

EIGHTH REPORT  
STANDING COMMITTEE ON AGRICULTURE  
(2014-2015)  
(SIXTEENTH LOK SABHA)  
MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS  
(2015-2016)

*Presented to Lok Sabha on 24.04.2015  
Laid on the Table of Rajya Sabha on 24.04.2015*



LOK SABHA SECRETARIAT  
NEW DELHI  
*April, 2015/Vaisakha, 1937 (Saka)*

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

Shri Hukm Deo Narayan Yadav – *Chairperson*

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*Lok Sabha*

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5. Md. Badaruddoza Khan
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SECRETARIAT

- |                               |   |                         |
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| 1. Shri Abhijit Kumar         | — | <i>Joint Secretary</i>  |
| 2. Smt. Abha Singh Yaduvanshi | — | <i>Director</i>         |
| 3. Smt. Juby Amar             | — | <i>Deputy Secretary</i> |

## INTRODUCTION

1, the Chairperson, Standing Committee on Agriculture, having been authorized by the Committee to submit the Report on their behalf, present this Eighth Report on the Demands for Grants (2015-16) 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 (2015-16) of the Ministry of Food Processing Industries, which was laid on the table of the House on 18 March, 2015. The Committee took evidence of the representatives of the Ministry of Food Processing Industries at their sitting held on 20 March, 2015. The Report was considered and adopted by the Committee at their sitting held on 22 April, 2015.

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;  
23 April, 2015  
03 Vaisakha, 1937 (Saka)

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





## ABBREVIATIONS

AAGR	Average Annual Growth Rate
ASI	Annual Survey of Industries
AICTE	All India Council for Technical Education
BE	Budget Estimates
BTECH	Bachelor of Technology
CSS	Centrally Sponsored Scheme
CIPHET	Central Institute of Post-Harvest Engineering and Technology
CC	Collection Centre
CPC	Central Processing Centre
CA	Controlled Atmosphere
CFTRI	Central Food Technological Research Institute
CENVAT	Central Value Added Tax
CCEA	Cabinet Committee on Economic Affairs
DPR	Detailed Project Report
DFRL	Defence Food Research Laboratory
DRDO	Defence Research & Development Organisation
DSCs	Digital Signature Certificates
DARE	Department of Agricultural Research & Education
Eoi	Expression of Interest
ETP	Energy Transfer Partners
EDP	Entrepreneurship Development Program
FPI	Food Processing Industries
FPTC	Food Processing Training Centre
FDI	Foreign Direct Investment
FPOs	Farmer Producer Organizations
FSSAI	Food Safety and Standards Authority of India
FTL	Food Testing Laboratory
FICCI	Federation of Indian Chamber of Commerce and Industries
GHP	Good Hygienic Practices

GMP	Good Manufacturing Practices
GDP	Gross Domestic Product
GHMC	Greater Hyderabad Municipal Corporation
HACCP	Hazard Analysis and Critical Control Points
HRD	Human Resource Development
HBTI	Harcourt Butler Technological Institute
IMAC	Inter-Ministerial Approval Committee
ISO	International Organization for Standardization
IQF	Individual Quick Freezing
ICRIER	Indian Council for Research on International Economic Relations
IGPRTC	International Grain Processing Research & Training Centre
IBRTC	International Bakery Research & Training Centre
ICAR	Indian Council of Agricultural Research
ITDP	Integrated Tribal Development Project
IICPT	Indian Institute of Crop Processing Technology
IIT	Indian Institute of Technology
IIM	Indian Institute of Management
IGPB	Indian Grape Processing Board
IVRI	Indian Veterinary Research Institute
JV	Joint Ventures
KSU	Kansas State University
LoA	Letter of Award
MFPI/MoFPI	Ministry of Food Processing Industries
MoUs	Memorandum of Understanding
MSEs	Micro and Small Enterprises
MFP	Mega Food Parks
MA	Modified Atmosphere
MIDH	Mission for Integrated Development of Horticulture
NMFP	National Mission on Food Processing
NER	North Eastern Region
MTECH	Master of Technology
NSEL	National Spot Exchange Limited
NABARD	National Bank for Agriculture and Rural Development

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NGO	Non-Governmental Organization
NMPPB	National Meat and Poultry Processing Board
NIFTEM	National Institute of Food Technology, Entrepreneurship and Management
NHB	National Horticulture Board
NIF	NIFTEM Industry Forum
NRDC	NIFTEM Research Development Council
NHM	National Horticulture Mission
PSUs	Public Sector Undertakings
PMCs	Process Management Consultants
PPC	Primary Processing Centres
PMA	Programme Management Agency
P&M	Plant & Machinery
R&D	Research and Development
RE	Revised Estimates
RTGS	Real Time Gross Settlement
RFP	Request For Proposal
SPV	Special Purpose Vehicle
SGSY	Swarnajayanti Gram Swarojgar Yojana
SHGs	Self Help Groups
SERB	Science and Engineering Research Board
SEZs	Special Economic Zone
SAUs	State Agricultural University
TUS	Technology Upgradation Scheme
TC	Technical Committee
TCW	Technical Civil Work
UC	Utilisation Certificates
UNL	University of Nebraska Lincoln
UT	Union Territory
VAP	Village Adoption Programme
WCD	Women & Child Development
WU	Wageningen University



## CHAPTER I

### IMPLEMENTATION OF RECOMMENDATIONS OF THE COMMITTEE

The Fourth Report of the Standing Committee on Agriculture on Demands for Grants (2014-15) of the Ministry of Food Processing Industries was presented to Lok Sabha and laid on the Table of Rajya Sabha on 19 December, 2014 respectively.

1.2 The Action Taken Notes on action taken by the Government on Observations/Recommendations contained in the Fourth Report of the Committee on Agriculture on Demands for Grants (2014-15) of the Ministry of Food Processing Industries have been furnished to the Committee by Ministry of Food Processing Industries on 18 March, 2015.

1.3 In terms of Direction 73A of Directions by the Speaker, the Statement to be made by the Ministry of Food Processing Industries on the status of implementation of various Recommendations made by the Committee in their Fourth Report would be due on 18 June, 2015.

## CHAPTER II

### ANALYSIS OF DEMANDS

#### (i) INTRODUCTORY

2.1 India has a mammoth agricultural production base and it has not only become one of the leading food suppliers to the world but also serve the vast growing domestic need. 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 equally important to ensure value addition, reduction in wastage and that good quality products reach the market. A strong and dynamic food processing sector plays a vital role in diversification and commercialization of agriculture, increases farm gate prices, enhances shelf life, reduces post-harvest losses and wastage, ensures value addition to the agricultural produce, promotes crop diversification, 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 Food Processing 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'. This industry in India is being seen as potential sources of driving the rural economy and brings about vital linkages and synergy between agriculture, industry and consumer. Significant opportunities are, however, yet to be tapped in the areas of supply chain management in food producers, food processors, cold storage, financing retailing, exports, food technologists and related service providers.

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) Foodgrains 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.

2.4 The functions of the Ministry can be broadly classified under policy support, development initiative and promotional activities. In order to meet its objectives the Ministry of Food Processing Industries (MoFPI) has been supporting the following range of initiatives/schemes for the growth of food processing industry:

#### **Policy Support**

- (a) Formulation and implementation of policies for the food processing sector.
- (b) Facilitating creation of a conducive environment for healthy growth of the food processing sector.
- (c) Promoting rationalization of tariff and duties relating to food processing sector.

#### **Developmental Initiatives**

- (a) Providing assistance for creation of modern infrastructure, widening the R&D base, development of human resources to meet the growing requirement of managers, entrepreneurs and skilled workers in the food processing sector etc.
- (b) A Centrally Sponsored Scheme (CSS) National Mission on Food Processing (NMFP) was launched during 12th Plan (2012-13) for decentralization of implementation of Ministry's schemes, through State/UT Governments.
- (c) Assistance for setting up of analytical and testing laboratories, active participation in the laying down of food standards and their harmonization with international standards.
- (d) Sevottam, charter mark in service delivery for excellence has been introduced in the Ministry.
- (e) Regular interaction with industries and UT/State Governments for activating Single Window System.
- (f) Special fund of Rs. 2000 crore set up by the Reserve Bank of India in National Bank for Agriculture and Rural Development (NABARD), the nodal agency, to provide affordable credit to designated Food Parks and the Food Processing Units in the designated Food Park.
- (g) Foreign Direct Investment is one of the priority areas for attention under "Make in India" campaign. In this context an email ID – makeinindia-fpi@gov.in has been created to interact with investors.



Promotional Initiatives – In order to create awareness about the potential and prospects of food processing, assistance is provided for:

- (a) Organizing Workshops, Seminars, Exhibitions and Fairs; and
- (b) Studies/Surveys etc.

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

2.5 A well-developed food processing sector with higher level of processing helps in the reduction of wastage, curtails post-harvest losses, improves value addition, promotes crop diversification, ensures better return to the farmers, promotes employment as well as increases export earnings. This sector is also capable of addressing critical issues of food security, food inflation and providing wholesome and nutritious food to the masses.

2.6 Over the years, agricultural production in India has consistently recorded higher output. India ranks No. 1 in the world in the production of Milk, Pulses, Ginger, Bananas, Guavas, Papayas and Mangoes. Further, India ranks No. 2 in the world in the production of Rice, Wheat, Vegetable and horticulture products. Abundant supply of raw materials, increase in demand for food products and incentives offered by the Government has impacted food processing sector positively. In the last few years, the food processing sector has been growing at a faster rate than agriculture sector. Food Processing sector has emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. The sector constitutes as much as 9.0 and 11.0 per cent of GDP in Manufacturing and Agriculture sector respectively. During the last 5 years ending 2012-13, Food Processing Industries sector has been growing at an Average Annual Growth Rate (AAGR) of around 8.4 per cent as compared to around 3.3 per cent in Agriculture (excluding forestry and logging) and 6.6 per cent in Manufacturing. Further, employment in Registered Food Processing units growing at AAGR of 2.41 per cent during 2008-09 to 2012-13. While the fixed capital in Food Processing industry of Rs. 1,58,863 crores growing at an AAGR of 18.4 per cent during the same period.

### **Contribution and Growth of Food Processing Industries**

2.6.1 According to the Ministry, the Food Processing Sector has been growing faster than the agriculture sector. The table is an indicative of 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. in crore)

Sl.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 <sup>5</sup>
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; <sup>5</sup>: Five Year Average Annual Growth Rate.

The manufacturing sector was generally growing at a higher rate than FPI till 2009-10. Performance of FPI improved substantially in 2011-12 registering a record growth of 21.6 per cent. In the year 2012-13, the growth of food processing sector decelerated along with slow growth both in agriculture and manufacturing sectors though the growth of the sector was higher than both agriculture and manufacturing sector.

**Key Features of Registered Food Processing Industries**

2.6.2 As per the Ministry of Food Processing Industries, Annual Survey of Industries (ASI) is the main source of data on the number of units, employment, output and investment in fixed capital for Registered Food Processing units. ASI data are released annually and the latest

provisional data is available for 2012-13. 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:  
2012-13 (P)**

Sector	Factories* (numbers)	Persons Engaged <sup>§</sup> (numbers)	Fixed Capital <sup>^</sup> (Rs. crore)	Value of Output (Rs. crore)
Food Processing units <sup>#</sup> , of which	37,175	16,89,175	1,58,863	7,50,467
Grain Mill & Starch products	18,855	3,22,849	22,822	1,82,325
Vegetable & Animal oils and fats	3,312	1,11,218	14,447	1,65,471
Beverages	2,079	1,41,992	24,879	52,260
Dairy Products	1,695	1,35,108	10,611	82,459
Fruits and Vegetables products	1,110	55,090	5,016	10,905
Prepared Animal Feeds	873	38,730	2,874	24,083
Fish, Crustaceans etc.	462	36,773	2,181	16,797
Meat Processing & Preserving	140	22,130	1,885	16,894

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.

This sector has a total of 37,175 registered units with fixed capital of nearly Rs. 1.59 lakh crore and aggregate output of around Rs. 7.49 lakh crore in value terms. Major industries constituting food processing sector are grain mill, sugar, edible oils, beverages and dairy products.

As per the table, the Ministry have stated that total number of factories in Food Processing sector in 2012-13 is 37,175. This is 0.80 per cent higher as compared to 2011-12. The sector has generated employment to the tune of 16.88 lakh persons. Similarly, Fixed Capital in Food Processing sector has also increased significantly by 9.53 per cent during the same period.

### **Employment in Food Processing Sector**

2.7 Food Processing Industry is one of the major employment intensive segments constituting 13.04 per cent of employment generated in all Registered Factory sector in 2012-13. According to the latest Annual Survey of Industries (ASI) for 2012-13, the total number of

persons engaged in registered food processing sector is 16.89 lakhs. During the last 5 years ending 2012-13, employment in registered food processing sector has been increasing at an Average Annual Growth Rate of 2.41 per cent. Unregistered food processing sector supports employment to 47.9 lakh workers as per the NSSO 67th Round, 2010-11. The overall scenario of employment in food processing sector is given below:

#### Employment in Food Processing Industry: Registered & Unregistered Units

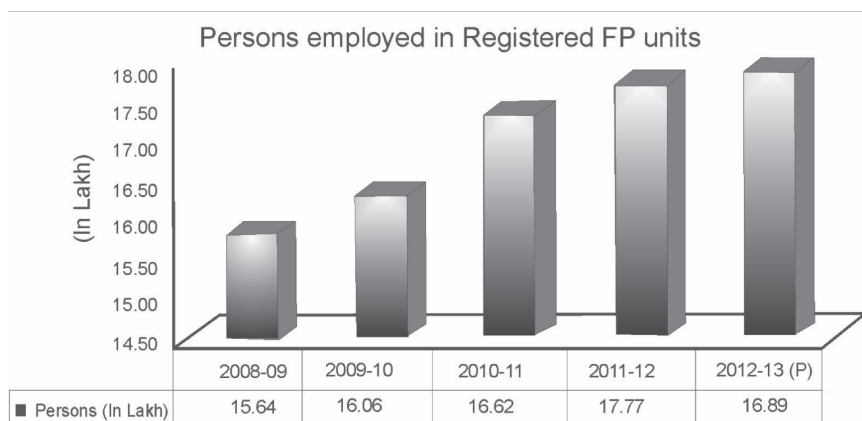
Sector	Food Processing Sector*	Overall Industry <sup>#</sup>	(%) Share of FP sector
Registered <sup>#</sup> (2012-13)	16.89 lakh	129.47 lakh	13.04
Unregistered (2010-11)	47.9 lakh	348.88 lakh	13.72

\*: Includes food products and beverages segments; #: Factory registered under sections 2m(i) and 2m(ii) of Factory Act, 1948

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

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

Source: Annual Survey of Industries, MOSPI; P: Provisional Results; AAGR; Average Annual Growth Rate for 5 years.



Source: Annual Survey of Industries (ASI).

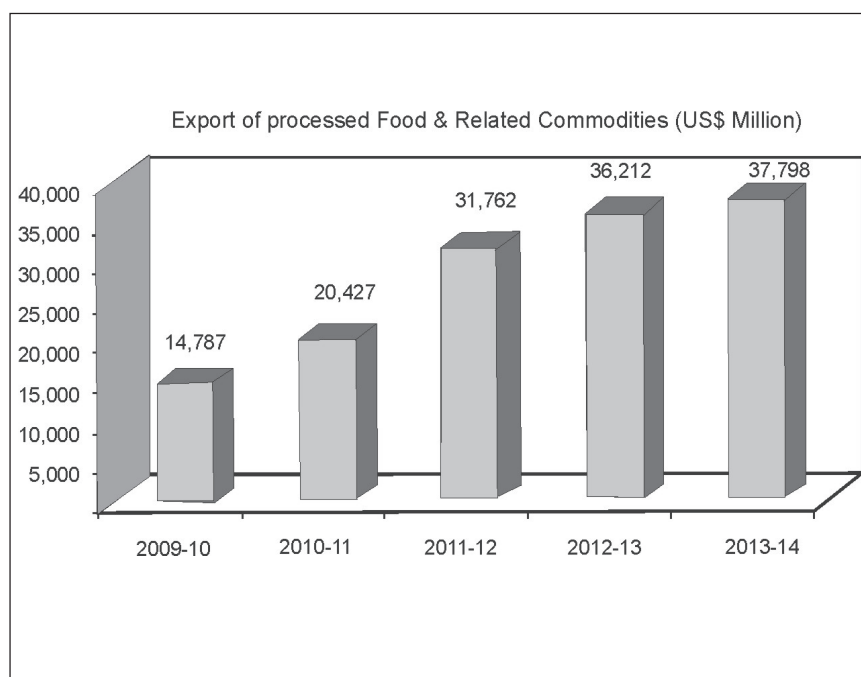
## Exports of Food Processing Related Commodities

2.8 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 (US \$ 23,011 Million) 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	AAGR*
Export (US \$ Million)	14,787	20,427	31,762	36,212	37,798	
(%) Growth	—9.35	38.14	55.49	14.01	4.38	20.53

Source: DGCI&S, Kolkata;\*: Average Annual Growth Rate for 5 years



Source: DGCI&S, Kolkata.

2.9 The value of processed food exports during 2013-14 was of the order of US \$ 37.79 Billion (total exports US \$ 312 Billion) constituting

12.1 per cent of India's total exports. The exports of major processed food & related commodities from Food Processing Sector, is given below:

**Exports of major processed food & related commodities**

Sl. No.	Commodity	2012-13 US \$ Million	2013-14 US \$ Million	2013-14 Growth (%)	2013-14 Share (%)
	Total Export (US \$) Million	3,00,401	3,12,621	4.07	***
	Exports by FPI, of which	36,212	37,798	4.38	12.09
1.	Marine Products	3,464.08	5,014.89	44.77	13.3
2.	Rice-basmati	3,564.04	4,866.33	36.54	12.9
3.	Meat & Preparations	3,291.98	4,481.35	36.13	11.9
4.	Rice (Other than Basmati)	2,651.97	2,875.67	8.44	7.6
5.	Oil Meals	3,038.60	2,790.29	-8.17	7.4
6.	Spices	2,820.65	2,637.03	-6.51	7.0
7.	Guergam Meal	3,919.23	1,979.47	-49.49	5.2
8.	Wheat	1,934.24	1,565.76	-19.05	4.1

Source: DGCIS, Kolkata.

**Foreign Direct Investment (FDI) in Food Processing Sector**

2.10 Foreign Direct Investment (FDI) is permissible in food processing sector up to 100 per cent on automatic route except for items reserved for Micro and Small Enterprises (MSEs) subject to applicable laws/regulations, securities and other conditionalities. For manufacture of items reserved for Micro and Small 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 5 years and current year is as below:

Sl. No.	Year (April-March)	FDI (Rs. Crore)	FDI (US \$ Million)
1	2	3	4
1.	2009-10	1,314.23	278.89
2.	2010-11	858.03	188.67

1	2	3	4
3.	2011-12	826.16	170.21
4.	2012-13	2193.65	401.46
5.	2013-14	25,106.78	3,982.88
6.	2014-15 (April-January)	2571.96	421.51

Source: Department of Industrial Policy and Promotion (DIPP)

It can be seen from above that FDI inflow has increased significantly. Average inflow of US \$ 117 million from 11 years ending 2011-12. It increased to US \$ 400 million in 2012-13 and reached US \$ 3.98 billion in 2013-14. Therefore, FDI has been permitted in Food Processing Sector upto 100% on automatic route except for items reserved for Micro and Small Enterprises (MSEs) subject to applicable laws/regulations, securities and other conditionalities. For manufacturing of items reserved for Micro and Small Enterprises (MSEs), FDI is permissible under automatic route upto 24% of the capital. If foreign investment is more than 24%, Industrial License under Industries (Development and Regulation) Act, 1951 is required.

### (iii) MEASURES TO PROMOTE PRIVATE INVESTMENT IN THE SECTOR

2.11 Regarding enhancement of Private Sector participation in this vital sector of Food Processing, the Ministry stated that, keeping in view the role of food processing sector in terms of its contribution to employment, reduction in wastages and ensuring higher returns to farmers, Government has been promoting private investment through a number of interventions. The recent initiatives taken by the Government are given in the following paragraphs.

