



**STANDING COMMITTEE ON AGRICULTURE
(2016-2017)**

SIXTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

FORTY FIFTH REPORT

**"Implementation of Scheme for Integrated Cold Chain and Value Addition
Infrastructure"**



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2017/Bhadrapada, 1939 (Saka)

FORTY FIFTH REPORT
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(SIXTEENTH LOK SABHA)

MINISTRY OF FOOD PROCESSING INDUSTRIES

**"Implementation of Scheme for Integrated Cold Chain and Value Addition
Infrastructure"**

Presented to Speaker 30.08.2017

Presented to Lok Sabha on

Laid on the Table of Rajya Sabha on



LOK SABHA SECRETARIAT
NEW DELHI
AUGUST, 2017/BHADRAPADA, 1939 (SAKA)

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<CONTENTS>

PAGE No.

COMPOSITION OF THE COMMITTEE (2016-17).....	(iii)
INTRODUCTION.....	(v)

REPORT

PART-I

CHAPTER I	Introduction Scheme for Cold Chain, Value Addition and Preservation Infrastructure
CHAPTER II	Schematic Analysis (i) Budgetary Allocation (ii) Initiatives for Promotion and Development of Food Processing Sector (iii) Physical Progress of the Scheme (iv) Grant in Aid (v) Value Addition Facilities (vi) Impact Evaluation of the Scheme (vii) Employment Generation and Farmers Linkage (viii) Farm Level Infrastructure
CHAPTER III	Implementation of Scheme in North-Eastern Region

PART-II

RECOMMENDATIONS AND OBSERVATIONS OF THE COMMITTEE

ANNEXURES

Annexure-I:	Estimate of the monetary value of harvest and post-harvest losses in the country at production of year 2012-13 and prices of 2014 along with percentages of losses as assessed.
Annexure-II	The agro-climatic zone-wise extents of losses as estimated by the CIPHET study.
Annexure-III:	The gap study conducted by NCCD, State-wise breakup of cold chain infrastructure requirement
Annexure-IV:	State-wise status of implementation of 236 projects
Annexure-V:	State-wise details of irradiation projects along with financial assistance provided by the Ministry
Annexure-VI:	Details of Integrated Cold Chain Project in North Eastern Region.
Annexure-VII:	Details of integrated cold chain projects in Himalayan States

APPENDICES

I.	Minutes of the 20 th Sitting of the Committee held on 19.05.2017
II.	Minutes of the 22 th Sitting of the Committee held on 19.06.2017
III.	Minutes of the 27 th Sitting of the Committee held on 28.08.2017

COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2016-17)

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- | | | | |
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| 4. | Shri Nirantar Kumar Singh | - | Senior Executive Assistant |

INTRODUCTION

I, the Chairperson, Standing Committee on Agriculture (2016-2017) having been authorized by the Committee to submit the Report on their behalf, present this Forty Fifth Report (Sixteenth Lok Sabha) on the subject 'Implementation of Scheme for Integrated Cold Chain and Value Addition Infrastructure' pertaining to the Ministry of Food Processing Industries.

2. The Committee took evidence of the representatives of Ministry of Food Processing Industries on the subject at their Sitting held on 19.06.2017.

3. The Report was considered and adopted by the Committee at their Sitting held on 28.08.2017.

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

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

6. 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;
28 August, 2017
06 Bhadrapada, 1939 (Saka)

HUKM DEO NARAYAN YADAV
Chairperson,
Standing Committee on Agriculture

(v)

CHAPTER- I

INTRODUCTION

1.1 India has made significant achievement in production of various agricultural crops and allied products. However, the post-harvest management, preservation, transportation and value addition are not adequate in the Indian farm sector. This results in huge wastage at each stage of the supply chain. Post-harvest losses can be minimized to a greater extent by creation of uninterrupted cold chain infrastructure linking the farm gate to the retail outlet. Efficient and adequate storage and transportation facilities will not only result in more income to the farmers but also in steady supply of food products at retail outlets. The current scenario reveals that there is a tremendous scope for the development of cold chain and preservation facilities.

1.2 The most important step for improving the bargaining capacity of the farmer is to add value to his produce. Increase in agricultural output without corresponding investments in processing facilities is likely to lead to a mismatch resulting in rural distress and decline in farmers' income. It is essential to build sustainable supply chains, which will link the farmer to the processing and marketing centers seamlessly. In the absence of on-farm cooling and grading arrangements and slow development of cold chain infrastructure, the farmer is compelled to sell his produce without waiting for a better price. If the farmer is enabled to grade and store his produce close to farm, the farmer will be empowered to demand and obtain a better price from the processors and also add value to his produce. Food processors and the retailers can provide the necessary demand for the agricultural produce and facilitate the flow of market information, technology and inputs to the farmer so that he can tailor his output to the needs of the market. In the process the farmers will be able to raise their own level of income and employment. The consumer is also likely to benefit as there will be an increase in the supply of food products with a longer shelf life.

1.3 The Ministry has informed that one of the main reasons for the high losses in the supply chain of perishables is the absence of adequate and efficient cold chain infrastructure right from the farm gate to the consumer. In a repeat study conducted by the Central Institute of Post-Harvest Engineering & Technology (CIPHET), Ludhiana during 2012-14 on behalf of Ministry of Food Processing Industries on Assessment of Quantitative Harvest and Post-Harvest Losses of Major Crops and Commodities in India, average range of losses for food grains, oils seeds and fruits & vegetables were found to be between 4% to 16% resulting in annual loss of Rs. 92,651 crore. Different stages considered for assessment of losses are harvesting, collection, threshing, grading/sorting, winnowing/cleaning, drying, packaging, transportation, and storage depending upon the commodity. Estimate of the monetary value of harvest and post-harvest losses in the country at production of year 2012-13 and prices of 2014 along with percentages of losses as assessed by the study are at **Annexure-I**. The agro-climatic zone-wise extents of losses as estimated by the CIPHET study are at **Annexure-II**.

1.4 The Ministry have further stated that as per communication received from Department of Animal Husbandry, Dairying & Fisheries (DADF), the main reasons attributed for post harvest losses in fisheries are mainly due to lack of adequate cold chain facilities, processing facilities, transport and marketing facilities in the country. Besides, seasonal fluctuation in demand, physical damage during fishing, improper fishing methods, open air auctioning, unhygienic handling, lack of on – board fish hygienic handling and storage facilities etc. are also attributed to post-harvest losses in fisheries sector.

1.5 Moreover, the Ministry of Agriculture and Farmers Welfare, Department of Animal Husbandry, Dairying and Fisheries under the Centrally sponsored Scheme on 'Blue Revolution: Integrated Development and Management of Fisheries' provides financial assistance for creation of fish preservation including ice plants, storage, transportation and marketing facilities for fisheries sector.

The Comparative Harvest and Post-Harvest losses of major crops and commodities in India as per Study Reports of CIPHET released in 2010 and 2015 are-

Crops	Cumulative Wastage Reported	
	2010 (%)	2015 (%)
Fruits & Vegetables	5.8 – 18.0	4.58 - 15.88
Milk	0.8	0.92
Fisheries (Inland)	6.9	5.23
Fisheries (Marine)	2.9	10.52
Meat	2.3	2.71
Poultry	3.7	6.74

- **Value of losses of major crops (including cereals and pulses) at 2014-15 price –Rs. 92,651 crore per annum.**

1.6 During the course of evidence when asked about reasons for major variations in percentage of cumulative wastage of fruits and vegetables, the representative of the MOFPI submitted that -

'इसका कारण यह है कि यह क्राप की टाइप पर डिपेंड करता है। अगर आप देखें हमने आपको संलग्नक-2 में डिटेल्ड चार्ट दिया है। उसमें बताया है कि मिल्क में कम नुकसान होता है, जबकि ग्वावा में 15 परसेंट, टमाटर में दस परसेंट आदि। यह क्राप में वैरिएशन की वजह से होता है।'

1.7 When asked whether the Ministry have conducted any study to assess the requirement of processing centre, pack house, pre-cooling unit, ripening chamber, frozen storage/deep freezer, distribution hub, cold storage facility, refrigerated transportation and irradiation facility for food processing sector in the Country, the Ministry in its written reply has submitted the following-

"National Center for Cold Chain Development (NCCD) – an autonomous organization under Department of Agriculture, Co-operation & Farmers

Welfare, Ministry of Agriculture & Farmers Welfare - has commissioned study on "An India Cold Chain Infrastructure Capacity (Assessment of Status & Gap)" through NABARD Consultancy Services Pvt Ltd. (NABCONS) which was released in September, 2015. As per the study, inter alia, the cold chain requirement in the country stands at 3.2 million tonnes of Cold Storage. The status of cold chain infrastructure created and required is tabulated below: -

Type of Infrastructure	Infrastructure Requirement (A)	Infrastructure created (B)	All India Gap (A-B)
Pack-house	70,080 nos.	249 nos.	69,831 nos.
Reefer Vehicles	61,826 nos.	9,000 nos.	52,826 nos.
Cold-storage(Bulk)	341,64,411 MT	318,23,700 MT	32,76,962 MT
Cold-storage(Hub)	9,36,251 MT		
Ripening Chamber	9,131 nos.	812 nos.	8,319 nos.

