



COMMITTEE ON AGRICULTURE
(2014-2015)

SIXTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

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

**[Action taken by the Government on the Observations/Recommendations
contained in the Fifty Seventh Report of the Committee on Agriculture
(2013-14)]**

FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

DECEMBER 2014/ AGRAHAYANA, 1936 (Saka)

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Presented to Lok Sabha on : 18.12.2014

Laid on the Table of Rajya Sabha on : 18.12.2014



**LOK SABHA SECRETARIAT
NEW DELHI**

DECEMBER 2014/ AGRAHAYANA, 1936 (Saka)

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**COMPOSITION OF THE COMMITTEE ON AGRICULTURE
(2014-15)**

Shri Hukm Deo Narayan Yadav - Chairperson

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(iii)

SECRETARIAT

1. Shri A. Louis Martin - Additional Secretary
2. Smt. Abha Singh Yaduvanshi - Director
3. Smt. Jubby Amar - Deputy Secretary
4. Shri Kundan Lal - Executive Assistant

INTRODUCTION

I, the Chairperson, Committee on Agriculture having been authorized by the Committee to submit the Report on their behalf, present this First Report on action taken by the Government on the Observations/ Recommendations contained in the Fifty-seventh Report of the Committee on Agriculture (2013-14) on “National Institute of Food Technology, Entrepreneurship and Management (NIFTEM)”.

2. The Fifty-seventh Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 11 February, 2014. The Action Taken Replies on the Report were received on 7 April, 2014.

3. The Report was considered and adopted by the Committee at their Sitting held on 26 November, 2014.

4. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the Fifty-seventh Report(15th Lok Sabha) of the Committee is at **Annexure.**

NEW DELHI;
12 December, 2014
21 Agrahayana, 1936 (Saka)

HUKM DEO NARAYAN YADAV
Chairperson,
Committee on Agriculture.

CHAPTER-I

R E P O R T

This Report of the Committee on Agriculture deals with the action taken by the Government on the Recommendations contained in the Fifty Seventh Report (Fifteenth Lok Sabha) of the Committee on Agriculture (2013-2014) on “National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) pertaining to the Ministry of Food Processing Industries which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 11 February, 2014.

1.2 The Ministry of Food Processing Industries have furnished Action Taken Replies on 7 April, 2014 in respect of all the 11 Observations/Recommendations contained in the Report. These have been categorized as under:

- | | | |
|-----|--|---------------|
| I | Observations/Recommendations that have been accepted by the Government: | |
| | Recommendation Para Nos. 2,6,8,9,10 and 11 | (Chapter II) |
| II | Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply: | |
| | Recommendation Para No. 7 | (Chapter III) |
| III | Observations/Recommendations in respect of which action taken replies of the Government have not been accepted by the Committee: | |
| | Recommendation Para Nos. 1,3,4 and 5 | (Chapter IV) |
| IV | Observations/Recommendations in respect of which final replies of the Government are still awaited: | |
| | Recommendation - NIL | (Chapter V) |

1.3 The Committee note that the Government have not responded to some of the pointed queries raised by the Committee in the original report as discussed in the subsequent paragraphs. The Committee view the callousness of the Government seriously and would expect proper and satisfactory response to the Committee's comments contained in Chapter-I of this Report.

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

Absence of response to the observations

Recommendation (Para No. 1)

1.5 The Committee's examination of National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) had revealed that the proposal to set up NIFTEM was approved by the Expenditure Finance Committee (EFC) despite serious reservations by the Department of Expenditure, Planning Commission, Ministry of Health and Ministry of HRD on the grounds of duplication of functions, economic unviability, longer lead time, lack of clarity regarding courses, difficulty in attracting world class faculty and that there was no case for creating a new institution, as evident from the minutes of EFC meetings held on 16.12.2005 and 24.03.2006. The Committee had felt that there was no strong case for creation of a new institution at a huge cost when the Institute of Crop Processing Technology (IICPT) at Thanjavur, which is under MoFPI was conducting graduate and post-graduate courses on food technology. In the Committee's view, the objectives of setting up of the NIFTEM could have easily been achieved at a fraction of the cost of NIFTEM and within shortest time, by suitable upgradation of the IICPT. Alternatively, the same could have been achieved by introduction of relevant courses and facilities in the IITs which are located in most of the states with requisite infrastructure and eminent faculty.

1.6 The Government in their Action Taken reply have stated that Quantum increase in the level of processing and value addition of primary agriculture produce is of critical importance for enhancing farmers' income, generating employment and reducing

wastages, and to accomplish overall growth of the national economy. It is equally important to ensure cost and quality competitiveness of processed food so as to access global markets where price realization is higher and India has a comparative advantage. Moreover, setting food standards and reliable testing protocols has become a matter of serious public concern. It was therefore considered necessary to develop food scientists and technologists who can do R&D in frontier areas, set food standards and develop protocols for testing, and also develop entrepreneurs who undergo courses and training programmes having proper mix of inputs on food science, technology, management, entrepreneurship and business incubation.

1.7 The Institute of Applied Manpower Research (IAMR) in its report (2004) had recommended creation of a National Institute of Technology and Management for taking care of human resource development needs of the Food Processing Industry and building effective partnerships among various stakeholders. Integrated strategy for the promotion of agri-business under Prime Minister's thrust areas envisaged setting up of such an institution. Therefore, a new organization was required to be set up, with structure and systems aligned with its objectives to be the apex institution in food research and education in the country.

1.8 The Finance Minister, in his Budget Speech on 28.02.2006 announced the intention of Government to set up a National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) as an international centre of excellence which will work synergistically with industry and other institutions within India and abroad.

1.9 A feasibility study was done in August 2004 by Rabo India Finance Ltd. which had established the need for an apex institute named National Institute of Food Technology, Entrepreneurship and Management (NIFTEM).

1.10 The feasibility study had made an evaluation of the existing institutions for upgradation like National Dairy Research Institute (NDRI), Central Food Technological Research Institute (CFTRI) & Defence Food Research Laboratory (DFRL). NDRI was ruled out for comparison due to their limited sectoral focus. The main objective of DFRL at Mysore is to cater to the needs of the defence personnel. The Feasibility Report had observed that CFTRI is catering to the R&D needs of Food Processing Industries, but is focused on basic level research & training of local importance and is moreover located at Mysore in Southern India. The study found that CFTRI focuses primarily on applied research in Food Technology and lacked the comprehensive research focus in the food science arena.

1.11 Because of the above considerations, these Institutions were not considered as a substitute of NIFTEM in the feasibility Report prepared by Rabo India Finance Ltd.

1.12 After a detailed gap analysis, Rabo India Finance Ltd. noted that there is a clear need for an apex R& D institute in food and beverage sector.

1.13 Further, there was no institute in northern India to cater to the needs of its unique requirements. Indian Institute of Crop Processing Technology (IICPT) formerly known as Paddy Processing Research Centre (PPRC) had mainly sectoral focus on food grains.