#### Long Term Strategies

Some of the key strategies to overcome the challenges in Food Processing Industry and to ensure enhanced income to farmers, reduce wastage and employment opportunities set out in the XII Plan document are as follows:—

- Setting up of National Mission on Food Processing to improve coordination and implementation of schemes and to enable greater involvement of State Governments.
- Expanding and modifying existing infrastructure development schemes — Mega Food Parks Scheme, Integrated Cold Chain Scheme.

- Modernization of Abattoirs – Establishment of new abattoirs and modernization of existing abattoirs.
- Develop and strengthening of existing and new institutions.
- Taking up a nation-wide skill development programme along the lines of special projects for skill development of rural youths under Swarnajayanti Gram Swarajgar Yojana (SGSY) of Ministry of Rural Development.
- Putting in place a network of food testing labs (Government/Private) by providing incentives.
- Encouragement for larger participation in Codex deliberations and setting up/strengthening of Codex cell in Food Safety and Standards Authority of India (FSSAI) to promote, co-ordinate and monitor related initiatives at the level of stakeholders.
- Setting up of an Innovation Fund and Venture Capital Fund for Food Processing to promote innovations and technology development.

#### **(a) FISCAL INCENTIVES**

According to the Ministry of Food Processing Industries, a number of fiscal incentives 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 (*i.e.* 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 1.4.2001.

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 1.4.2009.

## **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.

- (ii) **Exempted category:**

Ministry of Finance *vide* their 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 Foodgrain handling system, machinery or equipment for units processing agricultural produce as foodstuff excluding alcoholic beverages;
- (c) Services provided by a goods transport agency by way of transportation of fruits, vegetables, eggs, milk, foodgrains or pulses in a goods carriage;
- (d) Services of loading, unloading, packing, storage or warehousing of agricultural produce.

- (iii) In the Budget 2015-16, services of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables have been exempted from service tax. This will encourage aggregators and cold chain operators to integrate with the supply chain in fruits and vegetables segment.

### **3. Customs Duty**

- (i) Government has extended Project Imports benefits to the following projects:–
  - (a) Projects for the installation of mechanized foodgrain handling systems and pallet racking systems in “Mandis” and Warehouses for foodgrains 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.

- (ii) Customs duty on Hazelnuts has been reduced from 30% to 10%.
- (iii) Customs Duty on De-hulled Oat grains has been reduced from 30% to 15%.

### **4. Central Excise Duty**

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:–

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

#### **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.
- (iii) 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%.

#### **(b) POLICY INITIATIVES**

Several policy initiatives have been taken from time to time to promote growth of the processed food sector in the country. Some of these are:—

- a. Most of the processed food items have been exempted from the purview of licensing under the Industries (Development and Regulation) Act, 1951, except items reserved for small scale sector and alcoholic beverages.
- b. Automatic approval for foreign equity upto 100% is available for most of the processed food items excepting alcohol and beer and those reserved for small scale sector subject to certain conditions.
- c. Developing a strong supply chain for perishable farm produce to reach consumption and processing sector promptly.
- d. Building infrastructure and using technology to convert such produce into value added products.

#### **(c) SIMPLIFICATION/TRANSPARENCY & e-GOVERNANCE**

As informed by the Ministry, following measures are being taken for simplification/transparency and 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.
- Foreign Direct Investment is one of the priority areas for attention under “Make in India” campaign. In this context an Email ID -makeinindia-fpi@gov.in has been created to interact with investors.
- Sevottam, charter mark in service delivery for excellence has been introduced in the Ministry.

2.12 The Ministry while explaining the steps for simplification of e-Governance state that the Government has taken a number of steps towards ease of doing of business in India. The application process of Industrial License and Industrial Entrepreneur’s Memorandum process has been made easy by simplification of form and making the process online 24 x 7. Process of obtaining environment and forest clearances has been made online. The Central Government has advised State Governments to simplify and rationalize the regulatory environment through business process re-engineering and use of information technology. 14 Government of India services have been integrated with the e-Biz portal.

2.13 When asked to elaborate the various measures for simplification/transparency and e-Governance in the Ministry alongwith the results, the Ministry in a written reply stated:

**“Simplification of Transactions:**

The Ministry has launched a new scheme during 12th Plan, viz. National Mission on Food Processing (NMFP) for implementation through States/UTs with the objective of decentralized implementation of Ministry’s schemes which will lead to effective participation of State/UT Governments. NMFP is likely to improve significantly the Ministry’s outreach in terms of planning, supervision and monitoring of various schemes.

The Ministry is implementing a Scheme for Quality Assurance, Codex Standards and Research and Development and other promotional activities. Under this scheme, during the 12th Plan, implementation of component for assistance for R&D in processed food sector has been transferred to Science and Engineering Research Board (SERB) under Department of Science and Technology and the component of assistance for establishment/upgradation of Food Testing Labs has been transferred to Indian Council of Agricultural Research (ICAR) under D/o Agricultural Research & Education. Implementation by these expert organizations is expected to result in better project selection and more effective utilization of funds.

#### **Transparency:**

The Ministry has implemented a web-based software *i.e.* Dashboard monitoring system for efficient and faster project monitoring of important schemes of the Ministry, namely the schemes for Mega Food Parks, Integrated Cold Chain and Modernization of Abattoirs.

A dedicated software has been introduced for monitoring expenditure against budget allocation for various schemes of the Ministry. Sanctions to the beneficiaries are generated electronically and e-payments are made through RTGS. Information sharing within the Ministry has been introduced through intranet and a file sharing system, on a central server.

The website of the Ministry has been re-designed to make it more user-friendly. Detailed information relating to various schemes is available on the website. The new website of the Ministry is physically disabled friendly for visually impaired users, both partially and fully, with provision of screen reader and the provision for variable font size. To make the website more user and investor friendly forms and checklists are available on website for use of applicants for assistance under various schemes.

#### **E-Governance:**

The Ministry has already taken steps for e-Governance. For the purpose of e-Office and e-Procurement, which are components of e-Governance, the Ministry has procured Digital Signature Certificates (DSCs) for users. It has been planned to implement e-Office in certain identified areas such as grievance matters, tour approvals, leave sanction etc. For the remaining subjects the e-office functionality will be limited to file tracking only for the present.

Earlier, the Ministry had undertaken scanning of various files and placed them in digital archive. To further enrich database of digitized documents, around 2500 documents have been converted into searchable PDF formats and added subsequently to the digital archive. The Ministry users have been trained to work on digital archiving solution Fine Docs 5.2. The solution is currently being streamlined for fast retrieval of documents from the digital archive.”

#### **(d) AVAILABILITY OF AFFORDABLE CREDIT**

2.14 Accessibility of adequate and affordable credit is the important factor affecting investment in food processing sector. With a view to augment credit to food processing sector, loan for the sector is classified under Priority Sector provided the units satisfy investment criteria prescribed for Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006. In other words, food processing units with an investment in Plant & machinery not exceeding Rs. 5 crore are covered under priority sector lending. With a view to further improve credit flow to food processing sector, the following announcement has been made by the Hon'ble Finance Minister in reply to the debate on General Budget in Lok Sabha on 18th July, 2014:—

“In order to make available affordable credit to agro-processing units being designated as food parks, I have decided to announce setting up of a special fund of Rs. 2,000 crore in NABARD.”

2.15 The Ministry have informed that following the announcement, a Special Fund of Rs. 2000 crore has been set up in NABARD to provide credit at affordable rates to boost food processing sector. Under this fund, loan is extended to individual entrepreneurs, cooperatives, farmers producers organizations, corporates joint venture, SPV and entities promoted by the Government for setting up, modernization, expansion of food processing units and development of infrastructure in designated food parks. Loans is extended upto 95% of the eligible project cost for entities promoted by the State Governments while other categories of promoters are extended loans upto 75% of the project cost. To avail loan, the entrepreneurs may submit application along with detailed project report to the regional offices of NABARD located in the States where project is to be set up. The rate of interest charged is linked to Prime Lending Rate (PLR) to NABARD and the risk rating undertaken by NABARD for the borrowing entity.

2.16 Asked about the food parks designated for the purpose the Ministry informed that:—

“The designated Food Parks includes:—

- Food Parks promoted by Ministry of Food Processing Industries (MOFPI), Government of India;

- Mega Food Parks promoted by Ministry of Food Processing Industries (MOFPI), Government of India;
- Food Parks/exclusive food processing industrial estates promoted by State Governments;
- Designated food processing/agro processing/multi products SEZs, including de-notified areas of these SEZs; and
- Any other area having developed enabling infrastructure and designated as Food Park by Ministry of Food Processing Industries (MOFPI), Government of India.”

2.17 Asked about the reasons for keeping other components of Infrastructure Scheme *i.e.* Cold Chains and Abattoirs outside the ambit of this Special Fund, the Ministry in a written reply submitted:—

“The special fund is extended for establishing the designated Food Parks and also for setting up of individual food/agro processing units in the designated Food Parks. Cold chains and Abattoirs units are also permitted if these are set up inside the designated food park.”

2.18 The Ministry added that the special fund of Rs. 2000 crore has been earmarked for 2014-15. The fund is being continued in 2015-16.

**(e) MAKE IN INDIA PROGRAMME**

2.19 According to the Ministry of Food Processing Industries, the Food Processing Sector has been identified as one of the priority sector under “MAKE IN INDIA”, an initiative of Hon’ble Prime Minister of India. With a view to attract investment in this sector, Ministry of Food Processing Industries has been investing in infrastructure for promoting food processing industries. Mega Food Parks with common utility like road, electricity, water supply, sewage facility and common processing facility like pulping, packaging, cold storage, dry storage and logistics are being promoted in areas with strong agricultural resource base. These parks provide fully developed plots and factory sheds to entrepreneurs on long term lease basis where they can set up food processing units in “plug and play model”. Government has also declared investment in Food Parks covered under the Harmonized List of Infrastructure Sub-sectors (HLIS). It is expected that Mega Food Parks assisted by the Ministry will be able to have access to infrastructure lending on easier terms. In India, we have a huge cold chain gap of 29 Million MT.

2.20 In the context of “MAKE IN INDIA” campaign, the Ministry has been disseminating information to potential investors to attract investment to the sector through a dedicated “Investors Portal” in which a range of information like resource base, availability of land, State specific policies, fiscal incentives are shared with the potential investors. The Ministry is also collaborating with Invest India to help the investors in terms of locating joint venture partners, extending hand holding services, expedite regulatory approvals and provide investors after care services. The investor can also put their query in the Investors portal which is promptly attended to by the Ministry for guiding the investors.

2.21 Asked as to how much FDI will be required for this purpose and the efforts being made in this regard, the Ministry replied that it will be difficult to estimate the level of FDI inflow in food processing sector. However, given the low level of processing and high level of wastages, we need significant inflow of foreign capital, technology and global best practices in food processing sector.

**(iv) OVERVIEW OF DEMANDS**

The Ministry of Food Processing Industries is concerned with formulation and implementation of the policies and plans for Food Processing sector within the overall national priorities and objectives. The Ministry of Food Processing Industries is the nodal Ministry to create a conducive environment for greater investment in this sector to achieve greater value addition to agricultural and horticultural produce.

2.22 Demand No. 46 pertaining to the Ministry of Food Processing Industries for the fiscal year 2015-16 was presented to the Lok Sabha on 18 March, 2015. The details of allocation proposed in the Demand are given below:

(Rs. in crore)				
Sl.No.	Section	Plan	Non-Plan	Total
1.	Revenue	—	—	—
	Voted	487	18.51	505.51
	Charged	—	—	—
2.	Capital	—	—	—
	Voted	—	—	—
	Charged	—	—	—
Grand Total		487	18.51	505.51



2.23 The total allocation for the Ministry of Food Processing Industries is Rs. 505.51 crore for the Fiscal 2015-16. Out of this, Rs. 487.00 crore and Rs.18.51 crore are on Plan and Non-Plan sides, respectively, under the Revenue Section. There is no allocation on Capital side.

**(v) BUDGETARY ALLOCATIONS**

2.24 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)

Year	BE	RE	Actual Expenditure
Twelfth Plan			
2012-13	660.00	660.00	655.88
2013-14	708.00	550.00	527.96
2014-15	770.00	600.00	537.60 (upto 16.02.2015)
2015-16	487.00		

2.25 The details of the BE, RE & Actual expenditure during the last three years and BE for the current year schemes are given in the following statement:-

(Rs. in crore)

Sl. No.	Name of the Scheme	2012-13			2013-14			2014-15 (upto 16.02.2015)			2015-16
		BE	RE	Actual Exp.	BE	RE	Actual Exp.	BE	RE	Actual Exp.	BE
1	2	3	4	5	6	7	8	9	10	11	12
1.	Schemes for Development of Infrastructure for Food Processing	191.00	184.19	183.89	247.00	241.72	224.49	315.00	229.62	209.17	329.00
2.	Scheme for Technology Upgradation/ Establishment/ Modernization of Food Processing Industries	100.00	186.46	186.19	160.00	163.92	162.08	160.00	157.03	142.63	100.00

1	2	3	4	5	6	7	8	9	10	11	12
3.	Scheme for Quality Assurance, Codex Standards, R&D and other Promotional Activities	35.00	31.91	31.34	35.00	35.66	35.33	36.00	41.28	29.23	30.00
4.	Scheme for Human Resource Development	4.00	4.00	3.98	4.00	4.20	3.78	4.00	3.75	3.27	5.00
5.	Scheme for Strengthening of Institutions	80.00	68.12	67.58	75.00	74.00	72.56	75.00	43.00	38.75	16.00
6.	National Mission on Food Processing	250.00	185.32	182.90	187.00	30.50	29.72	180.00	125.32	114.55	7.00*
Total		660.00	660.00	655.88	708.00	550.00	527.96	770.00	600.00	537.60	487.00

(i) BE-Budget Estimates, (ii) RE-Revised Estimates \*Under UT Head

2.26 Asked about the reasons behind this drastic reduction (63% of previous year) in the allocation for the year 2015-16 by the Planning Commission the Ministry replied:-

“The Ministry has sought an allocation of Rs. 1471.03 crore for the year 2015-16 against which an allocation of Rs. 487.00 crore only has been made. One of the reasons of such a drastic reduction in the allocation is that Government has decided that the Centrally Sponsored Scheme of National Mission on Food Processing of this Ministry would be de-linked from Central Government support and the resources earmarked for the scheme will be transferred to the States. The State Governments with their increased resources, will decide their priorities and take up programmes suitable to their needs”

2.27 During evidence, the Secretary, Ministry of Food Processing Industries further added:—

“For the 12th Plan Period, the Planning Commission had indicated an allocation of Rs. 14,604 crore. Even the working group has also recommended for Rs. 15,304 crore. When it comes to the question of allocation, the Planning Commission has also allocated Rs. 5,990 crore. On an average, Rs. 1200 crore should be made available with the Ministry every year for the plan related activities. The maximum allocation so far has been to the tune of Rs. 770 crore last year which was brought down to Rs. 600 crore.

So, during the Twelfth Plan period, if we talk of the Revised Estimates in the first year only there was no reduction at RE stage. Thereafter, every year it is being brought down. This year it is just Rs. 487 crore. So, if I add up the RE of the past three years and the Budget Estimates for the coming financial year, it is coming to Rs. 2,297 crore. So, at this rate the total will be less than Rs. 3,000 crore. So, the Planning Commission allocated nearly Rs. 6,000 crore but at the end of the Plan period, maybe, we will be getting less than Rs. 3,000 crore. So, with this kind of resource allocation, it is extremely difficult to implement the projects or to carry on with the plans in the sector”.

2.28 The Secretary further added:—

“We have got Rs. 487 crore. Now with this allocation, we have no option but to reallocate to schemes in whatever proposal they come to us. So, in this year also we will face problem and we will be having more claims for payment but we may not be having the sufficient allocation. We will request your esteemed Committee to recommend higher allocations for the Ministry since it is an important sector and you know the importance”.

2.29 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:—

“The allocation of Rs. 487.00 crore will be utilized for the remaining on-going Central Sector Schemes of the Ministry. The Scheme-wise budget allocation of the remaining central sector schemes is at **Annexure-I**. The reduced allocation will definitely impact the implementation of the schemes. However, the Ministry will make efforts to make best use of the resources for its on-going schemes and if necessary, ask for the additional allocation at a later stage. No Scheme from the remaining on-going Central Sector Schemes is being discontinued on account of curtailment of the budget. But the activities to be taken up in the scheme will be restricted to the extent of fund availability.”

2.30 Asked as to how the implementation of schemes/projects will be adversely affected due to this lesser allocation, the Ministry in a written reply stated that the implementation of most of the on-going central sector schemes of the Ministry will be adversely affected due to this lesser allocation during the year 2015-16. A number of projects under Mega Food Park Scheme, Integrated Cold Chain Scheme and

Modernization/Setting up of Abattoir Scheme are under implementation in various stages. Many of these projects are expected to be completed in the year 2015-16. In case of non-availability of adequate fund to release the grant due to these projects, the progress of their completion is likely to be affected adversely and the completion of many of these projects is likely to be delayed. It is hoped that additional resources will be available to the Ministry at a later stage to meet its commitment to various projects under these schemes. The committed liabilities under the scheme of Technology Upgradation, Modernization and Setting up of Food Processing Industries and Human Resources Development Scheme will need to be carried forward due to lesser allocation of plan fund in the year 2015-16. The estimated committed liability under the Scheme of Technology Upgradation, Modernization/Setting up of Food Processing Industries carried forward from 11th Plan is presently around Rs. 250 crore. However, due to non-availability of adequate fund, only Rs. 100 crore is being allocated to this scheme for the year 2015-16.

2.31 Explaining further how the curtailment of funds will be adversely affect the implementation of various schemes, the Secretary, Ministry of Food Processing Industries during evidence stated that:–

“Our major programmes related to the mega food parks, integrated cold chains and even our activities relating to strengthening of the institutions which have been providing training to the prospective persons in the food processing sector, all these activities are likely to be very adversely impacted. We have an institution called National Institute of Food Technology Entrepreneurship and Management. This institute is going to be very adversely affected because the provision right now is not even adequate to take care of the salaries of the employees. We have taken up the issue with the Ministry of Finance but it is yet to be decided”.

#### **(vi) SPILL OVER LIABILITIES**

2.32 The Scheme for Human Resource Development and the Scheme for Technology Upgradation/Establishment/Modernisation of Food Processing Industries have been subsumed in the National Mission on Food Processing (NMFP) w.e.f. 12th plan.

2.33 When asked about the status of the liabilities of the schemes, the Ministry replied that:

“Since the aforesaid schemes have been subsumed in the Centrally Sponsored Schemes-NMFP w.e.f. 12th plan (2012-17), the Ministry is therefore liquidating the committed liabilities of the 11th plan proposals received in the Ministry up to 31.03.2012”.

Under the Scheme of Technology upgradation CCEA had approved the total committed liabilities amounting to Rs. 740.00 Crores for 3168 proposals. The following are the details of liquidation of these committed liabilities in 12th plan.

(Rs. in crore)

Sl.No.	Year	1st instalment		2nd instalment	
		No. of Proposals	Amount	No. of Proposals	Amount
1.	2012-13	666	100.75	557	80.82
2.	2013-14	336	54.24	652	103.27
3.	2014-15	374	65.25	510	78.36
Total		1376	220.24	1719	262.45

Under the Scheme of Human Resources Development SFC has approved the total committed liabilities amounting to Rs. 35.61 crore for 832 proposals. The following are the details of liquidation of these committed liabilities in 12th plan”.

