
Dairy Products	3509	4342	4319	4608	5419	4762	4493
Grain Mill Products	13467	12347	11903	12846	15947	17741	14042
Other Food Products	14722	17794	20895	22522	25775	23664	20895
Beverages	3421	4525	5499	6995	7938	7687	6011
(X) Total	44355	47690	52164	57320	67122	66078	55788
(A) Growth in contribution to GDP (FP Industries) (YoY)	-	7.52	9.38	9.88	17.1	-1.56	
(Y) GDP Agriculture	476634	502996	523745	556956	553454	553010	527799
(B) Growth in contribution to GDP (Agriculture) (YoY)	-	5.53	4.13	6.34	-0.63	-0.08	
Fishing	27152	28749	30650	32427	33561	35215	31292

(Z) GDP (Agriculture+Fishing)	503786	531745	554395	589383	587015	588225	559092
(C) Growth in contribution to GDP (Agriculture+Fishing) (YoY)	-	5.55	4.26	6.31	-0.40	0.21	
X/Z	0.088	0.090	0.094	0.097	0.114	0.112	

Source: NAS 2011

1.13 As seen in the table above, the food processing sector has been growing faster than the agriculture sector. This is a positive development.

2. Performance Indicators of Registered Units: As far as the registered Food Processing Industry sector is concerned, the latest data available is for 2007-08, the source being Annual Survey of Industries. Important indicators are given below:

Data of registered Food Processing Industries

Indicators	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
No. of units	23853	23942	23988	23485	23816	23840	25362	25725	25759	26219
Employment (Nos)	13468 26	13474 18	13325 88	13066 77	13083 35	12970 73	13429 25	13916 16	14763 51	15052 46
Capital invested (Fixed Capital) (Rs. in Cr.)	26756	31642	31887	33907	37627	37412	41388	45357	57460	68335

Source: Annual Survey of Industries, MoSPI

3. Data on Un-organized Units: As far as un-organized Food Processing Industry sector is concerned, the latest available data is for 2005-06:

- i. No of enterprises : 26,02,807
 - ii. No. of workers employed : 63,45,768
 - iii. Fixed capital (owned + hired) Rs.per unit : 1,00,834
 - iv. Value added Rs. per enterprise : 59,189
- Source: NSSO 62nd round data

4. Wastage of Agriculture produce:

- A nation-wise study on quantitative assessment of harvest and post harvest losses for 46 agricultural produces in 106 randomly selected districts was carried out by CIPHET. Percentage of losses estimated for major produces.

Crop	Cumulative wastage (%)
Cereals	3.9 – 6.0%
Pulses	4.3-6.1%
Oil seeds	6.0%
Fruits & Vegetables	5.8-18.0%
Milk	0.8%
Fisheries	2.9%
Meat	2.3%
Poultry	3.7%

Source : A study by CIPHET, 2010

5. Data on FDI in Food Processing Sector:

(From April 2000 to August 2011)

S.No	Sector	Amount of FDI Inflows		% age with total FDI Inflows (+)
		(In Rs crore)	(In US\$ million)	
1	FOOD PROCESSING INDUSTRIES	5872.16	1,286.53	0.89
2	FERMENTATION INDUSTRIES	4269.92	979.74	0.65
3	VEGETABALE OILS AND VANASPATI	1103.22	238.72	0.17
4	TEA AND COFFEE	446.61	99.38	
	Total Food Processing Sector	11691.91	2604.37	1.78
	TOTAL	658586.43	147088.13	100

Source: Department of Industrial Policy and Promotion

Note: Data includes some investment for rubber, which is not a food processing industry.

6. Value of Exports of food processing related commodities is given below:

Year	Rs. in Crore	Year	Rs. in Crore
1997-98	15876	2004-05	26802
1998-99	18699	2005-06	29211
1999-00	16559	2006-07	34204
2000-01	19313	2007-08	43783
2001-02	19257	2008-09	49352
2002-03	23685	2009-10	50759
2003-04	23766	2010-11	63733

Source : DGCI&S

1.14 The information system is already in place and will be continually updated as and when data is available from Government Agencies which are responsible for collecting primary data. Consultation with Ministry of Statistics and Programme Implementation, DGCI&S, Department of Agriculture and Co-operation, DARE, Planning Commission etc. are on-going to consider various options to add to the data base. Consultations are also being undertaken to analyze the data trends and understand how these can help in policy formulation.

1.15 The statistical figure of Food Processing sector given by the Ministry is based on the Data of organizations like National Competitive Council, National Statistical Survey of India etc. The Ministry of Food Processing is a small Ministry in terms of staff strength. With inadequate manpower, the Ministry is not able to develop its own information system. Taking note of the views of the Committee, the Ministry is attempting to collect the data from different sources.

1.16 The Committee note with satisfaction that it has at last dawned upon the Ministry that the lack of a comprehensive and reliable data base on food

processing industry sector is a constraint in policy formulation and decision making. They further note that the Ministry have hired a professional agency to assist them in creating and updating the data base. Furthermore, while a reliable data base is being created, consultations are on with all stake-holder Departments to firm up the data base. The Committee also note that the Ministry are in consultation with the Ministry of Statistics and Programme Implementation, Department of Agriculture and Cooperation, Department of Agricultural Research and Education, Directorate General of Commercial Intelligence and Statistics, Planning Commission, etc. to consider various options to add to data base. The Committee appreciate these initiatives of the Ministry, as a comprehensive, updated and reliable database will go a long way in making the Ministry understand and anticipate the short term and long term requirements of the food processing industry sector and go for policy planning accordingly. They would, however, sound a word of caution at this point. Since the Ministry have now opted for a newer set of statistics on agricultural produce/post-harvest crop losses based on a study by CIPHET, ICAR, they should rework all their data and indices based on previous estimates (referred to in the preceding recommendation of the Committee) so as to ensure that there is no misinterpretation in this regard in future.

(Recommendation Para Nos. 1.17 & 1.18)

1.17 The Committee had criticized the Ministry for having assumed their responsibility to have ended in regard to creation of a vertical in the reporting system of Reserve Bank of India for monitoring credit flow to the marginal, small and medium food processors once this matter was discussed by the Secretary of the Ministry with the representatives of Ministry of Finance, Reserve Bank of India and financial institutions/banks way back

on 12 August, 2009 and for having felt that they had fulfilled their responsibility in regard to the district food processing plan being prepared as a part of district credit plan by each bank once it was discussed with the representatives of Indian Banks Associations during the meeting of 12 August, 2009 mentioned above.

Reply of the Government:

1.18 Ministry have taken up the issue for providing periodical information on credit flow to food processing sector with Reserve Bank of India and Department of Financial Services.

1.19 The Working Group for the XII Plan has recommended a centrally sponsored scheme having provision of State Food Processing Plan. It is expected that in the process of formulation of State food processing plans, states will get district food processing plan prepared. This issue will also being taken up with NABARD, once the XII Plan proposals of the Ministry are finalized.

1.20 In the considered opinion of the Committee the extant low levels of food processing in the Country, among other things, are also due to the low access to credit for farmers as well as small and medium food processors. They, therefore, recommend that rather than continue to derive solace from the meeting of 12 August, 2009, the Ministry should immediately get down to the task of preparing cogent proposals both in regard to creation of vertical in the reporting system of the Reserve Bank of India as also for inclusion of district food processing plan in the district credit plan by banks. They should, thereafter, take up these proposals in right earnest with the Reserve Bank of India and Indian Banks Association with a view to fructify them in a highly time bound manner. The Committee would like to be apprised of the results of the efforts of the Ministry on these aspects.

1.21 The Committee are not satisfied with the reply of the Ministry. The creation of a vertical in the reporting system of RBI as well as preparation of a district credit plan by each bank has been pending conclusive action for almost three years now. In view of its importance to the food processing industry sector, the

Committee have in their Twenty-first Report recommended expeditious action on both the points. The Committee, however, find to their utter disappointment that action on these two matters has again been postponed by the Ministry on the plea that during the Twelfth Plan they would be moving to a centrally sponsored scheme structure wherein the States will be required to get district food processing plans prepared as a part of State food processing plan. The Ministry intend to take up this matter with NABARD also once their Twelfth Plan proposals are finalized. The Committee find it a tall order as during their recent examination of Demands for Grants 2012-13 of the various Ministries and Departments under their jurisdiction they have found that the Twelfth Plan is yet to be finalized and may require a few more months before being placed before NDC. Considering this imponderable and the excruciatingly long time taken in EFC/SFC approvals and clearances, thereafter, the Committee are of the view that this decision of the Ministry is not in the larger interest of the food processing industry sector. They, therefore, recommend that rather than waiting for things to happen, the Ministry ought to take proactive action in the matter, at this very stage itself, so that the proposed Centrally Sponsored Scheme as and when implemented has a readymade launching board to reply upon.

1.22 As regards the creation of a vertical in the reporting system of RBI for monitoring credit flow to the marginal, small and medium food processors, the reply of the Ministry lacks clarity as to whether the creation of vertical is still being pursued by the Ministry or they are now content with periodical information on credit flow to food processing sector with RBI and Department of Financial Services. The Committee, therefore, desire a clarification in the matter.

MEGA FOOD PARK SCHEME

(Recommendation Para Nos. 2.35 to 2.37)

1.23 The Mega Food Parks Scheme is a new Plan Scheme introduced by the Ministry of Food Processing Industries in the Eleventh Plan. The Scheme envisages the Mega Food Park as a mechanism to bring together farmers, processors and retailers. The Park would virtually act as a bridge between the agricultural production and the market to ensure maximum value addition, minimum wastage, increased income levels of the farming community, as well as creation of additional employment opportunities in the rural areas. The Mega Food Parks are to be established in selected clusters to be identified in a demand driven manner. These Parks would be, according to the Ministry, well-defined agri/horticultural-processing zones containing state-of-the-art processing facilities with support infrastructure and well established supply chains complete with backward and forward linkages. The Committee had noted that the pattern of financial assistance for a Mega Food Park that costs about Rs.150 crore is in the form of grant-in-aid @ 50% of the project in general areas and 75% for NE Region (NE including Sikkim) and difficult areas (J&K, Himachal Pradesh and Uttarakhand) subject to a maximum of Rs.50 crore for creation of common infrastructure facilities and facilities for backward and forward linkages. Apart from this there is a provision of Project Management fee @ 5% of the grant to meet the cost of engaging Project Management Agency at apex level to assist the Ministry and also domain consultancy for Special Purpose Vehicle to be created for the purpose.

1.24 The Committee had further noted that the Ministry had proposed 30 Mega Food Parks for the Eleventh Plan and sought an allocation of Rs.1575 crore for the purpose. Though the Eleventh Plan commenced on 1 April, 2007, the CCEA approved the proposal of Mega Food Parks only on 11 September, 2008 i.e. almost one and a half year into the Eleventh Plan. Considering perhaps the track record of the previous such Scheme of the Ministry viz. Food Parks, the CCEA approved setting up of only 10 Mega Food Parks in the first phase. The Committee had been constrained to observe that due to the inordinate delay in approval of the Scheme by the Government, the Ministry could

obviously make no headway in the Scheme during the First Year of the Eleventh Plan (2007-08). During the Second Year also, since the approval came only halfway through, on 11 September, 2008, the Scheme could not be implemented with full vigour. As a result, the BE of Rs.50 crore, which in itself is a modest sum, was almost halved to Rs.28 crore and the Ministry spent as much during the remainder of the Fiscal. During the next year, the BE of Rs.70 crore was again reduced to Rs.23.93 crore i.e. almost one third of BE and the Ministry could spend Rs.18.49 crore out of this reduced RE. From the deposition of the Secretary of the Ministry, the Committee had concluded that the drastically reduced BE was presented as a *fait accompli* to the Ministry. Consequently, they could not go beyond disbursing the initial tranche of Rs.5 crore or so each to some of the SPVs. The Committee further note that in the Fourth Year of the Plan, the BE of Rs.77.50 crore has been hiked to Rs. 113 crore at the RE stage and the Ministry have assured the Committee about utilizing the entire amount.

1.25 In their Action Taken Note the Ministry have stated that as has been placed before the Committee the BE, RE and expenditure in the Mega Food Parks Scheme is as under during 2008-09 and 2009-10:

(Rs. in Crore)

Year	BE	RE	Actual
2007-08	-	-	-
2008-09	50.00	28.00	27.63
2009-10	70.00	23.93	18.49

For the financial year 2010-11 the BE, RE and expenditure is as under:

(Rs. in Crore)

Year	BE	RE	Actual
2010-11	77.50	76.69	76.24

1.26 It may be seen from the above that during last financial year, the Ministry had achieved almost 100% expenditure in the Scheme against RE provision and is also very close to the BE figure.

1.27 On the front of physical achievements of the Scheme the Committee had found that in principle approval was accorded for setting-up of 10 MFPs in Andhra Pradesh, Jharkhand, Karnataka, Maharashtra, Punjab, Assam, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal. The Committee had found that after scrutinizing the DPRs of the projects in respect of Andhra Pradesh, Jharkhand, Assam, Uttarakhand, Tamil Nadu and West Bengal, the Ministry have given final approval for SPVs of these States. Grants-in-aid amounting to 40% of the total, consisting of first and second installments have been released to SPVs of Andhra Pradesh and Uttarakhand. For the remaining four States first installments of 10% each have been released. It is, however, a matter of great concern that the SPVs in Karnataka, Punjab, Maharashtra and Uttar Pradesh initially asked for time to submit DPRs and finally these projects had to be cancelled due to various shortcomings noticed in their proposals by the Ministry. Now that the process for bidding, etc. has begun *ab-initio*, the Committee exhort the Ministry to draw lessons from their failed experience and finalise the SPVs in these four States expeditiously and with due care so that no further time is lost in the planning and finalisation process. The Committee had expressed their preference about these four MFPs also processed alongwith the five additional ones, for which permission has recently been granted to the Ministry by the Government so that the 2-3 precious years lost by the SPVs in these four States are recouped to the extent possible.

1.28 The Government in their Action Taken Note have stated that for setting up of Mega Food Parks in the States of Karnataka, Punjab and Uttar Pradesh pertaining to the 1st phase as per the prescribed procedure 3 most suitable proposals have been selected and ‘in principle’ approval has been accorded in case of all 3. In case of Punjab and Karnataka the SPVs have submitted their DPRs and after careful scrutiny the Ministry has accorded final approval to these two projects and 1st tranche of 1st installmentss of Rs.5.00 have also been sanctioned by the Ministry to these projects. In case of Uttar Pradesh, the SPV has submitted its DPR which has been scrutinized and the SPV has been advised to remove certain deficiencies. In case of Maharashtra ‘in principle’ approval was accorded to M/s Temptation Food Ltd. to set up a Mega Food Park in Sindhudurg District. The SPV failed to submit DPR within prescribed period of six months nor requested the Ministry for extension of time. The ‘in principle’ approval to M/s Temptation Food was cancelled and next applicant in the panel, viz. M/s Paithan

Mega Food Park Ltd has been accorded 'in principle' approval. The SPV has submitted DPR to the Ministry which is under examination.

1.29 The Committee note with satisfaction that with the funds release to the Ministry gradually stabilizing in the Fourth Year of the Plan, the Ministry have been able to utilize almost the entire amount of RE allocation, viz. Rs. 76.69 crore or so. The Committee also note that some headway has been made by the Ministry towards the fructification of a Mega Food Parks in the four States where projects had been cancelled due to various shortcomings, coming to the notice of the Ministry. While in the case of Punjab and Karnataka post-sanction work has started in right earnest, the Committee find that the Mega Food Parks in Uttar Pradesh and Maharashtra are still facing teething troubles. Now that the Ministry have decided to shift from Central Scheme to the Centrally Sponsored Scheme mode in the Twelfth Plan, the Committee hope that a fresh impetus would be provided to all the pending MFPs as also the five additional MFPs approved at the fag end of the Eleventh Plan. The Committee would also like to add a word of caution here. The Eleventh Plan, as has been pointed out by the Committee time and again in their various Reports in the past, suffered from the basic infirmity of delayed finalization leading to a cascading effect on the implementation of various schemes and projects. In the Twelfth Plan also, inspite of the Committee recommending to the Government and the Planners that the Plan may be kept ready by 31 December, 2011 so that all Ministries and Departments were in a position to implement it from the first day of the next fiscal, the Plan is yet to see the light of the day. It is really worrisome that nothing tangible has been heard about the Twelfth Plan though we are approaching to the revised estimates stage

of the first fiscal of this Plan. At the cost of sounding repetitive, the Committee would again recommend to the Government that they should not dither any further on the finalization of the Twelfth Plan as it would lead to a repeat of the massive staggering and under performance of the Eleventh Plan.

(Recommendation Para No. 2.39)

1.30 Amongst the various conditionalities pertaining to SPVs the Committee had noted that the Government agencies may also be share holders in SPV upto a maximum of 26%. The Committee's analysis of the share holding patterns of the 6 SPVs in progress had, however, indicated that at least in case of the SPV in Punjab wherein SIDBI has a share holding of 26% and PAIC, another PSU has 11% share holding, the norm of maximum 26% has been breached as the Government share holding added upto 37%. In this context the assertions of the Secretary of the Ministry during Oral Evidence before the Committee that it was only at principal stage that SIDBI was shown as having 26 % holding and the Ministry will ensure at the time of final approval that the combined holding of SIDBI and PAIC does not cross the 26 % limit did not sound convincing. His further admission during the Oral Evidence that the Ministry will have to look into it since it has been pointed out by the Committee, went on to prove that the Ministry have not done their homework in a professional and proper manner while processing the MFP proposals. Otherwise, such situations would not have occurred. The Committee had, therefore, with a view to ensure that the share holdings and/or other relevant conditionalities are not breached or violated asked the Ministry should go through each and every ongoing and proposed SPV and revert to the Committee with factual position and the details of action taken, wherever called for.

