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**COMMITTEE ON AGRICULTURE  
(2013-2014)**

**FIFTEENTH LOK SABHA**

**MINISTRY OF FOOD PROCESSING INDUSTRIES**

**DEMANDS FOR GRANTS (2013-14)**

**{Action Taken by the Government on the Observations/  
Recommendations contained in the Forty-ninth Report  
of the Committee on Agriculture (2013-2014)}**

**FIFTY-FIFTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

December, 2013/ Agrahayana, 1935 (Saka)

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Presented to Lok Sabha on 09-12-2013

Laid on the Table of Rajya Sabha on 09-12-2013



**LOK SABHA SECRETARIAT**

**NEW DELHI**

December, 2013/ Agrahayana, 1935 (Saka)

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**COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2013-14)**

**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. **Smt. Botcha Jhansi Lakshmi**
12. **Sardar Sukhdev Singh Libra**
13. **Dr. Jyoti Mirdha**
14. **Shri Kachhadia Naranbhai**
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 Hukumdeo Narayan Yadav**

**RAJYA SABHA**

22. **Shri N. Balaganga**
23. **Shri Satyavrat Chaturvedi**
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 S. Thangavelu**
30. **Shri Shivanand Tiwari**
31. **Shri Darshan Singh Yadav**

## INTRODUCTION

I, the Chairman, Committee on Agriculture (2013-2014) having been authorized by the Committee to submit the Report on their behalf, present this Fifty-fifth Report on Action Taken by the Government on the Observations/ Recommendations contained in the Forty-ninth Report of the Committee on Agriculture (2012-13) on Demands for Grants (2013-14) pertaining to the Ministry of Food Processing Industries.

2. The Forty-ninth Report of the Committee was presented to the Lok Sabha and laid on the Table of Rajya Sabha on 30 April, 2013. The Action Taken Replies on the Report were received from the Government on 8 July, 2013.

3. The Report was considered and adopted by the Committee at their Sitting held on 11 November, 2013.

4. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the Forty-ninth Report of the Committee is given in **Annexure.**

**NEW DELHI**

**03 Decemebr, 2013**

**12 Agrahayana, 1935 (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 Observations/Recommendations contained in the Forty-ninth Report of the Committee on Agriculture (2013-14) on Demands for Grants (2013-14) of the Ministry of Food Processing Industries which was presented to Lok Sabha on 30 April, 2013 and laid on the Table of Rajya Sabha on the same day.

1.2 The Ministry of Food Processing Industries have furnished Action Taken Replies in respect of all the 24 Observations / Recommendations contained in the Report. These have been categorized as under:

- Observations / Recommendations that have been accepted by the Government:  
Recommendation Para Nos. 1.4, 2.42, 2.43, 2.45, 2.46, 2.47, 2.48, 2.49, 2.50, 2.51, 2.53, 2.54, 2.55, 3.46, 3.48, 3.51 3.52, 3.53 and 3.54

Total = 19  
Chapter = II

- Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:

Recommendation Para No. Nil

Total = 00  
Chapter = III

Observations / Recommendations in respect of which action taken replies of the Government have not been accepted by the Committee:  
Recommendation Para No.: 2.44, 3.47, 3.49 and 3.50

Total = 04  
Chapter = IV

- Observations / Recommendations in respect of which final replies of the Government are still awaited:

Recommendation Para Nos. 2.52

Total = 01  
Chapter = V

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 Department 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 Comments contained in Chapter-I of this Report and final reply in respect of recommendation for which only interim reply has been given 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.

### **FOOD PROCESSING SECTOR**

#### **(Recommendation No. 2.42)**

1.5 The Committee noted that the importance of food processing sector is second to none since it contributes as much as 9-10% of GDP in agriculture, provide employment to 16.75 lakh persons and infuse capital investment to the tune of Rs. 249,337 crore in the registered processing industry.

1.6 The Committee were distressed to note that inspite of potential high value addition to the economy, the role of the sector has not been understood in the right perspective both by the Government and the planners. The Committee were of the view that unless drastic and radical steps are taken, the dream of India becoming global leader in the food processing and export of safe, hygienic nutritious and quality processed food items, would remain a distant dream. The Committee, while exhorting upon the Government to overcome these



deficiencies, recommended the Ministry to enhance their ability to successfully implement major Schemes, so as to improve utilization of allocated funds substantially. This would facilitate the Ministry to play a meaningful role not only for the food processing sector but also to the agriculture sector as a whole.

1.7 The Ministry of Food Processing Industries in their Action Taken Reply have stated that Government has been implementing a number of schemes for the promotion of food processing industry with a view to increase the level of processing, reduce wastage, increase income of farmers and address the food security issues. These include infrastructure development (with components, Mega Food Parks, Integrated Cold Chain Projects and Modernization/Setting up of Abattoirs; Technology Upgradation/ Establishment/ Modernisation of food processing industries); Quality Assurance, Codex Standards, R&D, Establishment of Food Testing Laboratories & other promotional activities; Human Resource Development; Strengthening of Institutions for promotion & development of the food processing sector in the country. With a view to give further thrust to the sector, Government have launched a new Centrally Sponsored Scheme–National Mission on Food Processing (NMFP) on 01.04.2012 for implementation by the State/UT Governments.

1.8 The scheme provides for the establishment of a National Mission as well as corresponding Missions at the State and District level for implementation of the scheme. The various components under the scheme currently being implemented relate to (i) Technology Up-gradation/ Establishment/ Modernisation of Food Processing Industries; (ii) Setting up Cold Chain, Value Addition and Preservation Infrastructure for Non-Horticultural Products; (iii) Modernisation of Abattoirs; (iv) Human Resource Development; and (v) Promotional Activities. NMFP is implemented with financial contribution of Government of

India and States/ UTs in the ratio of 75:25, except for North- Eastern States, where the ratio is 90:10. Further, in UTs administered by Government of India, it is funded 100% by Government of India.

1.9 An amount of Rs 184.69 crore was released under the scheme to the State/ UT governments during 2012-13. Allocation under the scheme for 2013-14 is Rs 187.00 crore. The scheme will provide flexibility to State/ UT government to address the local needs and priority to develop the sector. The implementation of the scheme is being monitored by the Ministry of Food Processing Industries on a regular basis.

1.10 During Eleventh five year Plan, out of a total allocation of Rs 1880 crores for different schemes of Ministry of Food Processing Industries, the Ministry utilized Rs 1596.88 crore representing 84.94% of allocated funds. The utilization of funds has increased substantially i.e. 99.6% during 2012-13 as indicated in the Table given below:

| <b>11th Plan</b> |                |                           | <b>[Rs. in Crore]</b>           |
|------------------|----------------|---------------------------|---------------------------------|
| <b>Years</b>     | <b>BE</b>      | <b>Actual Expenditure</b> | <b>Expenditure as a % of BE</b> |
| 2007-08          | 250.00         | 182.97                    | 73.19                           |
| 2008-09          | 290.00         | 223.14                    | 76.94                           |
| 2009-10          | 340.00         | 277.53                    | 81.63                           |
| 2010-11          | 400.00         | 394.40                    | 98.60                           |
| 2011-12          | 600.00         | 518.84                    | 86.47                           |
| <b>Total</b>     | <b>1880.00</b> | <b>1596.88</b>            | <b>84.94</b>                    |
| <b>12th Plan</b> |                |                           |                                 |
| <b>2012-13</b>   | <b>660.00</b>  | <b>657.58</b>             | <b>99.6</b>                     |

1.11 The Committee would like the Ministry of Food Processing Industries to ensure that the implementation of the newly launched Centrally Sponsored Scheme achieves the stated objectives and desire that they be apprised of the progress in implementation.

**Delay in Finalisation of 12<sup>th</sup> Plan**

**(Recommendation No. 2.44)**

1.12 The Committee had strongly disapproved the protracted delay in the finalization of the Twelfth Plan and did not find any justification in according approval to Schemes in a piecemeal manner by EFC / SFC, when the Plan and the schemes are yet to be approved formally. The Committee were of the view that such action on the part of the Ministry strikes at the very root of the planning process and threatens the sanctity of planning itself. The Committee wondered whether the instant rules / regulations permitted such unwarranted action on the part of the Ministries concerned and the Planning Commission. The Committee would liked to be apprised thereof. The Committee were informed that all the major projects under Industry Division of Planning Commission and food processing sector, a component of Industry Division, were in time, except, projects of food processing sector. The Committee failed to understand this exception and step-motherly treatment accorded to schemes of Food Processing Sector. The Committee viewed the neglect of food processing sector, by the Planning Commission seriously and desired that the sector should be accorded importance, as it warranted.

1.13 The Ministry in their Action Taken Reply have stated that the approvals to the various schemes were given by the various EFC/SFC so that the Ministry would implement the schemes during the first year of the XII five year plan, i.e. 2012-13 and there was no hurdle in the implementation of the schemes. The approvals to the schemes were obtained by the Ministry in accordance with the procedure laid down by the Government of India for this purpose. The schemes up to the allocation of less than Rs. 300 crores were approved by the EFC chaired by Secretary of administrative Ministry/Department. The schemes with an allocation of Rs. 300 crores and more were approved by the CCEA based on the

recommendations of the EFC which was chaired by the Secretary (Expenditure), Ministry of Finance. MoFPI had also obtained approval of the competent authority as per the procedure laid down.

1.14 In the context of possible implications of time taken in finalisation of Plan document on implementation of schemes/ projects under industry sector, suitable measures were taken in consultation with the respective Ministries/ Departments. Such measures included according administrative approval for seeding/ initial actions in cases of new 'big ticket projects', getting performance evaluation studies carried out as per guidelines of Department of expenditure, Ministry of Finance, in cases of existing schemes slated for continuation in the 12<sup>th</sup> Plan, facilitating 'interim approval' by the competent authorities for limited period implementation in cases of schemes/ projects having multiplier effects and/ or objectives to address externalities etc. The said approach was adopted in case of schemes of M/o Food Processing Industries (MFPI) as well.

**1.15 It is not clear from the reply whether the 12<sup>th</sup> Plan proposals for Food Processing Sector have since been approved or not. The reply of the Government is not acceptable to the Committee. Delay in finalization of 12<sup>th</sup> Plan would affect the implementation of various schemes. The Committee view seriously the neglect of food processing sector and reiterate their earlier recommendation that the sector should be accorded importance, as it deserves.**

**ALLOCATION AND UTILIZATION OF FUNDS DURING ELEVENTH PLAN PERIOD AND FINANCIAL ALLOCATION AND UTILIZATION DURING FIRST YEAR OF THE TWELFTH PLAN**

**(Recommendation No. 2.46 & 2.47)**

1.16 The Committee observed that the Plan outlay *vis-a-vis* BE stage fluctuated widely especially in the fiscals 2008-09, 2009-10 and 2010-11 as there was stark mismatch between BE & RE, for the years 2008-09, 2009-10. The Committee noted that their constant pleas to rectify the imbalances had gone unheard during the Eleventh Five Year Plan. As the sector provided a mechanism to bring together farmers, processors and retailers, linking agriculture production to market so as to improve livelihood in rural sector, the Committee emphasised that all the agencies concerned i.e. the Planning Commission and Ministry of Finance (Department of Expenditure) would approach allocation of the Ministry on a new platform, taking into consideration the growth potential, especially critical rural infrastructure. The Committee also observed that the inability to utilize the reduced allocation in its entirety during the course of the Eleventh Plan, would awake the Ministry and they would now take proactive steps to ensure optimal utilisation of funds to the hilt in the coming fiscal.

1.17 The Committee also noted the huge variations between the funds sought by the Ministry and the actual allocation made by the Planning Commission. The Committee urged all the agencies concerned to ensure that things turnaround in the next Fiscal and variation between proposals, allocation and utilization is negated to the extent possible.

1.18 The Ministry of Food Processing Industries in their Action Taken Reply have stated that due to various constraints, prominent among them being the constraint in availability of resources and the need to meet the funding requirements of flagship schemes of the

Government in the health, education and social sectors, fund allocations to the various Departments/ Ministries were to be done after careful deliberations based on available information regarding performance of various schemes/ programmes/ projects of these Ministries/ Departments. However, the need for additional funds for implementing various programmes and projects were considered by M/o Finance at the Revised Estimate (RE) stage depending on their financial and physical progress. However, Planning Commission has taken note of valuable suggestions made by the Committee in this regard.

**1.19 The Committee desire to know the details of additional allocation of funds sought by the Ministry of Food Processing Industries at RE stage and the extent of enhancement actually materialised.**

### **EMPLOYMENT IN FOOD PROCESSING SECTOR**

#### **(Recommendation Para No. 2.49)**

1.20 The Committee found that one of the principal aims of promoting food processing sector was to provide gainful employment especially in rural and non-metro urban cities and arrest migration of labour to urban conglomerate. The food processing sector being highly labour absorptive and less capital intensive in nature, generates employment to the tune of 16.75 lakh persons in the country annually in the registered sector, constituting 12.2% of total employment. A large section of Micro Small and Medium Enterprises (MSME) owe their growth and prosperity to the positive contributions made by food processing industries. The Committee were distressed to note that there had been downturn in the employment especially in the unregistered sector, despite rise in the output and capital employed. The employment in unregistered sector gone down dramatically from 63.45 lakh persons in 2005-06 to 47.93 lakh persons in 2011-12. The Committee had desired that Government

should assess the reasons for that unsavoury development of declining trend in employment in the sector and take appropriate steps in that direction. The Committee be apprised of the action taken in the matter.

