

16

**COMMITTEE ON AGRICULTURE
(2014-2015)**

SIXTEENTH LOK SABHA

**MINISTRY OF FOOD PROCESSING
INDUSTRIES**

MEGA FOOD PARKS

SIXTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2015/Shravana, 1937 (Saka)

SIXTEENTH REPORT

STANDING COMMITTEE ON AGRICULTURE (2014-2015)

(SIXTEENTH LOK SABHA)

MINISTRY OF FOOD PROCESSING INDUSTRIES

MEGA FOOD PARKS

*Presented to Lok Sabha on 11.08.2015
Laid on the Table of Rajya Sabha on 11.08.2015*



LOK SABHA SECRETARIAT
NEW DELHI
August, 2015/Shravana, 1937 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE
(2014-2015)

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3. Prof. Ravindra Vishwanath Gaikwad
4. Shri Nalin Kumar Kateel
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19. Shri Jai Prakash Narayan Yadav
20. Shri Dharmendra Yadav
21. Shri B.S. Yeddyurappa

*Vice Shri Kadiyam Srihari who ceased to be the Member of the Committee on his resignation from Lok Sabha *w.e.f.* 11.06.2015 *vide* Notification No. 21.1.2015/T(B) dated 15.06.2015.

Rajya Sabha

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1. Shri Abhijit Kumar — *Joint Secretary*
2. Shri N.K. Pandey — *Director*
3. Shri Sumesh Kumar — *Under Secretary*
4. Shri Prashant Dubey — *Executive Assistant*

INTRODUCTION

I, the Chairperson, Standing Committee on Agriculture (2014-2015) having been authorized by the Committee to submit the Report on their behalf, present this Sixteenth Report (Sixteenth Lok Sabha) on the subject 'Mega Food Parks' pertaining to the Ministry of Food Processing Industries.

2. The Committee took evidence of the representatives of Ministry of Food Processing Industries on the subject at their Sitting held on 29.05.2015.

3. The Report was considered and adopted by the Committee at their Sitting held on 06 August, 2015.

4. For facility of reference, the observations/recommendations of the Committee have been printed in bold at Part-II of the Report.

5. The Committee wish to express their thanks to representatives of the Ministry of Food Processing Industries for furnishing requisite information to the Committee in connection with examination of the subject.

NEW DELHI;
10 August, 2015

19 Shravana, 1937 (Saka)

HUKM DEO NARAYAN YADAV,
Chairperson,
Standing Committee on Agriculture.

ABBREVIATIONS

ICAR	Indian Council of Agricultural Research
CIPHET	Central Institute of Post-Harvest Engineering and Technology
USA	United States of America
GDP	Gross Domestic Product
AAGR	Average Annual Growth Rate
FPI	Food Processing Industry
ASI	Annual Survey of Industries
NSSO	National Sample Survey Organisation
CPC	Central Processing Centres
PPC	Primary Processing Centers
CC	Collection Centres
EOI	Expression of Interest
PMA	Program Management Agency
TC	Technical Committee
IMAC	Inter-Ministerial Approval Committee
SPV	Special Purpose Vehicle
ITDP	Integrated Tribal Development Project
DPR	Detailed Project Report
SSA	Share Subscription Agreement
PMC	Project Management Consultant
MFP	Mega Food Parks
MoFPI	Ministry of Food Processing Industries
RE	Revised Allocation
BE	Budgetary Allocation
AE	Annual Allocation

FDI	Foreign Direct Investment
FII	Foreign Institutional Investment
IEST	Indian Institute of Engineering Sciences and Technology
IQF	Individually Quick Frozen
HT<	High Tension and Low Tension
TPH	Total Petroleum Hydrocarbons
MT	Metric Tonne
QC	Quality Control
SNS	Strategic National Stockpile
ETP	Effluent Treatment Plan
VAT	Value Added Tax

CHAPTER I

Introduction

Our country is bestowed with diverse Agro-climatic resources which enables agricultural production. However, at the time of independence, we were facing acute shortage of cereals and other agricultural products due to legacy of faulty agricultural policies of the British Government. Thereafter, with the combined efforts of Government Scientist and mainly farmers, India has achieved self-sufficiency in production of most of the agricultural commodities. Over the years, agricultural production in India has consistently recorded higher output. India ranks no. 1 in the world in the production of Milk, Pulses, Ginger, Bananas, Guavas, Papayas and Mangoes. Further, India ranks no. 2 in the world in the production of Rice, Wheat, Vegetable and Horticulture products. Productions of some of agricultural produce are as follows:—

Sl.No.	Agricultural Product	Production	World Ranking
1.	Food Grains (2012-13)	257 Million M.T.	Third
2.	Fruits and Vegetables (2013-14)	250 Million M.T.	Second
3.	Milk (2012-13)	132 Million M.T.	First
4.	Livestock (2012 census)	512 Million Heads	First
5.	Fish (2013-14)	10 Million M.T.	Third
6.	Poultry (2012 census)	730 Million Heads	—
7.	Eggs (2012-13)	70 Billion	—

1.2 However, despite the large production of food products in India, food inflation and food security issues are major concerns for policy makers in the country as they affect the basic need for Indian citizens—to have sufficient, healthy and affordable food. India has dubious distinction of not only a great producer of foods but also a big loser of them in post harvest System. As per a study undertaken by the ICAR through its All India Coordinated Research Project on Post-Harvest Technology Network undertaken in fourteen Agro-Climatic Zones of India, Indian Farming Community incur losses equal to 92600 crore

per year. Indian Council of Agricultural Research has furnished following details regarding loss value of agriculture and allied sectors:—

Produce	Loss Value, Rs. crores/annum
Cereals	20,698
Pulses	3,877
Oilseeds	8,278
Spices/Plantation Crops	9,325
Fruits	16,644
Vegetables	14,842
Livestock	18,987
Total	

1.3 When asked about average wastage of agricultural commodities in India, the Department has submitted that a nation-wide study on quantitative assessment of harvest and post-harvest losses for 46 agricultural produces in 106 randomly selected districts was carried out by CIPHET, Ludhiana. The study has estimated harvest and post-harvest losses of major agricultural produces at national level. The Department has submitted following details regarding Percentage of losses for major crops:—

Percentage of losses estimated for major produces

Crop	Cumulative wastage (per cent)
Cereals	3.9-6.0
Pulses	4.3-6.1
Oil seeds	2.8-10.1
Fruits and Vegetables	5.8-18.0
Milk	0.8
Fisheries (Inland)	6.9
Fisheries (Marine)	2.9
Meat	2.3
Poultry	3.7

The Ministry have further submitted that Ministry of Food Processing Industries has assigned a repeat study to CIPHET, Ludhiana for same 106 districts to assess the position at present. The Report of the study is yet to be released.

1.4 It has been brought to the knowledge of the Committee that major reason for losses is low level of processing of agricultural commodities. The committee has been informed that level of food processing in India is only 6% (2.2% of Fruits and Vegetables, 8% of Marine products, 6% for Poultry and 20% for Buffalo Meat) as compared to more than 70% in Countries like USA, China, Malaysia, Phillipines etc. Huge amount of wastage in agriculture and allied sectors in India not only reduces availability of food to ever increasing population but also reduces farmers' income to the significant level contributing to vicious circle of poverty of majority of small and marginal farmers. Therefore, it become essential that we take effective steps to encourage establishment of food processing industries in all parts of the Country in order to reduce agricultural wastage and improve farmers' income.

1.5 A well-developed food processing sector with higher level of processing helps in the reduction of wastage, improves value addition, promotes crop diversification, ensures better return to the farmers, promotes employment as well as increases export earnings. This sector is also capable of addressing critical issues of food security, food inflation and providing wholesome and nutritious food to the masses. When asked about status of Food processing industries in the Country, the Ministry have submitted that abundant supply of raw materials, increase in demand for food products and incentives offered by the Government has impacted food processing sector positively. In the last few years the food processing sector has been growing at a faster rate than agriculture sector. Food Processing Sector has emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. The sector constitutes as much as 9.0 and 11.0 per cent of GDP in Manufacturing and Agriculture sector respectively. During the last 5 years ending 2012-13, Food Processing Industries sector has been growing at an Average Annual Growth Rate (AAGR) of around 8.4 per cent as compared to around 3.3 per cent in Agriculture and 6.6 per cent in Manufacturing. Performance of this sector has improved significantly in the recent years. The Ministry has submitted that following details regarding Contribution of Food Processing Industries to Gross Domestic Product at 2004-05 Prices:—

(Rs. in crore)

S.No.	Description	2008-09	2009-10	2010-11	2011-12	2012-13	
1	2	3	4	5	6	7	8
	GDP at Factor Cost, Of which	41,58,676	45,16,071	49,18,533	52,47,530	54,82,111	
1.	GDP—Agriculture*	5,88,757	5,92,110	6,47,305	6,82,016	6,90,646	

1	2	3	4	5	6	7	8
2.	GDP: Manufacturing	6,56,302	7,30,435	7,95,152	8,54,098	8,63,876	
3.	GDP-FPI	60,378	58,752	67,508	82,063	84,522	
	Growth (%)						AAGR ^{\$}
4.	GDP at Factor Cost	6.7	8.6	8.9	6.7	4.5	7.1
5.	GDP-Agriculture*	-0.1	0.6	9.3	5.4	1.3	3.3
6.	GDP: Manufacturing	4.3	11.3	8.9	7.4	1.1	6.6
7.	GDP-FPI	5.3	-2.7	14.9	21.6	3.0	8.4
	Share of FPI in GDP (%)						Average
8.	GDP FPI as a share of GDP in Agriculture*	10.3	9.9	10.4	12.0	12.2	11.0
9.	GDP FPI as a share of GDP in Manufacturing	9.2	8.0	8.5	9.6	9.8	9.0

Source: National Accounts Statistics-2014; * Excludes Forestry and Logging; \$: Five Year Average Annual Growth Rate.

1.6 The Ministry have further submitted that Food Processing Sector has been growing faster than the agriculture sector. This is an indicative of higher level of contribution of food processing sector to GDP as compared to agriculture and manufacturing sectors. The Manufacturing sector was generally growing at a higher rate than FPI till 2009-10. Performance of FPI improved substantially in 2011-12 registering a record growth of 21.6 per cent. In the year 2012-13, the growth of food processing sector decelerated along with slow growth both in agriculture and manufacturing sectors though the growth of the sector was higher than both agriculture and manufacturing sector.

1.7 Regarding employability of Food processing sector, the Ministry have submitted that Food Processing Industry is one of the major employment intensive segments constituting 13.04 per cent of employment generated in all Registered Factory sector in 2012-13 (P). According to the latest Annual Survey of Industries (ASI) for 2012-13 (P), the total number of persons engaged in registered food processing sector is 16.89 lakhs. During the last 5 years ending 2012-13(P), employment in registered food processing sector has been increasing at an Average Annual Growth Rate of 2.41 per cent. Unregistered food processing sector supports

employment to 47.9 lakh workers as per the NSSO 67th Round, 2010-11. The overall scenario of employment in food processing sector is given below:—

Employment in Food Processing Industry: Registered and Unregistered units

Sector	Food Processing* Sector	Overall Industry	(%) Share of FP sector
Registered# (2012-13)	16.89 lakh	129.47 lakh	13.04
Un-registered (2010-11)	47.9 lakh	348.88 lakh	13.72

*Includes food products and beverages segments.

#Factory Registered under sections 2m(i) and 2m(ii) Factory Act 1948.

Number of persons engaged in registered food processing units during 2008-09 to 2012-13 (P)

Year	2008-09	2009-10	2010-11	2011-12	2012-13(P)	AAGR
Persons (in lakh)	15.64	16.06	16.62	17.77	16.89	-
Growth (%)	3.87	2.71	3.46	6.92	-4.94	2.41

Source: Annual Survey of Industries (ASI).

1.8 The Ministry has further submitted that Food Processing Industry is a sunrise sector and will be major contributor for GDP growth and employment in years to come.