A baseline survey conducted by NHB (December, 2014), estimates that a total of 5367 cold stores of size 26.85 million tonnes remain in operation. Considering this, the total existing gap in cold storage space works out to 8.25 million tons (approximately). However, NCCD-NABCONS study has presumed that some of the non-functional cold stores could be upgraded and/or modernised instead of creating new storage space.

The NCCD – NABCONS report has assessed the total cold chain requirement to be 35.10 million tonne and taking into consideration the present capacity (including those of non-functional cold stores) of 31.82 million tonne, the gap assessed is of 3.2 million tonnes.

It may be mentioned that the study has largely covered certain horticulture produce and left out of its scope certain significant perishable produce like milk, fish including marine products, meat including poultry meat and processed food. As per the gap study conducted by NCCD, State-wise breakup of cold chain infrastructure requirement is at **Annexure-III."**

SCHEME FOR COLD CHAIN, VALUE ADDITION AND PRESERVATION INFRASTRUCTURE

1.8 The Ministry launched the scheme of cold chain, value addition and preservation infrastructure in year 2008. The objective of the Scheme is to provide

integrated cold chain, value addition, and preservation infrastructure facilities without any break from the farm gate to the consumer for reduction of post-harvest losses of horticulture and non-horticulture agri-produce. This will enable linking groups of producers to processors and market through a well equipped supply chain and cold chain, thereby ensuring remunerative prices to farmers and year-round availability of food products to consumers.

1.9 The original guidelines of the scheme were notified on 18.03.2010. Based on feedback and consultations with stakeholders, the scheme guidelines were modified on 20.11.2013 and subsequently on 08.08.2014 for the purpose of smooth implementation and to achieve the objective of the scheme. Based on further feedback and experience of implementation of the scheme, the guidelines have been further revised on 29.08.2016 and the scheme has been re-christened as scheme for Integrated Cold Chain and Value Addition Infrastructure.

Features of the Scheme as per revised guidelines dated 29.08.2016

1.10 Pattern of Assistance:-

- (a) For storage infrastructure including pack house and pre cooling unit, ripening chamber and transport infrastructure, grant-in-aid @ 35% of the total cost of plant & machinery and technical civil works for General Areas and @ 50% for North East States, Himalayan States, ITDP Areas & Islands will be provided.
- (b) For value addition and processing infrastructure including frozen storage/ deep freezers associated and integral to the processing, grant-in-aid @ 50% for General Areas and @ 75% for North East States, Himalayan States, ITDP Areas & Islands, will be provided.
- (c) For irradiation facilities grant-in-aid will be provided @ 50% for General Areas and @ 75% for North East States, Himalayan States, ITDP Areas & Islands.

Note: Maximum grant-in-aid would be Rs. 10 crore per project.

1.11 Scheme Components

The scheme has the following components:-

- (a) Farm Level Infrastructure, which may include processing center, situated in the catchment area of the targeted produce.
- (b) Distribution Hub
- (c) Refrigerated/Insulated transport.
- (d) Irradiation facility.

1.12 To avail financial assistance, the applicant has to set up farm level infrastructure as a mandatory component and any one or both of the components from (b) and (c) above. In view of its functional nature, the irradiation facility can be set up as a standalone component for the purpose of availing grant under the scheme.

Implementation schedule

1.13 The implementation schedule for a cold chain project is 20 months in General Areas and 24 months in North-East States, Himalayan States, ITDP Areas and Islands. A provision has been made in the latest revised guidelines for imposition of penalty in case of failure to complete the project as per the stipulated timeline. A penalty of 1% of the quantum of grant installment has been laid down for each month's delay beyond the stipulated time line subject to a maximum of 5% of the installment amount.

Eligible Organizations

1.14 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.

1.15 **Basic Eligibility Criteria**

The proposals have to meet the following basic eligibility criteria under the scheme:

- a) The net worth of the applicant should be at least 1.5 times of the grant applied for.
- b) Infusion of equity of at least 20% of the total project cost for in general areas projects and 10% for projects in North East States, Himalayan States, ITDP Areas & Islands.
- c) Availing term loan from the Bank/ Financial Institution (FI) for an amount not less than 20% of the project cost.
- d) The applicant will have to set up the component of Farm Level Infrastructure and any one or both of components out of Distribution Hub and Refrigerated / Insulated Transport. Irradiation Facility can be set up as a standalone component.

Selection Process of beneficiaries or projects

1.16 Applications under the scheme are invited through EOI issued by the Ministry. Selection of projects is done through a two-tier process of technical evaluation and approval by an Inter-Ministerial Committee (IMAC) chaired by Hon'ble Minister (FPI). Technical Consultants (PMA or Programme Management Agency) assist the Ministry in evaluation and selection of proposals.

Evaluation Criteria

1.17 The proposals found prima facie eligible based on the basic eligibility criteria are evaluated as per the assessment criteria laid down in the Scheme guidelines. In the assessment criteria, weightage has been provided for the following desirable parameters:

- i) Availability of raw material
- ii) Possession of land with approval for industrial use.
- iii) Experience in cold chain/ food processing business

- iv) Economic viability based on bank appraisal (key financial parameters viz. IRR and DSCR).
- v) Creation of complete cold chain from farm to market with processing
- vi) Quantum of investment proposed in farm level infrastructure and refrigerated transport
- vii) Projects in uncovered areas/ districts having abundant raw material and lacking cold chain infrastructure
- viii) Leveraging of private investment in the project
- ix) Adoption of modern technology for reducing carbon foot print, energy efficiency and optimizing operations.
- x) Use of renewable / alternate energy source.

1.18 On being asked regarding steps undertaken by the Ministry to prevent harvest and post harvest losses, the Ministry submitted that-

"The Ministry of Food Processing Industries is implementing various Central Sector Schemes for prevention of post-harvest losses and promotion and development of food processing sector in the country."

Recently, Government has approved a new Central Sector Scheme – SAMPADA (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters) with an allocation of Rs.6,000 crore for the period 2016-20 coterminous with the 14th Finance Commission cycle. The objective of SAMPADA is to Supplement Agriculture, Modernize Processing and Decrease Agri-Waste. The SAMPADA is an umbrella scheme with the following components:

- i. Mega Food Parks (ongoing)
- ii. Integrated Cold Chain and Value Addition Infrastructure (ongoing)
- iii. Creation/ Expansion of Food Processing & Preservation Capacities (new)
- iv. Infrastructure for Agro-processing Clusters (new)
- v. Creation of Backward and Forward Linkages (new)
- vi. Food Safety and Quality Assurance Infrastructure (ongoing)
- vii. Human Resources and Institutions (ongoing)

The implementation of SAMPADA will result in creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet. It will not only provide a big boost to the growth of food processing sector in the country but also help in providing better prices to farmers and is a big step towards doubling of farmers' income. It will create huge employment opportunities especially in the rural areas. It will also help in reducing wastage of agricultural produce, increasing the processing level, availability of safe and convenient processed foods at affordable price to consumers and enhancing the export of the processed foods."

CHAPTER-II

SCHEMATIC ANALYSIS

2.1 The objective of the Scheme of Cold Chain, Value Addition and Preservation Infrastructure is to encourage setting up of backward and forward linkages in the agricultural supply chain in the country, to minimize the post-harvest losses , to enhance the value addition in the agricultural produce and to create integrated supply chain infrastructure in the country.