1.31 The Action Taken Note of the Government states that at the time of consideration of 'In Principle' approval, as per the proposed share holding pattern of the SPV, SIDBI's share was indicated as 26% and that of PAIC as 11%. The SPV was suitably advised to adhere to prescribed limit of 26% which they have complied with at the stage of "final approval". The share holding pattern of SPV now is as under:

Sr.	Name of Member	Proposed	Equity
-----	----------------	----------	--------

No.		Structure (in % age)
1.	International Fresh Farm Products India Ltd.	26.55
2.	Sukhinder Singh and Associates	45.00
3.	Citrus Estate Tahliwalan Jatta	1.00
4.	Narain Exim Corporation	5.00
5.	Satyan Malhotra	11.45
6.	Un-allotted	11.00
	Total	100%

1.32 The SPV has now kept 11% of the equity unallotted which it proposes to allocate to PAIC. This condition of maximum of 26% equity holding by Govt. agencies has been adhered in all cases.

1.33 As per the terms and conditions prescribed for the SPVs bidding for Mega Food Parks, the shareholdings of Government agencies cannot exceed 26%. The Committee, in their Twenty-first Report, had observed in the case of the MFP in Punjab that two public sector undertakings of the State Government, viz. SIDBI and PAIC were having shareholdings of 26% and 11%, respectively. Apparently the shareholding limit of 26% had been breached as the Government shareholdings added to 37%. The Committee, therefore, asked the Government to revert with the factual position and take any action, that was called for. In their Action Taken Note, the Ministry have now submitted that at the time of consideration of in-principle approval the shareholding pattern of SPV had 37 per cent Government shareholdings. On being advised by the Ministry to adhere to the prescribed limit of 26 per cent, the SPV complied with at the stage of final approval. The Committee strongly deprecate this sheer adhocism of the Ministry. From the present shareholding pattern of SPV the Committee find that 11 per cent shares are still unallotted. These, according to the Action Taken Note of the Ministry are proposed by the SPV for allocation to PAIC which is a State

Government Undertaking. The Committee find this presumptive and futuristic allocation inexplicable. They, therefore, desire a detailed explanation from the Ministry as to how it went ahead with the allocation of MFP in Punjab to the SPV in question in the first place and all their subsequent actions to somehow justify this allocation.

FOOD PARK SCHEME

(Recommendation Para No. 2.41)

1.34 The examination of the implementation of the MFP Scheme by the Committee had revealed that the Food Park Scheme was the predecessor of the ongoing Mega Food Park Scheme. The Food Park Scheme was operational in Eighth, Ninth and Tenth Plans. Related as, the Scheme is with the development of food processing sector in the Country, the Committee also analysed this Scheme in detail during their current examination. In all 56 parks were approved for being set-up. 2 of them were approved in the Eighth Plan, 39 in the Ninth Plan and the remaining 15 were approved in the Tenth Plan. The basic concept of these Food Parks was to provide roads, electricity, water, ETP facilities and some common facilities of even Cold Chain in an areas of 30 acres. The Committee note that the Food Park concept was essentially based on the Scheme of Industrial Parks. As per the own admission of the representative of the Ministry, the Food Park Scheme had a chequered performance. However, their examination further revealed that hardly 18 out of 56 Food Parks were able to claim the entire amount of financial assistance. The Committee analysed eleven out of these 56 Food Parks. In almost all cases, one thing came out very clearly that the Ministry displayed a total lack of commitment and professionalism in implementing this Scheme. In almost all cases monies were disbursed, but there was no follow-up. Consequently, an impression of laissez-faire was created with no accountability. In some cases the banks, where the grant-in-aid amounts were deposited by the Ministry, released the monies to the parties without the permission of the Ministry and without the necessary requirements being complied with by the parties concerned and in certain cases against their express instructions. However, the Ministry remained blissfully unconcerned for years together.

In fact they were spurred into action only when the examination of the Subject by the Committee commenced and updates were sought on the status of these Food Parks.

1.35 The Action Taken Note of the Government states that the earlier Scheme of Food Parks was operated during 8th to 10th Plan Periods. During these periods, a total of 56 Food Parks were sanctioned. In the case of 24 Food Parks, funds have been fully released as per prescribed guidelines and in case of 29 Food Parks which are at different stages of progress, the funds to have been partially released. In case of 3 projects the implementing agency has not been able to implement the project. The objective of the Food Park Scheme was to develop Common Infrastructure Facilities to facilitate setting up of units by Micro, Small & Medium Enterprises. To identify the bottlenecks adversely affecting the implementation of Food Parks and find out solutions thereto, Ministry of Food Processing Industries had commissioned reputed external agencies such as EDI, Ahmadabad, Consulting Engineers Ltd, etc to carry out evaluation of the Food Park scheme. The evaluation studies have identified the major reasons for the inadequate functioning of parks as improper site selection, delay in providing basic infrastructure facilities like power, water, road etc., absence of strong backward linkages and market linkages and poor management / implementation capabilities. The study observed that production area has remained underdeveloped and not integrated with the requirements of the market. There was no assurance of steady supply of raw materials and the benefits of value addition rarely percolated to the farming community. The study further suggested that the Food Park will be successful only if complete range of infrastructure from farm level onwards is supported. The shortcomings noticed in the Food Park Scheme have been sought to be addressed in the new Scheme of Mega Food Park Scheme.

1.36 The Ministry had pursued vigorously with the various State Authorities, held review meetings, and sent periodical reminders to the implementing agencies. Performance of all the ongoing projects have been reviewed by Secretary (MFPI) recently. In those cases where Banks had released grant amount without the instructions of the Ministry, the matters have been taken up with them at the highest level. In spite of the best efforts by the Ministry the Scheme did not achieve desired results due to various reasons as pointed out in several studies undertaken by

professional agencies which have been sought to be removed in the revised Scheme of Mega Food Park Scheme.

1.37 The Committee are not convinced by the logic extended by the Ministry in the context of the erstwhile Food Park Scheme. The Scheme did not fail just due to the reasons adduced by the two evaluation studies commissioned by the Ministry, viz. improper site selection, delay in providing basic infrastructure, absence of strong backward linkages and market linkages, poor management/implementation capabilities, to cite a few. The gross inaction and total lack of follow-up by the Ministry are in fact the major contributory factors behind the Scheme's abject failure. In their zeal to pass on the buck, the Ministry conveniently fail to realize that the Scheme for Food Park was implemented not during one but three consecutive Five Year Plans (Eight to Tenth). During these fifteen long years, the Ministry had ample chance to effect course corrections in the Scheme, had they thought of doing so. However, as the subsequent narrative on this issue will prove, they just abdicated their responsibility towards oversight and monitoring and prudent implementation of the Scheme once the monies in varying amounts were disbursed to the implementing agencies. As had been brought out in the Committee's Twenty-first Report, the Ministry were spurred into action only when the Committee took up the Food Park Scheme for examination. Therefore, notwithstanding the explanation given by the Ministry, the Committee attribute the failure of the Food Park Scheme to the inept and unprofessional handling of the Scheme by the Ministry. The Committee note that the performance of all the ongoing projects under the Scheme has been reviewed by the Secretary. The Committee would like to the details of the review along

with action taken in pursuance thereof be submitted to them forthwith. They would also appreciate that updated status of each of these projects be shared with them.

(Recommendation Para No. 2.42)

1.38 In the case of the Food Park at Saha, Ambala the Ministry approved a sum of Rs.2.93 lakh as assistance. Out of this, they stated a sum of Rs.146.50 lakh was released to the Implementing Agency and the second installment of same amount was lying in the bank, who had been asked to return the same with interest accrued thereon to the Ministry. However, when the Committee probed further, it transpired that while the first installment of the financial assistance was released to the Implementing Agency by the bank on 21 March, 2003, the second one was released a few days later on 27 March, 2003. The Ministry's letter to the bank to return the second installment alongwith interest accrued was sent almost five and a half years later to the bank on 28 August, 2008. The reply of the bank is still awaited. In their update on the status of the case the Ministry merely stated that the entire amount of assistance of Rs.293.00 lakh has been released by them and the infrastructure work in the Park has been completed, which is far from convincing.

1.39 In their Action Taken Note the Government have replied that entire amount of approved grant of Rs.293.00 lakhs have been released by the Ministry. In the latest Progress Report, it has been informed that Haryana State Industrial & Infrastructure Development Corporation Ltd.(HSIIDC) has developed Food Park at Saha over an area of 70 acres. The infrastructure development work in the Food Park has been completed and all 196 plots have been allotted. The Corporation has acquired approximately 251 acres in the second phase which is to be developed for extension of Food Park and the existing Industrial Growth Centre at Saha. Thus, it may be seen that the park has made a lot of progress. However, to resolve the grant amount lying with the Bank as unspent balance a review meeting was held with the SNA and implementing agency, viz. HSIIDC on 17.01.2011. Based on the discussion, the implementing agency has been asked to submit a revised proposal giving justification of viability for consideration of the

PAC vide Ministry's letter dated 15.07.2011. The implementing agency has been reminded on 20.10.2011. Their response is awaited.

1.40 The Committee find that in pursuance of their Recommendation, the Ministry have initiated a dialogue, albeit very belatedly, with the Implementing Agency of Saha Food park to resolve various issues, including the so called amount lying unspent in the bank. The Ministry are awaiting a formal response from the Implementing Agency in the matter. The Committee desire to be apprised about the resolution of this vexed issue at the earlier.

(Recommendation Para No. 2.44)

1.41 The case of the Food Park at Rai, Sonapat further confirmed the poor performance of the Ministry in implementing this Scheme. A sum of Rs.200 lakh was released to Implementing Agency in two tranches of Rs.44 lakh (on 28 March, 2002) and Rs.156 lakh (on 9 April, 2002). It was only on 5 September, 2008 that the Ministry asked HSIDC, which is the Implementing Agency, for the Progress Report alongwith necessary documents for release of the next installment. HSIDC informed the Ministry about six months later on 18 February, 2009 about the progress in the Food Park and expenditure incurred upto 31 December, 2008. The status as on 30 November, 2010 as furnished to the Committee was that against the approved grant of Rs.400 lakh, a sum of Rs.200 lakh has been released till then. Furthermore, HSIDC has already developed 223 plots of different sizes in this Food Park and they have also acquired another 382 acres for the second phase which is to be developed for extension of Food Park and industrial area. The Committee failed to understand as to what the Ministry have been doing for nine years after having released the initial assistance of Rs.200 lakh by 9 April, 2002. It is really incomprehensible as to why the second installment of Rs.200 lakh was not released to HSIDC inspite of the fact that they furnished the Progress Report and relevant documents to the Ministry way back on 18 February, 2009. More so, when the Ministry did not report anything amiss in regard to this Food Park to the Committee.

1.42 In their Action Taken Note the Government have informed the Committee that against approved grant of Rs.400.00 lakhs, Rs.200.00 lakhs have been released so far to the implementing agency of Food park at Rai, Haryana. As per the Progress Report furnished by HSIIDC, a total of 223 plots of different sizes have been developed in this Food Park. The implementing agency is in the process of expansion of the project for which it has acquired approximately 382 acres in the second phase. The implementing agency has submitted expenditure statement and progress report which were examined by the Ministry. Some discrepancies have been noticed in expenditure statement, CA Certificate and means of finance vis-à-vis the information given by the State Nodal Agency (SNA) in its physical verification report. A review meeting was held under the Chairmanship of Secretary(FPI) with the implementing agency on 1-11-2011 to expedite the pending issues and the they have been advised to submit requisite documents/information within a week's time. A diagnostic study of the project has been conducted by the Tariff Commission which has rated it as one of the best Food Parks. The observations of Tariff Commission is being sent to the implementing agency for further necessary action.

1.43 The Food Park at Rai, Sonapat is a clear case of how the Ministry have dealt with the rare few success stories of the Food Park Scheme. A sum of Rs. 200 lakh was released to the implementing agency in March/April, 2002. More than six years later in September, 2008 the Ministry started asking HSIDC about progress report and other documents for release of the next installment. These papers were duly submitted to the Ministry by the Implementing Agency on 18 February, 2009. After that the Ministry went into hibernation. It was only when the serious shortcomings in the various Food Park Scheme Projects were highlighted by the Committee that the Ministry woke up from their slumber and initiated some action. The Committee are extremely displeased to note that a meeting in this context has been held hardly a few days ahead of the Action Taken Notes being submitted to them. Such symbolism has been resorted to

inspite of the fact that this Food Park has been rated as one of the best by the Tariff Commission. The Committee strongly feel that a lot of time has already been wasted in the instant case by the Ministry, thereby unnecessarily impeding the optimal progress of the Food Park. They, therefore, recommend purposeful and prompt action by the Ministry so that this long pending issue is resolved without any further delay and the release of further installments of Grant-in-aid are processed accordingly.

(Recommendation Para Nos. 2.45 and 2.46)

1.44 In the case of Food Park at Khunmoh, Srinagar, J&K, the Ministry approved a sum of Rs.400 lakh. Out of this, a sum of Rs.200 lakh was released to JKSIDC, the Implementing Agency on 12 April, 2001. The second installment of Rs.100 lakh was sanctioned of 24 March, 2003. In the sanction letter the Ministry had instructed the bank not to release the amount to the Implementing Agency until further instructions. This amount, according to the initial information furnished by the Ministry to the Committee was lying as unspent balance in the bank. However, when probed further, the Ministry informed the Committee that they wrote to the J&K Bank for refund of Rs.100 lakh with interest accrued since 24 March, 2003 on 24 August, 2008. On 29 June, 2009 they again made a similar request to the Bank. In response the Bank informed them on 15 July, 2009 that the Food Park had closed the account with the Branch in question. The Ministry then sought clarification from the Implementing Agency on 7 September, 2009. The Implementing Agency has intimated, very surprisingly on 9 March, 2010 that they have withdrawn the balance amount of Rs.100 lakh from the bank before closing their account. This admission incidentally coincides with the examination of the Subject by the Committee. The last update by the Ministry states that against the approved grant of Rs.400 lakh, Rs.300 lakh has been released so far and the last tranche of Rs.100 lakh, which was released by J&K Bank without instructions from the Ministry is being considered for regularization. Nothing can be more reflective of the lackadaisical approach of the Ministry as a custodian of public money. This sort of careless functioning in opinion of the Committee needed to be properly inquired and remedial

action taken expeditiously to avoid recurrence of such events in future. Similarly in the case of Food Park at Sopore, Baramullah, J&K while the first installment of Rs.200 lakh has been released on 26 February, 2004, the reminder seeking progress report with a view to release the remaining Rs.200 lakh, as per information furnished by the Ministry, has been sent to the Implementing Agency more than five years later on 24 April, 2009. As on 30 November, 2010 when the status update was sought by the Committee, the position hadn't moved a bit. The Committee had, therefore, recommended that as in case of Khunmoh Food park this case also needed to be enquired into. They had also desired to be apprised of the latest status at the earliest.

1.45 In their Action Taken note the Government have stated that against approved grant of Rs. 400.00 lakhs, Rs.300.00 lakhs have been released so far. Last installment of grant of Rs.100.00 lakhs was sanctioned in March, 2003 which was released to J&K Bank with the instructions not to disburse the same without instructions in this regard from the Ministry. Since the Park did not register any progress the amount of grant remained parked. In August, 2008 the Bank was requested to refund the amount with interest accrued thereon. After a prolonged correspondence J&K Bank intimated that SIDCO had closed their account in their Bank. The matter was taken with the Bank as to how they allowed SIDCO to close the account without intimating the Ministry. However later through SIDCO it was learnt that amount of Rs.100.00 lakhs was also got released by them from the Bank. The matter was taken up with both implementing agency and the Chairman of J&K Bank in January, 2011. The Bank's response is awaited. They have been reminded on 09-03-2011, 03-06-2011 and 7-10-2011.

1.46 As regards Food Park at Sopore, they have stated that against approved grant of Rs. 400.00 lakhs, Rs.200.00 lakhs have been released so far. For consideration of release of next installment of grant, the implementing agency has to spent 75% of Promoter's equity which not been fulfilled. They have been requested to fulfil the same and furnish a CA Certificate reflecting the same along with latest physical inspection report from SNA vide Ministry's letter dated 13-09-2011. Response is awaited.

1.47 The Committee find the action taken by the Ministry on their instant Recommendations grossly inadequate. The Committee in their Twenty-first

Report, while taking note of the lapses of the Ministry, in both the cases of Food Park at Khunmoh and the Food Park at Sopore, had asked them to properly inquire into the two matters and take remedial action expeditiously. The Action Taken Notes furnished by the Ministry in both the cases are inexplicably silent on this aspect. The Committee, while expressing their displeasure at the inaction of the Ministry, recommended the needful to be done at least now and the outcome conveyed to them at the earliest.

(Recommendation Para No. 2.47)

1.48 For the Food Park at Jammu, the Ministry sanctioned an amount of Rs.346 lakh on 15 March, 2002. First installment of Rs.173 lakh was released on 30 April, 2002. The second installment of Rs.100 lakh was sanctioned on 17 March, 2003 out of which Rs.86.50 lakh was released on 26 May, 2003 and the remaining Rs.13.50 lakh is lying unspent in Indian Overseas Bank. Since, the release of Rs.86.50 lakh on 26 May, 2003 the Ministry are making efforts to obtain requisite documents for release of balance grant but there has been no response from the Implementing Agency. Efforts of the Ministry to recall the balance from India Overseas Bank through a communication dated 22 August, 2008 have also elicited no response. As per the information furnished by the Ministry to the Committee, there seems to have been no development beyond 22 August, 2008. The Committee, therefore, asked the Ministry to inform them about the current status in the matter.

