

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

SIXTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS (2014-2015)

**FOURTH REPORT**



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

DECEMBER, 2014/ AGRAHAYANA, 1936 (Saka)

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(2014-2015)**

**(SIXTEENTH LOK SABHA)**

**MINISTRY OF FOOD PROCESSING INDUSTRIES**

**DEMANDS FOR GRANTS (2014-2015)**

Presented to Lok Sabha on 19.12.2014

Laid on the Table of Rajya Sabha on 19.12.2014



**LOK SABHA SECRETARIAT  
NEW DELHI**

**DECEMBER, 2014/ AGRAHAYANA, 1936 (Saka)**

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

<b>Shri Hukm Deo Narayan Yadav - Chairperson</b>
<b><u>MEMBERS</u></b>
<b><u>LOK SABHA</u></b>

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 Janardan Mishra
9. Shri Ajay Nishad
10. Shri Dalpat Singh Paraste
11. Shri Nityanand Rai
12. Shri Mukesh Rajput
13. Shri Konakalla Narayana Rao
14. Shri C.L. Ruala
15. Shri Arjun Charan Sethi
16. Shri Satyapal Singh
17. Shri Virendra Singh
18. Shri Kadiyam Srihari
19. Shri Jai Prakash Narayan Yadav
20. Shri Dharmendra Yadav
21. Shri B. S. Yeddyurappa

**RAJYA SABHA**

22. Shri A.W. Rabi Bernard
23. Shrimati Renuka Chowdhury
24. Sardar Sukhdev Singh Dhindsa
25. Shri Janardan Dwivedi
26. Shri Vinay Katiyar
27. Shri Mohd. Ali Khan
28. Shri Rajpal Singh Saini
29. Shri Ram Nath Thakur
30. Shri Shankarbhai N. Vegad
31. Shri Darshan Singh Yadav

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### **SECRETARIAT**

- |    |                            |   |                  |
|----|----------------------------|---|------------------|
| 1. | Shri Abhijit Kumar         | - | Joint Secretary  |
| 2. | Smt. Abha Singh Yaduvanshi | - | Director         |
| 3. | Smt. Juby Amar             | - | Deputy Secretary |

## INTRODUCTION

I, the Chairperson, Committee on Agriculture, having been authorized by the Committee to submit the Report on their behalf, present this Fourth Report on the Demands for Grants (2014-2015) of the Ministry of Food Processing Industries.

2. The Committee under Rule 331E(1)(a) of the Rules of Procedure considered the Demands for Grants (2014-15) of the Ministry of Food Processing Industries, which was laid on the table of the House on 12 August, 2014. The Committee took evidence of the representatives of the Ministry of Food Processing Industries at their Sitting held on 17 October, 2014. The Report was considered and adopted by the Committee at their Sitting held on 16 December, 2014.

3. For facility of reference and convenience, the Recommendations/Observations of the Committee have been printed in bold letters in Part-II of the Report.

4. The Committee wish to express their thanks to the officers of the Ministry of Food Processing Industries for appearing before the Committee and furnishing the information that they desired in connection with the examination of Demands for Grants of the Ministry.

5. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

**NEW DELHI;**  
**18 December, 2014**  
**27 Agrahayana, 1936 (Saka)**

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

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## **ABBREVIATIONS**

<b>AAGR</b>	<b>Average Annual Growth Rate</b>
<b>ASI</b>	<b>Annual Survey of Industries</b>
<b>APIDC</b>	<b>Andhra Pradesh Industrial Development Corporation</b>
<b>AIFPA</b>	<b>All India Food Processors' Association</b>
<b>ASSOCHAM</b>	<b>Associated Chambers of Commerce and Industry</b>
<b>APEDA</b>	<b>Agricultural and Processed Food Products Export Development Authority</b>
<b>AICTE</b>	<b>All India Council for Technical Education</b>
<b>BIADA</b>	<b>Bihar Industrial Area Development Authority</b>
<b>CSO</b>	<b>Central Statistics Office</b>
<b>CSS</b>	<b>Centrally Sponsored Scheme</b>
<b>CIPHET</b>	<b>Central Institute of Post-Harvest Engineering and Technology</b>
<b>CLU</b>	<b>Conversion of Land Use</b>
<b>CC</b>	<b>Collection Centre</b>
<b>CPC</b>	<b>Central Processing Centre</b>
<b>CA</b>	<b>Controlled Atmosphere</b>
<b>CFTRI</b>	<b>Central Food Technological Research Institute</b>
<b>CENVAT</b>	<b>Central Value Added Tax</b>
<b>CCEA</b>	<b>Cabinet Committee on Economic Affairs</b>
<b>CII</b>	<b>Confederation of Indian Industries</b>
<b>DPR</b>	<b>Detailed Project Report</b>
<b>DARE</b>	<b>Department of Agricultural Research &amp; Education</b>
<b>EoI</b>	<b>Expression of Interest</b>
<b>EDP</b>	<b>Entrepreneurship Development Program</b>
<b>FPTC</b>	<b>Food Processing Training Centre</b>
<b>FDI</b>	<b>Foreign Direct Investment</b>
<b>FPOs</b>	<b>Farmer Producer Organizations</b>
<b>FSSAI</b>	<b>Food Safety and Standards Authority of India</b>
<b>FAO</b>	<b>Food and Agriculture Organization</b>
<b>FTL</b>	<b>Food Testing Laboratory</b>
<b>FBOs</b>	<b>Food Business Operators</b>
<b>FSS Act</b>	<b>Food Safety and Standards Act</b>
<b>FICCI</b>	<b>Federation of Indian Chamber of Commerce and Industries</b>
<b>GHP</b>	<b>Good Hygienic Practices</b>
<b>GMP</b>	<b>Good Manufacturing Practices</b>
<b>GOI</b>	<b>Government of India</b>
<b>GDP</b>	<b>Gross Domestic Product</b>

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<b>HACCP</b>	<b>Hazard Analysis and Critical Control Points</b>
<b>HRD</b>	<b>Human Resources Development</b>
<b>IMAC</b>	<b>Inter Ministerial Approval Committee</b>
<b>ISO</b>	<b>International Organization for Standardization</b>
<b>IQF</b>	<b>Individual Quick Freezing</b>
<b>IBA</b>	<b>Indian Beverage Association</b>
<b>ICRIER</b>	<b>Indian Council for Research on International Economic Relations</b>
<b>IISR</b>	<b>Indian Institute of Sugarcane Research</b>
<b>ICAR</b>	<b>Indian Council of Agricultural Research</b>
<b>ITDP</b>	<b>Integrated Tribal Development Project</b>
<b>IICPT</b>	<b>Indian Institute of Crop Processing Technology</b>
<b>IIT</b>	<b>Indian Institute of Technology</b>
<b>JRF</b>	<b>Junior Research Fellowship</b>
<b>KINFRA</b>	<b>Kerala Industrial Infrastructure Development Corporation</b>
<b>MFPI</b>	<b>Ministry of Food Processing Industries</b>
<b>MSEs</b>	<b>Micro and Small Enterprises</b>
<b>MFP</b>	<b>Mega Food Parks</b>
<b>MA</b>	<b>Modified Atmosphere</b>
<b>MoH&amp; FW</b>	<b>Ministry of Health and Family Welfare</b>
<b>NMFP</b>	<b>National Mission on Food Processing</b>
<b>NSEL</b>	<b>National Spot Exchange Limited</b>
<b>NABARD</b>	<b>National Bank for Agriculture and Rural Development</b>
<b>NGO</b>	<b>Non Governmental Organization</b>
<b>NABL</b>	<b>National Accreditation Board for testing and Calibration Laboratories</b>
<b>NMPPB</b>	<b>National Meat and Poultry Processing Board</b>
<b>NIFTEM</b>	<b>National Institute of Food Technology, Entrepreneurship and Management</b>
<b>PSUs</b>	<b>Public Sector Undertakings</b>
<b>PMC</b>	<b>Process Management Consultants</b>
<b>PPC</b>	<b>Primary Processing Centres</b>
<b>PMA</b>	<b>Programme Management Agency</b>
<b>R&amp;D</b>	<b>Research and Development</b>
<b>SPV</b>	<b>Special Purpose Vehicle</b>

<b>SHGs</b>	<b>Self Help Groups</b>
<b>SERB</b>	<b>Science and Engineering Research Board</b>
<b>SLEC</b>	<b>State Level Empowered Committee</b>
<b>TUS</b>	<b>Technology Up gradation Scheme</b>
<b>TC</b>	<b>Technical Committee</b>
<b>TQM</b>	<b>Total Quality Management</b>
<b>UT</b>	<b>Union Territory</b>
<b>UGC</b>	<b>University Grants Commission</b>
<b>VAP</b>	<b>Village Adoption Programme</b>
<b>WTO</b>	<b>World Trade Organization</b>

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## **CHAPTER – I**

### **IMPLEMENTATION OF RECOMMENDATIONS OF THE COMMITTEE**

The Forty-ninth Report of the Committee on Agriculture on Demands for Grants 2013-14 of Ministry of Food Processing Industries was presented to Lok Sabha and laid on the Table of Rajya Sabha on 30 April, 2013. The Report contained 24 Recommendations.

1.2 On the basis of Action taken Notes furnished by the Ministry of Food Processing Industries in respect of the Recommendations contained in the Forty-ninth Report, the Committee presented their Fifty-fifth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 9 December, 2013. After analyzing the Action Taken Notes furnished by the Ministry, the Committee commented on the action taken by the Government in the context of Recommendations at Para Nos. 2.24, 2.44, 2.46, 2.47, 2.49, 3.47, 3.49, 3.50, 3.51 and 3.54 of the Forty-ninth Report. The Analysis further revealed that out of 24 Recommendations contained in the Forty-ninth Report of the Committee, 19 Recommendations (79%) have been accepted by the Government, 04 Recommendations (17%) have not been accepted and in respect of 1 (4%) recommendation final reply of the Government was awaited.

1.3 In terms of Direction 73-A of the Directions by Speaker, Lok Sabha, the Minister concerned is required to make a Statement in Lok Sabha about the status of implementation of Recommendations contained in the original Report of the Committee within six months of the said Report to Parliament. A Statement under Direction 73 A in the context of the Forty-ninth Report was made on 18.2.2014 in Lok Sabha and 21.2.2014 in Rajya Sabha thus not adhering to the time frame stipulated for the purpose.

## **CHAPTER-II INTRODUCTORY**

### **(i) INTRODUCTORY**

A major issue facing the Country is to ensure remunerative prices to the farmers for their produce. While increased productivity is an essential component of a vibrant agricultural sector, improved post-harvest handling and processing is essential to ensure value addition, reduction in wastage and good quality products reach the market. A strong and dynamic food processing sector plays a vital role in diversification and commercialization of agriculture, enhances shelf life, ensures value addition to the agricultural produce, generates employments, enhances income of farmers and creates markets for export of agro foods. Food processing helps the farmers to get better returns, higher yields and lowers the risk of perishability. The growth of FP sector will make significant contribution to the Indian Economy not only in economic terms but also in meeting the objectives of 'inclusive growth' and 'food security'. Significant opportunities are, however, yet to be tapped in the areas of supply chain management, cold storage, financing retailing and exports.

2.2 To give an impetus to development of food processing industries in the country, Ministry of Food Processing Industries (MFPI) was set up in July 1988. Subsequently vide Notification No. Doc. CD-442/99 dated 15.10.99 this Ministry was made a Department and brought under the Ministry of Agriculture. It was again notified as Ministry of Food Processing Industries in September, 2001.

The subjects allocated to the Ministry are as under:-

- (i) Industries relating to :-
  - (a) Processing and Refrigeration of certain agricultural products like milk powder, infant milk food, malted milk food, condensed milk, ghee and other dairy products, poultry and eggs, meat and meat products.
  - (b) Processing of fish (including canning and freezing)
  - (c) Establishment and servicing of development council for fish processing industries
  - (d) Technical assistance and advice to fish processing industry

- (e) Fruit and vegetable processing industry (including freezing and dehydration) and
  - (f) Food grains milling industry
- (ii) Planning, development and control of, and assistance to, industries relating to bread, oil seeds, meals (edible), breakfast foods, biscuits, confectionery (including cocoa processing and chocolate making), malt extract, protein isolate, high protein food, weaning food and extruded food products (including other ready to eat foods)
  - (iii) Specialized packaging for food processing industry
  - (iv) Beer including non-alcoholic beer
  - (v) Alcoholic drinks from non-molasses base
  - (vi) Aerated water and soft drinks

2.3 The Ministry of Food Processing Industries is concerned with formulation and implementation of policies and plans for the food processing industries within the overall national priorities and objectives. The Ministry acts as a catalyst for bringing in greater investment into this sector, guiding and helping the industry and creating a conducive environment for healthy growth of the food processing industry. The Ministry aims at:

- Better utilization and value addition of agricultural produce
- Minimizing wastage at all stages in the food processing chain by development of infrastructure for storage, transportation and processing of agro produce.
- Induction of modern technology into the food processing industries
- Encouraging R&D in food processing for products and process development.
- Providing policy support, promotional initiative and facilities to promote value added exports.
- Create critical infrastructure to fill the gaps in the supply chain from farm to consumer.

## **(ii) OVERVIEW OF THE FOOD PROCESSING SECTOR:**

2.4 India is a richly endowed agricultural nation. It has nearly a tenth of world's arable land and a fifth of world's irrigated land. India has all major climates of the world, enjoys long sunshine hours, fairly good rainfall which are ideally suited for

round the year cultivation. It has the largest cattle population, second largest goat & sheep population and a vast coastline. Given the resource endowment, India has all the potential to become one of the largest food processing countries in the world. Potential for production is also matched by strong demand for processed food products due to rapid urbanization, change in preferences and practices in consumption.

2.5 Over the years agricultural production has consistently recorded higher output and has become self-sufficient in food grain. 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. Notwithstanding these achievements, it is a matter of great concern that low level of processing, inadequate post-harvest infrastructure facilities, lack of appropriate technologies inadequate credit availability and high levels of fragmentation results into huge wastage of agriculture produce, particularly perishable commodities resulting not only in loss to the national exchequer but a severe hardship to our farmers and consumers. Some studies have revealed that we might be losing around Rs 40,000 crore for the lack of post-harvest facilities and inadequate processing. With adequate storage and processing facilities, much of this waste can be reduced while increasing remunerative price to the producer as well as ensuring greater supply to the consumer at appropriate price.

2.6 Abundant supply of raw materials, increase in demand and incentives offered by the government has impacted food processing sector positively. In the last few years, the food processing sector is 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.

#### **Contribution and growth of food processing industries:**

2.7 As seen in the table below, the Food Processing Sector has been growing faster than the agriculture sector indicating higher level of contribution of food processing sector to GDP as compared to agriculture and manufacturing sectors.

Contribution of Food Processing Industries to Gross Domestic Product at 2004-05 Prices (Rs. Crore)							
S. No.	Description	2008-09	2009-10	2010-11	2011-12	2012-13	
	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	
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 & Logging; \$: Five Year Average Annual Growth Rate							
GDP: Sum of GVA (value of output less the value of input used up in the process of production) of all resident producer units of the economy during the reference period.							

2.8 According to the Ministry, the performance of this sector has improved significantly in the recent years. 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.

2.9 On being asked about the reasons for the sharp decline in the growth percentage in contributing to GDP in the year 2012-13 against 2011-12, the Ministry informed that in 2012-13 growth of GDP in food processing sector declined to 3% because of a number of factors. The food and agriculture sectors are organically linked. The food processing sector depends upon agriculture sector for its supply of raw materials. In the year 2012-13, the production of agricultural commodities was adversely affected due to deficient south-west monsoon and resultant acreage losses. This effected the production of a number of agricultural commodities which are inputs for food processing industry. In 2012-13, Food grain production dropped by 1.5 per cent. While production of rice registered a decline of 0.9%, production of wheat registered a significant fall of 2.6%, production of sugarcane dropped by 6.1% and groundnut showed a record fall of 31.8% during the same period. Even production of fruit and vegetables which registered a growth of 7.1 % in 2011-12 registered only a marginal growth of 1.8% in 2012-13. Apart from agriculture sector, the performance of manufacturing sector was subdued with a lower growth of only 1.3%. In tandem with agriculture sector and manufacturing sector, the food processing industry registered slower growth of 3% in 2012-13 as against 21.6% during 2011-12.

2.10 The Ministry further added that the data relating to GDP released by Central Statistics Office (CSO) is available up to 2012-13. Data on overall GDP including Food Processing Sector is yet to be released by CSO.

### **Key features of registered food processing industries:**

2.11 Annual survey of Industries (ASI) is the main source of data on the number of units, employment, capital investment and output for Registered Food Processing Sector. ASI data are released annually and the latest data is available for 2011-12. The following table gives industry-wise information on number of factories, employment, fixed capital and output in the food processing sector.

Principal Characteristics of Registered Food Processing unit: 2011-12				
Unit	Factories * (number	Persons Engaged \$	Fixed Capital^ (Rs.	Value of Output (Rs. Crore)

	s)	(number s)	Crore)	
Food Processing units#, of which	36,881	17,76,643	1,45,038	7,34,340
Grain Mill & Starch products	19,010	3,66,500	17,553	1,58,213
Vegetable & Animal oils and fats	3,394	1,21,232	18,409	1,97,325
Beverages	1,997	1,47,482	22,420	53,301
Dairy Products	1,653	1,49,775	10,695	87,015
Fruits and Vegetables products	1,078	62,448	5,060	10,309
Prepared Animal Feeds	755	44,462	2,741	26,602
Fish, crustaceans etc.	390	42,081	2,150	15,228
Meat Processing & Preserving	146	20,621	1,362	10,008
Source: Annual Survey of Industries (ASI), MOSPI; # Includes Food Products & Beverages (Division-10 & Division-11 of NIC 2008 classification); *: Factory Registered under Factory Act 1948; \$: Person Engaged included all persons employed directly or through an agency including family members; ^: Fixed Capital: Depreciated value of Fixed Assets owned by factory.				

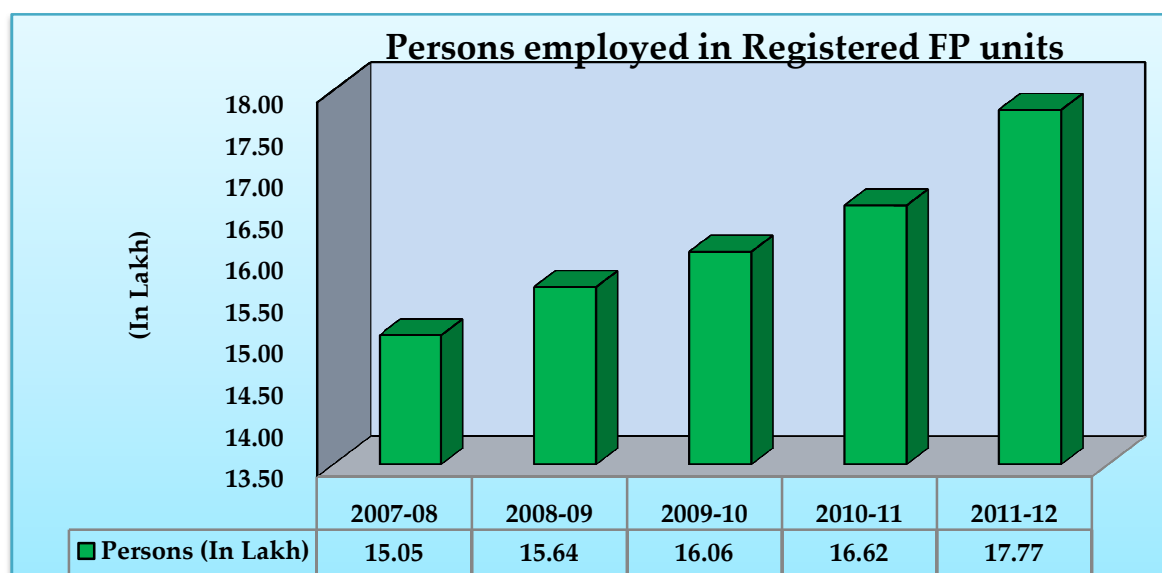
2.12 This sector has a total of 36,881 registered units with fixed capital of nearly Rs 1.45 lakh crore and producing an output of around Rs 7.34 lakh crore in value terms. Major industries constituting food processing sector are grain mill, sugar, edible oils, beverages and dairy products.

