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STANDING COMMITTEE ON AGRICULTURE
(2006-07)

FOURTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS (2006-2007)

**{Action Taken by the Government on the Recommendations/
Observations contained in the Twenty-First Report of the
Standing Committee on Agriculture (2005-2006)}**

TWENTY SIXTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

MARCH, 2007/PHALGUNA, 1928 (Saka)

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STANDING COMMITTEE ON AGRICULTURE
(2006-07)

FOURTEENTH LOK SABHA

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of the Standing Committee on Agriculture (2005-2006)]

Presented to Lok Sabha on _____

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NEW DELHI

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 Report of the Standing Committee on Agriculture
 (2005-2006) on Demands for Grants (2006-07) of
 Ministry of Food Processing Industries

Composition of the Standing Committee on Agriculture (2006-2007)

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5. Ms. Amita Walia - Under Secretary

6. Shri M.D.Tuteja - Committee Officer

INTRODUCTION

I, the Chairman, Standing Committee on Agriculture, [2006-2007] having been authorized by the Committee to submit the Report on their behalf, present this Twenty Sixth Report on Action Taken by the Government on the Recommendations/ Observations contained in the Twenty-First Report of the Standing Committee on Agriculture (2005-2006) (Fourteenth Lok Sabha) on Demands for Grants of the Ministry of Food Processing Industries for the year 2006-2007.

2. *The Twenty-First Report of the Standing Committee on Agriculture (2005-2006) on Demands for Grants (2006-2007) of the Ministry of Food Processing Industries was presented to Lok Sabha on 19.05.2006 and laid in Rajya Sabha on the same day. The Ministry of Food Processing Industries was requested to furnish action taken replies of the Government to the recommendations contained in the Twenty-First Report. The replies of the Government to all the recommendations contained in the Report have been received.*

3. The Committee considered the action taken replies furnished by the Government at their sitting held on 08.3.2007, approved the draft comments and adopted the Twenty Sixth Report. Minutes of the sitting are placed at Appendix I.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the Twenty-First Report (14th Lok Sabha) of the Committee is given in Appendix-II.

**NEW DELHI;
08 March, 2007
17 Phalgun, 1928 (Saka)**

PROF. RAM GOPAL YADAV
*Chairman,
Standing Committee on Agriculture*

CHAPTER I

Report

This Report of the Committee on Agriculture deals with the action taken by the Government on the recommendations contained in the Twenty-First Report (Fourteenth Lok Sabha) of the Standing Committee on Agriculture (2006-2007) on Demands for Grants (2006-2007) of the Ministry of Food Processing Industries which was presented to the Lok Sabha and laid in the Rajya Sabha on 19.5.2006.

- 1.2 The Action Taken Replies have been received from the Government and have been categorized as under:-
- (i) Recommendations/Observations that have been accepted by the Government (Chapter II of the Report) Recommendation Sl.No. 8 (Total –1)
 - (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's action taken reply (Chapter III of the Report) (Total –Nil)
 - (iii) Recommendations/Observations in respect of which action taken replies of the Government have not been accepted by the Committee (Chapter IV of the Report) Sl.Nos. 2 and 6 (Total-2)
 - (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited. (Chapter V) Recommendation Sl.Nos.1,3,4,5 and 7 (Total –5)
- 1.3 The Committee will now deal with the action taken by the Government on some of their recommendations.

Recommendation No. 1

Overview

1.4 The Committee have been informed that the Ministry of Food Processing Industry at first came into existence in 1988 and the food processing was called as sun-rise sector but even after 18 years of its existence, it has still not grown up. Only 2.2% of the fruits and vegetables produced in India are processed and 60% of the produce go waste, processing level of milk is 35%, of meat is 21% and poultry product is 6% only and the reason being lack of basic facilities of food processing or food preservation such as food processing

industries, cold storages, cold-chain facilities, warehouses, stringent and international food standards, test labs and export facilities.

The farmers who produce the fruits, vegetables, and even cereals do not get remunerative price of their produce, because they are not able to sell whole of their produce for want of food processing facilities. They continue to suffer due to immense fluctuation in prices of their produce. The Ministry acts as a catalyst for guiding, helping and creating a conducive environment for healthy growth of the food processing industries. But it is facing difficulties for having inadequate infrastructure facilities, lack of quality control and testing facilities, seasonality of raw material and cultural preference for fresh food.

The Committee have also noted that the food processing industry is following the western path of processing food-items, such as biscuits, jams, sauces, breads, butter, milk, cold drinks, meat, Fish & Poultry processing etc., but we do not have the test laboratories for these items for quality control for food standards of international level. This is one major reason that we are not able to export our processed food items to the outside world and our share in world trade in respect of processed food is about 1.6% only. Committee observe that there is a need to have right kind of food processing models, keeping in view Indian way of food processing in our households. The Ministry should have a 'guidance centre' to guide about the crops to be grown, which factory to be set up and where, availability of raw material throughout the year, seasonality of crops, where to sell, use or process the food items. The Government will have to look into these basic shortcomings in our quality control of food standards so that we may export the processed food items in the international market.

The budgetary support of Rs.166.90 crore for 2006-07 for Plan Fund, given to the Ministry of Food Processing Industry is very meagre when compared to other departments of the Government of India. During 2005-06, the BE for Plan funds was fixed only at

Rs.180 crore and yet even this allocation was reduced to Rs.136 crore at revised estimates stage. The Committee observe that reduction of budgetary support at RE stage would create problems for the on-going schemes which will be affected for want of funds. Committee expect the Government to plan the fund allocation at BE stage in such a way that no need should arise to reduce the budgetary support at RE stage and the on-going schemes of the Ministry do not suffer due to reduction of funds in the middle of the year.

The Committee are perturbed to note that budgetary support to the Ministry of Food Processing Industry when compared to the Central Plan outlay which for the last four years is hovering around 0.5 to 0.6% at Rs.167 crore which speaks volumes of non-attention being paid by the Government towards this Ministry for sun-rise industry. Even budgetary outlay of the Ministry of Consumer Affairs, Food and Public Distribution is Rs.205 crore and of Ministry of Communication & IT is Rs.1138.65 crore. The Committee strongly recommend that the Budgetary outlay of the Ministry of FPI should be at least doubled for smooth running of its schemes.

Committee also note with concern that the projected demands of the Ministry for Infrastructure Development Scheme for 2006-07 was Rs.63 crore but the outlay approved by Government is only Rs.22 crore and against the proposal of Rs.37 crore for Human Resources Development Scheme, the Government approved only Rs.16.90 crore, this shows that either the proposals were exaggerated or the Ministry could not convince the Planning Commission & Ministry of Finance about the veracity of their demands for these schemes.

Committee have been informed that the Ministry has prepared a vision for growth of Food Processing Industries sector, which envisages increase in processing level of perishable goods from 6% to 20%; increase in value addition from the present level of 20% to 34%; share in global trade up from 1% to 3% by 2015. This increase in processing will generate direct employment of 28 lakh and indirect employment of 74 lakh persons.

The achievement of this vision will in turn commercialize the agriculture, enhance the income of farmers, generate employment and earn the foreign exchange through export of agro-food etc. and the vision 2015 can be achieved only if the requisite budgetary support of the Ministry of Food Processing Industries for its various schemes and targets, is given by the Government.

The Committee strongly recommend that budgetary proposals should be made judiciously with details of the funds required under various heads and the Ministry should make coordinated efforts for clearance of funds for various schemes (new/old) at the Planning Commission and Ministry of Finance level.

Committee also recommend that the Government should approve the draft 'National Food Processing Policy' at their earliest so that the objectives of the policy such as infrastructure development, linkages with farming system, increase in level of processing, enhancement in value addition and generation of employment can be achieved on time.

The domestic consumption of value added fruits and vegetable products is low compared to the primary processed food in general and fresh fruits & vegetables in particular. Lower capacity utilization, infrastructural constraints, inadequate farmers processors linking, dependence upon intermediaries, smallness of units and their inability for market promotion are some of the reasons for inadequate expansion of the domestic market. The Government should look into these practical difficulties faced by the food-processing sector and resolve them in a time bound manner.

Reply of the Government

1.5 The Government in their action taken reply have stated that the food processing industry's growth is retarded mainly on account of factors such as –low affordability, high cost of inputs, poor infrastructure, cultural preference for fresh foods, low efficiency, multiple regulators, lack of brand image, short product life cycle globally, cost

competitiveness, low innovation and high taxation. The Ministry proposes to address these problems during the 11th Plan period in a focused manner.

As regards quality control/food standards, the scheme for quality control and standards is proposed to be revamped in the 11th Plan with the objective of motivating the food processing industry to adopt international food standards. The Food Safety and Standards Act, 2006 has been enacted. The Food Safety and Standards Bill, 2006 was passed by the Parliament on 02.08.2006 and received the assent of the President on 23rd August, 2006. The provisions of the Act shall come into force from such date as the Central Government may notify in the official Gazette. The main objective of the Bill is to bring about a single statute relating to food and establish Food Safety and Standards Authority with a view to:

- (a) Lay down Food Standards based on science, transparency and consultation,
- (b) Effectively regulate manufacture, import, storage, distribution and sale of food to ensure consumer safety and promote global trade,
- (c) Pool infrastructure, manpower and testing facilities for better standard fixation and enforcement through their proper re-deployment, and,
- (d) Rationalize and strengthen existing enforcement mechanism

The Ministry also proposes to enhance availability of technical and other information relating to food processing sector of the Ministry which will enable prospective entrepreneurs to have access to essential entrepreneurial information relating to the food processing sector.