Sl. No	Particulars	Creation of Infra. Degree/Dip Courses		Food Processing Training Centre (FPTC)		Entrepreneurship Dev. Prog. (EDP)	
		No.	Amount	No.	Amount	No.	Amount
		1.	Proposals Pending	25	14.63	115	4.51
2.	Cases fully disbursed	5	1.25	24	0.47	143	1.95
3.	Cases Partially Disbursed	11	3.89	14	0.55	285	3.30

2.34 Also, when asked as to how much spill over liabilities of the 11th Plan relating to the schemes would be left over as on 31.03.2015 as also how would these be liquidated when the Central Schemes under which they have been subsumed viz. NMFP is itself being delinked as a Centrally Sponsored Scheme, the Ministry stated that:

“The spillover liabilities of 11th plan relating to the Schemes of Technology upgradation and Human Resources Development are being liquidated by the Ministry itself under central sector scheme during 12th plan. These 11th plan spillover liabilities of TUS and HRD schemes are independent and part of central sector scheme in 12th plan.

The following are the committed liabilities of these schemes which are yet to be liquidated as on 31.03.2015:

Sl.No.	Name of the Scheme	Amount (Rs. in crore)
1.	Scheme of technology Upgradation	257.75
2.	Scheme of Human Resource Development (all the three components)	13.51

Whereas, NMFP is a centrally sponsored scheme launched in 12th Plan w.e.f. 01.04.2012 and implemented through State/UT Governments, the NMFP has been delinked w.e.f. 2015-16 from GOI support and will be implemented or otherwise by the respective States from the increased allocation of resources in 2015-16. This NMFP has no relation to the 11th Plan committed liabilities of TUS and HRD schemes, which are being liquidated in 12th Plan under central sector.”

2.35 Explaining the problems which the Ministry will be facing due to inadequate allocation during the current year, a representative of the Ministry stated that:

“There are committed liabilities relating to the previous years. The funding available right now is not even adequate to liquidate those kinds of outstanding liabilities.”

#### **(vii) OUTSTANDING UTILIZATION CERTIFICATES**

2.36 The Grant are issued as per General Financial rules, which forbid issue of further grant, if UCs are pending for previous grant issued. According to the Ministry, there are 2842 outstanding Utilization Certificates worth Rs. 556.36 crores in respect of Grants-in-aid released up to 31.03.2013 and due as on 1.4.2014.

2.37 When the Ministry was asked to explain the reasons for pendency of such a huge amount of utilization certificates in respect of Grants-in-aid and also the efforts being made to pursue the States to clear the pendency the Ministry stated that releasing of Grants and receipt of UCs in lieu thereof is a continuous process. The Government is making every effort for liquidating the outstanding utilization certificates and the status is being regularly reviewed. The year-wise and scheme-wise pending UCs list are being circulated to the Divisions dealing with Plan Schemes. The State Nodal Agencies of the beneficiary State and UT Governments are requested to submit the outstanding UCs to the Ministry. Moreover, further releases of installments of grants to States/grantees are subject to furnishing of the UC of last installment released. This is

being complied with fully. All these efforts have resulted in bringing down the number of outstanding UCs to 1911, amounting to Rs. 343.69 crore at the end of February, 2015.

**(viii) GENDER BUDGETING**

2.38 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.

2.39 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.

2.40 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.

2.41 Asked as to whether the Cell was undertaking the assigned task towards its objectives, the Ministry in a written reply stated:

“Government of India has adopted Gender Budgeting as a tool for Gender mainstreaming at all levels of governance. The Ministry of Finance, in order to facilitate the process has mandated the establishment of Gender Budgeting Cells in all Ministries/ Departments. The Gender Budget Cells of the Ministries/Departments are required to ensure systematic process of engendering of their policies, programmes and schemes and better monitoring of the actual expenditure and benefits flowing to women and also to facilitate regular interaction with Ministry of Women and Child Development. There is no specific allocation of funds for gender related expenditure in the plan schemes of the Ministry. The Scheme of ‘Human Resource Development’ under the Centrally Sponsored Scheme—‘National Mission on Food Processing’ which is being implemented through the State/UT Governments aims at skill

upgradation in the food processing sector. Guidelines of the Scheme of ‘Entrepreneurial Development Programme’ provide to give preference to Women for imparting training and of the ‘Food Processing Training Centre’ Scheme require a certain percentage of trainees from women. The responsibility for their implementation lies with the State/UT Governments. Accordingly, the Ministry has addressed a letter enclosing the guidelines of Ministry of Women and Child Development for adoption of Gender Budgeting to all the Mission Directors of NMFP.”

2.42 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.

2.43 Asked about the findings/suggestions of Centre for Market Research and Social Development on Integrated Gender Action Plan pertaining to Ministry of Food Processing Industries alongwith the action taken in this regard, the Ministry in a written reply submitted:

“Some of the major recommendations of the study conducted by Centre for Market Research and Social Development and the response of the Ministry of Food Processing Industries thereto has been tabulated as under:—

Recommendations	Response
1	2
<p><b>Working Environment</b> Each unit should have basic facilities for women employees like toilet, safe and clean drinking water, changing room, rest room, creche etc. and should have provision of maternity leave,</p>	<p>MOFPI is not competent to insist on promoters adopting these measures—these are labour issues and MOFPI may at best locate all such guidelines and place them on the website as an advisory for food processing units as well.</p>



medical and casual leave for its women employees. The welfare schemes for women should be inbuilt in the policy of the food processing industry.

#### **Quota for Women**

It should be mandatory to employ minimum 35 percent women at each level in all the food processing units.

#### **Gender Audit**

There should be some guidelines for the monitoring and assessment of gender mainstreaming in the food processing units to assess percentage of women employees to total employees at each level including technical and management positions, salary structure of men and women employees, selection procedure of employees, training programme and women attendance, gender friendly environment, kind of welfare schemes and women friendly technology used in the food processing units. The MFPI should also make it mandatory to maintain sex-disaggregated data for all its programme and units.

#### **Gender Budgeting**

There should be allocation of separate amount of loan/subsidy and grant for women entrepreneurs.

Allocate separate budget for technical skill development of women. Separate training modules should be designed for women.

Ministry should employ women supervisors to assess whether gender equity is maintained by the food processing units. The Ministry should allocate separate budget for traveling, lodging and boarding of these supervisors.

Not within the mandate of MoFPI. The promotional policies of MoFPI are gender neutral and the objective is to increase rural employment and consumer welfare—women are likely to be major beneficiaries, indirectly, if not directly.

The data would be collected and may be shared with other Ministries like Women & Child Development and Labour.

The Food Processing Sector is at such a nascent stage that separate budgeting may not be advisable at this stage.

One or two special programmes may be considered in NIFTEM/IICPT every year.

This is not within the mandate of MoFPI.

1	2
<p>Under the scheme for cold chain, value addition and preservation infrastructure, in case of the woman entrepreneur/women group, 90% financial assistance both in general areas and in NE &amp; difficult areas.</p>	<p>Discrimination on assistance could lead to misuse—training is a better way of empowering women.</p>
<p>To encourage more female participation in Entrepreneurship Development Programmes, at least 30% female participation in the EDPs should be included as one of the eligibility criteria to avail grant-in-aid from the Ministry by the Universities, institutes and organizations.</p>	<p>Other things being equal, women may be given priority in admissions.</p>
<p>To encourage women entrepreneurs to participate in the exhibitions and fairs, provision of rent free space, reimbursement of fare, reimbursement of shipping cost.</p>	<p>This recommendations may be considered for promoting one women entrepreneur to start with.</p>
<p>Implementation of National Awards for outstanding women entrepreneurship in food processing sector.</p>	<p>This idea may be explored further.</p>
<p>A scholarship scheme for women students to provide opportunities to them to get engaged in food processing sector.</p>	<p>This may be considered wherever possible.</p>
<p>Implementation of income generating activities is one of the objectives of Swayamsidha Programme of the Ministry of Women &amp; Child Development and MFPI could easily be linked with it, because food processing and marketing is an important income generating activity.</p>	<p>Matter will be taken up with Ministry of WCD and Ministry of Labour for necessary action at their end.</p>
<p>Ministry of Food Processing Industries may collaborate with the Ministry of Human Resource Development and provide support for vocational training for women in food processing and may also develop facilities for hand on practice.</p>	<p>Matter will be taken up with Ministry of HRD.</p>
<p>Convergence is necessary between the Ministry of Agriculture and Ministry of Food Processing for processing of horticultural products.</p>	<p>This is already there.”</p>

## CHAPTER III

### SCHEMATIC ANALYSIS

#### (i) SCHEME FOR INFRASTRUCTURE DEVELOPMENT

3.1 A strong and dynamic food processing sector plays a significant role in diversification of agricultural activities, improving value-addition opportunities and creating surplus for export of agro-food products. One of the prime factors hindering the progress of Food Processing Industries in the country is lack of infrastructure. Only about 2% of agricultural produce is estimated to be preserved for processing in India currently due to lack of storage facilities. Considerable investments are, therefore, required in rural infrastructure and components of the supply chain by way of grading and packing centres, there are no processing, refrigeration controlled atmosphere facilities, reefer vans, cold storage for perishable cargo at port/airport/railway stations, a chain of testing laboratories to meet international quality standards, etc., which are not likely to come up from private sources. Significant public investments would, therefore, be required to create suitable infrastructural facilities to develop a sustainable supply chain linking farmers to processing centres and markets both domestic and foreign. The Ministry have been supporting a range of initiatives for the growth of food processing industry. The XII Plan schemes of the Ministry are:—

#### CENTRAL SECTOR SCHEMES

##### 1. Infrastructure Development Scheme

- (a) Mega Food Parks
- (b) Cold Chain, Value Addition and Preservation Infrastructure
- (c) Setting up/Modernisation of Abattoirs approved in 11th Plan

##### 2. Strengthening of Institutions

- (a) National Institute of Food Technology, Entrepreneurship and Management
- (b) Indian Institute of Crop Processing Technology
- (c) Indian Grape Processing Board
- (d) National Meat & Poultry Processing Board

### 3. Quality Assurance, HACCP and R&D and Promotional Activities

To facilitate and exploit the potential of Food Processing Sector, the Government has brought about certain reforms through a network of schemes, however, the processing sector is at nascent stage with low penetration. A schematic analysis is carried out in the following paragraphs in the Report.

#### Scheme for Infrastructure Development

3.2 The Ministry of Food Processing Industries has been implementing the Scheme of Infrastructure development which has 3 components, namely Mega Food Parks, Integrated Cold Chain and Setting up/ Modernisation of Abattoirs.

Budgetary allocation under the Scheme is as under:

(Rs. in crore)

Year	BE	RE	Actuals
2012-13	191.00	184.19	183.89
2013-14	247.00	241.92	224.49
2014-15	315.00	229.62	209.17* (upto 16.2.2015)
2015-16	329.00	-	-

3.3 On being asked about the allocations during 2015-16 (BE) being on much higher side as compared to 2012-13 (BE), 2013-14 (BE) and 2014-15, the Ministry replied that:—

“Allocation is based on likely requirement of funds, basically for releasing installment of grant-in-aid to the Mega Food Parks and payment to the (four) Project Management Agencies. Presently 25 Mega Food Park projects are under implementation. Out of these, 21 projects have been accorded final approval. Out of these 21 projects, 6 projects have been accorded final approval during the current financial year and are likely to come up for release of 1st and 2nd installment in the financial year 2015-16. Further Ministry is sanctioning 17 more projects and is in the process of according Final approval to the remaining 4 projects. Demand for release of Grant will be therefore, higher in the financial year 2015-16 and that is why higher allocation has been projected. This also includes requirement of funds for advertisement, conferences/seminars/ workshops and miscellaneous expenditure etc.”

3.4 Asked further, as to how does the Ministry propose to ensure that the allocated amount of Rs. 329 crore is fully utilised in 2015-16 and thereby funds escape pruning at RE stage, the Ministry replied that:—

“Total allocation of Rs. 329.00 crores has been made for the financial year 2015-16 to the Infrastructure Development Scheme which has three components, Mega Food Parks, Cold Chain and Abattoirs. Utilization of the allocated amount would be ensured by providing all possible support to these projects including interaction with various concerned Departments/Agencies of the State Governments at all levels to remove the bottlenecks in implementation of projects, making suitable amendments in the scheme and its guidelines and pursuing with concerned State Governments and other Central Government Ministries/Departments to extend special fiscal and other benefits to these projects to attract investment as well as by strict monitoring of progress of the existing and newly approved projects.

Provision of loan at cheaper interest rate from the funds of Rs. 2000 crore created with NABARD is also expected to facilitate ensuring the timely implementation of the Mega Food Park projects and thereby release of funds to the SPV (and PMAs).”

#### **(A) Mega Food Parks**

3.5 The scheme of Mega Food Parks envisages a well defined agricultural/horticultural processing zone containing state of the art processing facilities with support infrastructure and well established supply chain. Mega Food Parks Scheme aims to create a modern food processing infrastructure for the processing units based on a cluster approach and on a hub and spoke model in a demand driven manner. The scheme intends to facilitate establishment of an integrated value chain, with food processing at the core and supported by requisite forward and backward linkages. The central processing centre is networked with the primary processing centers of collection centers located at the farm gate in production areas. The broader idea behind the scheme is to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximization of value addition, minimization of wastages and improving farmers' income.

#### **Objectives**

- (a) Provide modern infrastructure for food processing units in the country in selected clusters to be identified in a demand driven manner.

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

#### **Pattern of Financial Assistance**

3.6 Financial assistance is provided for grant-in-aid @ 50% of project cost excluding cost of land in general areas and @ 75% in NER and difficult areas, subject to a maximum of Rs. 50.00 crore for setting up of a Mega Food Park.

#### **Budgetary allocation**

3.7 BE for 2013-14 for the scheme was Rs. 116.00 crore which was reduced to Rs. 110.25 crore at RE stage. An amount of Rs. 94.11 crore was released during 2013-14. BE for 2014-15 was Rs. 120.00 crore and at RE stage it was reduced to Rs. 63.9 crore. Against it, Ministry has released grant-in-aid of Rs. 53.88 crore till 16.02.2015.

The 12th Plan allocation for the scheme is Rs. 1714.00 crore. Year-wise expenditure is as under:

(Rs. in crore)	
Year	Expenditure
2012-13	93.11
2013-14	94.11
2014-15	53.88
Total	241.10

Out of Rs. 1714 crore only Rs. 241.10 crore *i.e.* just 14.07% has been utilized during the first three years of the plan period.

3.8 Now, when asked to explain the reason(s) for this low utilisation, the Ministry cited following reasons:—

- i. Cancellation of 15 Mega Food Park projects which could not show satisfactory progress.
- ii. Delays in implementation of Mega Food Park projects due to various reasons like, delay in acquisition of at least 50 acres land, complex and time taking procedures of obtaining various types of statutory clearances from the State Government Departments/Agencies, inability of Public Sector Undertakings to take a lead role in execution of the project even in the situations of crisis, lack of cohesiveness amongst the promoters and obtaining term loan sanction from Banks. It may also be noted that Mega Food Park projects are big and complex projects with a long gestation period. Hence, at times, it is not possible for these projects to keep their pace of implementation in conformity with the prescribed timelines. All these reasons together have contributed towards slow pace of implementation of MFP projects which in turn resulted in the low utilization of funds under the Scheme.

However, the Ministry has been constantly monitoring the progress of implementation of these projects and taking steps required to facilitate and speed up the pace of implementation.

3.9 Taking into account the reasons given by the Ministry for low utilisation of funds, the Ministry was asked about any proposed desirable change(s) in the plan of action to utilise the funds, the Ministry informed that they have proposed following changes in the plan of action so as to utilize the funds:

- i. Based on the experience of implementation and feedback from the stakeholders, the scheme has been modified from time to time to attend to the issues causing delay.
- ii. State Government's involvement is being ensured at all levels of project sanctioning process and implementation process. Their representative is also being nominated in the Board of SPV.
- iii. A fund of Rs. 2000 crore has been created with NABARD for making available affordable credit to the MFP projects.
- iv. State/Central Government agencies are being allowed to play lead role in implementation of the project by removing restriction on the equity holding.

- v. Besides expediting implementation of existing Mega Food Park by close monitoring of projects and interaction with State Government Agencies, a new and effective step of imposition of penalty on delay in implementation linked to each stage (eligibility for release of a particular installment) is also under consideration of the Ministry.
- vi. Close and regular monitoring of progress of implementation of MFP projects.

### **Progress of the Scheme**

- 3.10
- i. The Cabinet approved the Scheme of Mega Food Parks in September, 2008 with the stipulation to take up 10 projects in the 1st phase out of total 30 Mega Food Parks (MFP) envisaged under the Infrastructure Development Scheme in the country during 11th Plan period. Out of the 10 projects approved in the 1st phase, 7 projects have been accorded final approval and 3 projects have been cancelled on account of failure to comply with the conditions of scheme guidelines.
  - ii. The CCEA further approved setting up 5 more Mega Food Parks in November, 2010 during second phase of scheme implementation. Out of these projects, Final approval has been accorded by the Ministry to 3 projects and 2 projects have been cancelled by the Ministry due to inability of the promoters to implement the projects as per the scheme guidelines.
  - iii. The CCEA further approved 15 new projects under Mega Food Parks Scheme in October, 2011 with an allocation of Rs.1714 crores. Out of these projects, Final approval has been accorded by the Ministry to 10 projects and 5 projects have been cancelled by the Ministry due to the failure to meet the conditions of the final approval. The projects which have been accorded final approval are under various stages of implementation.
  - iv. In August, 2013, the CCEA further approved taking up 12 more Mega Food Parks during 12th Plan as per the existing pattern of assistance of 11th Plan. Out of these projects, In-principle approval was been accorded by the Ministry to 10 projects in December, 2013 and 2 projects were withdrawn by the applicants. Out of 10 In-principally approved projects, 3 projects are in the process of meeting the conditions of final approval and 7 projects have been cancelled for failing



to make satisfactory progress in meeting the condition of final approval. Out of the total 42 Mega Food Park projects approved by the Government, the Ministry has accorded final approval to 20 projects and In-principle approval to 3 projects.

- v. The CCEA also approved sanctioning of the projects against cancellation/withdrawal of the projects approved by the Ministry during the 11th and 12th Plans within the Plan allocation of the scheme as per the 11th Plan pattern of financial assistance of the Scheme. The Ministry had issued Expression of Interest (Eoi) on 10.02.2014 to invite application, for setting up Mega Food Park projects in the country against the vacant slots and cancellation of the projects. The last date for receipt of proposals were initially fixed on 30.04.2014, was extended to 30.06.2014 and finally to 31.07.2014. Against this Eoi, 72 proposals were received, which were eligible for appraisal. These 72 proposals are in the process of appraisal in the Ministry.
- vi. The Ministry invited Request for Proposal (RFP) for Evaluation of the Impact of the Scheme for Mega Food Park. M/s Indian Council for Research on International Economic Relations (ICRIER) was selected for undertaking the evaluation to be completed within the year.
- vii. The Ministry also invited Expression of Interest (Eoi) on 01.09.2014 for appointment of Programme Management Agency (PMA) for establishment of Mega Food Parks in 5th Phase of implementation of the Scheme. The Ministry appointed two PMAs viz. M/s Srei Infrastructure Finance Ltd. and M/s. PricewaterhouseCoopers Pvt. Ltd. on 20.10.2014 after following an elaborate and transparent procedure as per the scheme guidelines.
- viii. The Ministry also invited Expression of Interest (Eoi) on 07.11.2014 for fresh empanelment of Project Management Consultants (PMC) under Mega Food Parks Scheme. The last date for receipt of proposals against this Eoi was 10.12.2014. The proposals received against this Eoi are being evaluated in the Ministry.

3.11 On being enquired about the number of fully functional projects, the Ministry stated that:

“Four Mega Food Parks have become functional *i.e.* Parks being implemented by M/s Patanjali Food and Herbal Park Pvt. Ltd. at Haridwar in Uttarakhand, M/s Srinivasa Food Park Pvt. Ltd. at Chittoor

in Andhra Pradesh, M/s Integrated Food Park Pvt. Ltd. at Tumkur in Karnataka and M/s International Mega Food Park Pvt. Ltd. at Fazilka in Punjab. Three more Mega Food Parks *i.e.* by M/s North East Mega Food Park Pvt. Ltd. at Nalbari in Assam, M/s Indus Mega Food Park Pvt. Ltd. at Khargone in Madhya Pradesh and M/s Jangipur Bengal Mega Food Park Pvt. Ltd. at Murshidabad in West Bengal are likely to become operational in the next year.”