1.21 The Ministry of Food Processing Industries in their Action Taken Reply have stated that there had been a decline in the employment in the food processing sector during the period from 2005-06 to 2010-11. That was primarily because of significant fall in employment in un-registered sector and slowdown in the growth of employment in registered sector as indicated in the Table below:-

| <b>Estimates of Persons Engaged in Food processing Units (Person in Lakhs)</b> |                                       |  |                         |
|--|---------------------------------------|--|-------------------------|
| <b>Year</b>  | <b>Employment in Registered units</b> | <b>Employment in Un-Registered Units</b> | <b>Total Employment</b> |
| <b>2005-06</b>   | 13.92                                 | 63.45                                    | 77.37                   |
| <b>2006-07</b>   | 14.76                                 |  |                         |
| <b>2007-08</b>   | 15.05                                 |  |                         |
| <b>2008-09</b>   | 15.64                                 |  |                         |
| <b>2009-10</b>   | 16.06                                 |  |                         |
| <b>2010-11</b>   | 16.62                                 | 47.93                                    | 64.55                   |

1.22 The primary reason for such a decline was due to intensive use of capital (as compared to labour) as reflected in the increase in capital per employee ratio. It might also be noted that capital deployment had gone up more significantly in unregistered sector as compared to Registered food processing sector. That had led to a significant fall in employment in Unregistered sector by a CAGR of 5.5 percent. Higher deployment of capital, however, had led to higher output per employee both in registered and un-registered manufacturing sector. The capital per employee and output per employee are given in the Table below:-

| Ratios                           | 2005-06 |         | 2010-11 |         | * CAGR (%) |         |
|----------------------------------|---------|---------|---------|---------|------------|---------|
|                                  | Reg.    | Un-Reg. | Reg.    | Un-Reg. | Reg.       | Un-Reg. |
| Employment (Lakh persons)        | 13.92   | 63.46   | 16.62   | 47.93   | 3.6        | - 5.5   |
| Fixed Capital/employee (Rs lakh) | 3.26    | 0.41    | 7.26    | 1.27    | 17.4       | 25.2    |
| Output/ employee (Rs lakh)       | 16.12   | 1.8     | 24.87   | 2.54    | 9.2        | 7.1     |

Source: Annual Survey of Industries & National Sample Survey

\* Compound Annual Growth Rate

1.23 The fall in employment had come about despite significant growth in investment in fixed capital as could be seen from the table below:

| Year                      | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11  | CAGR |
|---------------------------|---------|---------|---------|---------|---------|----------|------|
| Registered FPI (Rs crore) | 45,357  | 57,460  | 68,335  | 81,156  | 99,482  | 1,20,705 | 21.6 |
| Un Reg. FPI (Rs crore)    | 26,128  |         |         |         |         | 60,752   | 18.4 |

Source: Annual Survey of Industries & National Sample Survey Office

1.24 This issue was also discussed with the stake holders (CII, ASSOCHAM, AIFPA). The stake holders were of the view that there have been increasing mechanization of Food Processing Industries because of the following reasons:

- (i) Need to minimize manual handling to ensure quality control of product and improve hygiene;
- (ii) Lack of availability/ shortage of skilled manpower;
- (iii) High cost of skilling and difficulty of retaining workers.

1.25 Government have been facilitating setting up of food processing units with a view to minimize post harvest losses, increasing shelf life and ensure year the round supply of food products, However, food processing units were set up by entrepreneurs in the private sector. The Government have been extending financial assistance, by way of grant-in-aid,



for creation of food processing infrastructure and setting up of food processing units. Ministry of Food Processing Industries have been implementing a Scheme for Infrastructure Development which included components like Mega Food Parks, Cold Chain, Value Addition and Preservation Infrastructure and Modernization of Abattoirs.

1.26 Government have also been implementing a Scheme for technology upgradation/ establishment/ expansion/ modernisation of Food Processing Industries under which assistance by way of grant-in-aid was extended to entrepreneurs for modernization and setting up of processing units for fruits & vegetables, meat, milk, fish, grain (oil mill; Rice, pulse & flour) milling, alcoholic beverages, consumer products (including bakery units) etc. That scheme have since been subsumed with NMFP for implementation by the States/UTs.

1.27 Apart from that, a new Centrally Sponsored Scheme – National Mission on Food Processing (NMFP) was launched on 01.04.2012 for implementation by the State/ UT Governments. An amount of Rs 184.69 crore were released under the scheme to the State/ UT Governments. Allocation under the scheme for 2013-14 is Rs 187.00 crore. The scheme would ensure much needed flexibility to State/ UT Government to address the local needs and priority to develop the sector. The implementation of the scheme was being monitored by the Ministry of Food Processing Industries on a regular basis.

**1.28 The Committee had pointed out the drastic decline in employment in unorganised Food Processing Units which declined from 63.46 Lakh persons in 2005-06 to 47.93 Lakh persons in 2010-11. It is observed from the Government's reply that investment in un-registered FPI has more than doubled from Rs.26,128 crore to Rs.60,752 crore during the period under reference. The decline in employment is**

attributed to the need to minimise manual handling, shortage of skilled manpower and high cost of skilling and difficulty of retaining workers. The Committee are not convinced of these reasons particularly when the investment in un-organised units have more than doubled during this period and employment in Registered FPI has been growing from year to year. The Committee would like the Ministry of Food Processing Industries to study the real causes for the decline in employment in un-organised units and report the position to the Committee along with facts about extent of availability of skilled manpower. The Committee would also like to be informed what specific steps have been taken or proposed to address the shortage, if any, of the skilled manpower.

### **MEGA FOOD PARK**

**(Recommendation No. 3.47)**

1.29 The Committee found that in almost all the projects, which are operational and those under implementation, the progress has been far away from satisfactory. The Committee opined that there are major shortcomings in the planning and implementation of Mega Food Park Schemes. The mid-term evaluation of the scheme revealed major deficiencies in the implementation. However, the mid course corrective action undertaken by the Government, did not impact significantly and improved the pace of progress. The Committee, therefore, desired that a critical appraisal of the scheme may be undertaken and corrective measures put in place immediately.

1.30 The Committee also noted that the Mega Food Park project was launched with much fan-fare with a presumption that each MFP will cater to 30-35 food processing units, benefit 6000 farmers directly and 25000 to 30000 producers indirectly. Further, it was expected to bring about investment to the tune of Rs. 75 – 100 crore in common facilities and another Rs. 225 – 250 crore in processing and ancillary units.

1.31 The Committee had reasons to believe that the assumptions were highly unrealistic and inflated to garner support for the scheme. Taking these assumptions on their face value, the Committee would like to be apprised of the actual gain realised of each component as against those envisaged w.r.t. setting up of Mega Food Parks in the country. The socio-economic benefit studies of the Mega Food Park should also be undertaken so as to assess the benefits, reach and penetration of the scheme.

1.32 The Ministry of Food Processing Industries in their Action Taken Reply have stated that the Ministry has approved 30 projects sanctioned by the Government under Mega Food Parks scheme. The Ministry has not carried out mid-term evaluation of the scheme and accordingly, the scheme guidelines have been modified to minimize delay and facilitate speedier project implementation. Critical appraisal of the scheme would be conducted by the Ministry during 12<sup>th</sup> plan mid-term review of the scheme and necessary corrective steps would be ensured by the Ministry.

1.33 The Infrastructure Development scheme for Mega Food Parks has a long gestation period. The process of scheme implementation were still continuing. Presently 2 Parks, 1 each at Haridwar in Uttarakhand and at Chittoor in Andhra are partially operational. The financial outcome of these 2 projects as on today is as under:

| <b>S. No.</b> | <b>Status of Financial Outcome</b> | <b>Patanjali Food and Herbal Park Pvt. Ltd, Haridwar</b> | <b>Srini Food Park Pvt. Ltd, Chittoor</b> |
|---------------|------------------------------------|--|---|
| 1             | Total Number of Plots              | 24   | 15  |
| 2.            | Number of plots allotted           | 17   | 7   |
| 3.            | Units in Operation                 | 16 units in operation+ 1 unit under construction         | 1   |
| 4.            | Investment in Units                | Approx. Rs. 59.00 crore                                  | Rs. 20.00 crore                           |
| 5.            | Employment Generation              | 5000 (direct and indirect combined)                      | 25 permanent and 40-50 seasonal           |
| 6.            | No. Of Plots Un-Allotted           | 7  | 14  |

1.34 The socio-economic impact of the projects might be assessed only after the parks become fully operational. The Ministry would undertake a socio-economic study after some of the projects become fully functional in coming years.

**1.35 The Committee are disappointed to note the very slow progress in implementation of Mega Food Parks Scheme launched in the year 2008. After lapse of five years, only two food parks, as against 30 sanctioned, have been partially operational. The Committee reiterate that the unrealistic and inflated figures of benefits stated at the time of launching the Mega Food Park project to garner support are evident from just 2 Food Parks having come into being. In one Food Park Unit, the investment has been only Rs.20 crore and employment generation (direct and indirect combined) for 25 persons on permanent basis and 40-50 persons on seasonal basis. The Committee, therefore, reiterate that a critical appraisal of the scheme be undertaken without any delay and corrective measures taken up expeditiously.**

**(Recommendation No. 3.49)**

1.36 The Committee noted that the Ministry of Food Processing Industry in coordination with Ministry of New and Renewable Energy (MNRE) has undertaken demonstration projects using bio-mass / solar hybrid system for generation of electricity. Some of the State Governments have been advised to take up cold-chain pilot project based on the technologies developed by the Ministry of New and Renewable Energy. While the Committee wished to promote the use of non-conventional sources of energy (NCSE) for the development of cold storage infrastructure, they would first like to be apprised of the outcome of these demonstration projects before dwelling upon the subject further.

1.37 The Ministry of Food Processing Industries in their Action Taken Reply have stated it was decided that some demonstration projects based on the technology developed by MNRE may be set up by some State Governments to validate commercial use of these technologies. Therefore the State Govt. of Assam, Bihar, Madhya Pradesh, Tamil Nadu, Maharashtra and Andhra Pradesh have been requested to set up Pilot projects based on the concept note prepared by the Solar Energy Centre of MNRE with the assistance available under the schemes of MNRE and Department of Agriculture & Co-operation, Govt. of India. However, no response has been received from any of these States. Due to limited allocation of plan resources for the scheme during 12<sup>th</sup> Plan, the Ministry did not propose to take up cold chain pilot project based on the non-conventional sources of energy.

**1.38 It has been stated that the State Government of Assam, Bihar, Madhya Pradesh, Tamil Nadu, Maharashtra and Andhra Pradesh had been requested to set up pilot projects for generation of electricity using bio mass/solar hybrid system with the assistance available under the schemes of MNRE and Department of Agriculture and**

**Cooperation. In the Action Taken Reply, the Ministry of Food Processing Industries have stated that since no response has been received from any of these States on this issue and due to limited allocation of plan resources for the scheme, the Ministry do not propose to take up cold chain pilot project based on the non-conventional sources of energy. The Committee fail to understand the rationale for the Ministry's stand particularly when assistance for the pilot projects is available from MNRE and Department of Agriculture and Cooperation. The Committee would urge the Ministry of Food Processing Industries to pursue the matter with the State Governments concerned and ensure that the said pilot projects are set up at the earliest.**

**(Recommendation No. 3.50)**

1.39 Food Irradiation facility is one of the components under Cold-Chain, Value Addition and Preservation Infrastructure plan scheme, for infrastructure development. Under this modern, cutting edge technology, food is subjected to ionizing energy or radiation which strengthens food conservation, improves food hygiene, help in extension of shelf-life, enhance safety by killing food borne pathogens and parasites, destroy insects, pests in stored products and fruits.

1.40 The Committee found that Grant-in-Aid @ 50% of the total cost of plant and machinery and technical civil work in general areas and 75% for North-Eastern States and difficult areas subjected to maximum of Rs. 10 crore is extended to implementing agencies for various components of cold-chain including irradiation.

1.41 The scientific evidence and literature available, world over are conflicting and mixed and tend to promote and denounce the use of irradiation for food processing. Despite concerns expressed by various consumer / interest groups, globally over safety and security issues, irradiated food is permitted in more than 50 countries. In the interest of public health, the Committee would like to tread with caution and desire that matters such as irradiation dosages, food labelling, standards and other safety and security parameters of irradiation food, be assessed, monitored and regulated, before the facilities are open on a large commercial scale. Concurrently, the Govt. should also educate the masses about irradiation food and step up publicity campaign before embarking upon this scheme on a larger pedestal.

1.42 In their Action Taken Reply the MOFPI stated that irradiated food is regulated in the country in accordance with the Atomic Energy (Control of Irradiation of Food) Rules, 1996. Food can be irradiated only in a food irradiation plant, which is authorized by the Atomic Energy Regulatory Board and licensed by the competent Government authority. The license to carry out food irradiation operation is given only after ascertaining the safety of the installation, its suitability to ensure proper process control, and availability of licensed operators and qualified staff.