As regards enhanced Budgetary allocation, in BE 2006-07, an allocation of Rs.166.90 crores has been provided. In the RE 2006-07s, the Ministry is seeking an allocation of Rs.181.70 crores. Further, the Ministry proposes to achieve higher Budgetary expenditure through (i) revamping of its existing Plan Schemes based on review of 10th Plan

schemes (ii) energizing the Food processing sector in the 11th Plan with quantum jump in activities & outlay, paradigm shift in mode of implementation by adopting Public Private Partnership (PPP) mode to the extent feasible and other supportive framework for which action has been already initiated.

As regards the finalisation of the draft Food Processing Policy, a GOM under the Chairmanship of Hon'ble Minister of Agriculture and Consumer Affairs, Food & Public Distribution has been set up to consider an Integrated Strategy for Promotion of Agri-Business – Vision, Strategy and Action Plan for Food Processing Sector incorporating the draft Food Processing Policy. The GOM has met twice so far.

The installed capacity of fruit and vegetable processing industry in 2005 was 2.12 million tonnes only as against a total production of almost 140 million tonnes. Over the last few years significant growth has been seen in the ready to serve beverages, fruit juices and pulps, dehydrated and frozen fruits and vegetable products, tomato products, pickles, convenience foods, veg-spice pastes and processed mushrooms. However, the domestic consumption of value added fruits and vegetables remain low compared to primary processed foods in general and fresh vegetables and fruits in particular.

Varietal constraint is one of the major factors associated with several fruits and vegetables. Many varieties of fruits and vegetables are unsuitable for either export or processing. Inadequate infrastructure has been identified as a major constraint in the growth of fruit and vegetable processing industries. Without a strong and dependable cold chain, a vital sector like F&V processing industry, which is based mostly on perishable products cannot survive and grow. Even at current level of production, wastage in F&V is estimated at 35%, major reasons being inadequate storage, transportation, cold chain facilities and other infrastructure support facilities. The Ministry proposes to address these issues during the 11th Plan period.

Though there has been a substantial rationalization of taxes in fruit and vegetable processing sector in the country, notably since 2001-02 when Central Excise Tax (CET) on processed fruits and vegetables were reduced from 16% to 0% high taxes/duty on raw material for packaging, packaging machinery and raw materials is also affecting the growth of the food processing sector in general and F&V processing industry in particular. The Ministry's Budget proposals for 2007-08 will convey its concerns on the need to address these issues to the Ministry of Finance.

Government of India has been implementing several schemes for facilitating creation of infrastructure for food processing. While revision in the Infrastructure Development Scheme during the 10th Plan has been submitted to Planning Commission for its concurrence which is still awaited, it proposes to revamp the scheme during the 11th Plan with a view to make it more attractive to the entrepreneurs with enhanced outlay to provide greater level of assistance to meet the requirements of the industry.

It is proposed to identify fruits and vegetables with potential for processing, in specific geographical areas. The effort would be to put in place a model supply chain, which will try and address the supply chain constraints by bringing R&D institutes, extension machinery, farmers, traders and processors together. This will enable the farmer to integrate production with market demand and ensuring that research and market information and incentives reach the farm gate.

It is proposed to strengthen R&D efforts through linkages between R&D institutions, farmers, extension machinery and industry which will also focus on introductions of new varieties, stretching the production season of many fruit and vegetable crops. This has the ability to increase availability of raw material over longer periods, resulting in utilization of assets over longer season, and resultant increase in overall

profitability. Other areas proposed to be given focused attention include revamping of infrastructure support to farm sector and tax incentives to the food processing sector.

Comments of the Committee

1.6 The Committee have observed that the Government have given evasive replies to most of the points raised by them in their report on DFG of the Ministry for the year 2006-07 by stating that the issues raised by the Committee will be addressed during the 11th Plan period. However, no blue print has been put forth before the Committee as to how and when these issues will be addressed. For example, the Government has taken up the case of revision of the Infrastructure Development Scheme during the 11th Plan Period with the Planning Commission for its concurrence, but the views of the Planning Commission in this regard are still awaited. The Committee would like to be informed of the view taken by Planning Commission and also the Finance Ministry, as soon as these agencies furnish their views on revamping of infrastructure support to the sector to increase the installed capacity of Food and Vegetables Processing Industry so as to reduce the wastage of fruits and vegetables to less than 10% which is presently estimated at 35%. Similarly, revamping of the other existing Plan schemes based on review of the 10th Plan schemes should be done expeditiously.

The Committee also note with concern that the draft Food Processing Policy has not yet been finalised. The Committee recommend that the Ministry should take immediate steps to finalise the Food Processing Policy for proper development of the food processing sector and apprise the Committee of the same at the earliest.

Recommendation No. 2

Budgetary Allocations

1.7 The Committee have noted that the Ministry of Food Processing Industry was allocated Rs.650 crore against the projected demand of Rs.2800 crore for the whole of 10th Plan period. During last year i.e. 2005-06, even though the BE was at a lower side at Rs.180 crore but even that amount was reduced to Rs.136 crore at RE stage, thus affecting the ongoing schemes of the Ministry badly. India being an agricultural state, the food processing industry has the potential to transform the economic conditions of our farmers as well as our country where 60% of the fruits and vegetable production go waste for not being consumed in any form. The abundant production of fruits and vegetable, if harnessed by processing it, can raise our share in international trade considerably, which is at present only negligible at 1.6% level. But to raise our share in the international trade, we should be able to utilize the allotted budget optimally, which is not the case at present and the Ministry is not able to utilize its allotted budget every year. The Ministry has been able to utilize only Rs.361 crore during the first four years of 10th Plan period, and Rs.289 crore still remain to be utilized during the last year of this plan and the budget allotment for the last year 2006-07 of the 10th Plan is only Rs.173.70 crore and more than Rs.100 crore has been surrendered for the simple reason that the Ministry is not having enough schemes to absorb their quota of budgetary support of Rs.650 crore allotted for 10th Plan. It speaks volumes of disinterest and callous attitude on the part of the Ministry which could not make enough viable schemes which could have utilized the allotted budget. Committee are not able to comprehend the situation that if the Government had sanctioned the full demanded amount of Rs.2800 crore to the Ministry, how and where, they would have utilized it. It seems that

the Ministry even after 18 years of its existence, have not been able to play its role as a facilitator by providing proper basic infrastructure, international standards test labs and technological upgradations and training to the people who are in the field or are ready to set up food processing industries. Had the Ministry taken interest in this direction, the industry could have reached the level of Rs.50,000/- crore in the food processing sector and that would have transformed the economic conditions of our farmers and labour force in the rural India. It seems to be nobody's baby in the Government of India's eyes and there are several agencies/departments working in this field but under different Ministries and thus have no coordination among themselves to raise the level of Food processing in our country. Committee strongly recommend that various Ministries and other agencies autonomous or in public sector or in private sector should make coordinated efforts to raise the food processing industry to a greater height.

Reply of the Government

1.8 Two of the major schemes being implemented by the Ministry during the 10th Plan have been the Scheme on Infrastructure Development and scheme on Technology Upgradation/Modernisation/Establishment of Food Processing Industries. Infrastructure schemes like food park is cost intensive and involves long gestation period. Under the 10th Plan the revised scheme provides for grant of 25% of the project cost with ceiling varying between Rs.75.00 lakhs and Rs.5 crores under different components. Compared to this, 9th Plan scheme was more liberal with a grant upto Rs.4 crore without restrictions in terms of percentage of project cost. As a result, while 41 food parks were sanctioned during the 9th Plan, only 13 food parks have been sanctioned during the 10th Plan period so far. In view of the above, the utilization under this scheme has been only Rs.73.89 crores (upto Sept.2006) against the total budget provision of Rs.163 crores during the 10th Plan period. Some of the other schemes like Quality Assurances have also not attracted much response

from the food processing industries. A detailed review conducted by the Ministry has revealed that reasons for inadequate response have been.

- Long gestation period involved.
- Most of the projects being implemented by State Industrial Development Corporations who due to financial difficulties are slow in bringing in their proportionate share.
- Lack of dedicated Project Management Agencies.
- Failure to build the supply chain.
- Locational and linkage constraints –Development of linkages and related infrastructure do not proceed hand in hand.

Lack of interest among entrepreneurs to set up units in food parks as they do not see any special advantage.

In the case of Quality Assurance and other schemes, Inadequate level of assistance and not covering all the components of the project are among the reasons for the poor response.

Necessary amended proposals have been formulated for removal of these weakness in the infrastructure scheme and submitted to the planning Commission. Pace of expenditure under the scheme is expected to improve after the new proposals are implemented.

Keeping in view the experience gained during the 10th Plan, the schemes are proposed to be revamped during the 11th Plan with higher level of assistance, and appointment of reputed and experienced consultants as Project Management Agencies (PMA), with experience in development and financing of industrial cluster infrastructure on PPP basis, to be engaged by the MFPI, under a suitable MOU indicating clear deliverables. The PMA's role will be from conceptualization to commissioning of the project. It is also

proposed to decentralize the implementation of the programmes through financial institutions and State level agencies so that the entrepreneurs can access the assistance more easily.