2.13 According to the Ministry, total number of factories in Food Processing Sector [constituting both Food Products: Division-10 & Beverages: Division- 11] in 2011-12 is 36,881. This is 2.91 per cent higher as compared to 2010-11. The sector has generated employment to the tune of 17.77 lakh persons which is higher by 6.92 per cent as compared to last year. Similarly, Fixed Capital in FP sector has also increased significantly by 20.16 per cent.

### **Employment In Food Processing Sector**

2.14 Food Processing Industry is one of the major employment intensive segments constituting 12.13 per cent of employment generated in all Registered Factory sector in 2011-12. According to the latest Annual Survey of Industries (ASI) for 2011-12, the total number of persons engaged in registered food processing sector

is 17.77 lakhs. During the last 5 years ending 2011-12, employment in registered food processing sector has been increasing at an Annual Average Growth Rate of 3.79 per cent. Unregistered food processing sector supports employment to 47.9 lakh workers as per the NSSO 67th Round, 2010-11.



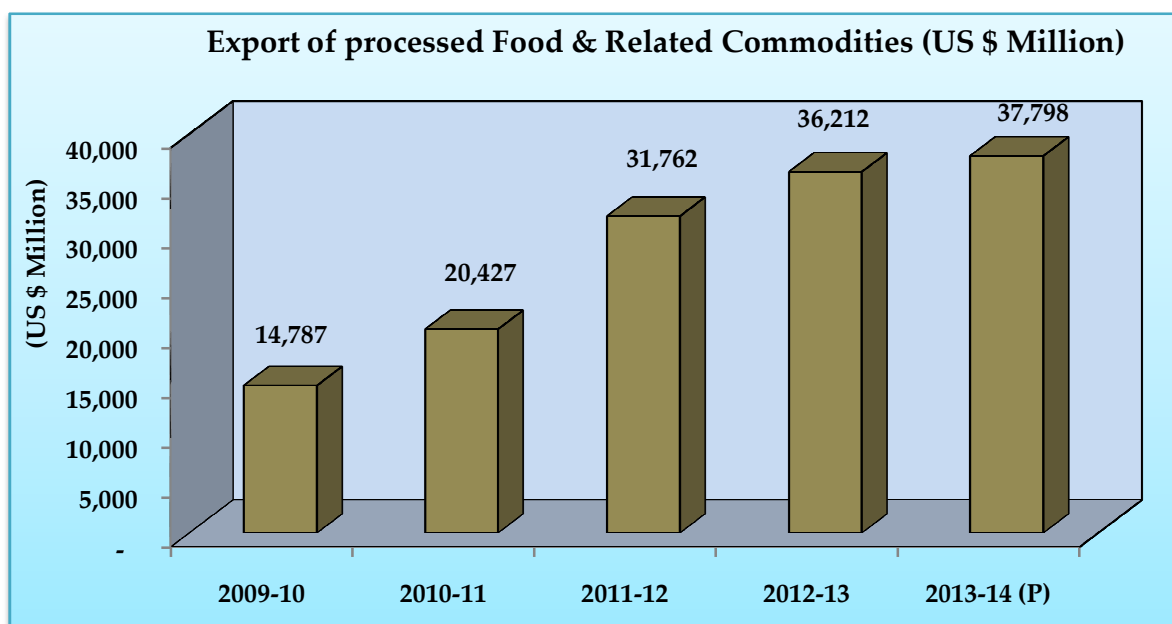
Source: Annual Survey of Industries (ASI).

[AR pt 2.9.1]

### Exports of food processing related commodities:

2.15 All agricultural produce when exported undergo an element of processing. Hence all edible agricultural commodities exported are included in the export data. The value of exports in the sector has been showing an increasing trend with Average Annual Growth Rate (AAGR) of 20.53 per cent for five years ending 2013-14.

Export of processed Food & Related Commodities (US \$ Million)						
Year	2009-10	2010-11	2011-12	2012-13	2013-14 (P)	AAGR *
Export (US \$ Million)	14,787	20,427	31,762	36,212	37,798	20.53
(%) Growth	-9.35	38.14	55.49	14.01	4.38	
Source: DGCI&S, Kolkata; P: Provisional Results *: Average Annual Growth Rate for 5 years						



Source: DGCI&S, Kolkata; P: Provisional Results.

[AR pt 2.1.1 to 2.11.1]

2.16 The Ministry was asked to explain the reasons for decline in the growth rate of exports from 55% in 2011-12 to 14% in 2012-13 and to 4.38% in 2013-14. The Ministry in a written reply explained that exports of processed foods and related commodities during 2011-12 registered a significant increase primarily due to higher export of wheat, non-basmati rice and guar gum. In order to achieve these objectives, Ministry of Food Processing Industries has taken a number of initiatives for improving supportive infrastructure in food processing sector. These include setting up of cold chain, mega food parks and modernization of Abattoirs. Under the Technology Upgradation Scheme, the Ministry has also been assisting entrepreneurs for setting up food processing units by extending grant-in-aid of Rs. 50 lakh per unit in general areas and higher scale of assistance in difficult areas and North-Eastern States. The scheme has since been subsumed with Centrally Sponsored scheme 'National Mission of Food Processing' w.e.f. 1.4.2012. These efforts of the MoFPI are essentially intended to increase the level of processing and minimize wastage in food products, though have positive impact on exports.

## **Fiscal Incentives and Institutional Reforms**

2.17 A number of fiscal incentives<sup>1</sup> are provided by Government of India for promoting investment in food processing sector. The major incentives are as under:-

### **1. Income Tax**

Deduction in expenditure: Under Section 35-AD of the Income Tax Act 1961, deduction for expenditure incurred on investment is allowed if this investment is wholly and exclusively for the purpose of any specified business (Details given below). However, this deduction is allowed only for the investment made in the previous year and prior to commencement of its operations.

Businesses allowed 150% deduction (provided the taxpayer has commenced its business on or after 01.04.2012)

- (a) Setting up and operating a cold chain facility
- (b) Setting up and operating warehousing facility for storage of agricultural produce;

Business allowed 100% deduction

- (c) Bee-keeping and production of honey and beeswax
- (d) Setting up and operating a warehousing facility for storage of sugar

Deduction of Tax from profit: Under Section 80 IB(11A) of the Income Tax Act, 1961, new units (ie not formed by splitting up or by way of reconstruction of an existing business) in the business of processing, preservations and packaging of fruits or vegetables, meat & meat product, poultry, marine or dairy products are permitted to claim deduction from Income tax.

This tax incentive is available as 100% tax exemption for the first 5 years' of operation, and after that, at the rate of 25% of the profits being exempted from tax; 30% in case of a company. This benefit is available only for ten years provided that such business had commenced on or after 1.04.2001. If any business relating to meat, meat products, poultry, marine products or dairy products has started after

1.4.2009, the above benefits would be available, but not to the units operating in such business before 01.04.2009.

## **2. Service Tax**

(i) Negative List: Under Finance Act, 1994, Service Tax is not leviable on items contained in the Negative List. These services are as follow:-

Services including processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market.  
*(Ref. Section 66 D(d) (iii) Chapter V of the Finance Act, 1994)*

(ii) Exempted category:

Ministry of Finance vide notification dated 20-6-2012 has given exemption of Service Tax for following services:-

- (a) Construction, Erection, Commissioning or installation of original works pertaining to post-harvest storage infrastructure for agricultural produce including Cold storages for such purposes.
- (b) Mechanized Food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages; and
- (c) Services provided by a goods transport agency by way of transportation of fruits, vegetables, eggs, milk, food grains or pulses in a goods carriage.
- (d) Services of Loading, unloading, packing, storage or warehousing of agricultural produce.

*(Ref. Service Tax notification No. 25/2012-Service Tax dated 20<sup>th</sup> June 2012 issued under Section 93 Chapter V of the Finance Act, 1994- Power to grant exemption from service tax.)*

### 3. Customs Duty

- (i) Government has extended Project Imports' benefits to the following projects:
  - (a) Projects for the installation of mechanized food grain handling systems and pallet racking systems in 'Mandis' and Warehouses for food grains and sugar;
  - (b) Cold storage, cold room (including for farm level pre-cooling) or industrial projects for preservation, storage or processing of agricultural, apiary, horticultural, dairy, poultry, aquatic and marine produce and meat.

Consequently, all goods related to Food Processing, imported as part of the project, irrespective of their tariff classification, would be entitled to uniform assessment at concessional basic customs duty. (*Ref. Notification No 12/2012 dated 17.3.2012*)

- (ii) Customs duty on Hazelnuts has been reduced from 30% to 10%. (*Ref. Notification No 12/2013-Customs dated 1.3.2013*)
- (iii) Customs Duty on De-hulled Oat grains has been reduced from 30% to 15%. (*Ref. Notification No 12/2013-Customs dated 1.3.2013*)

### 4. Central Excise Duty

Food Products:

In order to promote food processing industry, the Government has given concessions in Central Excise Duty from time to time. Duty structure of some of the processed food items are as under:-

- (ii) Nil Duty in Milk, Milk Products (Chapter 4), Vegetables (Chapter 7), Nuts and Fruits, fresh & Dried (Chapter 8).
- (iii) As against standard excise rate of 12%, Processed Fruits & Vegetables (Chapter 20) carries a merit rate of 2% without CENVAT or 6% with CENVAT.
- (iv) Soya Milk Drinks, Flavoured Milk of Animal origin also carries a duty of 2% without CENVAT or 6% with CENVAT.

- (v) Excise duty on “Tapioca Starch manufactured and captively consumed within the factory of their production, in the manufacture of Tapioca Sago (Sabudana)” and excise duty on Tapioca Sago (Sabudana) has been reduced to nil in the Budget 2013-14. (*Notification No 12/2013-Central Excise 1.3.2013*)
- (vi) Excise duty on machinery for the preparation of meat, poultry, fruits, nuts or vegetables and on presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages and on packing machinery is being reduced from 10% to 6%. (Notification No. 12/2014- Excise dated 11.07.2014).

#### Food Processing Machineries:

- (i) All refrigeration machineries and parts used for installation of cold storage, cold room or refrigerated vehicle, for the preservation, storage, transport or processing of agricultural, apiary, horticultural, dairy, poultry, aquatic and marine produce and meat are exempted from Excise Duty.
- (ii) Pasteurising, drying, evaporating, etc machinery used in Dairy sector is exempted from Excise Duty.

*[Notification No 12/2012-Central Excise dated 17.3.2012]*

#### Institutional reforms:

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



(b) Simplification/Transparency & E-Governance:-

- Check points/check lists have been prescribed for expediting approval of FPI projects.
- Time frame for clearing of projects prescribed.
- Standard format for examining projects.
- Frequency of approval committee meetings increased.
- Guidelines prescribed, publicized and circulated to States.
- Regular meetings organized with stakeholders.
- Database on proposals in Ministry operationalized.
- Management Information System for NMFP sanctioned projects by States across the country has been operationalized.
- Intra FPI developed for fast effective management of content and a common information platform. Video conferencing with States/firms introduced.
  - Investors' portal' was launched and a book on "Opportunities in Agri Business: State Profile has been released to facilitate investment in the food processing sector. Sector specific queries from the investors are handled by Invest India through the "Investors' Portal."
- Sevottam, charter mark in service delivery for excellence has been introduced in the Ministry.

**Foreign Direct Investment (FDI) in Food Processing sector:**

2.18 Foreign Direct Investment (FDI) is permissible for all the processed food products up to 100 per cent on automatic route except for items reserved for Micro and Small Enterprises (MSEs) subject to applicable laws/regulatories, securities and other conditionalities. For manufacture of items reserved for Micro, Small & Medium enterprises, FDI is permissible under automatic route up to 24 per cent of the capital. If foreign investment is more than 24 per cent, Industrial License under Industries (Development & Regulation), Act 1951 is required. Foreign Direct Investment (FDI) inflows in Food Processing sector in the country during last 6 years and current year is as below:

S. No.	Year (April- March)	FDI (Rs. Crore)	FDI (US \$ Million)
1	2007-08	279.01	70.17
2	2008-09	455.59	102.71
3	2009-10	1,314.23	278.89
4	2010-11	858.03	188.67
5	2011-12	826.16	170.21
6	2012-13	2193.65	401.46
7	2013-14 (April- February)	23,823.73	3,772.59

Source: Department of Industrial Policy and Promotion (DIPP)

## CHAPTER-III

### ANALYSIS OF DEMANDS

#### (i) OVERVIEW OF DEMANDS

3.1 Demand No. 46 pertaining to the Ministry of Food Processing Industries for the fiscal year 2014-15 was presented to the Lok Sabha on 12 August, 2014. The details of allocation proposed in the Demand are given below:

(Rs. In crore)

Sl. No.	Section	Plan	Non-Plan	Total
1	Revenue	—	—	—
	Voted	770	15.86	785.86
	Charged	—	—	—
2.	Capital	—	—	—
	Voted	—	—	—
	Charged	—	—	—
	Grand Total	770	15.86	785.86

3.2 The total allocation for the Ministry of Food Processing Industries is Rs. 785.86 crore for the Fiscal 2014-15. Out of this, Rs. 770.00 crore and Rs.15.86 crore are on Plan and Non-Plan sides, respectively, under the Revenue Section. There is no allocation on Capital side.

3.3 It may be pertinent to mention here that during 2014-15, the Ministry had proposed an allocation of Rs 1280.33 crore on Plan side, against which, an amount of Rs 770.00 crore i.e. only 60% has been allocated by the Planning Commission.

3.4 Asked about the reasons behind this drastic reduction in the allocation for the year 2014-15 by the Planning Commission the Ministry replied:-

“Due to various constraints, prominent among them being the scarce availability of resources and the need to meet the funding requirement of the flagship schemes of the Government in the health, education and social sectors fund allocation to the various Department/ Ministries are done after careful deliberations. However, the need for additional funds for

implementation of various programmes / projects is considered by the Ministry of Finance at RE stage depending on financial and physical progress of the various Schemes. The Ministry has projected requirement of additional funds at RE stage for its Schemes.”

3.5 Explaining the extent to which the various Schemes of the Ministry be required to be pruned or staggered due to this curtailing of funds the Ministry added:

“Due to less allocation, the up-scaling of Infrastructure Development Scheme could not be undertaken. The spillover liabilities of Technology Up gradation Scheme (TUS) of the 11<sup>th</sup> Plan also could not be cleared. This has resulted in reducing targets of these Schemes. Had this Ministry received sufficient allocation, the liabilities under TUS could have been cleared this year itself and performance of this Ministry would have been better in the Integrated Cold Chain Scheme and Technology Up gradation Scheme.”

3.6 Asked as to how the Ministry would be able to meet the physical targets with this reduced allocation the Ministry in a written reply informed that because of the less allocation, the Ministry has to re-adjust the targets. The present trend indicates that the Ministry may not be able to receive the entire allocation. However, this Ministry has asked for additional allocation to up scale the programme during 12<sup>th</sup> Plan itself. Higher allocation has been sought for Cold Chain Scheme and Technical Up gradation Scheme to meet the requirement of the projects under implementation.

## **(ii) BUDGETARY ALLOCATIONS**

3.7 The Budget Estimates, Revised Estimates and Actuals during the two years of the Twelfth Plan and BE for the current Fiscal are as follows:

**(Rs. in crore)**

<b>Year</b>	<b>BE</b>	<b>RE</b>	<b>Actual expenditure</b>
<b>Twelfth Plan</b>			
<b>2012-13</b>	660.00	660.00	655.88
<b>2013-14</b>	708.00	550.00	527.64

<b>Total</b>	<b>1368.00</b>	<b>1210.00</b>	<b>1183.52</b>
<b>2014-15</b>	770.00	-	-

3.8 When asked about the reasons for drastic reduction in RE 2013-14 as compared to BE 2013-14, the Ministry in their written reply informed that the Ministry of Finance reduced the Budget Estimates at the Revised Estimates stage across the Ministries in order to meet the fiscal deficit targets. The BE of MOFPI was reduced from Rs.708.00 crore to Rs.550.00 crore at RE 2013-14. There was less off take by the State Governments/Union Territories under the Scheme of National Mission on Food Processing (NMFP). Therefore, the BE-2013-14 allocation of Rs.187.00 crore for the Scheme was reduced to Rs.30.50 crore at RE level. Also less amount of funds were required under the Scheme of Infrastructure Development. Against the BE2013-14 of Rs.247.00 crore, the RE was fixed at Rs.241.77 crore.”

### **(iii) TWELFTH FIVE YEAR PLAN**

3.9 The Working Group on Food Processing Industries recommended plan allocation of Rs.15304 crore. Proposal sent by the Ministry to the Planning Commission sought an allocation of Rs.14604 crore. Allocation granted is Rs.5990 crore (i.e.41%). When asked how the Ministry will meet the physical targets with less than 50% allocation of the proposed allocation, the Ministry replied:

“Although the Working Group on Food Processing Industries has recommended plan allocation of Rs.15304 crore, this Ministry had sought an allocation of Rs.14604 crore for the 12<sup>th</sup> Five Year Plan. But the Planning Commission has provided only Rs.5990 crore. Accordingly, the Ministry had to align the scheme-wise targets with the available allocation. The scheme-wise distribution of the allocation is as under:-

**(Rupees in Crore)**

<b>S. No.</b>	<b>Name of the Scheme / Component</b>	<b>Funds sought by the Ministry</b>	<b>Funds allocated by Planning Commission</b>

1	Scheme for Development of Infrastructure for Food Processing :	<b>4949.00</b>	<b>2800.00</b>
	i. Mega Food Parks		1714.00
	ii. Integrated Cold Chain		786.00
	iii. Modernisation of Abattoirs		300.00
2	Strengthening of Institution Institutions & Skill Development (including Innovation Fund Scheme and Venture Capital Fund)	<b>2208.00</b>	<b>300.00</b>
3	Quality Assurance, Codex Standards and Research & Development and Promotional Activities	<b>729.00</b>	<b>290.00</b>
4	Spillover liability: i. Technology Up-gradation ii. Human Resource Development	<b>412.00</b>	<b>750.00</b>
5	National Mission on Food Processing	<b>6306.00</b>	<b>1850.00</b>
	<b>Total</b>	<b>14604.00</b>	<b>5990.00</b>

3.10 However, this Ministry had requested the Ministry of Finance and the Planning Commission to provide additional funds to upscale the existing schemes of the Ministry. On receiving higher allocation, the targets of the Schemes will be up-scaled particularly in case of Cold Chain Scheme, Technical Up-gradation Scheme (spillover of 11<sup>th</sup> Plan) National Mission on Food Processing (NMFP) and Quality Assurance Scheme.”

3.11 Allocation for financial year 2014-15 is Rs.785.86 crore (Rs.770 crore for Plan and Rs.15.86 crore for non-plan) which is only 64% of the average of the XIIth Plan allocation even though it is 3<sup>rd</sup> year of the Plan. Asked as to how the Ministry plans to achieve the targets for the XIIth Plan with this imbalanced allocation over the

Plan years for the Schemes, the Ministry informed that due to less allocation the Ministry has downsized the targets. An additional amount of Rs. 156.00 crore has been sought at RE stage to up-scale the targets of some of the well performing Schemes. On receipt of the additional funds, the schemes will be up-scaled. The achievements of the Ministry would have been much better had the financial resource allocation would have been as per the projections made by the Ministry.

3.12 The Committee wanted to know whether any mid-term appraisal of the 12<sup>th</sup> Five Year Plan been done., the Ministry informed:

“Mid –term appraisal in respect of the major schemes of this Ministry during 12<sup>th</sup> Five Year Plan has been entrusted to professional agencies namely, ICRIER for Mega Food Parks scheme and NABCONS for Cold Chain Scheme. National Mission on Food Processing (NMFP) has been launched only with effect from 01/04/2012. Hence, it may be too early to assess its mid-term impact.”