1.14 The Committee had pointed out the serious reservations expressed by the Department of Expenditure, Planning Commission, Ministry of Health and Ministry of Human Resources Development in the Expenditure Finance Committee meetings on the proposal to set up NIFTEM . No response has been given by the Government to these observations. The reply is silent on the need for setting up NIFTEM when the purpose could have been achieved at a fraction of the cost within shortest time by introduction of relevant courses and facilities in the IITs which are located in most of the states with requisite infrastructure and eminent faculty. The Committee do not expect the Government to take the Committee's observations causally. The Committee, would await detailed explanation on each of the observations made by them.

Unjustified engagement of the Consultant

Recommendation (Para No. 3)

1.15 Though it was aimed to set up a world class institution, the Committee had observed that no global competitive bid was invited from consultants having relevant experience. Initially, M/s Educational Consultants India Limited was engaged for preparation of a feasibility report (FR) and detailed project report (DPR). The report was not found acceptable. Then the Ministry of Food Processing Industries (MoFPI) invited bids from six short-listed consultants and finally engaged M/s Rabo India Finance Pvt. Limited in November, 2003 at a cost of over Rs.40 lakhs. It was observed from the information furnished by MoFPI that Rabo India never had any experience in preparation of FR / DPR of any educational institution. It was no surprise that when the Rabo DPR was reviewed by Cornell – Sathguru Foundation for Development (CSF), it found that several essential facilities required for NIFTEM to excel in research and knowledge generation were not conceived in the DPR. The Committee would await an

explanation as to how such a consultant was engaged for setting up an Institute touted to be an International Centre of Eminence.

1.16 The Government in their Action Taken reply have stated that a proposal was initially received from Government of U.P. for setting up of Institute of Food Technology in December, 2000 along with a Project Report. The proposal was examined in the Ministry and it was found that the U.P. Government's Project Report is only indicative of the need for the Institute and is required to be revised to make it objective oriented, comprehensive and complete. Moreover, it was felt that the State Government may not be in a position to set up an apex institute in the area of food technology and management and to meet the recurring and future developmental expenditure. Hence the Ministry of Food Processing Industries considered it appropriate to set up a National Institute of Food Technology Entrepreneurship and Management. An Executive Committee consisting of following Officers was constituted to facilitate preparation of a comprehensive action plan for setting up the proposed Institute and to ensure speedy implementation and monitoring of the Project.

1. Shri A.N.P. Sinha, JS, MFPI – Chairman
2. Secretary, Horticulture and Food Processing Department, Govt. of U.P.
3. Shri G. Venkatramani, Director (Finance), MFPI
4. Shri S. G. Raoot, Joint Advisor, Planning Commission
5. Director, (Plan Finance), Department of Expenditure, Ministry of Finance
6. Shri K.N. Biswas, Director, Ministry of HRD
7. Shri R.C. Sachdeva, Deputy Secretary, MFPI

1.17 Initially the work for preparation of Feasibility Report and Detailed Project Report was assigned to M/s. Educational Consultants India Ltd. Their report was however not found feasible by the Executive Committee. The Committee therefore recommended that consultants of global repute may be assigned the work. Based on this, the Ministry invited technical and financial bids from the six Consultants which were earlier shortlisted by the Ministry for preparation of Mega Study-cum-Vision Document for the Ministry. Out of the 6 Consultants, only three Consultants had responded to the Ministry's letter seeking bids including M/sRabo India Finance Pvt. Ltd.

1.18 The Executive Committee after taking presentation from the above three Consultancy firms, shortlisted M/s. Rabo India Finance Pvt. Ltd. in its meeting held on 11.11.2003, at a cost of Rs. 40.70 lakh plus applicable service tax. M/sRabo India Finance Pvt. Ltd. in their Technical bid had indicated their following credentials:-

1. An institution dedicated to Food and Agribusiness.

2. Strong repository of knowledge of various sectors in Food and Agribusiness.
3. Significant experience in the Food Supply Chain from Farm to Consumer.
4. International Resources involved in Food and Agribusiness research.
5. Team of highly qualified and experienced Food and Agribusiness Professionals.
6. Experience of working with Government and Industry Bodies.
7. Deep knowledge and experience of developing public private partnership models for infrastructure projects in India.
8. Agency was assigned the work for preparation of a Mega Study of Vision Document by the Ministry.

1.19 Past performance for similar Project Consultancy Services as provided in the Technical bid submitted by M/s. Rabo India Finance Ltd. are indicated below:-

1. NDDDB – Feasibility study for setting up modern marketing systems for fruits and vegetables in India.
2. Gujarat State Govt. – Strategic Plan for food and agriculture for Gujarat.
3. DCM Shriram Consolidated Ltd – Strategies to develop and supply chain for food and agriculture products.
4. MARK FED, Punjab – Strategies for growth in processed vegetable sector.
5. Mother Dairy – Corporate Strategy
6. Leading Sugar Company – Business and financial restructuring.
7. Leading Tea Company – Restructuring and sourcing international alliances.
8. Heineken International – Entry Strategy for India.
9. Dynamix Dairy Industries Ltd – Strategic advisory for growth plan and sourcing potential alliances.
10. Leading Starch Cooperative – Strategic Advisory services (market analysis) with report to its entry plan in India.
11. IFFCO – Advisory on Business diversification areas.
12. ISAGRO S.P.A. – Advisory RPGLS in the sale of its agrochemical business.
13. WHYTE MACKAY–Advisory in the sale of 51% of Whyte and Mackay India Ltd to BACARDI.
14. Leading Marine Product Company–Identification of market opportunity and develop a comprehensive business strategy.
15. Amalgamated Bean Coffee Trading Company–Sole strategies and financial advisory to Amalgamated Bean Coffee Trading Co. (ABC) for raising capital for its growth plan.

16. East Asiatic Company–Entry Strategy upto India and acquisition of “Protenix” and “Dumex” from Pfizer Ltd.
17. Leading Brazilian Company–Strategic Advisory (market analysis) on current status and future potential for fuel ethanol in India.

1.20 In view of above position, it was resolved that Rabo India Finance Ltd. had considerable experience of preparation of Feasibility Reports/DPRs and they were engaged as Consultants.

1.21 The explanation given by the Ministry of Food Processing Industries has not addressed the issue raised by the Committee about engagement of an inexperienced consultant. None of the project consultancy services of M/s. Rabo India Finance Ltd cited by the Ministry of Food Processing Industries related to preparation of feasibility report of any educational institution. The past experience of the consultant related to the marketing or financial restructuring. It is clear that the Government has no explanation to offer regarding a deal which had no justification.