Various factors such as increasing urbanisation, rise in disposable income etc. are likely to increase the demand for processed food in coming years. Programmes to increase the output of Indian agriculture without corresponding investments in processing facilities is likely to lead to a mismatch resulting in rural distress and decline in farmers' income. The single most important step for improving the bargaining capacity of the farmer is to add value to his produce. This will come about if farmers are able to produce according to the requirements and standards demanded by the market. Food processors and the retailers can provide the necessary demand for the agricultural produce and facilitate the flow of market information, technology and inputs to the farmer so that he can tailor his output to the needs of the market. In the process the farmers will be able to raise their own level of income and employment. The consumer is also likely to benefit as there will be an increase in the supply of food products with a longer shelf life.

1.9 Keeping in view of need of proper preservation and conservation of agro products and to ensure multidimensional agricultural Infrastructure development, the Ministry of Food Processing Industries has introduced a “Mega Food Parks Scheme” in September 2008 which envisages a well defined agri/horticultural-processing zone containing state-of-the-art processing facilities with support infrastructure and well established supply chain. It aims to create a modern food processing infrastructure for the small and medium processing units who otherwise have not been able to develop due to capital intensive nature of food processing equipment. This is a flagship program of Ministry which intends to facilitate establishment of an integrated value chain, with food processing at the core and supported by requisite forward and backward linkages. The broader idea behind the scheme is to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximization of value addition, minimization of wastages and improving farmers’ income.

1.10 When asked to objectives of the scheme. the Ministry have submitted following details:—

- (a) Provide modern infrastructure for food processing units in the country in selected clusters to be identified in a demand driven manner.
- (b) Ensure value addition of agricultural commodities including poultry, meat, dairy, fisheries etc.
- (c) Establish a sustainable raw material supply chain for each cluster.
- (d) Facilitate induction of the latest technology.
- (e) Address the issues of small and medium scale processing industries through a cluster approach with stakeholders managing the supply chain.
- (f) Provide an institutional mechanism for producers, processors, and retailers to work together to build the supply chain.

1.11 The Ministry have submitted that The concept of Mega Food parks Scheme envisages a cluster based approach based on hub and spoke Model comprising of farm proximate facilities such as collection Centres, Primary Processing centres (PPC) and a Central Processing Centres (CPC). The main parameters of CPC, PPC and CC are as follows:—

- (i) Central Processing Centre (CPC)

The minimum area required for a CPC is 50 acres. CPC will have need based Core Processing Facilities (modern storage,

processing, packaging, safety standards etc.) and Basic Enabling Infrastructure (such as captive power plant, effluent treatment facilities etc.) to be used by the Food Processing Units setup at the CPC. It is expected that on an average, each M.F.P. will have around 30-35 Food Processing Units.

(ii) Primary Processing Centers (PPC)

The PPCs may be located within a radius of 100-120 KMs from CPC which shall have components like cleaning, grading, sorting and packing facilities (including equipments) dry warehouses, specialized cold stores including pre-cooling chambers, ripening chambers (including equipments), reefer vans, mobile precoolers, mobile collection vans etc. The number of PPCs will vary from project to project. On an average each project may have 3-5 PPCs. The PPCs are meant for functioning as a link between the producers and processors for supply of raw material to the Central Processing Centres. Approximately 2-5 acres of land in surrounding region is required for setting up of each PPC.

(iii) Collection Centres (CC)

Collection Centres are farm proximate infrastructures having basic facilities like sorting, grading, cleaning, packaging, mobile collection vans, reefer vans and cold storages etc. The facilities are need based and requirement of land may also vary depending upon the facilities to be created. The number of CCs varies from project to project. The objective of the CCs is to source the raw material directly from the farmers and to supply the same to the PPCs/CPC.

1.12 When asked about the pattern of assistance for the scheme, the Ministry have submitted that Grant-in-aid is admissible @ 50% of the eligible project cost excluding land cost in General Areas and 75% in Difficult Areas subject to a maximum of Rs. 50.00 crore per project.

1.13 When asked about the procedure for approval of establishment of Mega Food Park, the Ministry have submitted that the proposals are initiated from the prospective entrepreneurs by a process of open bidding. The EOI Notice is published in the leading news papers and up loaded on the Ministry's website for the purpose of giving adequate publicity. The proposals received in response to the EOI Notice are then evaluated as per the provisions of the Scheme Guidelines for selection of the most eligible proposals. The approval of the project is done in two stages, *viz.*

'In-Principle Approval' and 'Final Approval'. Final approval is accorded to the project only after meeting all the conditions as laid down in the scheme guidelines. The implementation of the project starts only after final approval.

1.14 When asked to submit details regarding parameters which are considered before granting In-Principle and Final Approvals for Mega Food Park Scheme, the Ministry explained that the proposals of Mega Food Parks received against Expression of Interest (EoI) notice are evaluated by the Program Management Agency (PMA), who undertakes evaluation of the proposal on a scale of 100 points. The applicants are invited to make a presentation on the proposals before the Technical Committee (TC), which undertake independent evaluation on a scale of 50 points on the basis of the presentation made by the applicants. Afterwards, TC submit its recommendation to Inter-Ministerial Approval Committee (IMAC) chaired by the Hon'ble Minister. The evaluation criteria for PMA and TC at Annexure-I and II respectively. The Inter-Ministerial Approval Committee (IMAC) accords approval to the projects for according In-Principle approval. The proposals found eligible should meet the following conditions as per scheme guidelines:—

- (1) The combined new worth of the promoters/proposed shareholders of SPV should not be less than Rs. 50.00 crore. Each member in SPV must have a net worth of at least 1.5 times of his/her proposed equity contribution in order to ensure requisite contribution for the project from each shareholder.
- (2) The SPV needs to bring in at least 20 per cent of the total project cost as equity in general areas and at least 10 per cent of the total project cost in difficult and hilly areas *i.e.* North East Region including Sikkim, J&K, Himachal Pradesh, Uttarakhand and ITDP notified areas of the States.
- (3) The Anchor Investor in the SPV holding majority stake, with or without other promoters of the SPV, will be required to set up at least one food processing unit in the park with an investment of not less than Rs. 10 crore. The Anchor Investor will have at least 51% stake in such processing unit(s). However, State Governments/State Government entities/ Cooperatives will not be required to set up processing unit(s) in the Mega Food Park.

1.15 The Ministry have further submitted that if the SPV fails to submit the requisite documents needed for Final Approval, within 6 months from the date of issue of “In-Principle Approval”, the “In-Principle Approval” will be automatically cancelled, unless extension of time is granted by the Ministry. The conditions to be met by the SPV for grant of Final Approval, as given in Para 5.7.1 of the Revised Scheme Guidelines, are as under:—

- (i) Submission of Detailed Project Report (DPR) consisting of technical, commercial, financial and management aspect of the project and its appraisal/recommendations of the PMA and Technical Committee. The DPR should include cluster analysis depicting availability of raw materials, legible contour survey report and contour plan/maps of the proposed land, site analysis for element like soil analysis, flood history, onsite features etc. for realistic cost estimate of land development and construction, detailed master plan along with sectional drawings and building plan with legends giving clear picture/ title of drawings and other relevant details, construction cost certified by Chartered Engineer, cost of plant and equipment backed with quotations from equipment and machinery suppliers etc. and its appraisal/recommendations of PMA and Technical Committee.
- (ii) Submission of proof for possession of at least 50 acres of contiguous land by the SPV for the CPC. The land should have permission for change of land use for industrial/ infrastructure purposes.
- (iii) Submission of proof for incorporation of SPV and execution of Share Subscription Agreement (SSA) amongst the members of SPV, as per draft SSA to be given by the Ministry.
- (iv) Plan to fund the project duly supported by proposed equity contribution clearly suggesting respective cash contribution from each of the shareholders in proportion to their equity holding and sanction letter of term loan from the bank along with bank appraisal report.

Proof of appointment of Project Management Consultant (PMC). The PMC for the project should be selected from among the agencies empanelled by the Ministry.

CHAPTER II

FINANCIAL PERFORMANCE OF THE SCHEME

2.1 Mega Food Park, an ambitious Scheme envisages a well defined/horticultural processing zone containing state-of-the art processing facilities with support infrastructure and well-established supply chain. Under this scheme, grant-in-aid is admissible @ 50% of the eligible project cost excluding land cost in General Areas and 75% in Difficult Areas subject to a maximum of Rs. 50.00 crore per project. When asked to furnish the details of the total fund allocation and utilization under Mega Food Parks Scheme since its inception, the Ministry have submitted following details:—

(Rs. in crore)

Year	BE	RE	Expenditure
2007-08	*100.00	16.50	11.34
2008-09	50.00	28.00	27.63
2009-10	70.00	23.93	18.49
2010-11	77.50	76.69	76.26
2011-12	110.00	94.39	83.53
2012-13	86.00	93.20	93.11
2013-14	116.00	110.25	94.11
2014-15	120.00	63.94	63.88
2015-16 (as on 31.05.2015)	120.00	-	20.00

*Allocation of BE for the entire Infrastructure Development Scheme comprising of Mega Food Park, Cold Chain and Modernization of Abattoirs.

2.2 The Ministry have further submitted that No Utilisation Certificates is pending as per GFR in respect of any grant released under the scheme of Mega Food Park except:—

- (i) The grant of Rs. 5.00 crore released to M/s Tamil Nadu Mega Food Park Pvt. Ltd. (the project subsequently cancelled). Necessary steps are being taken by the Ministry for recovery of the grant released.

- (ii) Grant of Rs. 5.79 crore released to M/s Sikaria Mega Food Park Pvt. Ltd. The grant released is kept in the TRA account for want of certain compliances by the SPV. The grant amount has been recalled but the SPV has obtained a stay order from Barasat District Court against the recall of the amount by the Ministry. The matter is being contested by the Ministry in the court.

2.3 The Committee have been informed that total plan outlay for the MFP scheme for XII Five Year Plan is to the tune of Rs. 1714.00 crore. However, a total budgetary allocation for the first four fiscals is only Rs. 442 crore which is only 25.78 per cent of the approved outlay. When asked to furnish reasons for the mismatch between the approved outlay and the actual allocation during the first four years of fiscal plan, the Ministry have submitted that the Plan outlay for the Mega Food Parks Scheme is Rs. 1714 crore out of the Total Plan outlay of Rs. 5990 crore for the Ministry of Food Processing Industries (MoFPI) for 12th Five Year Plan. Against total plan outlay of Rs. 5990 crore, the fund of Rs. 2267 crore (Rs. 660 crore : RE 2012-13; Rs. 550 crore : RE 2013-14; Rs. 600 crore : RE 2014-15 and Rs. 457 crore: BE 2015-16) has been allocated to the Ministry in view of resource constraint and other priorities of the Government. Since the overall allocation is less than requirement for various schemes, proportionately lower allocation has been received by the Mega Food Parks Scheme. Fund allocation for Mega Food Parks Scheme at BE stage during the three years of 12th Plan is Rs. 322 crore which was reduced at RE stage to Rs. 267.39 crore. Hence, there is a mismatch between the approved outlay of the Scheme of Mega Food Parks and the actual allocation of funds to the Scheme of Mega Food Parks during the first three years of the 12th plan. The details of the year-wise allocation and the expenditure made for the Mega Food Parks (MFP) scheme are as under:—

(Rs. in crore)

Year	Budget Allocation for MFP scheme			
	BE	RE	AE	% of AE over RE
2012-13	86.00	93.20	93.11	100%
2013-14	116.00	110.25	94.11	85%
2014-15	120.00	63.94	63.94	100%
2015-16	120.00	—	20 (till 09.06.2015)	—
Total	442.00	267.39	271.16	

2.4 The Ministry have further submitted that progress of the Mega Food Parks scheme is slow and the Ministry is constantly taking steps to remove constraints which are responsible for slow progress of the scheme.

2.5 On the query of the Committee regarding provision for FDI and FII investors in Mega Food Parks Scheme, the Ministry have submitted that Foreign Direct Investment (FDI) is permissible in food processing sector up to 100 per cent on automatic route subject to applicable laws/regulations and other conditionalities. Also, there is no restriction for FDI and FII investments in the Mega Food Park projects as per scheme guidelines.