**1.43 The Committee had, inter-alia, emphasised that the Government should educate the masses about irradiation of food and step up publicity campaign before embarking upon this scheme on a larger pedestal. The Government's reply is silent on this point. The Committee would reiterate that steps should be taken to implement this recommendation without delay.**

## **SCHEME FOR SETTING UP / MODERNIZATION OF ABATTOIRS**

### **(Recommendation Para No. 3.51)**

1.44 The Committee noted that the Plan scheme for establishing new abattoirs and modernizing the existing abattoirs were undertaken during Eleventh Plan period with an aim to provide facilities for scientific and less painful slaughter, chilling, rendering plant affluent treatment plant, better hygiene, safety and retail cold-chain management. The Committee further noted that as against Plan allocation of Rs. 828 crore, the expenditure was Rs. 39.54 crore only. Further of 10 approved abattoir projects, only 2 were completed and rest were under various stages of implementation, though the time line prescribed for completion of the projects were 18 months each. The Committee further noted that there had been enormous time overrun of the projects. As many as 8 projects were approved way back in the year 2008. Delay in the approval of the scheme, local agitation and objection of local people over land, delay in appointment of consultants and also inordinate time taken in completing tender relating formalities, were some of the reasons assigned for delay in execution of the projects. The Committee further noted that the scheme had been upscaled to cover 25 new projects and modernisation of existing 25 abattoirs with a total project cost of Rs. 330.84 crore, during Twelfth Five Year Plan. The Committee were concerned to note the inordinate delay in the implementation of the projects included in the Eleventh Plan, which had slipped to 12th Plan. In the opinion of the Committee, there were some fundamental deficiencies in the project formulation and its implementation thereof. The Committee desired that the Government should take proactive steps to ensure that the projects of Eleventh Plan period which were continuing in the Twelfth Plan were not delayed any more. At the same time, the Committee also recommended that Government should step up their monitoring mechanism to ensure that the larger mandate assigned to the



Ministry due to additional proposals in their kitty does not under-perform for want of efficient monitoring mechanism. The Committee desired to be apprised of the action taken in the matter.

1.45 The Government in their Action Taken Reply stated that the Ministry of Food Processing Industries are implementing the Scheme for Setting up of New/Modernization of Existing Abattoirs under their Infrastructure Development Scheme. During 11<sup>th</sup> Five Year Plan, 10 abattoir projects were approved, out of which two had been completed (i.e Ahmednagar Abattoir Project and Dimapur Abattoir Project).

1.46 CCEA in their meeting held on 06.09.2012 had approved the proposal for upscaling of the 11<sup>th</sup> Plan Scheme for setting up of 25 new abattoirs and modernization of 25 existing abattoirs as well as continuing 8 ongoing projects. The scheme would be implemented in the Central Sector for the first two years of the 12<sup>th</sup> Five Year Plan i.e.2012-13 and 2013-14. Thereafter, the scheme would be implemented through National Mission on Food Processing by State Governments for the rest of the 12<sup>th</sup> Plan period since most of the proposals were from Municipal Bodies which were closely connected to the State Governments.

1.47 For timely completion and avoiding further delay of the projects of Eleventh Plan period which were continuing in the Twelfth Plan, periodical meetings were taken by Joint Secretary of the concerned division in that Ministry with Project Implementing Agencies (PIAs) to monitor the progress of projects.

1.48 For the proposal to cover 25 new abattoirs and modernization of existing 25 abattoirs during first two year of the 12<sup>th</sup> Plan, the Ministry had empanelled Programme Management Agencies (PMAs) to scrutinize/evaluates the Detailed Project Reports (DPRs) and to recommend the proposals to provide grant-in-aid as well as monitor the progress of abattoir projects assigned to them.

1.49 Based on evaluation of DPRs and appraisal reports from PMAs the Approval Committee under the Chairmanship of Secretary (MFPI), in their meeting held on 08.04.2013 had accorded “in-principle” approval for three Abattoir Projects to provide financial assistance i.e. proposal of the Goa Meat Complex Ltd (Govt. of Goa Undertaking) for financial assistance of Rs 617.02 lakh for modernization of abattoir at Usagon, Ponda, proposal of Meat Product of India Ltd (Govt. of Kerala Undertaking) for financial assistance of Rs 1436.12 lakh for establishment of modern abattoir at Edayar, and proposal of the Greater Vishakhapatnam Municipal Corporation under PPP mode for financial assistance of Rs 1500 lakh for establishment of modern abattoir at Paradesipalem, Vishakapatnam. Since two of projects i.e. Goa Meat Complex Ltd, Goa and Meat Product of India Ltd, Kerala were promoted by State Public Sector Undertakings, Operational Guidelines for the Scheme had been modified for 12<sup>th</sup> Five Year Plan to widen the eligibility to cover projects promoted by State Public Sector Undertakings, Co-operatives and Boards under State Government. That amendment was intended to provide flexibility to State Governments in taking up abattoir projects.

**1.50 The Committee had desired the Government to take steps to ensure that the projects which were taken up in the 11<sup>th</sup> Plan and were continuing in the 12<sup>th</sup> Plan are not delayed any more and apprise the Committee of their implementation. There is**

nothing in the reply to indicate whether the eight abattoir projects approved during the Eleventh Plan and were under various stages of implementation have since been completed. The Committee would like to be apprised of the target dates for completion of these projects and steps taken to complete them within the targeted dates.

**SCHEME FOR QUALITY ASSURANCE, CODEX STANDARDS AND RESEARCH AND DEVELOPMENT AND OTHER PROMOTIONAL ACTIVITIES**

**(Recommendation No. 3.54)**

1.51 The scheme enables the food processing industry to face the global competition in International trade post-WTO, product acceptance by overseas buyers, keep Indian industry technological abreast of International post-WTO and R&D works to benefit the industry in terms of products and process development, improved packaging value addition and leading to innovative products and processes with commercial values.

1.52 The Committee found that performance under the scheme has been somewhat tardy. Lack of technology dissemination and commercialization, mechanism of disbursement of funds, are some of the areas of concern observed under R&D projects. The Committee further noted that in case of R&D projects, no provision existed under the scheme, for providing assistance for filing of patents and commercialization of research output. The Committee desired that adequate provisions be made for the purpose in the R&D sector.

1.53 The Committee further found that International standards for food products are not mandatory for the food business operators in the country. However, they are to comply with the provision of Food Safety and Standards Act and Rules and Regulations framed there under. Further, Food Safety and Standards Authority of India is harmonising the National

Standards with International standards such as codex wherever appropriate. The Committee desired that National standards be evolved and aligned with International standards so that food processing sector is not denied opportunity to compete in the International market.

1.54 The MOFPI in their Action Taken Reply stated that there had been an on-going demand for review of food safety standards taking into account the latest development in food science, food consumption pattern, new specifications, presence of new contaminants and toxins as well as use of new food additives and ingredients required by the producers and manufacturers. It was the responsibility of Food Safety and Standards Authority of India (FSSAI) under Ministry of Health to promote consistency with the relevant international standards. The standards adopted by Codex were the relevant international standards and were also the reference point within the frame-work of WTO. It was incumbent upon member nations to apply the national treatment clause, meaning thereby, all imported food stuff would be given a treatment equal to those applicable to the domestic producers, manufacturers and the market.

1.55 FSSAI has initiated the harmonisation process taking into account the standards adopted by the EU, USFDA, Canada, certain developing countries as well as India's needs. For the purpose it was proposed to utilize the knowledge available in the country in terms of experts in FSSAI, food industry (small, medium, large), relevant Govt. institutions, commodity experts, academicians, consumer organisations as well as the representatives of trade bodies (AIFPA, FICCI, CII, etc.).

1.56 The draft standards and codes of practice will be developed by such expert groups. Once the Scientific Committee has approved the draft texts and FSSAI has accepted them, these will be notified to the WTO as per obligations under the WTO Agreement. The new FSSAI standards proposed to be notified by December 2014.

1.57 Implementation of the R&D and lab components of the Scheme have been entrusted to Science and Engineering Research Board (SERB) under Department of Science and Technology and Indian Council of Agricultural Research (ICAR) respectively. An amendment in the R&D Scheme of MFPI is envisaged for extending assistance for filling of patents for the R&D outcome of projects supported under MFPI Scheme which would pave the way for up scaling of and commercialization of R&D outcome.

**1.58 The Committee had desired among other things that adequate provisions be made for the purpose of assistance for filing of patents and commercialization of research output. It has been stated in the reply that during the 12<sup>th</sup> Five Year Plan, an amendment in the R&D Scheme of Ministry of Food Processing Industries is envisaged for extending assistance for filing of patents. The Committee are at a loss to understand as to why the proposed amendment has not been carried out so far. The Committee would like the Ministry to take action in this regard without any further delay and the Committee be informed of the changes effected in the R&D Scheme.**

CHAPTER – II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE  
GOVERNMENT

**IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS.**

**Recommendation No. 1.4**

The Committee note that the Action Taken Replies regarding the action taken by the Government on the Observations / Recommendations contained in the Thirty-third Report, the Committee were furnished by the Government within the stipulated time. The Committee further note that in pursuance of Direction 73-A of Directions by the Speaker, Lok Sabha, the Minister concerned is required to make a Statement on the status of implementation of Observations/ Recommendations contained in the Original Reports of the Committee within six months of their presentation to the Parliament. Accordingly, a Statement under Direction 73 A in the context of the Thirty-third Report was made on 21 August, 2012 adhering to the time frame stipulated for the purpose. The Analysis of the action taken by the Government reveals that out of 16 Recommendations contained in the Thirty-third Report of the Committee, 13 Recommendations (81.25%) have been accepted by the Government. The remaining 03 Recommendations (18.75%) have not been accepted by the Government. The Committee desire the Government to take conclusive action in respect of the eight Recommendations commented upon in their Forty-second Action Taken Report and furnish further action taken notes to the Committee expeditiously.

**Reply of the Government:**

The status of implementation of the recommendations contained in the 42<sup>nd</sup> report of the committee has been laid on the Table of Lok Sabha on 07.5.2013, but due to adjournment of Rajya Sabha sine die w.e.f. 08.05.2013, it could not be laid on the Table of Rajya Sabha on 10.05.2013. It will be laid in the ensuing Monsoon Session, 2013.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

**Comments of the Committee**

Direction 73-A does not apply for Action Taken Reports. Hence, further Action Taken Notes are not required to be laid in the House by the Ministry/Department.

## **FOOD PROCESSING SECTOR**

### **Recommendation No. 2.42**

While increasing production and productivity are essential components of a vibrant agriculture sector, improved post harvesting handling and processing are essential to ensure value addition, reduction in waste and ensure quality food products reaching the market. A strong and dynamic food processing sector plays a stellar role in the diversification and commercialization of agriculture, enhancing shelf-life, ensuring value addition to agriculture produce, generating employment, enhancing income of farmers and creating markets for export of agro-foods. Food security, food inflation, improved nutrition and rural poverty are some of the development concerns addressed by the food processing sector. The food processing sector acts as a bridge between agriculture and manufacturing sectors by providing healthy and affordable food to stimulate the overall growth of the Country. The importance of food processing sector is second to none since it contributes as much as 9-10% of GDP in agriculture, provide employment to 16.75 lakh persons and infuse capital investment to the tune of Rs. 249,337 crore in the registered processing industry. The multi-pronged strategy for enhancing processing level and reduction in wastages; institutional strengthening; food safety and quality assurance; capacity building; R&D and technical support; and value additions, are some of the key areas which can overturn the fortunes of the sector. However, the Committee are distressed to note that inspite of potential high value addition to the economy, the role of the sector has not been understood in the right perspective both by the Government and the planners. The Committee are of the view that unless drastic and radical steps are taken, the dream of India becoming global leader in the food processing and export of safe, hygienic nutritious and quality processed food items, will remain a distant dream. The Committee, while exhorting upon the Government to overcome these deficiencies, recommend the Ministry to enhance their ability to successfully implement major Schemes, so as to improve utilization of allocated funds substantially. This will facilitate the Ministry to play a meaningful role not only for the food processing sector but also to the agriculture sector as a whole.

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

Government has been implementing a number of schemes for the promotion of food processing industry with a view to increase the level of processing, reduce wastage, increase income of farmers and address the food security issues. These include infrastructure development (with components, Mega Food Parks, Integrated Cold Chain Projects and Modernization/Setting up of Abattoirs; Technology Upgradation/ Establishment/ Modernisation of food processing industries); Quality Assurance, Codex Standards, R&D, Establishment of Food Testing Laboratories & other promotional activities; Human Resource Development; Strengthening of Institutions for promotion & development of the food processing sector in the country. With a view to give further thrust to the sector, Government has launched a new Centrally Sponsored Scheme–National Mission on Food Processing (NMFP) on 01.04.2012 for implementation by the State/UT Governments.

The scheme provides for the establishment of a National Mission as well as corresponding Missions at the State and District level for implementation of the scheme. The various components under the scheme currently being implemented relate to (i) Technology Up-gradation/ Establishment/ Modernisation of Food Processing Industries; (ii) Setting up Cold Chain, Value Addition and Preservation Infrastructure for Non-Horticultural Products; (iii) Modernisation of Abattoirs; (iv) Human Resource Development; and (v) Promotional Activities. NMFP is implemented with financial contribution of Government of India and States/ UTs in the ratio of 75:25, except for North- Eastern States, where the ratio is 90:10. Further, in UTs administered by Government of India, it is funded 100% by Government of India.

An amount of Rs 184.69 crore was released under the scheme to the state/ UT governments during 2012-13. Allocation under the scheme for 2013-14 is Rs 187.00 crore. The scheme will provide flexibility to State/ UT government to address the local needs and priority to develop the sector. The implementation of the scheme is being monitored by the Ministry of Food Processing Industries on a regular basis.