FINANCIAL PROGRESS OF THE SCHEME:

2.2 The Ministry has informed that during the 11th plan period, Government had approved taking up of 79 cold chain projects for financial assistance by the Ministry in 3 phases. The Ministry had sanctioned 74 cold chain projects for financial assistance. Subsequently, the Ministry cancelled 19 projects mainly due to very slow progress of implementation. Thus, 55 cold chain projects were taken up for implementation from 11th Plan. CCEA in its meeting held on 08.08.2013 approved taking up of 75 cold chain projects with the financial outlay of Rs 786 crore. Out of the 75 approved projects by the Government, sanction letters were issued to 66 projects. Out of 66 projects, 16 projects have been cancelled/ withdrawn mainly due to very slow progress made by the promoters. To fill up the vacant slots created out of cancellation/withdrawal of proposals pertaining to previous phases, the Ministry had issued an Expression of Interest on 02.12.2013. Out of 153 proposals received against the EOI, 30 projects had been sanctioned for financial assistance in May, 2015. As on 15.01.2017, 135 projects have been taken up for implementation with 3 vacant slots. Of the 135 projects 93 have been completed and 42 are at various stages of implementation.

Now, EFC has approved taking up of 100 new integrated cold chain projects in the FY 2016-17. Expression of Interest has been issued on 31.10.2016 for inviting proposals for taking up 100 new cold chain projects for grant of financial assistance with last date as 15.11.2016. The Ministry has received 308 proposals. **[ANNUAL REPORT]**

Budgetary Allocation

2.3 The Ministry has informed that against allocation of Rs. 704.17 crore during 12th Plan period for the Cold Chain Scheme, Rs. 683.44 crore have been released towards implementation of the scheme.

2.4 On being asked regarding allocation of funds for the Scheme of Cold Chain, Value Addition and Preservation Infrastructure during last five years, the Ministry in its written reply has submitted as under-

"The details of allocation of funds and utilization thereof in respect of scheme for Integrated Cold Chain & Value Addition Infrastructure during last five years and current fiscal year is as under:-

Rs. in crore		
Period	Allocation	Expenditure
12th Plan Period(2012-13 to 2016-17)		
2012-13	81.37	81.13
2013-14	103.73	103.72
2014-15	153.36	153.36
2015-16	180.5	160.35
2016-17	185.21	184.88
Total of 12th Plan	704.17	683.44
2017-18	180.00	8.11(as on 20.05.2017)

Further, the Ministry has informed the Committee that at present the Ministry is assisting 236 cold chain projects. These include 103 cold chain projects which have been sanctioned in the month of March/April, 2017. Out of 236 cold chain projects being assisted by Ministry, 100 projects have achieved completion and started commercial operations as on 15.05.2017. The total project cost of 236 projects is Rs. 6274.98crore with private investment of Rs. 4408.65 crore and grant-in-aid of Rs. 1866.33crore. State-wise status of implementation of 236 projects is at **Annexure-IV**"

2.5 During the course of examination, the representatives of the Ministry submitted as under-

श्री अविनाश कुमार श्रीवास्तव : यस सरा ^{इस योजना पर 2015-16}
हम एक बात आपके सामने रखना चाहते हैं कि वर्ष ~~2016-17~~ में हमने 160 करोड़
रुपये का खर्च किया था और पिछले साल 185 करोड़ रुपये का खर्च किया है। हमने सभी ^{ग्रामीणों}
पुरानी लायबिलीटिज़ को कम्पलीट कर लिया है और इस साल का हमारा 180 करोड़ रुपये
का बजट है, जिस पर हम काम कर रहे हैं। इसके लिए हम स्टैंडिंग कमेटी का आभार प्रकट
करना चाहते हैं क्योंकि आपकी वजह से हमारा बजट स्वीकृत हुआ है।

2.6 In a query regarding any concessional terms extended to farmers, especially small and marginal farmers desirous of setting up cold storage infrastructure, the Ministry in its written reply has submitted -

"The Ministry does not support creation of standalone cold storages for financial assistance. As per the scheme guidelines of Integrated Cold Chain and Value Addition Infrastructure, inter-alia, farmers, Farmers Producer Organizations, Farmer Self Help Groups are eligible to apply for setting up integrated cold chain and value addition infrastructure subject to fulfill the eligibility conditions. As per revised scheme guidelines issued on 29.08.2016, the pattern of assistance is as follows:

(a) For storage infrastructure including pack house and pre cooling unit, ripening chamber and transport infrastructure, grant-in-aid @ 35% of the total cost of plant & machinery and technical civil works for General Areas and @ 50% for North East States, Himalayan States, ITDP Areas & Islands will be provided.

(b) For value addition and processing infrastructure including frozen storage/ deep freezers associated and integral to the processing, grant-in-aid @ 50% for General Areas and @ 75% for North East States, Himalayan States, ITDP Areas & Islands, will be provided.

(c) For irradiation facilities grant-in-aid will be provided @ 50% for General Areas and @ 75% for North East States, Himalayan States, ITDP Areas & Islands.

Maximum grant-in-aid would be Rs. 10 crore per project."

National Horticulture Board, Ministry of Agriculture & Farmers Welfare is providing credit link back ended subsidy on all India basis to set up cold storages under their scheme of Capital Investment Subsidy for Construction/Expansion/Modernization of cold storages and storages for horticulture products. The pattern of assistance is @35% of the capital cost of the project in general areas and 50% in case of North East, Hilly and Scheduled Areas for cold storage capacity above 5000 MT and upto 10000 MT. Individuals, Association of Growers, Group of Farmer Growers/Consumer, Farmer Producers Organizations, Self Help Groups, etc. are eligible organization to avail the benefit of the scheme.

Further, Department of Agriculture, Cooperation & Farmer's Welfare is implementing Mission for Integrated Development of Horticulture (MIDH) for holistic development of horticulture in the country including creation of post-harvest management infrastructure for better efficiency of cold supply chain to reduce losses of perishable horticulture produce. Post-harvest management component includes establishment of cold storages, staging cold room, pack house, pre-cooling units, controlled atmosphere storage, reefer vans, etc. The components can be set up inter alia, by the farmers at farm gate. These components are demand and entrepreneur driven for which credit linked back ended subsidy is available through respective State Horticulture Mission. An entrepreneur can avail assistance for individual component or combination of different components for which assistance @ 35% of admissible project cost in general areas and @ 50% in hilly and schedule area is available as credit linked and back ended subsidy."

Initiatives for Promotion and Development of Food Processing Sector

2.7 Regarding other important initiatives undertaken to develop and promote food processing sector in the Country, the Ministry in its written reply has submitted as under-

- i. Permitting 100% FDI in trading including E-Commerce, of food products manufactured and/ or produced in India

Government has allowed 100% FDI in trading including through e-commerce,

in respect of food products manufactured and/ or produced in India. This will provide impetus to the foreign investment in food processing and retail sector, benefit farmers immensely and will create back-end infrastructure and significant employment opportunities. Investment proposals worth about US \$ 700 Million have been received.

ii. Creation of a Special Fund of Rs. 2000 Crore in NABARD

A Special Fund of Rs. 2000 Crore has been setup in NABARD by the Central Government to make available affordable credit at concessional rate of interest to designated food parks and agro-processing units in the designated Food Parks. Ministry has notified 165 designated Food Parks in different States for this purpose. Rs. 465 Crore has been sanctioned to 12 Projects and Rs. 144.49 Crore disbursed so far.

iii. Priority Sector Lending:

Food and agro-based processing units and cold chain infrastructure have been classified under agriculture activities for Priority Sector Lending (PSL) as per the revised RBI Guidelines issued on 23/04/2015. It will provide additional credit for food processing activities and infrastructure and thus boost food processing, reduce wastage, create employment and increase farmers' income. Credit of Rs. 2.50 Lakh Crore has been disbursed to food processing sector up to 2016-17 under PSL.

iv. Tax Incentives:

(a) Under Section 80(1B) (11A) of the Income Tax Act, 1961, 100 percent tax exemption is available for the first five years of operation and after that, at the rate of 25 per cent (30 per cent in case of a company) for next five years for new units in the business of processing, preservation and packaging of fruits or vegetables, meat and meat products, poultry, marine or dairy products.

(b) Under Section 35-AD of the Income tax Act 1961, deduction to the extent of 100 per cent is allowed for expenditure incurred on investment for (i) setting up and operating a cold chain facility; and (ii) setting up and operating warehousing facility for storage of agricultural produce.

(c) Government has extended Project Import benefits to 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 of 5%."

PHYSICAL PROGRESS OF THE SCHEME

2.8 The Ministry has informed that the Integrated Cold Chain scheme of Ministry of Food Processing Industries aims at creation of uninterrupted cold chain and value addition infrastructure from the farm gate to the retail outlets with greater emphasis on processing and value addition of horticulture and non-horticulture produce.