1.49 The Government in their Action Taken Note have stated that against approved grant of Rs. 346.00 lakhs, Rs.273.00 lakhs have been released so far. An amount of Rs. 13.50 lakhs was lying with the Bank as unspent balance. In view of the non implementation of the project, the Bank was requested to return the amount with interest. Indian Overseas Bank, Jammu has returned a Demand Draft for Rs.13.50 lakhs on 20.1.2011 which has been deposited in the Government account. No further release could be taken up as there is no progress in the Food Park.

1.50 The case of Food Park, Jammu again highlights the cavalier attitude of the Ministry towards public monies. Out of the total sanctioned amount of Rs. 346 lakh (sanction date 15 March, 2002) a sum of Rs. 200 lakh was released as first installment on 30 April, 2002. The second installment of Rs. 100 lakh was sanctioned on 17 March, 2003. Out of this, Rs. 86.50 lakh was released on 26 May, 2003 and the remaining amount of Rs. 13.50 lakh has been lying unspent in the bank, since then. The Ministry have thereafter, neither been able to obtain the requisite document from the Implementing Agency nor been able to recall the balance lying unspent. The last such effort to recall these funds was made by the Ministry way back on 22 August, 2008. The Committee find from the Action Taken Note that the said amount of Rs. 13.5 lakh has finally been returned by the Indian Overseas Bank to the Ministry on 20 January, 2011. The Committee would certainly like to know from the Ministry as to why the bank was not returning this amount to the Ministry for the last so many years and why the Ministry did not insist on some interest, etc. on the principal. The Committee would also like to know as to how the second installment of Rs. 100 lakh was released to this defaulter Food Park when in the case of the Food Park at Rai, rules were cited to justify blocking of the second installment inspite of the fact that the said Food Park happens to be one of the best food parks. The Committee desire a detailed explanation from the Ministry on all these aspects.

(Recommendation Para No. 2.48)

1.51 About the Food Park at Bagalkot, Karnataka, initially the Ministry took the stand before the Committee that they had provided the first installment of Rs.200 lakh for the project on 30 July, 2001 and the entire amount is lying unspent in the bank. The bank

had been told not to release the money to the Implementing Agency viz. Food Karnataka Ltd. till the Ministry issued instructions in writing to the bank. For years, the Ministry's understanding continued to remain on the same plane. On 28 August, 2008 the Ministry issued a letter to the bank to return the grant alongwith the interest accrued. A copy of this Communication was also endorsed to Food Karnataka Ltd. who informed the Ministry on 25 September, 2008 that they had spent the grant amount on land leveling and procurement of plant and machinery alongwith some common facilities like cold storage. Alarmed by this development the Ministry called for a clarification from the Bank on 5 February, 2009 whose response is still awaited.

1.52 In their Action Taken Note the government have stated that against approved grant of Rs.400.00 lakhs, 1st installment of Rs.200.00 lakhs was released in July,2001. Since the project implementation was getting delayed and funds were lying with the Bank, a decision was taken by the Ministry to instruct the implementing agency to utilise the fund for the development of another Food Park in Jewargi from the funds already released to Food Park at Bagalkot. Based on the decision, Food Karnataka Ltd.(FKL), the organization created to look after Food Parks in Karnataka had released Rs. 100.00 lakhs out of the above Rs. 200.00 lakhs to the Implementing Agency at Jewargi from the funds intended for Food Park at Bagalkot. However, work in Bagalkot Food Park has been progressing and Implementing Agency has furnished requisite documents for release of 2nd installment of grant. Ministry, after going through the documents and the report of State Nodal Agency, released the 2nd installment of grant-in-aid to Food Park at Bagalkot on September 2011. While releasing 2nd installment, an amount of Rs. 21.66 lakhs has been deducted towards the accrued interest earned by the Implementing Agency on the unspent balance which was lying in the Bank. A Review meeting was held on 1-11-2011 under the Chairmanship of Secretary (FPI) to further expedite the implementation of the project wherein the implementing agency has been advised to furnish requisite documents after achieving the prescribed milestones for consideration release of next installment of grant. Also, the State Government is being

requested to release their remaining share of equity contribution so as to facilitate the completion of the project.

1.53 The Committee are amazed with the Action Taken Note of the Government.

There is no correlation between what has been submitted before the Committee in the specific context of the Food Park at Bagalkot, Karnataka, when the subject was being examined by the Committee and the present Action Taken Note. During the course of the examination, the Ministry's stance was that a sum of Rs. 200 lakh had been provided as first installment for the Food Park at Bagalkot on 30 July, 2001 and the entire amount is lying unspent in the bank. Furthermore, the bank had been told not to release the money to the Implementing Agency viz. Food Karnataka Limited until written instructions to that effect were issued by the Ministry. In fact, on 20 August, 2008, the Ministry had also issued a letter to the bank to return the amount along with the interest accrued. In response to this communication only they were informed by the Implementing Agency that the grant amount had already been utilized by them. Finally, alarmed by this declaration, the Ministry called for a clarification from the bank on 5 February, 2009 to which the bank response was not received by the Ministry till the time the Subject was being examined by the Committee. The Action Taken Note of the Ministry, while admitting that the first installment of Rs. 200 lakh was released in July, 2001 very surprisingly also states that since the Bagalkot Food Park implementation was getting delayed and funds were lying with the bank, the Ministry instructed the Implementing Agency to utilise the funds for another Food Park in Jewargi from the funds already released for the Food Park at Bagalkot. Conveniently, thus, the Implementing Agency utilised Rs. 100 lakh out of Rs. 200

lakh released to them for the Bagalkot Project for the Food Park at Jewargi. The Action Taken Note further states that as the Bagalkot Project has been progressing, the Implementing Agency has been granted the second installment of the grant-in-aid in September, 2011, albeit a sum of Rs. 21.66 lakh has been deducted towards the accrued interest earned by the Implementing Agency on the unspent balance lying in the Bank. The Committee are deeply perturbed by the manner in which the Ministry has been handling this Project and the way in which information had been furnished to the Committee. They, therefore, desire a detailed note from the Ministry alongwith all file notings and correspondence in the matter to understand as to what exactly transpired in the instant case.

(Recommendation Para No. 2.49)

1.54 The Food Park at Ghaziabad, Uttar Pradesh was approved in 1999-2000, for which the Ministry released a sum of Rs.271 lakh as grant-in-aid between 8 March, 2000 and 9 October, 2001. This was done on basis of a surety bond from Wise Industrial Park, the Implementing Agency. The Food Park ran into problem due to non payment of bank loan. UPSIDC also cancelled the land lease and the bank took over the land mortgaged to it, leading to litigation. In one of their Post Evidence Replies submitted in response to the questionnaire of the Committee dated 8 December, 2010, the Ministry informed the Committee as an update that 'out of the approved grant of Rs.395 lakh, Rs.271 lakh have been released so far. Entire approved amount of Rs.395 lakh has been released in this case. The Project has suffered a set back due to legal issues'. The entire chain of events makes it abundantly clear that Ministry have at no point of time bothered to follow-up this case, in which substantial amount of public funds were invested, with any degree of seriousness and alacrity . The Committee desired to be informed about the exact amount released for the Food Park as the update from the Ministry was as confusing as the way they had tackled the implementation of this Food Park.

Reply of the Government:

1.55 The Government in their Action Taken Note have stated that the project was approved in PAC meeting held on 25.11.1999 for a grant of Rs. 310.00 lakhs and subsequently in the PAC meeting held on 23.08.2001 additional grant of Rs. 85.00 lakhs was approved. The Ministry has so far released a grant of Rs. 271.00 lakhs.

1.56 The project had been taken over by the erstwhile or Global Trust Bank due to non-payment of dues by the promoters, M/s Wise Industrial Park Ltd.. As no progress in recovery was made the Bank ultimately invoked the provisions under Securities and Reconstructions of Financial Assets and enforcement of Security Interest ordinance, 2002 and to cover possession of the mortgaged property on 02.12.2002. Due to non implementation of the project, UPSIDC also cancelled lease of land granted to the implementing agency. To sort out the matter a review meeting was held in the Ministry in July, 2003 with the representatives of UPSIDC and the Global Trust Bank Ltd. However, no workable solution emerged. This meeting was followed by another meeting under the chairmanship of the then Secretary with the representatives of SNA(USIDC) to find out a solution. However, the UPIDC distanced itself stating that the grant was sanctioned to M/s Wise Industrial Park Ltd a private body over which it has no control. Later on Global Trust Bank was merged with Oriental Bank of Commerce. It may be seen that land lease by UPSIDC stands cancelled and assets have been taken over by the Bank. Despite best efforts by the Ministry the project could not be revived because of the circumstances stated above.

1.57 The Ghaziabad Food Park is another glaring instance where the Ministry have failed to ensure the safety and security of public funds. During the course of the examination also, they had furnished conflicting figures about the exact amount released for the Food Park. Finally from the Action Taken Note, the Committee understand that a sum of Rs. 395 lakh was approved for the Project out of which the Ministry have so far released an amount of Rs. 271 lakh. The promoter in this case incidentally was a private party. The Project was taken over by the Erstwhile Global Trust Bank due to non-payment by the promoter. UPSIDC also cancelled the lease of land granted to the Implementing Agency. The Ministry, just to complete a formality, held a review meeting to sort out the matter

nine years back in July 2003 with the representatives of UPSIDC and the Global Trust Bank Ltd. Another meeting, the date of which is not specified, was also held subsequently. No solutions emerged from these two efforts. The Action Taken Note further reveals that the UPSIDC distanced itself from the matter stating that the grant was sanctioned to a private party over which it has no control. Furthermore, Global Trust Bank has in the meantime been merged with the Oriental Bank of Commerce. Thus, the Project could not be revived because of the above circumstances. The Committee fail to understand, as to how the Ministry have in complete disregard of financial prudence virtually doled out the sum of Rs. 271 lakh to a private company without ever bothering for any collateral or other forms of security and have in complete helplessness washed off their hands from this case. The Committee consider this entire episode a serious lapse and would like to have a detailed explanatory note from the Ministry in this case right from the inception mentioning clearly what all guidelines and stipulations got breached while clearing this Project, as also in the sanctioning of the grants and the post-sanction follow-up and recovery of the grant released from the persons concerned.

(Recommendation Para No. 2.50)

1.58 The State of affairs as narrated above, though not exhaustive, is indicative of malaise underneath the fact that during three successive Five Year Plans, the Ministry didn't implement the Scheme of Food Parks with any degree of professionalism and purposefulness. In all these cases, a policy of drift and lack of direction is clearly visible. The Committee had no reservations in concluding that the Ministry even failed to ensure that vast sums of monies, of which they were custodian were spent properly and accounted for. While condemning, unequivocally, the performance of the Ministry in the implementation of the Food Park Scheme, the Committee recommended that

implementation of all these 56 Food Parks should be enquired into in a time bound manner and a comprehensive report on the utilization of grants-in-aid provided by the Ministry to each of them and their status as of now should be prepared and submitted to the Committee alongwith the Action Taken Replies of the Ministry to this Report. As they have been given to understand in a different context that the Ministry is now exploring ways and means in consultation with the Ministry of Finance to settle this long outstanding matter, the Committee also desired that the outcome of such consultations may also be shared with them in entirety in the context of all the 56 Food Parks at the earliest. Parallely, they also desire the Ministry to request the Ministry of Finance to enquire in a time bound manner into the non-chalant attitude of the Public Sector Banks in fulfilling their duties as custodians of public monies at their disposal in violation of the express and written instructions of the Ministry of Food Processing Industries in releasing funds to the implementing agencies in all these cases. They further desired to be apprised of the outcome thereof.

1.59 The Government in their Action Taken Note have stated that based on the evaluation study conducted for the Food Park Scheme of 8th, 9th and 10th Plan, Ministry has modified the food park scheme in the form of Mega Food Park Scheme in the 11th Five Year Plan. While recommending the new scheme, the EFC in its meeting dated 19.03.2008 had observed that efforts should be made by the Ministry to salvage the old Food Park Scheme.

1.60 In pursuance thereof, Ministry had reviewed all the mega food park projects and prepared a proposal for financing the ongoing projects keeping in view the physical progress and adherence to the scheme guidelines. The proposal for continuation of financial assistance to the old food parks was prepared in April 2010 and after the approval of the competent authority, installmentss have been released in different projects. After the approval of the competent authority, funds have been released in following projects:-

Sl. No.	Name of the project	Amount released in Crore
1	M/s Akshay Food Park Ltd., Hirriyur, Karnataka	2.000 (2 installments of Rs.1.00 crore each)

2	M/s Orissa Indust. Infra. Dev. Corpn., Orissa (Khurda-FP)	1.000
3	M/s Tripura Indust. Dev. Corpn. Ltd., Bodhungnagar (N.E.)	1.000
4	Food Park at Maneri, Madhya Pradesh	1.00
5	Food Park at Jewargi, Karnataka	0.96
6	Food Park at Adoor, Kerala	0.97
7.	Food Park at Kota, rajasthan	0.22
8	Laxmi Nirmal Pratisthan, Maharashtra	1.00
9	Food Park at Malur, Karnataka	0.78
10	Food Park at Palus, Maharashtra	0.76
11	Haldia Foos Park, West Bengal	1.00
12	Ukhrul Food Park, Manipur	1.00
13	Green Food Park at Bagalkot, Karnataka	0.96
Total		12.65

1.61 During this period, funding has been completed in 6 additional projects. Physical progress has also improved in most of the projects which is evident from following table which shows the comparative status of number of number of plots allotted and number of units become functional.

1.62 It is also submitted that in view of no progress, 3 old food parks at Vaishali in Bihar, Murshidabad in West Bengal and Teadesar in Chattisgarh have been dropped. In case of Vaishali Food Park in Bihar and Murshidabad Food Park in West Bengal no funds were released whereas in case of Chattisgarh Rs. 2.00 crore was released. Due to non-implementation, Ministry has taken due steps for recovery of Rs. 2.00 crore released, in the case of Chhatisgarh Food Park. By constantly following up with Chattisgarh State Industrial Development Corporation (CSIDC), Rs. 1.00 crore has already been returned by them in two equal installmentss of Rs. 50 lakh each. CSIDC has assured to return remaining amount in two other installmentss. Ministry has also recovered Rs. 13.50 lakhs lying as unspent balance in the Bank from Food Park in Jammu and Rs. 94.25 lakhs from Food Park at Barabanki in Uttar Pradesh.

1.63 Ministry has reviewed the performance of the ongoing projects in various review meetings during last one-and-a-half year. Field visits have also been carried out by IL&FS and Tariff Commission. Issue for ensuring completion of projects has been taken up from time to time by the Ministry with the State Governments. The latest review meeting has been held on 01.11.2011 and 04.11.2011 wherein implementing agencies

have been advised to complete the project by March 2012. Project specific decision has been taken in the Parks which are different states of progress.

1.64 The Ministry is not exploring ways and means in consultation with the Ministry of Finance to settle this scheme in any manner. In the case of Food Park at Khunmoh in J&K, the concerned Bank, viz. J&K Bank had released Rs. 1.00 crore to SIDCO, the Implementing Agency without explicit communication from the Ministry. The matter has been taken up with Chairman of the Bank and Principal Secretary Industries, Govt. of J&K seeking clarification about the above omission. Thus, it may be seen that the matter has already been taken at the highest level to resolve the issue. The Implementing Agency has, however, recommended for regularization of the release of 1.00 Cr in view of the fact that the amount has been utilized for the purpose for which it was meant.

1.65 The Committee in their Twenty-first Report, on observing the various shortcomings in the Food Parks Scheme, had recommended that implementation of all these 56 Food Parks should be enquired into in a time bound manner and a comprehensive report on the utilization of grants-in-aid provided by the Ministry to each of them and their status as of now should be prepared and submitted to the Committee alongwith the Action Taken Replies of the Ministry. They had also recommended that the Ministry should ask the Ministry of Finance to enquire in a time bound manner the various violations of the express and written instructions of the Ministry of Food Processing Industries in releasing of funds to the Implementing Agencies. The Action Taken Note of the Ministry has, however, very fleetingly touched upon only a dozen or so Food Parks and a single bank and the information provided is incomplete and vague. The Committee, therefore, reiterate their Recommendation that a comprehensive report on the implementation of all the 56 Food Parks along with their updated

status as also the enquiry into the various lapses of public sector banks be furnished to them without any further delay.

(Recommendation Para No. 3.20)

1.66 Coming to the specific merits of the Scheme, the Committee had found that it is yet to be synergised with the existing system of cold storages. As of now the Scheme is basically meant to set up large scale, standalone chains with connections right from farm level up to the consumer. The Committee had further found that the Ministry of Agriculture have prepared a report on the cold chain management and the Ministry of Food Processing Industries intend to take further action with the said Report as the basis. The Committee feel that the standalone approach of the Ministry vis-à-vis this Scheme is not going to yield the desired results. They had, therefore, desired that the Scheme should be fitted in the broader picture of the cold chain management in the Country, as brought out in the report of the Ministry of Agriculture, so that the problem of post harvest crop losses is tackled in a holistic and comprehensive manner. The Committee had also asked the Ministry to explore the possibility of creating interface between their Scheme and the Rural Godowns Scheme of Ministry of Agriculture (Department of Agriculture and Cooperation) in this very context.

1.67 In their Action Taken Note the Government have stated that the Task Force on Cold Chain set up by the Ministry of Agriculture has identified a huge gap in the cold storage capacity in the country. Keeping in view the recommendations of the report, the Ministry of Food Processing Industries has discussed these issues with Ministry of Agriculture and other stakeholders to avoid duplications and ensure proper convergence & coordination.

1.68 The Committee are not happy with the routine reply of the Ministry on this crucial matter. There is a huge shortage of cold storage capacity in the Country. Hence, creation of additional capacity within our limited resources has to be planned in a very meticulous manner, so as to ensure there is no duplication of efforts and the additional capacity created is evenly spread. They, therefore,

recommended to the Ministry to get down on this task with all seriousness it deserves. More so, when the Twelfth Plan is yet to be finalized and course corrections, *inter-se*, can be easily carried out at the very beginning by the various Ministries/Departments involved.