During Eleventh five year Plan, out of a total allocation of Rs 1880 crores for different schemes of Ministry of Food Processing Industries, the ministry utilized Rs 1596.88 crore representing 84.94% of allocated funds. The utilization of funds has increased substantially i.e. 99.6% during 2012-13 as indicated in the Table given below:

| <b>11th Plan</b> |                | [Rs. in Crore]            |                                 |
|------------------|----------------|---------------------------|---------------------------------|
| <b>Years</b>     | <b>BE</b>      | <b>Actual Expenditure</b> | <b>Expenditure as a % of BE</b> |
| 2007-08          | 250.00         | 182.97                    | 73.19                           |
| 2008-09          | 290.00         | 223.14                    | 76.94                           |
| 2009-10          | 340.00         | 277.53                    | 81.63                           |
| 2010-11          | 400.00         | 394.40                    | 98.60                           |
| 2011-12          | 600.00         | 518.84                    | 86.47                           |
| <b>Total</b>     | <b>1880.00</b> | <b>1596.88</b>            | <b>84.94</b>                    |
| <b>12th Plan</b> |                |                           |                                 |
| <b>2012-13</b>   | <b>660.00</b>  | <b>657.58</b>             | <b>99.6</b>                     |

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.11 of Chapter I of this Report.



## **PLANNING PROCESS**

### **Recommendation No. 2.43**

The Committee are exasperated to be apprised that all the agencies concerned with the finalization of Twelfth Plan document have not paid any heed to their advise, rendered time and again, for streamlining the planning process, as the incumbent process is riddled with need for obtaining multi-agencies clearance, which are time consuming. The fate that befell the Eleventh Plan was the guiding factor for the instant recommendation. The Committee note that the Approach Paper to the Twelfth Five Year Plan was approved on 22 October, 2011 i.e. on the eve of operationalization of Plan w.e.f. 1.4.2012. In between, the planning process had to pass through plethora of working groups before being considered by NDC on 27 December, 2012. Ideally a scheme ought to be operationalized from day One of a Five Year Plan. Both the Ministry of Food Processing and Industry and Planning Commission too subscribe to this cardinal planning principle. The Committee, however, are concerned to note that this has seldom happened in the past. Since Tenth Plan period and before that also, there has been persistent delays in the finalization and operationalization of a Five Year Plan, thereby impacting outlays, timelines and even schemes to a large extent. The past planning experience has revealed that by the time, schemes / projects in a Five Year Plan period were approved formally, though retrospectively, one was in the midst of Plan period. In the opinion of the Committee this systematic ill has to be overcome, in the interest of development, including Food Processing Industry Sector. In case of Twelfth Plan, synchronization with manufacturing policy; focus on decentralization so as to improve implementation mechanism for goal towards inclusive growth and wide-spread consultations were some of the factors, as stated by Planning Commission, were instrumental in delaying the approval. Conceding that the Planning Commission has powers to allocate and approve resources for the Plans; the inordinate delay in their finalization, frustrates planning process and a sign of Planning Commission abdicating their authority of a planner.

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

The National Development Council (NDC), Chaired by the Prime Minister approved the 12<sup>th</sup> Five Year Plan in its meeting held on 27<sup>th</sup> December, 2012. Hence, at present the 12<sup>th</sup> Plan is fully operational. However, the Planning Commission has taken note of observation made by the Parliamentary Standing Committee on Agriculture and would strive to address the issues raised.

Further, it is to be stated here that for the formulation of 12<sup>th</sup> Five Year Plan, Planning Commission undertook extensive consultation with various stakeholders so as to make the exercise meaningful and socially relevant. In addition, the actual formulation of the Plan was preceded by constitution of sectoral Working Groups and Steering Committees for critical examination of issues to be included in the Plan.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

**Recommendation No. 2.45**

The performance of Working Groups constituted by the Planning Commission, to plan and suggest financial requirement of a sector, needs much to be desired. The recommendations of Working Groups are treated casually and often, the resources suggested by them are slashed by the Planning Commission itself. This shows the scant respect which Working Group receives at the hands of the Planning Commission and points towards their working in isolation, rather than in harmony with the different arms of the Government. Such incoherent actions, are another examples of deficient planning system, at macro level and in the process the better and more effective planning of resources is given a go by.

**Reply of the Government:**

Working groups constituted by Planning Commission are an important part of Plan formulation process. Working groups have major contributions in such process, such as engaging a large number of stakeholders for gaining insight into the respective sectors/ industries, their positioning in domestic & international context, demand supply aspects, their potential and the current shortfall/ gap areas, if any and most importantly, evolving action lines/ interventions in the shape of working group recommendations required to bridge the gaps/ shortfalls, instil growth and realise actual potential of these industries/ sectors. These recommendations are taken into reckoning in the Plan formulation exercise with suitable prioritisation and moderation to align them with Plan priorities and objectives and the resource positions. The entire process involve careful deliberations in the Steering Committee (Group heading the working groups constituted for a sector/ industry) meetings and consultations with the respective Ministries/ Departments.

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(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)

**ALLOCATION AND UTILIZATION OF FUNDS DURING ELEVENTH PLAN PERIOD**

**Recommendation No. 2.46**

During the course of the Eleventh Plan period the Committee have observed that Ministry were allocated an amount of Rs. 1880 crore only against the approved outlay of Rs. 4031 crore by the Planning Commission. The fact that the Ministry was able to utilize 95% of revised allocated funds, is a classical case of self aggrandisement and bemuse the Committee. In the opinion of the Committee, the ability to expand resources needs to be seen in the context of what was originally asked for at project formulation stage and or at the most Budget Estimates (BE) stage. Matching actual expenditure *vis-a-vis* Revised Estimates (RE) is no achievement at all. The Committee further observe that the Plan outlay allocation *vis-a-vis* BE stage fluctuated widely especially in the fiscals 2008-09, 2009-10 and 2010-11. Similarly, stark mismatch was observed between BE & RE, for the years 2008-09, 2009-10. The Committee are aggrieved to note that their constant pleas to rectify the imbalances have gone unheard during the Eleventh Five Year Plan. As the sector

provides a mechanism to bring together farmers, processors and retailers, linking agriculture production to market so as to improve livelihood in rural sector, the Committee would like to emphasise that all the agencies concerned i.e. the Planning Commission and Ministry of Finance (Department of Expenditure) should approach allocation of the Ministry on a new platform, taking into consideration the growth potential, especially critical rural infrastructure. The allocation of funds to the Ministry must be evenly spread across all the five fiscals to ensure greater flexibility in planning priorities and avoiding back loading of plan funds. The Ministry would thus be able to absorb these funds easily and ensure optimum utilization of allocated resources. The inability to utilize the reduced allocation in its entirety during the course of the Eleventh Plan, should awake the Ministry and they should now take proactive steps to ensure optimal utilisation of funds to the hilt in the coming fiscal.

## **FINANCIAL ALLOCATION AND UTILIZATION DURING FIRST YEAR OF THE TWELFTH PLAN**

### **Recommendation No. 2.47**

The Committee are aggrieved to note the huge variations between the funds sought by the Ministry and the actual allocation made by the Planning Commission. This seems to make a mockery of the instant planning process since Planning Commission and the Ministry work in close tandem, to arrive at the projected allocation, as per their own admission. Having enlightened themselves with the viewpoint of the Ministry and the Planning Commission, the Committee impress upon both the agencies to arrive at a model, wherein, the figures of proposed allocation and actual allocation are brought on an even keel. Being concerned to note that the first fiscal of the Twelfth Plan is reminiscent of the past ones, the Committee urge all the agencies concerned to introspect at their working, identify their weak areas, work on them and thereby ensure that things turnaround in the next Fiscal and variation between proposals, allocation and utilization is negated to the extent possible.

### **Reply of the Government: (Recommendation Nos. 2.46 & 2.47)**

Due to various constraints, prominent among them being the constraint in availability of resources and the need to meet the funding requirements of flagship schemes of the Government in the health, education and social sectors, fund allocations to the various Departments/ Ministries were to be done after careful deliberations based on available information regarding performance of various schemes/ programmes/ projects of these Ministries/ Departments. However, the need for additional funds for implementing various programmes and projects are considered by M/o Finance at the Revised Estimate (RE) stage depending on their financial and physical progress. However, Planning Commission has taken note of valuable suggestions made by the Committee in this regard.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.19 of Chapter I of this Report.

## **ANALYSIS OF DEMAND**

### **Recommendation No. 2.48**

The Committee find from Demand No. 46 pertaining to the Ministry of Food Processing Industry that for the current financial year i.e. 2013-14, a sum of Rs. 719.11 crore has been allocated to the Ministry which is entirely under revenue section. Out of this, Rs. 708 crore has been allocated in the Plan side which is 18% more than the RE figure of 600 crore in the year gone by. On the non-plan side, there is no marginal change in the allocation during the years under reference. The total allocation of the Ministry for the FY 2013-14 needs to be seen in the context of outlay of Rs. 1309.03 crore proposed by the Ministry. In view of reduced allocation to the tune of Rs. 708 crore in the year 2013-14, the resultant reduction has been apportioned to various ongoing schemes of 11th Plan which are being continued during the 12th Plan. As such, the up-scaling of the schemes being targeted to desired extent, will not be possible due to lower allocation. The major schemes which are likely to be affected as a consequence of reduced allocation, to a very large extent are: (i) schemes for infrastructure development (allocation reduced to Rs. 247 crore against the proposed allocation of Rs. 503 crore); (ii) scheme for technology up-gradation / establishment and modernization of food processing industry (allocation reduced to Rs. 165 crore as against the proposed allocation of Rs. 325 crore). Taking into consideration, the ample growth potential of the sector, the Committee desire that Government should pull up their sleeves and ensure that whatever the allocation assigned to them, is utilised prudently, and there is no occasion to reduce allocation at RE stage. Further, in order to utilize funds efficiently, the Ministry should also synergize some of their schemes with that of other Ministries/Departments like the Intensive Dairy Development Programme, Dairy Entrepreneurship Development Schemes of Department of Animal Husbandry, Dairying and Fisheries whereunder processing of milk and other dairy products, is one of the components & RKVY of Department of Agriculture and Cooperation. The Committee expect proactive action in the matter.

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

Due to various constraints, prominent among them being the constraint in availability of resources and the need to meet the funding requirements of flagship schemes of the Government in the health, education and social sectors, fund allocations to the various Departments/ Ministries were to be done after careful deliberations based on available information regarding performance of various schemes/ programmes/ projects of these Ministries/ Departments. However, the need for additional funds for implementing various programmes and projects are considered by M/o Finance at the Revised Estimate (RE) stage depending on their financial and physical progress. However, Planning Commission has taken note of valuable suggestions made by the Committee in this regard.

The Ministry is making all out efforts for full utilization of the allocation during the current year. During the last year (2012-13) out of the Budget allocation of Rs. 660 crore, Rs. 657.58 crore have been spent i.e. about 99%.

This Ministry is in regular touch with other Ministries/ Departments/ organizations so that various schemes of the Ministry are synergized with similar schemes of other Departments.

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(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)

## EMPLOYMENT IN FOOD PROCESSING SECTOR

### Recommendation No. 2.49

The Committee find that one of the principle aims of promoting food processing sector is to provide gainful employment especially in rural and non-metro urban cities and arrest migration of labour to urban conglomerate. The food processing sector being highly labour absorptive and less capital intensive in nature, generates employment to the tune of 16.75 lakh persons in the country annually in the registered sector, constituting 12.2% of total employment. A large section of Micro Small and Medium Enterprises (MSME) owe their growth and prosperity to the positive contributions made by food processing industries. The Committee are distressed to note that there has been downturn in the employment especially in the unregistered sector, despite rise in the output and capital employed. The employment in unregistered sector gone down dramatically from 63.46 lakh persons in 2005-06 to 47.93 lakh persons in 2011-12. The Committee desire that Government should assess the reasons for this unsavoury development of declining trend in employment in the sector and take appropriate steps in this direction. The Committee be apprised of the action taken in the matter.

### Reply of the Government:

There has been a decline in the employment in the food processing sector during the period from 2005-06 to 2010-11. This was primarily because of significant fall in employment in un-registered sector and slowdown in the growth of employment in registered sector as indicated in the Table below:-

| Estimates of Persons Engaged in Food processing Units (Person in Lakhs) |                                |                                   |                  |
|---|--------------------------------|-----------------------------------|------------------|
| Year  | Employment in Registered units | Employment in Un-Registered Units | Total Employment |
| 2005-06   | 13.92                          | 63.46                             | 77.37            |
| 2006-07   | 14.76                          |                                   |                  |
| 2007-08   | 15.05                          |                                   |                  |
| 2008-09   | 15.64                          |                                   |                  |
| 2009-10   | 16.06                          |                                   |                  |
| 2010-11   | 16.62                          | 47.93                             | 64.54            |

The primary reason for such a decline is due to intensive use of capital (as compared to labour) as reflected in the increase in capital per employee ratio. It may also be noted that capital deployment has gone up more significantly in unregistered sector as compared to Registered food processing sector. This has led to a significant fall in

employment in Unregistered sector by a CAGR of 5.5 percent. Higher deployment of capital, however, has led to higher output per employee both in registered and un-registered manufacturing sector. The capital per employee and output per employee is given in the Table below:-

| Ratios                     | 2005-06 |         | 2010-11 |         | CAGR (%) |         |
|----------------------------|---------|---------|---------|---------|----------|---------|
|                            | Reg.    | Un-Reg. | Reg.    | Un-Reg. | Reg.     | Un-Reg. |
| Employment (Lakh persons)  | 13.92   | 63.46   | 16.62   | 47.93   | 3.6      | - 5.5   |
| Capital/employee (Rs lakh) | 3.26    | 0.41    | 7.26    | 1.27    | 17.4     | 25.2    |
| Output/ employee (Rs lakh) | 16.12   | 1.8     | 24.87   | 2.54    | 9.2      | 7.1     |

Source: Annual Survey of Industries & National Sample Survey

The fall in employment has come about despite significant growth in investment as can be seen from the table below:

| Year                      | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11  | CAGR |
|---------------------------|---------|---------|---------|---------|---------|----------|------|
| Registered FPI (Rs crore) | 45,357  | 57,460  | 68,335  | 81,156  | 99,482  | 1,20,705 | 21.6 |
| Un Reg. FPI (Rs crore)    | 26,128  |         |         |         |         | 60,752   | 18.4 |

Source: Annual Survey of Industries & National Sample Survey Office

This issue was also discussed with the stake holders (CII, ASSOCHAM, AIFPA). The stake holders are of the view that there has been increasing mechanization of Food Processing Industries because of the following reasons:

- (iv) Need to minimize manual handling to ensure quality control of product and improve hygiene;
- (v) Lack of availability/ shortage of skilled manpower;
- (vi) High cost of skilling and difficulty of retaining workers.