2.6 When asked about estimated investment and annual turnover in a Mega Food Park, the Ministry have submitted that each Mega Food Park is expected to attract an average investment of Rs. 115 crore as project cost and a collective investment of around Rs. 250 crore in processing unit to be set up in the Park that would eventually lead to an annual turnover of about Rs. 450-500 crore. However, the actual investment and turnover may vary depending upon the business plan for each Mega Food Park. The aggregate investment in Central Processing Centre (CPC), Primary Processing Centres (PPCs) and Collection Centres (CCs) may be proportionate and commensurate to the size of the total project keeping in view the economies of scale.

2.7 On the query of the Committee regarding impact of scheme on rural economy, the Ministry have submitted that the Mega Food Park projects are big infrastructural projects related to processing of agricultural and horticultural produce. Hence, by default these projects are established in the rural or sub-urban areas. These projects deeply impact the rural and sub-urban markets and the rural economy. Some of the facets of this impact are as follows:—

- (i) Reduced wastages of farm produces
- (ii) Enhanced income to farmers
- (iii) Stable food prices
- (iv) Increased export of frozen and packed farm products
- (v) Increased shelf-life of the farm produces
- (vi) Value addition to the farm produces
- (vii) Use of waste bi-products of the fruits and vegetables

- (viii) Creation of brand and building brand value of the products produced in the Park
- (ix) Backward linkage for quality agricultural and horticultural produce in the catchment area
- (x) Employment generation basically for the local population.
- (xi) Elimination/reduction in the layers of the middle-men involved in the supply chain from farmers to consumers/producers.

CHAPTER III

PHYSICAL PERFORMANCE OF THE SCHEME

3.1 The Mega Food Park Scheme with its beginning in 11th Plan aimed to provide push for provision of quality infrastructure to Indian food industries and provide momentum to the sector with adequate financial support to entrepreneurs. When asked to furnish details of achievements of the scheme, the Ministry have submitted that it has so far approved setting up of 40 Mega Food Parks in various States of the country. Out of 40 projects approved by the Ministry so far, 21 projects have been accorded final approval and 19 projects have been accorded in-principle approval. The brief status of 21 finally approved projects is as under:—

- (i) No. of projects partially operational : 5
- (ii) No. of projects likely to be operational during 2015-16 : 2
- (iii) No. of projects expected to become operational in 2016-17 : 14

3.2 The Ministry have further submitted that out of the 19 projects accorded in-principal approval, 15 projects have been given approval only on 31.03.2015 in response to the Expression of Interest (EoI) invited by the Ministry on 10.02.2014 for setting up Mega Food Park Projects in the country. 72 proposals were found eligible to be appraised, out of which 21 proposals have been found eligible and 17 projects have been selected for “In-Principle Approval” against the existing 17 vacancies of Mega Food Parks based on merit through a three-tier scrutiny of proposals by Program Management Agency (PMA), Technical Committee (TC) and Inter-Ministerial Approval Committee (IMAC). The Ministry has accorded “In-Principle Approval” letters to 15 Mega Food Park projects on 31.03.2015. In the meantime, the Hon’ble High Court of Delhi has restrained the Ministry on 30.04.2015 to issue “In-Principle Approval” to the remaining

two projects. The project-wise status of 40 projects as on 20.05.2015 are as follows:—

S.No.	Project Name	State	Project Cost	Date of In-Principle Approval	Date of Final Approval	Amount of Grant approved	Amount of Grant released	Reported Expenditure
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh Industrial Infrastructure Corporation (APIIC), Krishna	Andhra Pradesh	152.16	31.03.2015	“In-principle” approval has been accorded on 31.03.2015			
2.	Srini Food Park Pvt. Ltd., Chittoor	Andhra Pradesh	121.10	16.12.2008	27.03.2009	50.00	45.00	122.68
3.	Godavari Mega Aqua Park Pvt. Ltd., West Godavari	Andhra Pradesh	122.60	21.09.2012	16.12.2013	50.00	0.00	7.73
4.	North East Mega Food Park Ltd., Nalbari	Assam	75.98	16.12.2008	27.03.2009	50.00	40.00	49.95
5.	Mums Mega Food Park Pvt. Ltd., Buxar	Bihar	136.98	31.03.2015	“In-principle” approval has been accorded on 31.03.2015			
6.	Pristine Logistics and Infraprojects Pvt. Ltd., Khagaria	Bihar	127.60	21.09.2012	06.08.2014	50.00	5.00	8.43
7.	JVL Mega Food Park Pvt. Ltd., Rohtas	Bihar	114.21	19.12.2013	The IMAC dated 14.05.2015 has accorded Final Approval to the project subject to SPV complying with certain observations of the Ministry and recasting the DPR accordingly.			

1	2	3	4	5	6	7	8	9
8.	Indus Best Mega Food Park Pvt. Ltd., Raipur	Chhattisgarh	124.50	06.09.2012	04.06.2014	50.00	0.00	2.88
9.	Raipur Mega Food Park Ltd., Bemetara	Chhattisgarh	126.12	21.09.2012	04.06.2014	50.00	0.00	7.51
10.	Adani Ports and Special Economic Zone Ltd., Kutch	Gujarat	168.60	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
11.	Gujarat Agro Infrastructure Mega Food Park Pvt. Ltd., Surat	Gujarat	117.87	21.09.2012	22.05.2014	50.00	05.00	16.64
12.	Fanidhar Mega Food Park Ltd., Mehsana	Gujarat	117.80	19.12.2013	IMAC in its meeting held on 14.05.2015 reviewed the progress of the project and allowed two months time to complete all the conditions for Final Approval.			
13.	Haryana State Industrial and Infrastructure Development Corporation Limited, Sonipat	Haryana	164.33	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
14.	Cremica Food Park Pvt. Ltd. (earlier known as Poliyan Mega Food Park Pvt. Ltd.), Una	Himachal Pradesh	99.70	21.09.2012	06.08.2014	50.00	0.00	10.49
15.	RFK Greens Food Park Pvt. Ltd., Pulwama	Jammu and Kashmir	79.43	21.09.2012	19.02.2014	50.00	0.00	7.28

16.	Jharkhand Mega Food Park Pvt. Ltd., Ranchi	Jharkhand	114.74	16.12.2008	27.03.2009	50.00	30.00	74.80
17.	Integrated Food Park Pvt. Ltd., Tumkur	Karnataka	144.33	03.08.2010	27.03.2011	50.00	45.00	156.34
18.	Kerala State Industrial Development Corporation Limited (KSIDC), Alappuzha	Kerala	125.00	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
19.	Kerala Industrial Infrastructure Development Corporation (KIIDC), Palakkad	Kerala	121.92	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
20.	Ruchi Acroni Industries Ltd., Dewas	Madhya Pradesh	150.37	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
21.	Indus Mega Food Park Pvt. Ltd., Khargoan	Madhya Pradesh	127.70	10.10.2011	27.08.2012	50.00	45.00	97.17
22.	Jain Agro Trading Company Private Limited, Wardha	Maharashtra	88.73	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
23.	Vinay Tiwari Agro Estates and Farms Pvt. Ltd., Ahmednagar	Maharashtra	119.09	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
24.	Paithan Mega Food Park Ltd., Aurangabad	Maharashtra	124.56	01.04.2011	08.03.2013	50.00	5.00	26.01

1	2	3	4	5	6	7	8	9
25.	Satara Mega Food Park Pvt. Ltd., Satara	Maharashtra	139.33	21.09.2012	06.08.2014	50.00	0.00	32.70
26.	Zoram Mega Food Park Pvt. Ltd., Aizawl	Mizoram	71.91	19.12.2013	IMAC in its meeting held on 14.05.2015 has approved according Final Approval to the project.			
27.	Odisha Industrial Infrastructure Development Corporation (IDCO), Khurda	Odisha	116.26	31.03.2015	"In-principle" approval has been accorded on 31.03.2015.			
28.	MIT'S Mega Food Park Ltd., Rayagada	Odisha	80.17	29.04.2011	16.04.2012	50.00	15.00	19.14
29.	Punjab Agro Industries Corporation Ltd., Ludhiana	Punjab	136.00	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
30.	The Sukjhit Starch and Chemical Limited, Kapurthala	Punjab	128.28	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
31.	International Mega Food Park Ltd., Fazilka	Punjab	130.38	03.08.2010	25.05.2011	50.00	45.00	120.19
32.	Greentech Mega Food Park Pvt. Ltd., Ajmer	Rajasthan	113.57	21.09.2012	19.02.2014	50.00	5.00	9.75
33.	3F Industries Ltd., Krishnagiri	Tamil Nadu	127.78	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			

34.	Andhra Pradesh Industrial Infrastructure Corporation (Telangana Division), Khammam	Telangana	141.03	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
35.	Raaga Mayuri Agrovet Pvt. Ltd., Mahboobnagar	Telangana	112.05	31.03.2015	"In-principle" approval has been accorded on 31.03.2015			
36.	Smart Agro Industries Corporation Pvt. Ltd., Nizamabad	Telangana	116.44	19.12.2013	IMAC in its meeting on 14.05.2015 has accorded Final Approval to the project.			
37.	Sikaria Mega Food Park Pvt. Ltd., West Tripura	Tripura	87.45	29.04.2011	30.11.2011	50.00	20.79	30.30
38.	Patanjali Food and Herbal Park Pvt. Ltd., Haridwar	Uttarakhand	95.08	16.12.2008	27.03.2009	50.00	45.00	95.33
39.	Himalayan Food Park Pvt. Ltd., Udham Singh Nagar	Uttarakhand	99.96	21.09.2012	23.01.2014	50.00	0.00	19.76
40.	Jangipur Bengal Mega Food Park Ltd., Murshidabad	West Bengal	132.71	16.12.2008	16.03.2010	50.00	45.00	125.68

3.3 When asked to furnish updated physical progress of 21 finally approved projects, the Ministry have furnished following details:—

Sl.No.	Name of the Project	State	Status of Physical Progress
1	2	3	4
1.	M/s Srimi Food Park Pvt. Ltd., District Chittoor, Andhra Pradesh	Andhra Pradesh	<p>Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 45.00 crore has been released to SPV. SPV has incurred an expenditure of approx. Rs. 122.68 crore towards various components of basic enabling and core infrastructure and non-core facilities at the CPC. SPV has claimed that it has completed all components as per the DPR approved by the Ministry. SPV has submitted its request for release of final installment which is under examination.</p> <p>The CPC has been set up in ~142 acres. Commercial operations have commenced at the CPC. The core processing facilities that have been set up at CPC include Aseptic Pulping, Cold Storage and Warehouse, Ripening Sheds, IQF and Deep Freeze and Tetra Pack Line.</p> <p>Project has four PPCs—SPV had acquired two PPC at Nizvidu and Tirupati on lease and has set up two greenfield PPCs at Madanapalle and Gudur.</p> <p>35 acres of land is available for approx. 15-20 plots. Out of which 21 acres has been allotted to 8 units. 2 units are operational in an area of approx. 4 acres. Nature of units - Cold Storage (CA Chambers), Noodles Manufacturing, Pomegranate Processing and Exports, Fruit related Sauces (Tomato), Technology Intensive Farm, Pickle processing factory, Beverages Units, Noodle Making Plant.</p>
2.	North East Mega Food Park Ltd., District: Nalbari, Assam	Assam	<p>Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 40.00 crore has been released to SPV. Total expenditure incurred by the SPV is approx. Rs. 49.95 crore.</p> <p>SPV had submitted its request for timeline extension till Sept. 2015 to complete the project and revising the DPR. IMAC in its meeting held on 14th May 2015</p>