(Recommendation Para No. 3.21)

1.69 The Committee had also found that the Ministry, as of now do not have any provisions for assisting standalone proposals for refrigerated trucks. During the further Oral Evidence of the Ministry on 22 November, 2010 their representative had, however, conceded about the utility of such refrigerated trucks in efficient management of the cold chain. They had, therefore, asked the Ministry to make suitable provisions in the Scheme for grant of financial assistance to standalone proposals of refrigerated trucks to give further impetus to their Scheme without much delay.

1.70 In their Action Taken Note the Government have informed that the Working Group on Food Processing Industries for the 12th Plan has identified inadequate cold chain transportation facilities in the country as an area of intervention. The Working Group has recommended for providing support in the form of subsidy to the reefer carriers, in the 12th Plan period.

1.71 The Committee are happy to note that in pursuance of their Recommendation about making suitable provisions for financial assistance to standalone proposals of refrigerated trucks in the Scheme for creation of cold chain infrastructure, the working group on Good Processing Industries for the Twelfth Plan has recommended for providing support in the form of subsidy to reefer carriers in the Twelfth Plan period. The Committee are confident that now when the Twelfth Plan is in the last phase of its finalization, the Ministry will leave no stone unturned in getting this proposal converted into a component of the Scheme in the Twelfth Plan period.

MODERNISATION OF ABATTOIRS

(Recommendation Para Nos. 4.19 and 4.20)

1.72 The Committee observed that another reason for this decline in expenditure, year after year is of the Ministry's own making. These projects have been beset with problems like non-clearance of project site, improper selection process of consultants/contractors, opposition/ agitation from/by locals, to name a few. The Committee found that none of these problems is insurmountable. The Ministry have stated that they have taken into consideration all factors while finalizing a location for the project on the basis of submission of Detailed Project Report (DPR) forwarded by the State Government. This, however, did not convince the Committee. In all likelihood some lacunae is there in the DPR received through the concerned State Government or the procedure adopted by the Ministry to evaluate the DPR, which is ultimately leading to non-clearance of project sites. The entire issue, therefore, needs to be revisited by the Ministry, so that the future projects are not bogged down due to this non-justifiable reason. In so far as the non-clearance of project site due to opposition from/agitation by the locals is concerned, the Committee had a feeling that this issue can be sorted out if handled properly at the DPR stage itself in consultation with the State Governments.

1.73 Under Recommendation 4.19, the Committee had been apprised by the Ministry that in the modern projects water and blood is treated in an effluent treatment plant before flowing out. Likewise, other residual wastes like meat and bones are also processed through rendering plant technique in solid treatment plant. In fact only those projects which have both the effluent treatment plant and solid treatment plant are sanctioned by the Ministry. If that be the case, what was perhaps lacking and causing people in the adjoining areas to agitate is that sufficient efforts have not been put in by the Ministry or the implementing authorities to create awareness about these attributes of the abattoirs being modernized or new ones being set up. Peoples reaction, hitherto, has been based on what is their general perception about the various problems and difficulties created by the ill maintained slaughter houses in the vicinity. Once they are educated about the inherently eco-friendly nature of the modern abattoirs, things can be sorted out to mutual satisfaction. The Committee had, therefore, recommended that the

Ministry should take a lead in this direction by devising suitable media/awareness campaign for the purpose with the active involvement of local bodies.

1.74 In their Action Taken Note the Committee have stated that the Detailed Project Reports (DPR) are prepared by the respective State Governments through professional consultant or team of technical experts.

1.75 The details of location of the project is submitted by State Govt. Agencies at the time of submission of DPR itself. The projections, estimated expenditure details are made by the State Government on the basis of the location of land for which the DPR is sent by the project promoter / State Government. Thus, MoFPI approved the project on the basis of DPR submitted by project promoter/ Sate Government Agency in which the location of the project is already indicated by the State Government / project Promoter.

1.76 The agitations by the local people are made only after the DPR is approved by the MoFPI. Hence, MoFPI is having no control of project site as these are recommended and chosen by the State Government itself before approval of project by the MoFPI.

1.77 The Ministry appointed Project Management Agencies (PMAs) as consultants of MoFPI for the implementation for scheme and coordination with respective Project Promoter and State Govt. Agencies. PMAs visit the State Government project sites and holds meetings with State Govt. on the behalf of MoFPI as an expert to solve any problem in the implementation of the project and help the State Govt. to sort-out issues like agitation by local people by making them aware about the project and benefit likely to come out from these projects.

1.78 National Meat and Poultry Processing Board (NMPPB) also conducts outreach program/industry meet/Mayors Conference and exhibition for awareness campaign for the purpose.

1.79 Noting the inordinate delays in the implementation of various projects for modernization of abattoirs due to agitation by the locals, the Committee had, in their Twenty-first Report, recommended a more proactive role for the Ministry of

Food Processing Industries in the matter. They had also asked the Ministry to handle these projects properly and in consultation with the State Governments at the Detailed Project Report (DPR) stage itself so that the Project did not get bogged down later at the implementation stage. They had emphasized upon the Ministry to take lead in the direction of advising media/awareness campaigns to educate the locals. In their Action Taken Note, the Ministry have, without appreciating the crux of the Recommendation, reiterated the extant system of approval of these Projects where everything is handled by the project promoter/State Government and the Ministry have no role to play. The Committee strongly deprecate this tendency of the Ministry to pass on the buck. The Ministry of Food Processing Industries should atleast now realise that their role does not end merely with the disbursal of funds. They have to rather ensure that each and every rupee released under the Scheme is fully and properly accounted for and the projects assisted under this Scheme are not affected by such delays, which are totally avoidable, if advance action is initiated.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

(Recommendation Para No. 1.14)

Another serious drawback of the low food processing capabilities is that the farmers of the Country in spite of toiling ceaselessly, are not able to derive the full benefits of the plethora of schemes of the Government meant for them, as most of what they produce, does not get a remunerative price and is lost tragically in the absence of adequate storage and processing facilities. The Committee are highly disappointed to find that while the Government has focused on strategies to increase the production of food grains, fruits, vegetables, marine, meat, poultry, dairy products and other consumables, they have singularly failed to ensure that the increase in production of these items should have had a matching creation of storage and processing facilities. The result of this myopic view of the Government is that while the farmer of the Country has kept his side of the promise by stellar contributions towards food grain production and food security of the Country, the lack of infrastructure for storage and processing of food grains and other items is resulting in a colossal damages in terms of post harvest loss thereby putting paid to the efforts of our farmers. As will be proven by the subsequent narrative in this Report, the Ministry of Food Processing Industries have been suffering from a serious lack of vision and an inertia in discharging their responsibilities. Resultantly not much attention has been paid to enhancement of the infrastructural facilities for development of food processing industry sector in the Country.

Reply of the Government:

Envisaged objectives can be achieved only when sufficient number of projects are established throughout the country and these projects become functional. As has been stated in previous paragraph, 30 Mega Food Park projects were approved in 3 phases, i.e. 10 in Phase-I, 5 in Phase-II and 15 projects in Phase-III. Detailed status of

the ongoing 15 projects has been given at **Annexure-I**. The Working Group for Infrastructure for 12th Plan has submitted a report for consideration of Planning Commission recommending expansion of the Scheme and allocation of commensurate amount of funds.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

(Recommendation Para No. 1.15)

The Committee had been informed by the Ministry during the course of their examination of this Subject that their initiatives of the last 4-5 years have led to average growth rate of the Sector climbing to 13.5 per cent. The processing levels have gone up from 20 per cent to 26 per cent. The quantum of waste of perishables have gone down from 35 to 30 per cent. The Committee, however, cannot but, consider these achievements of the Ministry with a pinch of salt, as their estimation is based merely on 'regular discussions' with stakeholders. Arriving at conclusions on such important matters on the basis of mere discussions throws a lot of light on the sanctity of the data flaunted in support and speaks volumes on the manner of working of the Ministry in charge of the 'Sunshine' sector of the Indian economy. The glaring absence of an information system for compiling data and indices pertaining to the food processing industry sector in the Country, inspite of the Ministry being in existence for two decades now, also reflects poorly on the planning and management capabilities of the Ministry.

(Recommendation Para No. 1.16)

Be it their Vision 2015 Document or their intended proposal for creation of a vertical in the reporting system of Reserve Bank of India for monitoring credit flow to the marginal, small and medium food processors or their proposal to the Indian Banks Association that a district food processing plan be worked out by each bank, all smack of a non-serious and *ad hoc* approach towards ensuring the much needed changes in the extant food processing industry sector. In case of the Vision 2015 a massive sum of Rs.1 lakh crore has been worked out as the requirement for food processing industry sector in the Country upto 2015 without any comprehensive studies or access to scientific data base pertaining to the sector.

Reply of the Government: (Recommendation Nos. 1.15 & 1.16)

The lack of a comprehensive and reliable data base on Food Processing Industry sector is a constraint in policy formulation and decision making. A professional agency has been engaged to assist the Ministry in creating and updating the data base. Efforts have been made to collect authentic data that has been generated by Ministry of Statistics & Programme Implementation for both organized and unorganized units. A reliable data base is being created and consultations are on with all stake-holder departments to firm up the data base. The data available with this Ministry is as follows:

(Rs. in Crore)

Contribution to GDP of Food Processing (Regd. & Unregd.)							
Activity	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Average
Manufacturing (Registered & Unregistered) under Food Processing Sector							
Meat, Fish, Fruits, Vegetables and Oils	9236	8682	9548	10349	12043	12224	10347
Dairy Products	3509	4342	4319	4608	5419	4762	4493
Grain Mill Products	13467	12347	11903	12846	15947	17741	14042
Other Food Products	14722	17794	20895	22522	25775	23664	20895
Beverages	3421	4525	5499	6995	7938	7687	6011
(X) Total	44355	47690	52164	57320	67122	66078	55788
(A) Growth in contribution to GDP (FP Industries) (YoY)	-	7.52	9.38	9.88	17.1	-1.56	
(Y) GDP Agriculture	476634	502996	523745	556956	553454	553010	527799
(B) Growth in contribution to GDP (Agriculture) (YoY)	-	5.53	4.13	6.34	-0.63	-0.08	

Fishing	27152	28749	30650	32427	33561	35215	31292
(Z) GDP (Agriculture+Fishing)	503786	531745	554395	589383	587015	588225	559092
(C) Growth in contribution to GDP (Agriculture+Fishing) (YoY)	-	5.55	4.26	6.31	-0.40	0.21	
X/Z	0.088	0.090	0.094	0.097	0.114	0.112	

Source: NAS 2011

As seen in the table above, the food processing sector has been growing faster than the agriculture sector. This is a positive development.

2. Performance Indicators of Registered Units: As far as the registered Food Processing Industry sector is concerned, the latest data available is for 2007-08, the source being Annual Survey of Industries. Important indicators are given below:

Data of registered Food Processing Industries

Indicators	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
No. of units	23853	23942	23988	23485	23816	23840	25362	25725	25759	26219
Employment (Nos)	1346826	1347418	1332588	1306677	1308335	1297073	1342925	1391616	1476351	1505246
Capital invested (Fixed Capital) (Rs. in Cr.)	26756	31642	31887	33907	37627	37412	41388	45357	57460	68335

Source: Annual Survey of Industries, MoSPI

3. Data on Un-organized Units: As far as un-organized Food Processing Industry sector is concerned, the latest available data is for 2005-06:

v. No of enterprises : 26,02,807

vi.	No. of workers employed	:	63,45,768
vii.	Fixed capital (owned + hired) Rs.per unit	:	1,00,834
viii.	Value added Rs. per enterprise	:	59,189

Source: NSSO 62nd round data

4. Wastage of Agriculture produce:

- A nation-wise study on quantitative assessment of harvest and post harvest losses for 46 agricultural produces in 106 randomly selected districts was carried out by CIPHET. Percentage of losses estimated for major produces.

Crop	Cumulative wastage (%)
Cereals	3.9 – 6.0%
Pulses	4.3-6.1%
Oil seeds	6.0%
Fruits & Vegetables	5.8-18.0%
Milk	0.8%
Fisheries	2.9%
Meat	2.3%
Poultry	3.7%

Source : A study by CIPHET, 2010

5. Data on FDI in Food Processing Sector:

(From April 2000 to August 2011)

S.No	Sector	Amount of FDI Inflows		% age with total FDI Inflows (+)
		(In Rs crore)	(In US\$ million)	
1	FOOD PROCESSING INDUSTRIES	5872.16	1,286.53	0.89
2	FERMENTATION INDUSTRIES	4269.92	979.74	0.65

3	VEGETABLE OILS AND VANASPATI	1103.22	238.72	0.17
4	TEA AND COFFEE	446.61	99.38	
	Total Food Processing Sector	11691.91	2604.37	1.78
TOTAL		658586.43	147088.13	100

Source: Department of Industrial Policy and Promotion

Note: Data includes some investment for rubber, which is not a food processing industry.

6. Value of Exports of food processing related commodities is given below:

Year	Rs. in Crore	Year	Rs. in Crore
1997-98	15876	2004-05	26802
1998-99	18699	2005-06	29211
1999-00	16559	2006-07	34204
2000-01	19313	2007-08	43783
2001-02	19257	2008-09	49352
2002-03	23685	2009-10	50759
2003-04	23766	2010-11	63733

Source : DGCI&S

The information system is already in place and will be continually updated as and when data is available from Government Agencies which are responsible for collecting primary data. Consultation with Ministry of Statistics and Programme Implementation, DGCI&S, Department of Agriculture and Co-operation, DARE, Planning Commission etc. are on-going to consider various options to add to the data base. Consultations are also being undertaken to analyze the data trends and understand how these can help in policy formulation.

The statistical figure of Food Processing sector given by the Ministry is based on the Data of organizations like National Competitive Council, National Statistical Survey of India etc. The Ministry of Food Processing is a small Ministry in terms of staff strength. With inadequate manpower, the Ministry is not able to develop its own information system. Taking note of the views of the Committee, the Ministry is attempting to collect the data from different sources.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No.1.16. of Chapter I of this Report.

(Recommendation Para No. 1.17)

In like manner, the Ministry has assumed their responsibility to have ended in regard to creation of a vertical in the reporting system of Reserve Bank of India for monitoring credit flow to the marginal, small and medium food processors once this matter was discussed by the Secretary of the Ministry with the representatives of Ministry of Finance, Reserve Bank of India and financial institutions/banks way back on 12 August, 2009. The Ministry also felt that they had fulfilled their responsibility in regard to the district food processing plan being prepared as a part of district credit plan by each bank once it was discussed with the representatives of Indian Banks Associations during the meeting of 12 August, 2009 mentioned above.

Reply of the Government:

Ministry has taken up the issue for providing periodical information on credit flow to food processing sector with Reserve Bank of India and Department of Financial Services.

The working group for the XII Plan has recommended a centrally sponsored scheme having provision of State food processing plan. It is expected that in the process of formulation of State food processing plans, states will get district food processing plan prepared. This issue will also being taken up with NABARD, once the XII Plan proposals of the Ministry are finalised.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No.1.21. of Chapter I of this Report.

(Recommendation Para No. 1.18)

In the considered opinion of the Committee the extant low levels of food processing in the Country, among other things, are also due to the low access to credit for farmers as well as small and medium food processors. They, therefore, recommend that rather than continue to derive solace from the meeting of 12 August, 2009, the Ministry should immediately get down to the task of preparing cogent proposals both in regard to creation of vertical in the reporting system of the Reserve Bank of India as also for inclusion of district food processing plan in the district credit plan by banks. They should, thereafter, take up these proposals in right earnest with the Reserve Bank of India and Indian Banks Association with a view to fructify them in a highly time bound manner. The Committee would like to be apprised of the results of the efforts of the Ministry on these aspects.

Reply of the Government:

Reply to this recommendation has been covered in reply to recommendation no. 1.17.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No.1.21. of Chapter I of this Report.

(Recommendation Para No. 1.19)

The Committee are of a firm view that the Ministry cannot achieve much in their mandated role and responsibility with such an approach. The food processing industry sector in its present state cannot be expected by any stretch of imagination to be able to plug the colossal post harvest crops losses occurring year after year in the Country. The Ministry have to, instead, pull up their socks and get down to the task of creation of infrastructure facilities for the food processing industry sector in the Country on a war

footing basis, to ensure that the hard labour put in by the Country's farming community does not go down the drain due to their failure to create sufficient storage and processing infrastructure facilities in the Country expeditiously.

Reply of the Government:

Realising need for creation of Infrastructure, Ministry is implementing three components of Mega Food Park, Cold Chain & Modernisation of Abattoirs.

Govt. has approved setting up of 30 Mega Food Park, 49 Cold Chain projects & 10 Modernisation of Abattoirs projects. Efforts are being made for further upscaling of cold chain & abattoirs scheme.

Effective monitoring, concurrent evaluation & close follow up is being ensured to improve quality of implementation for timely completion.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

(Recommendation Para No. 1.20)

The Committee have taken note of the fact that in the Tenth Plan the Scheme of Infrastructure Development included components like Food Park, Integrated Cold Chain Facility, Value Added Centre, Packaging Centre, Irradiation Facilities and Setting-up/Modernization of Abattoirs. In the Eleventh Plan the Infrastructure Development Scheme has been remodeled as a new Scheme and consists of only three components viz. Mega Food Parks, Integrated Cold Chain and Preservation Infrastructure and Modernization and Setting-up of Abattoirs. The new Scheme has been examined and commented upon in the succeeding Chapters.