3.12 The Ministry clarified that each Mega Food Park is expected to generate 5000 direct and 25 to 30,000 indirect employments when fully functional. On being asked about the current status of the level of employment generated in the functional projects, the Ministry informed that:—

“The above outcome has been estimated for a fully functional Mega Food Park project. At present none of the project is fully functional. However, the reported outcome of the Mega Food Park at Haridwar, which is near to becoming fully functional, are as under:

(a) Total Number of Plots	—	24
(b) Number of plots allotted	—	19
(c) Leasable Area (in acres)	—	38.32
(d) Area Leased out to units (in acres)	—	33.82
(e) Units in Operation	—	17
(f) Employment Generated	—	5000 direct

The indirect benefits from this park are available to many thousands of farmers from whom raw material is being procured. It has also been argued by the Ministry that the aim of creation of employment could only be achieved when these Mega Food Park’s become fully functional.”

3.13 The Ministry has assigned a 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. Asked if Indian Council for Research on International Economic Relations (ICRIER) has submitted the report, the Ministry replied that:—

“ICRIER is yet to submit the report of the mid-term evaluation assigned to them and the findings can only be arrived on receipt of the report and that the submission of the report is being expedited.”

3.14 Special attention was paid by the Committee to the finalization of Mega Food Parks in 4 phases and concerns have been raised over the chasm between the estimated projects and the finalized projects. It has been argued that out of 42 Mega Food Parks which were projected, only 21 were finalized and 15 were disbanded due to non-compliance of terms and conditions. Issue of transparency is also raised regarding the procedures of finalization of projects. In reply to these issues, the Ministry has stated that:—

“The Mega Food Parks proposals which were ready to be approved and sanctioned were not taken up because the plan allocation was reduced.”

3.15 On being further asked about the efforts which are being made by them to popularize the scheme of Mega Food Parks. The Ministry informed:—

“Ministry is making various efforts to popularize the scheme of MFPs which includes Press Conferences, advertisements in the National and regional print media, organizing Conferences in various parts of the country. Ministry has also prepared e-book both in soft and hard copies for wide circulation.”

#### **Modification of Mega Food Parks Guidelines**

3.16 During the course of implementation it was realised that there are certain issues which are affecting the progress of project implementation. The issues affecting implementation of Mega Food Parks were discussed with the stakeholders concerned and it was decided to carry out further modifications in the existing scheme for facilitating speedier and better project implementation. The scheme of Mega Food Parks has further been modified on 10.02.2014. The major modification are as follows:—

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

- The time schedule for completion and operationalization of project was increased to 30 months countable from the date of release of 1st installment.
- The release of grant installment was linked with specific milestone in order to ensure speedier implementation.

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

3.18 Criteria for evaluation by Technical Committee (TC) of the EoI/Proposals for setting up of Mega Food Parks has been made objective to ensure the objectivity and transparency. The proposals received against the fresh notice for EoI are being evaluated by the TC following these detailed criteria.

3.19 The requirement of submitting affidavits along with prospects have been reduced or done away with to make the scheme user-friendly.

3.20 On being asked, whether farmers, farmers' organisations, producers' companies are involved and connected with the concept of Mega Food Parks and to the extent to which the benefits accrued to farmers, processors and retailers separately in percentage terms as also the role of skill development programme in enhancing the skill of the farmers, the Ministry responded as follows:—

“Farmers, farmers' organizations, producers' companies are closely involved and connected with the concept of MFP. The Hub and Spoke model on which the Scheme of Mega Food Park is based, provides for creation of backward linkages. Concept of the Scheme includes creation of infrastructure for primary processing and storage near the farm in the form of Primary Processing Centres (PPCs) and Collection Centres (CCs) and common facilities and enabling infrastructure like roads, electricity, water, ETP facilities etc. at

Central Processing Centre (CPC). These PPCs and CCs act as aggregation and storage points to feed raw material to the processing units located in the CPC. Creation of adequate infrastructure facilities for processing of agricultural and horticultural produce will bring down the current level of wastage of perishables and help in realisation of better price to the farmers. Each Mega Food Park aims to create direct employment of 5,000 and benefit to 25,000 to 30,000 farmers. Though, it may not be feasible to bring out the benefits accrued to farmers, processors and retailers in percentage terms, progress to this effect so far. The more specific information regarding the extent to which benefits have been accrued to farmers etc. is expected to be available once the study report is submitted by ICRIER.

NIFTEM, Kundli and IICPT, Thanjavur, the two institutes functioning under the Ministry have been conducting Training Programmes for Skill Development and capacity building of farmers, SHG members and educated youth and prospective entrepreneurs regularly. The NIFTEM, through its neighbourhood programme, is educating farmers in latest technologies of food processing and value addition to their produce.”

#### **(B) SCHEME FOR COLD CHAIN, VALUE ADDITION AND PRESERVATION INFRASTRUCTURE**

3.21 India has made significant achievement in production of various agricultural crops and allied products. India is the largest producer of milk and the second largest producer of fruits, vegetables. The country also is a major producer of marine, meat and poultry 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. An 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.

3.22 In this backdrop, the Ministry launched the scheme of cold chain, value addition and preservation infrastructure in year 2008 with an objective to provide integrated cold chain, value addition, and preservation infrastructure facilities without any break from the farm gate to the consumer. Under the scheme, the cold chain 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. The implementation schedule for the project is 24 months in general areas and 30 months in case of NE region and difficult areas from the date of the approval of each project. Programme Management Agency (PMA) has also been engaged to assist Ministry in implementation and monitoring the cold chain projects as well as scrutiny and appraisal of the proposals.

### **Salient Features of the Scheme**

3.23 Following are the features of the Scheme:—

- Scheme provides for integrated and complete cold chain facilities without any break from the farm gate to the consumer. Pre-cooling facilities at production sites, reefer vans and mobile cooling units are also covered as part of the project. Stand-alone facilities, except irradiation facility will not be considered for assistance.
- Both horticultural and non-horticultural produce are eligible for support under this scheme.
- Value addition Centres also include infrastructural facilities including minimal processing, sorting, grading, waxing, packing, retail outlets, collection centres, etc. for horticultural and non-horticultural produce including organic produce.
- Irradiation facilities also cover warehousing, cold storage facilities, grading and sorting facilities; reefer vans etc. for storage of raw material and finished products for efficient utilization of the facility.

### **Components of the Scheme**

3.24 Following are the components of the Scheme:—

- 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, 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, Blast Freezing, etc.
- d. Irradiation facility.

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.

#### Pattern of Assistance

3.25 Under this scheme, financial assistance (grant-in-aid) is provided @ 50% of the total cost of plant and machinery and technical civil works in General areas and 75% for NE region and difficult areas (North East States including Sikkim and J&K, Himachal Pradesh and Uttarakhand) subject to a maximum of Rs. 10 crore.

#### Financial progress of the scheme

3.26 BE/RE and Actual Expenditure under Cold Chain scheme during 11th Plan Period and during 12th Plan [2012-13, 2013-14 and 2014-15 (as on 31.12.2014)] is as under:—

Year	(Rs. in crore)		
	BE	RE	Expenditure
2007-08	100.00*		0.00
2008-09	50.00*		8.23
2009-10	70.00*		43.50
2010-11	27.53	22.02	21.65
2011-12	110.00	89.99	83.70
2012-13	86.00	81.37	81.13
2013-14	100.00	103.73	103.72
2014-15	160.00	153.36	153.36

\*Allocation included in the Infrastructure Development Scheme comprising Mega Food Park, Cold Chain and Modernization of Abattoirs.

3.27 On the financial achievement *vis-a-vis* target during XIIth plan, the Ministry further added:—

“The Government has approved an outlay of Rs. 786 crore during the 12th Five Year Plan for implementing the Scheme of Cold Chain, Value Addition and Preservation Infrastructure, out of which a grant

amount of Rs. 330.98 crore has already been released viz. during 2012-13 - [Rs. 81.13 crore], 2013-14 - [Rs. 103.72 crore], 2014-15 - [Rs. 153.36 crore]. It may be mentioned that the funds allocated for general area for 2014-15 have already been utilized by 31.10.2014. Additional allocation of Rs. 100 crore was requested to fulfil the committed liabilities. However, the allocation for this Ministry in BE 2014-15 was reduced at RE stage and therefore the grant could not be released due to non-availability of funds.”

3.28 Explaining the need for additional funds. A representative of the Ministry, added during evidence:—

“The Country needs to augment the cold chain facilities in view of the requirement. The Government is investing in this regard. My Ministry is taking up cold chain projects. NHB and National Mission on Horticulture are providing financial and other assistance for cold storage. You have rightly said that adequate allocation is not being made for this purpose. This Programme needs to be expanded. We have demanded higher allocation from the Government. We have submitted a proposal to expand the scheme. This programme could be expanded if the Government increases the allocation. As of now, Rs. 400 crores are required for this purpose. The funds sanctioned for cold chain projects are not sufficient.”

3.29 Asked about the required and existing storage capacity in the Country, the Ministry stated:—

“The Committee constituted by the Planning Commission under the Chairmanship of Dr. Saumitra Chaudhuri, Member Planning Commission in the year 2012 on encouraging investments in supply chains including provision for Cold Chain for more efficient distribution of farm produce citing the study conducted by National Spot Exchange Limited (NSE) in 2010, has indicated requirement of 61 million metric tonnes of cold storage capacity against the available capacity of 24 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 Government. The present cold storage capacity is estimated at around 32 million tonnes and therefore the present gap is estimated at about 29 million tonnes.”

#### **PROGRESS OF THE SCHEME**

- 3.30 • During the 11th plan period, Government had approved taking up of 79 cold chain projects for financial assistance by the Ministry in 3 phases. Against this 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 are under various stages of implementation from 11th Plan.

- In August, 2013, Government had approved taking up of 75 cold chain projects with the financial assistance through the Ministry. Out of the 75 approved projects by the Government, sanction letter of financial assistance was issued to 66 projects. Out of 66 projects, 09 projects have been cancelled/ withdrawn mainly due to very slow progress made by the promoters. Thus, 57 projects from 12th Plan are at various stages of implementation.

The status of implementation of 112 cold chain projects is at Annexure-II.

3.31 The Ministry during Demands for Grants (2014-15) have submitted that they have accorded sanction to 121 Cold Chain Projects. However, Ministry have now stated that they have so far sanctioned 112 projects. When asked to explain the reason behind dropping of other 9 projects, the Ministry replied that:—

“So far, the Government has approved 138 cold chain projects in four phases during the 11th and 12th plan period. Against 138 approved slots for cold chain projects the Ministry had sanctioned 121 projects. Subsequently, the Ministry cancelled 9 cold chain projects due to unwillingness and non-commitment evinced by the promoters in timely implementing the projects. To fill up the vacant slots created by cancellation/non-sanction of the projects the Ministry has already floated an Expression of Interest (Eoi) on 02.12.2013. The Ministry has received 153 proposals. The appraisal/ evaluation of these projects is in very advanced stage and the vacant slots created by the cancellation/non-sanction of the projects will be filled up soon.”

#### **Cold Chain projects under National Mission on Food Processing (NMFP)**

3.32 During the 12th Plan, Cold Chain projects for non-horticulture products can also be sanctioned by UT/State Governments under National Mission on Food Processing (NMFP). Integrated cold chain and preservation infrastructure can be set up by individuals or groups of entrepreneurs interested in supply chain management, organizations such as Government/PSUs/Joint Ventures/NGOs/Cooperatives/SHGs/ Private Sector Companies and Corporations etc.

### **Modifications in the scheme**

3.33 Based on extensive feedback and consultations with stakeholders, the guidelines of the scheme have been revised w.e.f. 20.11.2013 for the purpose of smooth implementation of the Scheme. To make the scheme more inclusive farmer-producer organizations, NGOs, self-help groups and cooperative societies have been made eligible to apply for financial assistance. The scope of the components of the scheme has been broadened. Now, ripening chambers can be set up at the minimal processing centre at the farm level whereas grading and sorting facilities can also be part of the distribution hub. Indicative list of eligible and ineligible items of plant & machinery and technical civil work have been incorporated in the scheme guidelines. Term loan of at least 10% of the project cost has been made mandatory for the applicant to ensure greater involvement of the banks and FIs in appraisal and financing the projects. The scoring criteria for assessment of the proposals have been made more objective and transparent by making assessment parameters more specific. The template of the Detailed Project Report (DPR) also guides the applicant to provide the requisite information about the project in a logical and sequential manner. The timeline for the project implementation has now been increased from 18 to 24 months for general areas and 30 months for difficult and north-eastern areas. The guidelines have been further simplified on 08.08.2014 and the DPR format has been realigned to make it more user friendly and reducing the need of extra documentation.

The Technical Committee and the Inter Ministerial Approval Committee (IMAC) have also been re-constituted. The IMAC will now be chaired by Hon'ble Minister (FPI).

### **Task Force on Cold Chain Projects**

3.34 To accelerate the availability of cold storage and to improve the efficiency of Cold Chain Management a Task Force under the Chairmanship of Secretary, Ministry of Food Processing Industries has been set up by the Prime Minister's Office with a view to re-visit the strategies, financials and incentives of all cold storage/cold chain related schemes and recommend institutional mechanism for enhancing capacity of cold chain infrastructure in the country. The Committee submitted their report on 31.10.2014 to the Government. The Committee, *inter alia*, recommended that the Government should aim at creating an additional capacity of 7.5 million tonnes over the next 05 (five) years with fund allocation of Rs. 6100 crores. Out of this 7.5 million capacity, 5 million tonnes may be created together by National

Horticulture Mission (NHM) & National Horticulture Board (NHB) under the Mission for Integrated Development of Horticulture (MIDH) scheme of Department of Agriculture and Cooperation and 2.5 million tonnes under the scheme of the Ministry.

### **Impact Evaluation Study**

3.35 A Study on “Evaluation of the impact of the Scheme for Cold Chain, Value Addition and Preservation Infrastructure of Ministry of Food Processing Industries” has been awarded to M/s NABARD Consultancy Services Pvt. Ltd. (NABCONS). Letter of Award (LOA) has been issued on 20.10.2014. The study is expected to be completed by the end of March 2015.

### **(C) SCHEME FOR SETTING UP/MODERNIZATION OF ABATTOIRS**

3.36 The issue of ensuring hygienic meat production in the country has to be seriously considered. There is a need for setting up/modernization of municipal abattoirs as the domestic meat market is fed by abattoirs owned/licensed by municipal bodies. These municipal abattoirs generally lack modern equipment, proper sanitation/hygiene, facilities for scientific slaughtering, waste management and pollution control. Quality and hygiene levels are low resulting in contamination/deterioration of meat, cruelty to the animals, wastage of meat and pollution of adjoining areas, water bodies and rivers. Modernization of these abattoirs is needed for production of clean, wholesome and hygienic meat required for domestic consumption. The qualitative and quantitative capacities of the abattoirs need to be upgraded besides discouraging slaughtering in unauthorised locations.

It is imperative that the slaughter houses supplying meat to the domestic consumers have the basic minimum requirements such as proper lairage facilities, proper flooring, carcass hanging/flaying facility, adequate water supply and lighting with proper wastage disposal system. This has to be ensured by the State Governments and the local bodies since most of the abattoirs are owned/operated or licensed by the local bodies. However, Government of India has to play its part in assisting the States in fulfilling this objective. Hence the Plan Scheme for establishing new abattoirs and modernizing of existing abattoirs was started in the 11th Five Year Plan.

#### **(i) Objectives of the scheme**

- 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.

**(ii) Salient features of the scheme**

- The scheme will be implemented with involvement of local bodies (Municipal Corporations and Panchayats)/Public Sector Undertaking/Cooperatives/Boards under Government and will have flexibility for facilitating involvement of private investors on public-private partnership basis.
- Land for abattoirs will be contributed by the Panchayats/ Urban Local Bodies/State Agencies.
- Professional agencies have been engaged as Project Management Agency (PMA) to assist the Ministry in project appraisal, implementation and monitoring of projects.

**(iii) Pattern of financial assistance**

Financial assistance (grant-in-aid) for setting up of new abattoirs is provided at 50% of cost of plant & machinery and technical civil work in general areas subject to maximum of Rs. 15 crore for each project. For difficult areas, the ceiling is 75% of cost of plant & machinery and technical civil work subject to maximum of Rs. 15 crore for each project. The difficult areas are North East States including Sikkim, Jammu & Kashmir, Himachal Pradesh, Uttarakhand and ITDP notified area of the States.

3.37 Budgetary allocation under the scheme is as under:–

(Rs. in crore)

Year	BE	RE	Actuals
2012-13	19.00	9.62	9.58
2013-14	31.00	27.72	26.68
2014-15	35.00	12.32	9.71 (upto 31.12.2014)
2015-16	-	-	-

3.38 When asked to explain the reasons behind such poor performance during 2014-15 as compared to previous years, the Ministry replied that:—

“During 2014-15, a total of 14 projects had been approved for Setting up/Modernisation of abattoirs as per proposals received from various State Governments/Municipal bodies. This was possible because of relentless efforts made by the Ministry with the various State Governments to forward proposals and get them to provide the information, documentation as per scheme guidelines for the proposals to be considered by the Approval Committee. After the approval, these were communicated to the respective State Governments/Municipal Bodies and they were requested to complete the documentation required for release of 1st installment of grant-in-aid. The Ministry has been doing its best in following up the cases with the Municipal Corporations and the State Governments to ensure that the implementation of the scheme remains on track and there are no inordinate delays. A number of review meetings were held both with the Project Promoters and Project Management Agencies under the Chairmanship of Secretary, FPI and the Joint Secretary concerned. In addition, a number of D.O. letters were also written to the Chief Secretaries/Secretaries of Departments dealing with abattoirs in the various State Governments.

It is submitted that during the year 2013-14, the 3rd installment of grant-in-aid amounting to around Rs. 17.00 crore was released to three projects approved during 11th Plan, out of which two projects have since been completed. In addition, during the year 2013-14, a total of 17 new projects had been approved and 1st installment of grant-in-aid was released to 8 projects. During the year 2014-15, it was expected that the projects which had been sanctioned 1st installment during the previous year would come back for sanction of 2nd installment of grant-in-aid but only one proposal was received which was sanctioned. Further, during 2014-15, 14 new projects had been approved and it was expected that all would come for release of 1st installment of grant-in-aid. However, proposals for release of 1st installment of grant-in-aid were received only from 4 projects which were released. In addition, there are 5 proposals ready for release of grant-in-aid amounting to around Rs. 12.00 crore but which cannot be released during 2014-15 because of non-availability of funds due to reduction of allocation during the RE stage. Hence it is submitted that the performance during 2014-15 is almost at par with that of the previous years.”

3.39 As also, on being asked as to what necessitated reductions of funds at RE stage during the year 2014-15, the Ministry replied that:—

“As regards reduction of funds at RE stage during the year 2014-15, the overall BE of the Ministry was reduced to Rs. 600 crore from the original BE of 2014-15. This resulted in almost all the schemes getting much less allocation than original allocation.”

3.40 On being asked as to when the ongoing projects likely to be completed and are they progressing as per schedule, the Ministry replied that:—

“The implementation schedule as per the scheme guidelines for 11th Plan was about 18 months and as per the 12th Plan guidelines the period is about 24 months. Not all the projects are progressing as per schedule as all the projects have different types of problems and depending on the State Government/Municipal Corporation time is taken for sorting out the problems. The Ministry has not left any stone unturned to ensure that the abattoir projects progress smoothly with intervention in the form of advice, suggestions, etc., from the Ministry whenever needed being provided at the appropriate time. In spite of the best efforts of the Ministry, the implementation of the projects has been delayed.”

3.41 Also, explaining the cost overruns as a result of delay, the Ministry stated that:—

“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 of MoFPI from Rs. 1142.00 lakh to Rs. 1500.00 lakh for the project.”