Damages for Breach of Contract by Cornell Sathguru Foundation for Development (CSF)

Recommendation (Para No. 4)

1.22 An agreement was signed in January 2008 with Cornell Sathguru Foundation for Development (CSF) for five years with staggered payment of Rs.3.925 cr. (spread over three years) for having knowledge sharing partnership with the College of Agriculture and Life Sciences (CALs) at Cornell University. Cornell was stated to be the foremost among IVY League Universities and a global leader in agriculture and food research and education with unmatched brand value. The agreement was, however, terminated in January, 2010. MoFPI came up with two conflicting versions as reasons for termination. In a written submission it was stated that the Cornell disassociated itself from the project midway on the grounds of funding uncertainty and non-availability of faculty in NIFTEM. During the oral deposition before the Committee, it was, however, stated that Cornell could not design the course curriculum and their suggestions were not relatable to Indian conditions. The Committee had desired to know that what exactly were the reasons for termination of contract with Cornell and what action was taken to claim damages for breach of contract if any, by CSF.

1.23 The Government in their Action Taken reply have stated that the knowledge sharing partnership agreement was signed with College of Agriculture and Life Sciences (CALs), Cornell University operating in India through Cornell Sathguru Foundation (CSF) for Development, Hyderabad on 08.01.2008 covering the following key task areas (scope of work):-

1. Strategic inputs for design of teaching and research facilities including support facilities such as the Library/ Laboratories and e- learning centre.
2. Guidance for design of under-graduate courses and also procedure for selection.
3. Faculty capacity building and exchange.
4. Development of a strategic framework for nurturing research within NIFTEM.
5. Development of Institutional Policy, Intellectual Property and Technology Transfer Policy and Development of a strategic plan for Technology Transfer and enterprise development.
6. Developing strategic plan and course design for a Training centre for continuing education.
7. Development of detailed plan for food enterprise incubator/ and interface with industry.
8. Assistance in faculty selection.

CSF did not provide the following essential documents/ services:-

1. Basic parameter for equipment for Central Bio-Process facilities, Incubator and Labs.
2. Appropriate learning tools and help devise experiential learning modules for best exposure to students.
3. Development of intellectual property and technology transfer policy and development of a strategic plan for technology transfer and enterprise development.
4. Identification of training needs of entrepreneurs and design of training course.
5. Design of food enterprise incubator.
6. Approaches on forming research consortiums and strategic focus in forging international partnerships in research management.

1.24 The College of Agriculture and Life Sciences, Ithaca, USA addressed a letter to Secretary, MoFPI on 28.01.2010 expressing their inability to provide any more assistance beyond what had been provided, on account of funding uncertainty and absence of faculty in NIFTEM. As submitted in reply to Para 2 above, there was a delay

of about 2 years in obtaining the approval for revision of cost estimates from the CCEA due to procedural formalities and comments received from various Government Departments which were required to be addressed suitably before obtaining approval of CCEA. There had also been delay in creation of posts and appointment of faculty due to the legal status of NIFTEM as a Company registered under Section 25 of the Companies Act. Creation of posts and recruitment of faculty could only be made after the Cabinet had approved registration of NIFTEM as an autonomous body under the Societies Registration Act.

1.25 In view of above position and the fact that College of Agriculture and Life Sciences, Cornell University (operating in India through Cornell Sathguru Foundation) had disassociated itself from the project midway on grounds of funding uncertainty and non availability of faculty, it was considered appropriate to discontinue the agreement signed with CSF with no further financial liability on NIFTEM.

1.26 The Committee in their earlier recommendation had, inter-alia, desired to know as to what action was taken to claim damages for breach of contract, if any, from Cornell Sathguru Foundation (CSF) for Development. The Government in their action taken reply have chosen to remain silent on this issue. The Committee, wish to be informed as to what action was taken to claim damages for breach of contract, if any, by CSF.

Fixing responsibility for mishandling of the Project

Recommendation (Para No. 5)

1.27 Strangely, NIFTEM was initially incorporated (in August, 2007), as a “not-for-profit” company under Section 25 of the Companies Act despite the fact that it was not a commercial entity but an educational institution. It was realized only later that the institute in the form of a company would be ineligible to get the status of “deemed university” from the UGC for running its academic courses. It was only in August 2010, NIFTEM was registered as a society and it took another two years for it to get the status of “deemed to be university”. Consequently, creation of posts and appointment of faculties and staff got delayed which reportedly led to termination of agreement by the knowledge partner. The Institute became operational only in 2012-13 instead of the initial plan of commencement in 2010-11. Surely, such inept handling of establishing an educational institution cannot be expected from any quarter. The Committee desired to know who was responsible for this mishandling and what action was taken in the matter.

1.28 The Government in their Action Taken reply have stated that the DPR prepared by M/s Rabo India Finance Ltd. suggested both the options for registering NIFTEM either under section 25 of the Companies Act or under Societies Act. M/s. Rabo India Finance Ltd. had however, recommended that NIFTEM be constituted as a Section 25 company as it provides certainty to the legal status, which is critical in terms of collaboration with leading global institutes, and provides more accountability and transparency in terms of financial reporting. The draft EFC Note and the CCEA Note, inter alia, providing for registration of NIFTEM under section 25 of the Companies Act were circulated to Ministry of HRD who in turn obtained comments of UGC and AICTE. The Ministry of HRD while supporting the proposal for setting up of NIFTEM as a Company registered under Sec 25 of the Companies Act, 1956 commented as under:-

- a) It has to be set up either as a Central University or apply for Deemed to be University status.
- b) No overlapping with the role of AICTE for determining the norms and standards in the area of engineering and technology.
- c) Obtaining AICTE approval of the courses and intake of the programme.

1.29 In view of above position, at no point of time did it transpire that the legal status of the Institute as Section 25 Company registered under Companies Act would make it ineligible to get Deemed to be University status from UGC.

1.30 The creation of posts was approved by the Government only after the Institute was registered as an autonomous organization under Societies Registration Act on 19.05.2010. The Institute submitted application for grant of Deemed to be University on 20.05.2010 to Ministry of Human Resource Development & UGC. Ministry of Human Resource Development issued the notification for granting Deemed to be University status under De Novo category on 08.05.2012.

1.31 Although commensurate infrastructure was established and minimum faculty was recruited to commence 1st academic session from 2011-12, it could not offer the courses due to non-availability of Deemed University status which was essential for admission of students in 2011-12. The UGC has also categorically advised the Institute not to admit students till the Deemed to be University status is conferred by Central Government through a Gazette Notification, which was conferred on 08.05.2012. Hence the delay in commencement of academic activities was due to delay in getting the legal authority for the same.

1.32 The information given in the reply is no different from the details already given and taken note of by the Committee in their original report. There is no denying the fact that the matter has been mishandled at different stages. The Committee wonder why the Ministry of Food Processing Industries is hesitant to fix responsibility in this regard. The Committee reiterate their earlier recommendation.