			<p>has considered extension till Aug. 2015 to complete the project and has also approved the changes proposed in the DPR.</p> <p>The components at the CPC on which the work has been completed include warehouse, common facility building, boundary wall, site development, internal roads and SDF sheds. Components on which works are nearly completion include Cold storage, QC lab equipment, truck terminal and procurement of reefer vans. Civil work has been started at Nagoan PPC and work on remaining PPCs and plots/sheds allotment is underway.</p>
3.	Jharkhand Mega Food Park Pvt. Ltd., District: Ranchi, Jharkhand	Jharkhand	<p>Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 30.00 crore has been released to SPV. Total expenditure incurred by the SPV is approx. Rs. 74.80 crore.</p> <p>Progress has been made on setting up components of core (cold storage, warehouse civil work) and non-core infrastructure (admin. building etc). The components of basic enabling infrastructure like site development, compound wall, roads, power distribution etc. are also under construction.</p> <p>Work on setting up PPCs and leasing out plots to prospective units is yet to commence. SPV had submitted its request for timeline extension till Nov. 2015 to complete the project. IMAC in its meeting held on 14th May 2015 has considered extension till Sept. 2015 to complete the project.</p>
4.	M/s Integrated Food Park Pvt. Ltd., District: Tumkur, Karnataka	Karnataka	<p>Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 45.00 crore has been released to SPV. Total expenditure incurred by the SPV is approx. Rs. 156.34 crore. Basic Enabling Infrastructure include site grading and land development, internal roads, storm water drainage, boundary wall, fire hydrant and electrical works. Core processing infrastructure components on which work is completed include warehouse, silos and fruit and vegetable block. The cold storage, ripening chambers, IQF, SDF sheds have been completed.</p>

1	2	3	4
			<p>SPV has proposed to set up 6 PPCs at Tumkur, Hassan, Chickballapur, Kolar, Mysore and Belgaum. PPCs at Chickballapur, Kolar and Tumkur are operational. SPV has obtained permission for sub-lease from the State Government. The inauguration of the park has been done on 24th September, 2014 by Hon'ble Prime Minister.</p>
5.	M/s, Indus Mega Food Park Ltd., Madhya Pradesh	Madhya Pradesh	<p>Out of approved grant-in-aid of Rs. 50.00 crore, an amount of Rs. 45.00 crore have been released to SPV. SPV has completed Works of core infrastructure components like IQF (5MTPH) and Cold storage (5000 MT), Deep Freeze (500 MT) at the CPC site. Works related to roads, drainage, admin. building and worker hostel, MSME sheds etc. are currently under progress. Works of electric sub-station has also been completed.</p> <p>SPV has incurred an expenditure of Rs. 97.17 crore on various components of the project.</p>
6.	M/s Paithan Mega Food Park Ltd., Aurangabad, Maharashtra	Maharashtra	<p>Project was given Final Approval in April 2013 and Rs. 5.00 crore as 1st Tranche of 1st installment was released in August 2013. Total expenditure incurred by the SPV is approx. Rs. 26.01 crore.</p> <p>Expenditure incurred by the SPV till date is on purchase of land, land development, road construction, compound wall, storm water drain, PMC and other consultancy charges and pre-operative expenses.</p> <p>Four PPCs are proposed to be set up at Paithan, Ahmednagar, Jalgaon and Pune. Work on setting up of PPCs and leasing out plots to prospective units is yet to commence. SPV has ensured financial closure for the project from IDBI Bank.SPV has been given four months time to show progress on the ground.</p>
7.	M/s MITS Mega Food Park Ltd., Rayagada, Odisha	Odisha	<p>Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 15.00 crore has been released so far as 1st Tranche and 2nd Tranche of 1st Installment to the SPV. Work on</p>

			<p>site development, dry warehouse and modern rice mills is in progress. SPV has reported an expenditure of Rs. 19.14 crore on the project which includes Rs. 2.64 crore towards the land, Rs. 13.31 crore on the project infrastructure and balance towards the pre-operative expenses. While SPV has achieved the financial closure for the project and submitted a term loan sanction letter of Rs. 15.00 crore from Punjab National Bank, they have not availed any disbursement till date. The land acquisition for the proposed 6 Primary Processing Centres is yet to be completed by SPV. The SPV has requested for an extension of project implementation time till October 2015 which has been granted by the Ministry in the IMAC dated 14.05.2015.</p>
8.	M/s International Mega Food Park Pvt. Ltd., Fazilka, Punjab	Punjab	<p>Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 45.00 crore has been released to SPV. Total expenditure incurred by the SPV is approx. Rs. 120.19 crore.</p> <p>Components of basic enabling infrastructure on which expenditure has been incurred include boundary wall, site development, internal roads, underground and overhead water tanks, storm water distribution, fire hydrant, storm water drain lines, electric sub-station, boiler and power house and power plant among others. Components of core infrastructure on which expenditure has been incurred include grain silos, cold storage, IQF and deep freeze, warehouse etc. Work is completed on setting up of SDF sheds. The work on four PPCs is in progress. IMAC in its meeting held on 14th May 2015 has granted extension till June 2015 to complete the project.</p> <p>4 Plots (2 acres) are proposed to be leased out to SNS Corporation to set up Malt Processing unit and 5 built - up SDF sheds have also been allotted. The Park has been inaugurated on 13th December, 2014 and now operational.</p>
9.	M/s Sikaria Mega Food Park Pvt. Ltd., Agartala, Tripura	Tripura	<p>Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 20.79 crore has been released to SPV. The work on various infrastructure components at CPC with an estimated</p>

1	2	3	4
			<p>value of Rs. 58.58 crore is in progress. The SPV has reported an expenditure of Rs. 30.30 crore towards implementation of the project which includes an expenditure of Rs. 1.92 crore towards land, Rs. 3.24 crore towards pre operatives and consultancy expenses and around Rs. 25.13 crore towards the project infrastructure. Ministry <i>vide</i> its letter dated 22.04.2014, has asked the SPV to submit the detailed quantification of the work with respect to each of the components at the site.</p> <p>The progress was reviewed by Hon'ble Minister FPI on 15th Sep 2014. SPV has submitted quantification of work done by Indian Institute of Engineering Sciences and Technology (IEST), Shibpur, Kolkata which is under examination. The Ministry has issued Preliminary Notice to SPV to rectify certain defaults noticed in implementation of the project.</p>
10.	Patanjali Food and Herbal Park Ltd, District: Haridwar, Uttarakhand	Uttarakhand	<p>Out of approved grant-in-aid of Rs. 50.00 crore, the SPV has been released Rs. 45.00 crore and it has incurred an expenditure of approx. Rs. 95.33 crore towards various components of basic enabling and core infrastructure and non-core facilities at the CPC. SPV has claimed completion of all components as per the DPR approved by the Ministry and has submitted its request for release of final installment.</p> <p>Number of PPCs are six and work on all PPCs is now complete. SPV has spent Rs. 27.00 crore out of the total approved cost of approx Rs. 21.00 crore on PPCs. SPV had submitted that out of a total of 25 units proposed, 18 are operational. Key product categories include juices, candies, murabba, flour etc.</p>
11.	Jangipur Bengal Mega Food Park Pvt. Ltd., District Jangipur, West Bengal	West Bengal	<p>Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 45.00 crore has been released to SPV. Total expenditure incurred by the SPV is approx. Rs. 119.50 crore.</p>

			<p>Work is simultaneously underway on all components of core, basic enabling and non-core infrastructure. Work on warehouse, cold storage and SDF sheds is complete. Component on which work is near completion includes potato cold storage, IQF and pulping line. Key components under enabling basic infrastructure on which expenditure has been incurred include compound wall, entrance gate, roads and drainage, HT and LT substations, utility block and admin building, boiler, air compressor, weigh bridge, fire and raw water tank. Non-Core facilities on which work is being done include admin building, dormitory and row houses.</p> <p>Six PPCs have been proposed by the SPV in the DPR.</p> <p>SPV's has allotted a 4 acre developed plot to M/s Shiv Industries Pvt. Ltd. for setting up a rice mill in the Mega Food Park. SPV has received an application for a 3 acre plot from M/s Techno India Group for setting up a wheat flour mill or frozen French fries project in the Mega Food Park. SPV has also informed receiving application for 3 plots and 3 SDF sheds.</p>
12.	M/s RFK Greens Food Park Pvt. Ltd., Pulwama	Jammu and Kashmir	<p>MoFPI <i>vide</i> its letter dated 19.02.2014 has accorded final approval to the SPV for setting up of the Mega Food Park in State of Jammu and Kashmir. The project is proposed to be set up with a capital investment of Rs. 79.43 crore which will be funded from different sources including grant of Rs. 50.00 crore from MoFPI, Rs. 21.42 crore as term loan from Bank and Rs. 8.00 crore as promoters' contribution. SPV as on date has reportedly incurred an expenditure of Rs. 7.28crore out of which Rs. 6.71crore is towards land, Rs. 19.33 Lakh is towards project infrastructure and balance is towards PMC charges and preliminary and pre-operative expenses. SPV is in the process of meeting the requirements for the release of 1st tranche of 1st installment.</p>
13.	M/s Greentech Mega Food Park Pvt. Ltd., Ajmer	Rajasthan	<p>MoFPI <i>vide</i> its letter dated 19.02.2014 has accorded final approval to the SPV for setting up of the Mega Food Park in State of Rajasthan. The project is</p>

1	2	3	4
			<p>proposed to be set up with an investment of Rs. 113.56 crore which will be funded from different sources including grant of Rs. 50.00 crore from MoFPI, Rs. 30.00 crore as term loan from Bank and Rs. 33.56 crore as promoters' contribution. Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 5.00 crore has been released to SPV in April 2015. SPV has reportedly incurred an expenditure of Rs. 9.75 crore, out of which Rs. 3.02 crore is towards land, Rs. 4.28 crore towards basic enabling infrastructure, Rs. 0.32 crore towards Misc. Fixed Asset and balance is towards preliminary and pre-operative expenses.</p>
14.	M/s Godavari Mega Aqua Park Pvt. Ltd., West Godavari	Andhra Pradesh	<p>SPV is setting up a Mega Food Park at Tundurru Village, Bhimavaram Mandal, West Godavari District in Andhra Pradesh. The project was accorded the final approval in December 2013. It has been proposed to establish two Primary Processing Centers (PPCs) in Amlapuram in East Godavari District and Karlapalem in Guntur district. The project proposes to set up components such as Pre-processing line for Fish (1.5 TPH), Pre-processing line for Shrimp (1.5 TPH), Freezing for Fish (1.5 TPH for Block and 3 TPH for IQF), Freezing for Shrimp (1.5 TPH for Block and 3 TPH for IQF), Cold storage for Fish (2000 MT), Cold storage for Shrimp (1000 MT), Block Ice Plant (25 MT/day) and testing lab under common core processing infrastructure at the CPC. The total project cost has been estimated at Rs. 119.12 crore. The SPV has incurred an expenditure of Rs. 7.73 crore and has awarded the tender for site development for Rs. 6.0 crore. No grant has been released to the project yet.</p>
15.	M/s Himalayan Food Park Pvt. Ltd., Udham Singh Nagar	Uttarakhand	<p>SPV is setting up a Mega Food Park at Kashipur, Udham Singh Nagar District, Uttarakhand. The project was accorded Final approval in January 2014. It has been proposed to establish three Primary Processing Centers (PPCs) in Nainital district namely at Ramgarh, Ramnagar and Kaladhungi. The project proposes to set up components such as Dry Warehouse (8000 MT), Tetrapak (7500 packs</p>

			per hr), Multi Fruit and Vegetable Processing Line (Input capacity of 7MT/h (Tomato paste), 8MT/h (Apple), 10MT/hr (Carrot), 5 MT/hr for pulp), Multi-Purpose Cold Store (Frozen 100 MT and Chilling 400 MT), Steam Generation and Distribution (5 TPH) and testing lab under common core processing facility at the CPC. The total project cost has been estimated at Rs. 99.96 crore. The SPV has incurred expenditure of Rs. 19.76 crore. The release of 1st tranche of 1st installment to SPV is under process.
16.	M/s Gujarat Agro Infrastructure Mega Food Park Pvt. Ltd., Surat	Gujarat	The SPV has been accorded Final approval in May 2014 to set up a Mega Food Park in Mangrol taluka of Surat district in Gujarat. The total project cost has been estimated at Rs. 117.87 crore. Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 5.00 crore has been released to SPV. Total expenditure incurred by the SPV is approx Rs. 16.64 crore. It has been proposed to establish four PPCs in the Districts of Vadodara, Navsari, Bahrauch and Valsad. The project proposes to set up components such as Dry Warehouse (5000 MT), cold storage of 3500 MT, IQF of 2 TPH, pulping line and a testing laboratory.
17.	M/s Indus Best Mega Food Park Pvt. Ltd., Raipur	Chhattisgarh	MoFPI has accorded Final Approval on 04.06.2014 to the Mega Food Park in State of Chhattisgarh. The project is proposed to be set up with an investment of Rs. 124.50 crore which will be funded from different sources including grant of Rs. 50.00 crores from MoFPI, Rs. 44.12 crore as term loan from Bank and Rs. 30.38 crore as promoters' contribution. SPV has reportedly incurred an expenditure of Rs. 2.88 crore SPV is in the process of meeting the requirements for the release of 1st tranche of 1st installment.
18.	M/s Raipur Mega Food Park Pvt. Ltd., Bemetara	Chhattisgarh	MoFPI has accorded Final Approval on 04.06.2014 to the Mega Food Park in State of Chhattisgarh. The project is proposed to be set up with a capital investment of Rs. 126.12 crore which will be funded from different sources including grant of Rs. 50.00 crore from MoFPI, Rs. 46.19 crore as term loan from Bank and Rs. 29.93 crore as promoter's contribution. SPV has incurred