As regards coordination of other concerned Ministries, the Ministry had involved all concerned Ministries and stake holders in the formulation of the 11th Plan schemes. As regards enhanced Budgetary allocation, in BE 2006-07, an allocation of Rs.166.90 crores has been provided. In the RE 2006-07, the Ministry is seeking an allocation of Rs.181.70 crores.

Comments of the Committee

1.9 In their reply, the Government have stated that 41 Food Parks were sanctioned during the 9th Plan while only 13 Food Parks were sanctioned during the 10th Plan period due to which only Rs.73.89 crores (upto September, 2006) could be utilized out of the total budget provision of Rs.163 crores under the scheme during the 10th Plan period. Also, under the Quality Assurance and other schemes of the Ministry also, the funds could not be utilized fully. The Ministry have acknowledged that according to the detailed review conducted by them, the reasons for inadequate response to their Schemes have been long gestation period, lack of dedicated Project Management Agencies, failure to build the supply chain, locational and linkages constraints, etc. Committee observe that when the reasons for inadequate response to the schemes were known to the Ministry, corrective steps should have been taken to make the schemes more attractive so that the sanctioned funds could have been fully utilized. The Committee would also like to be informed of the reasons as to how the grant under the Food Parks under the 10th Plan was revised to 25% of the project cost with ceiling varying between Rs.75 lakhs and Rs.5 crores, from Rs.4 crores without any restrictions in terms of percentage of project cost during the 9th Plan.

The Ministry have also informed that in view of the experience gained during the 10th Plan, the schemes are proposed to be revamped during the 11th Plan with higher level of assistance and appointment of reputed and experienced consultants as Project Management Agencies. The Committee desire that the schemes may be finalized immediately and requisite funds should be obtained from the Planning Commission/Ministry of Finance. The Committee also reiterate their earlier recommendation that the Ministry should play its role of facilitator more effectively for setting/upgradation of food processing industries so that the wastage of fruits and vegetables produced in the country is prevented. Various Ministries/agencies working in the field of food processing should make concerted and coordinated efforts in this regard.

Recommendation No. 3

Scheme for Infrastructure Development

1.10 The Committee have been informed that the scheme for financial assistance for development of infrastructure facilities for food processing industry was approved by CCEA only in August 2003. The grants-in-aid up to Rs.4 crore (up to 25% of the Project Cost) to set up common infrastructural facilities is provided by the Government. This basic requirement of food processing sector has not been taken care of even after 18 years of the existence of the Ministry of Food Processing Industries. Committee have also noted that the budgetary provisions of Rs.49 crore at BE stage were reduced to Rs.10 crore during 2005-06 and for this current year of 2006-07, the budgetary support given is Rs.19.80 crore only. Though the budgetary support for assistance to set up food parks, packaging centers, modernization of Abattoirs, Integrated Cold Chain Facilities, irradiation facilities and value added centres is not fully granted and there is lot of scope for the Ministry to develop these facilities, yet even Budgeted grant of Rs.49 crore could not be properly schematized and

was reduced to Rs.10 crore at RE stage and the Committee are unable to comprehend the Government's way of doing things as without providing basic infrastructure facilities, without a strong base, how the Government is thinking of making a strong presence in the food processing sector. The small and medium players in food processing business cannot create these basic facilities mentioned above and thus would be discouraged to enter this sector which has immense potential as they are getting the food items, fruits & vegetable at a very cheap rate. Committee strongly recommend that the proposal to liberalize Food Park Scheme be cleared at their earliest and the grants-in-aid assistance for setting up common infrastructural facilities of cold storage, food testing and analysis laboratories, effluent treatment plants, packaging centers etc. should be raised to 50% instead of 25% at present, so as to attract more and more people to join the food processing sector.

The Ministry should also coordinate and expedite the functioning of 52 food Parks already sanctioned in various States, out of which only 22 are at present being functional. The remaining 30 food parks should be made functional during the current financial year itself and private-public partnership should be encouraged in addition to the assistance provided by the Government, by way of grants-in-aid, to expedite the setting up of basic infrastructure facilities for these food parks.

The State Governments should be persuaded to provide basic facilities of land, road, electricity, water and other linkages necessary for setting up of food parks, as the farmers of their States would be getting more financial benefits by supplying their perishable goods to the units of food processing near their places. Then only the vision-2015 of the food processing sector which envisages to raise world trade share from 1.6% at present to 3%, processing of perishable goods from 6% to 20% present and direct and indirect employment to one crore people, could be achieved.

The Committee have noted with concern that only Rs.2.00 crore have been earmarked for setting up of packaging centres for food processing industries and only one such centre has been sanctioned and that too in one corner of the country in Jammu & Kashmir. The Committee feel that there should be a packaging centre near each of the food parks and the integrated approach is needed to link cold chain, value added centres, package centres and bright-light shining upon facilities at one place and the infrastructure providing schemes should be restructured accordingly.

The Planning Commission should be approached for setting up of cold chain facilities from farm gate till consumers as a part of integrated approach for assistance in the form of grants-in-aid to food processing sector.

The Committee also recommend that grants-in-aid @ 25% of the project cost in general area and 33.33% in difficult areas should be raised to 50% in general areas and 75% in hilly and difficult areas for irradiational facilities to preserve flour and sprouting from infestation and prevent change in chemical composition of the products like potato etc. as the food processing facilities are generally at far off places from their production centers.

Reply of the Government

1.11 The Government in their action taken reply have stated that the Ministry has so far approved 54 Food parks for assistance in the country. Though the Ministry has been monitoring the implementation of the scheme with the State Governments, the implementation has been found to be generally slow due to a variety of reasons such as lack of focused Project Management Agencies at the State level, financial difficulties of State Government Enterprises, sub-optimal funding provision under the existing scheme etc. Based on recommendations of the Conference of State Food Processing Ministers, study conducted and experienced gained, a need has been felt to restructure the food park scheme and the same is under discussion with the Planning Commission as a part of the Plan

formulation exercise for XI th Plan. In this regard, the concept of Mega Food Parks has been mooted to provide for holistic infrastructure development. The restructured scheme envisages the following:

1. To provide state of the art infrastructure for Food Processing in the country.
2. Ensure value addition of agricultural commodities including poultry, meat, dairy, fisheries etc.
3. Establish sustainable raw material supply chain.
4. Facilitate induction of latest technology.
5. Fostering inter agency linkages for pooling of resources for activities, complementary to Food Processing.
6. Quality assurance through better process control and capacity building.
7. Address issues of small farm size and small & medium nature of processing industries through cluster approach.
8. Organising the Stakeholders to build the supply chain.
9. Incentivise private investment.

At present, there are separate components for packaging center, value added centers, cold chain and irradiation facilities center having different patterns of assistance. The above four components, are primarily, interventions aimed towards value addition, increasing shelf life of final/intermediate products and raw material. The component of Value Added Centre addresses creation of Post Harvest Infrastructure/Value addition etc. Experience shows that there is need for integration of the above individual components into a single scheme so as to allow greater flexibility in designing of projects and bring about integration of the various activities included in the above components. At present, the Ministry is handicapped in furthering the development of Cold Chain Infrastructure as only Cold Storages for non-horticultural produce and specialize type of cold storages like

Controlled Atmosphere/Modified atmosphere come within the ambit of the Ministry. Further, at present several components like reefer vans/refrigerated transport cannot be assisted by the Ministry which is a major hurdle in development of an integrated Cold Chain. These issues have already been taken up by the Ministry in the proposals for restructuring of the schemes, with the Planning Commission.

It is also proposed to emphasise building of cooling, grading, packing and storing facilities close to the farm so that the farmer is empowered to add value to the produce and demand better prices from processors and retailers.

Factors like need for greater coverage, mandate and flexibility in the existing schemes, sub-optimal funding, problems of the cash strapped State Government Implementing Agencies etc, have been constraining off-take of funds which the Ministry hopes would be addressed through revamping of the schemes.

Comments of the Committee

1.12 On the issue of the concept of the Mega Food Parks, the Committee desire the government to finalise the restructured scheme expeditiously in a time bound manner. The Committee should be apprised of the steps taken to set up Mega Food Parks for holistic infrastructure development within three months of the presentation of this Report.

Recommendation No. 4

Technology Upgradation, Establishment and Modernization of Food Processing Industries

1.13 Committee note that in addition to provide policy and promotional support to potential entrepreneurs in the field of grain processing, meat poultry, egg, and fish processing; fruits and vegetable processing and consumer food industry, the Government is implementing the scheme for technology upgradation and establishment, expansion and

modernization of food processing industries by providing 25% of the cost in general areas and 33.33% in difficult areas, subject to a maximum of Rs.50 lakh and Rs.75 lakh respectively. The Committee are of the opinion that the technology upgradation can't be done in a cheaper way and the assistance of 25% is too less for the budding entrepreneurs and even the old hands to make necessary technological changes in their processing system. The assistance needs to be raised to 50% keeping in view the cost of upgradation of technology which is changing at such a fast rate that it is very difficult to catch up with the latest changes in processing technology. The Committee also desire that the farmers should also be provided the basic technology so that they can make base pulp of their fruits and vegetables grown in their fields and nearby areas so that their perishable goods do not go waste and they are also able to sell it in the nearby food processing industries and get remunerative prices of their produce.