Reply of the Government:

The Ministry has noted the observation.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

MEGA FOOD PARK SCHEME

(Recommendation Para No. 2.38)

The Committee note with satisfaction the initiative of the Ministry to form Coordination Committee for each of the Mega Food Park. They have been told that each Coordination Committee headed by the administrative head of the district will also have representatives of other relevant department like Agriculture, Horticulture, State Agriculture Universities, ATMA, Krishi Vigyan Kendras, Industries, etc. and the farmers bodies. The MFPC shall provide necessary support and assistance to concerned SPVs in developing strong backward linkages in the catchment area of the project. The Committee feel that the MFPC can provide the much needed guidance, assistance and handholding to the SPVs, if they function in the right spirit. However, they exhort the Ministry to ensure that the tripartite structure viz. the Ministry, the SPV and the MFPC, which consists of State Departments and Agencies, should not result in procedural delays and communication gaps leading to the MFPC being rendered into another exercise in red-tapism. The Committee, therefore recommend the Ministry to ensure that the mandate of the MFPC is clearly cut out and they act as a vibrant and proactive interface for the SPV with various agencies involved with the MFP projects.

Reply of the Government:

The Ministry has noted the observations of the Committee. In all the finally approved projects, orders have been issued by the Ministry for constitution of MFPC. In addition, letters have been issued to the concerned District Collectors and the Chief Secretaries to further sensitise and to provide necessary co-operation for smooth implementation of the projects. The functioning of MFPC is reviewed in quarterly review meetings for Mega Food Parks.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

FOOD PARK SCHEME

(Recommendation Para No. 2.43)

The Food Park at Chaygaon, Kamrup was approved in 2000-01 initially for being set-up in Sonapur. On the request of the Implementing Agency, the Ministry agreed to change of location to Chaygaon on 4 October, 2002. Out of the approved assistance of

Rs.350 lakh, a sum of Rs.175 lakh has been released to the Implementing Agency. However, the next tranche of Rs.55 lakh is held up as the IFW noticing some inadequacies in the CA's certificate, in December, 2008 sought year-wise expenditure on the project since 6 April, 2005. Even as on 30 November, 2010, the matter stands as it is, showing clearly the non-seriousness of the Ministry to sort out this matter by taking some initiative. While another Food Park at Rajnandgaon, Chattisgarh fully reflects the way the Ministry have virtually abdicated their responsibility towards implementation of this important Scheme. The first installment of assistance amounting to Rs.200 lakh was transferred by the Ministry to UCO Bank on 18 February, 2002. The actual disbursement of this amount was subject to fulfillment of requisite conditions of physical and financial progress by the Implementing Agency. In the first instance the Ministry informed the Committee that the entire amount is lying unspent in the bank. The Ministry had issued a letter to the bank requesting them to return the grant amount with interest on 25 June, 2003. From 2002 onwards the Ministry have been intermittently pursuing the feedback from Chattisgarh Government at different levels but to no avail. After 25 June, 2003, the Ministry again decided inexplicably, to recall the grant from the bank on 12 June, 2007. No reply had been received from the bank till the Committee took up the matter though even their CMD had been addressed in the matter. However, after the Committee began examining the matter, Chattisgarh State Industrial Development Corporation Ltd. wrote back to the Ministry on 27 July, 2010 that the issue of returning the amount of first installment had been submitted to their Board of Directors and that the matter be kept pending till a decision by the Board. As the updated position in this case the Ministry have stated that as the park is not progressing hence they are trying hard to get back the amount released. The Committee cannot justify the years and years of inaction by the Ministry on any pretext. Its very unfortunate that till they enquired about the matter the Ministry didn't even know that the money released was not in the bank but with the Implementing Agency. The Committee desire that the matter should at least now be pursued with the State Government at sufficiently senior level bringing out all the facts so that the refund is afforded alongwith interest due. They further desire a thorough probe into this matter and responsibility be fixed for inaction on persons concerned.

Reply of the Government:

Food Park at Chhaygaon, Assam

Against approved grant of Rs.350.00 lakhs, 1st instalment of Rs.175.00 lakhs was sanctioned by the Ministry June,2001. Out of Rs.175.00 lakhs, Rs. 119.49 lakhs was released to the ASIDC, the implementing agency in April, 2005 commensurate with the progress made. Subsequently, based on further progress remaining amount of Rs.55.51 lakhs was released by the Ministry on 23-12-2010. The project has now made a lot of progress and against approved project cost of Rs 496.00 lakhs, expenditure incurred on the project so far is Rs 321.00 lakhs and over 80% of civil work is completed. A Progress Review meeting was conducted in January, 2011 and its minutes were circulated for compliance to the ASIDC for compliance. In response in March, 2011 the implementing agency had furnished progress report , U/C and CA certificate with a request to release the next instalment of grant. The request was examined in the Ministry and some discrepancies were noticed which were conveyed to ASIDC for sorting out in July, 2011. They were further reminded to do the needful 7-09-2011. Response is awaited.

Food Park at Rajnandgaon, Chhattisgarh

Against approved amount of grant of Rs.400.00 lakhs, Rs.200.00 lakhs was released by the Ministry on 31.01.2002 as 1st instalment. In spite of vigorously pursuing with the implementing agency the project could not be implemented by them. CSIIDC intimated that its co-promoter, viz. Chomku Agro and Spices Ltd. (CASL), Bangalore had committed breach of trust and was not fulfilling the obligation as per MOU regarding project implementation and an FIR has been filed by them against CASL. Since, there was no prospect of implementation of the project, it was decided to recall the grant amount from Chhattisgarh State Industrial Corporation Ltd. A meeting was held with Joint Secretary, MFPI and the representative of CSIDC on 10.01.2011 to expedite refund of the grant amount. CSIDC agreed to refund Rs. 2.00 Cr. in 4 instalments. In compliance with the decision, they have refunded Rs. 1.00 Cr. in 2 instalments.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

INTEGRATED COLD CHAIN AND PRESERVATION INFRASTRUCTURE

(Recommendation Para No. 3.17)

The Committee are of the view that one of the biggest bane of the agriculture and allied sectors in the Country is the colossal amount of post harvest crop losses. As mentioned previously in this Report, a conservative estimate pegs these losses in fruit and vegetables sector alone at Rs.50000 crore per annum. The Committee have time and again pointed out the need for attending to this serious problem on a war footing. Unfortunately, however, their recommendations, on this aspect, in the past have failed to spur the Government into taking action with the requisite alacrity. The Ministry of Food Processing Industries have, in the Eleventh Plan, come up with a holistic Integrated Cold Chain and Preservation Infrastructure Scheme to fill up this void to some extent and the Committee are appreciative of their initiative. The Scheme envisages financial assistance to public/private organizations for integrated cold chain infrastructure development with a view to provide integrated and complete cold chain and preservation infrastructure facilities without any break from the farmgate to the consumer. The Scheme consists of a minimal processing center at the farm level with facility for weighing, sorting, grading, waxing, packing, pre-cooling, cold storage, normal storage and IQF; mobile pre-cooling vans and reefer trucks; distribution hubs with C.A. Chambers/cold storage/variable humidity chambers, packing facility, CIP fog treatment, IQF and blast freezing; and Irradiation facility.

Reply of the Government:

Lack of post-harvest, storage and processing infrastructure results into annual wastage of about Rs. 44,000 crore as per a study conducted by Central Institute of Post Harvest Engineering & Technology (CIPHET), published in 2010. In the said study, quantitative assessment of harvest and post-harvest losses for 46 agricultural produces was carried out and it was found that level of wastage varies from 18% in fruits and vegetables to 0.8% in milk.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

(Recommendation Para No. 3.18)

The Committee note that under this Scheme grant-in-aid of 50% of the total cost of plant and machinery and technical civil works in general areas and 75% for NE Region and difficult areas (NE including Sikkim and J&K, Himachal Pradesh and Uttarakhand) subject to a maximum of Rs.10 crore is provided by the Ministry. As in the case of the other two Schemes of the Ministry for infrastructure development, this Scheme also was approved quite late into the Eleventh Five Year Plan i.e. in August, 2008. Further, like in case of the other two Schemes, the Government approved only 10 projects in the first phase against the Eleventh Plan Working Group recommendation of 30 projects. The similarity doesn't end here. As in case of the other two Schemes, no funds were earmarked for the first year of the Eleventh Plan because of the delay in approval of the Scheme. Furthermore, while the Eleventh Plan allocation for the Scheme was worked out at Rs.210 crore the reduction in the number of project from 30 to 10 at the time of approval in August 2008 meant that the requirement of funds was also drastically pruned down to Rs.86.94 crore. The delays in approval, planning and implementation have also resulted in the 10 odd projects approved in the first phase to have continued well into the Fourth year of the Eleventh Plan without being completed.

Reply of the Government:

With a view to reduce wastage of the agri produce, various programmes are being implemented by the Government including infrastructure development, support for setting up of the food processing industries, quality assurance and strengthening of institutions.

The pace of implementation of the cold chain scheme has significantly improved during last 2 financial years. Out of the 10 projects approved during 2008 – 09, 8 projects have started commercial operation and remaining two are also in very advanced stage. Keeping in view the need for development of cold chain infrastructure in the country, Government has approved setting up of 39 additional cold chain projects. The first installment for 8 projects amounting to Rs. 14.62 crore has been released upto 3.11.2011. The budgetary allocation for cold chain component for the year 2011 – 12 have been enhanced to Rs. 110 crore against a provision of Rs. 22 crore during the financial year 2010 – 11.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

(Recommendation Para No. 3.19)

The Committee strongly feel that the Government needlessly curtailed the number of projects to be assisted under this Scheme to 10, given the fact that the Ministry had received an overwhelming 163 proposals under the Scheme. In their considered opinion this is one Scheme, which though introduced belatedly, has the potential of making a significant dent in the post harvest crop losses incurred by the country year after year. The Government should, therefore, have been appreciative of this fact and they ought to have gone out of way to entertain as many proposals as possible out of the 163 applications. At the least, they ought to have continued with the Eleventh Plan Working Group's modest recommendation for 30 projects. Unfortunately, however, this has not been done. Resultantly, four years of the Eleventh Plan have been exhausted on an even less than modest a target. The Committee, therefore, desire the Government to seriously apply themselves towards curbing the massive amount of post harvest crop losses by reworking on the financial requirements of the Integrated Cold Chain and Preservation Infrastructure Scheme with renewed vigour. Not only should sufficient funds be allocated for this Scheme at the RE stage of 2011-12 to

give it the necessary fillip, allocations should be substantially hiked for the Scheme in the Twelfth Plan to ensure coverage of maximum number of workable proposals. They would like to be apprised of the steps taken in this direction at the earliest.

Reply of the Government:

In view of the experience of the implementation of this scheme during last four years of the current Five Year Plan and also taking into account the interest shown by the investors and also taking into account the felt need of development of cold chain logistics in the country, Government has approved additional projects. Ministry had submitted a proposal for allowing further additional projects. Planning Commission has accorded 'in-principle' approval.

The Working Group on Food Processing has highlighted the importance of cold chain logistics sector and it has recommended that the existing cold chain scheme should be continued during 12th Plan period with higher allocation. Working Group has also recommended that for ensuring proper storage, enhancement in shelf-life and value addition of non-horticultural produce, village level cold chain infrastructure should be promoted.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

(Recommendation Para No. 3.21)

Before concluding on this matter, the Committee would also like to comment on a minor but significant aspect. The Ministry, as of now do not have any provisions for assisting standalone proposals for refrigerated trucks. During the further Oral Evidence of the Ministry on 22 November, 2010 their representative had, however, conceded about the utility of such refrigerated trucks in efficient management of the cold chain. The Committee, therefore, desire the Ministry to make suitable provisions in the Scheme for grant of financial assistance to standalone proposals of refrigerated trucks to give further impetus to their Scheme without much delay.

Reply of the Government:

The Working Group on Food Processing Industries for the 12th Plan has identified inadequate cold chain transportation facilities in the country as an area of intervention. The Working Group has recommended for providing support in the form of subsidy to the reefer carriers, in the 12th Plan period.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No.1.71. of Chapter I of this Report.

SETTING UP OF NEW ABATTOIRS/MODERNISATION OF EXISTING ABATTOIRS

(Recommendation Para No. 4.15)

The Committee note that lack of hygienic and scientific slaughtering and optimum utilization of by products are the two most serious problems besetting the Indian meat industry. There is tremendous wastage of meat, contamination/ deterioration of meat due to primitive and crude slaughtering techniques, lack of infrastructure like electricity and water, lack of facilities for handling carcass /flaying, cross contamination during slaughter, as well as improper handling during carriage. The primitive slaughter techniques also lead to avoidable cruelty to the animals. The Committee further note that with a view to bring qualitative and quantitative changes in the capacities of the abattoirs, the Ministry have launched during the Eleventh Plan the Scheme for setting up of New Abattoirs and Modernisation of Existing Abattoirs. The new Scheme has some notable objectives including scientific and hygienic slaughtering of animals; minimizing transportation of animals and stunning to cause least pain to the animals to be slaughtered; better chilling facility to prevent microbial activity in slaughtered animals; better hygiene safety and retail cold chain management; and better forward linkage facilities for finished meat and meat products.

(Recommendation Para No. 4.16)

The Committee find that though the Ministry had proposed setting up of 50 abattoirs under the Scheme during the Eleventh Plan to the Expenditure Finance

Committee (EFC), the EFC, in its meeting on 19 March, 2008, recommended only 10 projects for being taken up for implementation in the first phase. The Cabinet Committee on Economic Affairs (CCEA) also endorsed the stand of the EFC and approved only 10 abattoirs in the first phase in its meeting held on 26 February, 2009. Under the Scheme, grant-in-aid is to be provided at 50 per cent and 75 per cent of cost of plant and machineries and technical and civil work in general and difficult areas respectively, subject to a maximum of Rs.15 crore for each project. The technical consultancy fee at the rate of 5 per cent of the grant will also be provided to meet the cost of engaging technical consultancy firms at apex level to assist the Ministry.

Reply of the Government (Recommendation Nos. 4.15 & 4.16):

For implementation of the scheme the following actions have been taken.

1. CCEA has approved the Infrastructure Scheme (for abattoirs, Mega Food Park and Cold Chain) in its meeting held on 26.02.2009 for 10 abattoirs the 11th Plan. The EFC had recommended that further decision of scaling up can be taken on the basis of review to be carried out after one year once these projects are shown to be successful.
2. Approval Committee for the Abattoir Scheme had approved 10 projects to be taken up during 2008-09 at a cost of Rs.129.00 Crores (Actual amount after DPR correction amounts to Rs.125.69 Crores).
3. The expenditure incurred up to year 2010-11 under this scheme is Rs. 35.55 Crores. 2 abattoirs projects have been completed till date.
4. The proposal for upscaling of the scheme at a cost of Rs. 252.62 Crores for 25 new projects and modernization of 25 existing projects has been prepared. It is being processed for approval by EFC/ approval by CCEA.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

(Recommendation Para No. 4.17)

The Committee are, however, constrained to observe that this very useful Scheme of the Ministry has not been able to acquit itself in the desirable manner because of the fault of the planners and the Government. The EFC recommended the

Scheme much after the Eleventh Plan commenced (1 April, 2007) on 19 March, 2008. The CCEA finally approved the Scheme almost one year later on 26 February, 2009 and that too to set up only 10 abattoirs. Consequently, the implementation proper of this important Scheme has gone totally haywire. No funds were obviously allotted during the first fiscal of the Eleventh Plan i.e. 2007-08. In the second year of the Plan viz. 2008-09 a sum of almost Rs 90 crores was approved as Budget Estimate for the Scheme. This was reduced by more than half to Rs.42 crore [total fund for infrastructure (excluding NER and major head 3601 and 3602)] at the Revised Estimate stage. The actual expenditure was hardly one fourth of even this drastically pruned revised estimate at Rs.11 crore approx. In 2009-10 the situation worsened further when the BE of almost Rs.135 crore [total fund for infrastructure (excluding NER and major head 3601 and 3602)] was again reduced by more than 50 per cent to almost Rs.67 crore and the actual expenditure did not touch even Rs.9 crore mark. In 2010-11 the BE of Rs.26.39 crore was revised to Rs.32.96 crore at RE stage however, till 19 November, 2010 a sum of Rs.8.38 crore only had been spent. In short, the delay in planning and approval stages of the Scheme has led to a severe stunting of the Scheme at the implementation stage.

(Recommendation Para No. 4.18)

Further, Out of a sum of Rs.251 crore plus allocated upto the Fourth Year of the Eleventh Five Year Plan, the Ministry have been able to actually spend barely 10 per cent of the sum i.e. Rs.28 crore (approx.). The Committee find this totally inexplicable and unacceptable, a way of planning and management. The modernization of the existing abattoirs and setting up of a state-of-the-art abattoirs is a pressing requirement, if the much needed improvements in the meat industry sector in India are to be ushered in. They, therefore, strongly recommend that this Scheme should not be starved of funds any further. Not only should funds be provided in sufficient measure during the Twelfth Plan for the purpose but even in the last year of the Eleventh Plan i.e. the ongoing Fiscal, the Scheme should be provided funds on priority basis at the RE stage to somewhat make up for the abysmally slow pace of implementation of this Scheme in the first four years of the Eleventh Plan.

Reply of the Government (Recommendation Nos. 4.17 & 4.18):

It is submitted that as per table no. 4.7 the BE/RE and actual expenditure is shown as a consolidated figure for the all the three schemes of MoFPI for Infrastructure i.e. Mega Food Park Cold Chain and modernisation of abattoir.

That is why the figure of expenditure only on one of these three components i.e. Modernization of abattoirs against the total allocation of all the three components looks to be very small. In respect of the Scheme of Modernization of Existing Abattoirs/Setting up of Modern Abattoirs, it is submitted that two projects of scheme i.e. is Dimapur (Nagaland), Ahmednagar (Maharashtra) has been completed. The revised status of expenditure under this scheme year wise as follows:

(Rs. in crore)

Year	BE	RE	Actual
2007-08	-	-	-
2008-09	89.80*	42.00*	7.94
2009-10	134.80*	66.61*	8.86
2010-11	26.39	20.80	18.74
2011-12	80.00**		

*Total fund of infrastructure (excluding NER and major head 3601 and 3602)

** Total BE for 2011-12 is Rs.80.00 Cr (As per BE 2011-12, Rs. 63.00 crores for Abattoir project, Rs. 9.00 Crores for NER , Rs. 3.19 for professional services, , Rs. 4.5 crore for State Govt. and Rs.0.30 crore for advertisement and admn. Exp.) is allocated.