3.13 12<sup>th</sup> Five Year Plan is in the midway, however, not even average of approved outlay of 12<sup>th</sup> Plan has been allocated to various schemes. Asked about the reasons for the same and whether with this pace the Ministry will be able to utilize the allocated funds., the Ministry clarified:

“During the 12<sup>th</sup> Five Year Plan, the total allocation of the Ministry is Rs. 5990 Crore. However, the year wise budget allocation has been much less. Ministry has been able to utilize almost entire allocation. The position of expenditure during 2012-13, 2013-14 and 2014-15 is given below:-

**(Rupees in Crore)**

S.No	Name of Scheme	2012-13			2013-14			2014-15	
		Budget Estimate	Revised Estimate	Actual Exp.	Budget Estimate	Revised Estimate	Actual Exp.	Budget Estimate	Actual Exp. as on 14/1

									0/20 14
1.	Infrastructure Development	191.00	184.19	183.89	247.00	241.92	224.49	315.00	194.95
2.	Technology Upgradation/ Establishment/ Modernization of FPI	100.00	186.46	186.19	160.00	163.92	162.08	160.00	131.87
3.	Quality Assurance, Codex Standards, R&D and Other Promotional Activities	35.00	31.91	31.34	35.00	35.66	35.33	36.00	22.50
4.	Human Resource Development	4.00	4.00	3.98	4.00	4.00	3.78	4.00	2.21
5.	Strengthening of Institutions	80.00	68.12	67.58	75.00	74.00	72.56	75.00	36.22
6.	National Mission on Food Processing	250.00	185.32	182.90	187.00	30.50	29.72	180.00	95.15
	Total	660.00	660.00	655.88	708.00	549.80	527.96	770.00	482.90

3.14 Though the Ministry projected higher allocation but due to overall financial constraints and prioritized commitment to flagship programmes of the Government, there has been less allocation to the food processing sector.”



#### **(iv) OUTSTANDING UTILIZATION CERTIFICATES**

3.15 The Grant are issued as per General Financial rules, which forbid issue of further grant, if UCs are pending for previous grant issued. As informed by the Ministry the position of outstanding Utilization Certificates in respect of Grants-in-aid released up to 31.03.2013 and due as on 1.4.2014 is given below:

No. of UCs pending	Amount (₹ in crore)
2842	556.36

[Outcome Budget pg 26-27]

#### **(v) GENDER BUDGETING**

3.16 The Ministry have stated that keeping in mind the fact that origin of food processing lies in the culinary tradition of various communities, carried forward by their women folk, they recognize the contribution of women in food processing. Since ages, women are traditionally engaged in food processing activities like, making pickles, papad, nuggets etc. Schemes operated by this Ministry are aimed at providing facilities and incentives for promotion of food processing industry in the country. These schemes are project oriented instead of being State, area, community, caste or gender specific.

3.17 The beneficiaries of projects assisted by the Ministry are those supplying raw materials to food processing industries, people working in food processing plants and those engaged in marketing activities downstream. Although the benefit accruing to women from these schemes has not been quantified, efforts are being made by the Ministry to ensure that the maximum benefit of the schemes of the Ministry could reach to the women stakeholders of the sector.

3.18 A Gender Budget Cell under the chairmanship of a Joint Secretary has been set up in the Ministry for inducting and effecting a change in the Ministry's policies and programmes in a way that could tackle gender imbalances, promote gender equality and development and could ensure that public resources through the Ministry's budget are allocated and managed accordingly.

3.19 Considering the need to understand the gender implications of food processing industries and its potential for improving livelihoods of women, Ministry

entrusted a Survey-cum-Study to Centre for Market Research & Social Development, New Delhi for suggesting an Integrated Gender Action Plan pertaining to Food Processing sector including the required standards and parameters on the basis of which the units can be certified as compliant with these requirements as also process of certification and accreditation of the units which comply with these standards. The study report makes suggestions on various relevant issues including policy of the Ministry, Monitoring system to assess gender mainstreaming efforts, Gender Audit of the Policies of the Government, how to encourage the women SHGs to start their food processing units, points of convergence with the existing schemes of other Ministries/ Departments and Gender Budgeting etc.

## **CHAPTER-IV**

### **SCHEMATIC ANALYSIS**

#### **(i) SCHEME FOR INFRASTRUCTURE DEVELOPMENT**

4.1 Despite the large production of food 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. 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. Eighteen per cent of India's fruit and vegetable production - valued at Rs 13,300 crore - is wasted annually, according to data from the Central Institute of Post-Harvest Engineering and Technology (CIPHET).

4.2 The study mainly considers the quantitative loss as the material rendered “unfit for human consumption”. The different stages considered for assessment of losses are harvesting, collection, threshing, grading/ sorting, winnowing/cleaning, drying, packaging, transportation, and storage depending upon the commodity.

4.3 The report of the study was released in 2010. The study has estimated harvest and post-harvest losses of major agricultural produces at national level was of the order of Rs. 44,143 crore per annum at 2009 wholesale prices.

Percentage of losses estimated for major produces	
Crop	Cumulative wastage (per cent)
Cereals	3.9 – 6.0 per cent
Pulses	4.3-6.1 per cent
Oil seeds	2.8-10.1 per cent
Fruits & Vegetables	5.8-18.0 per cent
Milk	0.8 per cent
Fisheries (Inland)	6.9 per cent
Fisheries (Marine)	2.9 per cent
Meat	2.3 per cent
Poultry	3.7 per cent

Source: CIPHET Study on post-harvest losses, 2010

4.4 The Ministry of Food Processing Industries has assigned a repeat study to CIPHET, Ludhiana for same 106 districts to assess the position at present. The study is expected to be completed in January, 2015.

4.5 India is a significant contributor on account of both pre and post-harvest waste in cereals, pulses, fruits and vegetables. India is the world's second largest producer of fruits and vegetables. Two of the biggest contributors to food losses are the lack of refrigerated transport and the lack of high quality cold storage facilities for food manufacturers and food sellers.

4.6 Having realised this scenario, Ministry of Food Processing Industries has brought out the Scheme of Infrastructure development which has 3 components, namely Mega Food Parks, Integrated Cold Chain and setting up/ Modernisation of Abattoirs to contain the losses. It may be seen that most of the wastage is happening in fruits and vegetables, pulses and cereals. With adequate processing facilities, much of this waste can be reduced thus increasing remunerative wage to the producer as well as ensuring greater supply to the consumer.

**Budgetary allocation under the Scheme is as under:**

<b>(Rs. in crore)</b>			
<b>Year</b>	<b>BE</b>	<b>RE</b>	<b>Actuals</b>
<b>2012-13</b>	191.00	184.19	183.89
<b>2013-14</b>	247.00	241.72	224.49
<b>2014-15</b>	315.00		

4.7 The Allocation during BE 2014-15 has been made on higher side as compared to BE 2012-13 and BE 2013-14. On being asked how does the Ministry propose to ensure that the allocated amount of Rs. 315 crore is fully utilised in 2014-15 and thereby funds escape pruning at RE stage, the Ministry stated that due to lesser allocation in the previous year, the Schemes had to be down-scaled. The allocation for the current year is based on the performance during previous years as well as to clear the backlog of Technology Up gradation Scheme. Not only this allocation will be utilized but this Ministry has also sought an additional allocation of Rs.156 crore

at RE stage for Cold Chain Scheme and Technology Up gradation Scheme. More than 62% of budgetary allocation has already been utilized till 15<sup>th</sup> October, 2014 in the current year.

#### **(b) Mega Food Parks**

4.8 The scheme of Mega Food Park aims to provide a mechanism to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximizing value addition, minimizing wastages, increasing farmers' income and creating employment opportunities in rural sector. Mega Food Park envisages a well-defined agri / horticultural-processing zone containing state-of-the art processing facilities with support infrastructure and well-established supply chain.

#### **Objectives**

- (i) Provide state of the art infrastructure for food processing in the country in selected clusters to be identified in a demand driven manner.
- (ii) Ensure value addition of agricultural commodities including poultry, meat, dairy, fisheries etc.
- (iii) Establish a sustainable raw material supply chain for each cluster.
- (iv) Facilitate induction of latest technology.
- (v) Address the issues of small farm size and small and medium nature of processing industries through a cluster approach with stakeholders managing the supply chain.
- (vi) Provide an institutional mechanism for producers, processors, and retailers to work together to build the supply chain.

#### **Budgetary allocation**

4.9 BE 2012-13 for the scheme was ` 86.00 crore which was increased to ` 93.20 crore at RE stage. An amount of ` 93.12 crore was released during 2012-13. BE 2013-14 was ` 116.00 crore and at RE stage it was reduced to ` 110.25 crore. Against

it, Ministry has released grant-in-aid of ` 94.08crore. The BE 2014-15 has been kept at ` 120.00 crore.

### **Progress of the Scheme**

The CCEA in its meeting held on 11.09.2008 had approved the scheme of Mega Food Parks with the stipulation to take up 10 projects in the 1<sup>st</sup> phase out of total 30 Mega Food Parks (MFP) envisaged under the Infrastructure Development Scheme for Mega Food Parks in the country during Plan period. Out of the projects approved in the 1<sup>st</sup> phase, 8 projects have been accorded final approval and 2 projects have been cancelled.

The CCEA in its meeting held on 18.11.2010 approved setting up of 5 new Mega Food Parks in addition to the ongoing projects in 2<sup>nd</sup> phase. Out of the projects approved in the 2<sup>nd</sup> phase, 3 projects have been accorded final approval and 2 projects have been cancelled.

The CCEA in its meeting held on 25.10.2011 approved 15 more Mega Food Parks in the 3<sup>rd</sup> phase. Out of the projects approved in the 3<sup>rd</sup> phase, 5 projects have been accorded final approval and 10 projects have been cancelled.

The CCEA in its meeting on 08.08.2013 further approved taking up 12 more Mega Food Parks in 4<sup>th</sup> phase during XII Plan as per existing pattern of assistance and implementation of the scheme with an allocation of Rs.1714 crore. Out of the total 10 projects approved in the 4<sup>th</sup> phase (two project proposals withdrawn by the time), 4 projects have been accorded In-principle approval and 6 projects have been cancelled.

On 10.02.2014, Expression of Interest (Eol)/ proposals have been invited for setting up Mega Food Parks against vacancies/ withdrawal/ cancellation. Last date for submission of Eol was 31.07.2014. The proposals received in response to the invitation for Eol are in process.

The expenditure for the scheme during the 11<sup>th</sup> Plan was ` 217.25 crore. The 12th Plan allocation for the scheme is kept at ` 1714.00 crore. An amount of ` 93.11 crore was released during the year 2012-13 against an allocation of Rs.93.20 crore. During the year 2013-14 an amount of ` 94.11 crore has been released up to 31.03.2014 against RE of ` 110.25 crore.

During the financial year 2013-14 (upto 31.07.2014), the Ministry has released grant-in-aid of ` 31.92 crores to the Mega Food Parks projects under implementation against BE of ` 120.00 crore.

4.10 It is observed from the information furnished by MFPI that out of 40 Mega Food Park projects sanctioned since the year 2008, as many as 20 projects have been cancelled. In respect of 3 cancelled projects, grant to the tune of `.5 crore each had been already sanctioned. The reasons for cancellation of projects is given in the **Annexure-I**.

4.11 The Ministry further informed that the amount of Rs. 4.80 crore released as grant-in-aid to M/s Western Agri Food Park (Pvt) Ltd. has been recovered and legal action is being taken to recover the interest amount of Rs. 32 Lakhs. Whereas, ` 5.00 crore released as grant-in-aid to M/s Anil Mega Food Park (Pvt) Ltd. and ` 39.86 lakh (approx.) out of the interest accrued have been recovered and action is being taken to recover the remaining portion of the interest and penalty. Against M/s Tamil Nadu Mega Food Park also, legal action is being taken to recover the grant amount of ` 5.00 Crore and interest accrued thereon.

4.12 Out of the remaining 25 Mega Food Park projects under execution only 02 are stated to have become almost fully functional. Asked about the reasons for inordinate delay in most of these projects and the target date of completion of each of these projects, the Ministry informed:

“The experience of the implementation of the scheme so far has revealed that the availability of at least 50 acre land with conversion of land use (CLU), permission from the State Government authorities for sub-leasing of the plots in the park to industry units and difficulty in arranging term loan from the banks have been the basic reasons for delay. In addition, the following issues also hampered the smooth implementation of the Mega Food Parks:

- i. The promoters having minority share in equity in many cases were unable to contribute their share of equity. There have been instances of conflicting business interests resulting in change of promoters midway which delayed project implementation.
- ii. Participation of the Food Processor with minimum of 26% equity was a mandatory condition for incorporation of a SPV since

scheme guidelines issued on 19.12.2009. The SPVs have been facing difficulty in finding suitable Food Processor with requisite net worth of Rs. 10 crore. In some cases, the Food Processor left the SPV requiring substitution by another one which resulted in delay in implementation of the project. In the new guidelines issued on 10.02.2014, this condition has been modified and now anybody can set up an SPV.

- iii. Due to emphasis of the scheme on maintaining private character of the SPV by capping the participation of the public sector undertakings at 26% of the equity, the Public Sector Undertakings (PSUs) in the SPVs were unable to take a lead role in execution of the project. Whereas, active participation of PSUs helps in early resolution of issue requiring intervention/approvals/clearances from the State Government.
- iv. There has been lack of cohesiveness amongst the promoters in some of the projects which resulted in slow progress of implementation of the project.”

4.13 The target dates of completion of Mega Food Park projects is 30 months from the date of final approval. However, extension for project implementation is granted by Inter Ministerial approval Committee (IMAC) on case to case basis. It is important to highlight here that most of the cancellation of the projects are due to the inability of the SPV to meet the conditions for Final approval viz. incorporation of SPV, acquisition of land along with CLU, execution of SSA, submission of DPR, term loan sanction and appointment of PMC.

4.14 The timelines for MFP is stated to be 30 months, however, the actual time taken to set up two completed MFPs was more. On being asked about steps being taken to ensure that MFPs are set up within the stipulated time limit of 30 month from the date of fund approved, the Ministry replied as follows:

“As per the revised guidelines, the time line for implementation of the Mega Food Park project is 30 months from the date of according final approval. However, it may be mentioned that Patanjali Food and Herbal Park became operational in January, 2010 i.e. in less than 9 months from the final approval and Srini Mega Food Park in July, 2012 i.e. in 40 months from the final approval. The basic reasons for delay in completion of the Mega Food Park projects are difficulties in possession



of land, obtaining of sublease permission by the State Government, financial closure and obtaining statutory clearances from the State Governments. To remove the bottlenecks in implementation of these projects and to focus on viability aspect, the scheme has recently been modified on 10.02.2014 and now an anchor promoter can set-up an MFP and need not to be a Food Processor though it has to set-up a Food Processing Industry with an investment of at least Rs. 10 crore with or without its associate promoters. Further, State Government, its PSUs/Co-operatives and agencies have been provided certain exemptions to encourage setting up of Mega Food Parks. They can set-up MFP alone without forming a separate company as SPV and need not to set-up a Food Processing Industry with an investment of at least Rs. 10 crore which others have to do. Recently proposals for setting up MFPs against the vacancies/cancellation etc. have been invited from throughout the country without any State wise preference.

To ensure timely implementation of Mega Food Parks, the Ministry has intensified monitoring through site visits by PMA and the Ministry officials, obtaining periodic progress reports, review meetings, online review, Technical Committee (TC) meetings and IMAC meetings. Ministry also takes up issues in implementation very promptly with the concerned agencies including State Governments at appropriate levels to expedite the process of implementation.”

4.15 Regarding study being conducted to assess the potential areas for setting up MFP, the Ministry stated that currently, 21 projects have been accorded final approval and 4 projects have been accorded In-principle approval. The Ministry has not undertaken any study to assess the potential areas for setting up MFP because the scheme of Mega Food Parks is private sector and demand driven. Mega Food Park project is implemented by a Special Purpose Vehicle (SPV) which is a body corporate registered under Indian Companies Act, 1956. It is expected that the entrepreneurs making investment in the project as SPV members will select the most economically viable location for setting up of their project. Up to third phase of Mega Food Parks (proposals invited in 11.11. 2011), Government preferred and tried to ensure within the scope of the scheme guidelines that at least one Mega Food Park is set up in every State. However, due to private sector driven nature of the scheme, proposals from many of the States were not received. Therefore, now proposals are invited from throughout the country without any State wise

preference so as to ensure viability of the project proposals. However, the scheme has recently been modified on 10.02.2014 and State Government, its PSUs/Co-operatives and agencies have been allowed to set up Mega Food Parks in their States. State Government and its entities are not required to form a separate SPV and set-up a Food Processing unit with an investment of at least Rs. 10 crore which is compulsory in case of private promoters implementing the project.”

4.16 Asked whether any individual or cooperative can also apply for MPF, the representative of the Ministry during evidence submitted as follows:

“It can be a cooperative, group of farmer a company, but ultimately they have to get their company registered under the Companies Act. This SPV then implements it(project). There is a Central Processing Unit in which common facilities are to be provided (by the SPV) ETP facilities relating to environment, electricity are also provided and plot developed.”

4.17 He further added:

“In the previous plan there was a clause that these Parks can only be set up by private Sector i.e. the Government. Corporation could not do so. We have now changed this. We asked Planning Commission & Ministry of Finance that land is available with many Governments. Organizations such as BIADA, KINFRA, APIDC and these be allowed. Such organization have now been permitted. In response to our recent advertisement we have received applications from Government organizations as well. This is not an issue of 50 acres land, we hope there will be no issue of land in our future projects.”

4.18 On being asked about the involvement of the stakeholders viz. farmers, farmers organization, producers companies with the concept of MFP, the Ministry stated that as per the provisions of the Scheme guidelines, financial Institutions/Banks, organized retailers, processors, service providers, producers, farmer organizations and other related stakeholders can be the equity holders of the SPV implementing the Mega Food Park projects. The Mega Food Park is a large infrastructure project requiring an investment of about Rs120-130 crores. Generally, farmers do not have capacity to invest such a large amount. However, farmers can have equity in the project.

4.19 As informed by the Ministry the evaluation study of the Scheme of Mega Food parks was done by Centre for Market Research and Social Development, New Delhi. It brought out the impact of the scheme on various important attributes of the

scheme. As per the Study report, farmers of the catchment area of the Mega Food Parks will be benefitted from the establishment of Mega Food Parks. It says that in hub and spoke model adopted by Mega Food Parks, Collection Centres (CC) and Primary Processing Centres (PPC) in producing areas will significantly reduce the wastages in fresh produce and also enable farmers to earn a higher income.

The main observations/findings of the evaluation study are as below:

**i. Viable & diversified cluster**

a. The MFPs are geographically feasible for the proper availability of raw materials as well as labour & transport. These MFPs are set up in a well-established agricultural cluster from where the required raw material can be procured for the benefit of the park through PPCs and CCs being developed by SPVs.

b. The project clusters are also partially developed and in the plan of developing the logistical connectivity to both sourcing and consumption area. They also have a potential to increase the present raw material base.

**ii. Strong Financial base & Support**

Mega Food Parks are the projects costing over near about Rs. 100 crore of more. Without the government support, investors would have not come forward to invest such a big amount. The government grant of Rs. 50 crore for each of the project has increased the viability of the projects.

**iii. Participation of Food Processing Partners & Investors**

Since the infrastructure is linked with food processing, the food processors can bring knowledge and implementation skills to the project. The food processor members of the SPV are actively participating in the execution of the project. It was further observed that the MFP projects will succeed upon active participation of the food processing investors to establish units/industries in the MFP to avail

the core facilities. It was observed that there are five big food processing units in the Patanjali Food & Herbal Park Pvt. Ltd. which makes the project viable. Since the many SPVs already has good food processing companies as partners, they should start their operations as tenants and this would help in attracting other tenants. Moreover timely availability of common infrastructure would also facilitate promoters of MFP to lease out the plots at attractive rates leading to win-win situation for both promoters and tenants.

**iv. Development of Infrastructure**

All the MFPs have constructed/are constructing the core processing centre including warehouse, cold storage, standard design factory, packaging, laboratory, etc. Machineries & equipments in the Central Processing Centre (CPC) are of high standard, which are helping in sorting, grading, processing, packaging, labelling, cooling, etc. The availability as well as standard and quality of infrastructures of the almost completed projects can meet the demand of the small units and market.

**v. Marketing opportunity**

Each of the MFPs focus on the domestic marketing while, Patanjali Food & Herbal Park Pvt. Ltd. and Srini Food Park Pvt. Ltd. are also doing export marketing. Jangipur Bengal Mega Food Park and International Mega Food Park Ltd. have the plan for export marketing of their products in the future. All the MFPs have plans for domestic marketing of their products. The study observed that apart from their marketing plan, there is big local market nearby the project locations for the marketing of their products which increases the viability of the project.

**vi. Reduction in Wastages**

After the interaction with the farmers' group in the locality of CPC, it was observed that there is about 50% reduction in wastages due to the establishment of CPC in the nearby area, The entrepreneurs of the MFPs were of the view that there will be no wastage of food products

in the project clusters after establishment of the PPCs and CCs in the proposed locations.