2.9 The integrated cold chain scheme of Ministry of Food Processing Industries does not solely aim at creation of cold storage facility. In a typical cold chain project costing Rs. 20-25 crore, the cold storage capacity created may range from 2000-5000 MT. A cold chain project will typically have state-of-the-art sorting, grading, packaging lines, processing and/or modern multi-temperature, multi-chamber storage facility.

2.10 The Government has approved taking up of 100 new integrated cold chain projects in the 2016-17. Presently, the Ministry is assisting 236 cold chain projects. Operationalization of these 236 cold chain projects is expected to create a cold chain capacity of 7.67 lakh MT of Cold Storage/Controlled Atmosphere/Deep Freezer Storage, 215 MT/Hr of Individual Quick Freeze, 110.49 lakh LitresPer Day of Milk Processing/Storage and 1400 nos. of Reefer Vehicles. The scheme guidelines do not provide any minimum or maximum capacity of cold storage to be set up under the cold chain projects. The phase wise implementation of projects is given below-

Phase	Approved by CCEA/EFC	Sanctioned by Ministry	Cancelled	completed	Under Implementation
Phase - 1 (2008-09)	10 (19.03.08)	10	0	10	0
Phase - 2 (2011-12)	39 (15.04.10)	28	01	26	01
Phase - 3 (2012-13)	30 (23.03.12)	25	07	16	02
Phase - 4 (2013-14)	75* (08.08.13)	66	16	44	06
Phase - 5 (2015-16)*	-	30** (18.05.15)	6^	6	22
Phase - 6 (2016-17)	100 (09.02.16 b EFC)	103*** (March/ April, 2017)	0	0	103
Total	-	-	30	102#	134#

*** Includes 16 cancelled/withdrawn of Phase 2 & 3**

****Includes 21 cancelled/withdrawn and 09 unapproved projects from earlier phases**

***** Includes 3 cancelled/withdrawn from phase 5.**

^ 6 projects have been cancelled and 4 projects have been approved after CIMs recommendations

Total 236 projects are being assisted

2.11 During the course of evidence, the Ministry in its written reply regarding the reasons for slow pace of implementation of the Scheme for Integrated Cold Chain and Value Addition Infrastructure and the steps undertaken to improve the pace of implementation of Scheme has submitted that-

"Presently, the Ministry is implementing 236 Cold Chain projects under its scheme for Integrated Cold Chain and Value Addition Infrastructure. It may be mentioned that these cold chain projects were not sanctioned by the Ministry in one go but in 6 phases from 2009 to 2017. Of these, 103 have been recently sanctioned in March/April 2017.

Therefore, each phase has its own implementation schedule. Some of the cold chain projects sanctioned by the Ministry have achieved completion as per implementation schedule prescribed in the scheme guidelines/approval letter. However, in majority of the cases, it is observed that the projects have over shot the timelines by few months to more than a year.

Some of the reasons for delay in implementation of projects is due to change in location by the promoter to ensure viability of the project, difficulty in obtaining various statutory approvals integral to the commissioning of the project for example permission for change of land use, exemption from land ceiling laws, Consent to establish and operate units from State Pollution Control Board, NoC from Town & Country Planning Department, sanction of electricity and water connection, remote location [especially in the hilly and North East Region] and sometimes financial difficulties on the part of the promoters to implement the project.

The Ministry conducts regular review meetings with the promoters of the project at the level of Joint Secretary/ Secretary/ Hon'ble Minister, FPI to monitor the projects and to resolve the issues, if any, arising during the course of implementation. The projects are also reviewed in Inter Ministerial Approval Committee meetings chaired by Hon'ble Minister, FPI. For effective resolution of issues and speedy clearances, State Govt. representatives have been included as members of the IMAC and are also invited for the review meetings.

In some cases where there was inordinate and unexplained delay on the part of promoter in implementation, the project was closed for further financial assistance after ensuring that the grant already released was spent on creation of eligible cold chain infrastructure.

Further, with a view to ensure timely completion of the project a provision of imposing penalty in terms of reducing the grant amount, on case to case basis has been incorporated in the scheme guidelines issued on 29.08.2016. A penalty of 1% of the quantum of grant installment has been laid down for each month's delay beyond the stipulated time line subject to a maximum of 5% of the installment amount."

Grant-in aid

2.12 When being queried regarding percentage of grant-in -aid provided by the government for a project, the representative of the Ministry during the course of examination replied as under-

दूसरा प्रश्न आपने पूछा था कि इसमें गवर्नमेंट ग्रांट की क्या परसेंटेज होती है, हमारे कोल्ड चेन प्रोजेक्ट्स में मैक्सिमम दस करोड़ रुपये की ग्राण्ट होती है, जो जनरल एरियाज में 35 प्रतिशत और डिफिकल्ट एरियाज में 50 प्रतिशत होती है। आपने कहा कि 236 परियोजनाओं में से केवल 100 परियोजनाएं ही पूरी हुई हैं, उसके बारे में मैं बताना चाहूंगा कि आपको ध्यान होगा कि इन 236 परियोजनाओं में 103 बिल्कुल नई परियोजनाएं हैं, जिनको हमने महीने भर पहले ही सैंक्शन किया है। जो 100 प्रोजेक्ट्स कम्प्लीट हुए हैं, उनको 133 के सापेक्ष देखा जाए तो यह लगभग 80 प्रतिशत कम्प्लीशन है। कई योजनाओं में हमने टाइमलाइन कम किया है। अभी तक जनरल एरियाज में 24 महीने और डिफिकल्ट एरियाज में 30 महीने का समय था, उसे हमने कम करके क्रमशः 20 महीने और 24 महीने करने का प्रस्ताव रखा है। हमने उसमें पेनाल्टी की भी व्यवस्था रखी है। हमने अपने फण्ड रिलीज के पैटर्न को चेंज किया है, पहले लास्ट इंस्टालमेंट 25 प्रतिशत होती थी, अब हमने उसे बढ़ाकर 35 प्रतिशत कर दी है। इसका कारण यह है कि लास्ट इंस्टालमेंट हम प्रोजेक्ट कम्प्लीट होने पर देते हैं, अगर उसकी बड़ी धनराशि सरकार के पास रुकेगी तो वह पूरी गंभीरता से प्रोजेक्ट कम्प्लीट करेगा और तभी उसे सरकार से बाकी पैसा मिलेगा।

2.13 While replying to a query whether any timeline has been set for achieving the targets of the scheme and whether the achievements under the schemes are as per timelines set by the Ministry, it has been stated that:

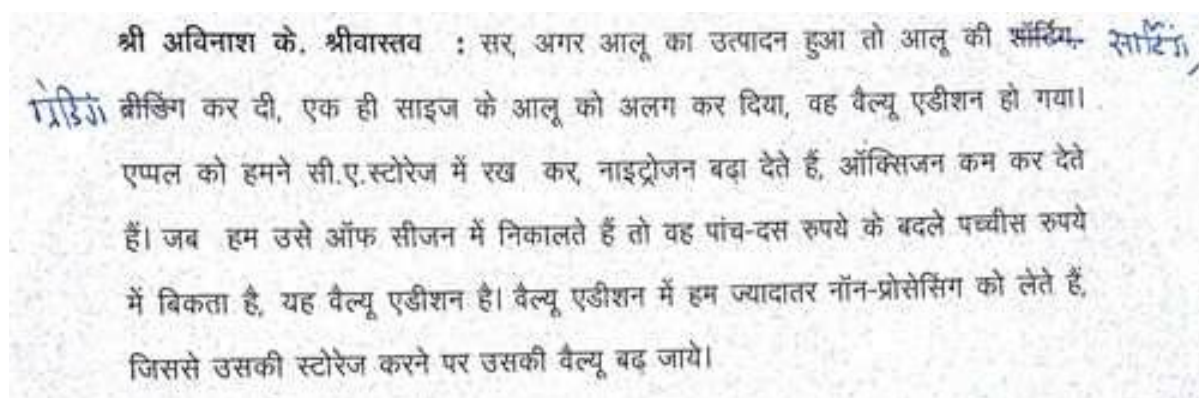
"As per the revised operational scheme guidelines issued on 29.08.2016, the implementation schedule for a cold chain project is 20 months in General Areas and 24 months in North-East States, Himalayan States, ITDP Areas and Islands. A provision has been made in the revised guidelines for imposition of penalty in case of failure to complete the project as per the stipulated timeline. A penalty of 1% of the quantum of grant installment has been laid down for each month's delay beyond the stipulated time line subject to a maximum of 5% of the installment amount."