Reply of the Government

1.14 The Government in their action taken reply have stated that the Scheme for Technology Upgradation/Modernization/Establishment is one of the most popular schemes being implemented by the Ministry under 10th Plan. The total outlay for the scheme during the 10th Plan is Rs.295 crores against the total Plan outlay of Rs.650 crores comprising 45% of the total Plan allocation. So far, Rs.218.67 crores have been disbursed (till 30.11.2006) under the above scheme. Considering the current high levels of wastages of perishables, the capital intensive nature of Food Processing Industries based on agriculture and the potential of the sector for generating rural employment and of encouraging adoption of internationally quality standards by these units, it is proposed that the level and quantum of assistance under the scheme be suitably increased during the 11th Plan period. With a view to provide for improvement of processing capabilities, it is planned to implement the

scheme for Technology upgradation/expansion/modernization/through a decentralized approach.

With effect from the date of notification of the revised scheme, the applicants will be advised to submit their applications for assistance to the identified Nodal Banks/PLIs who will disburse the grants directly and there will be no need for the application to be sent to the Ministry. The MFPI will place funds with the Nodal Banks towards reimbursement of grants to the units in advance. The Government shall constitute an Empowered Committee under the Chairmanship of the Secretary, MFPI to lay down norms and guidelines for operationalizing the scheme, providing directions for its effective implementation, periodically reviewing its functioning and taking necessary corrective measures/policy decisions. Such guidelines will be in addition to those laid down by the Nodal Banks/PLIs for assessing the techno-economic feasibility, commercial viability and bank-ability of the proposals submitted by prospective units under the scheme.

Comments of the Committee

1.15 The Committee would like to be apprised of the details of the revised scheme for increasing the level and quantum of assistance during the 11th Plan for improvement of processing capabilities through a decentralized approach. The norms and guidelines for operationalising the scheme, etc. to be prepared by the Empowered Committee under the chairmanship of the Secretary, MFPI, may also be furnished as soon as these are finalized.

Recommendation No. 5

Quality Control Labs

1.16 Committee have been informed that to ensure compliance with National Food Standards and to analyze the samples received from food processing industries and other stakeholders, the Government organizations, IITs and Agricultural Universities are helped

through grants-in-aids to set up quality control laboratories for the food processing sector. But the number of food processing laboratories is limited and they are at such a far off distances from the processing centres/units that it is not possible that every product which is locally processed, could be checked for its quality at Quality Control labs. In Uttar Pradesh, for example, there are only four test labs and it is not possible to get every kind of processed food checked at these labs. Moreover, all the labs do not comply fully with the International Food Standards which is must if we want to sell our processed products in the international market. Quality maintenance for meat and other exports must meet the international food standards. So, our test labs should be of international standards and be recognized so in the international market. There is also need to open small test labs for a specific food product which may be an area-specific produce and for this purpose, our agricultural Universities and agricultural colleges and Krishi Vigyan Kendras and local science colleges can be equipped and their technical staff can be trained in specified techniques for a specific food quality product. Standards for these tests by these colleges/Universities should be fixed by the Government. The science or agriculture colleges at taluka level can be allowed to charge specific fee for any test which will be an extra income for that educational institute and they can do the testing without any extra financial burden. Committee also recommend that the R&D base in food processing should be increased by involving Agriculture Universities and private research organizations working in the field of food processing. The Ministry of Food Processing Industries should organize workshops, seminars, exhibitions and agriculture-fairs to disseminate the latest research and technology developed in the food processing sector in India and the world over to the farmers.

Reply of the Government

1.17 The Government in their action taken reply have stated that MFPI aims at setting up a network of laboratories to help in implementing quality regime for processed food.

Further, to provide the common facilities to food processing industries and consumers for testing of articles of food, the networking of laboratories assumes importance, since these laboratories will be utilized not only for carrying out analytical tests, but also for providing technical guidance and awareness creation on quality and safety aspects. In order to provide the common facilities to food processing industries and consumers for testing articles of food, Ministry of Food Processing Industries is operating a Plan Scheme for setting up/up-gradation of quality control laboratories with the following objectives : :

- To ensure compliance with national food standards.
- To assist industries in the food sector to develop and implement quality management systems such as ISO 9000, HACCP etc.
- To analyse the samples received from food processing industries, and other stakeholders.
- To impart training in areas relating to quality improvement.
- To provide information on quality standards and requirements of various markets on quality of products.
- To reduce the time of analysis of samples by reducing transportation time of samples.
- To generate scientific data on levels of contaminants, pesticide residue etc.

Under the plan scheme approved for 10th Plan, the Central/State Government organizations, IITs and Universities are eligible for grant-in-aid limited to entire cost of the capital equipments required for setting up/modernization of laboratories. All other implementing agencies are eligible for grant-in-aid limited to 33% of the cost of capital equipment required for setting up/up-gradation of such laboratories for general areas and 50% for difficult areas.

During 9th and 10th Plan, the Ministry provided financial assistance to 29 stakeholders in Government as well as private sector. This includes Central/State Government organizations, Agricultural Universities, Research institutions, Krishi Vigyan Kendras, Industry Associations, and other private sector organizations. Ministry while approving the financial assistance emphasizes on adoption of NABL accreditation so that

these labs comply with the International Standards and are recognized in the International Market.

An Integrated Food Law i.e. The Food Safety and Standards Bill, 2005 has been passed by the parliament on 02.08.2006 and received the assent of the President on 23rd August, 2006. The Food Safety and Standards Act, 2006 has been notified on 24th August, 2006. The provisions of the Act shall come into force from such date as the Central Government may notify in the official Gazette. The main objective of the Bill is to bring about a single statute relating to food and establish Food Safety and Standards Authority with a view to:

- (i) Lay down Food Standards based on science, transparency and consultation,
- (ii) Effectively regulate manufacture, import, storage, distribution and sale of food to ensure consumer safety and promote global trade,
- (iii) Pool infrastructure, manpower, testing facilities for better standard fixation and enforcement through their proper re-deployment, and,
- (iv) Rationalise and strengthen existing enforcement mechanism

Presently, this Ministry has initiated the process of preparing rules and organizational structure of the Food Safety and Standards Authority of India. The Food Safety and Standards Authority of India proposed to be established under the above Act has been empowered to recognize the food testing laboratories in Government and Private sector. The proposed Food Authority may recognize labs in each State/district and also lay down standards for testing of the food products.

Moreover, MFPI has awarded a study to map the existing food testing laboratories in the country and assess their capabilities and requirements. This study may help the Food Authority in identification of locations for setting up new laboratories to ensure regional dispersal of food testing laboratories, prompt service to industry clusters/exports etc., and resources required therefor. Report of the study has been submitted in the first week of December, 2006.

Comments of the Committee

1.18 **The Committee have been informed that the Government has awarded a study to map the existing food testing laboratories in the country to assess their capabilities and requirements and the report in this regard has been submitted to the Government in December 2006. The Committee would like to be informed of the salient features of the report and further action taken/proposed to be taken by the Government to revamp and increase the number of food testing labs.**

Recommendation No. 6

Backward and Forward Integration and other Promotional Activities

1.19 Committee have been apprised that the Ministry of F.P.I. is operating the Backward Linkages, Generic Advertisement & Promotional activities such as fairs/exhibitions, seminars/workshops/conferences/surveys etc. However, the budgetary support for the current year 2006-07 is fixed at Rs.9 crores only which seems to be too meagre an amount keeping in view the purpose behind it. The backward linkages, through contract farming to ensure regular supply of desired raw material to processors and to avoid the incidence of distress sale by the farmers, would rather ensure remunerative prices of their agriculture produce. The Committee are not convinced that with a budgetary support of Rs.1.00 crore for 2006-07 for backward linkages, the Government will be able to cover a large number of farmers under this scheme, as the total number of farmers covered so far under this scheme, is 14926. Presently, the scheme is meant to cover only 25 farmers for Rs.10 lakh assistance and even if the whole amount of rupees one crore is utilized, the total farmers that could be covered under this scheme cannot exceed 250 farmers this year. In a country where 70% of the people are farmers or dependent on agriculture activities, covering only 250 farmers in a

year does not augur well and there is need to provide wide publicity and guidance to farmers through exhibitions, fairs, advertisements, publicity material, Krishi Vigyan Kendras, and periodical meetings at village levels between district level officials, and with representative of food processing units. The farmers should be apprised about the benefits of contract farming through such exhibitions/publicity/village fairs and village level meetings.

Reply of the Government

1.20 The Government in their action taken reply have stated that under the scheme of Backward Linkages MFPI is providing financial assistance to fruits and vegetables processing units only and not covering the entire agriculture sector. The total number of farmers covered under the scheme so far is 40,282. There is a budgetary support of Rs.9.00 crore for the year 2006-07 for the Scheme of backward and forward integration and other promotional activities. There is no individual cap for any part of the scheme being implemented. Rs.1 crore was set aside in the Outcome Budget for the backward linkage part of the Scheme. The scheme prescribes a minimum of 25 farmers to be covered under each application with a financial ceiling of Rs.10.0 lakhs. However, there is no upper limit for farmers to be covered in each application. In some cases the units have even more than 5000 farmers under the scheme. During the last three years the total amount of grant released under the Backward Linkage scheme to processing units was Rs.1.38 crore and a total of 14,929 farmers benefited from the scheme. Hence, even if Rs.1 crore is set-aside for the backward linkage part of the Scheme, we may cover approximately 11,000 farmers.

