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COMMITTEE ON AGRICULTURE
(2009-2010)

FIFTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS
(2010-2011)

NINTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

APRIL, 2010/, VAISAKHA, 1932 (Saka)

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Presented to Lok Sabha on 03.05.2010

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COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2009-2010)

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

2. Shri Narayan Singh Amlabe
3. Shri K.C. Singh 'Baba'
4. Shri Thangso Baite
5. Shri Jayant Chaudhary
6. Smt. Shruti Choudhry
7. Smt. Ashwamedh Devi
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27. Shri Mohd. Ali Khan
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29. Shri Bharatsinh Prabhatsinh Parmar
30. Prof. M.S. Swaminathan
- *31. Vacant

* Vice Shri Khekiho Zhimomi who ceased to be the Member of the Committee due to retirement from Rajya Sabha w.e.f 2 April, 2010.

SECRETARIAT

1. Shri S. Bal Shekar - Joint Secretary
2. Shri P. C. Koul - Additional Director

INTRODUCTION

I, the Chairman, Committee on Agriculture, having been authorized by the Committee to submit the Report on their behalf, present this Ninth Report on the Demands for Grants (2010-11) of the Ministry of Food Processing Industries.

2. The Committee considered the Demands for Grants (2010-11) of the Ministry of Food Processing Industries which were laid in the Lok Sabha on 16 March, 2010. The Committee took evidence of the representatives of the Ministry of Food Processing Industries and Planning Commission at their Sittings held on 31 March, 2010 and 9 April, 2010 respectively. The Committee wish to express their thanks to the officers of the Ministry of Food Processing Industries and Planning Commission for appearing before the Committee and for furnishing the information the Committee desired in connection with the examination of Demands for Grants of the Ministry.

3. The Report was considered and adopted by the Committee at their Sitting held on 30 April, 2010.

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

NEW DELHI;
30 April, 2010
10 Vaisakha 1932 (Saka)

BASUDEB ACHARIA
Chairman,
Committee on Agriculture

CHAPTER - I

OVERVIEW OF DEMANDS

I. Introductory

A major issue facing the country is how to ensure remunerative prices to the farmers for their produce. The issue could be addressed to an extent, if the surplus production of cereals, fruits, vegetables, milk, fish, meat and poultry etc. are processed and marketed both inside and outside the country. A strong and dynamic food processing sector plays a vital role in diversification and commercialization of agriculture, enhances shelf life, ensures value addition to the agricultural produce, generates employment, enhances income of farmers and creates markets for exports of agro foods.

1.2 Food processing involves any type of value addition to agricultural or horticultural produce and also includes processes such as grading, sorting, packaging etc. which enhances shelf life of the produce. The Industry provides vital linkages and synergies between industry and agriculture.

1.3 India's agricultural production base is quite strong but at the same time wastage of agricultural produce is massive. Processing level is very low i.e. around 2% for fruits & vegetables, 26% for marine 6% for poultry and 20% for buffalo meat, against 60-70% in developed countries. India's export of processed food in global trade is only 1.5%.

1.4 The Ministry of Food Processing Industries are concerned with formulation and implementation of the policies and plans for the food processing industries within the overall national priorities and objectives. As stated in their Outcome Budget 2010-11 the Ministry act as a catalyst for bringing in greater investment into this sector, guiding and helping the industry, and creating a conducive environment for healthy growth of the food processing industry. Within these overall objectives, the Ministry aim at:

Better utilization and value addition of agricultural produce.

- Minimizing wastage at all stages in the food processing chain by development of infrastructure for storage, transportation and processing of agro-food produce.
- Induction of modern technology into the food processing industries.
- Encouraging R&D in food processing for product & process development.
- Providing policy support, promotional initiatives and facilities to promote value added exports.

1.5 Food Processing Industry is facing constrains like non-availability of adequate infrastructural facilities, lack of adequate quality control & testing infrastructure, inefficient supply chain, lack of processable varieties of farm produce, seasonality of raw material, high inventory carrying cost, high taxation, high packaging cost, affordability and cultural preference of fresh food.

1.6 The Ministry of Food processing Industries have accordingly been operating several plan schemes for development of processed food industry. Taking into account the recommendations of the Working Group constituted by

the Planning Commission, the constraints faced by the industry, the need to accelerate growth of the sector and the priority status accorded to food processing industry by Government, the Ministry of Food Processing Industries have stepped up operation of several Plan schemes and modified some of them for implementation in Eleventh Plan to achieve higher value addition.

II. Analysis of Demands

1.7 Demand No. 17 pertaining to the Ministry of Food Processing Industries for the year 2010-11 was presented to Lok Sabha on 16 March, 2010. The Table below shows the Demands (2010-11) in brief:

(Rs. in crore)			
Section	Plan	Non-Plan	Total
Revenue			
(i) Voted	297.49	9.72	307.21
(ii) Charged	00.00	00.00	
Capital			
(i) Voted	102.51	00.00	102.51
(ii) Charged	00.00	00.00	00.00
Grand Total	400.00	9.72	409.72

1.8 It is noted from the above that a sum of Rs. 409.72 crore has been allocated to the Ministry for the Financial Year 2010-11. Out of this Rs.307.21 crore is in the Revenue Section and the remaining Rs.102.51 crore is in the Capital Section. The allocation in the Revenue Section consists of Rs.297.49 crore on the Plan Side and Rs.9.72 crore on the Non-Plan Side. In the Capital Section the entire allocation of Rs 102.51 crore is on Plan Side.

1.9 A comparative statement of the Revised Estimates of the Fiscal gone by and the BE of the ongoing Fiscal is given in the Table below:

Section	RE 2009-10		BE 2010-11	
	Plan	Non-Plan	Plan	Non-Plan
Revenue				
(i) Voted	240.00	11.57	297.49	9.72
(ii) Charged	00.00	00.00	00.00	00.00
Capital				
(i) Voted	40.00	00.00	102.51	00.00
(ii) Charged	00.00	00.00	00.00	00.00

1.10 The comparison of RE 2009-10 and BE 2010-11 reveals that on the Plan side the BE allocation of Rs.400 crore for 2010-11 is almost 43% higher than RE 2009-10 of Rs.280 crore. The Non-Plan BE of Rs.9.72 crore this year is about 19% less as compared to RE of Rs.11.57 crore for 2009-10. The total BE allocation of Rs.409.72 crore for 2010-11 is Rs.118.15 crore more than RE of 2009-10, which stood at Rs.291.57 crore. In percentage terms the hike works out to about 40.5%.

1.11 When asked to furnish the amount of funds sought by the Ministry, approved by Planning Commission and actually allocated during Eleventh Five Year Plan on both Plan and Non-Plan side and the amount actually spent, the Ministry stated that based on the recommendations of the Working Group, set up for formulation of the Eleventh Plan, the Ministry of Food Processing Industries have sought Rs.4816.00 crore as Eleventh Plan allocation. Planning

Commission allocated Rs.4031 crore for the Eleventh Five Year Plan. For the first 4 years of the Five Year Plan i.e. 2007-08 to 2010-11 the approved allocation was Rs.3385.00 crore for the Ministry. As against this allocation actually Rs.1280.00 crore have been made available. The statement showing year-wise BE,RE and Actuals during Eleventh Plan till date is given at Annexure-I.

1.12 Queried further as to how the Ministry fared in achieving of target fixed during these years, it was stated that the achievements under various activities are not in accordance with the target fixed due to the following reasons:

1. **Late approval of the schemes:** Most of the schemes were approved after about a year and half of commencement of the Eleventh Plan.
2. **Partial approval of the schemes:** Under schemes of Infrastructure Development as against approved 30 Mega Food parks, only 10 Mega Food Park were approved in phase I. In Cold Chain, Value Addition & Preservation Infrastructure as against 30 projects only 10 projects were approved in Phase I. In Modernization of Abattoir as against approval of 50 only 10 projects were approved for Phase I. As a result thereof, full volume activity of the schemes could not be taken up. Hence, the progress has been adversely affected.
3. **Insufficient allocation of the funds:** In almost all schemes the annual allocation has been far short of the demand placed by the Ministry as well as allocation made during Five Year Plan finalization. Consequently, the quantum of projects sanctioned got reduced and hence the financial & physical achievements were low. The issue of insufficient allocation of

resources have been highlighted by the senior most level of the Ministry from time to time.

1.13 During the course of the Oral Evidence on the subject on 31 March 2010, when a question was put to the representative of Planning Commission regarding the reasons behind the Ministry not being provided the approved Outlays in any of the years of the Eleventh Plan gone by, he stated:

“If you look at the figures of outlays and expenditure over the years, what we notice is that the outlays have been far less than what we have projected in the Eleventh Plan. But what is worrying is that even those smaller allocations could not be utilized fully. If you see the biggest component of allocation is on infrastructure development and we find that by November 2009, only Rs.101 crore has been utilized, whereas the original allocation was Rs.2613 crore. But whatever allocations were made, could not be utilized. There is BE, which is less than what the Ministry has demanded, but in RE it has been brought down because there is no progress in the six months. That is the position. But we also find that there are certain areas where progress has been better. For example, take the case of technology upgradation where almost 50 per cent of the money projected in the Eleventh Plan has been utilized. Every year, there is a lower BE; at RE stage, since the expenditure has been better, at RE has been given a higher allocation.

What I wish to submit is that if the Ministry perform better, if they are able to show better expenditure performance, the Planning Commission will be willing to support them with higher allocations. That has been demonstrated for a couple of components, but they have to focus on infrastructure development because that is the biggest part of the programme which involves Mega Food Parks and cold chain and abattoirs. If there is a better performance, more money will be given”.

Elaborating further he added:

“As the Committee has observed, the expenditure performance during the past has not been up to the mark. There are many reasons. I do not have any quarrel with that. It is heartening to note that this year the Ministry has performed much better. They are trying to break from the past where you had the situation that the Budget Estimates was larger than the Revised Estimates. This time, they had come up to the RE stage. What happened was, in allocation of the resources, at the time of budget formulation, the Planning Commission looks at the requirement projected by the Ministry and also at the past performance, the performance in the immediate past and since until this year when this budget exercise was

taken up, at that time the performance was not good enough, even in November, 2009 the figures were very low, that is why it was pegged at Rs.400 crore. Now that they are showing better performance and if in the coming year, on the basis of this Rs.400 crore, if they perform by September, then it may be possible to provide larger allocation at the Revised Estimates stage, but they have to perform”.