Government has been facilitating setting up of food processing units with a view to minimize post harvest losses, increasing shelf life and ensure year the round supply of food products, However, food processing units are set up by entrepreneurs in the private sector. The Government has been extending financial assistance, by way of grant-in-aid, for creation of food processing infrastructure and setting up of food processing units. Ministry of Food Processing Industries has been implementing a Scheme for Infrastructure Development which includes components like Mega Food Parks, Cold Chain, Value Addition and Preservation Infrastructure and Modernization of Abattoirs.

Government has also been implementing a Scheme for technology upgradation/ establishment/ expansion/ modernisation of Food Processing Industries under which assistance by way of grant-in-aid is extended to entrepreneurs for modernization and setting up of processing units for fruits & vegetables, meat, milk, fish, grain (oil mill; Rice, pulse &

flour milling), alcoholic beverages, consumer products (including bakery units) etc. This scheme has since been subsumed with NMFP for implementation by the States/UTs.

Apart from this, a new Centrally Sponsored Scheme – National Mission on Food Processing (NMFP) was launched on 01.04.2012 for implementation by the State/ UT Governments. An amount of Rs 184.69 crore was released under the scheme to the State/ UT Governments. Allocation under the scheme for 2013-14 is Rs 187.00 crore. The scheme will ensure much needed flexibility to State/ UT Government to address the local needs and priority to develop the sector. The implementation of the scheme is being monitored by the Ministry of Food Processing Industries on a regular basis.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.28 of Chapter I of this Report.

## **NEW SCHEMES OF TWELFTH PLAN**

### **NATIONAL MISSION ON FOOD PROCESSING**

#### **Recommendation No. 2.50**

The Committee find that the food processing schemes, hitherto suffered from lack of enthusiasm by State Governments and district administration as the projects formulated were inflexible and did not suit local needs. To overcome such handicaps, the Government have formulated a Centrally Sponsored Scheme, known as National Mission on Food Processing (NMFP). The Scheme was launched on 1st April, 2012, aimed to decentralize the operation of schemes through involvement of State Governments / UTs for better outreach, supervision, monitoring and ensuring job creation in a Mission-Mode. The multi-pronged objectives of Mission envisages augmenting food processing capacity to upscale their operations through capital infusion, technology transfer, skill up-gradation and land-holding support, establish Self Help Groups (SHGs) working in food processing sector to facilitate them to achieve SME status; capacity development and skill up-gradation through institutional training to ensure sustainable employment opportunities and also reduce gap in requirement and availability of skilled manpower in food processing sector; raise the standard of food safety and hygiene to globally accepted norms; augment farm gate infrastructure; supply chain logistic storage and processing capacity; facilitate the industry to adopt Internationally accepted certification norms; provide better support to organised food processing sector.

The scheme subsumed existing components / schemes such as technology up-gradation / establishment / modernization of food processing industry, cold-chain, value addition and preservation of infrastructure in non-horticulture products, modernisation of abattoir, human resource development, creation of infrastructure facilities for running degree, diploma, certificate course on food processing

technology, entrepreneurship development programme, food processing training centre, etc. Further, new schemes such as creating primary processing centre, collection centre in rural areas, modernization of meat shop and reefer vans are some of the new components included under the Mission mode.

The Committee note that the Mission may enable the Ministry to access the States in addressing both institutional and infrastructure gap along the value chain and thus create efficient supply chain, promote initiatives for skill development, training and entrepreneurship to meet needs of both post-harvest management and food processing industry.

**Reply of the Government:**

Ministry of Food Processing Industries (MFPI) has launched a new Centrally Sponsored Scheme (CSS) - National Mission on Food Processing (NMFP) during 12<sup>th</sup> Plan (2012-13) for implementation through States/UTs. The basic objective of NMFP is decentralization of implementation of Ministry's schemes, which will lead to substantial participation of State Governments/UTs. The NMFP contemplates establishment of a National Mission as well as corresponding Missions in the State and District level. NMFP is likely to improve significantly the Ministry's outreach in terms of planning, supervision and monitoring of various schemes.

All the State Governments have been empowered to receive the applications, sanction and release grant-in-aid to the eligible beneficiaries under the NMFP. States have flexibility in selection of location of projects as well as beneficiaries, to harness the potential of value addition by using locally grown raw material.

Proposal for continuation of the Centrally Sponsored Scheme – National Mission on Food Processing (NMFP) during remaining four years of 12<sup>TH</sup> Plan (2013-17) has been recommended by EFC with some modifications / enhancements in the schematic assistance. The draft CCEA Note has been approved by Finance Minister and the same has been submitted to Cabinet Secretariat for placing before the Cabinet Committee on Economic Affairs (CCEA), for consideration / approval.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

**Recommendation No. 2.51**

The Committee has taken note of structure of National Mission on Food Processing. The State Governments donning the role of implementing agencies, in the schemes and projects of the Ministry, is a welcome paradigm shift, and a true national initiative. The Committee is satisfied to note that in the first year of its operation, the Scheme has performed well. As against approved outlay of Rs. 185.32 crore, an expenditure of Rs. 181.44 crore was incurred. In the second year, a provision of Rs. 182 crore provided, as against projected allocation of Rs. 350 crore. The Committee hope and trust that the Ministry will keep this tempo of performance in future as well.



**Reply of the Government:**

Total RE for NMFP (2012-13) was Rs. 185.32 crores. Out of which, Rs. 184.68 crores (Rs. 35.62 crores for preparatory activities / advance action + Rs. 149.06 crores for NMFP main Scheme) has been released to 32 States / UTs under National Mission on Food Processing (NMFP) during 2012-13. BE for 2013-14 is Rs. 187.00 crores for implementation of NMFP.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

**FOOD TESTING LABORATORY, R&D AND PROMOTIONAL ACTIVITIES OF THE FOOD PROCESSING SECTOR**

**Recommendation No. 2.53**

The Committee note that Food Testing Laboratory, R&D and promotional activities of the food processing sector have been assigned to ICAR. Similarly, R&D component of the scheme is entrusted to Science and Technology Ministry and the cold-chain project for horticulture is to be looked after by the National Horticulture Board. The specialists activities, assigned to different institutions, shall enable the Ministry to focus on policy issues entirely. The Committee appreciate the long awaited action on the part of Ministry, who hitherto were planner as well as executor of schemes of the Ministry. The Committee would, however, sound a word of caution and desire that the Ministry should actively coordinate and liaise with all these three institutions, to ensure that the objectives for which the activities outsourced are not lost sight of.

**Reply of the Government:**

The recommendation of the Committee is very appropriate and the Ministry has already put in place methods of coordination and liaison with all these three institutions, viz. ICAR, SERB and NHB. The Technical Scrutiny Committee and the Project Approval Committee have a representative of the Ministry at the level of Joint Secretary, so that the proposals being considered and approved by these institutions are closely monitored. These institutions are also required to submit regular reports to the Ministry showing the various details. The overall monitoring of the progress of the implementation of the schemes rests with the MoFPI.

Food Testing Lab component of the scheme has been entrusted to ICAR. R&D component of the scheme is entrusted to SERB under Department of Science and Technology Ministry.

MOFPI is monitoring the implementation of the Food Testing Lab and R&D component of the Scheme by ICAR and SERB, respectively. Joint Secretary of the Ministry is a member of the expert committees constituted by ICAR and SERB for scrutiny of project proposals. An amount of Rs. 7.75 Crore has been released by MFPI to ICAR; similarly, Rs. 5.29 Crore has been released by MOFPI to SERB during the last financial year (2012-13) for implementation of Food Testing Lab and R&D component of the Scheme with effect from 01.04.12. Progress reports on approval of projects and utilisation of funds have been submitted by both the organisations to the Ministry.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

## **RESULT FRAMEWORK DOCUMENT**

### **Recommendation No. 2.54**

The concept of Result Framework Document (RFD) was introduced to measure the performance of Ministries / Departments of Government of India. The Ministry of Food Processing Industry have been coming out of RFD and putting the same in public domain. The Committee are concerned to note that the composite score obtained by the Ministry was below average i.e. 83% during the year 2011-12. Although slackness in the development of infrastructure projects, mega food parks, abattoir schemes did impact the performance, the reasoning that the targets and indicators fixed for measuring the achievements of the Ministries were too ambitious, for under-performance, as stated by the Secretary during evidence is hardly convincing. The Committee believe that the outcome of RFD provides an opportunity to the Ministry to introspect the areas where they are not performing well and hence can re-orient their focus and work towards achieving the targets. The Committee do not take it kindly to the below average composite score of the Ministry as it reflects the performance of the Ministry in poor light. The Committee, therefore, impress upon the Ministry to put their house in order and ensure that RFD score of the Ministry surges past 90% points during the coming years and stay intact there.

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

The reasons for under performance during 2011-12 were rather ambitious targets and below expected performance in some of the schemes due to external reasons. The Ministry will endeavour to improve the composite score in RFD in the coming years.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

## **OUTSTANDING UTILIZATION CERTIFICATES (UCs)**

### **Recommendation No. 2.55**

The Committee are highly disappointed to note that the Ministry have not made concerted efforts in reducing the number of pending UCs. During the period from March 2011 to March 2013, 63 UCs, amounting to just Rs. 36 crore were liquidated. However, the Outstanding Utilization Certificates (2967) amounting to Rs, 501.60

crore as on 15 March, 2013, are yet to be liquidated. The Committee desire that the Government should tackle the pendency of UCs on a war-footing and impress upon all the implementing agencies to clear their backlog. They further observe that this huge pendency is reflective of bad accounting and financial management being practiced by the State Governments / Implementing Agencies and urge upon them to initiate corrective measures at the earliest as in absence of the same, they are the ones who have to bear the consequences. Lastly, they also plead upon the Government to ensure that the case of outstanding utilization certificates is eliminated during the current fiscal itself.

**Reply of the Government:**

The Government is making every effort for obtaining the outstanding utilization certificates. The State Nodal Agencies of the beneficiary States and UT Governments are being requested to collect the outstanding UCs from the beneficiaries and to transmit the same to the Ministry. As on 15.04.2013, there was pendency of UCs numbering 3212 amounting to Rs. 592.48 crore. During the month of April, 2013, 347 UCs amounting to Rs. 89.02 crore have been liquidated. Division/Scheme-wise UCs settled during the month of April, 2013 is furnished below:

| <b>S. No.</b> | <b>Division</b>                | <b>No. of UCs settled with PAO</b> | <b>Amount (Rupees in crore)</b> |
|---------------|--------------------------------|------------------------------------|---------------------------------|
| 1.            | Abattoir Division              | 1                                  | 3.40                            |
| 2.            | Meat Board Division            | 3                                  | 5.45                            |
| 3.            | Technology upgradation Scheme  | 197                                | 34.98                           |
| 4.            | Integrated Cold Chain Division | 10                                 | 30.89                           |
| 5.            | R&D Division                   | 18                                 | 4.55                            |
| 6.            | Laboratory Division            | 6                                  | 4.33                            |
| 7.            | Study Division                 | 72                                 | 4.19                            |
| 8.            | HRD Division                   | 40                                 | 1.23                            |
|               | <b>Total</b>                   | <b>347</b>                         | <b>89.02</b>                    |

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(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)

**INFRASTRUCTURE DEVELOPMENT**

**Recommendation No. 3.46**

The scheme for infrastructure development is one of the major schemes of the Ministry envisaging infrastructure and common facilities used in particular by small and medium enterprises to enhance the value addition of the products. The scheme has three components (i) Mega Food Park (ii) Cold-Chain Value Addition and Preservation of Infrastructure and (iii) Establishment of New / Modernization of existing Abattoirs. During Twelfth Five Year Plan, the scheme has been modified with regard to enhanced financial assistance in the component of scheme. A sum of Rs. 184.00 crore was provided for the financial year 2012-13. The expenditure for the fiscal gone by was Rs. 123.60 crore. Against the projected allocation of Rs. 503 crore,

**the BE for the year 2013-14, is Rs. 247 crore. As the schemes are project oriented and not State or area specific, the grant for financial assistance extended, is based on viable project proposals received from the entrepreneurs or organizations. There have been drastic shortfalls in the achievement, in all the three schemes, for the reasons which are not convincing.**

**Reply of the Government:**

In view of persistent demand from the smaller States for provision of Mini Food Parks with less land requirement, as acquisition of 50 acres of contiguous land in the smaller States is difficult, the Ministry, in consultation with Industry Associations and Stakeholders, had prepared a suggestive framework for Mega Parks Scheme with provision of Mini Food Parks and revised pattern of assistance with reduced level of financial assistance during 12<sup>th</sup> Plan period. The proposal was based on the approved Plan outlay of Rs 5990.00 Crore of the Ministry for the 12<sup>th</sup> Plan. However, the actual allocation for 2012-13 and 2013-14 for all the programmes of the Ministry is only Rs 660.00 Crore and Rs 708.00 Crore respectively. Thus, it seems that much less resources will be made available to the Ministry than the total outlay approved for 12<sup>th</sup> Plan. Therefore, in view of the limited availability of funds, the proposal for taking up new projects as per revised pattern of assistance has been kept in abeyance till enough resources are made available.