Comments of the Committee

1.21 **The Committee are not convinced with the reply of the Government that the backward and forward integration prescribes a minimum of 25 farmers to be covered under each application for financial help with a ceiling of Rs.10 lakh. As the Government have informed the Committee that under the scheme of backward**

linkages, MFPI is providing financial assistance to fruits and vegetables processing units only and not covering the entire agriculture sector. It does not seem to be in order that 25 or more farmers can be helped in the field of fruits and vegetable processing with this meager sum of Rs.10 lakh. The Committee do not consider it possible that with Rs.40,000/- any farmer can set up a fruit processing unit, though the Government expect to help more than 25 farmers also with the same amount of funds. The Committee consider that the amount fixed at Rs.9 crore for backward and forward linkages advertisements and promotional activities and out of that only Rs.1 crore for backward linkages is only negligible and too small an amount and reiterate that the amount of backward linkages should be raised to an extent that each interested farmer could get a loan enough to set up his own fruit and vegetable processing unit.

Recommendation No. 7

Forward Linkages

1.22 The scheme for forward integration envisages assistance up to 50% of the cost of campaign for market survey, brand promotion and test marketing subject to maximum of Rs.50 lakh to industry association and representative bodies subject to maximum of 25 small and medium enterprises participating in the campaign or survey. Committee are surprised to note that the Ministry has not got any application so far under this scheme. They have been informed that it does not seem possible that 25 of small and medium enterprises participate jointly in the campaign. The Committee, therefore, recommend that this condition of number of 25 should be scrapped, rather it could be made in a way that the entrepreneurs processing same kind of food and of a particular area may be clubbed together and the assistance for forward linkages may be given to them and amount of assistance may

differ from group to group depending upon the number of participants coming together for this purpose.

Reply of the Government

1.23 The Government in their action taken reply have stated that under the component of forward integration although some applications have been received under the scheme, these are only preliminary inquiries and no concrete proposals have emerged. The reason for non-receipt of viable proposals could be that the assistance under this scheme would be provided to industry associations and representatives bodies subject to a minimum of 25 small and medium enterprises participating jointly in the campaign/survey. It is a possibility that 25 number of small and medium enterprises rarely participate jointly in the campaign, and so there is lack of interest.

The Scheme is under review, especially with the restriction being imposed on the number of joint participants, in the backdrop of the discussions for the Eleventh Plan Schemes and is likely to be restructured.

Comments of the Committee

1.24 **In their action taken reply, the Government have admitted the fact that to bring together a minimum of 25 small and medium enterprises for joint campaign or survey for financial assistance under the forward linkages scheme is hardly possible, due to which there is lack of interest. The Government have also informed that the scheme is under review especially with the restriction being imposed on the number of joint participants and is likely to be restructured. The Committee would like to be apprised of the decision taken by Government to restructure the scheme.**

CHAPTER –II**RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN
ACCEPTED BY THE GOVERNMENT****Recommendation No. 8*****Generic Advertisement***

2.1 As there is not much knowledge among the consumers about the advantages of processed food and their quality assurance mechanism and preference of people for fresh food and drinks, the Committee are of strong opinion that there is dire need of generic advertisement to highlight that processed food is nutritious, convenient, offer varieties, available throughout the year and saves time on cooking etc. and this publicity can be made through publicity material, journals, fairs, exhibitions, seminars, workshops, conferences or through studies and surveys and directly interacting with people through documentary films of short duration in the local languages of the area which may have direct impact on the consumers.

Reply of the Government

2.2 The Ministry has published advertisements highlighting the advantages of processed foods and their quality assurance mechanism in various National/regional languages newspapers across India during the previous year. During the current year also, the Ministry has been bringing out such advertisement through print and electronic media. The Ministry has produced T.V. spots/radio jingles and short documentaries on the subject, which can also subsequently be telecast and used in various workshops/conferences etc.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT

DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

NIL

CHAPTER IV**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF
THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE****Recommendation No. 2*****Budgetary Allocations***

4.1 The Committee have noted that the Ministry of Food Processing Industry was allocated Rs.650 crore against the projected demand of Rs.2800 crore for the whole of 10th Plan period. During last year i.e. 2005-06, even though the BE was at a lower side at Rs.180 crore but even that amount was reduced to Rs.136 crore at RE stage, thus affecting the ongoing schemes of the Ministry badly. India being an agricultural state, the food processing industry has the potential to transform the economic conditions of our farmers as well as our country where 60% of the fruits and vegetable production go waste for not being consumed in any form. The abundant production of fruits and vegetable, if harnessed by processing it, can raise our share in international trade considerably, which is at present only negligible at 1.6% level. But to raise our share in the international trade, we should be able to utilize the allotted budget optimally, which is not the case at present and the Ministry is not able to utilize its allotted budget every year. The Ministry has been able to utilize only Rs.361 crore during the first four years of 10th Plan period, and Rs.289 crore still remain to be utilized during the last year of this plan and the budget allotment for the last year 2006-07 of the 10th Plan is only Rs.173.70 crore and more than Rs.100 crore has been surrendered for the simple reason that the Ministry is not having enough schemes to absorb their quota of budgetary support of Rs.650 crore allotted for 10th Plan. It speaks volumes of disinterest and callous attitude on the part of the Ministry which could not make enough viable schemes which could have utilized the allotted budget. Committee are not able to comprehend the situation that if the Government had sanctioned the full demanded amount

of Rs.2800 crore to the Ministry, how and where, they would have utilized it. It seems that the Ministry even after 18 years of its existence, have not been able to play its role as a facilitator by providing proper basic infrastructure, international standards test labs and technological upgradations and training to the people who are in the field or are ready to set up food processing industries. Had the Ministry taken interest in this direction, the industry could have reached the level of Rs.50,000/- crore in the food processing sector and that would have transformed the economic conditions of our farmers and labour force in the rural India. It seems to be nobody's baby in the Government of India's eyes and there are several agencies/departments working in this field but under different Ministries and thus have no coordination among themselves to raise the level of Food processing in our country. Committee strongly recommend that various Ministries and other agencies autonomous or in public sector or in private sector should make coordinated efforts to raise the food processing industry to a greater height.

Reply of the Government

4.2 Two of the major schemes being implemented by the Ministry during the 10th Plan have been the Scheme on Infrastructure Development and scheme on Technology Upgradation/Modernisation/Establishment of Food Processing Industries. Infrastructure schemes like food park is cost intensive and involves long gestation period. Under the 10th Plan the revised scheme provides for grant of 25% of the project cost with ceiling varying between Rs.75.00 lakhs and Rs.5 crores under different components. Compared to this, 9th Plan scheme was more liberal with a grant upto Rs.4 crore without restrictions in terms of percentage of project cost. As a result, while 41 food parks were sanctioned during the 9th Plan, only 13 food parks have been sanctioned during the 10th Plan period so far. In view of the above, the utilization under this scheme has been only Rs.73.89 crores (upto Sept.2006) against the total budget provision of Rs.163 crores during the 10th Plan period.

Some of the other schemes like Quality Assurances have also not attracted much response from the food processing industries. A detailed review conducted by the Ministry has revealed that reasons for inadequate response have been.

- Long gestation period involved.
- Most of the projects being implemented by State Industrial Development Corporations who due to financial difficulties are slow in bringing in their proportionate share.
- Lack of dedicated Project Management Agencies.
- Failure to build the supply chain.
- Locational and linkage constraints –Development of linkages and related infrastructure do not proceed hand in hand.

Lack of interest among entrepreneurs to set up units in food parks as they do not see any special advantage

In the case of Quality Assurance and other schemes, Inadequate level of assistance and not covering all the components of the project are among the reasons for the poor response.

Necessary amended proposals have been formulated for removal of these weakness in the infrastructure scheme and submitted to the planning Commission. Pace of expenditure under the scheme is expected to improve after the new proposals are implemented.

Keeping in view the experience gained during the 10th Plan, the schemes are proposed to be revamped during the 11th Plan with higher level of assistance, and appointment of reputed and experienced consultants as Project Management Agencies (PMA), with experience in development and financing of industrial cluster infrastructure on PPP basis, to be engaged by the MFPI, under a suitable MOU indicating clear deliverables.

The PMA's role will be from conceptualization to commissioning of the project. It is also proposed to decentralize the implementation of the programmes through financial institutions and State level agencies so that the entrepreneurs can access the assistance more easily.

As regards coordination of other concerned Ministries, the Ministry had involved all concerned Ministries and stake holders in the formulation of the 11th Plan schemes. As regards enhanced Budgetary allocation, in BE 2006-07, an allocation of Rs.166.90 crores has been provided. In the RE 2006-07, the Ministry is seeking an allocation of Rs.181.70 crores.