1	2	3	4
			an expenditure of Rs. 7.51 crore , out of which Rs. 6.56 crore is on land and balance is on preliminary and pre-operative expenses. SPV has in the meanwhile,submitted its request for the withdrawal of Mega Food Parks Project in view of some of the promoters not willing to contribute equity to the project.
19.	M/s Cremica Food Park Pvt. Ltd., Una (formerly known as Poliyan Mega Food Park Pvt. Ltd.)	Himachal Pradesh	SPV has been accorded final approval on 06.08.2014 for setting up of the Mega Food Park in State of Himachal Pradesh. Project cost stands at Rs. 99.70 crore. Project facilities include - Multi-crop pulping line with bulk aseptic packaging (24 MT/hour), Frozen storage (1000 MT), Laboratory, Wood/rice husk fired boiler, Material handling equipment and Refer vans. SPV has submitted the status of compliance against post final approval formalities and for release of 1st tranche of GoI grant assistance which is under examination.
20.	M/s Pristine Mega Food Park Pvt. Ltd., Khagaria	Bihar	SPV has been accorded final approval on 06.08.2014 for setting up of the Mega Food Park in Mansi, Bihar.The total project cost stands at Rs. 127.62 crore. Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 5.00 crore has been released to SPV recently. Project facilities include - Dry Warehouse of 40000 MT, Grain Silos: 10,000 MT, Multi Commodity Cold Storage: 5000 MT, Packhouse: 10 TPH, IQF: 2 MT/hr, Deep Freeze: 1500 MT, Testing Lab and Reefer vans. SPV has been released Rs. 5.00 crore As 1st tranche of 1st installment.
21.	M/s Satara Mega Food Park Pvt. Ltd., Satara	Maharashtra	SPV has been accorded final approval on 06.08.2014 for setting up of the Mega Food Park in State of Maharashtra. Project cost is Rs. 139.33 crore. Project facilities include - Dry Warehouse with racking system (2000 MT), Warehouse for raw material (5000 MT), Pulping Line (2TPH), Cold Storage (3000 MT), Ripening Chamber (384 MT), Boiler (4 MT), Pack house (1 TPH), reefer vans and testing lab. SPV has submitted the status of compliance against post final approval formalities and its request for release of 1st tranche of GoI grant assistance is under process.

3.4 When asked to furnish the reasons for restrain on the Ministry by the Hon'ble High Court of Delhi on 30.04.2015 to issue "In-Principle Approval" to the remaining two projects, The Ministry have stated that the Ministry had issued "In-principle Approval" on 31.03.2015 to 15 Mega Food Park projects out of 17 Mega Food Parks projects selected on merit. In the meanwhile, one of the applicant M/s Ratnatray Mega Food Park Pvt. Ltd, Tamil Nadu, who was declared in-eligible by the Ministry, filed a writ petition in the Hon'ble High Court of Delhi against non-selection of this proposal. Hon'ble High Court of Delhi, while admitting writ petition, restrained the Ministry from taking final decision *w.r.t.* remaining two proposals, *vide* interim order dated 30.04.2015 in W.P.(c).4049/2015. Therefore, In-principle Approval to two following projects has not been issued by the Ministry:—

- (1) Continental Warehousing Corporation (NhavaSeva) Limited, Panipat, Haryana
- (2) NDR Infrastructure Pvt. Ltd., Thiruvallur, Tamil Nadu

3.5 When asked to furnish status of operational Mega Food park, the Ministry have submittted that five projects are presently operational *i.e.* Patanjali Food and Herbal Park, Haridwar, Uttarakhand; Srini Food Park, Chittoor, Andhra Pradesh; Integrated Food Park, Tumkur, Karnataka, International Mega Food Park, Fazilka, Punjab and North East Mega Food Park, Nalbari, Assam. The project-wise details are as follows:—

- (1) Patanjali Food and Herbal Park, Haridwar, Uttarakhand: Out of approved grant-in-aid of Rs. 50.00 crore, the SPV has been released Rs. 45.00 crore and it has incurred an expenditure of approx. Rs. 95.33 crore towards various components of basic enabling and core infrastructure and non-core facilities at the CPC. Core processing facilities that have been set up and are now operational at CPC include cold storage and warehouse, QC lab with installation of various equipments. SPV has completed work on all six PPCs. Out of a total of 25 units proposed, 18 units are operational. Key product categories include juices, candies, murabba, flour etc.
- (2) Srini Food Park, Chittoor, Andhra Pradesh: Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 45 crore has been released to SPV. SPV has incurred an expenditure of approx. Rs. 122.68 crore towards various components of basic enabling and core infrastructure and non-core facilities at the CPC. The CPC has been set up in about 142 acres. Commercial operations have commenced at the CPC. The core processing facilities

that have been set up at CPC include Aseptic Pulping, Cold Storage, and Warehouse, Ripening Sheds, IQF and Deep Freeze and Tetra Pack line. Project has four PPCs - SPV had acquired pack houses of AP Agro at Nizvidu and Tirupati on lease basis and has set up Greenfield PPCs at Madanapalle and Gudur. Regarding plot allotment, 35 acres of land is available plots. More than 21 acres has been allotted to 8 units. 2 Units are in operation in the Park. Product mix of the units are Cold Storage (CA Chambers), Noodles Manufacturing, Pomegranate Processing and Exports, Fruit related Sauces (Tomato), Pickle processing factory, Beverages Units, Noodle Making Plant, etc.

- (3) Integrated Mega Food Park, Tumkur, Karnataka: Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 45.00 crore has been released to SPV. Total expenditure incurred by the SPV stands at approx. Rs. 156.34 crore. Core processing infrastructure components on which work is completed include warehouse, silos and fruit and vegetable block. The fruit and vegetable block includes cold storage, ripening chambers, IQF etc. Work on setting up of SDF sheds and non-core infrastructure is also completed. SPV has obtained permission for sub-lease from the State Government.
- (4) International Mega Food Park, Fazilka, Punjab: Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 45.00 crore has been released to SPV. Total expenditure incurred by the SPV is Rs. 120.19 crore. Components of core infrastructure on which expenditure has been incurred, are grain silos, cold storage, IQF and deep freeze, warehouse etc. Work of silos and Co-gen power plant are also complete. Work is also completed on setting up of SDF sheds. SPV has proposed to allot 4 Plots (2 acres) to SNS Corporation to set up Malt Processing unit and 5 built-up SDF sheds have also been allotted.
- (5) North East Mega Food Park, Nalbari, Assam: Out of approved grant-in-aid of Rs. 50.00 crore, Rs. 40.00 crore has been released to SPV. Total expenditure incurred by the SPV is Rs. 49.05 crore towards various components of basic enabling and core infrastructure and non-core facility at the CPC. The components at the CPC on which the work has been completed include warehouse, common facility building, boundary wall, site development, internal roads and SDF sheds. Components on which works are nearly completion

include Cold storage, QC lab equipment, ETP and septic tank, truck terminal, procurement of reefer vans. The park has been inaugurated recently on 28th May, 2015 by Hon'ble Minister (FPI). One unit of vegetables dehydration is operating in the Park.

3.6 When asked about time line fixed for starting and completion of approved Mega Food Parks projects, the Ministry have submitted that as per Para 10.1 of the Revised Scheme Guidelines, the time schedule for completion and operationalization of project will be 30 months from the date of release of 1st installment unless extended by IMAC for the reasons to be recorded.

3.7 When asked about number of units which is allowed to be set up in Mega Food Parks and kind of activities allowed in these parks, the Ministry have submitted that it is expected that on an average, each project may have around 30-35 food processing units. Only food processing units can be set up in the Mega Food Parks. The developed plots in the Parks can be allotted to the food processing units only. No other activity except food processing is permitted in the Mega Food Parks.

3.8 When asked about reasons for delay and poor physical performance under Mega Food Parks Scheme, the Ministry have submitted that the experience of the implementation of the scheme revealed that the implementation of the Mega Food Parks have been hampered due to various reasons mainly, delay in acquisition of at least 50 acres of contiguous land, complex and time taking procedures of obtaining various types of statutory clearances from the State Government Departments/ Agencies, inability of Public Sector Undertakings to take a lead role in execution of the project even in the situations of crisis, lack of cohesiveness amongst the promoters and difficulties/delays in obtaining term loan sanction from Banks.. It may also be noted that Mega Food Park projects are big and complex projects with a long gestation period. Hence, at times, it is not possible for these projects to keep their pace of implementation in conformity with the prescribed timelines. All these reasons together have contributed towards slow pace of implementation of MFP Projects which in turn resulted in the low utilization of funds under the Scheme.

3.9 On the above issue, the representative of the Ministry deposed as under:—

“महोदय, मेगा फूड पार्क की स्कीम में दो चरणों में एप्रूवल दी जाती है। शुरू में जब प्रस्ताव आते हैं, उनकी जांच की जाती है कि स्कीम गाइडलाइन के पैरामीटर्स को वे

पूरा करते हैं या नहीं। यदि वे उन पैरामीटर्स को पूरा करते हैं तो सैद्धांतिक रूप से उनको अनुमति दी जाती है। उस समय तक उनको कोई ग्रांट नहीं दी जाती है। सैद्धांतिक एप्रूवल के बाद उनको कुछ शर्तें पूरी करनी होती हैं, जिनमें सबसे बड़ी शर्त है जमीन लेना और उसके औद्योगिक उपयोगी की अनुमति लेना। उस प्रोजेक्ट की फण्डिंग के लिए बैंक से लोन लेना जरूरी होता है और वह कंपनी रजिस्टर करनी पड़ती है। जब वे इन चार-पांच शर्तों को पूरा कर लेते हैं, तब उनको फाइनल एप्रूवल दी जाती है और उसके बाद ही उनको ग्रांट दी जाती है क्योंकि उस समय तक उनके पास प्रोजेक्ट को चालू करने के आवश्यक सारी चीजें हाथ में रहती हैं। हमने यह देखा है कि उसके बाद भी बहुत से प्रोजेक्ट्स में प्रमोटर्स अन्य किसी कारण के वजह से आगे नहीं बढ़ पाते हैं। हमने ऐसे चार प्रोजेक्ट्स कैंसिल किए हैं जिनमें फाइनल एप्रूवल दे दी गयी थी और कुछ सब्सिडी एमाउंट भी दे दिया गया था।.... मैं स्वीकार करता हूँ कि इस स्कीम में प्रोजेक्ट्स को कंप्लीट करने के लिए जो तीस महीने की अवधि दी गयी थी, उस अवधि में ज्यादातर प्रोजेक्ट्स पूरे नहीं हो रहे हैं। मिनिस्ट्री की तरफ से लगातार यही कोशिश रहती है कि उनको हर तरह से सहायता दी जाए और आने वाली अड़चनों को दूर किया जाए। उसके लिए समय-समय पर हमने स्कीम गाइडलाइन्स भी चेंज की हैं।”

3.10 Elaborating further on the issue, the representative of the Ministry have stated as under:—

समय-समय पर कमियों को अनुभव करके दूर करने की कोशिश की जा रही है, लेकिन स्कीम की इंप्लीमेंटेशन की प्रोसेस स्लो है और उसका एक कारण यह है कि यह इंफ्रास्ट्रक्चर प्रोजेक्ट है, इसमें कंप्लीट होने के बाद भी अचानक पार्टी को इनकम नहीं होती है। जब तक वहां यूनिट्स नहीं आएँ और पूरी यूनिट्स वहां आकर काम न शुरू कर दें, तब तक उसकी जो लागत लगी है, उसे रिकवर करने में भी दिक्कत होती है। इसे देखते हुए वे अपना इनवेस्टमेंट धीरे-धीरे करते हैं और उसके साथ ही कोशिश करते हैं कि कुछ इनवेस्टर्स को साथ लेकर कुछ यूनिट्स भी लगाएँ।

3.11 On the query of Committee regarding measures taken to encourage investors to establish Mega Food Park in remote and underdeveloped areas, the Ministry have submitted that under the Scheme, a higher capital grant is provided at the rate of 75 per cent of eligible project cost subject to maximum Rs. 50 crore per project in difficult and hilly areas *i.e.* North East Region including Sikkim, J&K, Himachal Pradesh, Uttarakhand and ITDP notified areas of the States against the grant of 50 per cent of the eligible project cost in general areas, subject to a maximum of Rs. 50 crore per project. The promoters of the Mega Food Park in the difficult areas are required to contribute only 10% equity in the project as against 20% equity in general areas. Therefore, the capital requirement of the promoter is much less and it is easier to get term loan from banks for the projects in the difficult areas.