The Ministry is genuinely concerned about slow progress of Mega Food Parks scheme. Initially, the prescribed timeline for implementation of the project was 24 months from the date of release of 1<sup>st</sup> installment which has now been revised to 30 months from the date of 'Final Approval'. In most of the projects, the delay in implementation has been due to the reasons such as possession of land in the name of the SPVs with permission to sublease the plots, financial closure (sanction of term loan) and obtaining statutory clearances from the State etc. In some cases, where land has been allotted by State agency to SPV on a long term lease basis, the lease agreement executed between State agency and SPV did not provide for sub-lease permission which caused restriction on SPV to sub-lease developed plots to prospective units, since outright sale of plots is not permitted under the scheme.

The Ministry has played a proactive role to resolve these issues by taking up the matter with the respective authorities. For effective monitoring of the progress, Review Meetings involving the SPVs and Representatives of the State Governments are held periodically. Based on the discussions in the Review Meetings, further follow up actions are initiated by the Ministry. To address the local issues, a Mega Food Park Committee has been constituted in the districts under the chairmanship of District Collector. Further, based on the experience, the Ministry has modified the Scheme Guidelines to facilitate speedy implementation of the projects. As per the revised scheme guidelines, possession of land in the name of the SPV has been given more weightage in the selection process of proposals and change of land use for Industrial purpose and financial closure have been made preconditions for consideration of final approval.

Out of Rs. 184 crore for the Infrastructure Development scheme, BE of Rs. 86.00 crore and RE of Rs. 81.52 crore was provided for the component Cold Chain, Value Addition and Preservation Infrastructure during 2012-13. Out of this an expenditure of Rs. 81.13 crore has been incurred during 2012-13 under the scheme of cold chain, value addition and preservation infrastructure. During 2013-14, BE of Rs.100 crore have been provided for the scheme.

Out of the 63 projects approved by the Ministry, 24 projects have been completed, 16 projects have achieved 75% physical progress and 15 projects have achieved 25% physical progress. Ministry is making all out efforts to complete all the approved projects timely by closely and regularly monitoring the progress of the scheme implementation.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

## **SCHEME FOR COLD CHAIN, VALUE ADDITION AND PRESERVATION OF INFRASTRUCTURE**

### **Recommendation No. 3.48**

**To encourage setting up of cold-chain facilities and backward and forward linkages in the agriculture supply chain in the country and to provide integrated and complete cold chain and preservation infrastructure facilities, without any break, from the farm-gate to the consumer, the Ministry launched this plan scheme during Eleventh Plan. Under the scheme the projects are financed for integrated cold-chain infrastructure development. The initiatives were aimed at filling the gap in the supply chain, strengthening of cold-chain infrastructure, establishing value additions with infrastructure facilities like sorting, grading, packing and processing of horticulture including organic produce, marine, dairy and poultry. Out of 79 projects approved for financial assistance, the Ministry issued approval for 74 projects and another 9 project proposals cancelled. The progress of the projects is pathetic, as only 8 projects started commercial production. Although 18 months was the scheduled time of completion, which was subsequently raised to 24 months, on case to case basis, most of the 63 projects under implementation have incurred time overruns. The Committee is of the opinion that there exist major deficiencies in the formulation and implementation of the projects. The Committee while like to be apprised of time overrun of each of the project, also desire that Ministry of Food Processing Industry should strengthen their monitoring mechanism so as to minimise slippages in the execution of the projects.**

**The Committee note that the Working Group of the Planning Commission recommended continuation of the scheme during Twelfth Five Year Plan and also proposed an allocation of Rs. 700 crore for the purpose. 140 new projects are proposed to be taken up during Twelfth Five Year Plan period. Further, the scheme for non-horticulture projects is to be merged with one of the components of Central Sponsored Scheme – the National Mission on Food Processing. The cold-chain project for horticulture projects is to be implemented through National Horticulture Board. Taking into consideration the past performance of the project, the Committee wonders as to how the Government would be able to realize the highly ambitious**

target of new 140 proposals for implementation. The Committee would like the Government to take pro-active actions so as to ensure that bottlenecks / deficiencies noticed in the past projects, do not come in way of implementation of new projects.

**Reply of the Government:**

Against the target of 79 cold chain projects, 74 integrated cold chain projects were sanctioned by the Ministry. Subsequently, 11 projects were cancelled due to not meeting the timelines for implementation as per the scheme. Remaining 63 projects supported by the Ministry are at various stages of implementation. The progress of implementation is satisfactory as 24 projects out of total of 63 projects have reported commercial operations. Of the remaining 39 projects, 16 projects have reported 75% physical progress and 15 projects have reported 25% physical progress. Out of 63 projects, only 2 projects of phase-1 have incurred time overruns beyond 24 months and out of these 2 projects, 1 project has commenced commercial operations. Details of these 2 projects are as below:-

| <u>S. No.</u> | <u>Name of the project</u>  | <u>State</u>       | <u>Date of Approval</u> | <u>Remarks</u>   |
|---------------|---|--------------------|-------------------------|--|
| <u>1</u>      | <u>M/s. Atharvass Traders Pvt. Ltd</u>                            | <u>Karnataka</u>   | <u>30.10.2009</u>       | <u>The unit has facilities at 3 locations of Hassan, Belgam and Dobaspet. The unit is likely to start commercial operations at Hassan by next month.</u> |
| <u>2</u>      | <u>M/s. Ascon Agro Products Exporters &amp; Builders Pvt. Ltd</u> | <u>West Bengal</u> | <u>27.03.2009</u>       | <u>The unit commenced commercial operations on 15.09.2012.</u>   |

Most of the phase-2 projects are expected to commence commercial production during this fiscal year. 25 Projects approved in year 2012 under phase-3 are expected to start commercial production during the next fiscal year. The Ministry invited applications for setting up of integrated cold chain project through an EOI with last date 10.07.2012. In response, 146 applications were received. After appraisal and detailed scrutiny, 75 applications were found to be eligible as per the scheme guidelines. Planning Commission has made an allocation of Rs. 700 crore for the 12<sup>th</sup> Plan for the scheme. In view of the reduced allocation to the scheme, the Ministry has now proposed to take up 75 additional cold chain projects during the remaining period of the 12<sup>th</sup> plan. It will not be possible to achieve the target of sanctioning 140 new projects during 12<sup>th</sup> plan with this level of allocation. However, if additional resources are made available to the Ministry at later stage, additional projects will be taken up for implementation accordingly.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

## **SCHEME FOR SETTING UP / MODERNIZATION OF ABATTOIRS**

### **Recommendation No. 3.51**

The Committee note that the Plan scheme for establishing new abattoirs and modernizing the existing abattoirs was undertaken during Eleventh Plan period with an aim to provide facilities for scientific and less painful slaughter, chilling, rendering plant affluent treatment plant, better hygiene, safety and retail cold-chain management. The Committee further note that as against Plan allocation of Rs. 828 crore, the expenditure was Rs. 39.54 crore only. Further of 10 approved abattoir projects, only 2 were completed and rest are under various stages of implementation, though the time line prescribed for completion of the projects were 18 months each. The Committee further note that there has been enormous time overrun of the projects. As many as 8 projects were approved way back in the year 2008. Delay in the approval of the scheme, local agitation and objection of local people over land, delay in appointment of consultants and also inordinate time taken in completing tender relating formalities, were some of the reasons assigned for delay in execution of the projects. The Committee further note that the scheme has been upscaled to cover 25 new projects and modernisation of existing 25 abattoirs with a total project cost of Rs. 330.84 crore, during Twelfth Five Year Plan. The Committee are concerned to note the inordinate delay in the implementation of the projects included in the Eleventh Plan, which have now slipped to 12th Plan. In the opinion of the Committee, there are some fundamental deficiencies in the project formulation and its implementation thereof. The Committee would like the Government to take proactive steps to ensure that the projects of Eleventh Plan period which are continuing in the Twelfth Plan are not delayed any more. At the same time, the Committee also recommend that Govt. should step up their monitoring mechanism to ensure that the larger mandate assigned to the Ministry due to additional proposals in their kitty do not under-perform for want of efficient monitoring mechanism. The Committee would like to be apprised of the action taken in the matter.

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

The Ministry of Food Processing Industries is implementing the Scheme for Setting up of New/Modernization of Existing Abattoirs under its Infrastructure Development Scheme. During 11<sup>th</sup> Five Year Plan, 10 abattoir projects were approved, out of which two have been completed (i.e Ahmednagar Abattoir Project and Dimapur Abattoir Project).

CCEA in its meeting held on 06.09.2012 has approved the proposal for upscaling of the 11<sup>th</sup> Plan Scheme for setting up of 25 new abattoirs and modernization of 25 existing abattoirs as well as continuing 8 ongoing projects. The scheme will be implemented in the Central Sector for the first two years of the 12<sup>th</sup> Five Year Plan i.e.2012-13 and 2013-14. Thereafter, the scheme will be implemented through National Mission on Food Processing by State Governments for the rest of the 12<sup>th</sup> Plan period since most of the proposals are from Municipal Bodies which are closely connected to the State Governments.

For timely completion and avoiding further delay of the projects of Eleventh Plan period which are continuing in the Twelfth Plan, periodical meetings are taken by Joint Secretary of the concerned division in this Ministry with Project Implementing Agencies (PIAs) to monitor the progress of projects.

For the proposal to cover 25 new abattoirs and modernization of existing 25 abattoirs during first two year of the 12<sup>th</sup> Plan, the Ministry has empanelled Programme Management Agencies (PMAs) to scrutinize/evaluates the Detailed Project Reports (DPRs) and to recommend the proposals to provide grant-in-aid as well as monitor the progress of abattoir projects assigned to them.

Based on evaluation of DPRs and appraisal reports from PMAs the Approval Committee under the Chairmanship of Secretary (MFPI), in its meeting held on 08.04.2013 has accorded "in-principle" approval for three Abattoir Projects to provide financial assistance i.e. proposal of the Goa Meat Complex Ltd (Govt. of Goa Undertaking) for financial assistance of Rs 617.02 lakh for modernization of abattoir at Usagon, Ponda, proposal of Meat Product of India Ltd (Govt. of Kerala Undertaking) for financial assistance of Rs 1436.12 lakh for establishment of modern abattoir at Edayar, and proposal of the Greater Vishakhapatnam Municipal Corporation under PPP mode for financial assistance of Rs 1500 lakh for establishment of modern abattoir at Paradesipalem, Vishakapatnam. Since two of projects i.e. Goa Meat Complex Ltd, Goa and Meat Product of India Ltd, Kerala are promoted by State Public Sector Undertakings, Operational Guidelines for the Scheme have been modified for 12<sup>th</sup> Five Year Plan to widen the eligibility to cover projects promoted by State Public Sector Undertakings, Co-operatives and Boards under State Government. This amendment is intended to provide flexibility to State Governments in taking up abattoir projects.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

### **Comments of the Committee**

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

### **SCHEME FOR TECHNOLOGY UP-GRDATION / ESTABLISHMENT / MODERNIZATION OF FOOD PROCESSING INDUSTRY**

#### **Recommendation No. 3.52**

**The Committee note that the scheme for technological up-gradation, establishment, modernization of food processing industry promotes latest technology in the preservation of perishable commodities including horticultural produce processing. The scheme envisages financial assistance for setting up of new processing units as well as technological up-gradation and expansion of existing units in the country. Consumer industries which include bakery industry; fruit and vegetable processing units; fish, meat and dairy processing; rice, pulse**



milling, oil milling and flour milling sector, alcoholic, beverages etc. are some of the unorganised highly employable industries which are availing benefit under the scheme. During Ninth Plan period, as against budgetary allocation of Rs. 600 crore, the utilisation under the scheme was 583.55 crore, which makes the scheme as one of the most popular plan scheme of the Ministry. During this period, Government assisted 3229 food processing units. The Committee further find that the scheme has now been subsumed in the National Mission on Food Processing (NMFP) with effect from 2012-13 as a Centrally Sponsored Scheme. As such, no new proposals are being accepted with effect from 1.4.2012 under the scheme for the Central sector. Hitherto, the applications received and sanctioned by respective State / UT Government under NMFP, the Union Government is sanctioning the old cases prior to 31.3.2012. Despite wiping off the past liabilities, as many as 2926 cases with committed liabilities of around Rs. 700 crore is still remains as an outstanding. The Committee desire that Government should approach the Planning Commission and Ministry of Finance to ensure that adequate budgetary provisions are made in the scheme so as to ensure that the past committed liability is wiped out at the earliest.

**Reply of the Government:**

A total of 3168 cases were pending as on 01.04.2012. amounting to Rs.795.26 crores towards spillover liabilities of 11<sup>th</sup> Plan, to be met during 12<sup>th</sup> Plan.

During 2012-13, out of Rs. 186.46 crores RE provided under the Scheme, Ministry has assisted 1232 units amounting to Rs.186.20 crores. Further, the Ministry's proposal to meet the spillover liabilities of 11<sup>th</sup> Plan during the remaining period of 12<sup>th</sup> Plan (2013-17) has been recommended by EFC. And a draft CCEA Note is being circulated.