Comments of the Committee

4.3 For Comments of the Committee please refer to Para No. 1.9 of the Chapter I of the Report.

Recommendation No. 6

Backward and Forward Integration and other Promotional Activities

4.4 Committee have been apprised that the Ministry of F.P.I. is operating the Backward Linkages, Generic Advertisement & Promotional activities such as fairs/exhibitions, seminars/workshops/conferences/surveys etc. However, the budgetary support for the current year 2006-07 is fixed at Rs.9 crores only which seems to be too meagre an amount keeping in view the purpose behind it. The backward linkages, through contract farming to ensure regular supply of desired raw material to processors and to avoid the incidence of distress sale by the farmers, would rather ensure remunerative prices of their agriculture produce. The Committee are not convinced that with a budgetary support of Rs.1.00 crore for 2006-07 for backward linkages, the Government will be able to cover a large number of farmers under this scheme, as the total number of farmers covered so far under this scheme, is 14926. Presently, the scheme is meant to cover only 25 farmers for Rs.10 lakh assistance and even if the whole amount of rupees one crore is utilized, the total farmers that could be

covered under this scheme cannot exceed 250 farmers this year. In a country where 70% of the people are farmers or dependent on agriculture activities, covering only 250 farmers in a year does not augur well and there is need to provide wide publicity and guidance to farmers through exhibitions, fairs, advertisements, publicity material, Krishi Vigyan Kendras, and periodical meetings at village levels between district level officials, and with representative of food processing units. The farmers should be apprised about the benefits of contract farming through such exhibitions/publicity/village fairs and village level meetings.

Reply of the Government

4.5 Under the scheme of Backward Linkages MFPI is providing financial assistance to fruits and vegetables processing units only and not covering the entire agriculture sector. The total number of farmers covered under the scheme so far is 40,282. There is a budgetary support of Rs.9.00 crore for the year 2006-07 for the Scheme of backward and forward integration and other promotional activities. There is no individual cap for any part of the scheme being implemented. Rs.1 crore was set aside in the Outcome Budget for the backward linkage part of the Scheme. The scheme prescribes a minimum of 25 farmers to be covered under each application with a financial ceiling of Rs.10.0 lakhs. However, there is no upper limit for farmers to be covered in each application. In some cases the units have even more than 5000 farmers under the scheme. During the last three years the total amount of grant released under the Backward Linkage scheme to processing units was Rs.1.38 crore and a total of 14,929 farmers benefited from the scheme. Hence, even if Rs.1 crore is set-aside for the backward linkage part of the Scheme, we may cover approximately 11,000 farmers.

Comments of the Committee

4.6 For Comments of the Committee please refer to Para No. 1.21 of Chapter I of the Report.

CHAPTER V**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL****REPLIES OF THE GOVERNMENT ARE STILL AWAITED****Recommendation No. 1*****Overview***

5.1 The Committee have been informed that the Ministry of Food Processing Industry at first came into existence in 1988 and the food processing was called as sun-rise sector but even after 18 years of its existence, it has still not grown up. Only 2.2% of the fruits and vegetables produced in India are processed and 60% of these produce go waste, processing level of milk is 35%, of meat is 21% and poultry product is 6% only and the reason being lack of basic facilities of food processing or food preservation such as food processing industries, cold storages, cold-chain facilities, warehouses, stringent and international food standards, test labs and export facilities.

The farmers who produce the fruits, vegetables, and even cereals do not get remunerative price of their produce because they are not able to sell whole of their produce for want of food processing facilities. They continue to suffer due to immense fluctuation in prices of their produce. The Ministry acts as a catalyst for guiding, helping and creating a conducive environment for healthy growth of the food processing industries. But it is facing difficulties for having inadequate infrastructure facilities, lack of quality control and testing facilities, seasonality of raw material and cultural preference for fresh food.

The Committee have also noted that the food processing industry is following the western path of processing food-items, such as biscuits, jams, sauces, breads, butter, milk, cold drinks, meat, Fish & Poultry processing etc., but we do not have the test laboratories for these items for quality control for food standards of international level. This is one major reason that we are not able to export our processed food items to the outside world

and our share in world trade in respect of processed food is about 1.6% only. Committee observe that there is a need to have right kind of food processing models, keeping in view Indian way of food processing in our households. The Ministry should have a 'guidance centre' to guide about the crops to be grown, which factory to be set up and where, availability of raw material throughout the year, seasonality of crops, where to sell, use or process the food items. The Government will have to look into these basic shortcomings in our quality control of food standards so that we may export the processed food items in the international market.

The budgetary support of Rs.166.90 crore for 2006-07 for Plan Fund, given to the Ministry of Food Processing Industry is very meagre when compared to other departments of the Government of India. During 2005-06, the BE for Plan funds was fixed only at Rs.180 crore and yet even this allocation was reduced to Rs.136 crore at revised estimates stage. The Committee observe that reduction of budgetary support at RE stage would create problems for the on-going schemes which will be affected for want of funds. Committee expect the Government to plan the fund allocation at BE stage in such a way that no need should arise to reduce the budgetary support at RE stage and the on-going schemes of the Ministry do not suffer due to reduction of funds in the middle of the year.

The Committee are perturbed to note that budgetary support to the Ministry of Food Processing Industry when compared to the Central Plan outlay which for the last four years is hovering around 0.5 to 0.6% at Rs.167 crore which speaks volumes of non-attention being paid by the Government towards this Ministry for sun-rise industry. Even budgetary outlay of the Ministry of Consumer Affairs, Food and Public Distribution is Rs.205 crore and of Ministry of Communication & IT is Rs.1138.65 crore. The Committee strongly recommend that the Budgetary outlay of the Ministry of FPI should be at least doubled for smooth running of its schemes.

Committee also note with concern that the projected demands of the Ministry for Infrastructure Development Scheme for 2006-07 was Rs.63 crore but the outlay approved by Government is only Rs.22 crore and against the proposal of Rs.37 crore for Human Resources Development Scheme, the Government approved only Rs.16.90 crore, this shows that either the proposals were exaggerated or the Ministry could not convince the Planning Commission & Ministry of Finance about the veracity of their demands for these schemes.

Committee have been informed that the Ministry has prepared a vision for growth of Food Processing Industries sector, which envisages increase in processing level of perishable goods from 6% to 20%; increase in value addition from the present level of 20% to 34%; share in global trade up from 1% to 3% by 2015. This increase in processing will generate direct employment of 28 lakh and indirect employment of 74 lakh persons

The achievement of this vision will in turn commercialize the agriculture, enhance the income of farmers, generate employment and earn the foreign exchange through export of agro-food etc. and the vision 2015 can be achieved only if the requisite budgetary support of the Ministry of Food Processing Industries for its various schemes and targets, is given by the Government.

The Committee strongly recommend that budgetary proposals should be made judiciously with details of the funds required under various heads and the Ministry should make coordinated efforts for clearance of funds for various schemes (new/old) at the Planning Commission and Ministry of Finance level.

Committee also recommend that the Government should approve the draft 'National Food Processing Policy' at their earliest so that the objectives of the policy such as infrastructure development, linkages with farming system, increase in level of processing, enhancement in value addition and generation of employment can be achieved on time.

The domestic consumption of value added fruits and vegetable products is low compared to the primary processed food in general and fresh fruits & vegetables in

particular. Lower capacity utilization, infrastructural constraints, inadequate farmers processors linking, dependence upon intermediaries, smallness of units and their inability for market promotion are some of the reasons for inadequate expansion of the domestic market. The Government should look into these practical difficulties faced by the food-processing sector and resolve them in a time bound manner.

Reply of the Government

5.2 The food processing industry's growth is retarded mainly on account of factors such as –low affordability, high cost of inputs, poor infrastructure, cultural preference for fresh foods, low efficiency, multiple regulators, lack of brand image, short product life cycle globally, cost competitiveness, low innovation and high taxation. The Ministry proposes to address these problems during the 11th Plan period in a focused manner.

As regards quality control/food standards, the scheme for quality control and standards is proposed to be revamped in the 11th Plan with the objective of motivating the food processing industry to adopt international food standards. The Food Safety and Standards Act, 2006 has been enacted. The Food Safety and Standards Bill, 2006 was passed by the Parliament on 02.08.2006 and received the assent of the President on 23rd August, 2006. The provisions of the Act shall come into force from such date as the Central Government may notify in the official Gazette. The main objective of the Bill is to bring about a single statute relating to food and establish Food Safety and Standards Authority with a view to:

- (a) Lay down Food Standards based on science, transparency and consultation,
- (e) Effectively regulate manufacture, import, storage, distribution and sale of food to ensure consumer safety and promote global trade,
- (f) Pool infrastructure, manpower and testing facilities for better standard fixation and enforcement through their proper re-deployment, and,

(g) Rationalize and strengthen existing enforcement mechanism

The Ministry also proposes to enhance availability of technical and other information relating to food processing sector of the Ministry which will enable prospective entrepreneurs to have access to essential entrepreneurial information relating to the food processing sector.

As regards enhanced Budgetary allocation, in BE 2006-07, an allocation of Rs.166.90 crores has been provided. In the RE 2006-07s, the Ministry is seeking an allocation of Rs.181.70 crores. Further, the Ministry proposes to achieve higher Budgetary expenditure through (i) revamping of its existing Plan Schemes based on review of 10th Plan schemes (ii) energizing the Food processing sector in the 11th Plan with quantum jump in activities & outlay, paradigm shift in mode of implementation by adopting Public Private Partnership (PPP) mode to the extent feasible and other supportive framework for which action has been already initiated.