**vii. Employment Generation**

It was observed that near about 2000-3000 employees will be recruited by the SPVs for project implementation once the project starts operating. Overall, it is seen that the MFP scheme has great impact in employment generation both directly as well as indirectly. However, it is seen that the percentage of direct women employees are less than the requisite percentage in Patanjali Food & Herbal Park Pvt. Ltd.

**viii. Enhancement in processing level**

Through the core processing facilities like, Plots for units with basic facilities of water, electricity and communication, bulk warehouses, cold warehouses, processing centers, effluent treatment plant, packing facilities, laboratories, ideal parking & recreational space at CPC and facilities of collection, grading, sorting and storage at CC and PPC, the processing level of the agri and food products have been significantly increased. However, many CCs, PPCs are yet to be established under the projects. Also the CPCs are yet to be fully operationalized in Patanjali Food & Herbal Park Pvt. Ltd. and Srini Food Park Pvt. Ltd. After the establishment of the CCs, PPCs and CPCs, the processing level of the projects will be largely increased. With huge common processing infrastructures, Mega Food Parks will facilitate multi-fold increase in processing capacities and output.

**ix. Extent of value addition**

Patanjali Food & Herbal Park Pvt. Ltd. is manufacturing the final products which are used by the consumers/customers, while in Srini Food Park Pvt. Ltd., value addition is being done by increasing the shelf life of the products. It is also observed that all the MFPs are interested in value addition of the products, which will be final consumable products.

#### Capacity building activities

In conformity with the scheme guidelines, the two operational MFPs have undertaken capacity building activities through training programmes. While, Patanjali Food & Herbal Park Pvt. Ltd. has conducted training for the staff for the quality improvement, Srimi Food Park Pvt. Ltd. has conducted training programmes on safety, hygiene and good management and good handling practices according to ISO 2000:2005 standards.

The Ministry has assigned a fresh study to M/s Indian Council for Research on International Economic Relations (ICRIER), New Delhi in August 2014 for mid-term evaluation of the impact of the Scheme. The study is likely to be completed in four months. The findings of the study will be shared with the Committee.”

#### **(c) Scheme of Cold Chain, Value Addition and Preservation Infrastructure:**

##### **Objectives**

4.20 To encourage setting up of cold chain facilities in the country, Ministry of Food Processing Industries (MFPI) is operating a Plan Scheme to provide financial assistance to project proposals received for cold chain infrastructure development. The scheme envisages financial assistance in the form of grant-in-aid @ 50% of the total cost of plant and machinery and technical civil works in general areas and 75% for North Eastern Region and difficult areas subject to a maximum of Rs.10.00 crore. The initiatives are aimed at filling the gaps in the supply chain, strengthening of cold chain infrastructure with infrastructural facilities like sorting, grading, packaging and processing of horticultural produce including organic produce, marine, dairy, poultry, etc.

##### **Components of the Scheme:**

4.21 The Scheme provides financial assistance for the following components:

- a. Minimal Processing Centre at the farm level. This centre may have facilities for weighing, sorting, grading, waxing, packing, pre-cooling, Controlled Atmosphere (CA)/ Modified Atmosphere (MA) cold storage, normal storage, Ripening Chamber and Individual Quick Freezing (IQF) etc.

- b. Mobile pre-cooling vans and reefer trucks.
- c. Distribution hubs with multi product and multi CA /MA chambers cold storage /Variable Humidity Chambers, Packing facility, grading and sorting facility, CIP Fog treatment, Ripening Chambers, IQF and Blast Freezing etc.
- d. Irradiation facility.

4.22 To avail financial assistance under this scheme, any two of the components, from (a), (b) and (c) above will have to be set-up by the units. Considering the functional nature of the facility, Irradiation facility will be treated as a stand alone project for the purpose of availing grant.

4.23 The details of Physical and Financial performance of the Scheme during the last three years are given below:

S.No.	Year	Targets		Achievement	
		No. of Projects	Financial Target (Rs. in Crore)	Physical	Financial (Rs. in crores)
1	2011-12	39	89.99	39	82.64
2	2012-13	30	86.00	25	81.13
3	2013-14	75	100.00	66	103.72
4	2014-15	17	160.00	-	75.68 (as on 31.07.2014)

4.24 The Scheme is not an open ended. Prior approval of the Government is sought to sanction the projects. The Government has given approval to sanction 138 projects under the Scheme. Of the approved projects, 17 projects have been cancelled/not sanctioned due to various reasons and 121 projects are at various stages of implementation.

4.25 Asked about the roadmap prepared for taking up 121 new projects in the Twelfth Plan, the Ministry later (17.10.2014) in a written reply stated that during 12<sup>th</sup> Plan 75 projects have been approved by the Govt. including 11 cancelled

projects for granting financial assistance. Presently 120 projects are under implementation. The allocation for the 12<sup>th</sup> Plan for cold chain scheme is Rs. 786 crore. Out of this, an expenditure of Rs. 326.37 crore has already been incurred till date during 12<sup>th</sup> Five Year Plan. Out of total 120 projects, 48 projects have achieved completion and started commercial operations, 29 projects have achieved 25 % progress, 26 projects have achieved 75% progress. The completed 48 projects have created cold storage capacity of 206433 MT, reefer vans 214, Individual Quick Freezing (IQF) 35.5 MT/per hour. The remaining projects are under various stages of implementation. Ministry is preparing a proposal to further upscale this scheme by taking up 500 more projects during 12<sup>th</sup> plan with an additional allocation of Rs. 4000 Crore.”

4.26 Out of the projects approved in the 2nd phase, 3 projects have been accorded final approval and two projects have been cancelled asked about the reasons for cancellation of these projects, The Ministry replied:

“During 2nd phase, 39 projects were granted approval. Out of these 12 projects were cancelled due to various reasons viz lack of interest evinced by the promoter in implementing the projects, not adhering to the time lines as laid down in scheme guidelines, misrepresentation of facts delay in obtaining required approvals etc. As per the scheme guidelines the promoter is required to submit its claim for 1st instalment within 9 months. If the promoter fails to achieve any progress during this period without any valid reasons, the approval granted to the project is cancelled so that the project may be allotted to another eligible promoter(s). Out of 12 projects, 10 projects were cancelled due to non-implementation of the projects as per the timeline and 2 projects were cancelled for misrepresentation of facts by submitting false documents.

4.27 On being asked whether these projects were assessed and rationally properly at approval stage, Ministry stated that the eligibility of the proposals is assessed on the basis of documents submitted by the promoters/investors and the information furnished by him in the Detailed Project Report (DPR) along with the application form. The proposals are appraised and scrutinized by the Programme Management Agency (PMA), Technical Committee (TC) and Inter Ministerial Approval Committee (IMAC) in accordance with provisions laid down in the guidelines of Cold Chain, Value Addition and Preservation Infrastructure Scheme and only those meeting the conditions of the scheme are approved. However, some



of the proposals fail at the stage of implementation due to inordinate delay in getting necessary approval from State Govt. agencies and inability of promoters in mobilizing required resources.”

4.28 Regarding survey carried out to assess the requirement of cold storage facility in the Country, the Ministry in a written reply stated that National Spot Exchange Ltd. (NSEL) conducted a study in December 2010 to assess the storage capacity in cold chain system. It was estimated that total existing cold chain storage capacity was only about 24 million tonnes against the requirement of 61 million tonnes. Thus, there was a gap of about 37 million tonnes of cold storage capacity in 2010. A capacity of about 8 million tonnes has been added thereafter through different programmes of the Govt. and therefore the present gap is estimated at about 29 million tonnes.

The Planning Commission has also been concerned about the need for improvement in the supply chain particularly for perishables. A committee under the Chairmanship of Dr. Saumitra Chaudhuri, Member, Planning Commission was constituted in year 2012 on encouraging investments in supply chains including provision for cold chain for more efficient distribution of farm produce. This committee also took into account the gap in cold storage capacity assessed by NSEL and recommended allocation of adequate resources for strengthening the agricultural produce supply chain.”

4.29 The details of total available capacity of cold storage along with the number of cold storage units in public private and cooperative sectors, sector-wise/state-wise/Union Territory wise is given in **Annexure- II**

4.30 Regarding the extent of reduction in wastages and value addition as brought out by the concurrent evaluation including deficiencies, if any, noticed in the implementation of the scheme and corrective follow-up action taken, the Ministry stated as follows:

“The Ministry undertook independent evaluation of the scheme through a professional agency i.e., Centre for Market Research and Social Development in Oct 2012.

The evaluation study measured the impact of the scheme and furnished their findings with regard to viability of the projects, reduction in wastages, employment generation, export promotion, enhancement in processing level, extent of value addition, impact on producers, impact on

retailers and impact on consumers. The study inter alia observed that there has been reduction in the wastages of food products approximately 20 -30% in the catchment areas where cold chain projects have been established and enhanced value addition through the implemented cold chain projects. The report recommended continuation of financial support to the sector till it attains self sustainability.

Another study has been awarded to NABARD Consultancy Services for impact evaluation of scheme of Cold Chain, Value Addition and Preservation Infrastructure. The evaluation study is likely to be completed by April, 2015.”

4.31 Since country is power/electricity deficient when asked about the steps/action MFPI has taken / proposed to ensure uninterrupted power supply to cold storages, the Ministry informed:

“The scheme is private investor driven and the viability of project and availability of power is factored into by the promoter while envisaging setting up of cold chain projects. Most of the promoters have diesel generating sets to meet gap in availability of power and the cost of the diesel generator is eligible for calculation of grant. Ministry is also encouraging solar energy based cold chain projects. Under the National Mission on Food Processing, 90% grant is being provided for solar energy based cold chain projects.”

4.32 About concessional terms extended to farmers, especially small and marginal farmers desirous of availing cold storage facilities, the Ministry informed:

“The scheme provides grant-in-aid for setting up integrated cold chain and preservation infrastructure facilities without any break, from the farm gate to the consumer. To achieve this objective pre-cooling facilities at production sites, reefer vans and mobile cooling units are also assisted under the Integrated Cold Chain projects. Integrated cold chain and preservation infrastructure can be set up by individuals, groups of entrepreneurs, cooperative societies, Self Help Groups (SHGs), Farmer Producer Organizations (FPOs), NGOs, Central/State PSUs, etc. with business interest in cold chain solutions and also by those who manage supply chain. This will enable linking groups of producers to processors and market through well equipped supply chain and cold chain.

One of the component of the scheme for which financial assistance is provided in setting up of Minimal Processing Centre at the farm level which may have facilities for weighing, sorting, grading, waxing, packing, pre-cooling, Controlled Atmosphere (CA)/ Modified Atmosphere (MA) cold storage, normal storage, Ripening Chamber and Individual Quick Freezing (IQF) etc. These facilities are located in and around rural areas. The produce for cold chain is mainly procured from the farmers. This ensures that farmers are benefitted from the cold chain projects and receive fair price of their produce.”

**Use of irradiation facility, which improves shelf-life, is one of the component of the scheme.**

Irradiation of food products is modern method for food preservation by way of inhibition of sprouting, delay in ripening, killing of insect pests, parasites, pathogenic and spoilage microorganism. In India radiation processing of food can be undertaken both for export and domestic markets. For export, food could be processed for shelf life extension, hygienization and for overcoming quarantine barriers. India is well known for its export of rice (basmati and non basmati), seafood, spices, meat and poultry, onion and mango.

Further salient Features of Radiations Processing of Food

- a) Radiation processing is a cold process and that helps in retaining the quality of food and agro products
- b) Radiation processing extend shelf life of food & agri products and prevents spoilage losses
- c) It can eliminate risk of food-borne pathogens and parasites.
- d) It can destroy insect pests in horticulture as well non horticulture products.
- e) Radiation processing can provide quality products to domestic and international markets. The Ministry has assisted 4 Irradiation Projects under the Scheme of Cold Chain, Value Addition and Preservation Infrastructure .

Radiation processing can be used for restructuring costs of bulk commodities in export markets, and for selling value added packaged commodities directly in retail markets. India has one of the world's largest domestic markets. Radiation processing can be used for disinfestations and storage of bulk and consumer packed commodities for supply chain management in retail distribution

4.33 Asked about the status of four sanctioned Irradiation Projects under the Scheme of Cold Chain, Value addition and Preservation Infrastructure and proposals to popularise the technology of food irradiation the Ministry informed that they have sanctioned four irradiation projects out of which three have already been completed and started commercial production. The details of these projects is given at **Annexure-III**. Under the scheme of Cold Chain, Value Addition and Preservation Infrastructure the Ministry also provides assistance @ Rs. 10.00 crore in the form of grant-in-aid per project for setting up standalone irradiation facilities in accordance with scheme guidelines.”

#### **(C) Scheme for setting up/modernization of Abattoirs**

4.34 A Plan Scheme for establishing new abattoirs and modernizing of existing abattoirs was started in the 11<sup>th</sup> Five Year Plan. The scheme is being implemented with the involvement of local bodies (Municipal Corporations and Panchayats)/ Public Undertaking/Co-operatives/Boards under Government and has flexibility for involvement of private investors on PPP basis. The Objectives of the scheme are:-

- Scientific and hygienic slaughtering of the animals.
- Application of modern technology for slaughter waste management and pollution control.
- More humane treatment of animals/minimizing transportation of animals.
- Better by-product utilization/value addition.
- Providing chilling facility to prevent microbial activity in slaughtered animals.
- Better hygiene, safety and retail cold chain management.
- Better forward linkage facility for finished meat and meat products.

4.35 BE for the scheme was ` 19.00 crore which was reduced to ` 9.62 crore at RE stage and against it an amount of ` 9.58 crore was released during 2012-13. For the year 2013-14 BE 2013-14 was ` 31.00 crore and at RE stage it was reduced to `27.72 crore. Against it, Ministry has released grant-in-aid of `26.68crore. BE 2014-15 has been kept at 35.00 crore.

4.36 Asked about the current status of Abattoirs projects under the scheme so far and details of abattoirs to be modernized/newly established in the 12<sup>th</sup> Plan period, the Ministry informed that 10 abattoir projects were approved during 11<sup>th</sup> Plan. Out of the 11<sup>th</sup> Plan projects, 4 projects have been completed (one yet to be commissioned) and six are under implementation. During the 12<sup>th</sup> Plan, government has approved 50 projects to be taken-up under the Central Sector Scheme for Setting up / Modernization of Abattoir. Of these, grant-in-aid has been approved for 25 projects. From 01.04.2014 the scheme has been subsumed under the National Mission on Food Processing (NMFP). Proposals received up to 31.03.2014 are being considered by the Ministry. However, fresh proposal from 01.04.2014 are to be considered by respective State Government under NMFP.”

4.37 When asked about the completion of the ongoing projects, the Ministry stated that as per 11<sup>th</sup> Plan guidelines the implementation schedule for the project would be about 18 months from the date of sanction of project. As per 12<sup>th</sup> Plan guidelines the implementation schedule for the project would be about 24 months from the date of approval/final approval of project unless extended by the Approval Committee. Accordingly, the scheduled completion and likely dates of completion of 11<sup>th</sup> Plan and 12<sup>th</sup> Plan projects are at **Annexure-IV** and **Annexure-V** respectively.”

4.38 About the cost overrun as a result of delays, the Ministry clarified

“If a project is delayed, there is likelihood of cost overrun. However, the liability of the Ministry is limited to the financial assistance in the form of grant-in-aid approved for each project subject to a maximum of Rs 15 crore per project. In case there is any increase in the cost of the project because of delay or any other reason, the balance has to be met by the Municipal

Corporation/State Government concerned. Of the 4 projects completed so far, cost escalation has occurred in only one project viz. the project of Shimla Municipal Corporation. In this project, the work got suspended / delayed due to public protest and also technical issues at Boileuganj site and hence, a new site at Lalpani, Krishna Nagar was selected. The Corporation had prepared a revised DPR with revised estimated project cost of Rs 2642.00 lakh and proposed revised grant-in-aid of Rs. 15 crore duly recommended by Government of Himachal Pradesh. Accordingly, Approval Committee in its meeting held on 24.07.2012 had approved enhancement of grant-in-aid by MoFPI from Rs 1142.00 lakh to Rs 1500.00 lakh for the project.”

4.39 On being asked about the grounds for upscaling of the component is being considered even when the first phase projects is incomplete, the Ministry explained:

“Of the 10 projects approved during the 11th Plan, four are completed. The remaining six are under various stages of implementation. Approval was obtained during 12th Plan to set up/ modernize 50 abattoirs. Abattoir projects have faced difficulties in implementation due to limited capacity and shortage of funds with the municipal bodies to implement such project as well as opposition from local butchers and traders involved in the traditional meat trade. At the same time there is need for setting up /modernization of municipal abattoirs as the domestic meat market is fed by abattoirs owned/licenced by municipal bodies. These municipal abattoirs generally lack modern equipment, proper sanitation/ hygiene, facilities for scientific slaughtering, waste management and pollution control. Modernization of these abattoirs is needed for production of clean, wholesome and hygienic meat required for domestic consumption. Further, application of modern technology is essential for slaughter waste management and pollution control.

Keeping in view the magnitude of the problem, approval was obtained for upscaling of the scheme in the 12<sup>th</sup> Plan. In this regard, Hon’ble Supreme Court has also given directions from time to time in the case of Laxmi Narain Modi vs. Union of India and others. The Hon’ble Court has directed the State/ UTs Government vide order dated 23.08.2012 to constitute committees for slaughter houses for compliance with the mandatory requirements under

various legislations dealing with functioning of slaughter houses in the country. The Hon'ble Court has also directed Central Pollution Control Board to initiate action against all slaughter houses which are not meeting the norms."

4.40 As informed by the Ministry the scheme has been transferred to the State Governments for implementation under National Mission on Food Processing w.e.f. 1.4.2014. Asked as to how the implementation of this scheme will be monitored, the Ministry replied:

"To supervise and monitor the implementation of NMFP by States/ UTs, Ministry of Food Processing Industries (MoFPI) has appointed Project Management Agencies (PMAs).

The Ministry has also launched NMFP MIS for online submission of Monthly Physical and Financial Progress of various schemes implemented under National Mission on Food Processing (NMFP) in 12th Plan (2012-17). State / UT Governments are required to enter the information online regarding the applications received, approved, sanctioned, grants-in-aid released and expenditure incurred / funds utilized under NMFP.

Further, State / UT Governments have their own monitoring mechanism which include visit of assisted units before releasing final instalment of grant-in-aid as per guidelines of the scheme."

4.41 Informing the Committee about the utility the scheme for setting up of abattoirs beneficial to farmers, the Ministry in a written reply stated that the Scheme of Setting up/Modernisation of Abattoirs facilitates establishment of backward linkages with the farmers who can find a market for their unproductive animals to be utilised for meat production as per the prevailing laws.

**(ii) SCHEME FOR TECHNOLOGY UP-GRADATION/ESTABLISHMENT /MODERNIZATION OF FOOD PROCESSING INDUSTRIES: -**

4.42 Ministry of Food Processing Industries (MFPI) implemented the Scheme of Technology Upgradation/Establishment/Modernization of Food Processing Industries from 9<sup>th</sup> Plan to 11<sup>th</sup> Plan, which is aimed at creation of new processing

capacity and upgradation of existing processing capabilities for various food processing sub-sectors like Consumer, Bakery, Dairy, Fish, Fruits & vegetables, Meat, and Grain milling (Oil, Pulse, Rice and Flour Milling). In the 12<sup>th</sup> Plan (2012-17) including 2014-15, the Ministry has been liquidating the 11<sup>th</sup> Plan Committed liabilities of the above Scheme.

4.43 During the 12<sup>th</sup> Five Year Plan (2012-17), the scheme of Technology Upgradation/Establishment/Modernization of Food Processing Industries has been subsumed in the National Mission on Food Processing (NMFP), which is being implemented through State/UT Governments.

BE 2012-13 for the scheme was `100.00 crore but it was raised to `186.46 crore at RE 2012-13. Against which an amount of `186.19 crore was released as grant-in-aid during 2012-13. BE 2013-14 was `160.00 crore and at RE stage it was raised to `163.92 crore. Against it, Ministry has released grant-in-aid of `162.08 crore. The BE 2014-15 has been kept at `160.00 crore

4.44 Regarding mixing of vegetable and fruit juices in the cold drinks and the monitoring mechanism in this regard, the Ministry in a written reply explained:

“Standards for fruit and vegetable juices and for carbonated drinks have been laid down by the Food Safety and Standards Authority of India (FSSAI) under the Ministry of Health and Family Welfare.