Expected outcome and impact of Mega Food Park Scheme

3.12 On the query of Committee regarding expected outcomes from Mega Food Parks Schemes in Food Processing Sector, the Ministry have submitted following expected outcomes:—

- Each MFP is expected to benefit approximately 6000 farmers/ Producers directly and 25000-30000 farmers indirectly.
- Each MFP is expected to attract investment of about Rs. 10 crore in Common Facilities and leverages an additional investment of about Rs. 250 crore (for the Food Processing Units)
- Projected annual turnover of about Rs. 450-500 crore.
- Each MFP will generate about 30,000 direct and indirect employments.

3.13 On the query of the Committee regarding effect of Mega Food Park Scheme on small and marginal farmers and landless agricultural labourers, the Ministry have submitted that Mega Food Parks Scheme will benefit the small and marginal farmers and landless agricultural labours in many ways. The processing units, which will be setup in the Park, will require agricultural produce as raw material for processing. The sourcing of raw material from the farmers including small and marginal farmers, will help in getting better prices for their produce, availing sorting, grading and storage facilities to realise better price for their produce and avail modern storage facilities for their produce. The project will help in reducing wastages of perishable commodities in the catchment area. The Park and the processing units will create employment opportunities for the local people including small and marginal farmers and landless labours. This will also provide filip to the agricultural production resulting in better livelihood means for the farmers and landless labourers.

3.14 When asked about the benefits being driven by the small and marginal farmers of local area where the projects have been operationalised, the Ministry have submitted that a total of 40 projects have been approved by the Ministry out of which 21 projects have been accorded Final Approval and 19 projects have been granted In-principle approval. Five projects are presently operational *i.e.* Patanjali Food and Herbal Park, Haridwar, Uttarakhand; Srini Food Park, Chittoor, Andhra Pradesh; Integrated Food Park, Tumkur, Karnataka, International Mega Food Park, Fazilka, Punjab and North East Mega Food Park; Nalbari, Assam. They further stated that these Mega Food Parks are benefiting the farmers and landless agricultural labours in many ways. The processing units, which have been setup in these Park, are processing agricultural

produce as raw material for processing. The sourcing of raw material from the farmers including small and marginal farmers are helping in getting better prices for their produce. They are also availing sorting, grading and storage facilities to realise better price for their produce and avail modern storage facilities for their produce. These projects are helping in reducing wastages of perishable commodities in the catchment area. The Park and the processing units are creating employment opportunities for the local people including small and marginal farmers and landless labours. These projects will provide filip to the agricultural production resulting in better livelihood means for the farmers and landless labours.

3.15 On the query of the Committee regarding by which Mega Food Parks Scheme would impact the social inclusion and sustainable development of Agricultural Sector, the Ministry stated that the primary objective of the Mega Food Parks scheme is to provide modern infrastructure facilities for the food processing along the value chain from the farm to the market. This includes creation of processing infrastructure near the farm, transportation, logistics and centralized processing centres. The main feature of the scheme is a cluster based approach. The scheme is demand-driven, and will facilitate food processing units to meet environmental and safety standards. The expected outcome of the scheme is increased realization for the farmers, creation of high quality processing infrastructure, reduction in wastage of agricultural produce, capacity building of producers and processors and creation of an efficient supply chain along with significant direct and indirect employment generation. The scheme also promotes backward linkages through primary processing centres and collection centres. Hence, this scheme benefits farmers, producers, processors, consumers etc. and thus impacts the social inclusion and sustainable development of agriculture sector.

3.16 On the query of the Committee regarding provisions in the scheme to provide training to local people so that it may generate employment for local people also, the Ministry have submitted that there is provision in the scheme for creation of Training Centre in Non-Core Infrastructure component for capacity building and skill development. The promoters of Mega Food Parks are also providing training to the farmers in modern techniques of agriculture production and establishing backward linkages for raw material. Thus the project will create both direct employment in food processing units and indirect employment in agriculture.

CHAPTER IV

COORDINATION AND MONITORING MECHANISM

A. Schemes Guidelines

4.1 successful implementation of any program/scheme depends upon various factors and one of the most important factor is bringing changes in guidelines/rules depending upon the experience obtained during implementation of the Scheme. When asked about changes brought by the Ministry in guidelines for implementation of Mega Food Park Scheme since its inception in 2008, the Ministry have submitted that the detailed guidelines for the scheme were issued on 24.08.2008 and subsequently revised on 19.12.2009, 17.11.2011 and 01.10.2012. Based on the experience of implementation, modifications in the Scheme guidelines have been carried out from time to time. The consolidated revised Mega Food Parks Scheme guidelines have been uploaded on the Ministry's website. During the course of implementation it was realised that there are certain issues which are affecting the progress of project implementation. The issues affecting implementation of Mega Food Parks were discussed with the stakeholders concerned and it was decided to carry out further modifications in the existing scheme for facilitating speedier and better project implementation. The scheme of Mega Food Parks has further been modified on 10.02.2014. The major modifications are as follows:—

- The Mega Food Park Projects will be implemented, owned and operated by an SPV duly registered under the Companies Act. The Anchor Investor in the SPV holding majority stake, with or without other promoters of SPV, will be required to set up at least one food processing unit in the park with an investment of not less than Rs. 10 crore. However, State Government/State Government entities and cooperatives applying for the projects under the scheme will not be required to form a separate SPV and set up processing unit(s) in the Park.
- The time schedule for completion and operationalization of project was increased to 30 months countable from the date of release of 1st installment.

- The release of grant instalment was linked with specific milestone in order to ensure speedier implementation.

4.2 The Ministry have further submitted that para No. 9.3 of Consolidated Scheme Guidelines *w.e.f.* 01.10.2012 and Revised Scheme Guidelines *w.e.f.* 10.02.2014 were further modified on 10.09.2014, which states that in the event of SPV withdrawing from executing the Project, SPV shall return the amount of grants-in-aid released by the Ministry together with the interest accrued thereon, within a period of not more than 60 days of acceptance of its withdrawal by the Ministry. The accrued interest shall be calculated at the SBI Benchmark Prime Lending Rate prevalent at the time or 10% per annum (as per general terms and conditions of grants-in-aid laid down in General Financial Rules, 2009, Government of India), whichever is higher. In the event of failure of the SPV in refunding the grant amount along with interest within period specified, a penalty may be imposed by the Ministry.

4.3 The Ministry have also submitted that criteria for evaluation by Technical Committee (TC) of the EOI/Proposals for setting up of Mega Food Parks has been made objective to ensure the objectivity and transparency. The proposals received against the fresh notice for EoI are being evaluated by the TC following these detailed criteria. Further, the requirement of submitting affidavits along with prospects have been reduced or done away with to make the scheme user-friendly.

4.4 On the issue of efforts made by the Ministry regarding synchronizing scheme guidelines as per difficulties faced during implementation of the Scheme, the representative of the Ministry deposed as under:—

“मिनिस्ट्री की तरफ से लगातार यही कोशिश रहती है कि उनको हर तरह से सहायता दी जाए और आने वाली अड़चनों को दूर किया जाए। उसके लिए समय-समय पर हमने स्कीम गाइडलाइन्स भी चेंज की है। माननीय सभापति जी ने मेशन किया था कि प्रोजेक्ट के लिए तीन प्रमोटर्स होना जरूरी है और एक फूड प्रोसेसर होना आवश्यक है, मैं बताना चाहूंगा कि यह स्थिति फरवरी, 2014 के पहले की थी। उस समय यह माना जाता था कि कोई एक आदमी पूरी स्कीम पर कब्जा न कर ले, इसलिए मिलकर, यदि ग्रुप के हिसाब से काम करेंगे तो ज्यादा अच्छे ढंग से कर पाएंगे और उसका बेहतर उपयोग हो पाएगा। साथ में, उसमें एक फूड प्रोसेसर को इसलिए अनिवार्य किया गया था कि उनको फूड प्रोसेसिंग का भी अनुभव प्राप्त हो, लेकिन हमें उसके कुछ नकारात्मक रिजल्ट देखने को मिले। बहुत अच्छे फूड प्रोसेसर्स इंफ्रास्ट्रक्चर प्रोजेक्ट में नहीं आना चाहते थे। एक-दो फूड प्रोसेसर्स आना चाहते हैं, लेकिन जगह-जगह वही एक-दो लोग घुसने लगे और जब योगदान देने की जरूरत आती थी तो वे टाइम पर नहीं दे पा रहे थे। इस बात को ध्यान में रखकर और सभी से सलाह-मशविरा करने के बाद फरवरी, 2014 में हमने इस स्कीम

को फिर से मोडीफाई किया और आज स्कीम का जो स्वरूप है, उसमें कोई भी उद्यमी, जो फाइनेंशियली साउण्ड है, वह अकेला भी इसे ले सकता है अर्थात् तीन आदमियों के होने की जरूरत नहीं है और न ही फूड प्रोसेसर होने की जरूरत है। हमने अब यह शर्त लगा दी है कि यदि कोई उद्यमी फूड प्रोसेसिंग के कारोबार में नहीं है और यदि वह प्रोजेक्ट लेता है तो प्रोजेक्ट कंप्लीट करने के साथ-साथ उसे कम से कम दस करोड़ रुपये की एक फूड प्रोसेसिंग यूनिट लगानी होगी, जिससे एक एंकर यूनिट प्रोजेक्ट के साथ-साथ खड़ी हो जाए और उसका एक मल्टीप्लाईंग इफेक्ट लोगों को मिले और अन्य लोग भी उसमें इनवेस्टमेंट के लिए आकर्षित हों। हमने अभी मार्च में जो 17 प्रोजेक्ट्स एनाउंस किए हैं, उनमें यह कंडीशन लागू है।”

B. Role of the State Government in implementation of Mega Food Park Scheme

4.5 In Indian Federal Structure, State Government concerned play an important role for successful implementation of any Scheme. When asked about role of the State Government envisaged in implementation of the Mega Food Park project, the Ministry have stated that as per revised Mega Food Parks scheme guidelines *w.e.f.* 10.02.2014, State Government has to play role mainly, in the following areas:—

- (i) Providing assistance to SPVs in procurement/purchase of suitable land.
- (ii) Providing all the requisite statutory clearances including permission for sub-leasing of land by SPV, wherever needed, for setting up the MFP and its components thereof and providing the necessary assistance for Power, Water, approach roads and other external infrastructure to the project
- (iii) Providing flexible and conducive labour environment and consider special facilities like exemption of stamp duty, VAT/ Sales Tax exemption etc. for the MFP and the units located in the MFP.
- (iv) Monitoring the implementation of project through State Mission for Food Processing etc.
- (v) Nominating a suitable officer to be appointed as Ministry's nominee Director in the SPV.

4.6 The Ministry have further stated that to expedite the implementation of the Mega Food Park project by reducing time in obtaining clearances etc. from various agencies of the State Government,

the Ministry has also been impressing upon the State Governments to implement the single window clearance system for Mega Food Park projects.