1.14 When asked to put forth the views of the Ministry on the aspect of the low funding pattern the Secretary of the Ministry stated during the further Oral Evidence held on 9 April, 2010:

“Sir, permit me to submit that to compare the allocation the Five Year Plan with what I spend without going through the various processes and the processes which actually permit me to spend will not be a very fair way of judging me. Just by making an allocation, the entire chain is not convinced that this money is to be spent. The allocation has to be spent only in the system which we are following; in the system of Annual Plan Grants, of not relating it to what was given to me last year. Perhaps, I may be given five or ten percent increase over this thing. At each point of time, the system is either they are accepting the arguments or rejecting the arguments. The system should be what is it which can be done now, what is the fair target to be given, what is the fair expectation from a Ministry.”

Adding further he stated:

“Kindly look at the third year. The figures before you are the expenditure of only up to 30.11.2009. If you kindly look at this year, while it is a fact that the BE of Rs.340 crore was reduced to Rs.280 crore in September, we were working on spending Rs.280 crore. As I have submitted already, we have spent nearly Rs.290 crore. What I am submitting is that for each year, kindly look at the micro argument. When the schemes were approved only in October, 2008, kindly do not punish this Ministry for the expenditure figure of 2007-08. For the Five year Plan, neither the allocations were communicated nor the schemes were made”.

1.15 In view of these claims and counter claims of the Ministry and the Planning Commission on the funds allocations to the Ministry, the Committee desired to know what was the way out of the vicious cycle of delayed approvals,

delayed allocations, delayed and meager releases. In response the Secretary of the Ministry stated during the further Oral Evidence on 9 April, 2010:

“I am ready to come out of the cycle because I am now at the performing stage. Let someone examine the position now. Whatever money was given to me in the RE, I have been able to spend it correctly. Based on that, what is my capacity in the new year presuming that this is an area which has to be considered by itself. Once it was said, it is a sunrise area and it was initiated with a big allocation. It has to be looked from the point of view of my capacity to spend”.

1.16 About the proportion of allocations made in favour of the Ministry from the Central Plan Outlay during the Eleventh Plan year-wise and a comparison of their allocation with the allocations of some other Ministries, the following statement was furnished by the Ministry to the Committee.

Year	(Rs. in crore)			
	2007-08	2008-09	2009-10	2010-11
Central Plan Outlay	319992	375485	447921	524484
Ministry of Food Processing Industries	250	290	340	400
% of allocation vis-à-vis Central Plan	0.08	0.08	0.08	0.08
M/o Health & FW	14363 (4.5 %)	16534 (4.4%)	19534 (4.3%)	22300 (4.3%)
M/o RD	41060 (12.8%)	49400 (13.1%)	80770 (18%)	89340 (17%)
M/o UD	5166 (1.6%)	5478 (1.5%)	5284 (1.2%)	7606 (1.8%)
M/o HRD	28674 (8.9%)	34400 (9.2%)	36400 (8.1%)	42036 (8.9%)
M/o Road Transport & Highways	14590 (4.6%)	17550 (4.7%)	20450 (4.6%)	25455 (4.8%)

III. Allocation to North East Region

1.17 Given the priority assigned to the North East Region by the Government the Committee desired to be apprised about the performance of the Ministry on this count. In response the Ministry stated in a written reply that as per the policy of the Government, 10% of the BE of the Ministry is to be utilized for NER. In

certain schemes, enough proposals are not received to utilize 10% of the allocation in the concerned schemes. Ministry, therefore, allocate higher or lower than 10% in the respective scheme, in accordance with the number of proposals likely to be received but total allocation for NER is kept at 10% of the BE of the Ministry. Out of BE of Rs.340.00 crore for 2009-10, Rs.34.00 crore has been shown as lump sum provision for NER. Out of Rs.148.83 crore i.e. the expenditure as on 30 November, 2009 the expenditure for NER was Rs.5.54 crore.

As the RE for the Ministry is Rs.290 crore, 10% of which is NER allocation. This Rs.29.00 crore has been allocated for different schemes.

1.18 In spite of the compulsory allocation of 10% of the allocation for North East Region it is seen that most of the times these funds remain unspent . Apart from affecting the developmental efforts, this under utilization of funds also creates a sense of being discriminated against among the people of the Region. When this was pointed out during the Oral Evidence on 31 March, 2010, the Secretary of the Ministry stated:

“This year special attention has been paid towards the North East. Earlier, there was shortage of Food Testing Laboratories for the food factories there, but this year two-three laboratories have been started there. We are going to start one in Tripura and other in Tejpur University also during this year. Some additional research and development proposals have also been taken up. Two thousands cases for grant of 25% subject to a cap of Rs. 50 lakhs and Rs.75 lakhs for the North East under our flagship scheme of setting up of industries, is pending with the Ministry. We have been able to get only Rs.70-80 crores for the above scheme whereas we want to raise it upto atleast Rs. 200 crores so as to clear the cases lying pending for the last three years. It is almost panicking times now. We have made efforts owing to which no valid application is pending with us in the North East. Now, we have decided it for the next year that the people from the North-East including Sikkim should be drawn towards the Scheme and we propose to hold a

conference of farmers and entrepreneurs. The Hon'ble Minister has also admitted it and he is likely to visit three places there in the near future. We had held a meeting at Agartalla in this regard. It would be our endeavour to hold meetings in respect of all States before June, and then send for their applications by persuading the Banks. Earlier, we had invested upto Rs. 20 crores therein. Our performance has been good. Now we are planning with a projection of Rs. 50-60 crores for the North East on the basis of campaign base. For this the people over there are being provided literature in local language and an effort is being made to educate them about the schemes."

IV. Mid-Term Appraisal

1.19 The Planning Commission had reviewed the performance of the Ministry in Mid Term Appraisal Review Meeting on 23 August,2009. However, the minutes of the Mid Term Appraisal Review Meeting conducted by the Planning Commission are yet to be received by the Ministry.

1.20 When this matter was taken up by the Committee with the representative of the Planning Commission during the further Oral Evidence on 9 April, 2010, he replied:

"Sir, the report regarding the exercise of Mid-Term Appraisal has been finalized. The meeting of the full Planning Commission was held recently in March and the report has been submitted to the Commission. Right now, it will be submitted to the Cabinet for approval then it will be available to us. I understand that is likely to come up before the Cabinet within a period of six weeks".

Asked further as to how much time the entire process of Mid Term Appraisal usually took, he stated:

"Sir, normally it takes one year".

When it was pointed out to him that if six months are taken to complete the review, already three years of the Plan would be over. And if another year is

spent in making available their comments to the Ministry, hardly a year would be left in the Five Year Plan for working on the suggestion/directions of the Planning Commission, he stated:

“Sir, actually it was to be done by March itself. The meeting of the Planning Commission has been held and now it is to be placed before the Cabinet. I think it would get the Cabinet approval during the next six weeks and then it would be available. We are not very late”.

V. Internal Evaluation and Perspective Planning

1.21 Keeping in view the slippages in the performance of the Ministry during the first three years of the Eleventh Plan it was enquired as to whether any evaluation of the schemes had been carried out. In response the Ministry stated that as regards evaluation, Ministry have decided to evaluate all Schemes for period of four year (2005-06 to 2008-09) which is under way.

1.22 Asked further as to whether any perspective planning for the Twelfth Plan was in the offing in view of the lessons learnt from their performance in the Eleventh Plan till now it was stated that the Ministry is in the process of undertaking a comprehensive evaluation of the implementation of the Schemes in the Tenth/Eleventh Plan Period. Planning for the Twelfth Five Year Plan would be undertaken after the results of this evaluation study are available so that the effectiveness of the on-going schemes can be better assessed.

Food Processing Industry Sector

1.23 **The Committee note with concern the existing demographic and food production situation in the Country. While, on one hand, we have a**

burgeoning population, on the other, the rate of food production is not keeping pace with it. In such a grim scenario one immediate way out is to somehow salvage, the huge amounts of agriculture produce that perishes each year due to lack of adequate food processing facilities in the Country. Though no estimates of the agriculture and allied produce losses are available in totality, the estimated loss of Rs. 50000 crore per annum in just fruit and vegetables sector gives a fair idea of the colossal loss that might be taking place in the agriculture and allied produce sector as a whole, at the post harvest stage. Given these compulsions, development of the food processing industries sector becomes a *sine qua non* for ensuring the food security of the Country, albeit in an indirect manner. Handled judiciously and more pro-actively, a well-developed food processing industries sector can also contribute handsomely, to the growth of household income at the micro level and at the macro level to the nation's economy, through enhanced GDP and exports. Unfortunately, however, as the succeeding narrative will prove, the Government though being aware of the merits of the development of food processing industries sector has been affected by a strange inertia when it comes to initiating pro-active measures. Resultantly, the sun of this avowedly sunshine sector of Country's economy is, for decades together now, stuck in the eastern horizon. The Committee have made some very relevant recommendations on these matters recently in their Fifth Report on the Demands for Grants 2009-10 of the Ministry. The Committee are confident that coupled with them, the recommendations made in the present Report, if implemented with a sense of purpose and sincerity, will at last, not only

kickstart the much awaited ascent of sun in the eastern horizon but also take it to its zenith.

Overview of Demands

1.24 Coming to the immediate task of the examination of the Demands for Grants of the Ministry for the year 2010-11, the Committee have extensively covered several matters pertaining to the Ministry in their Fifth Report on Demands for Grants (2009-10) of the Ministry, which was presented to the Hon'ble Speaker on 18 February, 2010 and presented/laid in the two Houses of Parliament on 3 March, 2010. As not much time has elapsed since the Fifth Report was presented and the Action Taken Replies of the Government on the observations/recommendations contained in the Report are not yet due, the Committee in their present Report have either recommended additional measures which are warranted in matters already covered in their Fifth Report or on such matters which did not find mention in that Report.

Having examined Demand No. 17 pertaining to the Ministry of Food Processing Industry, the Committee note that the Ministry have been allocated a sum of Rs. 400.00 crore on the Plan side. Out of this Rs. 297.49 crore is in the Revenue Section and the balance Rs. 102.51 crore in the Capital Section. The allocation on the Plan side is about 43% higher than RE 2009-10 which stood at Rs. 280.00 crore.