Some of the reasons for delay in implementation of projects is due to change in location by the promoter to ensure viability of the project, difficulty in obtaining various statutory approvals integral to the commissioning of the project for example permission for change of land use, exemption from land ceiling laws, Consent to establish and operate units from State Pollution Control Board, NoC from Town & Country Planning Department, sanction of electricity and water connection, remote location [especially in the hilly and North East Region] and sometimes financial difficulties on the part of the promoters to implement the project.

The Ministry conducts regular review meetings with the promoters of the project at the level of Joint Secretary/ Secretary/ Hon'ble Minister, FPI to monitor the project and to resolve the issues, if any, arising during the course of implementation. The projects are also reviewed in Inter Ministerial Approval Committee meetings chaired by Hon'ble Minister, FPI. For effective resolution of issues and speedy clearances, State Govts. Representatives have been included as members of the IMAC and are also invited for the review meetings."

Value Addition Facilities

2.14 During the course of evidence, the Committee desired to know about the relevance of term 'Value Addition' in the nomenclature of the Scheme, the representative of the Ministry stated that-



श्री अविनाश के. श्रीवास्तव : सर, अगर आलू का उत्पादन हुआ तो आलू की सॉर्टिंग, ग्रेडिंग कर दी, एक ही साइज के आलू को अलग कर दिया, वह वैल्यू एडिशन हो गया। एप्पल को हमने सी.ए.स्टोरेज में रख कर, नाइट्रोजन बढ़ा देते हैं, ऑक्सीजन कम कर देते हैं। जब हम उसे ऑफ सीजन में निकालते हैं तो वह पांच-दस रुपये के बदले पच्चीस रुपये में बिकता है, यह वैल्यू एडिशन है। वैल्यू एडिशन में हम ज्यादातर नॉन-प्रोसेसिंग को लेते हैं, जिससे उसकी स्टोरेज करने पर उसकी वैल्यू बढ़ जाये।

2.15 When asked about the value addition facilities available in the completed projects and how the farmers are getting directly benefitted by the value addition to their produce, the Ministry in a written reply submitted:-

"Individual Quick Freeze (IQF), Spiral Freezer, Blast Freezer, Plate Freezer, Vacuum Freeze Drying, Milk Processing for packaged milk and facilities, preparation for Paneer, Cheese, Dahi, Lassi, Butter Milk etc., Ripening Chamber, Poultry/Meat/ Fishery/Marine Processing unit, ready to eat, ready to cook are some of the value addition facilities which are available in the completed cold chain projects assisted by the Ministry.

Farmers harvested value becomes better marketable by undertaking sorting, grading, cleaning, packaging, pre-cooling and transportation to markets. These activities there by add value to farmers by allowing them to access markets for better value realisation.

Further, as regards, benefits accrued to the farmers consequent on setting up cold chain projects in the area, the Ministry has conducted a study of the Scheme for Integrated Cold Chain and Value Addition Infrastructure through NABARD Consultancy Pvt. Ltd. (NABCONS) to assess the overall socio-economic impact and benefits accrued to various stake holders. The report has inter-alia, observed that the setting up of cold chain units in the catchment area has apparent economic impact in terms of saving wastage, increase in farm gate price and establishment of backward linkages. It has also been noted in the report that with the establishment of cold chain projects farmers in the catchment area have been benefitted in terms of assured price, risk avoidance, assured market and reduction in wastage."

2.16 Responding to a query regarding the facilities being provided at cold chain infrastructure for training and creation of awareness amongst farmers on value addition of their produce, the Ministry submitted in its written reply-

"The Ministry of Food Processing Industries does not provide education and training to the farmers for availing the benefits under the various schemes being implemented by the Ministry. However, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture & Farmers Welfare under their scheme of Mission for Integrated Development of Horticulture (MIDH) provide various types of training to farmers/ Self Help Group (SHGs)/ FPOs to enhance horticulture production, enhancement of farmer income, improve productivity and strengthen nutritional security."

2.17 Regarding irradiation facility, which improves shelf-life and is one of the component of the scheme the Ministry in its written reply submitted as follows:

"Operational guidelines of the scheme for Integrated Cold Chain and Value Addition Infrastructure provide for financial assistance for setting up irradiation facility as standalone component. So far the Ministry has assisted in setting up four irradiation projects. All four irradiation projects have achieved completion and commenced commercial operation. State-wise details of irradiation projects along with financial assistance provided by the Ministry is at **Annexure-V.**"

2.18 When asked about steps undertaken by the Ministry to increase milk processing capacity in the country, the Ministry in its written reply stated as under:-

"Under the Cold Chain Scheme of Ministry of Food Processing Industries, assistance is also inter-alia, being provided for setting up milk storage and processing components. Presently, out of 236 cold chain projects assisted / being assisted by the Ministry, 60 projects pertain to Dairy sector these 60 Dairy sector projects will create milk storage / processing storage capacity of 110.49 Lakh Litres Per Day."

2.19 In its written reply to a query regarding how the Scheme have been helpful in prevention of losses in livestock produce viz. meat, poultry and fisheries, the Ministry submitted as under:-

"The scheme for Integrated Cold Chain and Value Addition Infrastructure being implemented by the Ministry assists in creation of cold chain preservation and value addition infrastructure for horticulture and non-horticulture produce. As per impact evaluation study conducted by NABCONS there has been, on an average value addition of 18% in frozen meat and meat products and around 12% in fisheries sector in the catchment area where such cold chain projects have been assisted."

IMPACT EVALUATION STUDY OF THE SCHEME

2.20 The Ministry has informed that it has conducted a study of the Scheme for Integrated Cold Chain and Value Addition Infrastructure through NABARD Consultancy Pvt. Ltd. (NABCONS) to assess the overall socio-economic impact and benefits accrued to various stake holders, NABCONS have since submitted its study report.

The impact study has inter-alia, observed following:-

- (i) The average employment creation by a Cold Chain project is around 555 (201 direct employment and 354 in-direct employment).
- (ii) On an average each project results in linkage of 9329 farmers.
- (iii) On an average, value addition for fresh fruits & vegetables is around 24% followed by frozen meat & meat products around 18% and fish sector around 12%.

- (iv) Over all the farm gate price across the sectors (fruits & vegetable, meat, marine, fish & poultry and dairy) and across the Cold Chain projects has increased by around 34%.
- (v) Average Capacity utilization by the projects is around 78%.

2.21 The impact evaluation study has inter-alia, observed that “Cold Chain scheme has significantly contributed positively at micro level (farmers and Cold Chain owners) by increased income by better price realization, value addition and wastage reduction etc. The scheme has also contributed significantly at micro level to the Indian Economy in terms of increased investment, employment creation saving in national wastages etc.”

Employment Generation and Farmers Linkage

2.22 Further, the Ministry has stated that each Cold Chain project helps in creating direct employment for about 100 persons and indirect employment for about 500 persons. Each cold chain project links about 500 farmers in the F&V sector and 5000 farmers in dairy/fishery/marine sector.

2.23 On being asked whether completed and functional projects been able to generate employment to the level stated above, the Ministry in its written reply informed as under-

"The Ministry has conducted two impact evaluation studies to assess the social-economic impact and benefits accrued to various stakeholders. First such study was conducted by the NABCONS in 2014. In this study the sample size was around 20 Cold Chain projects. Based on the study and conduct of physical verification of the implemented cold chain projects it is observed that each Cold Chain project on an average helps in creating direct employment for about 100 persons and indirect employment for about 500 persons.

Subsequently, the Ministry has got conducted another impact evaluation study of the Cold Chain scheme, the draft report of which has been submitted in March, 2017. In the said, draft impact evaluation study the sample size considered for assessing the impact is about 65 completed Cold Chain projects. The impact study has inter alia, observed that average employment creation by a Cold Chain project is around 555 (201 direct employment and

354 in-direct employment). Further, on an average each project results in linkage of 9329 farmers."