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

CHAPTER – II

RECOMMENDATION NO. 2

The setting up of NIFTEM at an initially estimated cost of Rs.245 cr.was approved in August, 2006 with scheduled completion in 2009-10. The Committee observe that the project suffered phenomenal cost escalation and time over run. The cost of the project as well as execution time were almost doubled. The cost of the project shot up from Rs.245 cr. to Rs.480 cr. and the project which was originally anticipated to be completed in 2009-10 is now expected to be completed only by June, 2014, three and half years after the initial schedule of completion. Increase in the cost of the project is attributed to increase in area of construction (from 40,588 s.m. to 98,539 s.m.) and addition of facilities not provided in the detail project report (DPR) such as development services, continuing education center, water treatment plan, solar panel system, amphitheater etc. It is obvious that the initial planning and DPR were awfully inadequate. Besides, the form of organisation of the Institute was misconceived. The knowledge sharing partner disassociated itself midway. The Committee do not expect such amateurish handling of a project relating to an institute which was projected to be a global centre of excellence.

Reply of the Government

It was originally projected that the Institute would commence limited activities in 2006-07 in hired building. Infrastructure was expected to be completed in 2009-10 and the Institute was to become fully operational from 2010-11.

As per directions of CCEA, a detailed roadmap of phased expansion of the Institute was to be finalized by 31.03.2007. The delay in setting up the institute can be attributed to following reasons:-

- A decision on phased expansion of the Institute was incumbent upon certain important factors like possession of required area of land, selection of construction agency and architect, finalization of concept and design of the building/campus, obtaining block estimates of construction of building and availability of budgetary resources to implement such a plan.
- Entire land for NIFTEM was acquired from Haryana State Industrial and Infrastructure Development Corporation (HSIIDC) on 10.08.2007.
- A decision on selecting NBCC to work as project implementing agency for establishment of NIFTEM was taken by the Ministry on 19.07.2007. In this regard a MoU in this regard was signed with them on 31.10.2007.
- College of Agricultural & Life Sciences, Cornell University which was operating in India through Cornell Sathguru Foundation, Hyderabad was selected as technical collaborator of NIFTEM on approval by Project Approval Committee (PAC) in its meeting held on 22.08.2007. An agreement was signed with them on 08.01.2008.
- Secretary, MoFPI on an invitation from Cornell University had visited various Universities in USA from 23rd September, 2007 to 3rd October, 2007. In his tour report dated 09.10.2007 to MOS (I/C), FPI, Secretary suggested that the structure of NIFTEM as provided in the Rabo's Detailed Project Report (DPR) and functional requirements need to be reviewed immediately with a view to ensure that they are in line with the best international practices. It was also suggested that the architect should visit USA and understand the architectural practices adopted and the facilities provided. These suggestions were accepted by the MOS(I/C) FPI on 10.10.2007 and he ordered that the experience gained by the Secretary should be fully utilized in framing our MOU with NBCC and Cornell University.
- Accordingly, on invitation of Cornell University in November 2007, a team consisting of representatives of NBCC, Stup Consultants and MFPI visited Cornell University and University of California, Davis during December 1-7, 2007.
- Based on the inputs gathered by the team and those provided by the Cornell University to NBCC and their Architect, presentations were made before Secretary, MoFPI and senior officers of the Ministry on 04.01.2008 and 15.01.2008 to finalize the concept and design of NIFTEM Campus.
- The concept and design was accepted by the Ministry on 29.01.2008.
- Even though the consultation process with Cornell University was on since August 2007 and NBCC and its Architect were actively involved in the discussion to develop the concept and design of NIFTEM Campus, formal MOUs were signed on 31.10.2007 and 08.01.2008 with NBCC and Cornell Sathguru Foundation for Development respectively.

- On the basis of approved concept and design, Block Cost Estimates were submitted by NBCC for construction work on 26.03.2008, where the cost of civil construction was estimated to be Rs. 310.74 crore.
- Since the CCEA had approved cost of construction at Rs. 75.10 crore, the proposal to start 1st phase of civil construction activities of institutional buildings at an estimated cost of Rs. 99.29 crore was approved by the Ministry. However, a condition was imposed that the approved cost for civil work of Rs. 75.10 crores should not be exceeded till such time as approval of Competent Authority on Revised Cost Estimates (RCE) is obtained.

In view of the position explained above, the time frame for finalizing the phased expansion of the Institute by 31.03.2007 could not be adhered to. The block cost estimates on the basis of concept and design after acquiring the land could be finalized only on 26.03.2008. In other words, there was a delay of one year in identifying the phasing of expansion activities for NIFTEM.

The cost estimates were revised due to escalation in cost vis-a-vis the cost indicated in the DPR, additions of facilities not envisaged in the DPR and increase in area of construction due to increased intake of students, etc. The work for completion of infrastructure could not be completed by 2009-10 since there had been delay of almost two years from July, 2009 to April, 2011 in getting the Revised Cost Estimates (RCE) approved. The RCE were approved by CCEA on 28.04.2011. However, 12000 sqm. area of Institutional Buildings consisting of Administrative Block, Seminar Block, Academic Block and Library Block was completed by 2010-11 with a view to commence 1st academic session in 2011-12.

There has also been delay in creation of posts due to legal status of the Institute as Company registered under Companies Act, 1956. When the proposal was sent to Department of Expenditure for creation of 61 posts they had advised the Ministry to approach Department of Public Enterprises since NIFTEM is registered as Company and is thus a Public Sector Enterprise. The matter was taken up with Department of Public Enterprises. That Department advised the Institute to first get the Institute classified under appropriate schedule. The Institute, being new, it could have been classified under Schedule "D" or at the most under Schedule "C" of the classification of Public Sector Undertakings. This classification would not enable NIFTEM to accomplish its mandate as a centre of global excellence.

In the meantime, the Ministry of HRD also advised that the Institute with legal status as Company is not eligible to get Deemed to be University status or recognition of technical courses from UGC and AICTE respectively as per the provisions of UGC

Act/ AICTE Act. Hence, the Ministry placed the matter before the Union Cabinet and obtained its approval on 23.04.2010 to:

- (i) Register NIFTEM as an autonomous organization registered under Societies Registration Act, 1860.
- (ii) Transfer all assets and liabilities of the Company to newly created Society.
- (iii) Wind up the Company under Companies Act.

In pursuance of Cabinet approval, the Ministry registered NIFTEM under Societies Registration Act, 1860 on 19.05.2010 and the Institute submitted the application to UGC on 20.05.2010 for grant of Deemed University status under De Novo category. The Ministry of HRD declared NIFTEM as Deemed to be University under De Novo category on 08.05.2012.

After NIFTEM was registered as an autonomous organization under Societies Act on 19.05.2010, the proposal for creation of 61 posts was submitted to Ministry of Finance (Department of Expenditure). The Ministry of Finance approved creation of 46 posts in July, 2010. Thereafter Recruitment Rules were formulated and advertisement for recruitment released in Newspapers on 28.08.2010.