3.42 As stated by the Ministry, the project at Hyderabad was expected to be completed by March, 2015 & at Edayar and Vizag by June, 2015. However, the projects at Hyderabad and Kochi are delayed due to various reasons. Elaborating the reasons for delay, the Government replied that:—

“The construction of modern abattoir at Amberpet, Hyderabad and a rendering plant at Chengicherla, Hyderabad at a total project cost of Rs. 32.84 crore was approved by the Ministry on 31.10.2008. The total approved grant-in-aid is Rs. 14.79 crore for this project. The first instalment of grant-in-aid of Rs. 1.48 crore was released on 08.12.2008, the second instalment of Rs. 4.44 crore on 14.03.2011 and the third instalment of Rs. 5.92 crore was released on 17.09.2013.

The project was being implemented with good speed till middle of 2011, by which time, the major civil work was completed, imported equipment was received and the main pending work was supply of indigenous equipment and erection and commissioning of the equipment. However, one of the JV partners of the turnkey contractor, who was responsible for supplying the indigenous equipment related to the project and completing the erection and commissioning, was not able to maintain the schedule and the project got delayed. As informed by the Greater Hyderabad Municipal Corporation (GHMC), when it was realized that it would not be possible for the JV partner to complete the work, alternate arrangement had to be made and the same was put in place in the second quarter of 2013. The work thereafter picked up. During review meetings held in the Ministry and through periodical correspondence, it has been informed that erection of equipment at the slaughter house at Amberpet is complete and trial runs are going on since October, 2014.

During review meeting of Secretary, FPI with Chief Secretary, Telangana at Hyderabad on 13.02.2015, it was informed that the consent to operate from the State Pollution Control Board is still pending. As regards the Chengicherla rendering plant, GHMC has informed that the plant is ready for commissioning but commercial operation could not be started due to Stay Order given by the Hon'ble High Court of Andhra Pradesh and Telangana.”

3.43 With effect from 1st April, 2014 the scheme is being implemented by the State Governments under National Mission on Food Processing. The guidelines have accordingly been modified in order to give more flexibility and selection of projects as per the approved

pattern of assistance. The scheme envisages a grant of 50% in general areas and 75% in difficult areas for cost of Plant and Machinery (P&M) and Technical Civil Work (TCW) and other eligible items subject to a maximum of Rs. 15.00 crore per abattoir.

#### **(ii) SCHEME FOR STRENGTHENING OF INSTITUTIONS**

3.44 This scheme focuses on putting in place new 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 Institute of Grape Processing Board (IGPB).
- Setting up of National Meat and Poultry Processing Board (NMPPB).

#### **NATIONAL INSTITUTE OF FOOD TECHNOLOGY ENTREPRENEURSHIP AND MANAGEMENT (NIFTEM)**

3.45 Ministry of Food Processing Industries (MFPI) has set up NIFTEM as a Centre of Excellence in the field of Food Sciences & Food Technology. NIFTEM is mandated to offer 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 All India Council for Technical Education (AICTE) on 30.04.2013 has approved the under-graduate & post-graduate courses being conducted by NIFTEM.

3.46 The Government approved the revised cost estimates of NIFTEM Project at Rs. 479.94 crore comprising of Rs. 396.02 crore as Capital and Rs. 83.92 crore as Revenue. Out of this Rs. 369.17 crore under Capital and Rs. 83.92 crore under Revenue have already been released to NIFTEM by Government. This leaves a balance of Rs. 26.85 crore to be released as Capital. The proposed Capital Outlay of Rs. 10 crore in BE 2015-16 is not sufficient to meet the Capital expenditure of the Institute during the financial year 2015-16. Keeping in view the pace of utilization of allocated funds by NIFTEM, request for additional funds will be taken up at the RE stage.



3.47 NIFTEM has taken following initiatives to fulfil its mandate as centre of excellence for food processing and sector promotion organization.

**(A) Village Adoption Programme**

- Village Adoption is a unique programme conceptualized by NIFTEM for its students, with a view to sensitize and educate them on the problems and practices of the farmers at the grass root level.
- NIFTEM has undertaken 6 sessions of Village Adoption Programme by deputing a mix batch of about 10-12 students from B.Tech and M.Tech. Programmes. Each group was led by a NIFTEM Faculty member and all the groups stayed in the selected villages.

**(B) Students' Innovation Fund**

The Institute has created an Innovation Fund for NIFTEM students to encourage them to undertake research for development of new innovation driven knowledge based processes, products and technologies. Financial assistance upto Rs. 15 lakh will be provided for innovative research projects to individual students and groups. The above financial ceiling can be enhanced in respect of highly deserving projects.

**(C) NIFTEM Industry Forum (NIF)**

The Institute has set up NIFTEM Industry Forum consisting of representatives of food processing industry and allied sector to advise on Teaching, Research, Entrepreneurship Development, Skill Development, Consultancy to the Industry and SME Upgradation.

**(D) NIFTEM Research Development Council (NRDC)**

A Research Development Council consisting of about 65 members drawn from industry and academia has been set up to chalk out the future Research Agenda of NIFTEM. Experts from Indian Council of Agricultural Research (ICAR), Central Food Technological Research Institute (CFTRI), Central Institute of Post-Harvest Engineering & Technology (CIPHET), Defence Food Research Laboratory (DFRL), Defence Research & Development Organization (DRDO), IIT, Kharagpur, IIT, Delhi, Harcourt Butler Technological Institute (HBTI), Kanpur, IIM, Lucknow have been included in the Council. Two meetings of NIFTEM Research Development Council have so far been held.

**(E) International Grain Processing Research & Training Centre (IGPRTC)**

International Grain Processing Research and Training Centre has been set up in collaboration with grain industry to function as an outreach organization of NIFTEM and to enhance market promotion, consumption and utilization of Indian cereal grains and their value added products.

**(F) International Bakery Research and Training Centre (IBRTC)**

NIFTEM has set up an International Bakery Research and Training Centre to facilitate in-house and externally supported continuous experiential learning and motivating entrepreneurs to start new ventures with faculty mentoring from NIFTEM. The Bakery Centre could also train the work force and upgrade their skills to produce quality bakery products.

**(G) Collaborations & Understandings with International & National Institutions**

MoUs have been signed with following institutions for mutual cooperation in the field of faculty/students exchange programme, research and other subjects of common interest:

- Wageningen University (WU), The Netherlands
- Kansas State University (KSU), USA
- University of Nebraska Lincoln (UNL), USA
- Institute of Food Technology and Health, Illinois Institute of Technology, USA

3.48 NIFTEM has created Student Innovation Fund for its students to encourage research and promote innovation driven learning. Financial assistance is extended for projects undertaken by students.

3.49 On being asked about the source of this fund, the Ministry replied that:—

“The Innovation Fund scheme aims to encourage students to take up innovative projects. 5% of the revenue income of the Institute is earmarked for this fund to finance the innovative projects submitted by the students for upto Rs. 15 lakh per project with initial duration of 02 years.”

3.50 Further when asked about the corpus of this fund, the Ministry replied that:—

“The total corpus of this fund as on date is Rupees 1.68 crore.”

3.51 NIFTEM has conceptualized a unique programme of village adoption by its students with a view to sensitize them of the problems and practices of farmers at grass root level. Seven rounds of Village Adoption Programme has been completed by NIFTEM students covering 39 villages in 19 States.

3.52 On being asked about the outcome of this programme, the Ministry replied that:—

“The following are the outcomes of Village Adoption Programmes:

**A. Food Processing Promotional Initiatives**

About 100 programmes including Trainings and Expert Lectures, Awareness Camps organized on food processing and value addition, post-harvest management, product development, etc.

**B. 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 process of finalising frameworks for initiating ventures in food processing.

**C. Product Development Processes**

Students along with their mentor have taken Product Development Training Programmes at village level in different villages and practically demonstrated preparations 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. and also share one to two page leaflets indicating the process flow charts and estimated expenses.

**D. Cataloguing of Traditional Knowledge**

**Preparation of Booklets on Traditional Food Recipes:**

- Almost all the existing groups by last village adoption programme completed the process of cataloguing the traditional recipes of their respective locations and has documented in form of small booklet. There are about 130 such recipes which are unique and with scientific intervention can be standardised for mass production and sold in domestic markets.

### **Preparation of Booklets on Traditional Food Preservation Practices**

- Various groups have compiled information on traditionally existing Food Preservation Practise and documented them in form of booklets

### **Projects Being Pursued under Village Adoption Programmes:–**

Certain projects (as mentioned below) have been identified for further follow-up as rural entrepreneurship in food processing sector at different locations in the adopted villages:

- Garlic paste making.
- Tomato processing unit.
- Potato processing unit.
- Dairy processing Unit.
- Vermi-compost farming technique.
- Potato chips manufacturing units.
- Technology for pickle making of cauliflower and carrot.
- Onion paste manufacturing at small scale.
- Mushroom cultivation.
- Wheat processing.
- Onion processing and storage.
- Soya processing.”

3.53 Further when asked about the efforts being made to enhance adoption of more number of villages by the students, the Ministry replied that:–

“Each VAP Team is accompanied by a Faculty Member as mentor. The institute has total Faculty strength of 36 at the level of Associate Professors and Assistant Professors. Based on this strength 39 villages have been adopted so far. As and when, faculty strength increases more number of villages will be adopted by NIFTEM students.”

3.54 To sensitize the farmers, the students of B.Tech and M.Tech. about the ground realities in the rural areas, the following innovative approach has been undertaken by NIFTEM:–

NIFTEM has conceptualized Village Adoption Programme as part of its course curriculum for B. Tech. and M. Tech. Programmes. The aim is to sensitize & train the farmers & local youth about food

processing and its advantages, encourage farmers & local youth to form producer's company & establish small Food Processing Units and promote good agricultural practices. Under this programme:

- B. Tech. (Food Technology & Management) and M. Tech. students are divided into groups of 10 to 12 students at the time of joining NIFTEM.
- Each group is led by a Faculty Member (Mentor) and adopts a village anywhere in India and nurtures it during the entire programme of study.
- The Groups go and stay in the respective villages twice a year for 10 to 12 days each time in a semester. It is a symbiotic process leading to exchange of Knowledge.
- While Villagers gain scientific and technical knowledge through students who promote future possibilities of food processing among them. Students obtain firsthand experience of Indian rural scenario and understand traditional processing technologies adopted by the villagers.
- Students gain general awareness of the village life and facilitate the process of integrating the underprivileged sections of our population with the main stream.”

3.55 The Institute has established a 'Research Cell' for starting research activities in the relevant areas of Food Technology Entrepreneurship & Management. For this purpose a workshop was organized and brain storming session was conducted to finalize the agenda of research activities to be undertaken at NIFTEM. In this workshop, eminent experts from academia and industry shared their views about the future areas of research at NIFTEM.

#### **Internally Funded Research Projects**

3.56 In order to begin research activities at NIFTEM, it was decided by the institute to provide internal funding to research projects so that in-house Faculty Members could start research immediately. In pursuance of this decision, proposals were invited from in-house Faculty Members which were scrutinized and discussed in detail. Following projects were shortlisted during the year 2013-2014 for research through internal funding. The shortlisted research proposals are also being shared with outside experts in the relevant areas for the purpose of getting their inputs & making the undertaken research projects more meaningful. Comments for some of the projects have already been received and have been incorporated into the respective projects.

## LIST OF INTERNALLY FUNDED RESEARCH PROJECTS

Sl.No.	Title of the Project
1.	Development of safe Fruit and Vegetable products retaining higher Nutrients using high pressure processing.
2.	Spray drying of functional proteins: Modelling through single droplet drying and computational fluid dynamics paradigms.
3.	Development of food products fortified with cereal grasses and evaluation of their Therapeutic Characteristics.
4.	Biochar from Food Industry Waste.
5.	Evaluation of anti-bio film, anti-microbial effect of natural compounds against food-borne pathogens.
6.	Honey Value Chain Analysis in India.
7.	Development of value added safe aquatic products using high pressure processing.
8.	Natural Anti-microbial film to Enhance Quality of food: Starch-protein film with anti-microbial agents from Nature.
9.	Development of functional food using underutilized cereals & millets.
10.	Effect of Micro fluidization on the quality of fruit flavoured and low-fat yoghurt.
11.	Studies on quality and effect of frying on the constituents of street fried foods available in and around Delhi.
12.	To study the supply chain of apples in Jammu & Kashmir and Himachal Pradesh.
13.	Designing and development of low cost automated carcass dressing machine for gram Panchayats/Villages.
14.	Extraction and Purification of Natural Colour Antioxidants from Fruits and Vegetables wastes.
15.	Optimization of cell and tissue culture techniques for <i>in vitro</i> production of food additives, flavours, colors and supplements of commercial importance.
16.	Pulse electric field application in liquid food.
17.	Development of BO Composite.

### Externally Funded Research Projects

3.57 Simultaneously, NIFTEM has also submitted research proposals for funding from external agencies. The details of research projects which have been granted funding are given below:—

Sl.No.	Title of Project	Cost of Project	Funding agency
1.	Development, evaluation and optimization of the technologies for the improved post-harvest storage, processing and value addition of major and underutilized horticulture crops of Haryana.	Rs. 33.90 lacs	Haryana Kisan Ayog
2.	Capacity building for Post-Harvesting Technology Management and Value Addition of Horticulture produce.	Rs. 155.00 lacs	Mission for Integrated Development of Horticulture (MIDH)- National Horticulture Mission (NHM)
3.	Antibiotic resistance in lactobacilli of food and faecal origin & detection of genes influence of stress and horizontal transfer.	Rs. 31.00 lacs	Indian Council of Medical Research, Ministry of Health & Family Welfare, New Delhi

3.58 NIFTEM has been set up to promote cooperation and networking among existing institutions in India and abroad with the aim to bring in international best practices for improving Food Processing Sector, provide industry-friendly short term courses including regular degree and management courses with equal and complementary emphasis on research and education. All courses of the Institute are research oriented. NIFTEM has set up 14 Teaching-cum-Research Labs for its students to conduct research.

### National Meat & Poultry Board

3.59 The National Meat & Poultry Processing Board was constituted on 27th February, 2009 and registered on 26th March, 2009 under Societies Registration Act, 1860. The main objectives of the Board were as follows:—

- To foster the sustainable development of the Meat and Poultry Processing sector.
- Helping the industry in setting up/modernization of abattoirs by providing technical consultancy for production of hygienic meat and meat products and for utilization of slaughterhouse wastes to prepare animal by-products with value addition.

- Training of meat producers and entrepreneurs to adopt Good Manufacturing Practices (GMP), Hazard Analysis & Critical Control Points (HACCP) and ISO 22000 in meat production.
- To undertake market surveys and studies and help the industry to create market intelligence, data base and its dissemination on regular basis for improvement of the meat sector.

### **Outreach Training Programme/Seminars**

3.60 NMPPB has organized one outreach training programme for meat/poultry sector workers and butchers, sensitizing them about cleanliness and hygiene in slaughter practices during 2014-15 at Chitradurga, Karnataka on 02.07.2014.

3.61 The Board which was to be an industry driven body, with provision of funding by the Government for first three years *i.e.* up to 2012-13, had to generate its own revenue. However, the Board was unable to generate revenue for its sustainability and was not in a position to continue its activities without Government funding. The continuation of the Board during the remaining period of 12th Five Year Plan was considered by the Ministry. Based on the comments received from Department of Expenditure, Ministry of Finance and the Planning Commission and consultation with the stakeholders, it has been decided to wind up the Board. Accordingly, NMPPB is presently in the process of being wound up.

3.62 On being asked the reasons for winding up this board, the Ministry replied that:—

“The basic objective of establishment of NMPPB was to address the issues related to production of hygienic, safe and wholesome meat and meat products. At the time of its establishment, it was expected that Government support would be provided to NMPPB for the first three years and that the Board will become self reliant after the third year and will be able to meet the recurring cost out of its income from consultancy services, testing fees, membership fees etc. However the Board did not attain self reliance and continues to require financial assistance from the Government. Despite sustained efforts the Board is unable to sustain itself through its own earnings and the continuation of the Board accordingly has become unsustainable and unviable.

The proposal for continuation of National Meat and Poultry Processing Board (NMPPB) during 12th Plan has been considered by the



Government. A Draft Note for the Cabinet seeking approval to the continuation of the National Meat and Poultry Processing Board during 12th Plan was circulated to various Ministries/Departments on 07.03.2014 for comments. Department of Expenditure, Ministry of Finance did not support the proposal. In the meanwhile it was decided to have a stakeholders' consultation meeting of NMPPB. Accordingly this stakeholders' consultation was held under the Chairpersonship of Hon'ble Minister (FPI) on 24-07-2014. It was felt that at present the Board cannot do much more than creating awareness and educating the consumer and other stakeholders. After taking into consideration various factors, the Government decided not to continue funding NMPPB. It was accordingly decided to wind up the National Meat and Poultry Processing Board (NMPPB)."

3.63 Further when asked, whether, the objectives for setting up Board have been achieved, the Ministry replied that:—

“NMPPB through its activities has tried to create awareness of the need for modernization of abattoirs and production of safe and hygienic meat and meat products including poultry meat and meat products. This has been done through a number of initiatives such as — organizing conferences of Mayors/Chairmen, Municipal Corporations/Councils, Municipal Commissioners and other Municipal Officers to sensitize them of the need for modernization of abattoirs; conducting Industry Meets with participation of local industry/entrepreneurs; training of butchers through outreach programmes as well as training of trainers to develop a pool of expert trainers in the sector.

NMPPB has undertaken consultancy for preparation of Detailed Project Reports (DPR) in respect of three abattoir projects.

This Board has also undertaken studies on issues affecting the sector viz., Quality issues in Meat Sector, Benchmarking of Abattoirs, Poultry Meat: Status and Improvement, Greening of Meat and Poultry Processing sector in India. Information about the studies have been disseminated to State Governments, Universities, research institutions, concerned Central Government Ministries/Departments, etc.

Production of safe and hygienic meat and meat products for domestic consumers remains a challenge. It is however, expected that State Governments, Veterinary Universities, expert institutions like National Research Centre on Meat, Hyderabad, Indian Veterinary Research Institute (IVRI) under ICAR will address the issues affecting the sector through their activities.”

3.64 Asked about the comments, Department of Expenditure, Ministry of Finance, Planning Commission and various stakeholders had informed that it is unable to support the proposal mainly for the reason that Government of India cannot go on funding such organisation indefinitely when the mandate was to attain self sufficiency within 3-4 years. Planning Commission had suggested that a fresh draft CCEA Note may be circulated with the approval of the new Hon'ble Minister (FPI). The stakeholders consultation held under the Chairpersonship of Hon'ble Minister (FPI) on 24-07-2014, felt that at present the Board cannot do much more than creating awareness and educating the consumer and other stakeholders.

3.65 Asked as to how the Ministry now plan to operate in areas for which the Board was constituted, the Ministry replied that efforts will be made to address the objectives of the Board through the other Plan Schemes of the Ministry. The Ministry is implementing the Scheme of Cold Chain, Value Addition and Preservation Infrastructure under which projects for both horticultural and non-horticultural produce including meat, are eligible for financial assistance as per the Scheme guidelines. Creating awareness among the stakeholders can be taken up under the component of Promotional Activities of the Scheme of Quality Assurance, Codex Standards, Research and Development and other Promotional Activities.

**(iii) Centrally Sponsored Scheme—National Mission on Food Processing (NMFP)**

3.66 The achievement towards expenditure (Gol share released) vis-a-vis BE/RE under NMFP during 2012-13, 2013-14 and 2014-15 (as on 31.03.2015) is as under:—

(Rs. in crore)

Year	BE	RE	Actuals
2012-13	250.00	185.32	182.90
2013-14	187.00	30.50	29.72
2014-15	180.00	125.32	125.31 (upto 31.03.2015)

3.67 It may be seen from above that 95-98% expenditure had been achieved against RE since inception of NMFP. Further, as per the information entered by State/UT Governments in MIS of NMFP, State Governments have sanctioned 1417 projects amounting to Rs. 470.44 crore under various schemes of NMFP as on 31.03.2015. Implementation

of these projects under NMFP is likely to generate 14073 direct employment and 83235 indirect employment.