Allocation of Rs. 740.00 crores during 12<sup>th</sup> Plan would be utilized as per the following break-up for meeting the committed liabilities of 11<sup>th</sup> Plan:-

| Year   | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Total 12 <sup>th</sup> Plan allocation |
|--------|---------|---------|---------|---------|---------|--|
| Amount | *186.46 | 214.00  | 250.00  | 49.54   | 40.00   | 740.00                                 |

\*As per proposed RE Rs. 186.46 crores (2012-13)

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

**BOTTLING/PACKAGING OF SUGARCANE JUICE**

**Recommendation No. 3.53**

The technology to bottle and tetra-pack tender coconut water, has revolutionised its usage amongst consumers. Another commodity, with equal promising returns, in the opinion of the Committee, is juice extracted from sugarcane. The Committee desire that Ministry of Food Processing Industry should undertake R&D work, so as to develop appropriate technologies for the bottling / package of sugarcane juice. If developed, this will go a long way in serving the interest of the food processing sector.

**Reply of the Government:**

Ministry had sought information on appropriate technologies for bottling and packaging of sugarcane juice from the Indian Institute of Sugarcane Research, Lucknow, Central Food Technology Research Institute (CFTRI), Mysore, Sugarcane Breeding Institute, Coimbatore and National Sugar Institute, Kanpur. The Indian Institute of Sugarcane Research (IISR), Lucknow have intimated that they are currently running a project on "Developing a technology for preservation and packaging of sugarcane juice." The experimental results are indicative of improving shelf life of cane juice under combination of permitted preservation and low temperature storage (10 degree C) to 35 days in PET glasses, PET and glass bottles and polythene packs with original colour, taste and flavour. Efforts are in progress for enhancing the shelf life from four weeks to six months. Further this Ministry has desired to invite and fund the proposals on the above lines. Accordingly, Sugarcane Breeding Institute, CFTRI and Indian Institute of Sugarcane Research, Lucknow, have shown their interest in submitting the R&D proposals for carrying out research on the Bottling/Packaging of Sugarcane Juice within a shortest period of time.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

**SCHEME FOR QUALITY ASSURANCE, CODEX STANDARDS AND RESEARCH AND DEVELOPMENT AND OTHER PROMOTIONAL ACTIVITIES**

**Recommendation No. 3.54**

The objective of the scheme is to motivate food processing industries for adoption of food safety and quality assurance mechanisms such as total quality management including ISO-22000, ISO-14000, the Hazardous Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP). The scheme also enables the food processing industry to face the global competition in International trade post-WTO, product acceptance by overseas buyers, keep Indian industry technological abreast of International post-WTO and R&D works to benefit the industry in terms of products and process development, improved packaging value addition and leading to innovative products and processes with commercial values. The Committee find that performance under the scheme has been somewhat tardy. During Eleventh Plan period, as against the outlay of Rs. 250 crore, the expenditure was only 131.07 crore. For the Twelfth Plan, an allocation of Rs. 290 crore has been proposed for the scheme. The budgetary allocation for the year 2012-13 was Rs. 31.91 crore against which, expenditure incurred was Rs. 22.23 crore (upto December 2012). A provision of Rs. 32 crore has been proposed for the year 2013-14. Lack of technology dissemination and commercialization, mechanism of disbursement of funds, are some of the areas of concern observed under R&D projects. The Committee are pained to note that in case of R&D projects, no provision exists under the scheme, for assistance for filing of patents and commercialization of research output. The Committee take this seriously and desire that adequate provisions may be made for the purpose in the R&D sector.

The Committee further find that International standards for food products are not mandatory for the food business operators in the country. However, they are to

comply with the provision of Food Safety and Standards Act and Rules and Regulations framed thereunder. Further, Food Safety and Standards Authority of India is harmonising the National Standards with International standards such as codex wherever appropriate. The Committee desire that National standards be evolved and aligned with International standards so that food processing sector is not denied opportunity to compete in the International market.

**Reply of the Government:**

Development of food standards has evolved over the past several years. Most of these have been drawn from provisions of the Prevention of Food Adulteration Act. However, there has been an on-going demand for review of these standards taking into account the latest development in food science, food consumption pattern, new specifications, presence of new contaminants and toxins as well as use of new food additives and ingredients required by the producers and manufacturers. Under Section 16(3) (m) of the FSS Act, 2006, it is the responsibility of Food Safety and Standards Authority of India (FSSAI) under Ministry of Health to promote consistency with the relevant international standards. The standards adopted by Codex are the relevant international standards and are also the reference point within the frame-work of WTO. It is incumbent upon member nations to apply the national treatment clause, meaning thereby, all imported foodstuff will be given a treatment equal to those applicable to the domestic producers, manufacturers and the market. The FAO and WHO of the United Nations regularly encourage countries to harmonise their standards with those of the Codex.

FSSAI has initiated the harmonisation process taking into account the standards adopted by the EU, USFDA, Canada, certain developing countries as well as India's needs by following two approaches as given below:

a) **Vertical Standards:** Vertical Standards would mean quality standards of food products, e.g., fresh and processed fruits and vegetables, milk and milk products, meat and meat products, fish and fish products, poultry products, fats and oils, etc. The following two-pronged strategy is proposed to be followed in the following hierarchy:

i) Review the domestic standards under FSSR and initiate the process of revision/ harmonisation. In such cases, it is proposed to review the international standards and identify the necessary changes required for harmonisation with the Codex standards; simultaneously, identify the products where we do not have domestic standards under FSSR but a relevant Codex standard is available. In such cases, it is proposed to adopt/adapt such Codex standards based on India's needs;

ii) There are several products for which there are neither domestic standards under FSSR nor are there Codex standards, e.g., ethnic foods of Indian origin. In such cases, it is proposed to take up identification of products and the process for their standardization in consultation with sector specific experts;

b) **Horizontal Standards:** Horizontal Standards are those which apply across all products categories. For instance, food additives, food contaminants (like heavy metals,

toxins, etc.), food hygiene (microbiological standards), pesticide residues, residues of veterinary drugs, food labelling, food inspection and certification, methods of sampling and analysis, and nutrition requirements. These would also need to be equipped with Codes of Practice for uniform application across all vertical standards.

It is proposed to utilize the knowledge available in the country in terms of experts in FSSAI, food industry (small, medium, large), relevant Govt. institutions, commodity experts, academicians, consumer organisations as well as the representatives of trade bodies (AIFPA, FICCI, CII, etc.). Because of the high volume of work involved, several experts are to be identified to carry forward the work in a collaborative and inclusive manner. The draft standards and codes of practice will be developed by such expert groups. These documents will then be considered by a working group of FSSAI. It is proposed to follow an iterative process with the expert groups to check for consistency with the intent of FSS Act and Regulations before circulating the draft texts to a large group of stakeholders by placing them on the FSSAI website for comments/suggestions. After receipt of comments, the draft texts will be placed before the relevant scientific panels, where applicable and then before the Scientific Committee for consideration.

Once the Scientific Committee has approved the draft texts and FSSAI has accepted them, these will be notified to the WTO as per obligations under the WTO Agreement. A minimum of 60 days period will have to be provided to the WTO members for comments before the going through the process of adoption and notification of the standards by FSSAI. FSSAI placed the invite on its web-site in February 2013 and several nominations have been received and has started the process of identifying the expert groups. It is proposed to assign the tasks in April so that the draft standards can be prepared by them by the end of July 2013 for the subsequent steps as per the procedures. It is aimed that the new FSSAI standards are notified by December 2014.

During 2012-13, 38 new R&D proposals have been approved by MOFPI/ SERB and an amount of Rs.10.31 crore has been released to various institutions/ organisations including on-going projects also. To ensure more effective utilisation of funds under the Scheme, implementation of the R&D and lab components of the Scheme have been entrusted to Science and Engineering Research Board (SERB) under Department of Science and Technology and Indian Council of Agricultural Research (ICAR) respectively. During the 12<sup>th</sup> Five Year Plan (2012-17), an amendment in the R&D Scheme of MFPI is envisaged for extending assistance for filling of patents for the R&D outcome of projects supported under MFPI Scheme and this will pave the way for up scaling of and commercialization of R&D outcome.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.58 of Chapter I of this Report.

**CHAPTER –III**

**OBSERVATIONS /RECOMMENDATIONS IN RESPECT OF WHICH THE GOVERNMENT  
DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY**

**Nil**

**CHAPTER –IV**

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

**Recommendation No. 2.44**

The Committee while strongly disapproving the protracted delay in the finalization of the Twelfth Plan, which has still to see the light of the day, do not find any merit and justification in according approval to schemes in piecemeal manner by EFC / SFC, when the Plan and the schemes are yet to be approved formally. The Committee are of the view that such action on the part of the Ministry strikes at the very root of the planning process and threatens the sanctity of planning itself. The Committee wonder whether the instant rules / regulations permit such unwarranted action on the part of the Ministries concerned and the Planning Commission. The Committee would like to be apprised thereof.

The Committee have been informed that all the major projects under Industry Division of Planning Commission and food processing sector, a component of Industry Division, are in time, except, projects of food processing sector. The Committee fails to understand this exception and step-motherly treatment accorded to schemes of Food Processing Sector. The Committee view the neglect of food processing sector, by the Planning Commission seriously and desire that the sector should be accorded importance, as it warrants.

**Reply of the Government:**

The approvals to the various schemes were given by the various EFC/SFC so that the Ministry could implement the schemes during the first year of the XII five year plan, i.e. 2012-13 and there is no hurdle in the implementation of the schemes. The approvals to the schemes have been obtained by the Ministry in accordance with the procedure laid down by the Government of India for this purpose. The schemes up to the allocation of less than Rs. 300 crores are approved by the EFC chaired by Secretary of administrative Ministry/Department. The schemes with an allocation of Rs. 300 crores and more are approved by the CCEA based on the recommendations of the EFC which is chaired by the Secretary (Expenditure), Ministry of Finance. MoFPI has also obtained approval of the competent authority as per the procedure laid down.

In the context of possible implications of time taken in finalisation of Plan document on implementation of schemes/ projects under industry sector, suitable measures were taken in consultation with the respective Ministries/ Departments. Such measures included according administrative approval for seeding/ initial actions in cases of new 'big ticket projects', getting performance evaluation studies carried out as per guidelines of Department of expenditure, Ministry of Finance, in cases of existing schemes slated for

continuation in the 12<sup>th</sup> Plan, facilitating 'interim approval' by the competent authorities for limited period implementation in cases of schemes/ projects having multiplier effects and/ or objectives to address externalities etc. The said approach was adopted in case of schemes of M/o Food Processing Industries (MFPI) as well.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.15 of Chapter I of this Report.

### **MEGA FOOD PARK**

#### **Recommendation No. 3.47**

The Committee note that the scheme of Mega Food Park (MFP) was conceived to provide a mechanism for bringing together farmers, processors, retailers, linking agricultural production to the market, so as ensure maximum value addition, minimise wastage, increase farmers' income and create employment opportunities. During Eleventh Plan period, as against allocation of Rs. 1575 crore, the actual expenditure was just 217.25 crore. As many as 30 Mega Food Parks were approved in three phases i.e. 10 in Phase-I, 5 in Phase-II and 15 in Phase-III. As against this, 13 projects have been accorded final approval, 17 projects accorded in-principle approval. In the financial year, 2012-13 as against the budget estimates of Rs. 86 crore, an expenditure of Rs. 62.75 crore incurred. For the year 2013-14, the financial projections have been to the tune of Rs. 270 crore. Comprising of Grant-in-Aid for 10 Mega Food Park (Phase-I), 5 Mega Food Park (Phase-II) and 15 Mega Food Park (Phase-III) with allocation of 105, 85 and 75, respectively. Rs. 5 crore have been proposed for other activities of Project Management Agency charges, publicity etc. As against the projected allocation of Rs. 270 crore, the BE for the year 2013-14 is Rs. 110 crore. Though a Mega Food Park Project is required to be completed within a span of 30 months from the release of first installment, the fastest progressing project was implemented in four years. The Committee find that in almost all the projects, which are operational and those under implementation, the progress has been far away from satisfactory. The contention of the Government that the past Food Parks did not come up due to inability of the States to contribute their share of equity and thus private sector was roped in, did not yield desired impact on the implementation of the scheme. The Committee feel that the leadership and proactive role expected from the Ministry to enlist private sector support for important Mega Food Park scheme has been wanting, as a large number of parks, have not started commercial production. In the opinion of the Committee, there are major shortcomings in the planning and implementation of Mega Food Park Schemes. The mid-term evaluation of the scheme revealed major deficiencies in the implementation. However, the mid course corrective action undertaken by the Government, did not impact significantly and improved the pace of progress. The Committee, therefore,

desire that a critical appraisal of the scheme may be undertaken and corrective measures put in place immediately.

The Committee also note that the Mega Food Park project was launched with much fan-fare with a presumption that each MFP will cater to 30-35 food processing units, benefit 6000 farmers directly and 25000 to 30000 producers indirectly. Further, it was expected to bring about investment to the tune of Rs. 75 – 100 crore in common facilities and another Rs. 225 – 250 crore in processing and ancillary units. The Committee have reasons to believe that the assumptions were highly unrealistic and inflated to garner support for the scheme. Taking these assumptions on their face value, the Committee would like to be apprised of the actual gain realised of each component as against those envisaged w.r.t. setting up of Mega Food Parks in the country. The socio-economic benefit studies of the Mega Food Park may also be undertaken so as to assess the benefits, reach and penetration of the scheme.