Although commensurate infrastructure was established and minimum faculty was recruited to commence 1st academic session from 2011-12, it could not commence the courses due to non-availability of Deemed University status which was essential for admission of students in 2011-12. The UGC had also categorically advised the Institute not to admit students till the Deemed to be University status is conferred by Central Government through a Gazette Notification, which was conferred on 08.05.2012. Hence the delay in commencement of academic activities was due to delay in getting the legal authority for the same.

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07th April, 2014]

RECOMMENDATION NO. 6

In a presentation made to EFC on 16.12.2005, NIFTEM was projected to earn an internal rate of return (IRR) of 9.75 per cent for a 15 year period and NIFTEM becoming self-sustainable from the 6th year. The recurring expenditure when fully operational was projected to be around Rs.25 cr. per annum. It was stated that the institution would start earning revenue from the 3rd year of inception. The funds generated from the 3rd to 5th year shall be able to sustain it from 6th to 10th year after which it shall be on a

fully sustaining basis. It has, however, been pleaded now before the Committee that unless there is substantial financial support from the government, neither can NIFTEM support in-house academic and research work to the desired level nor can it make best of the faculty / non-faculty recruitment. NIFTEM has sought non-plan support of around Rs.132 cr. for the three year period from 2014-15 to 2016-17 to meet the deficit between revenue income and revenue expenditure. It is indeed distressing that Cabinet Committee on Economic Affairs was presented with a fait accompli.

REPLY OF THE GOVERNMENT

The projections of revenue generation placed before EFC on 16.12.2005 were based on the projections made in the original DPR prepared in August 2005. Thereafter in order to accomplish the mandate of the Institute as approved by the Government, the functional requirements of NIFTEM were reviewed with 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, wherein 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 centre with state-of-the-art equipment 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 centre of excellence to conduct symposia and workshops.

In view of addition of focus areas, as mentioned above, the core infrastructure had to be revised at the time of submission of Revised Cost Estimates. Further, due to increase in student intake from 430 to 950 and increase in cost of manpower &

materials, the projected revenue expenditure of around Rs. 25 crore per annum when fully operational in the original DPR, has increased substantially. In BE 2013-14, Government budgetary support for Revenue Expenditure of NIFTEM was estimated at Rs. 15 crore. However, in the RE 2013-14 the total Revenue Expenditure estimated by NIFTEM was Rs 30.77 crore and after adjustment of income generated by the institute, Government budgetary support has been Rs. 21 crore. As per estimate of NIFTEM (yet to be approved by Finance Committee), the revenue expenditure of NIFTEM for 2015-16 (i.e. after 3 years of inception) will be Rs. 58 crore and after adjustment of income of Rs. 12 crore, the budgetary support from the Government is estimated at Rs. 46 crore.

Since there is a deficit in revenue income over revenue expenditure, it is necessary to seek funding support from the Government so that the institute can function smoothly.

Similar Non-Plan support is being provided by the Government to Central Universities, IITs, NITs etc. Details of grant-in-aid provided by the Government to IITs and NITs in BE 2013-14 is as under:-

Institute	(Rs. in crore)		
	Budget Estimates 2013-14		
	Plan	Non-Plan	Total
Indian Institutes of Technology (IITs)	1720.50	1450.09	3170.59
National Institutes of Technology (NITs)	705.25	809.08	1514.33

Thus, the IITs and NITs are almost fully funded by Government of India.

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07th April, 2014]

RECOMMENDATION NO. 8

Sadly, an institution, projected to be an international centre of excellence, has begun its academic functioning with a bureaucrat as its Vice-Chancellor. Without casting doubt on the capabilities of the present incumbent to steer NIFTEM to global heights, the Committee would stress that, as a general rule, NIFTEM should be headed by a professional / academician specialized in the field with proven credentials as in the

case of IITs / IIMs. There is no dearth of such persons in the country. The Committee urge that there should be no bureaucrat as Vice-Chancellor in NIFTEM, in future.

REPLY OF THE GOVERNMENT

Regarding the observations of the Committee, it may be mentioned here that the Vice Chancellor, NIFTEM has been appointed by following due procedure. Applications for the post of Director, NIFTEM were invited by NIFTEM. 47 applications were received in response to the advertisement and out of these, 45 applicants met the basic eligibility criteria of age. The Ministry of Food Processing Industries with the approval of Department of Personnel & Training (DOP&T) had constituted a Search cum Selection Committee (SCSC). The SCSC in its meeting held on 17.06.2011 had shortlisted 10 candidates for discussions/personal interview for final selection. The SCSC after considering all aspects of the candidates recommended the following panel of candidates in the order of merit for selection to the post of Director, NIFTEM as under:-

1. Shri Ajit Kumar, Joint Secretary, Ministry of Food Processing Industries
2. Dr. B.S. Bisht, Vice-Chancellor, G.B.Pant Agricultural University
3. Dr. Satish Kulkarni, Head, NDRI (SRS Bangalore)

Based on the panel recommended by the SCSC, a proposal was sent to DOP&T for approval of Appointments Committee of the Cabinet (ACC) for appointment of Shri Ajit Kumar to the post of Director, NIFTEM. DOP&T vide their OM No. 9/34/2011-EO(SM.II) dated 31.01.2012 had conveyed the approval of ACC for appointment of Sh. Ajit Kumar, IAS (BH: 80) to the post of Director.

It is agreed that in future, Vice Chancellor of NIFTEM will be appointed from academia and she/he will be someone who fulfils the eligibility criteria laid down by University Grants Commission/ Ministry of Human Resource Development.

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07th April, 2014]

RECOMMENDATION NO. 9

The Institute is reportedly facing great difficulty in getting higher level teaching staff due to unmatched salary package available in private sector. Thus, the apprehensions expressed in this regard in the EFC meeting on 16.12.2005 turned out to be prophetic. It has been stated that in order to attract suitable faculty, incentives such as professional development facilities, research projects, participation in conferences, training programme, etc. are extended. Out of 45 posts of faculty already created, only 29 have been filled up. It has been stated that in order to meet the requirement of

teaching, guest faculties have been arranged from Academia and Industry. The Committee would suggest that NIFTEM should emulate IITs and follow their methods and incentives to attract the best faculty.

REPLY OF THE GOVERNMENT

Out of 45 sanctioned posts, 36 faculty (including on contract) are in position at present. Advertisement for filling up of reserved posts was released. The candidates who have applied for the posts were interviewed; some candidates were selected and issued offers of appointment. Following faculty posts are vacant at present:-

Professor	:	3 posts
Associate Professor	:	6 posts
Assistant Professor	:	Nil

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07th April, 2014]

RECOMMENDATION NO. 10

The Committee have been informed that NIFTEM has signed MOUs with Wageningen University (Netherland) in 2011, Kansas State University (USA) in 2012 and University of Nebraska Linchln (USA) in 2013 on mutual cooperation in the field of faculty / students exchange programme, research etc. and that the first batch of 18 students led by three faculty members was sent to these universities in 2013. The Committee desire that maximum benefit should be derived from such collaborations in the field of research, training, development of academic programmes, etc and it should be ensured that NIFTEM achieves its objective of becoming a global center of excellence.