The feasibility of mixing fruit juices with carbonated drinks was taken up with the Central Food Technological Research Institute (CFTRI), Mysore under Council of Scientific and Industrial Research, Ministry of Science and Technology. CFTRI has confirmed that incorporation of fruit juices (5-10%) into carbonated drinks is feasible but the beverage still has to be declared as Sweetened Aerated Water (carbonated beverage as per FSSAI standards) and labelled as ‘contains no fruit’. The term Carbonated Fruit Beverage can be used when fruit content is more than 10%. CFTRI has also indicated that carbonated beverage when incorporated with fruit juices even at 5-10% has an added advantage due to retention of nutrients contributed by the fruit, as no thermal treatment is required; however, permitted preservatives can be used to increase shelf life of upto 6 months. CFTRI has further opined that with its expertise it can deliver the complete package from development of



formulations, nutritional labelling, sensory attributes and storage studies to achieve maximum shelf life.

The views of CFTRI have been conveyed to the Indian Beverage Association (IBA) which represents the non-alcoholic beverage industry. IBA had organised a stakeholders' consultation on 31.10.2014 and they will be submitting a report on the subject in due course.

Formulation / revision of standards and enforcement thereof would be in the domain of FSSAI being the standard setting and licensing authority.”

4.45 The Committee also wanted to know whether the Ministry have undertaken any project for preservation bottling and marketing of tomato/amlam/coconut/sugarcane juice and other vegetables/fruits and whether any technology has been developed in this regard, the Ministry informed that they do not undertake/set-up any project for preservation of tomato/amlam/coconut/sugarcane juice and other vegetables/fruits on its own. However, this Ministry has been implementing various schemes for promotion and development of food processing industries including industries for preservation of fruits/vegetables. Under the Scheme for Technology Upgradation/ Modernisation / Establishment of Food Processing Industries, Ministry of Food Processing Industries extends financial assistance in the form of grant-in-aid to food processing units including industries for preservation of fruits/vegetables.

The Ministry is also providing financial assistance to Universities and Institutions for R&D development of products, processes and technology in food processing sector under the Scheme for Quality Assurance, Codex Standards, Research & Development and other Promotional Activities

As far as, technologies for preservation of tomato/amlam/coconut and other vegetables and fruits juices are concerned, the same are available. Many products in this category are already available in the market.

Regarding sugar cane juice, the Ministry had sought information on appropriate technologies for bottling and packaging of sugarcane juice from the Indian Institute of Sugarcane Research (IISR), Lucknow, Central Food Technology Research Institute (CFTRI), Mysore, Sugarcane Breeding Institute, Coimbatore and National Sugar Institute, Kanpur. The Indian Institute of Sugarcane Research (IISR), Lucknow under Indian Council of Agricultural Research (ICAR) had intimated that they are currently running a project on

“Developing a technology for preservation and packaging of sugarcane juice.” The experimental results are indicative of improving shelf life of cane juice under combination of permitted preservation and low temperature storage (10 degree C) to 35 days in PET glasses, PET and glass bottles and polythene packs with original colour, taste and flavour. It was further intimated by IISR that efforts are in progress for enhancing the shelf life from four weeks to six months. Whereas, Central Food Technology Research Institute (CFTRI) under Ministry of Science and Technology, Govt. of India had informed that CFTRI had developed a technology on bottling of Sugarcane juice (in glass bottles) which was already licensed to many entrepreneurs. CFTRI had also informed that it had developed a process for ‘Fortified Sugarcane juice in glass bottles’ and had also worked on sugarcane juice in tetra pack and PET bottles.”

**(iii) SCHEME FOR QUALITY ASSURANCE, CODEX STANDARDS AND RESEARCH & DEVELOPMENT AND OTHER PROMOTIONAL ACTIVITIES:**

4.46 The Scheme for Quality Assurance, Codex Standards and Research and Development and other Promotional Activities has four components:

- Scheme for Research and Development in Processed Food Sector.
- Setting up /Up-gradation of Quality Control/Food Testing Laboratories.
- Implementation of HACCP/ISO 22000, ISO 9000/GHP/GMP Quality/ Safety Management System in food processing units and
- Promotional Activities

4.47 Budgetary allocations under the Scheme are as under:

(Rs. in crore)

Year	BE	RE	Actuals
2012-13	35.00	31.91	31.34
2013-14	35.00	35.66	35.01
2014-15	36.00	-	-

4.48 The physical and financial achievements for each of the components during 2013-14 and 2014-15 (as on 15.10.2014) are as under:

**During 2013-14**

<b>Scheme Components</b>	<b>Physical Achievement (new projects assisted)</b>	<b>Financial Achievement (Rs. in Lakh)</b>
<b>R&amp;D</b>	<b>38</b>	<b>*958.800</b>
<b>Lab</b>	<b>14</b>	<b>#1978.300</b>
<b>HACCP/ISO 22000, etc.</b>	<b>5</b>	<b>68.285</b>
<b>Promotional Activities</b>	<b>33</b>	<b>**235.000</b>
<b>Other Expenditure</b>		<b>^^258.700</b>
<b>Total</b>		<b>3498.085</b>
<p>*Includes also grant released towards ongoing projects and funds transferred to SERB for implementation of the Scheme.</p> <p># Includes also grant released towards ongoing projects and funds transferred to ICAR for implementation of the Scheme.</p> <p>** Includes grant released for National/International exhibitions /fairs participated /assisted, Studies/Surveys/Feasibility Reports, Workshops/Seminars assisted/commissioned, and international interactions made by the Ministry.</p> <p>^^ Includes expenditure under budget heads 'Advertising &amp; Publicity', 'Other Administrative Expenditure' and Professional Services' of the scheme.</p>		

**Progress during 2014-15 as on 15.10.2014**

<b>Scheme Components</b>	<b>Physical Achievement (new projects assisted)</b>	<b>Financial Achievement (Rs. in Lakh)</b>
<b>R&amp;D</b>	<b>13</b>	<b>*438.700</b>

<b>Lab</b>	<b>2</b>	<b>#1485.900</b>
<b>HACCP/ISO 22000, etc.</b>	<b>2</b>	<b>30.000</b>
<b>Promotional Activities</b>	<b>10</b>	<b>**190.900</b>
<b>Other Expenditure</b>		<b>^^117.100</b>
<b>Total</b>		<b>2262.600</b>

\*Includes also grant released towards ongoing projects and funds transferred to SERB for implementation of the Scheme.

# Includes also grant released towards ongoing projects and funds transferred to ICAR for implementation of the Scheme.

\*\* Includes grant released for National/International exhibitions /fairs participated /assisted, Studies/Surveys/Feasibility Reports, Workshops/Seminars assisted/commissioned, and international interactions made by the Ministry.

^^ Includes expenditure under budget heads 'Advertising & Publicity', 'Other Administrative Expenditure' and Professional Services' of the scheme.

### **(a) Food Testing Laboratories (FTL)**

4.49 There is requirement for the food processing industry to (a) test domestic production in order to ensure that it complies with domestic standards as well as international standards for exports and (b) test all imports coming into the country to ensure that they are of the requisite standard and such products as are not permitted for manufacture domestically are not allowed to come in from foreign markets. The level of contaminants, additives, and pesticide residues in food items has to be monitored regularly. Therefore, a network of food testing and analysis laboratories is required to support the Food Safety regulatory activities and help the food processing industry in regard to quality control measures.

### **Implementation of Food Testing Laboratory Scheme through ICAR:**

4.50 In order to ensure better and more effective utilization of funds, the implementation of the Scheme for Food Testing Laboratories (FTL) has been entrusted to Indian Council of Agricultural Research (ICAR) under the Ministry of Agriculture, Department of Agricultural Research & Education (DARE) during the

12<sup>th</sup> Plan with effect from 01.04.2012. Proposals received up-to 31.03.2012 are being dealt with by the Ministry. The guidelines have been revised w.e.f 01.04.2013 under this Scheme for availing the grant – in – aid. The revised guidelines are uploaded on the Ministry's website.

4.51 According to the Ministry 34 Food Testing Laboratories have been set up / up graded with the assistance of MoFPI. There are 151 Food Testing Laboratories under the purview of the Food Safety and Standards Authority of India (FSSAI) for testing food products as per standards prescribed under the Food Safety and Standards Act, 2006 and Rules / Regulation, 2011. Out of these 151 labs, 68 are NABL accredited which includes 15 labs assisted by MoFPI also.

State-wise list of labs assisted by MoFPI is given below

<b>S.No</b>	<b>State</b>	<b>Govt.Sector</b>	<b>Private Sector</b>
<b>1.</b>	<b>Gujarat</b>	<b>2</b>	<b>1</b>
<b>2.</b>	<b>Jharkhand</b>	<b>1</b>	<b>-</b>
<b>3.</b>	<b>Kerala</b>	<b>1</b>	<b>-</b>
<b>4.</b>	<b>Madhya Pradesh</b>	<b>-</b>	<b>1</b>
<b>5.</b>	<b>Maharashtra</b>	<b>1</b>	<b>4</b>
<b>6.</b>	<b>Manipur</b>	<b>-</b>	<b>1</b>
<b>7.</b>	<b>New Delhi</b>	<b>-</b>	<b>3</b>
<b>8.</b>	<b>Punjab</b>	<b>1</b>	<b>-</b>
<b>9.</b>	<b>Haryana</b>	<b>1</b>	<b>3</b>
<b>10.</b>	<b>Tamil Nadu</b>	<b>1</b>	<b>2</b>
<b>11.</b>	<b>Telangana</b>	<b>2</b>	<b>1</b>
<b>12.</b>	<b>Uttar Pradesh</b>	<b>2</b>	<b>1</b>
<b>13.</b>	<b>West Bengal</b>	<b>3</b>	<b>2</b>
	<b>Total</b>	<b>15</b>	<b>19</b>

The State-wise list of Food Testing Laboratories as approved by FSSAI is given in **Annexure -VI.**

4.52 The Ministry informed that the number of imported food samples analyzed by the NABL accredited private laboratories authorized by FSSAI from 2011 to till

17th September 2014 is 2,35,290. The number of the samples tested by State/Public food laboratories during the last three years are 2,06,313.

4.53 Regarding the adequacy of the existing network of FTLs to meet the growing requirement of the sector and the existing standards of food-technology in FPI to meet the standards imposed by other developed countries w.r.t. imported food items from developing countries, the Ministry informed as follows:-

“There are 151 Food Testing Laboratories under the purview of the Food Safety and Standards Authority of India (FSSAI) for testing food products as per standards prescribed under the Food Safety and Standards Act, 2006 and Rules / Regulation, 2011. Out of these, 68 laboratories are National Accreditation Board for Laboratories (NABL) accredited private laboratories authorized by FSSAI. Remaining 83 laboratories are Referral / State/ Public Food laboratories. These laboratories are not NABL accredited for all parameters. Modernization/up-gradation of food testing lab is a continuous process. The State Governments sanction funds for their laboratories based on the budgetary provision. However, an outlay of Rs. 416 crore has been made in the budget of FSSAI / MoH&FW in the 12th Five Year Plan for strengthening of the State / Public food testing laboratories but final approval is awaited.”

4.54 The Ministry further added :

The standards for food products are prescribed in Food Safety and Standards (Food product standards and food additives) Regulation, 2011 & Food Safety and Standards (Contaminants, toxins and residues) Regulation, 2011. Further, FSSAI is in the process of harmonizing the existing Indian standards with Codex and other international best practices

4.55 About the funding pattern of FTLs in Government Sector/Private Sector, the Ministry informed that

“Central/State Government and their organizations/ Government universities (including deemed universities) are eligible for grant – in - aid of entire cost of the laboratory equipment. In addition, they are also eligible for 25% of the cost of technical civil works to house the equipment and furniture and

fixtures associated with the equipment for general areas and 33% of the cost for difficult areas. In addition, they are also eligible for 80% of the monthly emoluments of two technical staff for two years from the date of completion of the laboratory i.e. on procurement and installation of all the equipment and completion of civil work of Food Testing Laboratory, provided this does not exceed the emoluments prescribed for JRF under ICAR.

All other implementing agencies/private sector organizations/universities (including deemed universities) are eligible for grant-in-aid of 50% of cost of laboratory equipment and 25% of the cost of technical civil works to house the equipment and furniture and fixtures associated with the equipment for general areas and 70% of cost of laboratory equipment and 33% of cost of technical civil works and furniture and fixtures associated with the equipment for difficult areas.

When the Ministry establishes/sponsors such food testing laboratories, there would be no ceiling on financial assistance and the amount to be approved will be decided on case to case basis with the approval of Competent Authority.

(Difficult areas include J&K, Himachal Pradesh, Uttarakhand, Sikkim, North-Eastern States, Andaman & Nicobar Islands, Lakshadweep, and Integrated Tribal Development Project (ITDP) areas).

The Grant – in –aid approved is released in three installments of 40%, 40% and 20% for both Central / State govt organisations and Private sector organisations after the receipt of the required documents as per the guidelines.”

## **(b) Research and Development**

4.56 Research and Development in the processed food sector is an important area where much focused attention is required as it is related to improvement of production, quality, enhancement of trade, consumer safety and public health. There is a need for upgradation of processing, handling, packaging, storage and distribution technologies for all major processed food products so as to meet domestic & international standards

**Objective:**

4.57 The objective of the Scheme is that the end product/outcome/finding of R&D work should benefit food processing industry in terms of product and process development, efficient technologies, improved packaging, value addition, etc with commercial value alongwith standardization of various factors viz. additives, coloring agents, preservatives, pesticide residues, etc within permissible limits.

**Funding pattern:**

1. For Government Organizations/institutions/universities, grant is given to the tune of 100 % of cost of equipment plus cost of consumables and expenditure related to Junior Research Fellow/Senior Research Fellow/ Research Associate/ Research Assistant/ Project Assistant specific to the project of specified duration for maximum of three years. No assistance will be provided for already existing equipment.
2. For private organizations/institutions/universities, grant is given to the tune of 50% of equipment cost in general areas and 70% in the difficult (\*) areas.
3. 100% Grant will be provided for the Ministry sponsored projects, restricted only to public funded organizations of repute, in cases of cutting edge areas of research leading to development of innovative products, processes and manufacturing practices.

(\*) Difficult areas include J&K, Himachal Pradesh, Uttarakhand, Sikkim, North-Eastern States, Andaman & Nicobar Islands, Lakshadweep, and Integrated Tribal Development Projects (ITDP) areas.

**Implementation of R&D Scheme through SERB:**

4.58 In order to ensure better and more effective utilization of funds, implementation of the Scheme for R&D in Food Processing Sector has been entrusted to Science and Engineering Research Board (SERB) under the Ministry of Science and Technology during the 12<sup>th</sup> Plan with effect from 01.04.2012. Proposals received up-to 31.03.2012 are being dealt with by the Ministry. The guidelines have been revised w.e.f 01.04.2013 under this Scheme for availing the grant – in – aid. The revised guidelines are uploaded in the Ministry's Website.



4.59 The amount allocated for R&D component of the Scheme in BE 2014-15 is Rs.7.90 Crore. The amount spent on R&D scheme for the last three years is as follows:

- (a) For 2011-12 : Rs. 6.38 Crore
- (b) For 2012-13 : Rs. 11.677 Crore
- (c) For 2013-14 : Rs. 9.588 Crore
- (d) For 2014-15 : Rs. 4.387 Crore  
(upto September, 2014)

**(c) Implementation of HACCP/ISO22000, ISO 9000/GHP/GMP:**

4.60 Implementation of HACCP/ISO22000, ISO 9000/GHP/GMP and other quality/safety management systems in food processing units will help in improving the overall quality of food safety and hygiene in the sector and facilitate in increasing our share in global food trade.

The objectives of this Plan Scheme are as under:

- (a) To motivate the food processing industry for adoption of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP), Good Hygienic Practices (GHP).
- (b) To prepare them to face global competition in post - WTO regime.
- (c) To enable adherence to stringent quality and hygiene norms.
- (d) To enhance product acceptance by overseas buyers.
- (e) To keep Indian industry technologically abreast of international best practices.

4.61 Assistance in the form of re-imbursment of expenditure is provided to Central/State Government Organizations, IITs and Universities and private sector units to the extent of 50% of the cost of consultant's fee, fee charged by certification agency, cost of plant and machinery, technical civil work and other expenditure towards implementation of Total Quality Management System including ISO 9000, ISO 22000, HACCP, GMP & GHP subject to maximum limit of Rs. 15 lakh in general areas and to the extent of 75% of the cost in difficult areas

subject to a maximum of Rs. 20 lakh in respect of proposals received upto 31.03.2014. As per the revised guidelines w.e.f. 01.04.2014, assistance in the form of re-imbursement of expenditure has been increased subject to maximum of Rs. 17 lakh in general areas and Rs. 22 lakh in difficult areas.

4.62 Codex Alimentarius Commission is an international body constituted by Food and Agriculture Organisation (FAO) and WHO with an objective to protect health of consumer and to ensure fair practice in the food trade. Codex prescribes international standards for safety and quality of food as well as good manufacturing practices, guidelines to protect health of the consumers.

4.63 When asked whether the international standards for safety and quality of food as well as good manufacturing practices, guidelines to protect health of the consumers in our country are strictly followed, the Ministry stated:

“The international standards for food products are not mandatory for the Food Business Operators (FBOs) in the country. However, every FBO in the country has to follow and comply with the Food Safety & Standards Act, 2006 and Rules and Regulations, 2011 made thereunder.

The Food Safety and Standards Authority of India (FSSAI) has been established under Food Safety & Standards Act, 2006. As per Section 29 of FSS Act, 2006, the Food Authority and the State Food Safety Authorities shall monitor and verify that the relevant requirements of law are fulfilled by FBOs at all stages of business. FSSAI is also harmonizing the national standards with international standards such as Codex where appropriate. Schedule 4 of the FSS (Licensing and Registration of Food Businesses) Regulation, 2011 prescribes the general hygienic and sanitary requirement to be followed by Food Business Operators. All Food Business Operators in the Country should get a Central/ State licensing depending upon installed capacity and Registration in case of petty food businesses. The FBO shall comply with safety, sanitary and hygienic requirement provided in the schedule and contained under different parts depending on nature of business.

The implementation of FSS Act/ Rule/Regulation rests with State Government/ Union Territories and carrying out the food safety inspection of these license/ registration establishments at least once in year.”

**(d) Promotional Activities:-**

4.64 The promotional activities component aims at the development of processed food sector, creating awareness, attracting investment etc. Also for Participation in National/International Exhibitions/Fairs for disseminating information to the existing and prospective entrepreneurs regarding modern techniques of production and packaging, development of market and popularization of products etc. Ministry provides assistance for organizing Workshops/Seminars/Exhibitions/Fairs and for Studies/Surveys/Feasibility Reports etc. This component has four sub-components: (i) Seminars/Workshops (ii) Studies/Surveys (iii) Exhibitions/Fairs and (iv) Study Tours.

**Seminars/Workshops:** Assistance for National/International Seminars/Workshops is provided by MoFPI for the Pan Indian important events spearheaded by Apex Industry Bodies like All India Food Processors' Association (AIFPA), ASSOCHAM, CII, FICCI, PHD Chamber of Commerce and Industry and Central Govt. Autonomous Bodies and Public Sector Undertakings. For organizing Seminars/Workshops Apex agencies will be eligible for grants upto 50% of the cost subject to a maximum of Rs. 4.00 lakhs. While Ministry sponsored or co-sponsored events would have no ceiling for financial assistance, provided such events are approved in-advance.

**Studies/Surveys:** Conducting Study/Survey/Feasibility Report etc. will not be assisted by the Ministry except when the Ministry commissions the same.

**Exhibitions/Fairs:** Ministry on its own or in close association with APEDA, CFTRI, Industry Associations etc may participate in national/international exhibitions/fairs. The assistance is provided by the Govt. for publication of literature, space rental etc. The quantum of assistance depends upon the merits of proposal. Govt. Academic Bodies, National Level Industry Associations like All India Food Processors' Association (AIFPA), ASSOCHAM, CII, FICCI and PHD Chamber of Commerce & Industry etc are eligible to apply directly. For participation in fairs/exhibitions abroad, 25% of the actual rental for the space taken by the Govt./Govt. Organizations is provided by MoFPI, subject to maximum of Rs. 20.00 lakhs in a year.

**Study Tours:** Assistance is provided for organizing study tours for exposure to various aspects of Food Processing. Participants are representatives from Government, Food Industry Associations/Organizations."