Farm Level Infrastructure

2.24 During the course of evidence when asked about setting up of infrastructure in rural areas near the farm, the representative of the Ministry replied-

"महोदय, एक नई योजना बैकवर्ड एंड फार्वर्ड लिंकेजिज के लिए है। इसमें हम फार्मर्स के प्रोड्यूसर आर्गनाइजेशंस को फार्म लेवल के इंफ्रास्ट्रक्चर के लिए अलग से धनराशि दे सकते हैं और उन्हें प्रोसेसर से जोड़ सकते हैं, ताकि वे अपने खेत या फार्म लेवल पर प्राइमरी प्रोसेसिंग करें। हमारी इन तमाम योजनाओं की छह हजार करोड़ रुपए की लागत है और हमें यह अप्रैल, 2020 तक पूरी करनी है। इस पैसे से हम किसानों को जो लाभ देंगे, उससे लगभग एक करोड़ किसानों को लाभ पहुंचेगा।"

2.25 He further added:-

हमने अपनी योजना में अबकि बार फार्म लेवल इंफ्रास्ट्रक्चर को अनिवार्य बनाने के लिए विशिष्ट प्रावधान रखा है। इससे फार्मर्स को बैनिफिट मिलेगा क्योंकि इसके जरिए उसके प्रोडक्शन एरिया के बिलकुल नज़दीक ही यह फार्म लेवल इंफ्रास्ट्रक्चर होगा, जहाँ पर वह अपनी फसल की प्राइमरी प्रोसेसिंग करवा सकेगा। वहाँ किसान अपने माल का भी लाकर बेच सकता है। अपनी परियोजनाओं में हम पैक-हाउसिज़ और शीफर व्हीकल्स के ऊपर ज्यादा स्ट्रैस दे रहे हैं।

2.26 Further elaborating about the steps undertaken by the Ministry for setting up of cold storage infrastructure near to Mandis or Rural Haats, the Ministry informed:-

"With a view to provide robust backward integration and ensuring remunerative prices to the farmers for their produce, creation of Farm Level Infrastructure has been made mandatory in the revised operational guidelines of the Cold Chain scheme issued on 29.08.2016. This Farm Level Infrastructure would be situated in the catchment area of the targeted produce and would have at least one of the facilities of integrated pack house, cold storage and/ or pre-cooling units in addition to any other processing facilities that the promoter may like to set up. The pack-house infrastructure to be set up at farm level will serve the purpose of aggregating and pre-conditioning the produce."

2.27 When asked to clarify about the details provided by the Ministry regarding State-wise distribution of cold chain projects reflects regional imbalance in creation of cold chain infrastructure, the Ministry in its written reply submitted as under:-

"The scheme guidelines of Cold Chain do not provide state-wise allocation of cold chain projects. The applications under the scheme are invited through

Expression of Interest (EOI) issued by the Ministry against the pre-approved fixed number of vacancies. The proposals have to meet certain basic eligibility criteria as per the scheme guidelines in order to become eligible for consideration of financial assistance. Further, the scheme provides flexibility and freedom to the entrepreneur to set up the cold chain projects keeping in view his business model, availability of raw material and techno-economic viability of the project. Selection of projects is done through a two-tier process of technical evaluation and approval by an Inter-Ministerial Committee (IMAC) chaired by Hon'ble Minister (FPI). The approval to the project is granted on the basis of rank secured by it in the inter-se merit list of eligible proposals.

The scheme guidelines of Integrated Cold Chain and Value Addition Infrastructure provide that the criteria of maintaining regional balance may be taken into account by the Ministry while deciding the projects for sanction of grant under the scheme. However, these criteria will be applicable only to those proposals which are found eligible as per these guidelines. While considering the proposals received against the Expression of Interest issued on 31.08.2016, Inter-Ministerial Approval Committee chaired by Hon'ble Minister, FPI has approved two eligible cold chain proposals one each in Jammu & Kashmir and Andaman & Nicobar Islands for financial assistance despite their being low in the merit list."

2.28 On being queried about any mechanism developed by the Ministry for overseeing the irregularities, any, if reported, against the agencies responsible for working of cold chain centres, the Ministry in its written reply stated:-

"The revised operational scheme guidelines for scheme for Integrated Cold Chain and Value Addition Infrastructure issued on 29.08.2016 have incorporated certain enabling provisions to ensure that suitable action is taken in case any irregularity is committed by the promoter in connection with implementation of Cold Chain projects. Some of these provisions are as follows:-

- i. In case of non-implementation of the project as per the approval letter, the Ministry would have the discretion to cancel the approval granted to the project and to recall the grant, if any, released, with interest @ 10% per annum.
- ii. In case of failure to operate the project for at least three years after commencement of commercial operation, the promoter shall return the entire grant-in-aid with interest @ 10% per annum.

- iii. In case of the failure of the promoter(s) to refund the grant-in-aid amount with interest, in the event of non-implementation of the project as approved and / or utilization of the grant for purposes other than on the approved components, the due amount shall be recovered as an arrear of land revenue as per the relevant law in force.
- iv. The Ministry may seek any clarification and/ or any document/ information at any stage of the project. The Ministry reserves the right to modify the Scheme Guidelines or any other terms and conditions as contained herein.
- v. If at any point of time, it comes to the notice of the Ministry that the grant has been availed by manipulation/ concealment of information/ facts, the same shall be withdrawn immediately and the amount, if any, released shall be refunded along with interest at the rate of 10% per annum.
- vi. The assets created wholly or substantially out of the Government Grant shall not be disposed-off or encumbered or utilized for purposes other than those for which the grant has been sanctioned, without obtaining the prior approval of the Ministry. In case of non-compliance of this condition, the promoter(s) will be liable to refund the grant with interest @ 10% per annum. In case of the failure of the promoter(s) to refund the grant-in-aid amount with interest, the due amount shall be recovered as an arrear of land revenue as per the relevant law in force."

CHAPTER-III

IMPLEMENTATION OF SCHEME IN NORTH-EASTERN REGION

3.1 The presence of large amounts of surplus agri-horti produce provides opportunities to NER to process the produce. The processing of produce will lead to better value addition and return to the growers. The food processing benefits not only the growers of agricultural produce but also creates employment in service sector like transportation, packaging, advertising and marketing.

3.2 For giving impetus to the development of food processing industry in NER, the Ministry is providing higher level of subsidy in all the schemes. The scheme provides financial Assistance @ 50 % of the total cost of plant & Machinery and technical civil work for storage and transport infrastructure for North East States, Himalayan States, ITDP Areas & islands. For value Addition and processing infrastructure grant-in-aid @ 75% for general area and for North East States, Himalayan States, ITDP Areas & islands respectively is envisaged and for irradiation facilities grant-in-aid will be provided @ 75% for North East States, Himalayan States, ITDP Areas & Islands. The implementation schedule for a cold chain project is 24 months in North East States.

3.3 On being asked about the cold storage infrastructure facilities required, available in North-Eastern and other hilly States and steps undertaken to reduce harvest and post harvest losses in horticultural produce, the Ministry in its written reply stated as under:-

"Under the scheme for Integrated Cold Chain and Value Addition Infrastructure, the Ministry is assisting 43 integrated cold chain projects in North Eastern States, Jammu & Kashmir, Himachal Pradesh and Uttarakhand. Details of integrated cold chain projects along with facilities supported under the scheme are at **Annexure-VI & VII respectively**. In order to promote development of cold chain infrastructure in NE region and hilly states, higher rate of assistance @ 50% for storage and transport infrastructure and 75% for value addition and processing infrastructure subject to a maximum of Rs 10 crore per project has been envisaged. Further, 10% of the budget allocation has also been earmarked for assisting the projects in North Eastern States."

3.4 National Horticulture Board, Ministry of Agriculture, Cooperation and Farmers Welfare has extended special package for setting up of cold storage project in North East Region. The concessions granted by the National Horticulture Board are as under:

- (i) Cold Storage with smaller capacity of 1000 MT or above are eligible compared to higher capacity of above 5000 MT in other areas.
- (ii) Subsidy is admissible @ 50% of the capital cost of project as compared to 35% in case of general areas.
- (iii) Projects of North East Region are being dealt on priority basis with separate budget allocation.