From the above table it may kindly be noted that this scheme was given separate budget from 2010-11 onwards. As on date the scheme has been allocated sufficient Budget for year 2011-12 to meet out the required expenditure for on going project.

The Ministry has proposed a total allocation of Rs. 280.05 crores in the Central sector and Rs. 834.75 crores for projects in the National Mission for Food Processing

for the 12th Five Year Plan 2012-2017(which includes PMA fees @ of 5%). Details are given as under :-

Scheme for Setting up /Modernization of Abattoirs (Rs. Crore)

S.No.	Phase-wise projects	2012-13	2013-14	Total
1	Projects proposed under Central Sector Scheme during 12th Plan	167.41	99.31	266.72
2	PMA fee 5%			13.34
Total				280.05

Scheme for Setting up /Modernization of Abattoirs (Rs. Crore)

S.No.	Phase-wise projects	2014-15	2015-16	2016-17	Total
1	Projects proposed under National Mission for Food Processing during 12th Plan	206	318	271	795
2	PMA fee 5%				39.75
Total					834.75

As far as deciding the locations of the projects is concerned, the details of location of the project is submitted by State Govt. Agencies at the time of submission of DPR itself. The projections, estimated expenditure details are made by the State Government on the basis of the location of land for which the DPR is sent by the project promoter / State Government. Thus, MoFPI approves the project on the basis of DPR submitted by project promoter/ State Government Agency in which the location of the project is already indicated by the State Government / Project Promoter.

The agitations by the local people are made only after the DPR is approved by the MoFPI. Hence, MoFPI is having no control of project site as these are recommended and chosen by the State Government itself before approval of project by

the MoFPI. To remove the impediments and to accelerate the progress of this scheme, the following action has been taken:-

- There are 3600 recognised slaughter houses in the country. The MoFPI is funding the setting up of 10 new projects. Moreover, the MoFPI has further received 41 proposals for setting up and modernization of abattoirs. As the funds allocated for this scheme are limited, the Ministry of Urban Development has been approached for assisting this scheme under the JNNURM. The Department of Animal Husbandry, Dairying and Fisheries has also suggested inclusion of setting / modernization of existing abattoir under JNNURM. The MoFPI has also approached the Planning Commission, Department of Expenditure, Ministry of Finance for infusion of large funds for construction of new abattoirs/ modernization of existing abattoirs to be funded from JNNURM. This will enable State Governments to take up large number of abattoirs for modernization resulting in better urban environment and availability of more hygienic meat to the consumer.
- The National Meat & Poultry Processing Board (NMPPB), a registered society under the Societies Registration Act 1860, working under the aegis of Ministry of Food Processing Industries organizes Mayors Conference to educate the Mayors, Municipal Commissioners and Veterinary Officers regarding the various aspects of hygienic and modern abattoirs. Two such conferences have already taken place.
- NMPPB also conducts outreach programmes in various parts of the country to train meat sector workers regarding various aspects of hygienic slaughtering and handling of meat.
- NMPPB has also conducted industry meets in meat concentrated districts to educate the industry.
- A proposal for up-scaling the Scheme for Setting up of new Abattoirs and Modernization of existing abattoir is being proposed for EFC approval. The proposal for upscaling of the scheme at a cost of Rs. 252.62 Crores for 25 new projects and modernization of 25 existing projects has been prepared. It is being processed for approval by EFC/ approved by CCEA. Which will be implemented by the Central sector in the first two years of the 12th Five Year Plan. The expenditure under the National Mission for Food Processing is expected from the third year of the 12th Five Year Plan. This is because

the states would take some time to develop their facilities as the scheme is proposed become part of National Mission for Food Processing The scheme would be implemented by State Governments since most of the proposals are from the Municipal Bodies who are closely connected to the State Governments. It is proposed to establish 90 new abattoirs and modernize 150 existing abattoirs at a cost of Rs.795.00 Crores during 12th Plan under the NMFP.

- It is also being recommended that while these projects may remain owned by municipal bodies, the responsibility of Operation and Management (O&M) of these facilities may be ideally done by private sector, appointed through a transparent bidding process.
- To improve the availability of expert Professionals/ Consultants for this scheme, NMPPB is starting a series of training of young veterinary graduates.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

(Recommendation Para No. 4.21)

The Committee note with concern that meat industry sector, inspite of the importance being accorded to it of late, suffers from almost a total lack of equipment vendors. There are hardly one or two equipment manufacturers. There is also a lack of good consultants due to the equipment industry being virtually non-existent. In such circumstances, the Committee wonder as to how the Ministry intend to implement their much touted modernisation programme. The Committee are of the considered view that this is one area where the Ministry will have to do a lot of hand holding for now, and till the availability of equipment manufacturers, vendors and consultants comes upto certain respectable levels. Not only would the existing abattoir owners and the prospective ones require to be guided in their respective ventures, identification of sources of equipment, suitable incentives for their import, etc. would also have to be taken care of by the Ministry in consultation with the National Meat Board. The Committee desire that a blue print be worked out by the Ministry in this regard without any delay, so that the course correction and new inputs are co-opted in the Scheme, well before the commencement of the Twelfth Plan. The Committee would like to be apprised of the action taken by the Ministry in this regard alongwith the views of the planners and the Government, thereupon, at the earliest.

Reply of the Government:

NMPPB plays an important role to create awareness about MoFPI initiatives for meat sector and meat industry by conducting various outreach programmes for general public and meat workers. The NMPPB has also started its consultancy division to facilitate issues arising in the meat processing industries and establishment of modern abattoirs.

The NMPPB has a panel of the experts/ consultants from throughout the country for this consultancy work.

Any persons/ individual/ industry/ municipalities/ project promoters may use the consultancy services provided by the NMPPB.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

CHAPTER-III

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT REPLY.

MEGA FOOD PARK SCHEME

(Recommendation No. 2.40)

The Committee also find that the Mega Food Parks Scheme has not made much headway in the North East (including Sikkim) and difficult areas (Himachal Pradesh, J&K and Uttarakhand). Only two MFPs are under implementation in the States of Assam and Uttarakhand in these areas. This is neither commensurate with the immense food processing potential of these areas nor is in consonance with the policy of preferred treatment to these areas in planning and developmental process. The Committee are of the unwavering opinion that for the faster mainstreaming of these regions their development has to be attended to on priority and through out of the box solutions. And for that purpose the Ministry ought to go even beyond the parameters on which similar activities are being encouraged in other areas of the Country. For instance, if finding SPVs in the private sector in these areas is a bit difficult due to the prevailing circumstances, they recommend that the Ministry should seriously reconsider allowing share holding beyond 26 per cent to the Government entities in the SPVs to ensure for MFPs in these regions so as to facilitate creation of credible and viable SPVs and to ensure the implementation of MFPs Scheme in these areas in a big way.

Reply of the Government:

Out of 10 Mega Food Park projects taken up in the 1st phase, 2 projects were approved for the NE and Difficult Region, viz. at Nalbari in Assam and at Haridwar in Uttarakhand which is 20% of the total projects approved by the Government. In the 2nd Phase of Scheme implementation also, out of total 5 projects approved by the Government, approval has been accorded for setting up of a Mega Food park in Tripura. Thus, out of 15 projects approved so far, a total of 3 projects have been allocated to NE/Difficult Region. So far as raising Government's entities share beyond 26%, it will affect private character of SPV. To restrict the Government entities participation to 26% is a considered stipulation in the Scheme Guidelines.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

CHAPTER-IV

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

(Recommendation Para No. 1.13)

The Committee note with concern the appalling state of food processing sector in the Country. In spite of an exclusive Ministry of Food Processing Industries, functioning at the Union Government level for more than two decades now, the levels of food processing are abysmally low when compared with other countries. And year after year, the benefits of a strong agriculture production base are being frittered away with monotonous regularity due to lack of storage and processing infrastructure. The gravity of the situation can be realized from the fact that the post harvest losses of fruits and vegetables are as high as 35 per cent, valuing more than Rs.50000 crore per annum. This is due to the sad fact that the processing levels of fruits and vegetables are a mere 2.2 per cent as compared to USA (65 per cent), Philippines (78 per cent) and China (23 per cent). In case of the marine products, poultry and buffalo meat where processing levels are as high as 60-70 per cent in developed countries, we are able to process hardly 26 per cent, 6 per cent and 20 per cent respectively. With such a pathetic situation obtaining in the food processing sector, our export share of processed food in the global trade is at an abysmal level of around 1.5 per cent.

Reply of the Government:

The post harvest figures stated in para 1.13 are much higher than the figures found out by a study conducted by ICAR during 2009-10 according to which over all loss in fruits and vegetables has been stated as 5.8 to 18.00 % and estimated value of the loss for fruits and vegetables is Rs.13,309.00 Cr. The losses can be brought down by improvements in Infrastructure. To meet the critical requirement of infrastructure, under the 11th Five Year Plan Period, Government had approved Scheme of Infrastructure Development with the following three components:-

- (a). Mega Food Park
- (b). Integrated Cold Chain

(c). Setting up of Abattoirs

Out of the above 3 components, the Scheme of Mega Food parks was flag ship scheme with a total plan allocation of Rs.1575.00 Cr during the 11th Plan. Government has approved all the envisaged 30 projects. The Scheme was approved only on 11-09-2008 with 10 projects in 1st Phase while plan period commenced with effect from 1-04-2007. Thus, there was some delay in approval of the Scheme and consequent delay in implementation thereof. Based on implementation of 10 projects in Phase-I, 5 projects were approved by the Government on 18-11-2010 in Phase-II although the Ministry had initiated proposal for setting up of all remaining 20 projects. Detailed status of these 15 projects has been given at **Annexure-I**. The CCEA in its meeting held on 25-10-2011 has approved setting up of 15 new Mega Food Park Projects. In compliance with CCEA approval follow up action has been initiated to invite Expression of Interest (EOI) from the prospective entrepreneurs for these newly approved projects. Once these projects become fully operational, it will lead to address the problem of low processing level and huge post harvest wastage to a great extent.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

MEGA FOOD PARK SCHEME

(Recommendation Para No. 2.39)

Amongst the various conditionalities pertaining to SPVs the Committee note that the Government agencies may also be share holders in SPV upto a maximum of 26%. The Committee's analysis of the share holding patterns of the 6 SPVs in progress, however, indicated that at least in case of the SPV in Punjab wherein SIDBI has a share holding of 26% and PAIC, another PSU has 11% share holding, the norm of maximum 26% has been breached as the Government share holding adds upto 37%. In this context the assertions of the Secretary of the Ministry during Oral Evidence before the Committee that it was only at principal stage that SIDBI was shown as having 26 per cent holding and the Ministry will ensure at the time of final approval that the combined holding of SIDBI and PAIC does not cross the 26 per cent limit is not convincing. His further admission during the Oral Evidence that the Ministry will have to look into it since it has been pointed out by the Committee, goes on to prove that the Ministry have not done their homework in a professional and proper manner while processing the MFP

proposals. Otherwise, such situations would not have occurred. Nonetheless, the Committee desire that with a view to ensure that the share holdings and/or other relevant conditionalities are not breached or violated, the Ministry should go through each and every ongoing and proposed SPV and revert to the Committee with factual position and the details of action taken, wherever called for.

Reply of the Government:

At the time of consideration of 'In Principle' approval, as per the proposed share holding pattern of the SPV, SIDBI's share was indicated as 26% and that of PAIC as 11%. The SPV was suitably advised to adhere to prescribed limit of 26% which they have complied with at the stage of "final approval". The share holding pattern of SPV now is as under:

Sr. No.	Name of Member	Proposed Equity Structure (in % age)
1.	International Fresh Farm Products India Ltd.	26.55
2.	Sukhinder Singh and Associates	45.00
3.	Citrus Estate Tahliwalan Jatta	1.00
4.	Narain Exim Corporation	5.00
5.	Satyan Malhotra	11.45
6.	Un-allotted	11.00
	Total	100%

The SPV has now kept 11% of the equity unallotted which it proposes to allocate to PAIC. This condition of maximum of 26% equity holding by Govt. agencies has been adhered in all cases.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.33. of Chapter I of this Report.

FOOD PARK SCHEME

(Recommendation Para No. 2.41)

The examination of the implementation of the MFP has revealed that the Food Park Scheme was the predecessor of the ongoing Mega Food Park Scheme. The Food Park Scheme was operational in Eighth, Ninth and Tenth Plans. Related as, the Scheme is with the development of food processing sector in the Country, the Committee also analysed this Scheme in detail during their current examination. In all 56 parks were approved for being set-up. 2 of them were approved in the Eighth Plan, 39 in the Ninth Plan and the remaining 15 were approved in the Tenth Plan. The basic concept of these Food Parks was to provide roads, electricity, water, ETP facilities and some common facilities of even Cold Chain in an areas of 30 acres. The Committee note that the Food Park concept was essentially based on the Scheme of Industrial Parks. As per the own admission of the representative of the Ministry, the Food Park Scheme had a chequered performance. However, their examination further reveals that hardly 18 out of 56 Food Parks were able to claim the entire amount of financial assistance. The Committee analysed eleven out of these 56 Food Parks. In almost all cases, one thing came out very clearly that the Ministry displayed a total lack of commitment and professionalism in implementing this Scheme. In almost all cases monies were disbursed, but there was no follow-up. Consequently, an impression of laissez-faire was created with no accountability. In some cases the banks, where the grant-in-aid amounts were deposited by the Ministry, released the monies to the parties without the permission of the Ministry and without the necessary requirements being complied with by the parties concerned and in certain cases against their express instructions. However, the Ministry remained blissfully unconcerned for years together. In fact they were spurred into action only when the examination of the Subject by the Committee commenced and updates were sought on the status of these Food Parks.

Reply of the Government:

The earlier Scheme of Food Parks was operated during 8th to 10th Plan Periods. During these periods, a total of 56 Food Parks were sanctioned. In the case of 24 Food Parks, funds have been fully released as per prescribed guidelines and in case of 29 Food Parks which are at different stages of progress, the funds to have been partially released. In case of 3 projects the implementing agency has not been able to implement the project. The objective of the Food Park Scheme was to develop Common Infrastructure Facilities to facilitate setting up of units by Micro, Small & Medium Enterprises. To identify the bottlenecks adversely affecting the implementation of Food Parks and find out solutions thereto, Ministry of Food Processing Industries had commissioned reputed external agencies such as EDI, Ahmadabad, Consulting Engineers Ltd, etc to carry out evaluation of the Food Park scheme. The evaluation studies have identified the major reasons for the inadequate functioning of parks as improper site selection, delay in providing basic infrastructure facilities like power, water, road etc., absence of strong backward linkages and market linkages and poor management / implementation capabilities. The study observed that production area has remained underdeveloped and not integrated with the requirements of the market. There was no assurance of steady supply of raw materials and the benefits of value addition rarely percolated to the farming community. The study further suggested that the Food Park will be successful only if complete range of infrastructure from farm level onwards is supported. The shortcomings noticed in the Food Park Scheme have been sought to be addressed in the new Scheme of Mega Food Park Scheme.

The Ministry had pursued vigorously with the various State Authorities, held review meetings, and sent periodical reminders to the implementing agencies. Performance of all the ongoing projects have been reviewed by Secretary (MFPI) recently. In those cases where Banks had released grant amount without the instructions of the Ministry, the matters have been taken up with them at the highest level. In spite of the best efforts by the Ministry the Scheme did not achieve desired results due to various reasons as pointed out in several studies undertaken by professional agencies which have been sought to be removed in the revised Scheme of Mega Food Park Scheme.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.37. of Chapter I of this Report.

FOOD PARK SCHEME

(Recommendation Para No. 2.44)

Similarly, the case of the Food Park at Rai, Sonapat further confirms the poor performance of the Ministry in implementing this Scheme. A sum of Rs.200 lakh was released to Implementing Agency in two tranches of Rs.44 lakh (on 28 March, 2002) and Rs.156 lakh (on 9 April, 2002). It was only on 5 September, 2008 that the Ministry asked HSIDC, which is the Implementing Agency, for the Progress Report alongwith necessary documents for release of the next installment. HSIDC informed the Ministry about six months later on 18 February, 2009 about the progress in the Food Park and expenditure incurred upto 31 December, 2008. The status as on 30 November, 2010 as furnished to the Committee was that against the approved grant of Rs.400 lakh, a sum of Rs.200 lakh has been released till then. Furthermore, HSIDC has already developed 223 plots of different sizes in this Food Park and they have also acquired another 382 acres for the second phase which is to be developed for extension of Food Park and industrial area. The Committee fail to understand as to what the Ministry have been doing for nine years after having released the initial assistance of Rs.200 lakh by 9 April, 2002. It is really incomprehensible as to why the second installment of Rs.200 lakh was not released to HSIDC inspite of the fact that they furnished the Progress Report and relevant documents to the Ministry way back on 18 February, 2009. More so, when the Ministry did not report anything amiss in regard to this Food Park to the Committee.