As regards the finalisation of the draft Food Processing Policy, a GOM under the Chairmanship of Hon'ble Minister of Agriculture and Consumer Affairs, Food & Public Distribution has been set up to consider an Integrated Strategy for Promotion of Agri-Business – Vision, Strategy and Action Plan for Food Processing Sector incorporating the draft Food Processing Policy. The GOM has met twice so far.

The installed capacity of fruit and vegetable processing industry in 2005 was 2.12 million tonnes only as against a total production of almost 140 million tonnes. Over the last few years significant growth has been seen in the ready to serve beverages, fruit juices and pulps, dehydrated and frozen fruits and vegetable products, tomato products, pickles, convenience foods, veg-spice pastes and processed mushrooms. However, the domestic consumption of value added fruits and vegetables remain low compared to primary processed foods in general and fresh vegetables and fruits in particular.

Varietal constraint is one of the major factors associated with several fruits and vegetables. Many varieties of fruits and vegetables are unsuitable for either export or processing. Inadequate infrastructure has been identified as a major constraint in the growth of fruit and vegetable processing industries. Without a strong and dependable cold chain, a vital sector like F&V processing industry, which is based mostly on perishable products cannot survive and grow. Even at current level of production, wastage in F&V is estimated at 35%, major reasons being inadequate storage, transportation, cold chain facilities and other infrastructure support facilities. The Ministry proposes to address these issues during the 11th Plan period.

Though there has been a substantial rationalization of taxes in fruit and vegetable processing sector in the country, notably since 2001-02 when Central Excise Tax (CET) on processed fruits and vegetables were reduced from 16% to 0% high taxes/duty on raw material for packaging, packaging machinery and raw materials is also affecting the growth of the food processing sector in general and F&V processing industry in particular. The Ministry's Budget proposals for 2007-08 will convey its concerns on the need to address these issues to the Ministry of Finance.

Government of India has been implementing several schemes for facilitating creation of infrastructure for food processing. While revision in the Infrastructure Development Scheme during the 10th Plan has been submitted to Planning Commission for its concurrence which is still awaited, it proposes to revamp the scheme during the 11th Plan with a view to make it more attractive to the entrepreneurs with enhanced outlay to provide greater level of assistance to meet the requirements of the industry.

It is proposed to identify fruits and vegetables with potential for processing, in specific geographical areas. The effort would be to put in place a model supply chain, which will try and address the supply chain constraints by bringing R&D institutes,

extension machinery, farmers, traders and processors together. This will enable the farmer to integrate production with market demand and ensuring that research and market information and incentives reach the farm gate.

It is proposed to strengthen R&D efforts through linkages between R&D institutions, farmers, extension machinery and industry which will also focus on introductions of new varieties, stretching the production season of many fruit and vegetable crops. This has the ability to increase availability of raw material over longer periods, resulting in utilization of assets over longer season, and resultant increase in overall profitability. Other areas proposed to be given focused attention include revamping of infrastructure support to farm sector and tax incentives to the food processing sector.

Comments of the Committee

5.3 For Comments of the Committee please refer to Para No.1.6 of the Chapter I of the Report.

Recommendation No. 3

Scheme for Infrastructure Development

5.4 The Committee have been informed that the scheme for financial assistance for development of infrastructure facilities for food processing industry was approved by CCEA only in August 2003. The grants-in-aid up to Rs.4 crore (up to 25% of the Project Cost) to set up common infrastructural facilities is provided by the Government. This basic requirement of food processing sector has not been taken care of even after 18 years of the existence of the Ministry of Food Processing Industries. Committee have also noted that the budgetary provisions of Rs.49 crore at BE stage were reduced to Rs.10 crore during 2005-06 and for this current year of 2006-07, the budgetary support given is Rs.19.80 crore only. Though the budgetary support for assistance to set up food parks, packaging centers, modernization of Abattoirs, Integrated Cold Chain Facilities, irradiation facilities and value

added centres is not fully granted and there is lot of scope for the Ministry to develop these facilities, yet even Budgeted grant of Rs.49 crore could not be properly schematized and was reduced to Rs.10 crore at RE stage and the Committee are unable to comprehend the Government's way of doing things as without providing basic infrastructure facilities, without a strong base, how the Government is thinking of making a strong presence in the food processing sector. The small and medium players in food processing business cannot create these basic facilities mentioned above and thus would be discouraged to enter this sector which has immense potential as they are getting the food items, fruits & vegetable at a very cheap rate. Committee strongly recommend that the proposal to liberalize Food Park Scheme be cleared at their earliest and the grants-in-aid assistance for setting up common infrastructural facilities of cold storage, food testing and analysis laboratories, effluent treatment plants, packaging centers etc. should be raised to 50% instead of 25% at present, so as to attract more and more people to join the food processing sector.

The Ministry should also coordinate and expedite the functioning of 52 food Parks already sanctioned in various States, out of which only 22 are at present being functional. The remaining 30 food parks should be made functional during the current financial year itself and private-public partnership should be encouraged in addition to the assistance provided by the Government, by way of grants-in-aid, to expedite the setting up of basic infrastructure facilities for these food parks.

The State Governments should be persuaded to provide basic facilities of land, road, electricity, water and other linkages necessary for setting up of food parks, as the farmers of their States would be getting more financial benefits by supplying their perishable goods to the units of food processing near their places. Then only the vision-2015 of the food processing sector which envisages to raise world trade share from 1.6% at present to 3%,

processing of perishable goods from 6% to 20% present and direct and indirect employment to one crore people, could be achieved.

The Committee have noted with concern that only Rs.2.00 crore have been earmarked for setting up of packaging centres for food processing industries and only one such centre has been sanctioned and that too in one corner of the country in Jammu & Kashmir. The Committee feel that there should be a packaging centre near each of the food parks and the integrated approach is needed to link cold chain, value added centres, package centres and bright-light shining upon facilities at one place and the infrastructure providing schemes should be restructured accordingly.

The Planning Commission should be approached for setting up of cold chain facilities from farm gate till consumers as a part of integrated approach for assistance in the form of grants-in-aid to food processing sector.

The Committee also recommend that grants-in-aid @ 25% of the project cost in general area and 33.33% in difficult areas should be raised to 50% in general areas and 75% in hilly and difficult areas for irradiational facilities to preserve flour and sprouting from infestation and prevent change in chemical composition of the products like potato etc. as the food processing facilities are generally at far off places from their production centers.

Reply of the Government

5.5 The Ministry has so far approved 54 Food parks for assistance in the country. Though the Ministry has been monitoring the implementation of the scheme with the State Governments, the implementation has been found to be generally slow due to a variety of reasons such as lack of focused Project Management Agencies at the State level, financial difficulties of State Government Enterprises, sub-optimal funding provision under the existing scheme etc. Based on recommendations of the Conference of State Food Processing Ministers, study conducted and experienced gained, a need has been felt to

restructure the food park scheme and the same is under discussion with the Planning Commission as a part of the Plan formulation exercise for XI th Plan. In this regard, the concept of Mega Food Parks has been mooted to provide for holistic infrastructure development. The restructured scheme envisages the following:

1. To provide state of the art infrastructure for Food Processing in the country.
2. Ensure value addition of agricultural commodities including poultry, meat, dairy, fisheries etc.
3. Establish sustainable raw material supply chain.
4. Facilitate induction of latest technology.
5. Fostering inter agency linkages for pooling of resources for activities, complementary to Food Processing.
6. Quality assurance through better process control and capacity building.
7. Address issues of small farm size and small & medium nature of processing industries through cluster approach.
8. Organising the Stakeholders to build the supply chain.
9. Incentivise private investment.

At present, there are separate components for packaging center, value added centers, cold chain and irradiation facilities center having different patterns of assistance. The above four components, are primarily, interventions aimed towards value addition, increasing shelf life of final/intermediate products and raw material. The component of Value Added Centre addresses creation of Post Harvest Infrastructure/Value addition etc. Experience shows that there is need for integration of the above individual components into a single scheme so as to allow greater flexibility in designing of projects and bring about integration of the various activities included in the above components. At present, the

Ministry is handicapped in furthering the development of Cold Chain Infrastructure as only Cold Storages for non-horticultural produce and specialize type of cold storages like Controlled Atmosphere/Modified atmosphere come within the ambit of the Ministry. Further, at present several components like reefer vans/refrigerated transport cannot be assisted by the Ministry which is a major hurdle in development of an integrated Cold Chain. These issues have already been taken up by the Ministry in the proposals for restructuring of the schemes, with the Planning Commission.

It is also proposed to emphasise building of cooling, grading, packing and storing facilities close to the farm so that the farmer is empowered to add value to the produce and demand better prices from processors and retailers.

Factors like need for greater coverage, mandate and flexibility in the existing schemes, sub-optimal funding, problems of the cash strapped State Government Implementing Agencies etc, have been constraining off-take of funds which the Ministry hopes would be addressed through revamping of the schemes.