C. Co-ordination Mechanism

4.7 When asked about steps taken for establishment of a co-ordination mechanism for effective implementation of Mega Food Parks Scheme, the Ministry have submitted that with a view to have more effective coordination with the State Governments, the State Governments have been requested to nominate an officer as Ministry nominee Director in the Board of those SPVs. PMA also co-ordinates with the SPV for facilitating smooth implementation of the project and monitoring the progress closely and periodically.

4.8 The Ministry have also submitted that Ministry co-ordinates with State Government authorities to facilitate various statutory clearance and acquisition of land by SPV. Further, a district level Mega Food Park Co-ordination Committee under the chairmanship of the District Collector has been constituted for each Mega Food Park to ensure smooth progress in implementation of the projects.

D. Monitoring Mechanism

4.9 When asked about monitoring mechanism established for timely completion of approved projects, the Ministry have submitted that as per Para 10.1 of the Revised Scheme Guidelines, the time schedule for completion and operationalization of project will be 30 months from the date of release of 1st installment unless extended by IMAC for the reasons to be recorded. In order to achieve the stipulated timeline, the Ministry has been constantly monitoring the progress of implementation of these projects and taking steps to speed up the pace of implementation. A well-established mechanism of periodical monitoring/review of the progress of the projects have been adopted. The monitoring is done mainly through the following modes:—

- (1) Monthly progress reports are obtained from the SPV on the progress of the projects by the Ministry.
- (2) Monitoring by PMA through regular interaction with SPV and site visits and furnishing reports to the Ministry.
- (3) Obtaining progress reports from the SPV as and when required on the issues impacting implementation of the project.

- (4) Monitoring of progress by holding Review Meetings with the SPVs at the level of Additional/Joint Secretary, Secretary and Minister, FPI in the Ministry.
- (5) Inter-Ministerial Approval Committee (IMAC) headed by Minister, FPI also monitors the project implementation.
- (6) Monitoring through the concerned State Government/State Food Processing Mission Directorate.
- (7) Nomination of a suitable officer of the State Government as Ministry's nominee Director in the Board of SPV.
- (8) Visiting of projects at site by the Senior Officers of the Ministry.

PART II

OBSERVATIONS/RECOMMENDATIONS

Support to Food Processing Industry

1. The Committee are aware that our country has been endowed with diverse agro-climatic resources. We have achieved self-sufficiency in production of the agricultural commodities. Over the years, agricultural production has consistently recorded higher output. India rank number one in the production of milk, pulses, ginger, bananas, guavas, mangoes and papayas, whereas, in the production of rice, wheat, vegetables and horticultural products, we are at second position in the world. At the same time, India has also distinction of being big loser of our agricultural and other produces in post-harvest system. Indian farming community incur losses equal to Rs. 92,600 crore every year. The main reason for losses has been assigned to the low level of processing of the agricultural commodities. The Committee have been informed that level of food processing in India is only 6% (2.2% of Fruits and Vegetables, 8% of Marine products, 6% for Poultry and 20% for Buffalo Meat) as compared to more than 70% in countries like USA, China, Malaysia, Philippines, etc. Huge amount of wastage in agriculture and allied sectors in India not only reduces availability of food to ever increasing population, but also reduces farmers' income to the significant level contributing to vicious circle of poverty of majority of small and marginal farmers. In the wake of the above, it becomes imperative that effective steps are taken to encourage food processing industries. Although, this sector is picking up, but not at the desired pace for various reasons. The Committee, therefore, strongly recommend that Food Processing industry should be given the utmost thrust so that not only the wastage is minimized, but also farmers are ensured better returns of their crops.

2. The Committee note that a developed food processing sector can help in wastage reduction, value addition, crop diversification, better returns to farmers, employment generation and increase in exports. It is also capable of addressing critical issues of food security, food inflation and providing wholesome and nutritious food to the masses. In the last few years, this sector has grown faster than agriculture and has emerged as an important segment of Indian economy

in terms of its contribution to GDP, employment and investment. However, GDP FPI as a share of GDP in agriculture seems static during the last five years leading to an average of 11%. Similarly, GDP FPI as a share of GDP in manufacturing also remained lackluster during the same period with an average of 9%. This sector is an employment intensive segment constituting about 30% of the employment generated in all registered factory sector. The total number of persons engaged in the registered food processing sector is 16.89 lakh with an average annual growth of about 2.41%. Unregistered food processing sector supports employment to 47.9 lakh workers in the country. This being a sunrise sector will contribute immensely in GDP growth and employment generation in future. However, programmes to increase the output of Indian agriculture without corresponding investments in processing facilities may lead to a mismatch resulting in rural distress and decline in farmers' income. The single most important step for improving the bargaining capacity of the farmer is to add value to his produce. This can be achieved only by producing as per the requirements and standards of the market. The Committee, therefore, recommend that efforts should be made to enable the farmers to raise their crops as per the needs of the market for which flow of market information, technology and input to the farmers should be ensured.

Incentives to the Farmers

3. The Committee note that 'Mega Food Park Scheme' was introduced to cater to the need of proper preservation and conservation of agro-products with a view to ensure multi-dimensional agricultural infrastructure development. The scheme envisages a well defined agri/horticultural processing zone containing state-of-the-art processing facilities with support infrastructure and well established supply chain aims to create a modern food processing infrastructure for the small and medium processing units which otherwise have not been able to develop due to capital intensive nature of food processing equipment. It intends to facilitate establishment of an integrated value chain, with food processing at the core and supported by requisite forward and backward linkages. The broader idea behind the scheme is to bring farmers, processors and retailers together and link agriculture production to the market so as to ensure maximization of value addition, minimization of wastages and improving farmers' income. The concept of 'Mega Food Park Scheme' envisages a cluster approach based on hub and spoke Model comprising of farm proximate facilities such as Collection Centres, Primary Processing Centres (PPCs) and a Central Processing Centre (CPC). The Committee appreciate the scheme for its farmers centric approach. However, it is observed that the beneficiaries of the scheme are not the farmers to the intended degrees.

It is the industrialists and other entrepreneurs who are benefited the most by the various incentives available under the scheme. It is not sure whether the produce of the farmers for these industries are taken on prescribed rates uniformly. The Committee, therefore, recommend that some mechanism should be evolved to ensure that the produce of the farmers are taken by the processing industries at the prescribed prices and the incentives of the scheme should also be passed on to the farmers or some percentage of the profits should be earmarked to the farmers whose produce were taken by the processing industries.

4. The Committee note that the purpose of Mega Food Park Scheme is to have access to the agricultural and other farm related produces to minimize their wastage, ensuring value addition and also bringing farmers of the area into its fold by making available a platform to them wherein they can get good returns of their produces. However, it can be observed that the objective for which this scheme is launched is yet to be achieved and the desired benefits are not accruing to the category of beneficiaries whom they were intended to. The cumbersome procedural delays, involvement of multiple agencies and requirement of huge finances make the entire process unattractive to farmers, primarily for whom the scheme has been launched. The focus of the scheme has been diverted from farmers to entrepreneurs and resultantly farmers have been reduced to mere suppliers of their produces without any bargaining capacity. The Committee believe that this is not the objective of the scheme wherein, the farmers are not given the level playing field. It would be prudent for the scheme and beneficial for the farmers if local farmers are given the due priority in the scheme of things. For the purpose, the scheme can be modified/re-launched on local basis. It can be a microcosm of the Mega Food Park Scheme involving the farmers of specific areas with the provision of generation of funds in a self-help manner. The grants as deemed appropriate can also be given as are available to the Mega Scheme. The farmers can be given initial training in the processing of their produces. Local markets or purchase arrangements for such produces of the farmers can be made by the suitable indulgence. This will go a long way in making the farmers self-reliant with regard to their produces and its returns. It will also provide an opportunity for experimenting the innovative methods into their farming. The Committee, therefore, recommend that a proper strategy be devised to enlist the farmers for forging into local self-help groups or cooperatives for the purpose of using their produce into processing sector by themselves, thus maximizing the possibility of better returns of their efforts while simultaneously minimizing the risk of their exploitation.

5. Indian Society especially farmers possess diverse knowledge regarding food quality and it is imperative that their knowledge be utilized for enhancing income potential for them. It has been observed by the Committee that stress in Mega Food Park Scheme has so far been on establishment of modern infrastructure facilities. The Ministry have not made any efforts for encouraging farmers or entrepreneurs to establish food processing industry based upon utilization of local agricultural produce and traditional knowledge about food. The Committee, therefore, recommend the Ministry to take steps in this direction and devise ways to establish food processing industries based on local raw materials and traditional knowledge.

Adequate Allocations for Mega Food Park Scheme

6. The Committee note that total budgetary allocations for Mega Food Park Scheme during the first four fiscals is only Rs. 442 crore which is only 25.78 per cent of the approved outlay as against total plan outlay of Rs. 1714.00 crore for XII plan. The Committee also observe that the Ministry have constantly failed to even utilize available resources during both XI and XII plans. The Ministry have been able to utilize only Rs. 217.25 crore as against allocation of Rs. 239.00 (RE) crore during Eleventh Plan period. Similarly, total actual expenditure during first three fiscals of XII plan was only Rs. 251 crore as against allocation of Rs. 267.39 (RE) crore. The Committee note with a great sense of disappointment that the story of the yesteryears has been repeated by the Planners and the Government in the matter of allocation of funds to the Ministry during XII Plan so far. The Committee are of view that adequate allocation for implementation of the scheme will go a long way towards creation of world class facilities for food processing industries in the country thereby utilizing optimum potential of agriculture and allied sectors available in the country. At the same time, it will also help the Government in poverty eradication measures. Existence of a vibrant Food Processing industry will also serve the purpose of earning foreign revenue. The Committee, therefore, recommend that allocations to the Ministry be enhanced substantially at the RE stage in the ongoing and next Fiscal so that more number of Mega Food Parks could be established in coming years.

Slow Pace of Implementation of Scheme

7. The Committee note that the scheme of Mega Food Park (MFP) was conceived to provide a mechanism for bringing together farmers, processors, retailers, linking agricultural production to the market, so as to ensure maximum value addition, minimize wastage, increase farmers' income and create employment opportunities. However, the

Committee note that the Ministry have so far approved setting up of 40 Mega Food Parks in various States of the country. Out of 40 projects approved by the Ministry so far, 21 projects have been accorded final approval and 19 projects have been accorded in-principle approval. The Committee have also been informed that out of 21 projects which were accorded final approval, 5 projects are partially operational and 2 projects will be operational during 2015-16 and 14 projects are expected to be operational in 2016-17. The Committee further note that out of the 19 projects accorded in-principal approval, 15 projects have been given approval only on 31.03.2015 and Ministry was restrained to issue In-principle approval to the remaining two projects by the Hon'ble High Court of Delhi on 30.04.2015. The Committee are disappointed to note very slow progress in implementation of Mega Food Parks Scheme launched in the year 2008. After lapse of seven years, only five Mega Food Parks, as against 40 sanctioned, have been partially operational. The Committee are not convinced with the assertion of the Government that reasons such as delay in acquisition of at least 50 acres of contiguous land, complex and time taking procedures of obtaining various types of statutory clearances from the State Government Departments/Agencies, inability of Public Sector Undertakings to take a lead role in execution of the project even in the situations of crisis, lack of cohesiveness amongst the promoters and difficulties/delays in obtaining term loan sanction from Banks are responsible for delay and poor physical performance. The Committee are of view that the proactive steps taken by the Ministry in consultation with State Government may reduce time lags caused such as problems related to statutory clearance, land acquisition etc. The Committee, therefore, recommend the Department to convince State Governments to establish single window clearance for Mega Food Park Scheme so as to enable statutory clearance by the Departments/agencies concerned. The Committee also recommend the Department to speed up the process of decision taking at the Ministry level to expedite clearance for submitted proposals.