Reply of the Government:

Against approved grant of Rs.400.00 lakhs, Rs.200.00 lakhs have been released so far to the implementing agency of Food park at Rai, Haryana. As per the Progress Report furnished by HSIIDC, a total of 223 plots of different sizes have been developed in this Food Park. The implementing agency is in the process of expansion

of the project for which it has acquired approximately 382 acres in the second phase. The implementing agency has submitted expenditure statement and progress report which were examined by the Ministry. Some discrepancies have been noticed in expenditure statement, CA Certificate and means of finance vis-à-vis the information given by the State Nodal Agency (SNA) in its physical verification report. A review meeting was held under the Chairmanship of Secretary(FPI) with the implementing agency on 1-11-2011 to expedite the pending issues and they have been advised to submit requisite documents/information within a week's time. A diagnostic study of the project has been conducted by the Tariff Commission which has rated it as one of the best Food Parks. The observations of Tariff Commission is being sent to the implementing agency for further necessary action.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.43. of Chapter I of this Report .

(Recommendation Para No. 2.45)

In the case of Food Park at Khunmoh, Srinagar, J&K, the Ministry approved a sum of Rs.400 lakh. Out of this, a sum of Rs.200 lakh was released to JKSIDC, the Implementing Agency on 12 April, 2001. The second installment of Rs.100 lakh was sanctioned on 24 March, 2003. In the sanction letter the Ministry had instructed the bank not to release the amount to the Implementing Agency until further instructions. This amount, according to the initial information furnished by the Ministry to the Committee was lying as unspent balance in the bank. However, when probed further, the Ministry informed the Committee that they wrote to the J&K Bank for refund of Rs.100 lakh with interest accrued since 24 March, 2003 on 24 August, 2008. On 29 June, 2009 they again made a similar request to the Bank. In response the Bank informed them on 15 July, 2009 that the Food Park had closed the account with the Branch in question. The Ministry then sought clarification from the Implementing Agency on 7 September, 2009. The Implementing Agency has intimated, very surprisingly on 9 March, 2010 that they have withdrawn the balance amount of Rs.100 lakh from the bank before closing their

account. This admission incidentally coincides with the examination of the Subject by the Committee. The last update by the Ministry states that against the approved grant of Rs.400 lakh, Rs.300 lakh has been released so far and the last tranche of Rs.100 lakh, which was released by J&K Bank without instructions from the Ministry is being considered for regularization. Nothing can be more reflective of the lackadaisical approach of the Ministry as a custodian of public money. This sort of careless functioning in their strong opinion needs to be properly inquired and remedial action taken expeditiously to avoid recurrence of such events in future.

2.46 In the case of Food Park at Sopore, Baramullah, J&K while the first installment of Rs.200 lakh has been released on 26 February, 2004, the reminder seeking progress report with a view to release the remaining Rs.200 lakh, as per information furnished by the Ministry, has been sent to the Implementing Agency more than five years later on 24 April, 2009. As on 30 November, 2010 when the status update was sought by the Committee, the position hadn't moved a bit. Their observation in the preceding paragraph is equally applicable here. They desire to be apprised of the latest status at the earliest.

Reply of the Government:

Against approved grant of Rs. 400.00 lakhs, Rs.300.00 lakhs have been released so far. Last instalment of grant of Rs.100.00 lakhs was sanctioned in March, 2003 which was released to J&K Bank with the instructions not to disburse the same without instructions in this regard from the Ministry. Since the Park did not register any progress the amount of grant remained parked. In August, 2008 the Bank was requested to refund the amount with interest accrued thereon. After a prolonged correspondence J&K Bank intimated that SIDCO had closed their account in their Bank. The matter was taken with the Bank as to how they allowed SIDCO to close the account without intimating the Ministry. However later through SIDCO it was learnt that amount of Rs.100.00 lakhs was also got released by them from the Bank. The matter was taken up with both implementing agency and the Chairman of J&K Bank in January, 2011. The Bank's response is awaited. They have been reminded on 09-03-2011, 03-06-2011 and 7-10-2011.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.47. of Chapter I of this Report.

(Recommendation Para No. 2.46)

In the case of Food Park at Sopore, Baramullah, J&K while the first installment of Rs.200 lakh has been released on 26 February, 2004, the reminder seeking progress report with a view to release the remaining Rs.200 lakh, as per information furnished by the Ministry, has been sent to the Implementing Agency more than five years later on 24 April, 2009. As on 30 November, 2010 when the status update was sought by the Committee, the position hadn't moved a bit. Their observation in the preceding paragraph is equally applicable here. They desire to be apprised of the latest status at the earliest.

Reply of the Ministry:

Against approved grant of Rs. 400.00 lakhs, Rs.200.00 lakhs have been released so far. For consideration of release of next instalment of grant, the implementing agency has to spent 75% of Promoter's equity which not been fulfilled. They have been requested to fulfil the same and furnish a CA Certificate reflecting the same along with latest physical inspection report from SNA vide Ministry's letter dated 13-09-2011. Response is awaited.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.47. of Chapter I of this Report.

(Recommendation Para No. 2.47)

For the Food Park at Jammu, the Ministry sanctioned an amount of Rs.346 lakh on 15 March, 2002. First installment of Rs.173 lakh was released on 30 April, 2002. The second installment of Rs.100 lakh was sanctioned on 17 March, 2003 out of which Rs.86.50 lakh was released on 26 May, 2003 and the remaining Rs.13.50 lakh is lying unspent in Indian Overseas Bank. Since, the release of Rs.86.50 lakh on 26 May, 2003

the Ministry are making efforts to obtain requisite documents for release of balance grant but there has been no response from the Implementing Agency. Efforts of the Ministry to recall the balance from India Overseas Bank through a communication dated 22 August, 2008 have also elicited no response. As per the information furnished by the Ministry to them there seem to have been no development beyond 22 August, 2008. They desire to be informed of the current status in the matter.

Reply of the Government:

Against approved grant of Rs. 346.00 lakhs, Rs.273.00 lakhs have been released so far. An amount of Rs. 13.50 lakhs was lying with the Bank as unspent balance. In view of the non implementation of the project, the Bank was requested to return the amount with interest. Indian Overseas Bank, Jammu has returned a Demand Draft for Rs.13.50 lakhs on 20.1.2011 which has been deposited in the Government account. No further release could be taken up as there is no progress in the Food Park.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.50. of Chapter I of this Report.

(Recommendation Para No. 2.48)

About the Food Park at Bagalkot, Karnataka, initially the Ministry took the stand before the Committee that they had provided the first installment of Rs.200 lakh for the project on 30 July, 2001 and the entire amount is lying unspent in the bank. The bank had been told not to release the money to the Implementing Agency viz. Food Karnataka Ltd. till the Ministry issued instructions in writing to the bank. For years the Ministry's understanding continued to remain on the same plane. On 28 August, 2008 the Ministry issued a letter to the bank to return the grant alongwith the interest accrued. A copy of this Communication was also endorsed to Food Karnataka Ltd. who informed the Ministry on 25 September, 2008 that they had spent the grant amount on land leveling and procurement of plant and machinery alongwith some common facilities like

cold storage. Alarmed by this development the Ministry called for a clarification from the Bank on 5 February, 2009 whose response is still awaited.

Reply of the Government:

Against approved grant of Rs.400.00 lakhs, 1st instalment of Rs.200.00 lakhs was released in July,2001. Since the project implementation was getting delayed and funds were lying with the Bank, a decision was taken by the Ministry to instruct the implementing agency to utilise the fund for the development of another Food Park in Jewargi from the funds already released to Food Park at Bagalkot. Based on the decision, Food Karnataka Ltd.(FKL), the organization created to look after Food Parks in Karnataka had released Rs. 100.00 lakhs out of the above Rs. 200.00 lakhs to the Implementing Agency at Jewargi from the funds intended for Food Park at Bagalkot. However, work in Bagalkot Food Park has been progressing and Implementing Agency has furnished requisite documents for release of 2nd instalment of grant. Ministry, after going through the documents and the report of State Nodal Agency, released the 2nd instalment of grant-in-aid to Food Park at Bagalkot on September 2011. While releasing 2nd instalment, an amount of Rs. 21.66 lakhs has been deducted towards the accrued interest earned by the Implementing Agency on the unspent balance which was lying in the Bank. A Review meeting was held on 1-11-2011 under the Chairmanship of Secretary (FPI) to further expedite the implementation of the project wherein the implementing agency has been advised to furnish requisite documents after achieving the prescribed milestones for consideration release of next instalment of grant. Also,the State Government is being requested to release their remaining share of equity contribution so as to facilitate the completion of the project.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.53. of Chapter I of this Report.

(Recommendation Para No. 2.49)

Yet another Food Park at Ghaziabad, Uttar Pradesh was approved in 1999-2000, for which the Ministry has released a sum of Rs.271 lakh as grant-in-aid between 8 March, 2000 and 9 October, 2001. This was done on basis of a surety bond from Wise Industrial Park, the Implementing Agency. The Food Park ran into problem due to non payment of bank loan. UPSIDC also cancelled the land lease and the bank took over the land mortgaged to it, leading to litigation. In one of their Post Evidence Replies submitted in response to the questionnaire of the Committee dated 8 December, 2010, the Ministry informed the Committee as an update that 'out of the approved grant of Rs.395 lakh, Rs.271 lakh have been released so far. Entire approved amount of Rs.395 lakh has been released in this case. The Project has suffered a set back due to legal issues'. The entire chain of events makes it abundantly clear that Ministry have at no point of time bothered to follow-up this case, in which substantial amount of public funds were invested, with any degree of seriousness and alacrity . The Committee would also like to be informed about the exact amount released for the Food Park as the update from the Ministry is as confusing as the way they have tackled the implementation of this Food Park.

Reply of the Government:

The project was approved in PAC meeting held on 25.11.1999 for a grant of Rs. 310.00 lakhs and subsequently in the PAC meeting held on 23.08.2001 additional grant of Rs. 85.00 lakhs was approved. The Ministry has sofar released a grant of Rs. 271.00 lakhs.

The project had been taken over by the erstwhile or Global Trust Bank due to non payment of dues by the promoters, M/s Wise Industrial Park Ltd.. As no progress in recovery was made the Bank ultimately invoked the provisions under Securities and Reconstructions of Financial Assests and enforcement of Security Interest ordinance, 2002 and to cover possession of the mortgaged property on 02.12.2002. Due to non implementation of the project, UPSIDC also cancelled lease of land granted to the implementing agency. To sort out the matter a review meeting was held in the Ministry in July, 2003 with the representatives of UPSIDC and the Global Trust Bank Ltd. However, no workable solution emerged. This meeting was followed by another meeting under the chairmanship of the then Secretary with the representatives of SNA(USIDC) to find out a solution. However, the UPIDC distanced itself

stating that the grant was sanctioned to M/s Wise Industrial Park Ltd a private body over which it has no control. Later on Global Trust Bank was merged with Oriental Bank of Commerce. It may be seen that land lease by UPSIDC stands cancelled and assets have been taken over by the Bank. Despite best efforts by the Ministry the project could not be revived because of the circumstances stated above.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.57. of Chapter I of this Report.

(Recommendation Para No. 2.50)

The State of affairs as narrated above, though not exhaustive, is indicative of malaise underneath the fact that during three successive Five Year Plans, the Ministry didn't implement the Scheme of Food Parks with any degree of professionalism and purposefulness. In all these cases, a policy of drift and lack of direction is clearly visible. The Committee have no reservations in concluding that the Ministry even failed to ensure that vast sums of monies, of which they were custodian were spent properly and accounted for. While condemning, unequivocally, the performance of the Ministry in the implementation of the Food Park Scheme, the Committee would also like to add that implementation of all these 56 Food Parks should be enquired into in a time bound manner and a comprehensive report on the utilization of grants-in-aid provided by the Ministry to each of them and their status as of now should be prepared and submitted to the Committee alongwith the Action Taken Replies of the Ministry to this Report. As they have been given to understand in a different context that the Ministry is now exploring ways and means in consultation with the Ministry of Finance to settle this long outstanding matter, the Committee desire that the outcome of such consultations may also be shared with them in entirety in the context of all the 56 Food Parks at the earliest. Parallely, they also desire the Ministry to request the Ministry of Finance to enquire in a time bound manner into the non-chalant attitude of the Public Sector Banks in fulfilling their duties as custodians of public monies at their disposal in violation of the express and written instructions of the Ministry of Food Processing Industries in

releasing funds to the implementing agencies in all these cases. They further desire to be apprised of the outcome thereof.

Reply of the Government:

Based on the evaluation study conducted for the Food Park Scheme of 8th, 9th and 10th Plan, Ministry has modified the food park scheme in the form of Mega Food Park Scheme in the 11th Five Year Plan. While recommending the new scheme, the EFC in its meeting dated 19.03.2008 had observed that efforts should be made by the Ministry to salvage the old Food Park Scheme.

In pursuance thereof, Ministry had reviewed all the mega food park projects and prepared a proposal for financing the ongoing projects keeping in view the physical progress and adherence to the scheme guidelines. The proposal for continuation of financial assistance to the old food parks was prepared in April 2010 and after the approval of the competent authority, instalments have been released in different projects. After the approval of the competent authority, funds have been released in following projects:

Sl. No.	Name of the project	Amount released in Crore
1	M/s Akshay Food Park Ltd., Hirriyur, Karnataka	2.000 (2 instalments of Rs.1.00 crore each)
2	M/s Orissa Indust. Infra. Dev. Corpn., Orissa (Khurda-FP)	1.000
3	M/s Tripura Indust. Dev. Corpn. Ltd., Bodhungnagar (N.E.)	1.000
4	Food Park at Maneri, Madhya Pradesh	1.00
5	Food Park at Jewargi, Karnataka	0.96

6	Food Park at Adoor, Kerala	0.97
7.	Food Park at Kota, rajasthan	0.22
8	Laxmi Nirmal Pratisthan, Maharashtra	1.00
9	Food Park at Malur, Karnataka	0.78
10	Food Park at Palus, Maharashtra	0.76
11	Haldia Foos Park, West Bengal	1.00
12	Ukhrul Food Park, Manipur	1.00
13	Green Food Park at Bagalkot, Karnataka	0.96
	Total	12.65

During this period, funding has been completed in 6 additional projects. Physical progress has also improved in most of the projects which is evident from following table which shows the comparative status of number of plots allotted and number of units become functional.

It is also submitted that in view of no progress, 3 old food parks at Vaishali in Bihar, Murshidabad in West Bengal and Teadesar in Chattisgarh have been dropped. In case of Vaishali Food Park in Bihar and Murshidabad Food Park in West Bengal no funds were released whereas in case of Chattisgarh Rs. 2.00 crore was released. Due to non-implementation, Ministry has taken due steps for recovery of Rs. 2.00 crore released, in the case of Chhatisgarh Food Park. By constantly following up with Chattisgarh State Industrial Development Corporation (CSIDC), Rs. 1.00 crore has already been returned by them in two equal instalments of Rs. 50 lakh each. CSIDC has assured to return remaining amount in two other instalments. Ministry has also recovered Rs. 13.50 lakhs lying as unspent balance in the Bank from Food Park in Jammu and Rs. 94.25 lakhs from Food Park at Barabanki in Uttar Pradesh.

Ministry has reviewed the performance of the ongoing projects in various review meetings during last one-and-a-half year. Field visits have also been carried out by IL&FS and Tariff Commission. Issue for ensuring completion of projects has been taken

up from time to time by the Ministry with the State Governments. The latest review meeting has been held on 01.11.2011 and 04.11.2011 wherein implementing agencies have been advised to complete the project by March 2012. Project specific decision has been taken in the Parks which are different states of progress.

The Ministry is not exploring ways and means in consultation with the Ministry of Finance to settle this scheme in any manner. In the case of Food Park at Khunmoh in J&K, the concerned Bank, viz. J&K Bank had released Rs. 1.00 crore to SIDCO, the Implementing Agency without explicit communication from the Ministry. The matter has been taken up with Chairman of the Bank and Principal Secretary Industries, Govt. of J&K seeking clarification about the above omission. Thus, it may be seen that the matter has already been taken at the highest level to resolve the issue. The Implementing Agency has, however, recommended for regularization of the release of 1.00 Cr in view of the fact that the amount has been utilized for the purpose for which it was meant.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.65. of Chapter I of this Report.

INTEGRATED COLD CHAIN AND PRESERVATION INFRASTRUCTURE

(Recommendation Para No. 3.20)

Coming to the specific merits of the Scheme, the Committee find that it is yet to be synergised with the existing system of cold storages. As of now the Scheme is basically meant to set up large scale, standalone chains with connections right from farm level up to the consumer. The Committee further find that the Ministry of Agriculture have prepared a report on the cold chain management and the Ministry of Food Processing Industries intend to take further action with the said Report as the basis. The Committee feel that the standalone approach of the Ministry vis-à-vis this Scheme is not going to yield the desired results. They, therefore, desire that the

Scheme should be fitted in the broader picture of the cold chain management in the Country, as brought out in the report of the Ministry of Agriculture, so that the problem of post harvest crop losses is tackled in a holistic and comprehensive manner. The Committee would also like the Ministry to explore the possibility of creating interface between their Scheme and the Rural Godowns Scheme of Ministry of Agriculture (Department of Agriculture and Cooperation) in this very context.

Reply of the Government:

The Task Force on Cold Chain set up by the Ministry of Agriculture has identified a huge gap in the cold storage capacity in the country. Keeping in view the recommendations of the report, the Ministry of Food Processing Industries has discussed these issues with Ministry of Agriculture and other stakeholders to avoid duplications and ensure proper convergence & coordination.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.68.of Chapter I of this Report.

**SETTING UP OF NEW ABATTOIRS/MODERNISATION OF EXISTING ABATTOIRS
(Recommendation Para No. 4.19)**

Another reason for this decline in expenditure, year after year is of the Ministry's own making. These projects have been beset with problems like non-clearance of project site, improper selection process of consultants/contractors, opposition/ agitation from/by locals, to name a few. The Committee firmly believe that none of these problems is insurmountable. The Ministry have stated that they have taken into consideration all factors while finalizing a location for the project on the basis of submission of Detailed Project Report (DPR) forwarded by the State Government. This, however, does not convince the Committee. In all likelihood some lacunae is there in the DPR received through the concerned State Government or the procedure adopted by the Ministry to evaluate the DPR, which is ultimately leading to non-clearance of project sites. The entire issue, therefore, needs to be revisited by the Ministry, so that the future projects are not bogged down due to this non-justifiable reason. In so far as

the non-clearance of project site due to opposition from/agitation by the locals is concerned, the Committee feel that this issue can be sorted out if handled properly at the DPR stage itself in consultation with the State Governments.