**Reply of the Government:**

As on 01.04.2013, the Ministry has approved all the 30 projects sanctioned by the Government under Mega Food Parks scheme, out of which 14 projects have been accorded final approval and 16 projects have been accorded in-principle approval. The BE and RE for 2012-13 were Rs. 86.00 Crore and 93.20 Crore respectively, against which actual expenditure is Rs. 93.11 Crore under the above scheme. The BE for 2013-14 is Rs. 116.00 Crore.

The Ministry has not carried out mid-term evaluation of the scheme. However an evaluation of implementation of the scheme during 11<sup>th</sup> plan has been carried out by Center for Market Research and Social Development Pvt. Ltd. Based on the evaluation report of the scheme, and the learning experience, the scheme guidelines have been modified to minimize delay and facilitate speedier project implementation. Earlier, Financial Closure (Term loan sanction by the Bank) used to take a lot of time which caused delay in project implementation. Now, Financial Closure has been made a pre-condition for consideration of final approval of the project. Acquisition of land in the name of SPV, also caused delay in implementation of various projects. To address this problem, the proposals having land in the name of promoter (s), are given more weightage during selection process.

Critical appraisal of the scheme will be conducted by the Ministry during 12<sup>th</sup> plan mid-term review of the scheme and necessary corrective steps will be ensured by the Ministry.

The Infrastructure Development scheme for Mega Food Parks has a long gestation period. The process of scheme implementation is still continuing. Presently 2 Parks, 1 each at Haridwar in Uttarakhand and at Chittoor in Andhra are partially operational. The financial outcome of these 2 projects as on today is as under:

| <b>S. No.</b> | <b>Status of Financial Outcome</b> | <b>Patanjali Food and Herbal Park Pvt. Ltd, Haridwar</b> | <b>Srini Food Park Pvt. Ltd, Chittoor</b> |
|---------------|------------------------------------|--|---|
| 1             | Total Number of Plots              | 24   | 15  |
| 2.            | Number of plots allotted           | 17   | 7   |



|    |                          |  |                                 |
|----|--------------------------|--|---------------------------------|
| 3. | Units in Operation       | 16 units in operation+ 1 unit under construction | 1                               |
| 4. | Investment in Units      | Approx. Rs. 59.00 crore                          | Rs. 20.00 crore                 |
| 5. | Employment Generation    | 5000 (direct and indirect combined)              | 25 permanent and 40-50 seasonal |
| 6. | No. Of Plots Un-Allotted | 7  | 14                              |

The socio-economic impact of the projects may be assessed only after the parks become fully operational. The Ministry will undertake a socio-economic study after some of the projects become fully functional in coming years.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.35 of Chapter I of this Report.

### **Recommendation No. 3.49**

**The availability of uninterrupted power, 24x7, is pre-requisite and an important conditionality for operating cold storage chain successfully. The shortage of power, in various parts of the country both in qualitative and quantitative terms, especially in rural areas, constraint the development of cold storage infrastructure. The Committee note that the Ministry of Food Processing Industry in coordination with Ministry of New and Renewable Energy (MNRE) have undertaken demonstration projects using bio-mass / solar hybrid system for generation of electricity. Some of the State Governments have been advised to take up cold-chain pilot project based on the technologies developed by the Ministry of New and Renewable Energy. While the Committee wishes to promote the use of non-conventional sources of energy (NCSE) for the development of cold storage infrastructure, they would first like to be apprised of the outcome of these demonstration projects before dwelling upon the subject further.**

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

It was decided that some demonstration projects based on the technology developed by MNRE may be set up by some State Governments to validate commercial use of these technologies. Therefore the State Govt. of Assam, Bihar, Madhya Pradesh, Tamil Nadu, Maharashtra and Andhra Pradesh have been requested to set up Pilot projects based on the concept note prepared by the Solar Energy Centre of MNRE with the assistance available under the schemes of MNRE and Department of Agriculture & Co-operation, Govt. of India. However, no response has been received from any of these States on this issue by the Ministry till date. Due to limited allocation of plan resources for the scheme during 12<sup>th</sup>

Plan, the Ministry do not propose to take up cold chain pilot project based on the non-conventional sources of energy.

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(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.38 of Chapter I of this Report.

### **IRRADIATION FACILITY**

#### **Recommendation No. 3.50**

The Committee note that food Irradiation facility is one of the components under Cold-Chain, Value Addition and Preservation Infrastructure plan scheme, for infrastructure development. The scheme has since subsumed in the National Mission for Food Processing, a Centrally Sponsored Scheme, in the Twelfth Plan. Under this modern, cutting edge technology, food is subjected to ionizing energy or radiation which strengthens food conservation, improves food hygiene, help in extension of shelf-life, enhance safety by killing food borne pathogens and parasites, destroy insects, pests in stored products and fruits. The Committee further find that Grant-in-Aid @ 50% of the total cost of plant and machinery and technical civil work in general areas and 75% for North-Eastern States and difficult areas subjected to maximum of Rs. 10 crore is extended to implementing agencies for various components of cold-chain including irradiation. The Ministry have approved four irradiation projects, of which one, with project cost of Rs. 17.73 crore has commenced commercial production and rest are under various stages of implementation. The conflicting scientific evidence and literature available, world over are conflicting and mixed and tend to promote and denounce the use of irradiation for food processing. Despite concerns expressed by various consumer / interest groups, globally over safety and security issues, irradiated food is permitted in more than 50 countries. In the interest of public health, the Committee would like to tread with caution and desire that matters such as irradiation dosages, food labelling, standards and other safety and security parameters of irradiation food, be assessed, monitored and regulated, before the facility is open on a large commercial scale. Concurrently, the Govt. should also educate the masses about irradiation food and step up publicity campaign before embarking upon this scheme on a larger pedestal.

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

Irradiated food is regulated in the country in accordance with the Atomic Energy (Control of Irradiation of Food) Rules, 1996. Food can be irradiated only in a food irradiation plant, which is authorized by the Atomic Energy Regulatory Board and licensed by the competent Government authority. The license to carry out food irradiation operation is given only after ascertaining the safety of the installation, its suitability to ensure proper process control, and availability of licensed operators and qualified staff.

Board of Radiation & Isotope Technology (BRIT) is providing consultancy services for establishment of Food irradiation plant as follows:

- Process Technology
- Plant Design
- Supply of Co-60 radiation source, its loading/unloading/disposal
- Advice for getting statutory clearances from Atomic Energy Regulatory Board
- [AERB Safety Standard](#) - Land based stationary Gamma Irradiators (2008)
- [AERB Safety Code](#) - Safety code on Operations & Maintenance of land based Stationary Gamma Irradiators (1993)
- Commissioning Dosimetry
- Support for seeking ISO accreditation

Codex Alimentarius Commission has endorsed a green irradiation logo. Food Safety and Standards Authority of India (FSSAI) is also regulating the food safety aspects of Irradiated foods. Following are the mandatory regulations for irradiated foods:

- i) As per the Regulation 2.4.4 of Food Safety and Standards (Packaging and Labelling) Regulation, 2011 all packages of irradiated foods to be marketed in India will be labeled with this logo, along with the words “Processed by Irradiation method”, and the date of irradiation, license number of the facility and the purpose of irradiation. Consumers will have a free choice to buy radiation processed or non- radiation processed commodity.
- ii) Regulation 2.13 of Food Safety and Standards (Food Product standards and Food Additives) Regulation, 2011 prescribes the standards for irradiation doses, requirement for process of irradiation, restrictions, records, standards, storage and sale of irradiated foods.
- iii) Regulation 2.3.14(20) of Food Safety and Standards (Prohibition and Restriction on Sales) Regulation, 2011 prescribes the “condition for sale of Irradiated Foods”.

For export of food items like mangoes in countries such as USA, it is mandatory to go for irradiation. Therefore, establishment of commercial food irradiation facilities in the country will help increase export of food articles.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

### **Comments of the Committee**

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

CHAPTER-V

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

**VENTURE CAPITAL FUND (VCF) AND INNOVATION FUND (IF)**

**Recommendation No. 2.52**

The Committee note that majority of food processing entrepreneurs face serious constraints of easy access of bank credit due to low net worth, lack of tangible security, absence of proven track record etc. They also suffer from additional limitations due to seasonal operations and thus lower capacity utilization. Further, the market development and quality assurance cost are also relatively higher for them. The lack of incentive for innovation too impacts the entrepreneurs. Entrepreneurship and skill development are hallmark to growth of a sector. In order to address the constraints of long term credit and innovation, the Working Group constituted by the Planning Commission had recommended dedicated Venture Capital Fund (VCF) and Innovation Fund (IF), respectively, to address these issues during the Twelfth Plan period. The proposed Venture Capital Fund designed to allow food processing units to leverage their limited seasons in a more effective manner. The innovative Fund was to encourage market oriented applied research, act as bridge between lab and industry and assist small entrepreneurs especially in rural areas. The Committee are distressed to note that the highly spirited twin initiatives of the Ministry of venture capital and innovation, which can be game changer in the food processing sector, have been deferred for want of resources, during the Twelfth Plan period. As the schemes under reference are likely to spur growth and act as catalyst to boost the sector, the Committee recommend that the funds for these schemes may be made available during Twelfth Plan period itself and the Plan proposal accordingly modified. The Committee would like to be apprised of the action taken in this regard.

**Reply of the Government:**

An outlay of Rs. 5990 crores for the 12<sup>th</sup> Five Year Plan has been made available by Planning Commission against the recommendation of working group for Rs. 15304 crore. This Ministry had proposed an allocation of Rs. 14604 crore. The above two initiatives/schemes recommended by Working Group i.e. Venture Capital Fund (VCF) and Innovation Fund (IF) are not being taken up for the present due to lack of resources. However, in view of the recommendations of the Hon'ble Committee, the matter has been taken up with the Planning commission for additional resources during the XII Plan to enable this Ministry to take up these new schemes. The Committee will be apprised of the action taken, on getting a response from the Planning Commission.

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**(Letter No. 6-03/2013-Parl dated 26<sup>th</sup> June, 2013)**

**NEW DELHI  
03 Decemebr, 2013  
12 Agrahayana, 1935 (Saka)**

**BASUDEB ACHARIA  
*Chairman,*  
*Committee on Agriculture.***

COMMITTEE ON AGRICULTURE

(2013-14)

**MINUTES OF THE SIXTH SITTING OF THE COMMITTEE**

\*\*\*\*\*

The Committee sat on Monday, the 11<sup>th</sup> November, 2013 from 1500 hours to 1615 hours in Committee Room 'C' (G/F), Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Basudeb Acharia - Chairman**

MEMBERS

LOK SABHA

2. Shri Sanjay Singh Chauhan
3. Smt. Ashwamedh Devi
4. Shri Premdas Katheria
5. Shri P. Kumar
6. Sardar Sukhdev Singh Libra
7. Smt. Bhavana Gawali (Patil)
8. Shri Patel Kishanbhai V.
9. Dr Kumar Pandey. Vinay 'Vinnu'

RAJYA SABHA

10. Shri N. Balaganga
11. Smt. Mohsina Kidwai
12. Dr. K.V.P. Ramachandra Rao
13. Shri Parshottam Khodabhai Rupala
14. Shri Rajpal Singh Saini
15. Shri S. Thangavelu
16. Shri Shivanand Tiwari
17. Shri Darshan Singh Yadav

**SECRETARIAT**

1. **Shri A. Louis Martin** - **Joint Secretary**
2. **Shri T.H. Rao** - **Additional Director**
3. **Shri C. Vanlalruata** - **Deputy Secretary**

2. At the outset, the Chairman welcomed the Members to the Sitting of the Committee.

Then, the Committee took up for consideration the following:

(i) xx xx xx xx

(ii) Memorandum No.06 pertaining to the draft Report on the Action Taken by the Government on the Observations/Recommendations contained in the Forty-ninth Report of the Committee on Agriculture (2012-13) on Demands for Grants (2013-14) of Ministry of Food Processing Industries.

3. After some deliberations, the Committee approved the categorization of action taken replies as shown in the Memoranda and adopted the draft Reports without any modification. They authorised the Chairman to present these Reports to Parliament after getting them factually verified from the concerned Departments.

4. xx xx xx xx

5. xx xx xx xx

**A verbatim record of the proceedings has been kept separately.**

**The Committee then adjourned.**

(Vide Para 4 of Introduction of the Report)

**ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON  
THE FORTY-NINTH REPORT OF COMMITTEE ON AGRICULTURE ON  
DEMANDS FOR GRANTS (2013-14) PERTAINING TO MINISTRY  
OF FOOD PROCESSING INDUSTRIES**

|       |  |     |
|-------|--|-----|
| (i)   | Total number of Recommendations  | 24  |
| (ii)  | Recommendations/Observations which have been Accepted by the Government  |     |
|       | Para Nos.1.4, 2.42, 2.43, 2.45, 2.46, 2.47, 2.48, 2.49, 2.50, 2.51, 2.53, 2.54, 2.55, 3.46, 3.38, 3.51 3.52, 3.53 and 3.54 |     |
|       | Total  | 19  |
|       | Percentage   | 79% |
| (iii) | Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies               |     |
|       | Para Nos. Nil  |     |
|       | Total  | 00  |
|       | Percentage   | 00% |
| (iv)  | Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee         |     |
|       | Para Nos. 2.44, 3.47, 3.49 and 3.50  |     |
|       | Total  | 04  |
|       | Percentage   | 17% |
| (v)   | Recommendations/Observations in respect of which Final replies of the Government are still awaited                         |     |
|       | Para Nos. 2.52   |     |
|       | Total  | 01  |
|       | Percentage   | 04% |