The Ministry have also been allocated a sum of Rs. 19.72 crore on the Non-Plan side, which is all in the Revenue Section. The Non-Plan allocation has seen an almost 19% decline from the RE 2009-10 of Rs.

11.57 crore. If maintained till the end of the Fiscal it would be a commendable effort.

Notwithstanding, the statistics quoted above, the Committee are hugely disappointed to find that as in the previous several years, the Ministry have been given a raw deal in allocation of funds for 2010-11 as well. The allocation of Rs. 400.00 odd crore for 2010-11 takes the tally of allocations in the first four years of the Eleventh Plan to a measly Rs. 1280.00 crore. What to speak of the Rs. 4816.00 crore initially sought by the Ministry for the Eleventh Plan, this amount is not even a patch on the total allocation of Rs. 4031.00 crore approved by the Planning Commission.

The Committee can understand that the overall availability of resource position and the inter-se prioritization amongst various Ministries/Departments may cause some updowns in the actual allocations. But the yawning gaps between the allocations made for the Eleventh Plan and the actual allocations in the context of the Ministry of Food Processing Industries is indicative of a very disdainful attitude towards proper planning and management of finances by the Government. This needs to be deprecated in the strongest terms. The Committee, therefore, recommend that the Government should, without waiting till the Revised Estimates stage, immediately enhance the allocation of the Ministry for the year 2010-11 to at least Rs. 1500.00 crore. This will not only provide much needed funds to the Ministry at a juncture, where they require it the most, but will also leave, as balance, manageable funds for the last year of the Plan.

Plan Outlay and Annual Plan Allocations

1.25 During the course of their examination of the Demands for Grants of the Ministry, the Committee considered the contentious issue of huge disparities between the Approved Outlay of the Ministry for the Eleventh Plan and the Actual Allocations made to them in each of the Annual Plans of the Eleventh Plan.

The Planning Commission have justified the lower allocations, which are not at all commensurate with the total Plan Outlay of the Ministry, under the plea that it is mainly because the Ministry have not been able to utilize, in the previous years, even the lesser allocations made to them.

The Ministry on the other side have ascribed the low spending in successive years to the delays in the planning process and the approvals/clearances of their Schemes. For instance, the Schemes for Eleventh Plan, which commenced from April, 2007, were approved in October, 2008. The completion of other related formalities, etc. took further time. The implementation proper of Schemes, therefore, commenced from Fiscal 2009-10, which happens to be the third year of Eleventh Plan. As a consequence, the Ministry could not achieve, anything tangible in the first two years of the Plan. The Committee note that with most of the approvals/clearances in bag the Ministry have acquitted themselves in a far better manner in the year 2009-10.

The Committee find a lot of merit in the argument of the Ministry that since most of the under spending in the initial years of Eleventh Plan was due to delays in approvals/clearances of the Schemes, their performance in these years, need not be the sole benchmark for the allocations in the subsequent years.

The Committee, therefore, recommend that the Planning Commission should not take a purely mechanical view while deciding the allocations for the next Annual Plan. Apart from considering the spending in the previous year, the Planning Commission ought to consider the status of Schemes that were to be implemented, the release position of funds, the timing of approvals/clearances so that a fair target is given to the Ministry with a fair expectation and with a fair amount of money. Apart from the Ministry of Food Processing Industries, the Committee have found a similar situation prevailing in the case of other Ministries/Departments under their jurisdiction. It can be safely presumed that this situation might be prevailing in case of many more Ministries/Departments. The Planning Commission would, therefore, be well advised to systemise, the advice of the Committee so that it is applied on all Ministries/Departments uniformly and the situation that has, unfortunately, been witnessed till now in the Eleventh Plan is a thing of past.

Allocation to North East Region

1.26 The Committee observe that out of the BE of Rs. 340.00 for 2009-10, the Ministry had made a provision of Rs. 34.00 crore for the North East

Region. With the allocation of the Ministry getting reduced to Rs. 290.00 crore at the RE stage the mandatory 10% allocation to the NE Region has also gone down to Rs. 29.00 crore. Sadly, however, out of the actual spending of Rs. 148.83 crore till 30 November, 2009, the expenditure for NE Region has been a mere Rs. 5.54 crore which is not even 4% of the total.

It has been the experience of the Committee that for various reasons, the funds allocated for the North East Region, remain unspent and are, thereafter, mechanically transferred to the Non-lapsable NER Fund. This is a worrisome situation. The non-utilisation of funds in the NE Region apart from affecting the developmental efforts also creates a sense of being discriminated against among the people of the Region. The Committee, therefore, strongly deprecate the casual approach of the Ministry towards implementation of schemes in the NE Region and recommend that since the NE Region is brimming with raw materials for the food processing industries sector, the Ministry should urgently reorient their strategy for the Region with a view to ensure that inspite of the constraints being faced, their Schemes meant for the Region are successfully implemented.

Mid Term Appraisal

1.27 The Committee note that the Mid Term Appraisal Review Meeting of the performance of the Ministry, halfway through the Eleventh Plan, was held on 23 August, 2009. The Minutes of the said meeting are yet to be received by the Ministry for implementation. Queries with the

representative of the Planning Commission during the Oral Evidence revealed that normally this procedure takes about a year. The Mid Term Appraisal being such a long winding process, for whatever reasons, the Committee feel that its results cannot be put to optimal use by the Ministries/Departments in the extant form. In the instant case though the MTA was to be readied by March, 2010, it is supposed to take another six weeks for Cabinet approval. It can be safely assumed that the remaining formalities may take a few more weeks if not months. Thus, no inputs from could provided to the Ministry for the Fourth Year Annual Plan of the Eleventh Plan which commenced from 1 April, 2010. At best these can be utilized while drawing the Annual Plan for 2011-12 i.e. the last year of Eleventh Plan. But then the inputs based on the performance of the Ministry in 2010-11 would be of more relevance. The Committee find this a very unsatisfactory state of affairs. The MTA is a tool for performance assessment and recommending mid course corrections. If it is lingered on for months together or a year, the very purpose and relevance of MTA is lost. The Committee, therefore, recommend that the Government and the planners should put their heads together and devise ways and means to ensure that the MTA is completed at the soonest after the Five Year Plan is halfway through, and the mid course corrections are suitably co-opted at the first available opportunity in the Annual Plan or the RE stage, as the case may be.

Internal Evaluation and Perspective Planning

1.28 The Committee, with a view to evaluate the internal evaluation mechanism of the Ministry, had sought information about any evaluation

of the Schemes being done, in view of the slippages in implementation during the first three years of the Eleventh Plan. They have been informed that the Ministry are already evaluating all Schemes for the period of four years from 2005-06 to 2008-09. The Committee find it inexplicable, as to what purpose such an evaluation will serve, when it is covering two years of the Tenth Plan and two years of the ongoing Eleventh Plan. Moreover, when several Schemes/components of the Tenth Plan have been discontinued or revamped and new Schemes which were not there in the Tenth Plan have been started in the Eleventh Plan. The Committee are of the opinion that in order to make a more realistic and to the point assessment, the Ministry should evaluate the performance of their Schemes in the first three years of the Eleventh Plan. This will not only enable them to understand the shortcomings and constraints being faced in their implementation but also facilitate corrective measures down the line and perspective planning for the Annual Plan 2011-12 and Twelfth Five Year Plan.

CHAPTER-II
EVALUATION OF SCHEMES

I. Mega Food Parks

The Mega Food Parks is a Component of the new Infrastructure Development Scheme of the Ministry. The CCEA accorded in principle approval for taking up 30 Mega Food Park proposals for assistance during the Eleventh Plan period. However, in the first phase if approved only 10 such proposals on pilot basis.

2.2 The Ministry when asked about the response to scheme for setting up Mega Food Parks during the first three years of the Eleventh Plan and how they planned to deal with these request expeditiously to ensure that proposals are not withdrawn/cancelled due to delays in consideration/processing stated that the scheme for setting up of ten Mega Food Parks (MFP) in 10 States (Andhra Pradesh, Jharkhand, Punjab, Maharashtra, Tamil Nadu, Karnataka, West Bengal, Uttaranchal, Uttar Pradesh and North East) was approved in 2008. In principle approval was accorded to all the 10 Parks after completing the selection process which involved calling for expression of interest (Eoi), scrutiny of the proposals by Technical Committee and approval of the proposals by Inter-ministerial proposals by Technical Committee. Subsequently, 5 special purpose vehicles (SPV) submitted the DPR and after its appraisal by the professional Program Management Agency, those DPRs were accepted and final approval to five projects (Jharkhand, Uttaranchal, Andhra Pradesh, Maharashtra and North East) were accorded on 31.3.2009. Subsequently, two more projects (Tamil

Nadu and West Bengal) were also given final approval in 2009-10. Of the seven projects accorded final approval, four have started construction work after completing various formalities, which include obtaining various clearances from the State Government etc. The MFP in Uttaranchal has already started partial operations and another project in Andhra Pradesh is progressing fast.

2.3 Of the seven proposals accorded final approval, one of the SPVs (Maharashtra) requested for withdrawal from the project. It considered and accepted by the Ministry. Earlier, the SPV promoting the MFP in U.P had also requested withdrawal of approval immediately after in-principle was accorded, which was accepted by the Ministry. Two other proposals (Punjab and Karnataka), who were given “in-principle” approval, could not submit the DPR as they could not identify and acquire the requisite land within stipulated time. Thus, fresh Eols were invited for four states (Punjab, Karnataka, U.P. and Maharashtra) and the selection process is being completed.

Ministry has so far released an amount of Rs.35.00 crore as grant assistance to the SPVs.

2.4 Ministry selects the most eligible project proposals for setting up of Mega Food Parks through a transparent and competitive procedure after a rigorous scrutiny of proposals by a professional agency based on predefined evaluation criteria in a time bound manner. Capability of the proposed SPV members, viability of the cluster where the project is proposed to be set up, availability of raw material, seasonality and product mix to ensure optimal utilization of facilities created, availability of credit linkages, financials of the project, O&M aspects and other critical issues of DPR are duly evaluated and appraised while

accepting the DPR to ensure that the implementation and thereby operationalization of project is as envisaged and are not withdrawn/cancelled due to delays in consideration/processing.