3.5 Regarding allocation of funds for Northeastern region, the representative of the Ministry submitted as under-

भारत सरकार के ये निर्देश हैं कि जो भी बजट हो, उसका न्यूनतम दस प्रतिशत हमें नार्थ ईस्ट में खर्च करना चाहिए। हम आपको अवगत कराना चाहेंगे कि मेगा फूड पार्क स्कीम में हमारे पास कुल 42 मेगा फूड पार्क हैं, जिसमें से चार पार्क हमने नार्थ ईस्ट के लिए स्वीकृत किये हैं। हाल ही में हमने नौ नये पार्क स्वीकृत किये हैं, जिसमें से हमने एक पार्क दीमापुर, नागालैंड के लिए स्वीकृत किया है। इस तरीके से हमारा नार्थ ईस्ट पर पूरा ध्यान देने का प्रयास रहता है।

3.6 During the course of evidence when further enquired about steps undertaken to augment cold chain infrastructural facilities in North eastern states, the representative of the Ministry elaborated-

माननीय सांसद ने कहा कि पहाड़ी क्षेत्रों में सिक्किम नार्थ ईस्ट में एनकरेज करने के लिए गवर्नमेंट प्रोग्राम्स होने चाहिए। मैं आपको अवगत कराना चाहूंगा कि हाल ही में हमारे मंत्रालय की तमाम योजनाओं को रिस्ट्रक्चर करके एक नयी अम्बरेला स्कीम लागू की गयी है, जिसका नाम सम्पदा है। सम्पदा का मतलब है कि स्कीम फॉर एग्रोमरीन प्रोसेसिंग एंड डेवलपमेंट ऑफ एग्रो क्लस्टर है। इसमें हमारी एक मेगा फूड पार्क की स्कीम चल रही है, उसे हम कम्प्लीट कराएंगे। जो हमारी फ्रूट्स वैन की स्कीम है, उसमें हमने डेढ़ सौ नयी परियोजनाएं ली हैं। अभी सौ परियोजनाएं हैं, लेकिन पचास परियोजनाएं और लेंगे। इसके अलावा इसमें तीन नयी

3.7 The Committee also enquired about the utilisation of funds sanctioned for the North eastern region and status of audit report of the Ministry, the representative of the Ministry submitted that-

”नॉर्थ-ईस्टर्न स्टेट्स के बारे में बात चल रही है कि वहाँ ये परियोजनाएँ धीमी गति से चल रही हैं। वहाँ की परियोजनाओं की ऑडिट स्थिति के बारे में भी सवाल उठाए गए हैं। इसके संबंध में मैं समिति को बताना चाहूँगा कि नॉर्थ-ईस्ट में हमारी परियोजनाएँ चल रही हैं। जैसा कि हमने समिति के समक्ष विवरण रखा है, हमारी 9 परियोजनाएँ हैं, जिनमें से 4 परियोजनाएँ पूर्ण हो चुकी हैं। बाकी योजनाएँ इस समय चल रही हैं। हम उन परियोजनाओं का ऑडिट सी.एंड.ए.जी. के निवेदन कर के करवा सकते हैं।

सर, नॉर्मली हमारे ये प्रोजेक्ट्स प्राइवेट एजेंसीज़ के माध्यम से चलते हैं। जिन योजनाओं में गवर्नमेंट का पैसा खर्च हुआ होता है, उन योजनाओं को चूज़ कर के सी.एंड.ए.जी. अपने हिसाब से उनका ऑडिट करने के लिए जाता है। यदि कोई विशिष्ट शिकायत हमारे पास आती है कि किसी जगह धनराशि का दुरुपयोग हुआ है, तो हम उसको अवश्य देखते हैं। ऐसे केसिज़ में हम अपने मंत्रालय से अधिकारियों की एक टीम बनाकर वहाँ भेजते हैं। हमारी एक इंटर-मिनिस्टीरियल टीम बनी हुई है जिसमें मंत्रालय के अधिकारी होते हैं, नेशनल हॉर्टिकल्चर बोर्ड (एन.एच.बी.) के अधिकारी होते हैं और बैंक्स के लोगों को भी हम उसमें शामिल करते हैं। हमारे पास आई.एल.एफ.एस., ग्रांट थ्रॉटन आदि प्रोजेक्ट मैनेजमेन्ट एजेंसीज़ (पी.एम.एज़) हैं। हम इन एजेंसीज़ को भी साथ में भेजकर विषय की जाँच करवाते हैं। यदि कोई विशेष बिन्दू समिति की नज़र में हो, तो हम अवश्य उसकी जाँच करवाएंगे। ”

PART –II

OBSERVATIONS AND RECOMMENDATIONS

Budgetary Allocation and Implementation of Scheme

1. The Scheme for Integrated Cold Chain and Value Addition Infrastructure was launched with an objective to provide adequate and efficient cold chain infrastructure right from the farm gate to the consumer. The Scheme envisages to minimize post harvest losses, reduce wastage, ensure value addition so that the farmers could get better return of their produce. The Committee are happy to note that during 12th Plan period Rs. 704.14 crores were allocated for the Scheme and the Ministry was able to expend Rs. 683.44 crores *i.e* almost 97% of the total allocation of the Scheme. The Ministry has informed that during the current fiscal year, the total allocation for the Scheme is Rs. 180 crores. However, the Committee are constrained to note that some of the cold chain projects sanctioned during Phase 2 (2011-12), Phase 3 (2012-13), Phase 4 (2015-16) and Phase-5 (2015-16) are still under implementation. The slow pace of implementation of the Scheme defeats the very purpose of the Scheme. The Ministry has informed that the Government has approved taking up of 100 new integrated cold chain projects in 2016-17. Presently, the Ministry is assisting 236 cold chain projects. Out of 236, 102 projects have been completed and 134 are under implementation. The Committee are apprehensive that with this pace of implementation, it would not be possible to complete the projects within stipulated time frame. The Committee also note that during 2015-16, the

allocation under the Scheme was Rs.180 crores for the 30 sanctioned projects, whereas during the current fiscal, the allocation is Rs. 180 crores only in respect of 103 sanctioned projects. The Committee are unable to comprehend that how the Ministry of Food Processing Industries will be able to implement the projects with such a meager amount. The Committee, therefore recommend that the Ministry should raise the issue with the Ministry of Finance and seek additional allocation for the projects sanctioned so that they could be completed within the timeframe. The Committee would like to be apprised about the steps taken in this regard. They also recommend that the implementation of the pending projects be expedited.

Setting up of Farm Level Infrastructure

2. The Committee note that though the Schemes are made for the farmers but the farmers are not the real beneficiary. Similar is the case with the Scheme for Cold Chain and Value Addition Infrastructure. The Scheme was launched in 2008 but even after the lapse of nine years the benefits of the Scheme are yet to percolate to the grassroots level particularly to the small and marginal farmers. The Committee feel that slow pace of implementation, faulty design and guidelines of the Scheme etc are some of the reasons for execution of the scheme. The Ministry has submitted that the guidelines of the Scheme for Cold Chain and Value Addition Infrastructure have lately been revised and the Scheme has been made

more farmer friendly. The Committee are of the opinion that the farmers particularly small and marginal farmers could only reap the benefit of the Scheme if the infrastructure is set up in rural areas. The small and marginal farmers will get immensely benefitted by farm level infrastructure because it would reduce their cost of transportation and help them in adding value to their produce. The Ministry has informed that under the new Scheme SAMPADA, a component with backward and forward linkage has been incorporated and it would facilitate the farmers with farm level infrastructure. The Committee are happy to note that the Farm Level Infrastructure is proposed to be situated in the catchment area of the targeted produce and would have at least one of the facilities of integrated pack house, cold storage and/ or pre-cooling units in addition to any other processing facilities that the promoter may like to set up. They hope that these measures will help the farmers to get the real benefits of the scheme. The Committee recommend that in order to encourage setting up of cold chain infrastructure in rural areas, the subsidy provided by the government be enhanced for the entrepreneurs/ developers who set up infrastructure in rural areas.

Creation of Cold Storage facilities near Rural Areas

3. The Committee note that the farmers in the country face lot of hassles on transportation of their surplus produce to the Cold Storages located at far off places from their farm. Lack of proper storage facilities at the farm level result in huge losses of perishable items. The Committee note

that with a view to provide robust backward integration and ensuring remunerative prices to the farmers for their produce creation of Farm level infrastructure has been made mandatory in the revised operational guidelines of the Cold Chain Scheme issued on 29.08.2016. This Farm Level Infrastructure would be situated in the catchment area of the targeted produce and would have at least one of the facilities of integrated pack house, cold storage and/or pre-cooling units in addition to any other processing facilities that the promoter may like to set up. The Committee appreciate this revision in the guidelines adherence to which will surely provide far reaching benefits to the small and marginal farmers. The Committee desire that a status report be submitted in this regard for the projects which have been sanctioned after the revision of the operational guidelines.