4.65 In order to ensure better and more effective utilization of funds, the implementation of the Scheme for Food Testing Laboratories (FTL) and R&D have been entrusted to Indian Council of Agricultural Research (ICAR) under the Ministry of Agriculture, Department of Agricultural Research & Education (DARE) and Science and Engineering Research Board (SERB) under the Ministry of Science and Technology respectively who have necessary expertise and technical staff to handle such proposals, during the 12<sup>th</sup> Plan with effect from 01.04.2012.

#### **(iv) STRENGTHENING OF INSTITUTIONS**

4.66 This scheme focuses on putting in place new Institutions and strengthening of existing institutional mechanisms for human resource development in the food processing sector as well as towards undertaking developmental activities in areas such as grapes processing, meat and poultry processing and covers the following components:-

- Establishment of National Institute of Food Technology Entrepreneurship and Management (NIFTEM).
- Strengthening of Indian Institute of Crop Processing Technology (IICPT).
- Setting up of Grape Processing Board.
- Setting up of National Meat and Poultry Processing Board (NMPPB).

The expenditure incurred under the Scheme during 2013-14 amounted to ₹72.56 crore. BE 2014-15 has been kept at ₹75.00 crore. The activities and performance of these autonomous bodies is reviewed at Chapter VI of the Outcome Budget.

#### **National Institute of Food Technology Entrepreneurship and Management (NIFTEM)**

4.67 Setting up of NIFTEM was approved by CCEA in its meeting held on 31.08.2006 at an estimated cost of Rs. 244.60 Crore. Subsequently on review the project cost increased from Rs. 244.60 Crore to Rs 479.94 Crore. This was approved by CCEA on 28.04.2011.

The present status of NIFTEM is as under:

- With the approval of the Union Cabinet, NIFTEM had been registered as a society on 19.05.2010 under Societies Registration Act.
- On the recommendation of UGC the Ministry of Human Resource Development has declared NIFTEM a Deemed to be University under De-Novo category on 08.05.2012
- The first academic session of NIFTEM Deemed to be University had commenced B.Tech and M.Tech Programmes on 16.08.2012.
- The All India Council for Technical Education (AICTE) on 30.04.2013 has approved the Undergraduate & Post Graduate courses.
- From academic year 2013-14, NIFTEM has commenced Ph.D. programme.
- Major portion of Institutional buildings- Administrative Block, Academic Block, Seminar Block, Library, Laboratory has been completed. All Hostel Blocks with Mess for 948 students and 62 residential units for the staff have also been completed. The remaining work of Institutional Buildings, internal work of Pilot Plants and auditorium including peripheral work will be completed during 2014-15.
- Government has approved creation of 100 academic and non-academic posts. So far 36 faculty posts and 22 non-faculty posts have been filled.

### **New Initiatives**

- A unique Village Adoption Programme has been conceptualized for students to sensitize and educate them of the problems & the practices of farmers at grass root level.
- An International Grain Processing Research Centre has been established to enhance market promotion, consumption & utilization of Indian cereal grains & other value added products.
- NIFTEM Industry Forum has been set up to function as main advisory body to lay down future agenda for NIFTEM for teaching, research, entrepreneurship etc.
- A Research Development Council has been set up involving large no. of scientists from industry and academia to decide the research agenda of NIFTEM.

- An International Bakery and Training Centre has been set up to work on opportunities for unorganized sector and upgrading of the small and medium enterprises.
- A Centre of Excellence on Food Safety has been set up to work on food safety and related issues in a holistic manner.
- International Collaboration for students/ faculty exchange programmes, research and other subject of common interest.

4.68 Asked as to how many villages have been adopted under Village Adoption Programme of NIFTEM and the outcome of this exercise, the Ministry replied:

“Till date, NIFTEM has adopted 39 villages in 37 districts of 19 States under the Village Adoption Programme (VAP).

The Outcome of the Village Adoption Programme is as under:

- Food Processing promotional Initiatives:
  - This includes Trainings and Expert Lectures, Awareness Camps organized on food processing and value addition, postharvest management, product development, etc.
- Identification of Entrepreneurs
  - More than 120 interested entrepreneurs have been identified out of which nearly 75 are potential ones who are associated with different teams and in processes of finalising frameworks for initiating ventures in food processing
- Product Development processes
  - Students along with their Mentor (Faculty member of NIFTEM) have undertaken Product Development Training Programmes village level in different villages and practically demonstrated preparation of jams, jellies, pickles, fruit based beverages like mango panna, products like banana chips, dried banana flakes,

bakery products like biscuits, cakes, fried snacks like bread pakora, bread rolls etc. They also shared leaflets indicating the process flow charts and estimated expenses

**(v) CENTRALLY SPONSORED SCHEME –NATIONAL MISSION FOR FOOD PROCESSING(NMFP)**

**National Mission on Food Processing (NMFP)**

4.69 Ministry of Food Processing Industries (MFPI) launched a Centrally Sponsored Scheme (CSS) - National Mission on Food Processing (NMFP) during 12<sup>th</sup> Plan (2012-17) for implementation through States / UTs. The basic objective of NMFP is decentralization of implementation of Ministry's schemes, which will lead to substantial participation of State Governments / UTs. NMFP is likely to add significantly to the Ministry's outreach in terms of planning, supervision and monitoring of assistance through this Scheme.

**Major Programmes/Schemes to be covered under NMFP during 2014-15 are:**

- (i) Scheme for Technology Up-gradation / Establishment / Modernisation of Food Processing Industries.
- (ii) Scheme for Cold Chain, Value Addition and Preservation Infrastructure for Non Horticultural Products.
- (iii) Setting up/Modernisation/expansion of Abattoirs ( implemented w.e.f. 2014-17. 5).
- (iv) Scheme for Human Resources Development (HRD)
  - (a) Creation of Infrastructure Facilities for Running Degree/Diploma/Certificate Courses in Food Processing Technology.
  - (b) Entrepreneurship Development Program (EDP)
  - (c) Food Processing Training Centre (FPTC)
  - (d) Training at recognized Institutes and sensitization cum awareness programme.

- (v) Scheme for Promotional Activities
  - a. Organizing Seminar/Workshops
  - b. Conducting Studies/Surveys
  - c. Support to Exhibitions/Fairs
  - d. Advertisement & Publicity
- (vi) Scheme for Creating Primary Processing Centers / Collection Centres in Rural Areas.
- (vii) Modernisation of Meat Shops.
- (viii) Reefer Vehicles.
- (ix) Old Food Parks.

#### **Funding pattern for NMFP**

4.70 The Mission is to be implemented as a new centrally sponsored scheme in the ratio of 75:25 by Govt. of India and States / UTs, except for North Eastern States, where the ratio would be 90:10, respectively. Further, the UTs administered by Govt. of India would be funded 100% grant basis. This funding pattern will be applicable to all components of the scheme.

#### **Criteria for allocation of funds to the States:**

- (i) As the States/UTs are having differential population and areas, it has been decided to provide minimum base/ floor rate /amount @ Rs. 2.00 crore for States and Rs. 1.00 crore for UTs. In addition, the remaining allocation of funds to the States / UTs would be done based on their population (50%) and Area (50%).
- (ii) Government of India share for 2013-14 was released to the extent of 50% allocation meant for the States / UTs, after deducting the opening balance with the States / UT as on 01.04.2013. Government of India share will be released in the corresponding years after deducting the balance in the previous financial year.



**Scheme-wise allocation of funds:**

4.71 State Level Empowered Committee (SLEC) will be competent authority to decide inter-se allocation of funds amongst the above schemes. However, not more than 10% and 20% of the allocation will be utilized for the Promotional Activities and Human Resource Development components, respectively. SLEC may allocate resources to the other schemes as per local requirement in the States.

**Flexibility to the States:**

4.72 States / UTs including North Eastern States have been given flexibility to consider deviation proposals under NMFP with the approval of State Level Empowered Committee (SLEC) headed by the Chief Secretary of the respective States / UTs. The deviation proposals under NMFP would be limited to 20% of the allocated funds to the respective States / UTs in a financial year.

**Top up of funds by the State Government:**

4.73 State Governments, on case to case basis, may top up i.e. provide additional funds from its resources for any scheme of NMFP. Such top up may be resorted to only after Government of India share and State share are fully utilized. No top up may be done from the funds of MoFPI or any other Centrally Sponsored Scheme of any Ministry.

**Administrative expenses for implementation of NMFP:**

4.74 States may utilize 5% of the actual expenditure incurred in a financial year under NMFP by States / UTs during 12th Plan (2013-17) for meeting administrative expenses towards supporting the State Missions for implementation of NMFP. However, the same may not be utilized for purchase of vehicles.

**Convergence with schemes of State Governments:**

4.75 Benefits under this scheme can be given in addition to the benefits under the schemes of the State Governments, if any, at the discretion of the State Governments / SLEC. Each State may design State specific schemes under which additional benefits can be provided in addition to the NMFP assistance.

**State specific sectorial focus:**

4.76 SLEC may decide whether the State will have any focus areas for selection of sector under the scheme. For example, States in Eastern India may consider setting

up/ modernization of rice mills. States already having well developed rice milling industry (e.g. Punjab, Haryana, AP etc.) may consider focussing on other horticultural/ agricultural products. States are further informed that the proposals under all the sub-sectors including grain milling (i.e. Rice/ Pulse/ Flour/Oil milling) are eligible for assistance under the scheme.

#### **Supervision and monitoring by MoFPI:**

4.77 To supervise and monitor the implementation of NMFP by States/ UTs, Ministry of Food Processing Industries (MoFPI) has appointed Project Management Agencies (PMAs). The details of the PMAs and allocated States/UTs to them are as under:

Sl. No.	Name of the PMA	Zone	States / UTs
1.	WAPCOS Ltd., Haryana	North	Uttar Pradesh, Haryana, Punjab, Chandigarh, Madhya Pradesh, J&K , Himachal Pradesh, Uttarakhand & Delhi
		East	West Bengal, Orissa, Bihar, Jharkhand & Chhattisgarh
2.	IL&FS Cluster Development Initiative Ltd., New Delhi	South	Andhra Pradesh, Tamil Nadu, Kerala, Karnataka, Pondicherry, Lakshadweep, Andaman & Nicobar
3.	NABCONS, Mumbai	West	Gujarat, Maharashtra, Rajasthan, Goa, Daman& Diu, Dadra Nagar & Haveli
4	NERAMAC, Guwahati	North East	Assam, Arunachal Pradesh, Meghalaya, Nagaland, Tripura, Sikkim, Manipur, Mizoram.

#### **ANNUAL REPORT PARA 7.6 TO 7.14**

4.78 The actual expenditure vis-à-vis BE of 2014-15 (as on 21.10.2014) for NMFP is as under:

**(Rs. in crore)**

Year	BE	RE	Actuals
2013-14	187.00	30.50	29.72
2014-15	180.00	-	101.63

4.79 According to the Ministry, the major reasons for steep reduction in allocation at RE stage under National Mission on Food Processing (NMFP) during 2013-14 were:

- Non-submission of utilisation certificates by state/UT governments towards utilisation of GOI funds released during 2012-13.
- Delay in transfer of GOI share and also State share by State Finance Department to the State Mission Directors.
- Both installments of NMFP GOI share in 2013-14 was released to Haryana, Karnataka and Maharashtra, as they have submitted UC for 2012-13.
- Only first installment of NMFP GOI share in 2013-14 was released to Arunachal Pradesh, Bihar, Gujarat, Kerala, Meghalaya, Mizoram, Tripura and West Bengal, as they have partially utilized 2012-13 GOI funds.
- No NMFP funds was released to 21 states, as they have not utilized even 50% of released GOI funds in 2012-13.

Due to non-utilization of NMFP funds of 2012-13, most of the states could not avail the NMFP GOI share of first installment during 2013-14 and as a result, the Ministry had surrendered large chunk of NMFP allocation at the RE stage in 2013-14.”

4.80 Regarding the achievement of the scheme the representative of the Ministry submitted before the Committee as follows:

“Under the National Mission on Food Processing, as on date, different States have given sanction for Reefer Vehicles, and modernisation of meat shops; 924 products have been sanctioned under this scheme amounting to Rs. 317 crore. The National Mission on Food Processing is getting a very good

response from the States. In the first year, we have given Rs. 185 crore or so to the States; in the second year, there was lull; picking up took some time; and in the current year, it is very encouraging. As on 30th September, we have given Rs. 95 crore and we are expecting that we will be giving sanctions for all Rs. 180 crore. The best thing in this scheme is that in the respective States, if any State Government wants to set up something which is relevant to the food processing, even if there is no scheme, still it can be designed and sanctioned under the deviation route. It is the most flexible scheme and we are getting good response under this. It also helps a lot of entrepreneurs and farmers to set up their units and avail assistance from the Government.”

4.81 The Secretary further added

“During the current year out of Rs. 180 crore we have already spent around 90 crore. We will have paucity of funds. I would request the Hon’ble Committee to increase the allocation under this Head”

4.82 The Committee wanted to know the basis of BE of Rs. 180 crore for 2014-15, compared to actuals being ... 29.72 crore in 2013-14, the Ministry replied:

“Based on the feedback received from State / UT governments and also keeping in view the sufficient number of applications received by State / UT governments under NMFP, Ministry decided to keep BE of Rs. 180 crore for 2014-15. During the current financial year, Ministry has already touched Rs. 94.66 crores of expenditure by September, 2014, which was more than 50% of the total allocation of Rs. 180.00 crores.”

4.83 On being asked as to how the Ministry proposes to keep a tab on utilization of the BE of Rs. 180 crore for the year 2014-15, the Ministry stated as follows:

“MoFPI has been continuously pursuing the progress of implementation expenditure/ utilisation of GOI share under NMFP with the State Governments through correspondence/video conferences /meetings/ Workshop/phone calls during the last tow year. Recently, Ministry of Food Processing Industries (MoFPI) had organized a meeting 11.09.2014 with the State / UT Governments to review the progress of implementation on National Mission on Food Processing (NMFP) and other Central Sector Schemes. The meeting was chaired by Hon’ble Union Minister, FPI and attended by the Ministers I/c of Food Processing and senior officers / representatives of State / UT Governments. Also Ministry has appointed

Programme Management Agencies (PMAs) and Area Officers for regular monitoring of progress of implementation on NMFP. Due to these efforts and continuous follow up with state / UT governments, Ministry has already touched Rs. 101.63 crores of expenditure as on 21.10.2014. With this pace of expenditure, ministry expects that BE 2014-15 will be fully utilized.”

4.84 Asked about the monitoring mechanism for effective implementation of the Schemes floated by the Central Sector Schemes and Centrally Sponsored Schemes to facilitate the farmers to establish post harvest infrastructure for their produce, Scheme-wise, the Ministry stated:

“The Ministry creates awareness by organizing workshops / media campaigns aimed at sensitizing the potential stakeholders about the scheme. Under the National Mission on Food Processing (NMFP), Entrepreneurship Development Programmes are organized by the State Governments through their offices and various other organisations to encourage people including farmers to take advantage of the Schemes of this Ministry. The Project Management Agency ensures smooth implementation of project at ground level. The Ministry reviews periodically the progress of the projects through the Area Officers, periodical review by the Hon’ble Minister, Secretary and other Senior Officers. IMAC also reviews the progress of each project in its meetings. In respect of NMFP online monitoring system has been made functional w.e.f. 31.07.2014.”

## **PART-II**

### **RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE**

1. The Committee take note that the Rule 331G of the Rules of Procedure and Conduct of Business in Lok Sabha relating to examination of Demands for Grants by the Departmentally Related Standing Committees (DRSCs) was suspended by Hon'ble Speaker, Lok Sabha to enable the House to pass the Demands for Grants for the year 2009-10 during the Second Session of Sixteenth Lok Sabha without the same being referred to the concerned DRSCs. The Demands were, however, referred to the Standing Committees for examining the same after their constitution and for presenting the Report to the House therein. The Committee, after their constitution on 1st September, 2014 took up examination of the Demands for Grants pertaining to the Ministry of Agriculture for the year 2014-15. Since the Budget for the year 2014-15 has already been passed by the Parliament, the Committee endorse the same. The Committee would however, like the Ministry to take note of their recommendation while implementing various programmes/schemes, etc. within the approved budget.

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

2. The Committee note that the Action Taken Replies regarding the action taken by the Government on the Observations / Recommendations contained in the Forty-ninth Report of the Committee were furnished by the Government within the

stipulated three months. The Committee further note that in pursuance of Direction 73-A of Directions by the Speaker, Lok Sabha, the Minister concerned is required to make a Statement on the status of implementation of Observations/ Recommendations contained in the Original Reports of the Committee within six months of their presentation to the Parliament. However, the Committee are perturbed to note that the Minister concerned did not make the Statement under Direction 73-A in the context of Forty-ninth Report of the Committee within the stipulated time. Though the Statement was later (18.02.2014 in Lok Sabha and 21.02.2014 in Rajya Sabha) laid on the Table of the House, the Committee take strong exception to the failure of the Ministry. They have time and again emphasized on the Ministry to adhere to stipulations laid down in Direction 73-A in respect of Statements to be made by the Minister concerned. They expect that there will not be a repeat of such lapses in future. The analysis of the action taken by the Government reveals that 79% Recommendations have been implemented. 17% Recommendations have not been implemented and 1% of Recommendations are in various stages of implementation.

### **ALLOCATION OF FUNDS**

3. The Committee are aware that India is a significant contributor in agriculture produce. Within the country agriculture sector accounts for 19% of the GDP and 12% of country's exports providing employment to over 50% of the workforce. However, a study carried out by CIPHET in 2009 on 46 agricultural produces in 106 randomly selected districts has revealed that the estimated

harvest and post harvest losses of major agricultural produces at national level was of the order of ₹44,143 crore per annum at 2009 wholesale prices. They find that the two biggest contributors to food losses are the lack of refrigerated transport and high quality cold storage facilities for food manufacturers and food sellers. Needless to emphasize the significance to save this national loss and convert into an asset by development of a knowledge based industry which promotes high value addition and through that higher incomes and employment in the country. The Ministry of Food Processing, being the nodal Ministry, for the purpose, formulates and plans for the FPI within the overall national priorities and objective. From the magnitude of losses and gigantic work ahead for providing safe, hygienic and quality food products through modernization of agriculture and value addition to the products it can be easily deduced that there is an urgent need for huge investment in the sector. The Committee are, however, concerned to note that the Ministry had proposed a plan allocation of ₹1280.33 crore whereas ₹770.00 (i.e. only 60%) has been actually provided for the year 2014-15 as a result of which the Ministry had to downsize the targets. They were apprised that the Ministry has now sought ₹156.00 crore at RE stage to upscale the targets of some of their major performing schemes. The Committee desire that Planning commission should accord the warranted significance to this highly potential component of the economy i.e. the food processing sector. The Committee, therefore, expect the Government to grant the amount sought by the Ministry at the RE level for the purpose of financing their well performing schemes.



## **LIABILITIES OF XI<sup>TH</sup> PLAN**

4. The Committee note that in some of the schemes such as Scheme for Technology Upgradation the targets are spillover liabilities of the XI<sup>th</sup> Plan. Further, the Committee were apprised that due to less allocations, the upscaling of Infrastructure Development Scheme could not be undertaken and has resulted in reducing targets of these schemes. They are of the view that these liabilities should have been cleared within a year of the XII<sup>th</sup> Plan. The Committee are not happy with the fact that these liabilities are continuing even when the XII<sup>th</sup> Plan is already midway. The Committee recommend that the Ministry should seek more funds at RE level and on receiving additional funds priority be given on completion of the targets of such schemes which have been subsumed in National Mission on Food Processing in the XII<sup>th</sup> Plan. The Committee emphasize that all the liabilities of such schemes should be cleared in the current year itself.

## **FDI IN FOOD PROCESSING SECTOR**

5. The food processing industry is a sunrise industry with tremendous growth prospects. A strong and dynamic food processing sector plays a vital role in diversification and commercialization of agriculture, enhances value addition to the agricultural produce, generates employment, enhances income of farmers and creates markets for exports of agro foods. The Committee note that various measures have been taken for simplification/transparency and e-governance. They find that FPI sector has been growing at an Average Annual Growth Rate of around 8.4% vis-à-vis about 3.3% growth in Agriculture and 6.6% in

Manufacturing Sectors during the last 5 years ending 2013-14. A number of fiscal incentives provided by the Government for promoting investment has encouraged FDI in this sector. They also find FDI is permissible for all the processed food products upto 100% on automatic route except for items reserved for Micro and Small Enterprises (MSEs). In case of MSEs FDI is permissible under automatic route upto 24% of the capital only. Further, FDI has increased from 401.46 US \$ Millions(approx) in 2012-13 to 3772.59 US \$ Million(approx) in 2013-14. The Committee appreciate this trend of increasing FDI in this sector which is of upmost importance and desire that the Ministry make all efforts so that this trend continues in the coming years. The Committee also recommend that the Ministry, keeping in view the safeguards required for protecting our MSEs in this sector, should identify the potential areas where the FD investment would be beneficial, regularly review the extent to which the automatic FDI could be permissible in this sector and suggest the same to the Ministry of Finance for incorporation in the FDI policy of the country.