2.5 Elaborating further in the matter it was stated that the Ministry received total 42 Expression of Interest for setting up Mega Food Parks in these 10 States. 10 best eligible proposals were selected and “in-principle” approval conveyed on 15.12.2008 to the applicants requesting them to submit the Detailed Project Report (DPR) expeditiously for acceptance by the Ministry. DPRs in case of Andhra Pradesh (Chittoor), Assam (Nalbari), Jharkhand (Ranchi), Uttarakhand (Haridwar), West Bengal (Jangipur) and Tamil Nadu (Dharmapuri) have been submitted by the SPVs and accepted by the Ministry. 1st tranche of 1st instalment of grant has been released in the case of 5 projects at Assam, Andhra Pradesh, Jharkhand, Uttarkhand and West Bengal. 2nd tranche of 1st installment has also been released in the case of M/s Srimi Food Park Pvt. Ltd. in Andhra Pradesh. Request for release of 2nd tranche of 1st installment has been received from M/s Patanjali Food & Herbal park Pvt. Ltd. Haridwar. Ministry has also received the request for release of 1st tranche of 1st installment of grant from M/s Tamil Nadu Mega Food Park Ltd. In case of Maharashtra and Uttar Pradesh, the applicant could not be able to take the projects forward and requested the Ministry for withdrawal, which was accepted by the Ministry. In case of Punjab and Karnataka, the applicants could not submit the final DPR even after the expiry of extended time period, hence Ministry had to cancel their “in-principle” approval. In all these 4 cases, Ministry has gone for re-bidding and has received 37 Expression of Interests, which are under process for short listing of the most eligible applicant.

2.6 For up-scaling the scheme to take up additional projects during the remaining period of 11th Plan the EFC memorandum were prepared and circulated to the related Ministries/Departments for obtaining their comments. Comments have been received and based on the comments final EFC document is being finalized to be sent to Ministry of Finance for convening the EFC meeting.

2.7 None of the Mega Food park has become operational by now. The expected project completion period is about 24 months from the release of first installment of grant. All the 6 projects are under rapid progress. It is expected that all these 6 Mega Food parks will become operational within the timeline prescribed in the guidelines.

2.8 During the course of the Oral Evidence the Committee desired to know from the representative of the Planning Commission as to why the Ministry's hand were tied-up in the context of enhancing the ambit of Mega Food Park Component, he stated:

“We thought it should start as a pilot project with 10 Mega Food Parks. This is how normally all projects start. They do not start full scale right at the beginning. Unfortunately, in the present case of mega parks, out of ten which were assigned, work on only, perhaps, six has been taken up because two parties withdrew and two were cancelled. So, a re-bid has been done. I believe that substantial progress has taken place in one only. Unless and until some substantial progress is shown, it would be difficult to say that, ‘yes’, you are now ready go forward”.

2.9 When queried about the status of rebidding in the four States where the initial proposals did not firm up it was stated that re-bidding has been invited by the Ministry for setting up of Mega Food Parks in 4 States, viz. Karnataka, Punjab, Maharashtra and Uttar Pradesh, Re-bidding was necessitated as a result of withdrawal by two of the SPVs of Maharashtra and Uttar Pradesh and non-fulfilling of conditions prescribed in the operational guidelines by the other

two SPVs of Karnataka and Punjab. 37 Expression of interest have been received in response to Ministry's advertisement inviting applications for setting up of Mega Food Park in these four States. The most eligible project proposals are likely to be selected one each in these four States by the Ministry within a months time and "in-principle" approval will be granted Ministry will take necessary steps to facilitate completion of all these four Food Parks within the time limit.

2.10 Asked about the safety clauses or penal provisions in the Scheme like judicial or back guarantees so that the SPV would not back out from its responsibilities without completing the Mega Food Park, a representative of the Ministry stated during the Oral Evidence:

"Initially, proposals of E.O.I are invited from them and an E.M.D. of Rs. Ten lakh is taken from them and there is a provision of retaining the E.M.D. in case of skipping. We have retained the E.M.D. of those who have failed".

2.11 According to the Ministry the Mega Food Parks are Capital intensive and manpower intensive projects. The Committee, therefore, were keen to know if there was any in-built component of training in related activities for the various Human Resources in the extant scheme of Mega Food Parks or were the Ministry contemplating introduction of any such component in the scheme to facilitate in-house training and ensure availability of sufficient trained manpower for various activities being undertaken in the Mega Food Parks.

2.12 In this connection, the Ministry informed the Committee that although inbuilt training programme is not one of the components for which Ministry of Food Processing Industries grant is provided, the Mega Food Park project has a component for setting up farm proximate infrastructure namely Primary Processing Centers (PPC) and Collection Centers (CC). These components of the Mega Food Park (MFP) are aimed at facilitating backward linkages for the Central Processing Center of the Mega Food Park. Even though there is no direct cost head for capacity building, the Special Purpose Vehicles (SPVs)

implementing the MFP is expected to conduct capacity building programmes at the level of PPCs and CCs . This will be in the nature of in-house as well as on-field training. This is expected to cater to the needs of skill development/capacity building of related stakeholders along the value chain.

II. Scheme for Technology Upgradation/Establishment and Modernization of Food Processing Industries.

2.13 The scheme for Technology Up-gradation/Establishment/Modernisation of Food Processing Industries is aimed at up-gradation of processing capabilities. This scheme is continued from Tenth Plan without any modifications in pattern of assistance. During the Tenth Plan, the applicant units engaged in setting up, technology upgradation, and modernization of food processing industries were required to submit the proposal to the Ministry through the State Nodal Agencies which are State Government departments/corporations. In the Eleventh Plan period i.e. w.e.f. 1 April, 2007 the Scheme has been decentralized through banks/financial institutions on an e-portal supported electronic system to provide a thrust and wide coverage for food processing industries in the Country. This is in accordance with the direction of the Planning Commission. The scheme provides 25% of the cost of plant & machinery and technical civil works subject to maximum of Rs.50 lakhs in general areas and 33.33% up to Rs. 75 lakhs in difficult areas (Jammu & Kahsmir, Himachal Pradesh, Uttarakhand, Sikkim, North Eastern States, Andaman & Nicobar Islands, Lakshdweep and Integrated Tribal Development Project (ITDP) areas.

2.14 The Budgetary allocation under the scheme during the Eleventh Plan are as follow:

(Rs. in crore)			
Year	BE	RE	Actual
2007-08	72.00	113.50	119.36
2008-09	90.00	91.50	91.03
2009-10	60.00	69.851	73.48
2010-11	69.25		

During the year 2009-10 BE was Rs.60.00 crore which was enhanced to Rs.69.851 crore at RE stage and the actual expenditure by the Ministry under the Scheme was Rs.73.48 crore.

2.15 The Secretary, Ministry of Food Processing Industries added the following about this Scheme during the further Oral Evidence on 9 April, 2010:

“Sir, I will start with our assistance and our involvement in setting up of food processing industrial units. The basic and the mainstay of our Ministry is a scheme for setting up and modernisation of any food processing unit where 25 per cent of their project cost is given to the entrepreneur by way of subsidy. It has an upper limit of Rs. 50 lakh”.

2.16 Noting the insufficiency of the amount provided by the Ministry as grant for the Capital intensive food processing sector, the Committee wanted to know whether the Ministry atleast had any system of hand holding or assisting the prospective entrepreneur in securing his remaining requirement as a bank loan at reasonable interest. In response he stated:

“We do not have a consultancy wing which takes care of a middle level entrepreneur. We assist them in two different ways. One is by making the tax regime better for our sector, by approaching the Finance Ministry so that the income-tax, the duty on import of foreign machinery, the excise duty etc. are kept at a lower level and the project becomes more and more viable. That is one role which the Ministry plays by way of policy support. Secondly, we do interact with the banks, try to prevail upon them and try to bring them around to giving more loans for the food processing sector, trying to convince them that your non-functioning assets, your investment in the agriculture sector can only improve if you support the food processing industries in a bigger way. Many of the banks react

positively. They have been in touch. We are now asking them to get associated with small clusters where we do direct handholding and training of the entrepreneurs who are new and who need this kind of assistance”.

III. NIFTEM

2.17 The National Institute of Food Technology, Entrepreneurship and Management(NIFTEM) is one of the ambitious projects of the Ministry under the Scheme for Strengthening of Institutions. When asked about the present status of NIFTEM and when it was likely to become fully functional, the Ministry informed the Committee that the CCEA, in it's meeting on 31.8.2006 had approved the setting up NIFTEM at Kundli (Haryana) at an estimated cost of Rs. 244.60 crore. NIFTEM has hired Office in the premises of the Association of Municipalities and Development Authorities (AMDA) building, 7/6, Sirifort Institutional Area, August Kranti Marg, New Delhi till the construction of NIFTEM campus at Kundli is completed. 100 acres of land has been acquired from Haryana State Industrial and infrastructure Development Corporation at Kundli, District Sonapat Haryana in August, 2007. The work for design, architecture and construction of NIFTEM campus at Kundli, Sonapat, Haryana has been awarded to National Buildings Construction Corporation Ltd. (NBCC) on turnkey basis.

2.18 The structure of NIFTEM as provided originally was subsequently reviewed with a view to ensure that they are in line with the best international practices. NIFTEM has signed a collaborative agreement with Cornell University in USA for improving the existing design of the Institute. As a result, the cost of the project shall increase from it's original approved cost of Rs.244.60 core. The

Ministry is in the process of firming up the revised cost so that the necessary approvals can be taken expeditiously.

2.19 The academic civil infrastructure is nearing completion. The design of other technical facilities like laboratories, pilot plants, IT infrastructure is in advanced stage. The Institute is in the process of finalizing the course structure, detailed syllabi and other related matters like selection of students, etc.

2.20 NIFTEM's mandate, as approved by the Government, is to establish an international center of excellence in teaching and research which will work synergistically with industry and other institutions within India and abroad. As such, the Institute was designed to be an autonomous institution in the form of a 'deemed University'. The Ministry is making all efforts to ensure that the Institute obtains all regulatory approvals before the start of the academic session in 2010-11.