Reply of the Government

The recommendations of the Committee have been noted.

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07th April, 2014]

RECOMMENDATION NO. 11

The Committee are glad to know that since its inception in 2012-13, NIFTEM has taken a number of initiatives such as village adoption programme for the students and short term training programmes benefitting 580 participants for skill development. NIFTEM has also set up a research development council consisting about 50 members drawn from industry and academia such as from Indian Council of Agriculture Research, Central Food Technological Research Institute, Central Institute of Post Harvest Engineering & Technology, Defence Food Research Laboratory, Defence Research and Development Organisation and IIT, Kharagpur. A number of research and training centers have also been set up to cater to the needs of the industry. The Committee hope that all these initiatives will yield desired results in meeting the projected skilled manpower requirement of 3.5 million by the year 2022.

Reply of the Government

The recommendations of the Committee have been noted.

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07th April, 2014]

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

CHAPTER – III

RECOMMENDATION NO. 7

The Committee have been informed that there are plans to expand IICPT and NIFTEM with networks of branches / distance learning. Ideally, IICPT and NIFTEM should have statutory basis with sufficient autonomy for their academic and professional functioning on the lines of IITs. The Committee desire that action should be taken in this regard and legislation introduced in Parliament at the earliest.

REPLY OF THE GOVERNMENT

The Draft NIFTEM Bill for declaring National Institute of Food Technology Entrepreneurship and Management (NIFTEM) as “Institutes of National Importance” through an Act of Parliament was prepared in the year 2013 on the lines of Institutes of Technology Act that governs IITs. The proposed Bill covers IICPT, Thanjavur also, which may be re-designated as NIFTEM. The objective is to provide for functional autonomy to the institute to design and develop courses and undertake research activities. On the draft proposal D/o Expenditure has intimated that NIFTEM at Haryana has only recently been inaugurated (7th November, 2012) and its courses are yet to be fully operational. In fact, the first batch is yet to be graduate. Similarly, till now two batches have graduated from IICPT. D/o Expenditure has therefore felt that it is too early to declare these institutes as Institute of National Importance at this stage.

***[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07th April, 2014
& F.No. 1-98/2013-NIFTEM (Vol.II) dated 04th December, 2014]***

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

CHAPTER – IV

RECOMMENDATION NO. 1

The Committee's examination of National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) reveals that the proposal to set up NIFTEM was approved by the Expenditure Finance Committee (EFC) despite serious reservations by the Department of Expenditure, Planning Commission, Ministry of Health and Ministry of HRD on the grounds of duplication of functions, economic unviability, longer lead time, lack of clarity regarding courses, difficulty in attracting world class faculty and that there was no case for creating a new institution, as evident from the minutes of EFC meetings held on 16.12.2005 and 24.03.2006. The Committee feel that there was no strong case for creation of a new institution at a huge cost when the Institute of Crop Processing Technology (IICPT) at Thanjavur, which is under MoFPI was conducting graduate and post-graduate courses on food technology. In the Committee's view, the objectives of setting up of the NIFTEM could have easily been achieved at a fraction of the cost of NIFTEM and within shortest time, by suitable upgradation of the IICPT. Alternatively, the same could have been achieved by introduction of relevant courses and facilities in the IITs which are located in most of the states with requisite infrastructure and eminent faculty.

REPLY OF THE GOVERNMENT

Quantum increase in the level of processing and value addition of primary agriculture produce is of critical importance for enhancing farmers' income, generating employment and reducing wastages, and to accomplish overall growth of the national economy. It is equally important to ensure cost and quality competitiveness of processed food so as to access global markets where price realization is higher and India has a comparative advantage. Moreover, setting food standards and reliable testing protocols has become a matter of serious public concern. It was therefore considered necessary to develop food scientists and technologists who can do R&D in frontier areas, set food standards and develop protocols for testing, and also develop entrepreneurs who undergo courses and training programmes having proper mix of inputs on food science, technology, management, entrepreneurship and business incubation.

The Institute of Applied Manpower Research (IAMR) in its report (2004) had recommended creation of a National Institute of Technology and Management for taking care of human resource development needs of the Food Processing Industry and building effective partnerships among various stakeholders. Integrated strategy for the promotion of agri-business under Prime Minister's thrust areas envisaged setting up of such an institution. Therefore, a new organization was required to be set up, with structure and systems aligned with its objectives to be the apex institution in food research and education in the country.

The Finance Minister, in his Budget Speech on 28.02.2006 announced the intention of Government to set up a National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) as an international centre of excellence which will work synergistically with industry and other institutions within India and abroad.

A feasibility study was done in August 2004 by Rabo India Finance Ltd. which had established the need for an apex institute named National Institute of Food Technology, Entrepreneurship and Management (NIFTEM).

The feasibility study had made an evaluation of the existing institutions for upgradation like National Dairy Research Institute (NDRI), Central Food Technological Research Institute (CFTRI) & Defence Food Research Laboratory (DFRL). NDRI was ruled out for comparison due to their limited sectoral focus. The main objective of DFRL at Mysore is to cater to the needs of the defence personnel. The Feasibility Report had observed that CFTRI is catering to the R&D needs of Food Processing Industries, but is focused on basic level research & training of local importance and is moreover located at Mysore in Southern India. The study found that CFTRI focuses primarily on applied research in Food Technology and lacked the comprehensive research focus in the food science arena.

Because of the above considerations, these Institutions were not considered as a substitute of NIFTEM in the feasibility Report prepared by Rabo India Finance Ltd.

After a detailed gap analysis, Rabo India Finance Ltd. noted that there is a clear need for an apex R& D institute in food and beverage sector.

Further, there was no institute in northern India to cater to the needs of its unique requirements. Indian Institute of Crop Processing Technology (IICPT) formerly known as Paddy Processing Research Centre (PPRC) had mainly sectoral focus on food grains.

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07thApril, 2014]

Comments of the Committee

For comments of the Committee please refer to Para No. 1.14 of Chapter – 1 of this Report.

RECOMMENDATION NO. 3

Though it was aimed to set up a world class institution, the Committee observe that no global competitive bid was invited from consultants having relevant experience. Initially, M/s Educational Consultants India Limited was engaged for preparation of a feasibility report (FR) and detailed project report (DPR). The report was not found acceptable. Then the Ministry of Food Processing Industries (MoFPI) invited bids from six short-listed consultants and finally engaged M/s Rabo India Finance Pvt. Limited in November, 2003 at a cost of over Rs.40 lakhs. It is observed from the information furnished by MoFPI that Rabo India never had any experience in preparation of FR / DPR of any educational institution. It is no surprise that when the Rabo DPR was reviewed by Cornell – Sathguru Foundation for Development (CSF), it found that several essential facilities required for NIFTEM to excel in research and knowledge generation were not conceived in the DPR. The Committee would await an explanation as to how such a consultant was engaged for setting up an Institute touted to be an International Centre of Eminence.