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

6. The Committee are disappointed to note that the 2842 Utilization Certificates amounting to Rs, 556.36 crore as on 01.04.2014, are yet to be liquidated. The Committee desire that the Government should tackle the pendency of UCs on a war-footing and impress upon all the implementing agencies to clear their backlog. They further observe that this huge pendency is reflective of bad accounting and financial management practiced by the State Governments/ Implementing Agencies. The Committee recommend to the Ministry to impress

upon the State Governments/implementing agencies to initiate corrective measures and submit the UCs at the earliest as in absence of the same, they are the ones who have to bear the consequences.

## **GENDER BUDGETING**

7. Gender Budgeting was introduced by the Government in the year 2005-06 in order to ensure that policy commitments are supported by financial outlays and that the gender perspective is incorporated at all stages of a policy or a programme.

The Committee note that a Gender Budget Cell under the chairmanship of a Joint Secretary has been set up in the Ministry for inducting and effecting a change in the Ministry's policies and programmes in a way that could tackle gender imbalances, promote gender equality and development and could ensure that public resources through the Ministry's budget are allocated and managed accordingly. Though efforts are being made by the Ministry to ensure that the benefits of the schemes of the Ministry could reach the woman stakeholders of the sector, the Committee find it strange that the benefits accruing to women from these schemes have not been quantified even after a decade of introduction of gender budgeting in the Union Budget. The Committee agree that the schemes of the Ministry are project oriented and not State, area, community, caste or gender specific, however, they are of the firm view that the Government cannot shirk from its responsibility of promoting gender equality through the various policies and programmes of the Government.

The Committee also note that the Ministry had entrusted a Survey-cum-Study to 'Centre for Market Research & Social Development, New Delhi' for suggesting an Integrated Gender Action Plan pertaining to Food Processing Sector including the required standards and parameters on the basis of which the units can be certified as compliant with these requirements. The mandate of this survey is also to spell out clearly the process of certification and accreditation of the units which comply with these standards. The study report makes suggestions on various relevant issues including policy of the Ministry in this regard, Monitoring system to assess gender mainstreaming efforts, Gender Audit of the Policies of the Government, encouragement to the women SHGs to start their food processing units, points of convergence with the existing schemes of other Ministries/Departments and Gender Budgeting, etc.

The Committee desire to be apprised of the action taken by the Government on these suggestions of the study. The Committee also recommend the Ministry to show the seriousness which the concept of gender budgeting deserves and urgently quantify the benefits accrued to women from the various schemes of Government.

## **MEGA FOOD PARKS**

8. The Committee note that the scheme of Mega Food Park aims to provide a mechanism to bring farmers, processors and retailers together and link agricultural production to the market so as to ensure maximizing value addition, minimizing wastages, increasing farmers' income and creating employment opportunities in rural sector. They also note that Mega Food Park envisages a

well defined agri/horticultural processing zone containing state of the art processing facilities with support infrastructure and well established supply chain. The Committee feel that the implementation does not meet the objectives of the conceptualization of the scheme. The Committee were also apprised that this scheme is project oriented and not specific to state or region. The grants are, therefore, extended on the basis of viability of the project proposals received from the entrepreneurs or organizations. They are, however, aghast to find that out of 40 projects sanctioned since 2008, as many as 15 projects i.e. about 37.5% have been cancelled. They find that many of these projects have been cancelled after granting in principle approval, and inability of SPV to meet the conditions for final approval. However, three of these were cancelled after final approval and in fact even an amount of `5 crore each of the grant was released. The Committee apprised that `4.80 crore and `5.39 have been recovered against the grants and interest thereon in case of M/s. Western Agri Food Park (Pvt.) Ltd. And M/s. Anil Mega Food Park (Pvt.) Ltd. respectively and action is being taken to recover the remaining portion of the interest and penalty. Against M/s. Tamil Nadu Mega Food Park also, legal action is being taken to recover the grant amount of `5 crore and interest accrued thereon. The Committee find that the progress has not been upto the mark in the projects which are operational as well as under implementation. The Committee desire that the Ministry analyze the reasons for cancellation of so many projects threadbare and accordingly, if need be, make necessary changes in the guidelines of this scheme. The Committee recommend that all pre-requisites in regard to setting up the Mega Food Park Projects should be fulfilled before granting final approvals and release of grants so as to minimize cancellation. In the instant cases the Ministry should recover the grants released,

the interest and the penalty amount at the earliest while making those responsible accountable. The Committee also recommend all the pending projects to adhere to their schedule and be completed promptly by pursuing the stakeholders to monitor the project at each stage.

## **EVALUATION STUDY OF MEGA FOOD PARKS**

9. The Committee note that a great hype was created at the time of launching Mega Food Park Project and it was brought out that each MFP will cater to 30-35 Food Processing Units, benefit 6000 farmers directly and 25,000 to 35,000 indirectly. Besides bringing about investment to the tune of Rs.75-100 cr in common facilities and another Rs.225-250 crore in processing and ancillary units. However, an evaluation study conducted by Centre for Market Research and Social Development in 2010 had stated the benefits that will accrue to the farmers once these two parks become operational. At present, two of these projects namely M/s. Gini Mega Food Park Pvt. Ltd. in Andhra Pradesh and M/s. Patanjali Food and Herbal Park Pvt. Ltd. in Uttarakhand have become operational. The Committee feel that the Mega Food Park, when operationalised, should bring overall development of the satellite centres through its backward and forward linkages in the agricultural supply chain. However, the Committee are not in the know of the actual benefit accruing to the farmers due to the operational/partially operational MFP. Now, a fresh study has been assigned to M/s. Indian Council for Research on International Economic Relations (ICRIER) in August 2014 for evaluation of impact of the scheme. The Committee recommend that a mechanism for obtaining the feedback from the beneficiaries especially the farmers, should be put in place. Further, these feedback during the

operationalisation of MFPs should be incorporated in the guidelines for future projects. The Committee emphasize that the Ministry should widely publicize through print and media, the availability of facilities, the incentives and the benefits to farmers and various other stakeholders from this scheme. The Committee recommend that ICRIER in their fresh study undertaken in August 2014 should assess the impact/benefits, coverage and reach of the scheme on socio-economic parameters. The Committee desire to be apprised of the outcome of this study at the earliest including number of farmers who have invested in these projects, the extent to which it has brought about prosperity to the local farmers and creation of employment to local youth in agro based avenues.

#### **INCREASING THE CAPACITY OF COLD STORAGE**

10. The Committee observe that to encourage setting up of cold chain facilities in the country, Ministry of Food Processing Industries (MFPI) is operating a Plan Scheme to provide financial assistance to project proposals received for cold chain infrastructure development. The scheme envisages financial assistance in the form of grant-in-aid @ 50% of the total cost of plant and machinery and technical civil works in general areas and 75% for North Eastern Region and difficult areas subject to a maximum of Rs.10.00 crore. The initiatives are aimed at filling the gaps in the supply chain, strengthening of cold chain infrastructure with infrastructural facilities like sorting, grading, packaging and processing of horticultural produce including organic produce, marine, dairy, poultry, etc.

To assess the requirement of Cold Storage facility in the country National Spot Exchange Ltd. (NSEL) had conducted a study in 2010. The study estimated that total existing cold chain storage capacity was only about 24 million tonnes against the requirement of 61 million tonnes. Thus, there was a gap of about 37 million tonnes of cold storage capacity in 2010. A capacity of about 8 million tonnes has been added thereafter through different programmes of the Govt. and therefore the present gap is estimated at about 29 million tonnes. The Planning Commission has also been concerned about the need for improvement in the supply chain particularly for perishables. A Committee was constituted in year 2012 on encouraging investments in supply chains including provision for cold chain for more efficient distribution of farm produce. This committee also took into account the gap in cold storage capacity assessed by NSEL and recommended allocation of adequate resources for strengthening the agricultural produce supply chain.

The Committee are of the view that with increasing agricultural production in the country and with the increasing need to arrest post harvest losses, there is an urgent need to fill in the gap between actual and required capacity of Cold storage in the country. The Committee, therefore, recommend that the Ministry make all out efforts to facilitate and provide integrated, complete cold chain and enhance preservation infrastructure facilities to maintain continuity from the farm gate to the end consumers. They also recommend that efforts should be made to enhance small sized cold storage facilities not only to increase the capacity but also to promote more participation from small and medium level farmers.



## **SINGLE WINDOW CLEARANCE AND MONITORING MECHANISM OF COLD STORAGE PROJECTS**

11. The Committee find that the scheme of cold chains, value addition and preservation of infrastructure is not an open ended scheme and it actually requires prior approval of the Government to sanction projects. The Government has given approval/sanction to 138 projects under this scheme. The Committee were apprised that out of a total of 120 projects under implementation, as 18 projects have been cancelled, 48 projects (35%) have been completed and started commercial operations, 29 projects (21%) have achieved 25% progress and 26 projects (19%) have achieved 75% progress. The remaining projects are under various stages of implementation. The Committee were also apprised that during 2<sup>nd</sup> Phase 39 projects were granted approval, out of these 12 projects were cancelled due to lack of interest evinced by the promoter in implementing the projects, not adhering to the time lines as laid down in scheme guidelines, misrepresentation of facts and last but not the least delay in getting necessary approval from State Government/agencies. The Committee feel that the completion status of the projects is not satisfactory and have incurred time overrun. The Committee opines that much is required to be done at the implementation stage of the project. The Committee feels that there is an urgent need for coordination between the centre and state agencies to ensure speedy implementation of the projects. They also recommend the Ministry to pursue the State Governments/agencies to have a single window clearance for the project after getting due clearance from Programme Management Agency, Technical Committee and Inter Ministerial Approval Committee so as to expedite the

implementation. The Committee may be kept abreast of the mechanism developed for coordination between the Centre/State agencies for expeditious clearances of the projects and the progress/status of the implementation of the projects under this scheme (now subsumed under NMFP). The Committee would also like to be apprised of the status of additional allocation sought by the Ministry for the scheme to meet the requirement of projects under implementation. The Committee recommend the Ministry to strengthen the monitoring mechanism to avoid delay in execution of the projects. The Committee desire to be apprised of the punitive provisions/penalties in the MoUs for those cold chain private players who do not comply with the clause relating to purchasing of raw material from the farmers on the farm gate.

12. The availability of uninterrupted power supply is a pre-requisite for operating cold storage units. The Committee were apprised that most of the promoters have diesel generating sets to meet gap in availability of power and the cost of the diesel generator is eligible for calculation of grant. They observe that the Ministry is also providing 90% grant for solar energy based cold projects. The Committee feel that use of non-conventional sources of energy need to be encouraged and hence recommend that this grant be extended to projects based on other non-conventional sources such as wind and hydro energy as well. The Committee further recommend that projects based on these non-conventional sources and also those utilizing the natural ambience of the region such as building tunnels in North-east regions or cold areas, which provides optimum temperature for preservation, be encouraged. This will serve the dual purpose of not only using new and renewable sources of energy for cold storage and thus

conserving energy but also facilitating the small farmers to set up cold storage units at minimum costs.

#### **FOOD TESTING LABORATORIES, R&D AND PROMOTIONAL ACTIVITIES**

13. The Committee are aware that it is vital for Ministry of Food Processing for testing domestic production to ensure that it complies with domestic standards as well as international standards for exports. It is equally important to test all the imports to be sure that they are of requisite standard and do not fall into the category of such banned products that are not permissible for manufacturing domestically. They were apprised that the levels of contaminants, additives and pesticide residues in food items have to be maintained regularly and therefore a network of food testing and analysis laboratories is planned for in the Ministry. The Committee find that the Ministry is providing financial assistance/grants-in-aid for setting up/upgradation of food testing/quality control laboratories viz. Quality Assurances, Codex Standards and R&D and other promotional activities. Central/State Government and its organizations/universities (including Government owned deemed university) and all other implementing agencies/private sector organizations/university are eligible for assistance as per the guidelines of the Schemes. They were further apprised that in order to ensure better and more effective utilization of funds, the implementation of the scheme for Food Testing Laboratories and R&D have been entrusted to Indian Council of Agricultural and Research (ICAR) under the Ministry of Agriculture, Department of Agricultural Research and Education (DARE) and Science and Engineering Research Board (SERB) under the Ministry of Science and Technology respectively, who have necessary professional & technical, expertise and trained staff to handle

such proposals, during the XII<sup>th</sup> Plan with effect from 1.4.2012. The Committee feel that this would enable the Ministry to focus on policy issues. While appreciating this move the Committee desire that the Ministry should monitor the implementation of this scheme regularly. The Committee emphasize that there should be proper coordination between Ministry of Food Processing, Department of Agricultural Research and Education and Ministry of Science and Technology, so as to harmonize and align the existing Indian standards (in accordance with the Food Safety and Standards Act) with international best practices to avail of the huge opportunities available in International markets. The Committee also caution the Ministry not to lose sight of the objectives in the process of out sourcing the vital areas of the scheme to ICAR and SERB. Adherence to the objectives should be ensured.

#### **VILLAGE ADOPTION PROGRAMME OF NIFTEM**

14 The Committee note that National Institute of Food Technology Entrepreneurship and Management (NIFTEM) was established by the Ministry in the year 2012 under the Scheme for strengthening of Institution. NIFTEM is envisaged as an international centre of excellence which is offering high quality educational, research and management programme specific to the food industry, disseminating knowledge to the food sector, providing referral advice on food standards and business incubation facility. The Committee were apprised that NIFTEM has conceptualized a unique Village Adoption Programme for students to sensitize and educate them of the problems and practices of farmers at grass root level while training and demonstrating simple processing techniques to the farmers/villages making it a two way learning process. So far, 39 villages in 37

districts of 19 States have been adopted by NIFTEM under this programme. As part of this programme expert lectures and awareness camps were organized on food processing and value addition, post-harvest management and product development; more than 120 interested entrepreneurs were identified and product development training programmes were undertaken in which the students made practical demonstration.

The Committee while appreciating this initiative of two-way learning process, feel that the villagers can learn simple but productive processing of their produce through demonstrations by the students of such preparation as jams, jellies, pickles, fruit based beverages etc. from the produce. On the other hand, the students can learn the traditional ways of handling the crops. This exchange will help in retaining the age old good and effective prevalent practices while modernizing the not so useful ways of value addition to the crops thereby developing, innovative and new methods of preservation, processing and value addition to the crops/produce. The Committee emphasize that traditional know how should be modified upgraded and modernized by NIFTEM through this scheme so as to develop technology or methods of food processessing which are in accordance with the economic and intellectual capacity of the farmers. The endeavour of the students during their village adoption programme should be to simplify the specialized knowhow for generalized use by small and marginal farmers. Furthermore, the methods of recycling of waste from processing up to the last bit should also be exchanged between the farmers and the students. NIFTEM should incorporate these aspects in the curriculam of their various courses. The Committee recommend that NIFTEM should popularise and

propagate this programme so as to involve more and more students and more villages should be adopted through out the length and breadth of the country.

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

15 The Committee find that the Ministry has launched a Centrally Sponsored Scheme – National Mission on Food Processing (NMFP) during the XII<sup>th</sup> Plan for its implementation through States/UTs. The basic objective of NMFP is decentralization of implementation of the schemes of the Ministry which will lead to substantial participation of State Governments/UTs. Many schemes of the Government have now been subsumed in this Mission. For NMFP the budgetary allocation of `187 crore for the year 2013-14 was reduced to `30.5 at RE stage. In 2014-15 `180 crore have been allocated for the scheme during the current year. Out of this `101.63 (56.5%) has already been utilized as on 21.10.2014. The Committee were informed that the poor achievement during the year 2013-14 was due to slow response of the States and non-provision of utilization certificates by the States. The Committee hope that the funds allocated to the Ministry under NMFP this year i.e. in 2014-15 will be utilized effectively for the purpose. They recommend to the Ministry to take up the matter with State Governments to impress upon the concerned agencies for submitting the utilization certificates at the earliest so that the funds for the Scheme are not curtailed for RE level, which will actually affect these very agencies.

#### **RESULT FRAMEWORK DOCUMENT (RFD)**

16. The Committee find that a system was set up in 2009 for monitoring and evaluating the performance of Government Departments and Ministries. Under this system all the Ministries/Departments are expected to prepare a Result Framework Document (RFD) summarizing the main objectives and corresponding action for the year. The Committee find that this document has two main purposes i.e. to move the focus of the Ministry from processing orientation to result orientation and to provide an objective and fair basis to evaluate the overall performance at the end of the year. The Committee are satisfied that the Ministry is coming out with their Result Framework Document and putting it in the public domain through their websites. On detailed observation the Committee find that the Ministries' overall performance involving institutional strengthening, food safety and quality assurance, reduction in wastages, launching NMFP, R&D in food processing, value addition, administrative reforms, improving internal efficiencies and service delivery of the Ministry is less than 83%. This reflects badly on the performance of the Ministry on major parameters and the slackness in the development of infrastructure projects under Mega Food Parks, Abbatoir Schemes etc. The Committee desire that the Ministry to introspect within and accord priority to non-performing and slow growing areas. They desire that the Ministry should focus on maintaining financial discipline as well as physical achievements of the targets.

**NEW DELHI;**  
**16 December, 2014**  
**25 Agrahayana, 1936 (Saka)**

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

**ANNEXURE-I****LIST OF CANCELLED MEGA FOOD PARKS PROJECTS**

<b>SI No.</b>	<b>SPV of the Mega Food Park</b>	<b>Reason(s) for cancellation / withdrawal</b>
1.	M/s Tamil Nadu Mega Food Park Ltd., Village Samandhahalli, Taluk : Palakkodu, Dharmapuri, Tamil Nadu	Final approval accorded to the project has been cancelled due to failure of SPV to revalidate the Term Loan sanction of the Bank.
2.	M/s Shaktiman Mega Food Park Pvt. Ltd., Jagdishpur Industrial Area, Sultanpur, Uttar Pradesh	In –Principal approval accorded to the project has been cancelled as SPV could meet none of the conditions of Final approval.
3.	M/s Anil Mega Food Park Pvt. Ltd., Village Paldi & Lamdapur,  Taluka- Savali, Vadodara, Gujarat	The SPV has withdrawn from the project citing legal issues related to the land.
4.	M/s Keventer Food Park Infra Ltd., Village - Miranpur, Block: Sanhaura, Bhagalpur, Bihar	Final approval accorded to the project has been cancelled due to failure of SPV to arrange sufficient land with CLU and financial closure.
5.	M/s Huma Coastal Mega Food Park Pvt. Ltd., Village – Mouza Raniboro, Ganjam, Odisha	In –Principal approval accorded to the project has been cancelled due to failure of SPV to meet three out of six conditions of Final approval including Acquisition of land along with CLU, Submission of DPR and Term Loan sanction
6.	M/s Chakranemi Infrastructure Pvt. Ltd., Village Abhishekhpakka, Taluk-Pondicherry,	The project has been cancelled as the SPV could meet none of the conditions of Final approval.