2.21 Elaborating further, a representative of the Ministry stated the following during the Oral Evidence held on 31 March, 2010:

"The last is a very ambitious project which the Ministry has and it is the National Institute of Food Technology, Entrepreneurship and Management. In the Food Processing Sector we had a long gap wherein there was no institution which could serve as a single-point problem-solving agency for food processing sector. That is why this institution has been conceptualized. It is being established on a hundred acre plot in Kundli just across Delhi border in Haryana. The buildings for Administrative Block, the Academic Block, and laboratories are almost complete. The institute will have mainly three activities-(1) academic activities like running B.Tech., M.Tech., and Ph.D. courses in food technology; (2) entrepreneurship Training Programmes for training entrepreneurs in Food Processing Sector; and (3) research in frontier areas like nanotechnology. Though that technology is not being used in our country for strengthening of food, it can be one area for research and can be the third important area for this institute. The institute is going to launch its first academic programme of B.Tech. this year September. This institute is coming up. There has been a cost revision because we have taken the Cornell University of the US as our knowledge partner. With the

knowledge gained from them the scope has widened. So, the project has become a little bigger. We are taking it to the EFC and to the CCA later for the approval of the improved project. This is what we have in the strengthening of institutions project”.

2.22 It was pointed out to the Ministry that in the same context, in the information submitted by them in connection with the examination of Demands for Grants 2009-10, it was stated that based on the inputs provided by Cornell Sathguru Foundation for Development, it was considered appropriate to review the concept and design. Accordingly, it is proposed to revise the estimated cost from Rs.244.60 crore to Rs.604.75 crore. In this regard, the civil construction cost will be enhanced from Rs.75.10 crore to Rs. 314.16 crore owing to escalation in the cost, increase in areas of construction and creation of additional facilities not provided in the original DPR.

2.23 In view of the foregoing when asked that once these estimates had already been worked out previously what circumstance have necessitated a reworking on the revised cost now, the Ministry stated that NIFTEM’s mandate, as approved by the Government is to establish an international center of excellence which will work synergistically with industry and other institutions within India and abroad. The College of Agriculture and Life Sciences at Cornell University (CALS), a global leader in agriculture and food research and education through Cornell Sathguru Foundation for Development, Hyderabad were engaged for knowledge sharing partnership for design of facilities, course curricula, faculty training and internship, developing a strategic frame work for nurturing research, development of intellectual property and technology transfer policy and strategic plan for technology transfer and enterprise development, training centre for continuing education and design of food enterprise incubator

with the approval of the Project Approval Committee of the Ministry of Food Processing Industries. An agreement was signed with Cornell Sathguru Foundation (CSF) in this regard on 08.01.2008.

The original estimate of Rs. 244.6 crore was based on the DPR prepared by RABO India Ltd. CSF reviewed the RABO DPR and functional requirements of NIFTEM to fulfill its mandate, which envisaged the following additional focus areas, which were not conceived in the RABO Report.

- Focus on comprehensive spectrum of food science and food technology such as food chemistry, food molecular biology, food nutrition, food process engineering and food laws as distinct research disciplines with requisite research labs for each of the core disciplines of food science and technology.
- Creation of comprehensive incubators for grains, Fruits and vegetables, Meat products and dairy products in order to validate technologies developed by NIFTEM researchers and transfer such technology to small and medium enterprises.
- Creation of tenancy area within the Incubator, where in enterprises can incubate their research projects and work in tandem with NIFTEM faculty for product research.
- Creation of Bio resource centre, Sensory facility, culinary kitchen and other essential research facilities that is essential to deliver advanced courses in food science and food technology.

- Creation of a continuing education centers with state of the art equipments that can help to re-skill industry professionals and Scientists in modern food science and food process technologies.
- State-of-the art symposium and auditorium facility that is essential for a center of excellence to conduct symposiums and workshops.

2.24 Based on the suggestions received Revised Cost Estimates were prepared by Ministry of Food Processing Industries at estimated cost of Rs. 604.75 crore. Draft EFC memo was circulated to all concerned Ministries/Departments and Planning Commission for their comments on 29.09.2009. Ministry of Food Processing Industries received suggestions from Planning Commission and the Ministry of Finance on the Revised Cost Estimates. We have examined all aspects in detail and shall firm up the cost in respect of certain components of the NIFTEM campus shortly.

2.25 Queried further as to when the Ministry expected the revised cost to firm up and to what extent was this reworking of revised cost going to affect the implementation of the project it was stated that every efforts are being made to make the Institute operational within the implementation schedule approved by CCEA to avoid time over-run of the project during 2010-11.

2.26 To the question as to whether Deemed University status had been granted to NIFTEM by the University Grants Commission, the Ministry replied that NIFTEM was approved to be setup as a Section 25 Company Under Indian Companies Act, 1956. As per the existing instructions the Institutes Registered Under Indian Societies Act, 1860 are eligible for obtaining Deemed to be the University Status and Recognition of Courses by AICTE. In view of the legal

hurdle, a Draft Cabinet Note for change of legal status of NIFTEM from a Section 25 Company to that of a Society to be registered under Indian Societies Act, was prepared and circulated to the various Ministries for their comments. Comments have been received. Final Cabinet Note is being prepared and will be submitted to Cabinet Secretariat shortly.

2.27 As regards the queries of the Committee about academic activities commencing in the Institute as Scheduled from academic session 2010-11; details of courses offered and the intake in each course for academic year 2010-11; the University to which the Institute has been affiliated pending grant of Deemed University status; the sanctioned staff strength in various grades in the faculties and other services in the Institute the actual staff strength faculty-wise/service-wise as on date; and the date when do the Ministry plan filling up all the posts in the Institute the Ministry replied that the issues will arise after approval of the Cabinet is received.

IV. Production of Processed Food

2.28 During the course of the examination of the Demands for Grants (2010-11) the Ministry were asked about the quantity of processed food exported during each of the last 3 years and the value thereof. They were also asked as to what percentage did these export constitute of the total processed food in the Country.

2.29 In response the figures relating to exports during last three years were furnished by the Ministry to the Committee. However, as regards, what percentage these export constituted of total food processed in the Country, it

was stated that the figures of domestic production of processed food are not yet maintained by this Ministry, therefore, the division is unable to work out the percentage of the exported processed food to total processed food.

V. Fruit and Vegetable Processing

2.30 The Ministry when asked about the present installed processing capacity of fruits and vegetables in the Country, the quantum of fruits and vegetables actually processed in these units; and the steps taken by the Ministry to ensure food processing units are set up in those areas where there is substantial availability of fruits and vegetables stated that according to Food Safety and Standards Authority of India, the installed processing capacity of fruits and vegetables in the Country as on 01.01.2009 was 3089243 MT. Quantity of fruits & vegetables product manufactured during calendar year 2007 was 1292399 MT.

2.31 They further stated that Government have formulated and is implementing several Plan Schemes to provide financial assistance for the establishment and modernization of food processing units, creation of infrastructure, support of R&D, Human Resource Development besides other promotional measures to encourage development of food processing industries. In this Scheme due care is taken to ensure location of FPI in areas having proper raw material base. Moreover, the Government have taken several steps like tax reduction, waiver/reduction of excise duty, reduction of custom duty on specific food items with a view to encourage the growth of Food Processing Industries and make them more competitive. Further, the Ministry under their Plan Scheme of establishing Food Testing Labs, Implementation of Quality

Systems such as Hazard Analysis Critical Control Points (HACCP), Promotion of Research and Development, Capacity Building and Human Resource Development provide assistance to Food Processing Industries. To enable them to compete in the international market.

2.32 When asked to state the number of fruits and vegetables processing industries assisted during each of the last three years the Ministry replied that total number of fruits and vegetables processing industries assisted during each of the last three years i.e. 2007-08, 2008-09 and 2009-10 are as under:

Sl. No.	Year	Total Number of units	Financial assistance provided (Rs. in lakhs)
1	2007-08	122	1919.48
2	2008-09	98	1553.39
3	2009-10 (till date)	144	2200.71

Asked further as to whether any evaluation been done of the performance of the units thus assisted so as to know the results of Capital/Technological infusions made and the results of such the evaluation it was stated that Ministry of Food Processing Industries have not conducted any study in respect of evaluation of loss due to the poor food processing facilities in the industry. However, the level of wastage of agricultural food items is estimated to be about Rs.30,000 crores occurring at various stages of handling due to fragmented farming , provisions of Agricultural Produce Marketing (Development & Regulation) Act, lack of cold chain facilities, poor transportation, lack of proper storage and processing facilities etc. Vision Document 2015 finalised by the Ministry envisages tripling the size of the processed food sector by increasing the level of processing of perishables from 6% to 20% value addition from 20% to 35% and share in global food trade from 1.5% to 3% by 2015.

VI Food Processing Training Centres

2.33 The objectives of setting up of Food Processing Training Centres are development of rural entrepreneurship and transfer of technology for processing of food products by utilizing locally grown raw material and providing “Hand-on” experience at such production cum training centres.

2.34 Central or State Government Organisations, Educational & Training Institutions, Schools and Colleges, ITIs, NGO’s, Co-operatives are eligible for grant to set up Food Processing Training Centre (FPTC). The Ministry provides grant-in-aid of Rs. 6.00 lakh for single line FPTC i.e. Rs. 4.00 lakh for fixed capital cost and Rs. 2.00 lakh as revolving seed capital and Rs. 15.00 lakh for setting up of multi line FPTC i.e. Rs. 11.00 lakh for fixed capital cost and Rs. 4.00 lakh as revolving seed capital.

Asked about the total number of food processing training centres set up in the Country, State-wise and how many of them were fully functional as on date, it was stated that the Ministry have so far assisted 533 Food Processing Training Centres in the country. State-wise details are at Annexure-II. As far as the number of fully functional FPTC’s are concerned, the Ministry have planned an evaluation to ascertain the extent of functional FPTC’s.

2.35 About the number of new food processing training centres that are likely to be set up in the Country during 2010-11, State-wise, the Ministry informed that they proposed to assist setting up of at least 30 food processing training centres in the Country during 2010-11. The setting up of these FPTC’s in the various States will depend on the proposals received from the States. However,

the emphasis will be to assist FPTC's in each State as far as possible, with special emphasis on NE region.

2.36 Since the Food Processing Industry Sector is witnessing substantial expansion the Committee desired to know whether the existing number of Food Processing Training Centres would suffice or more Centres are required to be set up and the deadline for the purpose. In response the Ministry stated that since food processing sector is witnessing substantial growth, the Ministry has planned an evaluation to ascertain the adequacy of existing number of Food Processing Training Centres. However, during EFC meeting, a total of 270 FPTC's were proposed during the Eleventh Plan period.