Reply of the Government:

It is submitted that the Detailed Project Reports (DPR) are prepared by the respective State Governments through professional consultant or team of technical experts.

The details of location of the project is submitted by State Govt. Agencies at the time of submission of DPR itself. The projections, estimated expenditure details are made by the State Government on the basis of the location of land for which the DPR is sent by the project promoter / State Government. Thus, MoFPI approved the project on the basis of DPR submitted by project promoter/ Sate Government Agency in which the location of the project is already indicated by the State Government / project Promoter.

The agitations by the local people are made only after the DPR is approved by the MoFPI. Hence, MoFPI is having no control of project site as these are recommended and chosen by the State Government itself before approval of project by the MoFPI.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.79. of Chapter I of this Report.

(Recommendation Para No. 4.20)

They have been apprised by the Ministry that in the modern projects water and blood is treated in an effluent treatment plant before flowing out. Likewise, other residual wastes like meat and bones are also processed through rendering plant technique in solid treatment plant. In fact only those projects which have both the effluent treatment plant and solid treatment plant are sanctioned by the Ministry. If that be the case, what is perhaps lacking and causing people in the adjoining areas to agitate is that sufficient efforts have not been put in by the Ministry or the implementing authorities to create awareness about these attributes of the abattoirs being modernized or new ones being

set up. Peoples reaction, hitherto, has been based on what is their general perception about the various problems and difficulties created by the ill maintained slaughter houses in the vicinity. Once they are educated about the inherently eco-friendly nature of the modern abattoirs, things can be sorted out to mutual satisfaction. The Committee, therefore, recommend that the Ministry should take a lead in this direction by devising suitable media/awareness campaign for the purpose with the active involvement of local bodies.

Reply of the Government:

The Ministry appointed Project Management Agencies (PMAs) as consultants of MoFPI for the implementation for scheme and coordination with respective Project Promoter and State Govt. Agencies. PMAs visit the State Government project sites and holds meetings with State Govt. on the behalf of MoFPI as an expert to solve any problem in the implementation of the project and help the State Govt. to sort-out issues like agitation by local people by making them aware about the project and benefit likely to come out from these projects.

National Meat and Poultry Processing Board (NMPPB) also conducts outreach program/industry meet/Mayors Conference and exhibition for awareness campaign for the purpose.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.79. of Chapter I of this Report.

CHAPTER-V

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

MEGA FOOD PARK SCHEME

(Recommendation Para No. 2.35)

The Mega Food Parks Scheme is a new Plan Scheme introduced by the Ministry of Food Processing Industries in the Eleventh Plan. The Scheme envisages the Mega Food Park as a mechanism to bring together farmers, processors and retailers. The Park would virtually act as a bridge between the agricultural production and the market to ensure maximum value addition, minimum wastage, increased income levels of the farming community, as well as creation of additional employment opportunities in the rural areas. The Mega Food Parks are to be established in selected clusters to be identified in a demand driven manner. These Parks would be, according to the Ministry, well-defined agri/horticultural-processing zones containing state-of-the-art processing facilities with support infrastructure and well established supply chains complete with backward and forward linkages. The Committee note that the pattern of financial assistance for a Mega Food Park that costs about Rs.150 crore is in the form of grant-in-aid @ 50% of the project in general areas and 75% for NE Region (NE including Sikkim) and difficult areas (J&K, Himachal Pradesh and Uttarakhand) subject to a maximum of Rs.50 crore for creation of common infrastructure facilities and facilities for backward and forward linkages. Apart from this there is a provision of Project Management fee @ 5% of the grant to meet the cost of engaging Project Management Agency at apex level to assist the Ministry and also domain consultancy for Special Purpose Vehicle to be created for the purpose.

Reply of the Government:

The observations are factual position and therefore does not require any comments.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No.1.29 of Chapter I of this Report.

(Recommendation Para No. 2.36)

The Committee further note that the Ministry had proposed 30 Mega Food Parks for the Eleventh Plan and sought an allocation of Rs.1575 crore for the purpose. Though the Eleventh Plan commenced on 1 April, 2007, the CCEA approved the proposal of Mega Food Parks only on 11 September, 2008 i.e. almost one and a half year into the Eleventh Plan. Considering perhaps the track record of the previous such Scheme of the Ministry viz. Food Parks, the CCEA approved setting up of only 10 Mega Food Parks in the first phase. The erstwhile scheme of Food Parks has also been analysed in the later half of this Chapter. The Committee are constrained to observe that due to the inordinate delay in approval of the Scheme by the Government, the Ministry could obviously make no headway in the Scheme during the First Year of the Eleventh Plan (2007-08). During the Second Year also, since the approval came only halfway through, on 11 September, 2008, the Scheme could not be implemented with full vigour. As a result, the BE of Rs.50 crore, which in itself is a modest sum, was almost halved to Rs.28 crore and the Ministry spent as much during the remainder of the Fiscal. During the next year, the BE of Rs.70 crore was again reduced to Rs.23.93 crore i.e. almost one third of BE and the Ministry could spend Rs.18.49 crore out of this reduced RE. From the deposition of the Secretary of the Ministry, the Committee cannot but conclude that the drastically reduced BE was presented as a *fait accompli* to the Ministry. Consequently, they could not go beyond disbursing the initial tranche of Rs.5 crore or so each to some of the SPVs. The Committee further note that in the Fourth

Year of the Plan, the BE of Rs.77.50 crore has been hiked to Rs. 113 crore at the RE stage and the Ministry have assured the Committee about utilizing the entire amount.

Reply of the Government:

As has been placed before the Committee the BE, RE and expenditure in the Mega Food Parks Scheme is as under during 2008-09 and 2009-10:

(Rs. In Crore)

Year	BE	RE	Actual
2007-08	-	-	-
2008-09	50.00	28.00	27.63
2009-10	70.00	23.93	18.49

For the financial year 2010-11 the BE, RE and expenditure is as under:

(Rs. In Crore)

Year	BE	RE	Actual
2010-11	77.50	76.69	76.24

It may be seen from the above that during last financial year, the Ministry had achieved almost 100% expenditure in the Scheme against RE provision and is also very close to the BE figure.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.29. of Chapter I of this Report.

(Recommendation Para No. 2.37)

On the front of physical achievements of the Scheme the Committee find that in principle approval was accorded for setting-up of 10 MFPs in Andhra Pradesh, Jharkhand, Karantaka, Maharashtra, Punjab, Assam, Tamil Nadu, Uttar Pradesh,

Uttarakhand and West Bengal. The Committee have been informed that the ownership and management of the Mega Food Park will vest with a Special Purpose Vehicle (SPV) in which organized retailers, processors, service providers may be the equity holders or anchor investors along with its ancillaries. The Committee have been further informed that after scrutinizing the DPRs of the projects in respect of Andhra Pradesh, Jharkhand, Assam, Uttarakhand, Tamil Nadu and West Bengal, the Ministry have given final approval for SPVs of these States. Grants-in-aid amounting to 40% of the total, consisting of first and second installments have been released to SPVs of Andhra Pradesh and Uttarakhand. For the remaining four States first installments of 10% each have been released. It is, however, a matter of great concern that the SPVs in Karnataka, Punjab, Maharashtra and Uttar Pradesh initially asked for time to submit DPRs and finally these projects had to be cancelled due to various shortcomings noticed in their proposals by the Ministry. Now that the process for bidding, etc. has begun *ab-initio*, the Committee exhort the Ministry to draw lessons from their failed experience and finalise the SPVs in these four States expeditiously and with due care so that no further time is lost in the planning and finalisation process. The Committee would prefer that these four MFPs are also processed alongwith the five additional ones, for which permission has recently been granted to the Ministry by the Government so that the 2-3 precious years lost by the SPVs in these four States are recouped to the extent possible.

Reply of the Government:

For setting up of Mega Food Parks in the States of Karnataka, Punjab and Uttar Pradesh pertaining to the 1st phase as per the prescribed procedure 3 most suitable proposals have been selected and 'in principle' approval has been accorded in case of all 3. In case of Punjab and Karnataka the SPVs have submitted their DPRs and after careful scrutiny the Ministry has accorded final approval to these two projects and 1st tranche of 1st instalments of Rs.5.00 have also been sanctioned by the Ministry to these projects. In case of Uttar Pradesh, the SPV has submitted its DPR which has been scrutinized and the SPV has been advised to remove certain deficiencies. In case of Maharashtra 'in principle' approval was accorded to M/s Temptation Food Ltd. to set up

a Mega Food Park in Sindhudurg District. The SPV failed to submit DPR within prescribed period of six months nor requested the Ministry for extension of time. The 'in principle' approval to M/s Temptation Food was cancelled and next applicant in the panel, viz. M/s Paithan Mega Food Park Ltd has been accorded 'in principle' approval. The SPV has submitted DPR to the Ministry which is under examination.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

Comments of the Committee

For comments of the Committee please refer to Para No. 1.29. of Chapter I of this Report .

MEGA FOOD PARK SCHEME

(Recommendation Para No. 2.42)

In the case of the Food Park at Saha, Ambala the Ministry approved a sum of Rs.2.93 lakh as assistance. Out of this, they stated a sum of Rs.146.50 lakh was released to the Implementing Agency and the second installment of same amount was lying in the bank, who had been asked to return the same with interest accrued thereon to the Ministry. However, when the Committee probed further, it transpired that while the first installment of the financial assistance was released to the Implementing Agency by the bank on 21 March, 2003, the second one was released a few days later on 27 March, 2003. The Ministry's letter to the bank to return the second installment alongwith interest accrued was sent almost five and a half years later to the bank on 28 August, 2008. The reply of the bank is still awaited. In their update on the status of the case the Ministry merely stated that the entire amount of assistance of Rs.293.00 lakh has been released by them and the infrastructure work in the Park has been completed, which is far from convincing.

Reply of the Government:

Entire amount of approved grant of Rs.293.00 lakhs have been released by the Ministry. In the latest Progress Report, it has been informed that Haryana State Industrial & Infrastructure Development Corporation Ltd.(HSIIDC) has developed Food Park at Saha over an area of 70 acres. The infrastructure development work in the Food Park has been completed and all 196 plots have been allotted. The Corporation

has acquired approximately 251 acres in the second phase which is to be developed for extension of Food Park and the existing Industrial Growth Centre at Saha. Thus, it may be seen that the park has made a lot of progress. However, to resolve the grant amount lying with the Bank as unspent balance a review meeting was held with the SNA and implementing agency, viz. HSIIDC on 17.01.2011. Based on the discussion, the implementing agency has been asked to submit a revised proposal giving justification of viability for consideration of the PAC vide Ministry's letter dated 15.07.2011. The implementing agency has been reminded on 20.10.2011. Their response is awaited.

{Letter No. 6-7/2010.Parl dated 21st November, 2011}

For comments of the Committee please refer to Para No. 1.29. of Chapter I of this Report .

NEW DELHI;
17 October, 2012
25 Asvina, 1934 (Saka)

BASUDEB ACHARIA
Chairman,
Committee on Agriculture.

STATUS OF PROJECT IMPLEMENTATION OF 15 ON-GOING MEGA FOOD PARKS

S No.	Name of SPV	State	Location	Project cost (Cr.)	Date of in-principle approval	Date of Final Approval	Amount of grant approved (Cr.)	Amount of grant released (Cr.)	Actual expenditure (Cr.)
1.	Patanjali Food & Herbal Park Ltd,	Uttara Khand	Haridwar	95.08	16.12.2008	27.03.2009	50.00	30.00	65.55
2.	Srini Food Park Pvt. Ltd.,	Andhra Pradesh	Chittoor	126.54	16.12.2008	27.03.2009	50.00	30.00	73.51
3.	North East Mega Food Park Ltd.,	Assam	Nalbari	75.98	16.12.2008	27.03.2009	50.00	15.00	15.86
4.	Jharkhand Mega Food Park Pvt. Ltd.,	Jharkhand	Ranchi	113.95	16.12.2008	27.03.2009	50.00	5.00	7.24
5.	Tamil Nadu Mega Food Park Ltd.,	Tamil Nadu	Dharmapuri	133.45	16.12.2008	16.03.2010	50.00	5.00	6.14
6.	Jangipur Bengal Mega Food Park Pvt. Ltd.,	West Bengal	Jangipur	111.04	16.12.2008	16.03.2010	50.00	5.00	10.25
7.	M/s Integrated Food Park Pvt. Ltd.,	Karnataka	Tumkur	144.33	03.08.2010	27.03.2011	50.00	5.00	17.50
8.	M/s International Mega Food Park Ltd.,	Punjab	Ferozpur	153.40	03.08.2010	25.05.2011	50.00	5.00	4.75
9.	M/s Shaktiman Mega Food Park Ltd.,	Uttar Pradesh	Sultanpur	168.65	24.09.2010				DPR has been submitted and the same has been appraised. SPV has been granted extension of time upto 31-12-2011 to comply certain observations.
10.	M/s Paithan Mega Food Park Ltd.,	Maharashtra	Aurangabad	120.76	05.04.2011				"In principle" approval was accorded on 05-04-2011. The DPR has been submitted which is under scrutiny.
11.	M/s Keventer Food Park Infra Ltd.,	Bihar	Bhagalpur	153.30	29.04.2011				DPR has been submitted by SPV which has been appraised by PMA and scrutinized by TC. Based on the recommendation of TC, the proposal was placed before IMAC for consideration of final approval on 17.11.2011. The IMAC has accorded final approval.
12.	M/s Anil Mega Food Park Pvt. Ltd.,	Gujarat	Vadodara	179.37	29.04.2011				DPR is awaited. SPV has sought extension of time for submission of DPR.
13.	M/s MITS Mega Food Park Ltd.,	Orissa	Rayagada	116.77	29.04.2011				DPR has been submitted by the SPV which has been appraised by PMA and scrutinized by TC. Based on the recommendation of TC the SPV has been instructed to fulfill all the prescribed conditions.
14.	M/s Sikaria Infra Projects Pvt. Ltd.,	Tripura	Agartala	85.25	29.04.2011				DPR has been submitted by SPV which has been appraised by PMA and scrutinized by TC. Based on the recommendation of TC, the proposal was placed before IMAC for consideration of final approval on 17.11.2011. The IMAC has accorded final approval.

15.	M/s, Pradesh Food Park Ltd.	Madhya Mega	Madhya Pradesh	Khargon	161.75	10.10.2011	"In Principle" approval has been accorded on 10.10.2011. The DPR is awaited.
-----	-----------------------------------	----------------	-------------------	---------	--------	------------	--

CCEA has approved setting up of 15 additional Mega Food Parks on 25-10-2011. EOI for seeking proposals has been issued.

**COMMITTEE ON AGRICULTURE
(2012-13)**

MINUTES OF THE SECOND SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 17th October, 2012, from 1500 hours to 1715 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

2. Shri Narayansingh Amlabe
3. Shri Sanjay Singh Chauhan
4. Shri H.D. Devegowda
5. Smt. Ashwamedh Devi
6. Shri Premdas Katheria
7. Shri P. Kumar
8. Sardar Sukhdev Singh Libra
9. Dr. Jyoti Mirdha
10. Shri Naranbhai Kachhadia
11. Shri Jagdish Singh Rana
12. Shri Rajaiah Siricilla
13. Dr. Vinay Kumar Pandey 'Vinnu'

RAJYA SABHA

14. Shri Satyavrat Chaturvedi
15. Dr. K.V.P. Ramachandra Rao
16. Shri Rajpal Singh Saini
17. Shri Shivanand Tiwari
18. Shri S. Thangavelu

SECRETARIAT

1. Shri P.C. Koul - Additional Director
2. Shri C. Vanlalruata - Deputy Secretary

*** *** *** *** *** *** *** *** *** *** *** ***

2. At the outset, the Hon'ble Chairman welcomed the members to the Sitting of the Committee. Thereafter, the Committee took up for consideration the draft Report on action taken by the Government on the Observations/Recommendations contained in the Twenty-first Report of the Committee on 'Infrastructural Facilities for Development of Food Processing Industries - An Evaluation' of the Ministry of Food Processing Industries. After some deliberations, the Committee adopted the draft Report.

*3. *** *** *** *** *** *** *** *** *** *** *** ***

*4. *** *** *** *** *** *** *** *** *** *** *** ***

*5. *** *** *** *** *** *** *** *** *** *** *** ***

The Committee then adjourned.

***Matter not related to this report**

(Vide Para 4 of Introduction of the Report)

**ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON
THE TWENTY FIRST REPORT OF COMMITTEE ON AGRICULTURE ON
'INFRASTRUCTURAL FACILITIES FOR DEVELOPMENT OF FOOD PROCESSING
INDUSTRIES –AN EVALUATION' PERTAINING TO MINISTRY
OF FOOD PROCESSING INDUSTRIES**

(i)	Total number of Recommendations	36
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Para Nos. 1.14, 1.15, 1.16 , 1.17,1.18 , 1.19,1.20 , 2.38, 2.43, 3.17, 3.18, 3.19, 3.21, 4.15, 4.16, 4.17, 4.18, and 4.21	
	Total	18
	Percentage	50%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Para No. 2.40	
	Total	1
	Percentage	2.7%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
	Para No. 1.13, 2.39, 2.41,2.44, 2.45, 2.46, 2.47, 2.48, 2.49, 2.50, 3.20, 4.19 and 4.20	
	Total	13
	Percentage	36.1%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Para Nos. 2.35, 2.36, 2.37 and 2.42	
	Total	04
	Percentage	11.1%