3.68 In the Union Budget (2015-16) presented on 28.02.2015, Government of India (Gol) has announced that the NMFP would be delinked for support from Central Government. It is further mentioned that the State Governments may decide to continue (or not) NMFP schemes out of their increased resources resulting from the recommendations of the 14th Finance Commission. It means that no Gol funds would be available for implementation of NMFP from FY-2015-16 and onwards.

3.69 The following schemes are implemented under NMFP during 12th Plan:—

- (i) Scheme for Technology Upgradation/Establishment/Modernisation of Food Processing Industries.
- (ii) Scheme for Cold Chain, Value Addition and Preservation Infrastructure for Non-Horticultural Products.
- (iii) Scheme for setting up/modernisation/expansion of Abattoirs (to be implemented *w.e.f.* 2014-15).
- (iv) Scheme for Human Resource Development (HRD):
  - (a) Creation of Infrastructure facilities for running Degree/Diploma/Certificate Courses in Food Processing Technology.
  - (b) Entrepreneurship Development Programme (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 and Publicity.
- (vi) Scheme for Creating Primary Processing Centres/Collection Centres in Rural Areas.
- (vii) Modernisation of Meat Shops.
- (viii) Reefer Vehicles.
- (ix) Old Food Parks.

Though the Government of India proposed for discontinuation of NMFP (Centrally Sponsored Scheme) w.e.f. 2015-16, but States have been allowed to continue NMFP or otherwise based on the increased allocations as recommended by the 14th Finance Commission.

The State Governments may decide to continue (or not) NMFP schemes out of their increased resources resulting from the recommendations of the 14th Finance Commission.

Since the States have been given freedom to continue NMFP or otherwise during the remainder of 12th Plan (*i.e.* 2015-16 and onwards), they will also formulate the monitoring mechanism etc. at their level.

#### **(iv) Scheme for Quality Assurance, R&D and Promotional Activities**

3.70 Under this scheme assistance is provided for (i) Setting up/upgradation of Food Testing Laboratories, (ii) Adoption of Food Safety and Quality Assurance Systems such as ISO 9000/ISO 22000/Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP) and Good Hygienic Practices (GHP), and (iii) Grant-in-aid for Research & Development for product and process development, improved packaging, value addition etc. to benefit food processing industries. During 2014-15 (up to 31.12.2014), an amount of Rs. 28.56 crore was released under the Scheme. The allocation for the scheme in BE 2015-16 is Rs. 30.00 crore. During the year 2014-15, 8 number of Food Testing Laboratories (FTL), 20 number of R&D projects were completed and 4 units were reimbursed expenditure for HACCP/ISO certification. The implementation of the Food Testing Laboratory (FTL) and the R&D components of the Scheme have been entrusted to the Indian Council of Agricultural Research (ICAR) under the Department of Agricultural Research and Education (DARE), Ministry of Agriculture and Science and Engineering Research Board (SERB) under the Ministry of Science & Technology, respectively. Proposals received up-to 31.03.2012 are being dealt with by the Ministry.

3.71 When asked about the status of brand building of the local produce by highlighting the quality of their product *vis-a-vis* imported products e.g. propagating high sugar content in Dasahari Vs. Alphonso which can lead to more price realization in value added products such as juices, aam panna. In reply, the Government has stated that:—

“With a view to popularization of food products, Ministry has been implementing Scheme for Promotional Activities through “National/International Exhibitions/Fairs and Studies/Surveys, Workshops, Seminars” which is one of the component of Central Sector Scheme ‘Scheme for Quality Assurance, Codex Standards and Research & Development and other Promotional Activities’ during 12th Plan.

The scheme is aimed to generate awareness about food processing sector, its growth potential and attractiveness of this sector as an investment destination. Under the scheme, financial assistance is provided for organizing Seminars/Workshops, Studies/Surveys, Exhibitions/Fairs and Study Tours. Scheme also provides for participation of the Ministry in National/International exhibitions/fairs to disseminate information regarding food processing industries, familiarizing the entrepreneurs in modern technologies of production and packaging, development of market and popularization of products as well as attracting investments into the sector etc. Government/Academic Bodies, Industry Associations, NGOs, Cooperatives and other private agencies etc. are eligible to seek assistance under the scheme.”

3.72 There are following impediments in the implementation of various Schemes:—

- (a) Gaps in infrastructure of supply chain (Lack of primary processing, storage and distribution facilities). In several States (e.g. Bihar, Jharkhand and West Bengal) rural infrastructure of marketing is very poor.
- (b) Lack of interest of State Governments resulting in delay in obtaining approvals of State Government for change of land use, exemption from land ceiling, permission for sub-leasing of plots, environmental clearance and other statutory approvals, Water and Electricity connections, Ground Water Board clearance, etc.
- (c) Supply of uninterrupted and quality power supply at affordable rates.
- (d) Financial constraints of Municipal Bodies.
- (e) Supply Chain Institutional Gaps. In several States, regulations for contract farming and direct marketing are not yet framed.
- (f) Inadequate link between production and processing (lack of processable varieties).
- (g) Lack of product development and Innovation.
- (h) Seasonality of operations and low capacity utilization.
- (i) Policies on stocking and movement of agricultural commodities are not stable. Reduction in allocation of budget of the Ministry at RE stage year after year.
- (j) Lack of entrepreneurship in some parts of country, as a result of which demand for credit is sluggish.

3.73 The following initiatives have been taken to address impediments:—

- a. Most of the processed food items have been exempted from the purview of licensing under the Industries (Development and Regulation) Act, 1951, except items reserved from small scale sector and alcoholic beverages.
- b. Automatic approval for foreign equity up to 100% is available for most of the processed food items excepting alcohol and beer and those reserved for small scale sector subject to certain conditions.
- c. Developing a strong supply chain for perishable farm produce to reach consumption and processing sector promptly.
- d. Building infrastructure and using technology to convert agricultural produce into value added products.
- e. Excise duty on food processing and packaging machinery reduced from 10% to 6%.
- f. Special fund of Rs. 2000 crore set up in National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit to food processing industries in designated Food Parks.
- g. Application Forms of all the schemes simplified and requirement of documents reduced.
- h. Food maps identifying surplus raw material uploaded on website.
- i. Sector Skill Council on Food Processing working in Federation of Indian Chamber of Commerce and Industry (FICCI).
- j. Incentivizing R&D efforts and creating quality assurance infrastructure in the country through Central Sector Schemes.
- k. Regular interaction with industries and States Governments for addressing various issues.
- l. Creation of modern infrastructure for growth of food processing sector through Mega Food Parks, Integrated Cold Chain and Modernization of Abattoirs Schemes.

3.74 Explaining how meager budgetary allocations will adversely affect the implementation of various schemes, the representative of the Ministry further added during evidence:—

“The process is that the Ministry should chalk out long-term and short-term plans and project them and resources should be given according to them. But, the case is reverse. We curtail the

programmes according to the resources. In the 12th Five Year Plan we did not chalk out any new schemes. We only carried forward existing schemes. National Mission on Food Processing was also launched but from the next year it would also be discontinued. We hoped that we would be in a position to grant more funds to the State and expand it. But, now the resources are transferred to the States. So, the sector will now depend on the State Governments. The State Government which gives priority to food processing and allocate more resources, then something would be done there and the food processing sector is likely to suffer if the States gives priority to other sectors.

The biggest problem is that this was a new Ministry but separate departments for food processing in the States are yet to be made. Somewhere food processing is under Agriculture Department, somewhere it is under Horticulture Department and somewhere it is under Industry Department. At present, it appears a bit difficult to get exclusive priority for food processing as a sector. Had a separate department been formed in the State, a set up upto the District level, then it may have more chances to get priority.”

## PART II

### RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

#### *Implementation of the Committee's Recommendations*

1. The Committee note that Action Taken Replies on action taken by the Government on Observations/Recommendations contained in the Fourth Report of the Committee on Agriculture on Demands for Grants (2014-15) of Ministry of Food Processing Industries have been furnished to the Committee by the Ministry on 18 March, 2015 *i.e.* within the stipulated three months. They further note that the Statement of the Minister under Direction 73A of Direction by the Speaker, Lok Sabha to be made by the Minister of Food Processing Industries on the status of implementation of various Recommendations made by the Committee in their Fourth Report would be due on 18 June, 2015.

#### *Allocation of Funds*

2. The Committee find that India is one of the World's largest producer as well as consumer of food products. They are aware that while increased productivity is an essential component of a vibrant agricultural sector, improved post-harvest handling and processing is equally essential to ensure value addition, reductions in wastage and 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'.

The Committee observe that 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% and 11% 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 Annual Average Growth Rate (AAGR) of around 8.4% as compared to around 3.3% in Agriculture and 6.6% in Manufacturing.



The Committee are, however, concerned to note that the budgetary allocations made over the last few years are not in tune with the potential of this sector in driving the rural economy, in bringing about synergy between the consumer, industry and agriculture. Budgetary allocations were reduced during the year 2012-13 and also in 2014-15. The allocations this year is just Rs. 487 crore *i.e.* it has been lowered to 6.3% of the previous year allocation and is only 33.10% of the allocation sought (Rs. 1471.03 crore) by the Ministry for the year 2015-16. Further, this allocation is even less than the actual expenditure of the year 2014-15 *i.e.* Rs. 537.6 crore.

The Committee observe that this industry being at a nascent stage requires hand holding in terms of obtaining adequate funds to perform and grow. The attitude of the Planning Commission and Ministry of Finance regarding provision of funds reflects non-priority to the sector. Considering the contribution of this sector to the economy of our Country and its potential, this is indeed a matter of concern. The Committee strongly recommend that the matter be taken up with the Ministry of Finance and they be impressed about the vitality and potential of this Sector in terms of economic growth, employment capacity and food security, so that not only the funds are increased at RE stage but adequate funds are provided from next financial year onwards.

#### *FDI*

3. The Committee are aware that Indian Food Processing Sector is among the largest sectors in terms of production, consumption, export and growth prospects. They note that Government is giving some fiscal incentives for promoting investment. This sector has been growing at an AAGR of around 8.4% *vis-a-vis* about 3.3% growth in Agriculture and 6.6% in Manufacturing Sectors during the last five years ending 2014-15. With various measures taken by the Government to encourage FDI in this sector, the FDI is constantly increasing since 2011-12. During the year 2013-14 it touched Rs. 25,106 crores. The Committee find that FDI is permissible for all food products upto 100% on automatic route except for items reserved for Micro and Small Enterprises (MSEs) in which case FDI is permissible under automatic route upto 24% of the capital only. The FDI has however been only Rs. 2571.96 crores in 2014-15. The Committee appreciate the efforts of the Government in this regard, especially at a time when this sector is in dire need of funds for investment and budgetary allocation are insufficient to meet the requirement of

this upcoming sector. The Committee are however apprehensive about FDI in the Sector in 2014-15. The Committee feel that by promoting FDI including facilitating approvals for licenses would be beneficial as this would create infrastructure and capital in the sector. The Committee recommend that the Department should identify the potential areas where FDI would be beneficial in the Sector (keeping in mind the appropriate safeguards required for protecting our MSEs) regularly review the incentives required and the extent to which automatic FDI could be permissible. They emphasize that these vital parameters should be regularly communicated to the Ministry of Finance for appropriately incorporating it in FDI policy of the country so that trend of increasing FDI in this sector continues.

#### *Spill Over Liabilities*

4. The Committee observe that during the 12th Plan, Ministry is liquidating the committed liabilities of the 11th Plan proposals received in the Ministry upto 31.03.2015 w.r.t. two schemes *i.e.* Scheme for Technology Upgradation and Scheme for Human Resource Development. They were apprised that CCEA had approved the total committed liability amounting to Rs. 740.00 crore for 3168 proposals under the scheme for Technology upgradation and liabilities amounting to Rs. 35.61 crore for 832 proposals under the scheme for Human Resource Development (all three components). The Committee are also apprised that, out of these liabilities, a total of Rs. 257.75 crore under the scheme for Technology Upgradation and a total of Rs. 13.51 crore under the scheme for Human Resource Development (all three components) are yet to be liquidated as on 31.03.2015. While taking into account the fact that, the Committee had also recommended for the speedy disposal of these liabilities in their 4th Report on Demands for Grants (2014-15) for Ministry of Food Processing Industries and the liabilities are yet to be disbursed completely, the Committee strongly recommend that these liabilities be taken up on a priority basis and must be liquidated in the XIIth Plan period itself. The Committee advise the Government not to carry forward these liabilities in the next Plan period.

As the liabilities are on the higher side *i.e.* Rs. 257.75 crore for the scheme of Technology Upgradation plus Rs. 13.51 crore for the scheme of Human Resource Development (all three components) total of Rs. 271.26 crore, the Committee also recommend the Ministry to persuade the Ministry of Finance to grant more funds at RE stage to the Ministry of Food Processing Industries, so that these liabilities may be liquidated in the current Plan itself.

#### *Outstanding Utilization Certificate (UCs)*

5. The Committee are disappointed to note that 1911 Utilization Certificates amounting to Rs. 343.69 crore at the end of February, 2015 are yet to be liquidated. They further observe that this huge pendency is reflective of bad accounting and financial mismanagement 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. 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 within a stipulated time.

#### *Gender Budgeting*

6. The Committee are aware that the origin of food processing lies in the culinary tradition of our Nation and carried forward by the women folk since ages. Women are traditionally engaged in food processing activities like making pickles, papad, nuggat, aam papad, etc. The Committee note that a Gender Budget Cell under the Chairmanship of a Joint Secretary is in place 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. However, they are not satisfied with the progress of the Cell as well as the attitude of the Government towards this issue. The Committee are apprised that there is no specific allocation of funds for gender related expenditure in the plan schemes of the Ministry. The benefit accruing from the schemes of the Ministry has not been quantified. The Committee, considering the importance of encouragement of Women entrepreneurs/stakeholders, strongly recommend to release specific funds for gender related expenditure in these schemes. The Committee also recommend the Gender Budget Cell to participate more actively in raising the gender specific issues and needs and also to sensitize the Ministry on a greater level so that the purpose for which they have been created is resolved in a satisfactory manner. The Ministry should also assess the benefits accruing to women through these schemes, quantify and assemble related data. The Committee emphasize that the Ministry should utilize the traditional technology and knowledge and the acumen of the women folk for processing the food products through various means of processing.

The Committee are also apprised that a survey-cum-study has been conducted by Centre for Market Research and 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 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 such as policy of the Ministry, monitoring system to assess gender mainstreaming efforts, Gender Audit of the policies of the Government, steps to encourage the women Self Help Groups to start their food processing units, points of convergence with the existing schemes of other Ministries/Departments and Gender Budgeting etc. The Committee find Ministry has offered a very cold response to the recommendations put-forth by the Study-Report. The Committee recommend that there are some burning issues which should be taken up by the Ministry more seriously than by passing the buck to other Ministries/Departments. The recommendations like working environment, Gender-Audit, demand for specific funds, encouraging women entrepreneurs by incentivizing them financially as well as socially (like award presentations) are very important issues and may be taken up more seriously by the Ministry and also better collaborations should be catered with other Ministries/Departments to work on these issues in a more positive manner. The Committee also recommend the implementing agencies to ensure that private players must abide by the guidelines regarding gender specific issues and implement them in true manner so that interest of women workers/entrepreneurs/stakeholders must be secured.

#### *Schemes in FPI Sector*

7. The Committee note that to facilitate and exploit the potential of Food Processing Sector, the Government has brought about certain reforms through a network of schemes. The Committee are however, concerned to note that due to reduced budgetary allocation for the year 2015-16, the allocation for most of the schemes have been reduced and are inadequate to achieve the targets. Under scheme for technological upgradation/establishment/modernisation of Food Processing Industries 2014-15 (BE) was Rs. 160 crore, actual expenditure Rs. 142.63 crore whereas 2015-16 (BE) is only 100 crore. Similarly for scheme for Quality Assurance, Codex Standards, R&D and other promotional activities, allocation for the year 2015-16 has been reduced to Rs. 30 crore from Rs. 36 crore in the year 2014-15 (BE). The Ministry are infact so hard pressed

that the targets for most of the schemes have to be downsized. In case of scheme of strengthening of Institutions BE for 2015-16 has been reduced from Rs. 75 crore (2014-15) to Rs. 16.00 crore only. The amount is not even enough to meet the salary requirements of NIFTEM. In such a scenario the Committee are apprehensive about achieving the target and completion of agenda in their schemes. The Committee, therefore, desire the Ministry to convey the displeasure regarding meager allocation of funds to the Ministry of Finance. The Ministry of Food Processing Industries should pursue the matter by emphatically stating the significance of the activities covered by these schemes for obtaining more funds. Further, the Committee recommend that the Ministry make proper utilisation of the allocated funds so that there is no pruning of funds at RE stage.

*Budgetary Allocations for Scheme for Infrastructure Development*

8. The Committee note that total allocation of Rs. 329.00 crores has been made for the financial year 2015-16 to the Infrastructure Development Scheme which has three components, Mega Food Parks, Cold Chain and Abattoirs. In previous years the allocation under this scheme used to be clearly reflected amongst its components separately, however, the same has not been specified this year. But, it has not been done this year. The Ministry have also failed to give a satisfactory reasons for the change in practice. The Committee are of the view that Rs. 329 crore allocated for this scheme be suitably divided amongst its three components viz. Mega Food Parks, Cold Chains and Abattoirs so that the physical targets set for each of these components are specifically achieved. The Committee recommend that there should be rational allocation of funds among various programmes under the Infrastructure Development Scheme so that the goals of the individual schemes could be met specifically *vis-a-vis* the targets besides ensuring clear assessment of the scheme components.

*Mega Food Parks*

9. The Committee note that Mega Food Parks Scheme envisages a well defined agriculture/horticulture processing zone containing state-of-the-art processing facilities with supporting infrastructure and well established supply chain. The idea behind the scheme is to bring together farmers processors and retailers and link agricultural production to the market so as to ensure maximisation of value addition, minimisation of wastages and improving farmers' income. The Committee find that out of Rs. 1714 crore, allocation for the

12th Plan only Rs. 241.10 crore *i.e.* just 14% has been utilized during the first three years of the plan period. Further, the Committee note that Government had approved setting up of 42 Mega Food Parks during 11th and 12th plan in four phases, however, the Ministry have approved 40 projects. Out of these 21 projects have been accorded final approval, 4 projects have been accorded in-principle approval and 15 projects have been cancelled/ withdrawn. Out of 21 finally approved projects, 4 are partially operational and 4 projects are in advanced stages of implementation, 2 of which are likely to be completed during 2014-15 and 2 in the year 2015-16. The Committee are aghast to note that as many as 15 projects have been cancelled whereas only 4 are partially operational till date. The Committee are concerned to note the tardy progress in construction of Mega Food Parks. The plea of the Ministry that being big and complex projects, these have a long gestation period, hence, it is not possible for these projects to keep their pace of implementation in conformity with the prescribed timelines, is not acceptable to the Committee. Such justification only highlights the lack of vision in the Ministry. The Committee note that the Ministry have made certain modification in the existing scheme for facilitating speedy and better project implementation *viz.* MFPs projects be implemented owned and operated by an SPV, time schedule for completion and operationalisation of project being increased to 30 months and release of grant installments being linked with specific milestones. The Committee while taking cognizance of the steps being taken by the Ministry, in consultation with the stakeholder for facilitating speedier and better operated project implementation, are of the view that much more remains to be done. They recommend the Ministry to carefully monitor and follow up the time schedules for completion of the projects and link release of installments with specific milestones, workout a single window clearance system for expediting the projects. The Committee also insist the Ministry to regularly interact with the stakeholders to address the impediments in progress of the project implementation. The Committee emphasize that appropriate penalties be imposed on erring parties in completion of the project, as scheduled. In the event of SPV withdrawing from executing the projects or unable to meet the guidelines, the proper penalty prescribed by the Ministry including return of amount of grant-in-aid and accrued interest should be imposed to make up for the loss of time.