VII. Food Testing Laboratories

2.37 The Committee sought a detailed note on sufficiency or otherwise of food testing laboratories in the Country, particularly in North-Eastern States.

In response it was submitted that the Ministry had conducted a comprehensive study through TUV South Asia India Pvt. Ltd. In 2006 evaluation of existing laboratories, identification of gaps in infrastructure, manpower, and suggestions for setting up of Food Testing Laboratories. As per the report there were 312 food testing laboratories in the Country, out of which 10 food testing labs were in the North-Eastern States (Details at Annexure-III). The report suggested setting up/upgradation of 620 laboratories as under:-

National Laboratories	:	Atleast 02 labs
Regional Laboratories	:	Atleast 05 labs
State Laboratories	:	Atleast 28 labs
District Laboratories	:	Atleast 285 labs

2.38 The Ministry have so far provided grant for setting up/upgradation of 45 food testing labs in the Country including 2 labs in NE Region. State-wise details are as Annexure-IV. During 2010-11, the Ministry propose to provide financial assistance for setting up/upgradation of 10 food testing labs. The number of food testing labs are not sufficient in the Country as a whole and extremely insufficient in NE Region.

2.39 About the criteria for setting up of Food Testing Laboratories and by when the Ministry expected Food Testing Laboratories would be set up in each State/Union Territory, the Committee were informed that the Central/State Government and its Organisations/Universities (including deemed universities) and private sector can avail financial assistance for setting up/upgradation of existing food testing labs. Central/State Government and its organisations/Universities (including deemed universities) are eligible for grant-in-aid of entire cost of laboratory equipments required for labs. All other implementing agencies/private sector organisations will be eligible for grant-in-aid of 50% of cost of laboratory equipments in general area and 70% in difficult areas. In addition, they would also be eligible for 25% of the cost of technical civil works to house the equipments and furniture and the fixtures associated with the equipments for general areas and 33% for difficult areas.

2.40 The scheme also provide 5% of the grant amount as professional fees for Programme Management Agency (PMA) engaged for providing advisory and implementation services to Food testing/ Quality Control Laboratories and follow up actions.

2.41 It is expected that in the next 5 year, the Ministry would be able to provide financial assistance for setting up/upgradation of food testing lab in each state

subject to submission of appropriate proposals. However, the Ministry is taking adequate measures to publicise its scheme of setting up of food testing labs by way of publicity campaigns from time to time, in order to invite appropriate proposals. During the course of the Oral Evidence on 9 April,2010 when the Committee desired to know the reasons behind only 45 out of 312 Food Testing Laboratories being provided assistance by the Ministry, the Secretary of the Ministry informed the Committee:

“The Food Testing Labs are mostly commercial enterprises in the private sector. It has been noticed that good labs are not available in our Country for food processing. There are no testing facilities but labs existed where they were generating demands in the uncovered areas where the figure of existing position has been shown as 312. The Government scheme has been worked out in view of the condition of labs in the country. Therefore, we give 100 percent help. These include Government organizations and labs of the universities. Wherever, the market is expanding we provide 50 percent assistance for improvement in private labs. It depends on as to where the market is coming up and where the requirement is growing. We receive proposals for setting up of new labs and upgradation of existing labs and we approve them after checking their suitability of the laboratory equipments through the technical Committees. Sir, there are 45 cases wherein assistance has been provided. Similarly we expect to support 12-12, 15-15 private labs every year and in the uncovered areas like the North East where there are a few labs, we propose to set up labs through Governmental organizations. Our work is already in progress at two places”.

Queried further as to why in some States no laboratories had been set up/provided assistance he clarified:

“Sir, from this very view point as I have already told you I think, there exists lab only in Assam among these six States. Therefore, we have recently approved a new lab in Tripura by going out of way. Now we shall visit the remaining States and it is our endeavour to see that there is at least one Food Testing Lab there at every place or in every area”.

VIII. Outcome Budget

2.42 As per general practice, the Ministries/Departments lay their Outcome Budget of the relevant financial Year in the Parliament along with their Demands for Grants. However, the Ministry not been able to do so when their Demands for Grants were laid in Lok Sabha on 16 March, 2010. Asked about the constraints due to which this could not be done and when was the Ministry likely to do the needful it was stated that sincere efforts were made to provide complete information in the Outcome Budget about the performance of the Ministry up to 31.03.2010. The performance of the schemes being implemented are required to be reflected in detail for which information has to be compiled and collated by respective officers handling the schemes. This process has unfortunately taken more time and therefore, the Ministry could not complete the exercise within the time schedule. We regret the delay and inconvenience caused to Hon'ble Members of the Committee.

2.43 The outcome Budget 2010-11 in English is submitted before the Hon'ble Committee for kind consideration. It will be laid in the Parliament immediately in the next sitting of the Lok Sabha in the ensuing session. The Secretary of the Ministry further stated on this aspect during the Oral Evidence as follows:

“ About the Outcome Budget, it was delayed this year. But then since we are already at the end of the year, we are thinking of including all what we have been able to perform by the end of the year and finalise it now. Our draft Annual Report is all ready, and it has now been submitted. We will be finalizing it and presenting it to Parliament the moment Parliament resumes its sitting.”

IX. Utilisation Certificates

2.44 The Committee had observed substantial pendency of Utilisation Certificates while examining Demands for Grants 2009-10 of the Ministry and recommended expeditious liquidation of the same.

Asked whether all the UCs for 2008-09 and 2009-10 had been received by the Ministry and their number and value, the replied in negative and stated that efforts are being made by the divisions handling the schemes in coordination with State Nodal Agencies implementing schemes to recover pending UCs. The Position of outstanding UCs in respect of Grants paid up to 31.03.2008 and due as on 31.03.2009 is given below.

No. of UCs pending-2117

Amount-Rs. 330.65 crores

2.45 As regards the steps contemplated by the Ministry against defaulters it was stated that in the Ministry regular monitoring is being undertaken by all the divisions concerned and all State Nodal Agencies have been advised to assist in retrieving the pending UCs from the grant receiving bodies. Individual officers have been allotted respective States to make regular visits for monitoring the implementation of the projects as well as timely submission of the pending UCs.

When asked to furnish the details of the ten oldest pending UCs, the Ministry failed to do so.

Mega Food Parks

2.46 The Committee note that the Ministry was implementing a Scheme of Food Parks in the Ninth and Tenth Plans with a view to boost the food

processing industry sector. 56 Food Parks were covered under the Scheme by the Ministry over the years. The Scheme, as per own admission of the Ministry, did not yield the desired results because of certain inherent limitations. In the Eleventh Plan, the Ministry started a new Mega Food Parks (MFPs) component under the Infrastructure Development Scheme. To do away with the shortcomings of the Food Park Scheme, the Mega Food Parks, as the name suggests are on a substantially larger canvas and Special Purpose Vehicle (SPV) driven entities. Apart from the large and all encompassing infrastructure, they will also be having sufficient backward and forward linkages to ensure their viability.

The Committee further note that though the CCEA had approved in principle 30 MFPs during the Eleventh, only ten have been approved in the first stage on pilot basis. The Ministry received bids for all the ten MFPs. However, four of the proposals relating to setting up of MFPs in Karnataka, Maharashtra, Punjab and UP could not proceed beyond shortlisting stage. While the SPVs, themselves, sought withdrawal in cases of Maharashtra and UP. Two remaining ones in Karnataka and Punjab forfeited their claim being unable to submit the Detailed Project Report , as they could not identify and acquire the requisite land within the stimulated time. As a consequence, the earnest money amount of Rs. 10.00 lakh deposited by each of these SPVs has been retained by the Ministry as per the bidding conditions. The Committee find that fresh Expression of Interest have been invited by the Ministry in respect of these four places for selection of fresh SPVs. Till date, the Ministry have released a sum of Rs. 35.00 crore

as grant assistance to the remaining SPVs. Being cost and time intensive projects the MFPs require 24 to 30 months for completion. The Committee have been informed by the Ministry that due to delay in approvals/clearances none of the MFPs is complete as of now. The earliest, they expect some of them to be completed somewhere in the last year of the Eleventh Plan viz. 2011-12.

The Committee feel that the Mega Food Parks component, though intended to be an improvement over the failed erstwhile Food Parks Scheme still have several rough edges to be smoothed. The Government have, therefore, rightly decided to sanction assistance for only ten out of 30 MFPs in the first phase on pilot basis. Since these projects are having a long gestation period, any glitches at any interim stage, delay the entire process. The Committee, therefore, feel that the Government should constantly monitor the execution of the ten proposals, that have been approved for assistance in first phase on pilot basis, before taking further initiatives in the matter.

The Committee also feel that these projects should have better collateral guaranties from the side of the SPVs rather than the modest amount of Rs. 10.00 lakh as earnest money. As can be seen from the four cases which did not go beyond the short listing stage, the bidders have to only face the risk of forfeiting the earnest money of Rs. 10.00 lakh but the projects have been delayed for months together, as the entire thing is to be started afresh. Besides, this exercise though infructuous would surely have been a big drain on the Government resources, time and money.

The Committee would also advise the Ministry that if they have to take the concept of Mega Food Parks forward, they would have pursue the implementation of the ten sanctioned projects with all sincerity and sense of purpose. To begin with the rebidding of the projects at Maharashtra, Punjab, Karnataka and U.P. are to be finalized with urgency but with utmost caution and care to avoid a recurrence of the past bidding. The follow-up should also include a monthly progress monitoring system with the tasks to be achieved indicated in clear cut terms. The Committee would like to be apprised of the concrete action taken by the Ministry on these aspects from time to time.

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

2.47 The Committee note that the Scheme for Technology Upgradation /Establishment and Modernisation of Food Processing Industries is meant for upgradation and modernization of processing capabilities. Being a continuing Scheme from the Tenth Plan, it was luckily not stuck in the maze of approvals/clearances at the beginning of Eleventh Plan. Therefore, the Ministry have performed satisfactorily in implementation of this Scheme. In fact, as stated previously in this Report, this Scheme has also caught the eye of the Planning Commission, as all allocated BE funds have not only been utilized additional infusions were also required at the RE stages. The Committee, however, find two areas of concern in this Scheme. The Committee feel that the Cap of Rs. 50 lakh as subvention on cost of plant and machinery and civil works in general areas and Rs. 75 lakh in difficult areas is grossly insufficient. The modern food processing

industries sector is a capital intensive sector where such small doses of financial assistance are not going to prove effective. The Committee, therefore, recommend that the Government should enhance this sum to Rs. 1.00 crore in the general areas and to Rs. 1.5 crore in the difficult areas, with immediate effect.