REPLY OF THE GOVERNMENT

A proposal was initially received from Government of U.P. for setting up of Institute of Food Technology in December, 2000 along with a Project Report. The proposal was examined in the Ministry and it was found that the U.P. Government's Project Report is only indicative of the need for the Institute and is required to be revised to make it objective oriented, comprehensive and complete. Moreover, it was felt that the State Government may not be in a position to set up an apex institute in the area of food technology and management and to meet the recurring and future developmental expenditure. Hence the Ministry of Food Processing Industries considered it appropriate to set up a National Institute of Food Technology Entrepreneurship and Management. An Executive Committee consisting of following Officers was constituted to facilitate preparation of a comprehensive action plan for setting up the proposed Institute and to ensure speedy implementation and monitoring of the Project.

1. Shri A.N.P. Sinha, JS, MFPI – Chairman
2. Secretary, Horticulture and Food Processing Department, Govt. of U.P.
3. Shri G. Venkatramani, Director (Finance), MFPI

4. Shri S. G. Raoot, Joint Advisor, Planning Commission
5. Director, (Plan Finance), Department of Expenditure, Ministry of Finance
6. Shri K.N. Biswas, Director, Ministry of HRD
7. Shri R.C. Sachdeva, Deputy Secretary, MFPI

Initially the work for preparation of Feasibility Report and Detailed Project Report was assigned to M/s. Educational Consultants India Ltd. Their report was however not found feasible by the Executive Committee. The Committee therefore recommended that consultants of global repute may be assigned the work. Based on this, the Ministry invited technical and financial bids from the six Consultants which were earlier shortlisted by the Ministry for preparation of Mega Study-cum-Vision Document for the Ministry. Out of the 6 Consultants, only three Consultants had responded to the Ministry's letter seeking bids including M/sRabo India Finance Pvt. Ltd.

The Executive Committee after taking presentation from the above three Consultancy firms, shortlisted M/s. Rabo India Finance Pvt. Ltd. in its meeting held on 11.11.2003, at a cost of Rs. 40.70 lakh plus applicable service tax. M/sRabo India Finance Pvt. Ltd. in their Technical bid had indicated their following credentials:-

1. An institution dedicated to Food and Agribusiness.
2. Strong repository of knowledge of various sectors in Food and Agribusiness.
3. Significant experience in the Food Supply Chain from Farm to Consumer.
4. International Resources involved in Food and Agribusiness research.
5. Team of highly qualified and experienced Food and Agribusiness Professionals.
6. Experience of working with Government and Industry Bodies.
7. Deep knowledge and experience of developing public private partnership models for infrastructure projects in India.
8. Agency was assigned the work for preparation of a Mega Study of Vision Document by the Ministry.

Past performance for similar Project Consultancy Services as provided in the Technical bid submitted by M/s. Rabo India Finance Ltd. are indicated below:-

1. NDDDB – Feasibility study for setting up modern marketing systems for fruits and vegetables in India.
2. Gujarat State Govt. – Strategic Plan for food and agriculture for Gujarat.
3. DCM Shriram Consolidated Ltd – Strategies to develop and supply chain for food and agriculture products.

4. MARK FED, Punjab – Strategies for growth in processed vegetable sector.
5. Mother Dairy – Corporate Strategy
6. Leading Sugar Company – Business and financial restructuring.
7. Leading Tea Company – Restructuring and sourcing international alliances.
8. Heineken International – Entry Strategy for India.
9. Dynamix Dairy Industries Ltd – Strategic advisory for growth plan and sourcing potential alliances.
10. Leading Starch Cooperative – Strategic Advisory services (market analysis) with report to its entry plan in India.
11. IFFCO – Advisory on Business diversification areas.
12. ISAGRO S.P.A. – Advisory RPGLS in the sale of its agrochemical business.
13. WHYTE MACKAY–Advisory in the sale of 51% of Whyte and Mackay India Ltd to BACARDI.
14. Leading Marine Product Company–Identification of market opportunity and develop a comprehensive business strategy.
15. Amalgamated Bean Coffee Trading Company–Sole strategies and financial advisory to Amalgamated Bean Coffee Trading Co. (ABC) for raising capital for its growth plan.
16. East Asiatic Company–Entry Strategy upto India and acquisition of “Protenix” and “Dumex” from Pfizer Ltd.
17. Leading Brazilian Company–Strategic Advisory (market analysis) on current status and future potential for fuel ethanol in India.

In view of above position, it was resolved that Rabo India Finance Ltd. had considerable experience of preparation of Feasibility Reports/DPRs and they were engaged as Consultants.

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07th April, 2014]

Comments of the Committee

For comments of the Committee please refer to Para No. 1.21 of Chapter – 1 of this Report.

RECOMMENDATION NO. 4

An agreement was signed in January 2008 with Cornell Sathguru Foundation for Development (CSF) for five years with staggered payment of Rs.3.925 cr. (spread over

three years) for having knowledge sharing partnership with the College of Agriculture and Life Sciences (CALs) at Cornell University. Cornell is stated to be the foremost among IVY League Universities and a global leader in agriculture and food research and education with unmatched brand value. The agreement was, however, terminated in January, 2010. MoFPI came up with two conflicting versions as reasons for termination. In a written submission it was stated that the Cornell disassociated itself from the project midway on the grounds of funding uncertainty and non-availability of faculty in NIFTEM. During the oral deposition before the Committee, it was, however, stated that Cornell could not design the course curriculum and their suggestions were not relatable to Indian conditions. The Committee would like to know what exactly were the reasons for termination of contract with Cornell and what action was taken to claim damages for breach of contract if any, by CSF.

REPLY OF THE GOVERNMENT

The knowledge sharing partnership agreement was signed with College of Agriculture and Life Sciences (CALs), Cornell University operating in India through Cornell Sathguru Foundation (CSF) for Development, Hyderabad on 08.01.2008 covering the following key task areas (scope of work):-

1. Strategic inputs for design of teaching and research facilities including support facilities such as the Library/ Laboratories and e- learning centre.
2. Guidance for design of under-graduate courses and also procedure for selection.
3. Faculty capacity building and exchange.
4. Development of a strategic framework for nurturing research within NIFTEM.
5. Development of Institutional Policy, Intellectual Property and Technology Transfer Policy and Development of a strategic plan for Technology Transfer and enterprise development.
6. Developing strategic plan and course design for a Training centre for continuing education.
7. Development of detailed plan for food enterprise incubator/ and interface with industry.
8. Assistance in faculty selection.

CSF did not provide the following essential documents/ services:-

1. Basic parameter for equipment for Central Bio-Process facilities, Incubator and Labs.
2. Appropriate learning tools and help devise experiential learning modules for best exposure to students.

3. Development of intellectual property and technology transfer policy and development of a strategic plan for technology transfer and enterprise development.
4. Identification of training needs of entrepreneurs and design of training course.
5. Design of food enterprise incubator.
6. Approaches on forming research consortiums and strategic focus in forging international partnerships in research management.