#### *Delay in Mega Food Parks*

10. The Committee have noted that the allocations during 2015-16 (BE) has been made on a much higher side as compared to 2012-13 (BE), 2013-14 (BE), 2014-15 (BE). The Committee find that

allocation is based on likely requirement of funds, basically for releasing installment of grant-in-aid to the Mega Food Parks and payment to the (four) Project Management Agencies. Presently 25 Mega Food Park projects are under implementation. They were apprised that out of these, 21 projects have been accorded final approval. Out of these 21 projects, 6 projects have been accorded final approval during the current financial year and are likely to come up for release of 1st and 2nd installment in the financial year 2015-16. Further Ministry is sanctioning 17 more projects and is in the process of according Final approval to the remaining 4 projects. Demand for release of Grant will be therefore, higher in the financial year 2015-16 and that is why higher allocation has been projected. This also includes requirement of funds for advertisement, conferences/seminars/workshops and miscellaneous expenditure etc.

The Committee have also noted that 15 projects have been cancelled due to non-compliance of the procedures. The Committee feel that the in-principle approvals, final approvals and approval for release of funds consumes a lot of time and involves, many a times, delay in sanction. This not only leads to cost and time escalation but also leads to non-consideration of other viable proposals. The Committee are of the opinion that a prompt and proper assessment and single window clearance would positively contribute to expediting in commissioning and commencement of the project. The Committee, therefore recommend that the Ministry should work towards developing such procedures which would not delay the progress of the projects. Further, they also desire that for maintaining transparency in case of disbanding the projects due to non-compliance of procedures, the same should be clearly specified, so that the proposers are clear about the violations in future also.

#### *Special Fund*

11. The Committee appreciate that a Special Fund of Rs. 2000 crore has been set up in NABARD to provide credit at affordable rates to boost food processing sector. This will address the inadequate infrastructure facilities in Food Processing Sector and allow easy access to credit. Under this fund, loan is extended to individual entrepreneurs, co-operatives, farmers producers organizations, corporates joint venture, SPV and entities promoted by the Government for setting up, modernization, expansion of food processing units and development of infrastructure in designated food parks.



The Committee hope that this Special Fund will provide the much needed boost to this sector. The Committee desire that the Ministry properly prioritise the projects under Mega Food Parks and scrupulously monitor the utilisation of this Fund. In case the funds remain unutilised, it may be extended to fund projects under Cold Chain & Abattoir Schemes as these projects are also lagging due to resource-crunch.

#### *Evaluation Study of Mega Food Parks*

12. The Committee understand that Mega Food Parks Scheme was launched with a lot of fanfare and a hype was created publicizing that each MFP will cater to 30-35 Food Park units, generate 5000 direct and 30,000 indirect employment when fully functional besides bringing about an investment to Rs. 75-100 Crore in common facilities and another Rs. 225-250 Crore in processing and ancillary units. The Committee find that the Ministry has assigned a study to M/s Indian Council for Research on International Economic Relations (ICRIER) in August, 2014 for mid-term evaluation of impact of the scheme. The Committee find that even after 8 months of the constitution of this study, the Report is yet to be submitted. The Committee emphasize that this evaluation study should assess the impact/benefits, coverage, farmers who have invested in these projects and reach of the scheme on socio-economic parameters. The Committee recommend that a mechanism should be developed for obtaining the feedback from the beneficiaries/stakeholders involved in operationalisation of MFPs. Such feedback and the findings of the aforesaid study should be incorporated in guidelines for future projects. The Committee also desire that further efforts should be made by the Ministry to publicise widely the available facilities, the incentives and the benefits to the farmers and various other stakeholders through this scheme.

#### *Increasing the Capacity of Cold Chains*

13. The Committee observe that to encourage setting up of cold chain facilities in the country, Ministry is operating a Plan Scheme to provide financial assistance to project proposals received for integrated cold chain infrastructure development from public/private organisations. 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 long and fragmented 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.

The Committee observe that the Committee constituted by the Planning Commission under the Chairmanship of Dr. Saumitra Chaudhuri, Member, Planning Commission in the year 2012 on encouraging investments in supply chains including provision for Cold Chain for more efficient distribution of farm produce citing the study conducted by National Spot Exchange Limited (NSEL) in 2010, has indicated requirement of 61 million metric tonnes of cold storage capacity against the available capacity of 24 million tonnes. Thus, there was a gap of about 37 million tonnes of cold storage capacity in 2010. The Committee note that a capacity of about 8 million tonnes has been added thereafter through different programmes of the Government. The present cold storage capacity is estimated at around 32 million tonnes and therefore the present gap is estimated at about 29 million tonnes. 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 yawning gap between actual and required capacity of Cold storage in the country which is increasing by the day. The Committee are aware that the Cold Storage facilities now available are mainly for single commodity like Potato, Grapes, Pomegranate, Orange, Apples etc. leading to under-utilisation of the capacity. 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/retail outlets. 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. They further desire that the Cold Storage Projects could cater for multiple products so as to operate on optimum capacity.

The Committee find that the Government had approved 138 Cold Chain Projects in 4 phases during 11th & 12th plan period of which the Ministry had sanctioned 121 projects. Out of these 9 Cold Storage projects were cancelled due to unwillingness and non-commitment evinced by the promoters in timely implementing the projects. Out of the remaining 112 projects, 50 projects have become commercially operational, 28 projects have achieved 25% progress, 25 projects have achieved 75% progress and remaining are under various stages of implementation. Besides, upscaling of the

schemes has been approved during the 12th plan by taking up 75 new Cold Chain Projects as per financial assistance pattern of 11th plan. The Committee feel that the completion status of the projects is not satisfactory and have incurred time overrun. The Committee note with some satisfaction that during the 12th plan period some initiatives have been taken by the Ministry to expedite and simplify the implementation of the Cold Chain Scheme viz. setting up of integrated Cold Chains by individuals/groups of entrepreneur interested in supply chain management, organisation/Government/ PSUs/ Joint Ventures/ NGOs/ Co-operatives/SHGs/Private Companies and corporations, merging non-horticulture projects with the component of National Mission on Food Processing, while horticulture projects would be implemented through National Horticulture Board, increasing timeline of project implementation and reconstituting the Technical Committee and Inter Ministerial Approval Committee (IMAC) which is chaired by Hon'ble Minister (FPI). The Committee however opine that much is still required to be done at the implementation stage of the projects. They also recommend the Ministry to pursue the State Governments/Agencies to have a single window clearance for the projects after getting due clearance from reconstituted high-powered Program 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 clearance of the projects and also about the status of implementation of the projects. 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. Last but not the least, the Committee emphasise the Ministry to be vigilant and strengthen the monitoring mechanism to avoid delay in execution of the projects.

The Committee note that there is a lacuna in backward-forward linkage for the Cold Chain Projects. Also, there is a huge requirement of infrastructure for linking up the farms with the retail markets. They desire the Ministry to assess the option of contract farming to overcome the long and fragmented supply chain, whereby the companies be incentivised to create direct farm linkages to source appropriate quality, quantity and varieties of inputs. The Committee therefore recommend that in order to assure the backward-forward linkage, private players must be promoted by facilitating fiscal and financial concessions and easing the requirements to do business.

#### *NIFTEM and Village Adoption Programme*

14. NIFTEM is envisaged as an international centre of excellence which is offering high quality education research and management programmes specific to disseminating knowledge to the food sector, providing referral advice on food standards and business incubation facility. Village Adoption is a unique programme conceptualised by NIFTEM for its students, with a view to sensitise and educate them on the problems & practices of the farmers at the grassroot level while training and demonstrating simple processing techniques to farmers/villages making it two way learning process. They were apprised that seven rounds of Village Adoption Programme has been completed by NIFTEM students covering 39 villages in 19 States, 100 programmes including training and expert lectures, awareness camps have been organised, 120 interested entrepreneurs have been identified. Further, students along with their mentor have taken Product Development Training Programmes demonstrating preparation of jams, jellies, pickles, mango panna, fruit based beverages besides cataloguing of traditional knowledge including preparation booklets on 130 traditional food recipes and booklets on traditional food preservation practices. The Committee while being satisfied about the programme are of the opinion that this exchange will help in retaining the age old good and effective prevalent practices, while modernising the not so useful ways of value additions. It would lead to developing innovative and new methods of preservation processing and value addition to the crop/produce. The Committee recommend that during this mutual interaction the traditional know how should be so upgraded/ modified by NIFTEM so as to develop technology or methods of Food Processing which are in accordance with the economic and intellectual capacity of the farmers. The students *vide* this programme should make deliberate efforts to simplify the specialised know how for generalised use by small and marginal farmers and NIFTEM should hold brainstorming workshop session in their Institute and incorporate in their curriculum. Such programmes should be advertised and propagated by the Institute so that the SAUs/ICAR also emulate and pursue such exercises in the courses within their ambit.

The Committee note that out of 110 posts which have been sanctioned for creation (55 faculty posts & 55 non-faculty posts) only 72 posts (41 faculty posts & 31 non-faculty posts) have been filled till date. So, there exist vacancies of 38 posts (14 in faculty & 24 in non-faculty). The Committee further recommend the Institution to fill up the vacancies at the earliest so that the desired

goals may well be achieved. The Committee recommend that NIFTEM should publicise these posts, along with the perks & pay packages for these faculty post widely in print & visual media so as to get highly educated & expert faculty for this Institution of global standard, as a centre of excellence. The Committee also recommend that the Institution must also emphasize on training more & more farmers with an idea that these trained farmers may be utilised as 'Kisan Prashikshakas' for training the other farmers on a large scale so that it may be helpful in dealing with technical issues relating to agriculture in a more efficient manner.

#### *Training and Skill Gap*

15. The Committee find that budgetary allocation for strengthening of the Institutions in Food Processing Industry for the year 2015-16 is Rs. 75 Crore. The Committee feel that the initiatives are being taken through Institutes like NIFTEM, IICPT, IGPB and NMPPB, yet much remains to be done for enhancing and upgrading the skills and implementation of schemes for Skill Development. They are of the opinion that this sector is demand oriented, vibrant and depends on the changing nature of Indian consumer, who is now more informed in terms of food hygiene, taste and nutritive value. The consumer are now ready to try newer and processed foods. It creates a lot of scope wherein the youth could be well trained w.r.t. these areas professionally. The Committee desire that within the given premises Ministry should probe the possibility for immediate adoption of ITIs by FPI in various clusters of the country to upgrade the lower end skills and the youth could be directly employed with attractive pay packages. Further, they also emphasize that FPI Sector should partner with few food technology/processing Institutes and certain courses could be added in (B.TECH in Food Technology) in IITs also on pilot basis for upgradation of higher end skills.

#### *National Meat & Poultry Processing Board*

16. NMPPB was constituted & registered in 2009 under Societies Registration Act, 1860 with an objective to foster the sustainable development of Meat & Poultry Board Processing Sector. The Committee note that the Board was to be an industry driven body, with provision of funding by the Government for first three years *i.e.* upto 2012-13. After this, the Board was supposed to generate its own revenue for sustainability. However, despite numerous efforts the Board could not attain self-reliance through its own earnings and continued to require financial assistance from the Government. The

Committee are apprised that Government is unwilling of greater intervention due to its policies and have decided to wind up the Board. Keeping in view the importance of hygiene in this industry and that the industry is largely in unorganized sector, the Committee recommend that Government must focus on organizing this sector by continuing the function of the Board with its own support. The Committee also recommends the Government that private players should be encouraged to invest in this sector on a larger scale by enticing them through various concessionary means until proper support is generated from the private sector. They recommend the Government to withhold the winding up of the Board and grant hand holding attempt for atleast 5 years once again so that the required hygienic conditions of the meat products available in market may be established on the lines of Food Safety & Standard Act, which in turn would assure good health of non-vegetarian population. The Committee emphasize that the need to create awareness about maintaining and modernisation of Abattoirs and production of safe and hygienic meat & meat products including poultry products should be undertaken on warfooting by the Ministry including training the butchers through outreach programmes.

#### *National Mission on Food Processing*

17. The Committee observe that the Ministry had launched National Mission on Food Processing as Centrally Sponsored Scheme during 2012-13 for implementation through States/UTs. The basic objective of NMFP was decentralization of implementation of Ministry's scheme with substantial participation of State/UT Governments. Government had approved continuation of NMFP during the remainder of 12th Plan (2013-17). Accordingly new guidelines were issued on 23.07.2013 for implementation of the Scheme by State/UT Governments, also Rs. 1250 were allocated for the plan period.

The Schemes implemented under NMFP incorporated Scheme for Technology Upgradation/Establishment/Modernisation of Food Processing Industries; Scheme for Cold Chain, Value Addition and Preservation Infrastructure for Non-Horticultural Products; Scheme for setting up/modernisation/expansion of Abattoirs (implemented w.e.f. 2014-15); Scheme for Human Resource Development (HRD) [Creation of Infrastructure facilities for running Degree/Diploma/Certificate Courses in Food Processing Technology, Entrepreneurship Development Program (EDP), Food Processing Training Centre (FPTC), Training at recognized Institutes and sensitization-cum-awareness

programme.]; Scheme for Promotional Activities [Organizing Seminar/ Workshops, Conducting Studies/Surveys, Support to Exhibitions/Fairs, Advertisement & Publicity.]; Scheme for Creating Primary Processing Centers/Collection Centers in Rural Areas; Modernisation of Meat Shops; Reefer Vehicles; Old Food Parks.

However, the Committee find that the Government in the Union Budget (2015-16) have now delinked the scheme of NMFP for support from Central Government. Further, the State Governments may (or may not) decide to continue the scheme out of their increased resources resulting from recommendations of the 14th Finance Commission. Since the States have been given freedom to continue NMFP, they will also formulate the monitoring mechanism at their level.

The Committee notes that NMFP was started by the Ministry on a mission mode. The Committee further note that on one hand, the Government underlines the slow response and non-provision of utility certificates by the States as a major cause behind the slow progress of these schemes, whereas on the other hand, the Government transfers one of its major schemes (NMFP) entirely to the State Governments.

The Committee are apprehensive with the current situation where all the responsibility with regard to implementation of NMFP has been assigned to the States. Considering the fact that in many States separate Departments for food processing does not even exist, the fate of NMFP is doubtful. Also, while explaining the impediments in implementation of various schemes, the Ministry has cited lack of interest of States Governments resulting in delay in getting various approvals and clearances. In such a scenario, the Committee are not happy that NMFP has been delinked & transferred to the States. The Committee would desire to be apprised about the consultations made by the Ministry with the State Governments and their comments thereon regarding delinking of NMFP and its further implementation by the latter.

The Committee express deep concern over the frequent changes made in the scheme of the Government covering very vital areas of the Food Processing Sector, which has not only economic but also social, food security and employment implications. The Committee opines that sudden changes in structure of the schemes leads to lack of clarity, add to chaos and thwarts the development process. These schemes already have long gestation period and whenever States or

other implementing agencies come to a platform where from these schemes may be launched in the perceived manner, these sudden changes causes a standstill to the programmes. The Committee desire that any change in the ongoing schemes should be made steadily and not abruptly and frequently altered. The Committee desire that the anguish of Committee in this may also be conveyed to Ministry of Finance. The Committee would like to apprised of the impact of this change (in structure of the scheme) and the extent to which the objectives for which these schemes would be fulfilled. The Committee recommends that there should be a consolidated policy on Food Processing, there shall also be a coherency and Coordination between the Centre and State in formulating and implementing the schemes.

The Committee find that Food Processing Sector is governed by Statutes rather than a single comprehensive policy on Food Processing. They are of the opinion that National Food Processing Policy incorporating tax breaks, legislative, administrative and promotional measures. The Committee also recommend that there shall be pre-hand discussions with NITI Aayog so that proper funds are allocated to run the schemes efficiently and effectively towards the objective for which they were initially conceived.

The Committee, therefore, recommend that Government should develop an appropriate, cohesive, uniform and congenial long term policy wherein the scheme once floated should continue for atleast 5 years so that the objectives of the scheme are achieved and the stakeholders have the clarity to operate.

The Committee desire that a stable and comprehensive policy be brought out as this will ensure private sector investment in infrastructure development, increased farm productivity and upgradation of quality leading to further impetus to food processing sector. Besides, such a policy would ensure institutional strengthening, capacity building across value chains and promote innovation in general and technological innovation in particular.

NEW DELHI;  
23 April, 2015  

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03 Vaisakha, 1937 (Saka)

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

**ANNEXURE I**

**STATEMENT OF FUNDS SOUGHT FOR AND ALLOCATION RECEIVED  
UNDER BE 2015-16**

**ONGOING SCHEMES** (Rs. in Crore)

Sl.No.	Name of Scheme	Proposal of the Ministry	Allocation Received
1.	Infrastructure Development Scheme	503.86	329.00
	A. Mega Food Parks	250.00	
	B. Cold Chain, Value Addition and Preservations Infrastructure	210.00	
	C. Modernisation/Setting up of Abattoirs	43.86	
2.	Technology Upgradation/Establishment/Modernisation of Food Processing Industries	175.59	100.00
3.	Quality Assurance, Codex Standards, R&D and other Promotional Activities	40.77	30.00
4.	Human Resource and Skill Development	5.00	5.00
5.	Strengthening of Institutions	20.81	16.00
6.	National Mission on Food Processing*	300.00	7.00
	<b>Total</b>	<b>1046.03</b>	<b>487.00</b>

\*The scheme has been delinked from the Central support and the States may (or may not) run the scheme from their own funds.