The second shortcoming that has come to the notice of the Committee is the absence of a consultancy mechanism in the Ministry. There is nothing available in the system to provide hand holding to the prospective entrepreneur or to advise, facilitate and guide him/her on the matters pertaining to this Scheme, particularly on how to go about the balance funding of the project proposal through banks/financial institutions. The Committee can well imagine the plight of a prospective or even an existing entrepreneur who has to wade through a stream of formalities in banks/financial institutions to reach the Ministry for securing the subvention part and, thereafter, go through another round of similar formalities to secure the balance funds from various sources. The Committee, therefore, desire that the Ministry should give a serious thought to this matter and workout a consultancy mechanism, immediately for the purpose, so that the entrepreneurs approaching them are provided a much needed Single Window Clearance System for the Scheme.

NIFTEM

2.48 The National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) is one of the components of the Scheme 'Strengthening of Institutions'. The cost of the project which was

originally estimated to cost of Rs. 244.60 crore is set to escalate substantially to Rs. 604.75 crore due to certain changes in civil works, technical facilities, etc. suggested by the knowledge sharing partner viz. Cornell Sathguru Foundation for Development, Hyderabad. The Committee, concerned with such a high jump in estimates, have already recommended, a careful consideration of the same by the Government, in their Fifth Report on Demands for Grants 2009-10.

Apart from the cost factor, they have also noted that the CCEA had fixed an implementation schedule for the operationisation of NIFTEM according to which the Institute ought to have been fully functional by academic session 2010-11. For this purpose NIFTEM has to be granted the deemed University status by University Grants Commission, it has to also have a faculty, furthermore being an institution offering technical degrees also, a recognition of its courses by AICTE will be required. The Committee are, however, shocked to note that the Ministry have not been able to make any headway in these crucial matters. A Cabinet note to change legal status of NIFTEM from a Section 25 Company to that of a society to be registered under Indian Societies Act is being submitted to the Cabinet Secretariat shortly. The Ministry have informed the Committee, that any further action on issues like Deemed University status, filling up of faculty and other positions, recognition by AICTE, etc. will arise only after the approval of Cabinet is received.

The Committee are aware of the time consuming nature of all the issues referred to above. They, therefore, can say without thinking twice that the Ministry will not be able to meet the deadline of starting academic

activity in NIFTEM from 2010-11 Session. The Committee feel that if the Ministry plan it very professionally and in a highly time bound manner, they can at best think of making NIFTEM fully operational by the next academic session viz. 2011-12 only. Noting the lack of clarity in the matter of how to proceed further with the Project the Committee would like the Ministry to come out with a blue print in the matter and submit the same to the Committee on priority.

Food Processing Training Centres

2.49 The Committee note that the objectives of setting up of Food Processing Training Centres (FPTCs) include development of rural entrepreneurship, transfer of technology for processing of food products by utilizing locally grown produce and providing hand-on experience. The FPTCs basically function as production-cum-training centres. The Ministry have a Scheme for providing grant-in-aid for setting up of FPTCs. Till date, the Ministry have assisted 533 FPTCs in the Country. However, when queried about the FPTCs, which are fully functional, they have informed that they planned an evaluation in this regard. With regards to adequacy or otherwise of the existing FPTCs the Ministry have again taken refuge behind the said 'planned evaluation'. Simultaneously, however, the Ministry have informed the Committee, that during EFC meeting, a total of 270 FPTCs were proposed during the Eleventh Plan period. The Committee are dismayed at the ad hoc manner in which the Scheme of FPTCs is being implemented. The food processing industries sector is witnessing substantial growth. If the growing requirements of trained manpower for the Sector are to be ensured, the FPTCs are to be set-

up/revamped on a priority basis. The Committee wonder, why the aspect of FPTCs augmentation, in a desired manner, has not stuck, the Ministry even when they came out with the *grandiose* Vision – 2015. Being production-cum-training centres, the FPTCs have a vital role in further progression of the food processing sector. On one hand, they will ensure a regular supply of trained and skilled manpower for the sector on the other, they will also add to the processed food production capacity. The Committee have a feeling that the Ministry's belated intention to evaluate the Scheme, seems to have occurred only when the Committee prodded them for the information in the matter. Notwithstanding, whatever has happened, the Committee recommend that the Ministry may complete the planned evaluation within three months of presentation of this Report to the Parliament and come back to the Committee with a detailed feedback on the FPTCs.

Food Testing Laboratories

2.50 The existing Food Testing Laboratories (FTLs) network in the Country came out as another major area of concern during the examination by the Committee. There is an acute shortage of food testing laboratories. As per a study conducted at the Ministry's behest in 2006, there were 312 food testing laboratories in the Country with only 10 of them located in the NE Region. The study had recommended setting up/upgradation of 620 laboratories. The break-up being at least 2 National Laboratories, 5 regional laboratories, 28 State laboratories and at least 285 labs at the district levels. Unfortunately, however, the Scheme of FTLs has not been accorded the requisite priority in the scheme of things of the

Ministry. Till date, they have provided grant to only 45 FTLs out of 312 under the Scheme meant for the purpose. Only 2 of these laboratories are in NE Region. The Committee feel that the increasing importance of quality control, standardization and accreditation in the global context, demands a comprehensive network of FTLs which are dotted all over the Country at easily accessible distances to facilitate the food processing sector. The Committee, therefore, strongly recommend that Ministry should come out with detailed road map on how to ensure the coverage of all districts of the Country under the FTL Scheme on a priority basis within three months of presentation of this Report to the Parliament. If need be further incentives may be added to achieve this goal at the earliest.

Outcome Budget

2.51 The Outcome Budget, which is the successor of Performance Budget of yore, contains details of performance of any Ministry/Department on both the physical and financial parameters. It also contains the salient features of the forthcoming Annual Plan and other relevant details pertaining to the Demands for Grants, financial projections, physical targets, etc. By virtue of the information it contains, the Outcome Budget is an important tool for the Departmentally Related Standing Committees in assessing the performance of the Ministry/Department in question, more so, in the context of the examination of the Demands for Grants. It is because of the time bound requirements of reporting on the Demands for Grants to the Parliament that the Outcome Budget is invariably presented to the Parliament alongwith the Demands for Grants.

The Committee, are, however, unhappy to note that in the instant case, the Ministry did not lay the Outcome Budget alongwith the Demands for Grants 2010-11, laid in the Lok Sabha on the last day (16 March, 2010) of the first half the ongoing Budget Session. Copies of the Outcome Budget were provided to the Committee only during the Oral Evidence of the Ministry on 31 March, 2010. The Oral Evidence, therefore, remained inconclusive on that day and further Oral Evidence was necessitated on 9 April, 2010. In spite of the assurance of the Secretary of Ministry of Food Processing Industries during the Oral Evidence on 31 March, 2010, that the Outcome Budget will be laid in the Parliament immediately in the next Sitting (15 April, 2010) of the Lok Sabha in the ensuing Session, this was done only on 29 April, 2010.

The Committee consider this as a serious lapse on the part of the Ministry. If timely submission of documents to the Parliament and its entities is not ensured by the Government, the concept of the accountability of the executive to the legislature is severely dented, which is a matter of grave concern. While cautioning the Ministry to ensure that there is no recurrence of such nature in future, the Committee also desire a report in the instant matter within one month of presentation of this Report.

Utilization Certificates

2.52 The Committee find that the Ministry have to cover a lot of ground in the matter of liquidation of pending Utilization Certificates (UCs). There are 2117 UCs amounting to a huge Rs. 330.65 crore pending in respect of

grants paid up till 31 March, 2008 and due as on 31 March, 2009. This is a substantial amount for a Ministry, whose Annual Budget had been Rs. 290.00 crore last year and who have barely reached the Rs. 400.00 crore BE allocation mark in the ongoing Fiscal. What is a matter of further concern to the Committee, is the fact that the Ministry did not/could not furnish to them the number and value of the UCs received by the Ministry during 2008-09 and 2009-10. Likewise, they also did not/could not furnish to the Committee, details of the ten oldest pending UCs. The Committee deprecate this tendency of *laissez faire* of the Ministry, on an important issue like the liquidation of pending UCs. It should be clearly understood that the responsibility of the Ministry does not end merely with release of grants. Their proper utilization is rather more important. The Committee, therefore, exhort the Ministry to pursue the liquidation of pending UCs with all seriousness so that such huge backlog is cleared at the earliest. They would also like to be apprised about the two matters referred to above, on which information is still pending.

NEW DELHI:

30 April, 2010
10 Vaisakha, 1932 (Saka)

BASUDEB ACHARIA
Chairman,
Committee on Agriculture

Annexure-II

**STATESWISE DETAILS OF FOOD PROCESSING TRAINING CENTRES ASSISTED
UPTO 31-03-2010.**

Sl No.	Name of the States	Total
1.	Andaman & Nicobar Islands	01
2.	Andhra Pradesh	23
3.	Arunchal Pradesh	01
4.	Assam	27
5.	Bihar	30
6.	Delhi	07
7.	Gujarat	04
8.	Haryana	21
9.	Himachal Pradesh	11
10.	J&K	09
11.	Karnataka	19
12.	Jharkhand	03
13.	Kerala	09
14.	Maharashtra	30
15.	Madhya Pradesh	45
16.	Manipur	04
17.	Mizoram	07
18.	Meghalya	01
19.	Nagaland	02
20.	Orissa	78
21.	Punjab	04
22.	Rajasthan	08
23.	Tamil Nadu	44
24.	Tripura	01
25.	Uttar Pradesh	111
26.	West Bengal	27
27.	Uttarkhand	06
	Total	533

Annexure-III

State Wise numbers of Food testing laboratories in the country as per study conducted by M/s. TUV South Asia Pvt. Ltd. Mumbai in 2006.