	Pondicherry	
7.	M/s Kanchenjunga Mega Food Park Ltd., Village – Melli, Sub. Division – NamchiSouth Sikkim, Sikkim	In –Principal approval accorded to the project has been cancelled due to failure of SPV to meet four out of six conditions of Final approval including Acquisition of land along with CLU, Submission of revised DPR, Term Loan and Execution of SSA.
8.	M/s Bengal Mega Food Park Pvt. Ltd., Village -Alipurduar - I C.D. Block of Jalpaiguri, Jalpaiguri, West Bengal	In –Principal approval accorded to the project has been cancelled due to failure of SPV to meet three out of six conditions of Final approval including Acquisition of land along with CLU, Submission of DPR and Term Loan sanction.
9.	M/s Continental Warehousing Corporation (Nhavaseva) Limited, Village Jattipur, Teshil Samalkha, Panipat, Haryana	In –Principal approval accorded to the project has been cancelled due to failure of SPV to meet four out of six conditions of Final approval including Acquisition of land along with CLU, Term Loan sanction, Incorporation of SPV and Execution of SSA
10.	M/s Himachal Integrated Mega Food Park Pvt. Ltd. Village Dulehar Teshil Haroli, Una, Himachal Pradesh	In –Principal approval accorded to the project has been cancelled due to failure of SPV to meet five out of six conditions of Final approval including Acquisition of land along with CLU, Execution of SSA, Submission of DPR, Term Loan sanction and Appointment of PMC.
11.	M/s Maharashtra Mega Food Park Pvt. Ltd, Naigaon Sanghvi, Tal. Khandala, Satara, Maharashtra	In –Principal approval accorded to the project has been cancelled as the SPV could meet none of the conditions of Final approval.
12.	M/s Amravati Integrated Mega Food Park, Village –	In –Principal approval accorded to the project has been cancelled due to

	Shirpur, Teshil – Warud, Amravati, Maharashtra	failure of SPV to meet five out of six conditions of Final approval including Acquisition of land along with CLU, Execution of SSA, Submission of DPR, Term Loan sanction and Appointment of PMC.
13.	M/s Suyojit Mega Food Park Pvt. Ltd. Wadagaon Pingla, Taluka Sinnar, Nashik, Maharashtra	In –Principal approval accorded to the project has been cancelled due to failure of SPV to meet four out of six conditions of Final approval including Acquisition of land along with CLU, Execution of SSA, Submission of DPR and Term Loan sanction.
14.	M/s Uttar Pradesh Mega Food Park Pvt. Ltd. Aurangpur, Dankaur, Gautam Buddha Nagar, Uttar Pradesh	In –Principal approval accorded to the project has been cancelled due to failure of SPV to meet five out of six conditions of Final approval including Acquisition of land along with CLU, Execution of SSA, Submission of DPR, Term Loan sanction and Appointment of PMC.”

**ANNEXURE-II****LIST OF STATE-WISE DISTRIBUTION OF COLD STORAGES AND THEIR CAPACITY IN THE COUNTRY**

<b>S.No.</b>	<b>State/UTs</b>	<b>Number of Cold Storages</b>	<b>Capacity in MT</b>
1	Andamand & Nicobar (UT)	2	210
2	Andhra Pradesh	404	1577828
3	Arunachal Pradesh	2	5000
4	Assam	34	119652
5	Bihar	303	1406395
6	Chandigarh(UT)	6	12216
7	Chattishgarh	89	427766
8	Delhi	97	129857
9	Goa	29	7705
10	Gujarat	560	2030873
11	Haryana	295	588649
12	Himachal Pradesh	32	38557
13	Jammu & Kashmir	28	64769
14	Jharkhand	55	217280
15	Karnataka	189	526752
16	Kerala	197	78355
17	Lakshadweep(UT)	1	15
18	Madhya Pradesh	260	1097168
19	Maharashtra	540	706302.6

20	Manipur	1	2175
21	Meghalaya	4	8200
22	Mizoram	3	3931
23	Nagaland	2	6150
24	Odisha	111	326639
25	Puducherry (UT)	3	85
26	Punjab	606	2004778
27	Rajasthan	154	480032
28	Sikkim	2	2000
29	Tamil Nadu	163	295671
30	Tripura	13	39181
31	Uttar Pradesh	2176	13633039
32	Uttarakhand	28	84545
33	West Bengal	502	5901925
		<b>6891</b>	<b>31823700.6</b>

[Source: DMI, Department of Agriculture and Cooperation & MoFPI]"

**ANNEXURE-III**

**LIST OF IRRADIATION PROJECTS IN INTEGRATED COLD CHAIN SCHEME SUPPORTED BY  
MOFPI**

Sl.No.	Project	District & State	Sector	Date of Approval	Project cost (Rs. In Lakh)	Approved Amount of grant-in-aid (Rs. In Lakh)	Amount of grant released (Rs. In Lakh)	Physical Progress
1	Aligned Industries Ltd	Rewari, Haryana	Irradiation	04.07.2012	2202.18	730.28	547.71	75% progress.
2	Innova Agri Bio Park Ltd	Kolar, Karnataka	Irradiation	7.06.2011	1400.00	336.25	336.25	Achieved Completion and Commercial production started
3	Jhunsons Chemicals Pvt. Ltd.	Alwar, Rajasthan	Irradiation	20.01.2009	1773.00	705.96	705.96	Achieved Completion and Commercial production started
4	Impartial Agrotech (P) Ltd.	Unnao, Uttar Pradesh	Irradiation	25.05.2011	1478.97	630.75	630.78	Achieved Completion and Commercial production started

**ANNEXURE-IV**

**STATUS OF ABATTOIR PROJECTS APPROVED IN THE 11<sup>TH</sup> PLAN**

<b>Sr. No.</b>	<b>Name of Promoter</b>	<b>Original scheduled date for completion</b>
1.	Dimapur Municipal Council, Nagaland.	The project was approved on 31.10.2008.  The original scheduled date for completion was 30.04.2010. Project completed.
2.	Ahmednagar Dist. Goat Rearing & Processing Co-operative Federation Ltd, Ahmednagar, Maharashtra.	The project was approved on 21.12.2009.  The original scheduled date for completion was 20.06.2011. Project completed.
3.	Municipal Corporation Shimla, Shimla, Himachal Pradesh	The project was approved on 31.10.2008.  The original scheduled date for completion was 30.04.2010. Project completed.
4.	Kolkata Municipal Corporation(74, D C Dey Road), Kolkata, West Bengal	The project was approved on 31.10.2008.  The original scheduled date for completion was 30.04.2010. <b><u>Project completed</u></b> but yet to be commissioned.
5.	Greater Hyderabad Municipal Corporation (GHMC), Hyderabad, Andhra Pradesh	The project was approved on 31.10.2008.  The original scheduled date for completion was 30.04.2010.  The project is awaiting completion and commissioning due to pending Court Case.
6.	Jammu Municipal Corporation, Jammu, J&K.	The project was approved on 31.10.08.  The original scheduled date for completion was 30.04.2010. However, the construction work is stalled due to public protest and other disturbances. Date of completion can be given only after construction work on the project starts.

Sr. No.	Name of Promoter	Original scheduled date for completion
7.	Jammu & Kashmir Sheep & Sheep Products Development Board(J&KSSPD), Srinagar, J&K	<p>The project was approved on 26.03.2009.</p> <p>The original scheduled date for completion was 25.09.2010. Turnkey contractor has been selected and construction work is yet to start. Therefore, date of completion can be given only after construction work on the project starts.</p>
8.	Bihar Urban Infrastructure Development Corporation (BUIDCO) Limited, Patna, Bihar	<p>The project was approved on 31.10.2008.</p> <p>The original scheduled date for completion was 30.04.2010. PPP partner selected but construction work yet to start. Therefore, date of completion can be given only after construction work on the project starts.</p>
9.	Municipal Corporation Ranchi, Ranchi, Jharkhand	<p>The project was approved on 31.10.2008.</p> <p>The original scheduled date for completion was 30.04.2010. Construction work started and Municipal Corporation Ranchi informed during the visit of MoFPI representative to Ranchi on 15.10.2014, it was mentioned that construction work has started and the project is likely to be completed by October, 2015.</p>
10.	Department of Animal Husbandry, Livestock Fisheries & Veterinary Services (AH, LF & VS) at Majhitar, East Sikkim	<p>The project was approved on 17.11.2011.</p> <p>The original scheduled date for completion was 16.05.2013. Notice for Inviting Tender (NIT) for selection of turnkey contractor has been published and construction work is yet to start. Therefore, date of completion can be given only after construction work on the project starts.</p>

**ANNEXURE-V**

**STATUS OF ABATTOIR PROJECTS APPROVED IN THE 12<sup>TH</sup> PLAN**

<b>S.No</b>	<b>Name of Promoter</b>	<b>Original scheduled date for completion</b>
1.	Goa Meat Complex Ltd (Govt. of Goa Undertaking), Usgaon, Ponda, Goa	The project was approved on 08.04.2013.  Approval letter was issued on 28.05.2013  The original scheduled date for completion is 27.05.2015.
2.	Meat Products of India Ltd (Govt. of Kerala Undertaking), Kerala	The project was approved on 08.04.2013.  Approval letter was issued on 08.05.2013  The original scheduled date for completion is 07.05.2015.
3.	Greater Vishakhapatnam Municipal Corporation under PPP mode with Vizag Food Pvt. Ltd, Vizag, Andhra Pradesh	The project was approved on 08.04.2013.  Approval letter was issued on 23.04.2013  The original scheduled date for completion is 22.04.2015.
4.	Itanagar Municipal Council(IMC), Neharlagun, Arunachal Pradesh	The project was approved on 21.11.2013.  Approval letter was issued on 06.12.2013  The original scheduled date for completion is 05.12.2015.
5.	Kolkata Municipal Corporation(KMC), 400 Rabindra Sarani, Kolkata, West Bengal	The project was approved on 21.11.2013.  Approval letter was issued on 29.11.2013  The original scheduled date for completion is 28.11.2015.
6.	Tiruchirappalli City Corporation (TCC) at Gandhi Market, Tiruchirappalli, Tamil Nadu.	The project was approved on 18.12.2013.  Approval letter was issued on 31.12.2013  The original scheduled date for completion



S.No	Name of Promoter	Original scheduled date for completion
		is 30.12.2015.
7.	Tiruchirappalli City Corporation at G Corner, Tiruchirappalli, Tamil Nadu.	<p>The project was approved on 18.12.2013.</p> <p>Approval letter was issued on 31.12.2013</p> <p>The original scheduled date for completion is 30.12.2015.</p>
8.	Faridabad Municipal Corporation, Faridabad, Haryana	<p>The project was approved on 18.12.2013.</p> <p>Approval letter was issued on 31.12.2013</p> <p>The original scheduled date for completion is 30.12.2015.</p>
9.	Nagar Nigam Bareilly, Uttar Pradesh (PPP mode),	<p>The project was approved on 18.12.2013.</p> <p>Approval letter was issued on 02.01.2014</p> <p>The original scheduled date for completion is 01.01.2016.</p>
10.	Aurangabad Municipal Corporation, Aurangabad, Maharashtra (PPP mode),	<p>The project was approved on 18.12.2013.</p> <p>Approval letter was issued on 02.01.2014</p> <p>The original scheduled date for completion is 01.01.2016.</p>
11.	Industry Department & MIFCO, Mizoram, Aizawl, Mizoram.	<p>The project was approved on 18.12.2013.</p> <p>Approval letter was issued on 31.12.2013</p> <p>The original scheduled date for completion is 30.12.2015.</p>
12.	Hospet City Municipal Council, Hospet, Bellary District, Karnataka	<p>The project was approved on 07.01.2014.</p> <p>Approval letter was issued on 20.01.2014</p> <p>The original scheduled date for completion is 19.01.2016.</p>

S.No	Name of Promoter	Original scheduled date for completion
13.	Mysore City Corporation, New Sayyaji Rao Road, Mysore, Karnataka	<p>The project was approved on 07.01.2014.</p> <p>Approval letter was issued on 04.03.2014</p> <p>The original scheduled date for completion is 03.03.2016.</p>
14.	Chitradurga City Municipal Council Chitradurga City, Karnataka	<p>The project was approved on 07.01.2014.</p> <p>Approval letter was issued on 27.01.2014</p> <p>The original scheduled date for completion is 26.01.2016.</p>
15.	Kolkata Municipal Corporation (25 D C Dey Road), Kolkata	<p>The project was approved on 04.03.2014.</p> <p>Approval letter was issued on 24.03.2014</p> <p>The original scheduled date for completion is 23.03.2016.</p>
16.	Municipal Corporation Raipur, Raipur, Chhattisgarh	<p>The project was approved on 04.03.2014.</p> <p>Approval letter was issued on 15.07.2014</p> <p>The original scheduled date for completion is 14.07.2016.</p>
17.	Municipal Corporation Jhansi, Jhansi, Uttar Pradesh (PPP mode),	<p>The project was approved on 04.03.2014.</p> <p>Approval letter was issued on 24.03.2014</p> <p>The original scheduled date for completion is 23.03.2016.</p>
18.	Municipal Corporation Mohali, Punjab	<p>The project was approved on 22.09.2014.</p> <p>Approval letter is being issued. The completion date will be 24 months from date of issue of Approval letter.</p>
19.	Nabadwip Municipality at	<p>The project was approved on 22.09.2014.</p>

S.No	Name of Promoter	Original scheduled date for completion
	Nabadwip West Bengal,	Approval letter is being issued. The completion date will be 24 months from date of issue of Approval letter.
20.	Contai Municipality at Contai, West Bengal,	The project was approved on 22.09.2014. Approval letter is being issued. The completion date will be 24 months from date of issue of Approval letter.
21.	Birnagar Municipality at Birnagar, West Bengal,	The project was approved on 22.09.2014. Approval letter is being issued. The completion date will be 24 months from date of issue of Approval letter.
22.	Bhatpara Municipality at Bhatpara, West Bengal	The project was approved on 22.09.2014. Approval letter is being issued. The completion date will be 24 months from date of issue of Approval letter.
23.	Ranaghat Municipality at Ranaghat, West Bengal,	The project was approved on 22.09.2014. Approval letter is being issued. The completion date will be 24 months from date of issue of Approval letter.
24.	City Municipal Council Chamrajnagar at Chamrajnagar, Karnataka,	The project was approved on 22.09.2014. Approval letter is being issued. The completion date will be 24 months from date of issue of Approval letter.
25.	Municipal Council Mokokchung at Mokokchung, Nagaland	The project was approved on 22.09.2014. Approval letter is being issued. The completion date will be 24 months from date of issue of Approval letter.

**ANNEXURE-VI****STATE - WISE LIST OF FOOD TESTING LABORATORIES AS APPROVED BY  
FSSAI (FOOD SAFETY AND STANDARDS AUTHORITY OF INDIA)**

S.No	State/UT	Number of State/ Public Food Laboratories	Number of Referral Food Labs*	Number of NABL Labs authorized by FSSAI
1.	Andhra Pradesh	1	1	-
2.	Assam	1	-	-
3.	Bihar	1	-	-
4.	Chhattisgarh	1	-	-
5.	Gujarat	6	1	3
6.	Goa	1	-	-
7.	Haryana	2	-	8
8.	Himachal Pradesh	1	-	-
9.	Jammu & Kashmir	2	-	-
10.	Jharkhand	1	-	-
11.	Karnataka	4	2	5
12.	Kerala	3	1	6
13.	Madhya Pradesh	3	-	3
14.	Maharashtra	11	2	15
15.	Meghalaya	1	-	-
16.	Nagaland	1	-	-
17.	Orissa	1	-	-
18.	Punjab	3	-	2
19.	Rajasthan	8	-	-
20.	Tamil Nadu	7	1	7
21.	Tirpura	1	-	-
22.	Telangana	1	-	4
23.	Uttar Pradesh	3	2	2
24.	West Bengal	5	1	3
25.	Delhi	1	-	9
26.	Andaman & Nicobar Islands	1	-	-
27.	Pondicherry	1	-	-
28.	Daman & Diu	-	-	1
	<b>Total</b>	<b>72</b>	<b>11</b>	<b>68</b>

\*These Referral Food Laboratories work as appellate laboratories for the purpose of analysis of appeal samples of food lifted by the Food Safety Officers of the State/UTs and local bodies and the imported food samples.

**COMMITTEE ON AGRICULTURE**

**(2014-15)**

**MINUTES OF THE FIFTH SITTING OF THE COMMITTEE**

**\*\*\*\*\***

The Committee sat on Friday, the 17<sup>th</sup> October, 2014 from 1100 hrs. to 1400 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Sanganna Amarappa
3. Shri Nalin Kumar Kateel
4. Md. Badaruddoza Khan
5. Shri Janardan Mishra
6. Shri Ajay Nishad
7. Shri Dalpat Singh Paraste
8. Shri Nityanand Rai
9. Shri Mukesh Rajput
10. Shri C.L. Ruala
11. Shri Satyapal Singh
12. Shri Virendra Singh
13. Shri Kadiyam Srihari
14. Shri Jai Prakash Narayan Yadav

**RAJYA SABHA**

15. Shri A.W. Rabi Bernard
16. Shrimati Renuka Chowdhury
17. Sardar Sukhdev Singh Dhindsa
18. Shri Janardan Dwivedi
19. Shri Vinay Katiyar
20. Shri Mohd. Ali Khan
21. Shri Rajpal Singh Saini
22. Shri Ram Nath Thakur
23. Shri Shankarbhai N. Vegad
24. Shri Darshan Singh Yadav

## **SECRETARIAT**

- |    |                            |   |                      |
|----|----------------------------|---|----------------------|
| 1. | Shri A. Louis Martin       | – | Additional Secretary |
| 2. | Smt. Abha Singh Yaduvanshi | – | Director             |
| 3. | Smt. Juby Amar             | – | Deputy Secretary     |

## **LIST OF WITNESSES**

### **MINISTRY OF FOOD PROCESSING INDUSTRIES**

<b><u>S.No.</u></b>	<b><u>NAME OF THE OFFICER</u></b>	<b><u>DESIGNATION</u></b>
1.	Shri Siraj Hussain	Secretary
2.	Shri P.K. Pujari	Additional Secretary & Financial Adviser
3.	Shri Jagdish Prasad Meena	Additional Secretary
4.	Dr. U. Venkateswarlu	Joint Secretary
5.	Smt. Anuradha Prasad	Joint Secretary
6.	Ms. Rosy Sharma	Joint Secretary
7.	Shri Gajendra Bhujabal	Economic Advisor
8.	Shri Ajit Kumar	Vice-Chancellor (NIFTEM)

2. At the outset, the Chairman welcomed the members to the Sitting of the Committee. The Committee, first held internal discussion and proposed to undertake a local study visit to Indian Agriculture Research Institute, Pusa, New Delhi on 07<sup>th</sup> November, 2014. The Committee also proposed to undertake on the spot study visit in the month of January, 2015 to the places as may be finalised by the Chairperson in connection with the subjects under examination.

The Chairman then directed that the witness be ushered in.

(At about 1115 hrs., the witnesses took their seats in the Committee Room).

3. The Chairperson then welcomed representatives of the Ministry of Food Processing Industries to the Sitting and apprised them of the provisions of the Directions 55(1) and 58 of the 'Directions by the Speaker, Lok Sabha' regarding confidentiality of the proceedings.

4. After the witnesses introduced themselves, a representative of Ministry of Food Processing Industries made power point presentation and highlighted their programmes and achievements. Thereafter, the Committee discussed, among other things, reasons for variation between proposed allocation, approved allocation, budget estimates, revised estimates and actual allocation; expenditure incurred on research and development; monitoring mechanism; adoption of villages by National Institute of Food Technology, Entrepreneurship and Management; reasons for cancellation of 17 Mega Food Park Projects; delay in commissioning of Mega Food Park Projects; need to make Small Food Parks and the importance of National Mission on Food Processing. Most of the queries were responded to by the representatives of the Ministry of Food Processing Industries. In regard to queries which could not be readily responded, the Chairperson desired the Ministry to furnish written replies.

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

**The Committee then adjourned.**

**COMMITTEE ON AGRICULTURE**

**(2014-15)**

**MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE**

**\*\*\*\*\***

The Committee sat on Tuesday, the 16<sup>th</sup> December, 2014 from 1500 hrs. to 1700 hrs. in Committee Room 'B' Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Sanganna Amarappa
3. Shri Nalin Kumar Kateel
4. Md. Badaruddoza Khan
5. Shri C. Mahendran
6. Shri Tapas Mandal
7. Shri Janardan Mishra
8. Shri Dalpat Singh Paraste
9. Shri Mukesh Rajput
10. Shri C.L. Ruala
11. Shri Satyapal Singh
12. Shri Virendra Singh
13. Shri Kadiyam Srihari

**RAJYA SABHA**

14. Sardar Sukhdev Singh Dhindsa
15. Shri Janardan Dwivedi
16. Shri Mohd. Ali Khan
17. Shri Ram Nath Thakur
18. Shri Shankarbhai N. Vegad
19. Shri Darshan Singh Yadav



## SECRETARIAT

1.	Shri Abhijit Kumar	–	Joint Secretary
2.	Smt. Abha Singh Yaduvanshi	–	Director
3.	Smt. Juby Amar	–	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 draft Report on the examination of Demands for Grants (2014-15) the Ministry of Food Processing Industries. After some deliberations, the Committee adopted the draft Report without any modification and authorized the Chairperson to finalise the reports on the basis of factual verification from the concerned Departments and present the same to Parliament.

\*3. xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx.

\*4. xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx.

\*5. xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx xxxx.