The College of Agriculture and Life Sciences, Ithaca, USA addressed a letter to Secretary, MoFPI on 28.01.2010 expressing their inability to provide any more assistance beyond what had been provided, on account of funding uncertainty and absence of faculty in NIFTEM. As submitted in reply to Para 2 above, there was a delay of about 2 years in obtaining the approval for revision of cost estimates from the CCEA due to procedural formalities and comments received from various Government Departments which were required to be addressed suitably before obtaining approval of CCEA. There had also been delay in creation of posts and appointment of faculty due to the legal status of NIFTEM as a Company registered under Section 25 of the Companies Act. Creation of posts and recruitment of faculty could only be made after the Cabinet had approved registration of NIFTEM as an autonomous body under the Societies Registration Act.

In view of above position and the fact that College of Agriculture and Life Sciences, Cornell University (operating in India through Cornell Sathguru Foundation) had disassociated itself from the project midway on grounds of funding uncertainty and non availability of faculty, it was considered appropriate to discontinue the agreement signed with CSF with no further financial liability on NIFTEM.

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07th April, 2014]

Comments of the Committee

For comments of the Committee please refer to Para No. 1.26 of Chapter – 1 of this Report.

RECOMMENDATION NO. 5

Strangely, NIFTEM was initially incorporated (in August, 2007), as a “not-for-profit” company under Section 25 of the Companies Act despite the fact that it is not a commercial entity but an educational institution. It was realized only later that the institute in the form of a company would be ineligible to get the status of “deemed

university” from the UGC for running its academic courses. It was only in August 2010, NIFTEM was registered as a society and it took another two years for it to get the status of “deemed to be university”. Consequently, creation of posts and appointment of faculties and staff got delayed which reportedly led to termination of agreement by the knowledge partner. The Institute became operational only in 2012-13 instead of the initial plan of commencement in 2010-11. Surely, such inept handling of establishing an educational institution cannot be expected from any quarter. The Committee would like to know who was responsible for this mishandling and what action was taken in the matter.

REPLY OF THE GOVERNMENT

The DPR prepared by M/s Rabo India Finance Ltd. suggested both the options for registering NIFTEM either under section 25 of the Companies Act or under Societies Act. M/s. Rabo India Finance Ltd. had however, recommended that NIFTEM be constituted as a Section 25 company as it provides certainty to the legal status, which is critical in terms of collaboration with leading global institutes, and provides more accountability and transparency in terms of financial reporting. The draft EFC Note and the CCEA Note, inter alia, providing for registration of NIFTEM under section 25 of the Companies Act were circulated to Ministry of HRD who in turn obtained comments of UGC and AICTE. The Ministry of HRD while supporting the proposal for setting up of NIFTEM as a Company registered under Sec 25 of the Companies Act, 1956 commented as under:-

- d) It has to be set up either as a Central University or apply for Deemed to be University status.
- e) No overlapping with the role of AICTE for determining the norms and standards in the area of engineering and technology.
- f) Obtaining AICTE approval of the courses and intake of the programme.

In view of above position, at no point of time did it transpire that the legal status of the Institute as Section 25 Company registered under Companies Act would make it ineligible to get Deemed to be University status from UGC.

The creation of posts was approved by the Government only after the Institute was registered as an autonomous organization under Societies Registration Act on 19.05.2010. The Institute submitted application for grant of Deemed to be University on 20.05.2010 to Ministry of Human Resource Development & UGC. Ministry of Human Resource Development issued the notification for granting Deemed to be University status under De Novo category on 08.05.2012.

Although commensurate infrastructure was established and minimum faculty was recruited to commence 1st academic session from 2011-12, it could not offer the courses due to non-availability of Deemed University status which was essential for admission of students in 2011-12. The UGC has also categorically advised the Institute not to admit students till the Deemed to be University status is conferred by Central Government through a Gazette Notification, which was conferred on 08.05.2012. Hence the delay in commencement of academic activities was due to delay in getting the legal authority for the same.

[Ministry of Food Processing Industries, F. No. 6-09/2013-Parl.Dated 07thApril, 2014]

Comments of the Committee

For comments of the Committee please refer to Para No. 1.32 of Chapter – 1 of this Report.

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

CHAPTER – V

- NIL -

**NEW DELHI;
26 November, 2014
05 Agrahayana, 1936 (Saka)**

**HUKM DEO NARAYAN YADAV
Chairperson,
*Committee on Agriculture***

COMMITTEE ON AGRICULTURE

(2014-15)

MINUTES OF THE NINTH SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 26th November, 2014 from 1500 hrs. to 1630 hrs. in Committee Room 'C' Parliament House Annexe, New Delhi.

PRESENT

Shri Hukm Deo Narayan Yadav – Chairperson

MEMBERS

LOK SABHA

2. Prof. Ravindra Vishwanath Gaikwad
3. Shri Nalin Kumar Kateel
4. Md. Badaruddoza Khan
5. Shri C. Mahendran
6. Shri Dalpat Singh Paraste
7. Shri Nityanand Rai
8. Shri C.L. Ruala
9. Shri Virendra Singh
10. Shri B. S. Yeddyurappa

RAJYA SABHA

11. Shri Janardan Dwivedi
12. Shri Mohd. Ali Khan
13. Shri Ram Nath Thakur

SECRETARIAT

1. Smt. Abha Singh Yaduvanshi – Director
2. Smt. Juby Amar – Deputy Secretary
3. Shri C. Vanlalruata - Deputy Secretary

2. At the outset the Chairman welcomed the members to the Sitting of the Committee. The Committee, then, took up the draft Report on the Action Taken by the Government on Observations/Recommendations contained in the Fifty-Seventh Report on “National Institute of Food Technology, Entrepreneurship and Management (NIFTEM)”. After some deliberations, the Committee adopted the draft Report without any modification and authorized the Chairman to finalise the same on the basis of factual verification from the concerned Department and present the same to Parliament.

*3 xxx xxx xxx xxx xxx xxx

*4 xxx xxx xxx xxx xxx xxx

*5 xxx xxx xxx xxx xxx xxx

The Committee then adjourned.

*Matter not related to this Report

ANNEXURE

(Vide Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE FIFTY SEVENTH REPORT ON NIFTEM OF COMMITTEE ON AGRICULTURE (FIFTEENTH LOK SABHA)

(i)	Total number of Recommendations	11	
(ii)	Recommendations/Observations which have been Accepted by the Government		
	Para Nos. 2,6,8,9,10 and 11		
		Total	: 06
		Percentage	: 54.54%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies		
	Para No. 7		
		Total	: 01
		Percentage	: 9.09%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee		
	Para Nos. 1,3,4 and 5		
		Total	: 04
		Percentage	: 36.37%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited		
	-NIL-		
		Total	: NIL
		Percentage	: 0%