Sl No.	Name of the States	No. of Food Testing Laboratories
1.	Andaman & Nicobar Islands	1
2.	Andhra Pradesh	19
3.	Assam	4
4.	Bihar	3
5.	Delhi	27
6.	Gujarat	19
7.	Goa	1
8.	Haryana	10
9.	Himachal Pradesh	6
10.	J&K	5
11.	Karnataka	21
12.	Jharkhand	2
13.	Kerala	15
14.	Maharashtra	47
15.	Madhya Pradesh	13
16.	Manipur	3
17.	Meghalya	1
18.	Nagaland	1
19.	Orissa	4
20.	Punjab	7
21.	Rajasthan	16
22.	Tamil Nadu	30
23.	Tripura	1
24.	Uttar Pradesh	31
25.	West Bengal	19
26.	Chandigarh	5
27.	Pondicherry	1
	Total	312

STATEWISE DETAILS OF LABS ASSISTED BY MFPI

S. No.	Name of the State	Total
1.	Andaman & Nicobar Islands	Nil so far
2.	Andhra Pradesh	4
3.	Arunachal Pradesh	Nil so far
4.	Assam	2
5.	Bihar	Nil so far
6.	Delhi	6
7.	Gujarat	3
8.	Haryana	3
9.	Himachal Pradesh	Nil so far
10.	J&K	1
11.	Karnataka	2
12.	Jharkhand	1
12.	Kerala	1
13.	Maharashtra	4
14.	Madhya Pradesh	2
15.	Manipur	Nil so far
16.	Mizoram	Nil so far
17.	Meghalaya	Nil so far
18.	Nagaland	Nil so far
19.	Orissa	Nil so far
20.	Punjab	Nil so far
21.	Rajasthan	2
22.	Tamil Nadu	3
23.	Tripura	Nil so far
24.	Uttar Pradesh	6
25.	West Bengal	4
26.	Uttrakhand	1
	Total:	45

COMMITTEE ON AGRICULTURE

(2009-10)

MINUTES OF THE TWENTY FIFTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 31st March, 2010 from 1100 hours to 1308 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia – Chairman

MEMBERS

LOK SABHA

2. Shri Narayan Singh Amlabe
3. Smt. Ashwamedh Devi
4. Smt. Paramjit Kaur Gulshan
5. Shri Anant Kumar Hegde
6. Shri Naranbhai Kachhadia
7. Shri Prabodh Panda
8. Shri Premdas
9. Shri Nripendra Nath Roy
10. Shri Hukmdeo Narayan Yadav

RAJYA SABHA

11. Shri Narendra Budania
12. Shri A. Elavarsan
13. Shri Sharad Anantrao Joshi
14. Shri Vinay Katiyar
15. Shri Mohd. Ali Khan
16. Shri Bharatsinh Prabhatsinh Parmar
17. Prof. M.S. Swaminathan

SECRETARIAT

1. Shri S. Bal Shekar - Joint Secretary
2. Shri P.C. Koul - Additional Director

REPRESENTATIVES OF MINISTRY OF FOOD PROCESSING INDUSTRIES

1. Shri Ashok Sinha - Secretary
2. Shri Chaman Kumar - Addl. Secretary & Financial Advisor
3. Shri Ajit Kumar - Joint Secretary
4. Shri K. Rajeswara Rao - Joint Secretary
5. Shri Amrit Lal Meena - Joint Secretary

Planning Commission

1. Shri Naveen Kumar -Principal Adviser
2. Shri M.M. Chanda -Adviser

At the outset, the Chairman welcomed the Members of the Committee and representatives of the Ministry of Food Processing Industries and Planning Commission to the Sitting. The Chairman then asked the witnesses to introduce themselves.

2. Once the introductions were over the Chairman enquired from the Principal Witness about the circumstances due to which submission of documents relevant to the Oral Evidence was delayed and some of them were circulated in the Sitting itself. The Secretary, Ministry of Food Processing Industries explained the reasons behind the delay in submission of documents. Most of the Members were of the view that due to delayed submission of documents and non-submission of some documents in Hindi, the conclusive examination of the Demands for Grants 2010-11 of the Ministry would not be possible. It was, therefore, decided that the post lunch session of the day may be cancelled and part evidence on the subject may be scheduled a few days later. The Chairman, then directed the representatives of the Ministry to make the audio-visual presentation on the Demands for Grants 2010-11 and related matters.

3. The Committee thereafter took the oral evidence of the representatives of the Department and other witnesses for and in connection with examination of Demands for Grants (2010-11) of the Ministry. Several queries were raised by the Chairman and Members of the Committee on issues concerning the Demands for Grants. The witnesses replied thereto.

4. The Chairman, thereafter, thanked the witnesses for appearing before the Committee as well as for furnishing valuable information desired by the Committee on the subject. He also directed them to submit documents sought by the Committee in the context of the subject, complete in all respects and appear before the Committee again on 9 April, 2010 for further Oral Evidence on the subject.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

**COMMITTEE ON AGRICULTURE
(2009-10)**

MINUTES OF THE TWENTY SIXTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 9th April, 2010 from 1505 hours to 1640 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Satyavrat Chaturvedi – Acting Chairman

MEMBERS

LOK SABHA

2. Shri Narayan Singh Amlabe
3. Shri K.C. Singh 'Baba'
4. Shri Thangso Baite
5. Smt. Shruti Choudhry
6. Smt. Ashwamedh Devi
7. Shri Sk. Nurul Islam
8. Shri Naranbhai Kachhadia
9. Shri Prabodh Panda
10. Shri Premdas
11. Shri Vitthalbhai Hansrajbhai Radadiya
12. Shri Nripendra Nath Roy
13. Shri Bhoopendra Singh
14. Shri Uday Singh
15. Shri Jagdish Thakor
16. Shri Hukmdeo Narayan Yadav

RAJYA SABHA

17. Shri Narendra Budania
18. Shri Sharad Anantrao Joshi
19. Shri Mohd. Ali Khan
20. Shri M. Rajasekara Murthy
21. Shri Bharatsinh Prabhatsinh Parmar

SECRETARIAT

1. Shri S. Bal Shekar - Joint Secretary
2. Shri P.C. Koul - Additional Director

MINISTRY OF FOOD PROCESSING INDUSTRIES

6. Shri Ashok Sinha - Secretary
7. Shri Chaman Kumar - Addl. Secretary & Financial Advisor
8. Shri Ajit Kumar - Joint Secretary
9. Shri K. Rajeswara Rao - Joint Secretary
10. Shri Amrit Lal Meena - Joint Secretary

Planning Commission

- | | | |
|----|-------------------|--------------------|
| 1. | Shri Naveen Kumar | -Principal Adviser |
| 2. | Shri M.M. Chanda | -Adviser |

At the outset the Joint Secretary, Lok Sabha Secretariat informed the Members that due to unavoidable circumstances the Chairman would not be able to attend the Sitting. The Committee, therefore, chose Shri Satyavrat Chaturvedi, M.P.(Rajya Sabha) to act as Chairman for the Sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

2. The Acting Chairman welcomed the Members of the Committee to the Sitting and asked the representatives of the Ministry of Food Processing Industries and Planning Commission to be ushered in. Once the witnesses took their seats the Acting Chairman welcomed them to the Sitting.

3. After introduction of the officials, the Acting Chairman announced that since the Committee had taken part evidence on the subject on 31 March, 2010, the witnesses may straightaway respond to the further queries of the Members.

4. The Committee thereafter took the further oral evidence of the representatives of the Ministry and other witnesses for and in connection with examination of Demands for Grants (2010-11) of the Ministry. Several queries were raised and clarifications sought by the Acting Chairman and Members of the Committee on issues concerning the Demands for Grants. The witnesses responded thereto.

5. The Acting Chairman, thereafter, thanked the witnesses for appearing before the Committee as well as for furnishing valuable information desired by the Committee on the subject. He also directed them to submit documents sought by the Committee in the context of the subject, complete in all respect **latest by 16 April, 2010.**

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

COMMITTEE ON AGRICULTURE

(2009-10)

MINUTES OF THE TWENTY SEVENTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 20th April, 2010 from 1500 hours to 1700 hours in Room '62', Parliament House, New Delhi.

PRESENT

Shri Basudeb Acharia - **Chairman**

MEMBERS

Lok Sabha

2. Shri Narayan Singh Amlabe
3. Shri Thangso Baite
4. Smt. Ashwamedh Devi
5. Smt. Paramjit Kaur Gulshan
6. Shri Naranbhai Kachhadia
7. Shri Surendra Singh Nagar
8. Shri Premdas
9. Shri Nripendra Nath Roy
10. Shri Jagdish Thakor
11. Shri Hukmdeo Narayan Yadav

Rajya Sabha

12. Shri Satyavrat Chaturvedi
13. Shri Sharad Anantrao Joshi
14. Shri Mohd. Ali Khan
15. Shri M. Rajasekara Murthy
16. Shri Bharatsinh Prabhatsinh Parmar
17. Prof. M.S. Swaminathan

SECRETARIAT

1. Shri P.C. Koul - Additional Director

REPRESENTATIVES OF INDIAN DAIRY ASSOCIATION

1. Dr. N. R. Bhasin - President, Indian Dairy Association
2. Dr. A.K. Srivastava - Member, Central Executive Committee of IDA
3. Dr. R.S. Khanna - Member, ZEC (NZ), IDA
4. Mr. Arun Patil - Chairman, (WZ), IDA
5. Shri K.L. Arora - Member, Central Executive Committee of IDA
6. Dr. Raja Rathinam - Member, Central Executive Committee of IDA

2. At the outset the Hon'ble Chairman welcomed the members to the Sitting of the Committee. Thereafter, the Committee took up the Draft Report on Demands for Grants (2010-2011) relating to the Ministry of Agriculture (Department of Agriculture & Co-operation) for consideration. After some minor corrections, the Committee adopted the said Draft Report.

3. The Committee, then, authorized the Chairman to finalise the above Draft Report after getting it factually verified from the concerned Department and present the same to the Parliament. The Chairman, thereafter directed that the representative of the Indian Dairy Association be ushered in.

(At about 1525 Hours representatives of the Indian Dairy Association took their seats in the Committee Room).

4. After introducing themselves the representatives of the Indian Dairy Association made an audio-visual presentation before the Committee on 'Sustainable Growth of Dairy Farmers in the Country'. They also briefed the Committee on several issues relating to the development of dairy sector in the Country.

5. The members sought several clarifications on various aspects of the presentation. The representatives of the Indian Dairy Association responded to the same.

6. Before the sitting concluded, the Chairman thanked the witnesses for appearing before the Committee as well as for furnishing valuable information desired by the Committee on the presentation.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.