Encouragement for Establishment of Mega Food Parks in Agriculturally important States

8. The Committee note that one of the stated aim of Mega Food Park Scheme was to create modern infrastructure in the country in order to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximization of value addition, minimization of wastages and improving farmers' income. However, the Committee observe that not a single Mega food Park has been approved or established in many States such as Uttar Pradesh, Meghalaya, Nagaland, Sikkim, Arunachal Pradesh, out

of approved 40 projects under Mega Food Park Scheme. Further, number of approved projects in many agriculturally important States such as Bihar, Odisha, West Bengal, Jharkhand, Haryana, Punjab, etc. are very low as compared to potential for establishment of Food Processing Industries. The Committee are of view that establishment of adequate numbers of Mega Food Parks in these States will not only reduce agricultural wastage but also provide sustainable employment opportunity to the local population thereby reducing poverty level and migration load on major cities of the country. The Committee, therefore, recommend the Ministry to focus on these States and take steps to encourage entrepreneurs from these States to apply for establishment of Mega Food Parks. The Committee also recommend the Ministry to make provision for providing free consultancy services to local entrepreneurs for preparation of detailed project reports.

Provision for Training

9. The Committee note that apart from ensuring value addition of agricultural commodities including poultry, meat, dairy, fisheries, etc. the Mega Food Parks Scheme was also expected to provide employment opportunities for the local people including small and marginal farmers and landless labourers. The Committee are of view that this objective cannot be achieved unless there are adequate efforts for providing requisite training to local people. The Committee note that there is provision in the scheme for creation of Training Centre in Non-core Infrastructure component for capacity building and skill development and promoters of Mega Food Parks are also providing training to the farmers in modern techniques of agriculture production and establishing backward linkages for raw material. However, the Committee have not been provided any details regarding training such as nature, number of training institutes established and number of peoples trained so far by operational Mega Food Parks operators. The Committee, therefore, desire the Department to furnish details of training being provided to the local population within a month of presentation of Report. The Committee also recommend the Department to make provision for proper training for Food Processing Sectors under National Skill Mission so that qualified manpower may be made available to the all operational and planned Mega Food Parks.

Co-ordination and Monitoring Mechanism

10. The Committee note that the guidelines for 'Mega Food Park Scheme' were issued on 24.08.2008. These were subsequently revised in the year 2009, 2011 and 2012. Based on the experience on implementation, these have been modified as and when required and

the consolidated revised Mega Food Parks Scheme guidelines have been uploaded on the website of the Ministry. Despite guidelines being broad-based, the progress of the project implementation are not at the desired pace and these have been further modified in the year 2014. The last modifications revolve around implementation of the scheme by an SPV wherein Anchor Investor in the SPV with majority stake will be required to set up at least one food processing unit in the Park with an investment of not less than Rs. 10 crore. The time schedule for completion and operationalisation of the Project has also been increased to 30 months beginning from the date of the release of first installment and the release of the grant installment is linked with specific milestone. The Committee note that there have been a series of additions/alterations/modifications in the guidelines of Mega Food Parks Scheme. In spite of all these efforts, the Scheme is yet to deliver the desired results not to say about the pace of the result. This raises serious issues about the efficacy and practicality of the scheme. The involvement of multiple agencies and stages with varied and diverse linkages tend to result in the delay, but it can not be allowed to be an inordinate one. Some policy intervention will have to be made to ensure that unreasonable delay in the process of implementation is done away with. Avenues should be explored to fix the time limit and also a single window approach for this purpose. Committee, therefore, strongly recommend that for making the Scheme a reality covering the wide range of intended beneficiaries, the scheme requires a revisit so as to formulate the appropriate and sector friendly guidelines keeping in view the interest of all the stakeholders and all the logistical requirements.

NEW DELHI;
10 August, 2015

19 Shravana, 1937 (Saka)

HUKM DEO NARAYAN YADAV,
Chairperson,
Standing Committee on Agriculture.

APPENDIX I

STANDING COMMITTEE ON AGRICULTURE (2014-15)

MINUTES OF THE TWENTY-SIXTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 29th May, 2015 from 1500 hrs. to 1650 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Hukm Deo Narayan Yadav — *Chairperson*

MEMBERS

Lok Sabha

2. Shri Nalin Kumar Kateel
3. Dr. Tapas Mandal
4. Shri Ajay Nishad
5. Shri Dalpat Singh Paraste
6. Shri Nityanand Rai
7. Shri Mukesh Rajput
8. Shri Satyapal Singh
9. Shri Virendra Singh

Rajya Sabha

10. Shri Janardan Dwivedi
11. Shri Vinay Katiyar
12. Shri Mohd. Ali Khan
13. Shri Rajpal Singh Saini
14. Shri Ram Nath Thakur
15. Shri Shankarbhai N. Vegad

SECRETARIAT

1. Shri Abhijit Kumar — *Joint Secretary*
2. Shri C. Vanlalruata — *Deputy Secretary*

WITNESSES

Ministry of Food Processing Industries

1. Shri Ranglal Jamuda — Secretary
2. Shri Jagdish Prasad Meena — Additional Secretary

2. At the outset, the Chairperson welcomed the members of the Committee and the representatives of the Ministry of Food Processing Industries and apprised the witnesses of the provisions of the Directions 55(1) and 58 of the 'Directions by the Speaker, Lok Sabha' regarding confidentiality of the proceedings.

3. After the witnesses introduced themselves, a representative of the Ministry of Food Processing Industries explained the reasons for delay in MFP projects. The Committee then started discussing about the progress of the Mega Food Park Scheme right from its initiation in 2008 to its current status. The Members were keen to know the reasons of cancellation of more than one-third projects (*i.e.* 15) out of 42 proposals and they also enquired about whether the grants allocated to these projects were refunded or not. A detailed explanation was given by the representative of Ministry for delay in setting up of Mega Food Park Projects; Members specifically enquired about the cancellation of Amethi MFP Project; a representative of the Ministry gave a detailed explanation on the same.

4. Thereafter, the Committee *inter-alia* discussed the employment generation capability of the Scheme; actual impact of the Scheme on Rural Economy; how it could become more farmers' friendly; how it could help to increase the agricultural productivity and also to boost the growth of agricultural sector. Most of the queries were responded to by the representatives of the Ministry of Food Processing Industries. The Chairperson desired the Ministry to furnish written replies to the queries of the Members which could not be readily responded to by them.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX II

STANDING COMMITTEE ON AGRICULTURE (2014-15)

MINUTES OF THE THIRTY-FIRST SITTING OF THE COMMITTEE

The Committee met on Thursday, the 6th August, 2015 from 1000 hrs. to 1040 hrs. in Room No. 138 (Third Floor), Chamber of the Chairperson, Parliament House, New Delhi.

PRESENT

Shri Hukm Deo Narayan Yadav — *Chairperson*

MEMBERS

Lok Sabha

2. Shri Sanganna Amarappa
3. Prof. Ravindra Vishwanath Gaikwad
4. Shri Nalin Kumar Kateel
5. Md. Badaruddoza Khan
6. Shri C. Mahendran
7. Dr. Tapas Mandal
8. Shri Dalpat Singh Paraste
9. Shri Mukesh Rajput
10. Shri Satyapal Singh

Rajya Sabha

11. Smt. Renuka Chowdhury
12. Mohd. Ali Khan
13. Shri Darshan Singh Yadav

SECRETARIAT

1. Shri Abhijit Kumar — *Joint Secretary*
2. Shri N.K. Pandey — *Director*
3. Shri C.Vanlalruata — *Deputy Secretary*
4. Shri Sumesh Kumar — *Under Secretary*

2. At the outset the Chairperson welcomed the members to the Sitting of the Committee. The Committee, then, took up the following draft Reports:

- I. *** *** *** *** ***
- II. *** *** *** *** ***
- III. *** *** *** *** ***
- IV. Draft Report on the Subject “Mega Food Parks” pertaining to Ministry of Food Processing Industries.

3. After some deliberations, the Committee adopted the draft Reports without any amendments and authorized the Chairperson to finalise the Reports and present the same to Parliament.

The Committee then adjourned.

* Matter not related to this Report.

Illustrative Criterion for Assessment/Evaluation of EoIs/Proposals

**Criteria for Evaluation of Proposals/EoIs by Programme
Management Agency (PMA)**

Sl. No.	Criteria	Maximum Score
1	2	3
1.	Viability of the Cluster	15
1a	Adequate volume of raw materials/days of operation in a year	5
1aa	200 to 250 days	2
1ab	251 to 300 days	3
1ac	More than 300 days	5
1b	Mix/variety of raw materials	5
1ba	5 to 10 crops	3
1bb	More than 10 crops	5
1c	Agreement/arrangements of raw materials	5
1ca	Absence of backward linkages (strategy/proof not given)	0
1cb	Proposed backward linkages (Copy of MoU/Agreements provided)	3
1cc	Existing backward linkages in the proposed cluster (Copy of MoU/Agreements provided)	5
2.	Proposed Investment in Core Processing Facilities	10
2a	Up to Rs. 50 crores	5
2b	Rs. 50 crores to Rs. 100 crores	8
2c	More than Rs. 100 crores	10
3.	Possession of appropriate land	25
3a	Land identified, but not acquired	0
3b	Agreement to Sale/Purchase of more than 50 acres of Land	5
3c	More than 50 acres of land available with one or more promoters	10

1	2	3
3d	Allotment letter from State Government Agencies to the SPV or its member(s)	15
3e	Complete title and possession of more than 50 acres of land in the name of SPV	20
3f	Complete title and possession of more than 50 acres of land in the name of SPV along with CLU	25
4.	Investment by Anchor Investor in Food Processing Unit(s)	10
4a	Up to Rs. 10 crore	0
4b	Rs. 15 crore or more	5
4c	Rs. 20 crore or more	10
5.	Cumulative Net Worth of Promoters/Shareholder of the SPV	20
5a	Rs. 50 crore to Rs. 100 crore	5
5b	Rs. 101 to 150 crore	10
5c	Rs. 151 to 200 crore	15
5d	More than Rs. 200 crore	20
6.	Focus on perishables in Core Processing facilities at CPC and PPCs	10
6a	Less than 30 per cent of total investment in Core Processing facilities	0
6b	30 to 50 per cent of total investment in Core Processing facilities	5
6c	50 per cent or more of total investment in Core Processing facilities	10
7.	Investment in PPCs as percentage of total eligible Project cost	10
7a	Less than 10 per cent	0
7b	10 per cent and more	5
7c	20 per cent and more	10
	Total Points	100

Illustrative Criteria for Evaluation of Proposals/Expression of Interests (Eols) by Criteria Technical Committee (TC)

Sl. No.	Criteria	Maximum Score
1	2	3
1.	Details of Promoters and their total Net worth	10
1a	If Rs. 200 crore and above.	10
1b	If between Rs. 151 crore to Rs. 200 crore	8
1c	If between Rs. 101 to Rs. 150 crore	6
1d	If between Rs. 50 to Rs. 100 crore	4
2.	Details of Land and its Location	10
2i	Details of Land	5
2 ia	Land 50 acres with CLU	5
2 ib	Land 50 acres without CLU	3
2 ic	Less than 50 acres of land	0
2 ii	Details of Location	5
2 iia	Located in an area having electricity and water connection	5
2 iib	Located in an area having electricity or water connection	3
2 iic	Located in an area having no electricity and no water connection	2
3.	Viability of Cluster and Linkages	10
3a	If shown more than 300 days of operations and existing backward linkage in the region of any of the promoters	10
3b	If shown more than 300 days of operation and LOIs from farmers	8
3c	If shown less than 300 days of operations and LOIs from farmers	6
3d	If shown less than 300 days of operations and no LOIs	4

1	2	3
4.	Proposed Revenue Model	10
4 ia	Common processing facilities in synchronization with focused crops	5
4 ib	Common processing facilities not in synchronization with focused crops	3
4 iia	PPC at a cost of more than 10% of project cost deriving more than 10% profit	5
4 iib	PPC at 10% or more of project cost deriving at least 10% profit	4
4 iic	PPC at a cost of less than 10% of project cost deriving at least 10% profit	3
4 iid	PPC at a cost of less than 10% of project cost and deriving less than 10% profit	2
5.	Proposed Investment*	5
5a	Total investment Rs. 150 crores or more	5
5b	Rs. 130 to 150 crores	3
5c	Rs. 110 to 130 crores	2
6.	Special Strength and USP of Proposal	5
6a	Captive Power plant	2
6b	Promoters having existing food processing operations	2
6c	State Government support to the Project	1

*The proposals received from North Eastern States/Hilly Areas/ITDP Areas will be awarded proportionate higher marks based on their eligible project cost.

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