State wise Distribution of Cold Chain Projects

4. The Committee note that aim of the Scheme is to provide Cold Chain and Value Addition facilities without any break, from the farm gate to the consumer. It will not only provide a big boost to the growth of food processing sector in the country but also help in value addition and ensuring better prices to farmers. However, the Committee observe that the number of Cold Chain projects in some of the agriculturally important States like Uttar Pradesh , Bihar, Karnataka, Madhya Pradesh etc are not in consonance with their contribution to agriculture sector. The Ministry has informed that the scheme guidelines of Cold Chain do not provide state-

wise allocation of cold chain projects. The Ministry has further stated that the scheme guidelines of Integrated Cold Chain and Value Addition Infrastructure provide that the criteria of maintaining regional balance may be taken into account by the Ministry while deciding the projects for sanction of grant under the scheme. However, these criteria will be applicable only to those proposals which are found eligible as per these guidelines. The Committee are of view that establishment of adequate numbers of Cold Chain infrastructure in these States will not only reduce the post-harvest losses but also provide sustainable employment opportunities and economic growth in the region. The Committee, therefore, recommend the Ministry to focus on these States as well and take steps to encourage entrepreneurs to apply for establishment of Cold Chain Infrastructure.

Integrated Cold Chain Network

5. The Committee note that post harvest losses of agricultural produce are of enormous magnitude in the Country. In terms of CIPHET Report, the yearly losses of major perishable agricultural produce are estimate to be Rs. 92,651 crore. This type of colossal losses not only causes national wastage but also endangers the livelihood of farmers.

With a view to setting up of backward and forward linkages in agricultural supply chain in the Country to minimize the post-harvest losses and to enhance the value addition in agricultural produce, the Ministry of

Food Processing Industries had launched the scheme of Cold Chain, Value Addition and Preservation Infrastructure during the year 2008. This was an innovative scheme having its potential to revolutionize the rural economy, increase farm income and sustain the livelihood. However, the Committee feel that the scheme has not progressed at desired pace and direction. Even after 9 years of implementation of this scheme, only 236 projects have been sanctioned till date.

The Committee, therefore, recommend creation of a country-wide integrated cold chain infrastructure network at block level and district level. The guidelines of the Scheme may be suitably revised. The Committee would like to be apprised of the progress made in this regard.

Also to ensure proper implementation of the Scheme, the Committee recommend that a Cold Chain Coordination and Monitoring Committee at the district level be constituted. The Committee are also of the view that the public representatives (MP/MLA) of the respective districts may be included in the Cold Chain Coordination and Monitoring Committee. The Committee feel that inclusion of a public representative in such Committees will facilitate the expeditious implementation of the Scheme. The Committee would like to be apprised of the action taken by the Ministry in this regard.

Provision of training in Value Addition Facilities

6. The Committee note that Value addition facilities being provided under the Scheme for Cold Chain and Value Addition Infrastructure is an important component of the Scheme. The income and bargaining capacity of the farmers can be raised by adding value to their produce. Value addition to the produce makes it marketable. The Committee are of view that benefits of the Scheme cannot be achieved unless there are adequate efforts for providing requisite training to the farmers on value addition. The Ministry has informed that the Ministry of Food Processing Industries does not provide education and training to the farmers for availing the benefits under the various schemes being implemented by the Ministry. However, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture & Farmers Welfare under their scheme of Mission for Integrated Development of Horticulture (MIDH) provide various types of training to farmers/ Self Help Group (SHGs)/ FPOs to enhance horticulture production, enhancement of farmer income, improve productivity and strengthen nutritional security. The farmers particularly small and marginal farmers have the capacity of producing but for want of knowledge and awareness they are deprived of reaping the benefits. The Committee therefore recommend the Ministry to make provision under the Scheme to create awareness and provide training to the farmers on Value addition so as to prevent wastage and raise the value of the product.

Implementation of Scheme in North-Eastern Region

7. The North Eastern region with its agro-friendly climate and agrarian roots has the potential to be a sunrise zone for food processing. The various subsidies and incentives extended by the Government set the stage for making food processing a lucrative option in the area. The Committee are aware of the fact that the processing of produce will lead to better value addition and return to the growers. The Committee note that the Ministry is providing higher level of subsidy in all the schemes. The scheme provides financial Assistance @ 50 % of the total cost of plant & Machinery and technical civil work for storage and transport infrastructure for North East States, Himalayan States, ITDP Areas & islands. For value Addition and processing infrastructure grant-in-aid @ 75% for general area and for North East States, Himalayan States, ITDP Areas & islands respectively is envisaged and for irradiation facilities grant-in-aid is provided @ 75% for North East States, Himalayan States, ITDP Areas & Islands. Also, 10% of the budget allocation is earmarked for assisting projects in North Eastern States. The Committee note that under the scheme for Integrated Cold Chain and Value Addition Infrastructure, out of 43 integrated cold chain projects in North Eastern States, Jammu & Kashmir, Himachal Pradesh and Uttarakhand. Only 09 projects are located in North Eastern region. Out of these 09 projects only 04, (one in Assam and one in Manipur and two in Mizoram) have been completed. Considering the fact that most of the projects in the region were approved during 2011-12 and that the implementation schedule for a cold chain project is 24 months in North East

States, the Committee are unhappy to note the slow pace of implementation of the Scheme in the NE States and recommend the Ministry to expedite the implementation of the projects in the region.

Minimizing Post Harvest Losses

8. The Committee note that millions of tonnes of agricultural produce is wasted every year- much of it due to post harvest losses of perishable products. Coupled with distressing condition, the farmers producing perishable items do not get remunerative prices for their produce and unemployment abounds in the rural areas leading to poverty everywhere in the rural areas, particularly, among agricultural labourers, small and marginal farmers. In the recent past, instances of throwing of huge quantities of tomatoes and potatoes have come to the notice of the Committee. Had there been a proper system of storage of these perishable items which could have facilitated remunerative prices for them, the farmers would not have been compelled to throw their agricultural produce due to non-remunerative market prices.

The Committee are of considered opinion that Food Processing Industry in rural areas has the potential to increase the value addition, reduce post harvest losses, generate employment, increase farm incomes and reduce poverty. It will boost rural economy and reduce agricultural distress.

The Committee, therefore, strongly recommend that the Ministry of Food Processing Industry should take new initiatives to foster coordinated

approach towards creation and development of food processing infrastructure and ancillary industries in areas which are known for production of major fruits, vegetables and perishable items. The Committee urge the Ministry to take new initiatives in the matter and take proactive measure for attainment objectives in right earnest.

NEW DELHI;
28 August, 2017
06 Bhadrapada, 1939 (Saka)

HUKM DEO NARAYAN YADAV
Chairperson,
Standing Committee on Agriculture

**ANNEXURES WILL
BE UPLOADED
LATER ON**

**STANDING COMMITTEE ON AGRICULTURE
(2016-17)**

MINUTES OF THE TWENTY SEVENTH SITTING OF THE COMMITTEE

The Committee sat on Monday, the 28th August, 2017 from 1500 hrs. to 1530 hrs. in the Room No. 53, Parliament House, New Delhi.

PRESENT

Shri Hukm Deo Narayan Yadav – Chairperson

MEMBERS

LOK SABHA

02. Md. Badaruddoza Khan
03. Dr. Tapas Mandal
04. Shri Janardan Mishra
05. Shri Nityanand Rai
06. Shri Mukesh Rajput
07. Shri C.L. Ruala
08. Shri Satyapal Singh (Sambhal)
09. Shri Jai Prakash Narayan Yadav

RAJYA SABHA

10. Shri Sambhaji Chhatrapati
11. Sardar Sukhdev Singh Dhindsa
12. Shri Janardan Dwivedi
13. Shri Vinay Katiyar
14. Shri Mohd. Ali Khan
15. Shri Ram Nath Thakur

SECRETARIAT

1.	Shri D.S. Malha	–	Joint Secretary
2.	Shri Arun K. Kaushik	–	Director
3.	Smt. Juby Amar	–	Additional Director
4.	Shri C. Vanlalruata	–	Deputy Secretary
5.	Shri Sumesh Kumar	–	Under Secretary

2. At the outset, Hon'ble Chairperson welcomed the Members to the Valedictory Sitting of the Committee. Thereafter, the Committee took up the following draft Reports for consideration:

*(i)	XXXXX	XXXXX	XXXXX	XXXXX
*(ii)	XXXXX	XXXXX	XXXXX	XXXXX

(iii) Draft Report on the Subject "Implementation of Scheme for Integrated Cold Chain and Value Addition Infrastructure" pertaining to the Ministry of Food Processing Industries.

3. After some deliberations, the Committee adopted the draft Reports without any modifications and authorized the Chairperson to finalize these reports. Since the House is not in Session, the Committee decided to present the Reports to Hon'ble Speaker under Direction 71A of The Direction by the Speaker, Lok Sabha.

*4.	XXXXX	XXXXX	XXXXX	XXXXX
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The Committee then adjourned.

***Matter not related to this Report.**