**NEW SCHEMES** (Rs. in Crore)

Sl.No.	Name of Scheme	Proposal of the Ministry	Allocation Received
1.	Upscaling of Cold Chain, Value Addition and Preservations Infrastructure	300.00	00.00
2.	Skill Development for Food Processing Industries	25.00	00.00
3.	Scheme for processing and preservation of perishable agriculture produce	100.00	00.00
	<b>Total</b>	<b>425.00</b>	<b>00.00</b>



ANNEXURE II

THE STATUS OF IMPLEMENTATION OF 112 COLD CHAIN PROJECTS

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	2	3	4	5	6	7	8	9	10
1.	Creamline Dairy Products Ltd.	Hyderabad	Andhra Pradesh	Dairy	28.01.2009	2386	975	975	Achieved Completion and Commercial production started
2.	Synthite Industries Ltd.	Guntur	Andhra Pradesh	F&V, Spices	26.05.2011	2943.1	582.16	582.16	Achieved Completion and Commercial production started
3.	Dodla Dairy Ltd.	RR, Koppala, Raichur etc.	Andhra Pradesh, Karnataka & Tamil Nadu	Dairy	13.07.2012	3200.00	600.00	0.0	Reported 25% progress
4.	Global Entrade	Guwahati	Assam	F&V	06.08.2012	1595.9	936.95	703.11	75% progress
5.	Ganga Dairy Ltd.	Begusarai	Bihar	F&V	27.03.2009	2260	935.1	935.1	Achieved Completion and Commercial production started
6.	L.L. Logistics Pvt. Ltd.	Raipur	Chhattisgarh	F&V	25.07.2012	1868.33	733.93	183.48	Reported 75% progress
7.	Utsav Organic & Cold Chain	Raipur	Chhattisgarh	F&V	22.08.2012	2065	607.31	501.63	75% progress
8.	Hi-Tech Frozen Facilities Pvt. Ltd.	Palsana, Surat	Gujarat	F&V	27.03.2009	1683	719	719	Achieved Completion and Commercial production started
9.	Sabarkantha Distt. Co-op. Society	Sabarkantha	Gujarat	Dairy	25.05.2011	2380	571.55	571.55	Achieved Completion and Commercial production started
10.	Natural Frozen & Dehydrated Foods	Bhavnagar	Gujarat	F&V	26.05.2011	1250	289.69	289.69	Achieved Completion and Commercial production started

1	2	3	4	5	6	7	8	9	10
11.	Gayatri Dairy Products Pvt. Ltd.	Mehasana	Gujarat	Dairy	04.07.2012	1515.16	450.17	450.17	Achieved Completion and Commercial production started
12.	Suri Agro Fresh Pvt. Ltd.	Sonepat	Haryana	F&V	27.03.2009	2352	984	984	Achieved Completion and Commercial production started
13.	Aligned Industries Ltd.	Rewari	Haryana	Irradiation	04.07.2012	2202.18	730.28	547.71	75% progress
14.	M J Logistic Services Ltd.	Palwal	Haryana	F&V	01.08.2012	2138.07	763.76	190.94	75% progress
15.	Dev Bhumi	Shimla	Himachal Pradesh	F&V	23.05.2011	1425	804.97	804.97	Achieved Completion and Commercial production started
16.	Canvas Integrated Cold Chain	Una	Himachal Pradesh	F&V	26.05.2011	1462.76	760.57	570.43	Achieved Completion and Commercial production started
17.	Aromatrix Flora Pvt. Ltd.	Solan	Himachal Pradesh	F&V	25.05.2011	2000	983.36	983.36	Achieved Completion and Commercial production started
18.	Hillcrest Foods	Solan	Himachal Pradesh	F&V	25.05.2011	1560.92	768.67	768.67	Achieved Completion and Commercial production started
19.	Atharvass Traders Pvt. Ltd.	Hassan, Belgam, Bangalore	Karnataka	F&V	30.10.2009	2861	1000	750	Achieved Completion and Commercial production started
20.	Innova Agri Bio Park Ltd.	Kolar	Karnataka	Irradiation unit	07.06.2011	1400	336.25	336.25	Achieved Completion and Commercial production started
21.	Inkal Ventures	Kasargod	Kerala	Dairy	26.05.2011	2264.2	621.26	155.32	25% progress
22.	Frozen Fruits & Vegetables	Palakkad	Kerala	F&V	25.05.2011	2533.57	716.88	716.88	Achieved Completion and Commercial production started
23.	SH Cold Storage	Kozhikode, Palakkad	Kerala	F&V	26.05.2011	2397.14	869.35	697.73	Achieved Completion and Commercial production started
24.	Om Agro Products	Jabalpur	Madhya Pradesh	F&V	25.07.2012	1722.44	447.87	335.9	Achieved Completion and Commercial production started

1	2	3	4	5	6	7	8	9	10
25.	Freshrop Fruits Ltd.	Nashik	Maharashtra	F&V	27.03.2009	3275	847.01	847.01	Achieved Completion and Commercial production started
26.	I.G. International	Chennai and Baramati	Maharashtra	F&V	25.05.2011	2225	895.54	895.54	Achieved Completion and Commercial production started
27.	Warana Dairy & Agro Industry	Sholapur	Maharashtra	Dairy	01.06.2011	4331	914.8	914.8	Achieved Completion and Commercial production started
28.	Saastha Warehousing Ltd.	Raigad	Maharashtra	F&V	25.05.2011	4281.22	1000	750	Achieved Completion and Commercial production started
29.	Savla Foods & Cold Storage Pvt. Ltd.	Mumbai	Maharashtra	F&V	25.05.2011	2700	720.27	720.27	Achieved Completion and Commercial production started
30.	B. Y. Agro & Infra Pvt. Ltd.	Amaravati	Maharashtra	Mixed (Dairy & F&V)	05.07.2012	2858	724.80	724.80	Achieved Completion and Commercial production started
31.	Blue Fin Frozen Pvt. Ltd.	Raigad	Maharashtra	Fish	04.07.2012	2545.6	616.27	616.27	Achieved Completion and Commercial production started
32.	Cold Star Logistics Pvt. Ltd.	Navi Mumbai	Maharashtra	F&V	05.09.2012	2326.4	1000	750	Reported 75% progress
33.	Haldiram Foods Intl. Limited	Nagpur	Maharashtra	F&V	28.08.2012	2800	1000	750	75% physical progress
34.	Western Hill Foods Limited	Pune	Maharashtra	F&V	31.07.2012	2096	767.64	575.73	75% physical progress
35.	Associate Action for Progressive Dev. Society	Senapati	Manipur	F&V	26.05.2011	1849	1000	750	Reported Completion and Commercial production started
36.	Mizofa Fish Seed Farm	Aizawl	Mizoram	Fish	11.11.2011	519.77	303.01	303.01	Achieved Completion and Commercial production started
37.	Zoram Fish Seeds Production Centre	Aizawl	Mizoram	Fish	30.07.2012	1726.22	974.33	499.58	Achieved Completion and Commercial production started

1	2	3	4	5	6	7	8	9	10
38.	Alchemist Foods Ltd.	Ropar	Punjab	Meat	27.02.2012	4071	406.41	304.81	Achieved Completion and Commercial production started
39.	B.D. Agro	Kapurthala	Punjab	F&V	25.05.2011	2263.91	983.82	983.82	Achieved Completion and Commercial production started
40.	Inter-national Farm Fresh Products (India) Ltd.	Sangrur	Punjab	F&V	20.07.2012	2880.72	819.24	614.43	Achieved Completion and Commercial production started
41.	Jhunsons Chemicals Pvt. Ltd.	Alwar	Rajasthan	Irradiation	20.01.2009	1773	705.96	705.96	Achieved Completion and Commercial production started
42.	Farm Fresh Banana	Tamil Nadu	Tamil Nadu	F&V	02.02.2009	1554	605.7	605.7	Achieved Completion and Commercial production started
43.	Imperial Frozen Food	Agra	Uttar Pradesh	F&V	01.06.2013	992.95	359.73	359.73	Achieved Completion and Commercial production started
44.	Impartial Agrotech (P) Ltd.	Unnao	Uttar Pradesh	Irradiation unit	25.05.2011	1478.97	630.75	630.75	Achieved Completion and Commercial production started
45.	Rajshree Integrated Cold Chain Projects	Noida, Shimla, Bikaner	Uttar Pradesh	F&V	01.06.2011	2257	1000	1000	Achieved Completion and Commercial production started
46.	Bio Life Foods Pvt. Ltd.	Nainital	Uttarakhand	F&V	13.02.2009	1771	981	981	Achieved Completion and Commercial production started
47.	Brar Frozen Foods	Udham Singh Nagar	Uttarakhand	F&V	25.05.2011	1480	706.87	706.87	Achieved Completion and Commercial production started
48.	Sharda Agri Foods (P) Ltd.	U.S. Nagar	Uttarakhand	F&V	26.07.2012	1740.39	1000	750	Reported Completion and Commercial production started
49.	Ascon Agro Products Exporters & Builders Pvt. Ltd.	Hooghly	West Bengal	F&V	27.03.2009	2127	643.78	643.78	Achieved Completion and Commercial production started
50.	Keventer Agro	North 24 Paragnas	West Bengal	F&V	25.05.2011	3111	732.69	549.52	Achieved Completion and Commercial production started

1	2	3	4	5	6	7	8	9	10
51.	Prime Cold Stores	Howrah	West Bengal	F&V	24.05.2011	2001.88	592.46	444.34	Achieved Completion and Commercial production started
52.	Basukinath	Paschim Medinipur	West Bengal	F&V	08.06.2011	3392	508.88	508.88	Achieved Completion and Commercial production started
53.	Shimla Horticulture	Howrah	West Bengal	F&V	5.12.2011	1480.42	569.29	426.97	Reported Completion and Commercial production started
54.	Amicus Healthcare Services and Solution Pvt. Ltd.	Kolkata	West Bengal	F&V	25.07.2012	1627.84	593.83	445.37	75% progress
55.	Akashdeep Cold storage	Kanpur	U.P.	Dairy	22.08.2012	2706	773.88	193.47	25% progress
56.	Prasad Seeds Pvt. Ltd.	Telangana	Medak	F&V	20.09.2013	3082	1000	0	Reported 25% progress
57.	Washington Cold Storage	Andhra Pradesh	East Godavari	F&V	18.11.2013	2538.73	1000	0	Under implementation
58.	Meena Food Processing Industry	Arunachal Pradesh	Papumpare	F&V	18.10.2013	1508.01	444.086	0	Under implementation
59.	E-Appliances	Assam	Guwahati	F&V	24.12.2013	1399.51	862.45	0	Under implementation
60.	Asandas & Sons	Gujarat	Mehsana		20.09.2013	2549.32	774.998	0	Reported 25% progress
61.	Innovative Cuisine Pvt. Ltd.	Gujarat	Vadodra	F&V	20.09.2013	2072.46	727.42	544.86	75% physical progress
62.	Panch-mahal District Co-Operative Milk Producers' Union Ltd.	Gujarat	Panchmahal	Dairy	4.10.2013	2880.01	1000	0	Reported 25% physical progress
63.	Himalaya International Ltd.	Gujarat	Mehsana	V & Milk	4.10.2013	13000	1000	750.00	Reported Completion and commercial production started

1	2	3	4	5	6	7	8	9	10
64.	Fresh Food Processing	Haryana	Hissar	F&V	30.01.2014	1591.91	687.85	0	Under implementation
65.	Fresh Produce Impex	Himachal Pradesh	Sirmaur	F&V	20.09.2013	1591.91	949.477	0	25% progress
66.	Himalaya Cotton Yarn Ltd.	Himachal Pradesh	Solan	F&V	20.09.2013	1229.71	543.78	0	Reported 25% progress
67.	Adani Agri Fresh Ltd.	Himachal Pradesh	Shimla	F&V	4.10.2013	2630.9	1000	0	Reported 25% progress
68.	Him Fresh Produce Co.	Himachal Pradesh	Shimla	F&V	4.10.2013	1648.73	977.1	0	Reported 25% progress
69.	FIL Industries Ltd.	Jammu and Kashmir	Sopore & Rangreth	F&V	20.01.2014	1380	860.29	0	Reported 25% progress
70.	C.S. Buildwell Pvt. Ltd.	Jammu and Kashmir	Kathua	F&V	20.09.2013	2133.2	1000	0	Reported 25% progress
71.	Kachroo Integrated Cold Chain	Jammu and Kashmir	Baramula	F&V	20.09.2013	1426.45	1000	250.00	25% progress
72.	Mir Agro Industries	Jammu and Kashmir	Pulwama	F&V	20.09.2013	1594.31	921.32	230.33	25% progress
73.	Vijaykant Dairy & Food Products Ltd.	Karnataka	Belgaum	Milk	20.09.2013	955	280	210.00	75% physical progress
74.	Baswesh war Industry	Karnataka	Belgaum	F&V	4.10.2013	1820	871.47	653.60	75% physical progress
75.	Bhanu Farms Ltd.	Madhya Pradesh	Jabalpur	F&V	20.09.2013	3950	948	711.00	Achieved completion and commercial production started
76.	Brij Dairy	Madhya Pradesh	Jabalpur	Dairy	18.10.2013	806.09	304.025	76.01	25% physical progress
77.	Baramati Agro Limited	Maharashtra	Pune	Meat Poultry	20.09.2013	911	413	309.75	Achieved completion and commercial production started
78.	Elaf Cold Storage	Maharashtra	Pune	Mixed (Meat F&V)	20.09.2013	1755.75	762.27	190.57	25% progress

1	2	3	4	5	6	7	8	9	10
79.	Indapur Dairy & Milk Products Ltd.	Maharashtra	Pune	Dairy	20.09.2013	1603	717.22	179.31	Reported 75% physical progress.
80.	Mhetre Foods Pvt. Ltd.	Maharashtra	Pune	F&V	20.09.2013	1250.54	480.01	120.00	Reported 75% physical progress.
81.	Saikrupa Industries	Maharashtra	Nashik	Dairy	20.09.2013	544.1	206.65	51.66	Reported 75% physical progress.
82.	Satec Envir Engineering (I) Pvt. Ltd.	Maharashtra	Nashik	F&V	20.09.2013	2262.22	740.795	0	Reported 25% progress
83.	Shivtirth Dairy & Agro Producers Company Ltd.	Maharashtra	Sangli	Milk	20.09.2013	820	262.555	191.04	25% physical progress
84.	Sunfresh Agro Industries Pvt. Ltd.	Maharashtra	Ahmed Nagar	Milk	20.09.2013	4617.92	976.1	732.07	Achieved completion and commercial production started
85.	Tirupati Balaji Agro Products Pvt. Ltd.	Maharashtra	Pune	F&V	20.09.2013	5041.03	790.03	197.50	25% physical progress
86.	Tricom Fruit Products Ltd.	Maharashtra	Satara	F&V	20.09.2013	6919.42	868.07	0	25% physical progress
87.	Global Foods	Maharashtra	Nagpur	Pulse, F&V, Spice	4.10.2013	2427.94	968.36	0	Reported 25% progress
88.	D.J. Exports Pvt. Ltd.	Maharashtra	Thane	F&V	4.10.2013	1831.38	610.19	457.64	75% physical progress
89.	Forstar Frozen Food Pvt. Ltd.	Maharashtra	Navi Mumbai	Ready to Eat products	4.10.2013	3668	1000	750.00	75% physical progress
90.	Vaishvik Foods Pvt. Ltd.	Maharashtra	Pune	F&V	4.10.2013	2652.64	793.3	0	25% physical progress

1	2	3	4	5	6	7	8	9	10
91.	Swaraj India	Maharashtra	Satara	F&V	20.11.2013	2621	1000	0	25% progress
92.	Suyojit Infra-structure	Maharashtra	Nashik	F&V	26.11.2013	2234	892.19	0	Under implementation
93.	Taksh Cold Chain	Maharashtra	Amaravati	F&V	6.12.2013	2550.7	978.8	0	Reported 25% progress
94.	Shree Shubham Logistics Ltd.	Rajasthan	Kota	F&V	27.11.2013	2847	1000	0	Reported 25% progress
95.	Om Oil & Flour Mills Ltd.	Odisha	Cuttak	Ready to Eat products	20.09.2013	1345	226.58	56.64	25% physical progress
96.	Kool Tech Infra & Logistics	Punjab	Kapurthala	F&V	4.10.2013	2489.74	959.43	0	Reported 25% progress
97.	Pagro Frozen Foods Pvt. Ltd.	Punjab	Fategarh Sahib	F&V	4.10.2013	4000	1000	250.00	Achieved completion and commercial production started
98.	Supreme Agro Foods Pvt. Ltd.	Punjab	Ludhiana	Milk	4.10.2013	3117	891.33	668.49	75% physical progress
99.	Resource Foods Pvt. Ltd.	Punjab	Patiala	F&V	6.12.2013	2155.78	973.36	292.34	75% physical progress
100.	Shiv Health Foods Ltd.	Rajasthan	Kota	Milk	4.10.2013	3300	810.7	202.67	Reported 75% progress
101.	Sikkim Multifacility	Sikkim	Gangtok	Dairy	18.10.2013	1438	1000	0	Reported 25% progress
102.	MKC Agro Fresh Ltd.	Uttar Pradesh	Gautam Buddha Nagar	F&V	20.09.2013	3655	1000	250.00	25% progress
103.	Gopaljee Dairy Prodcuts Pvt. Ltd.	Uttar Pradesh	Panchsheel Nagar	Milk	4.10.2013	4120	1000	250.00	25% progress
104.	Aalishan International Pvt. Ltd.	Uttarakhand	Udhamsingh Nagar	F&V	20.09.2013	1683	1000	750.00	75% progress



1	2	3	4	5	6	7	8	9	10
105.	Bajpai Refrigerating and Bakers Co.	Uttarakhand	Kashipur	F&V	20.09.2013	1681.97	966.53	724.90	75% progress
106.	Cheema Frozen Foods	Uttarakhand	Udhamsingh Nagar	F&V	20.09.2013	1600	1000	750.00	75% progress
107.	Rana Frozen Foods	Uttarakhand	Haridwar	F&V	4.10.2013	1688.37	1000	250.00	75% progress
108.	Rajshree Milk Products	Uttarakhand	Udham Singh Nagar	F&V	4.10.2013	1838.78	902	676.50	75% progress
109.	Shri Ram Solvent Extraction Pvt. Ltd.	Uttarakhand	Udham Singh Nagar	F&V	7.10.2013	1197.5	756.44	567.33	75% progress
110.	Hind Tradex	Uttarakhand	Udham Singh Nagar	F&V	18.10.2013	1915.26	1000	0	Under implementation
111.	Konark Industries	Uttarakhand	Udham Singh Nagar	F&V	18.10.2013	1713.82	1000	250	Reported 75% physical progress
112.	Avinash Raj Const-ructions Ltd.	West Bengal	Jalpaiguri	F&V	20.09.2013	1767.36	691.66	0	Reported 25% physical progress
Total						260760.53	87355.87	46249.67	

## APPENDIX I

### COMMITTEE ON STANDING AGRICULTURE (2014-2015)

#### MINUTES OF THE NINETEENTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 20th March, 2015 from 1500 hrs. to 1620 hrs. in Committee Room '139', Parliament House Annexe, New Delhi.

#### PRESENT

Shri Hukm Deo Narayan Yadav – *Chairperson*

#### MEMBERS

#### *Lok Sabha*

2. Md. Badaruddoza Khan
3. Shri C. Mahendran
4. Dr. Tapas Mandal
5. Shri Ajay Nishad
6. Shri Dalpat Singh Paraste
7. Shri Nityanand Rai
8. Shri Mukesh Rajput
9. Shri Satyapal Singh
10. Shri Virendra Singh
11. Shri B.S. Yeddyurappa

#### *Rajya Sabha*

12. Shri Mohd. Ali Khan
13. Shri Ram Nath Thakur
14. Shri Darshan Singh Yadav

#### SECRETARIAT

- |                               |   |                         |
|-------------------------------|---|-------------------------|
| 1. Shri Abhijit Kumar         | – | <i>Joint Secretary</i>  |
| 2. Smt. Abha Singh Yaduvanshi | – | <i>Director</i>         |
| 3. Smt. Juby Amar             | – | <i>Deputy Secretary</i> |

LIST OF WITNESSES

**Ministry of Food Processing Industries**

- |                              |   |                      |
|------------------------------|---|----------------------|
| 1. Shri Ranglal Jamuda       | – | Secretary            |
| 2. Shri P.K. Pujari          | – | SS & FA              |
| 3. Shri Jagdish Prasad Meena | – | Additional Secretary |
| 4. Smt. Anuradha Prasad      | – | Joint Secretary      |
| 5. Ms. Rosy Sharma           | – | Joint Secretary      |
| 6. Shri Gajendra Bhujabal    | – | Economic Advisor     |
| 7. Shri Sushil Kumar         | – | Registrar (NIFTEM)   |

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

3. After the witnesses introduced themselves, the Committee inter-alia discussed issues in FPI relating to enhancement of cold storage and cold chains facilities; reasons for variation between proposed allocation, approved allocation, budget estimates, revised estimates and actual allocation; expenditure incurred on research and development; reasons for cancellation of 15 Mega Food Park Projects; reasons for delay in commissioning of Mega Food Park Projects; reasons for winding up National Meat & Poultry Board; importance of National Mission on Food Processing and its sudden discontinuation and steps being taken to reduce the cost of processed foods. Most of the queries were responded to by the representatives of the Ministry of Food Processing Industries. The Chairperson desired the Ministry to furnish written replies to the queries which could not be readily responded to.

A verbatim record of the proceedings has been kept separately.

*The Committee then adjourned.*

## APPENDIX II

### COMMITTEE ON STANDING AGRICULTURE (2014-15)

#### MINUTES OF THE TWENTY THIRD SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 22nd April, 2015 from 1500 hrs. to 1530 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. Shri C. Mahendran
5. Shri Ajay Nishad
6. Shri Dalpat Singh Paraste
7. Shri Mukesh Rajput
8. Shri Satyapal Singh
9. Shri Virendra Singh

##### *Rajya Sabha*

10. Sardar Sukhdev Singh Dhindsa
11. Shri Janardan Dwivedi
12. Shri Mohd. Ali Khan
13. Shri Ram Nath Thakur
14. Shri Shankarbhai N. Vegad

#### SECRETARIAT

- |                               |   |                         |
|-------------------------------|---|-------------------------|
| 1. Shri Abhijit Kumar         | – | <i>Joint Secretary</i>  |
| 2. Smt. Abha Singh Yaduvanshi | – | <i>Director</i>         |
| 3. Smt. Juby Amar             | – | <i>Deputy Secretary</i> |

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

(i) Eighth Report on Demands for Grants (2015-16) of the Ministry of Food Processing Industries.

\*(ii) \*\*\*\*\*

3. After some deliberations, the Committee adopted the draft Reports without any modification and authorized the Chairperson to finalise the Reports on the basis of factual verification from the concerned Ministry/Department and present the same to Parliament.

*The Committee then adjourned.*

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\*Matter not related to this Report.