Comments of the Committee

5.6 For comments of the Committee please refer to Para No. 1.12 of Chapter I of the Report.

Recommendation No. 4

Technology Upgradation, Establishment and Modernization of Food Processing Industries

5.7 Committee note that in addition to provide policy and promotional support to potential entrepreneurs in the field of grain processing, meat poultry, egg, and fish processing; fruits and vegetable processing and consumer food industry, the Government is implementing the scheme for technology upgradation and establishment, expansion and modernization of food processing industries by providing 25% of the cost in general areas

and 33.33% in difficult areas, subject to a maximum of Rs.50 lakh and Rs.75 lakh respectively. The Committee are of the opinion that the technology upgradation can't be done in a cheaper way and the assistance of 25% is too less for the budding entrepreneurs and even the old hands to make necessary technological changes in their processing system. The assistance needs to be raised to 50% keeping in view the cost of upgradation of technology which is changing at such a fast rate that it is very difficult to catch up with the latest changes in processing technology. The Committee also desire that the farmers should also be provided the basic technology so that they can make base pulp of their fruits and vegetables grown in their fields and nearby areas so that their perishable goods do not go waste and they are also able to sell it in the nearby food processing industries and get remunerative prices of their produce.

Reply of the Government

5.8 The Scheme for Technology Upgradation/Modernization/Establishment is one of the most popular schemes being implemented by the Ministry under 10th Plan. The total outlay for the scheme during the 10th Plan is Rs.295 crores against the total Plan outlay of Rs.650 crores comprising 45% of the total Plan allocation. So far, Rs.218.67 crores have been disbursed (till 30.11.2006) under the above scheme. Considering the current high levels of wastages of perishables, the capital intensive nature of Food Processing Industries based on agriculture and the potential of the sector for generating rural employment and of encouraging adoption of internationally quality standards by these units, it is proposed that the level and quantum of assistance under the scheme be suitably increased during the 11th Plan period. With a view to provide for improvement of processing capabilities, it is planned to implement the scheme for Technology upgradation/expansion/modernization/through a decentralized approach.

With effect from the date of notification of the revised scheme, the applicants will be advised to submit their applications for assistance to the identified Nodal Banks/PLIs who will disburse the grants directly and there will be no need for the application to be sent to the Ministry. The MFPI will place funds with the Nodal Banks towards reimbursement of grants to the units in advance. The Government shall constitute an Empowered Committee under the Chairmanship of the Secretary, MFPI to lay down norms and guidelines for operationalizing the scheme, providing directions for its effective implementation, periodically reviewing its functioning and taking necessary corrective measures/policy decisions. Such guidelines will be in addition to those laid down by the Nodal Banks/PLIs for assessing the techno-economic feasibility, commercial viability and bank-ability of the proposals submitted by prospective units under the scheme.

Comments of the Committee

5.9 For Comments of the Committee please refer to Para No. 1.15 of Chapter I of the Report.

Recommendation No. 5

Quality Control Labs

5.10 Committee have been informed that to ensure compliance with National Food Standards and to analyze the samples received from food processing industries and other stakeholders, the Government organizations, IITs and Agricultural Universities are helped through grants-in-aids to set up quality control laboratories for the food processing sector. But the number of food processing laboratories is limited and they are at such a far off distances from the processing centres/units that it is not possible that every product which is locally processed, could be checked for its quality at Quality Control labs. In Uttar Pradesh, for example, there are only four test labs and it is not possible to get every kind of processed food checked at these labs. Moreover, all the labs do not comply fully with the International

Food Standards which is must if we want to sell our processed products in the international market. Quality maintenance for meat and other exports must meet the international food standards. So, our test labs should be of international standards and be recognized so in the international market. There is also need to open small test labs for a specific food product which may be an area-specific produce and for this purpose, our agricultural Universities and agricultural colleges and Krishi Vigyan Kendras and local science colleges can be equipped and their technical staff can be trained in specified techniques for a specific food quality product. Standards for these tests by these colleges/Universities should be fixed by the Government. The science or agriculture colleges at taluka level can be allowed to charge specific fee for any test which will be an extra income for that educational institute and they can do the testing without any extra financial burden. Committee also recommend that the R&D base in food processing should be increased by involving Agriculture Universities and private research organizations working in the field of food processing. The Ministry of Food Processing Industries should organize workshops, seminars, exhibitions and agriculture-fairs to disseminate the latest research and technology developed in the food processing sector in India and the world over to the farmers

Reply of the Government

5.11 MFPI aims at setting up a network of laboratories to help in implementing quality regime for processed food. Further, to provide the common facilities to food processing industries and consumers for testing of articles of food, the networking of laboratories assumes importance, since these laboratories will be utilized not only for carrying out analytical tests, but also for providing technical guidance and awareness creation on quality and safety aspects. In order to provide the common facilities to food processing industries and consumers for testing articles of food, Ministry of Food Processing Industries is

operating a Plan Scheme for setting up/up-gradation of quality control laboratories with the following objectives :

- To ensure compliance with national food standards.
- To assist industries in the food sector to develop and implement quality management systems such as ISO 9000, HACCP etc.
- To analyse the samples received from food processing industries, and other stakeholders.
- To impart training in areas relating to quality improvement.
- To provide information on quality standards and requirements of various markets on quality of products.
- To reduce the time of analysis of samples by reducing transportation time of samples.
- To generate scientific data on levels of contaminants, pesticide residue etc.

Under the plan scheme approved for 10th Plan, the Central/State Government organizations, IITs and Universities are eligible for grant-in-aid limited to entire cost of the capital equipments required for setting up/modernization of laboratories. All other implementing agencies are eligible for grant-in-aid limited to 33% of the cost of capital equipment required for setting up/up-gradation of such laboratories for general areas and 50% for difficult areas.

During 9th and 10th Plan, the Ministry provided financial assistance to 29 stakeholders in Government as well as private sector. This includes Central/State Government organizations, Agricultural Universities, Research institutions, Krishi Vigyan Kendras, Industry Associations, and other private sector organizations. Ministry while approving the financial assistance emphasizes on adoption of NABL accreditation so that these labs comply with the International Standards and are recognized in the International Market.

An Integrated Food Law i.e. The Food Safety and Standards Bill, 2005 has been passed by the parliament on 02.08.2006 and received the assent of the President on 23rd August, 2006. The Food Safety and Standards Act, 2006 has been notified on 24th August, 2006. The provisions of the Act shall come into force from such date as the Central

Government may notify in the official Gazette. The main objective of the Bill is to bring about a single statute relating to food and establish Food Safety and Standards Authority with a view to:

- (v) Lay down Food Standards based on science, transparency and consultation,
- (vi) Effectively regulate manufacture, import, storage, distribution and sale of food to ensure consumer safety and promote global trade,
- (vii) Pool infrastructure, manpower, testing facilities for better standard fixation and enforcement through their proper re-deployment, and,
- (viii) Rationalise and strengthen existing enforcement mechanism

Presently, this Ministry has initiated the process of preparing rules and organizational structure of the Food Safety and Standards Authority of India. The Food Safety and Standards Authority of India proposed to be established under the above Act has been empowered to recognize the food testing laboratories in Government and Private sector. The proposed Food Authority may recognize labs in each State/district and also lay down standards for testing of the food products.

Moreover, MFPI has awarded a study to map the existing food testing laboratories in the country and assess their capabilities and requirements. This study may help the Food Authority in identification of locations for setting up new laboratories to ensure regional dispersal of food testing laboratories, prompt service to industry clusters/exports etc., and resources required therefor. Report of the study has been submitted in the first week of December, 2006.

Comments of the Committee

5.12 For Comments of the Committee please refer to Para No. 1.18 of the Chapter I of the Report.

Recommendation No. 7***Forward Linkages***

5.13 The scheme for forward integration envisages assistance up to 50% of the cost of campaign for market survey, brand promotion and test marketing subject to maximum of Rs.50 lakh to industry association and representative bodies subject to maximum of 25 small and medium enterprises participating in the campaign or survey. Committee are surprised to note that the Ministry has not got any application so far under this scheme. They have been informed that it does not seem possible that 25 of small and medium enterprises participate jointly in the campaign. The Committee, therefore, recommend that this condition of number of 25 should be scrapped, rather it could be made in a way that the entrepreneurs processing same kind of food and of a particular area may be clubbed together and the assistance for forward linkages may be given to them and amount of assistance may differ from group to group depending upon the number of participants coming together for this purpose.

Reply of the Government

5.14 Under the component of forward integration although some applications have been received under the scheme, these are only preliminary inquiries and no concrete proposals have emerged. The reason for non-receipt of viable proposals could be that the assistance under this scheme would be provided to industry associations and representatives bodies subject to a minimum of 25 small and medium enterprises participating jointly in the campaign/survey. It is a possibility that 25 number of small and medium enterprises rarely participate jointly in the campaign, and so there is lack of interest.

The Scheme is under review, especially with the restriction being imposed on the number of joint participants, in the backdrop of the discussions for the Eleventh Plan Schemes and is likely to be restructured.

COMMENTS OF THE COMMITTEE

5.15 For comments of the Committee Please refer to Para No.1.24 of Chapter I of this Report.

NEW DELHI;
08 March, 2007
17 Phalguna, 1928 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON THURSDAY, THE 8TH MARCH, 2007 AT 1500 HRS. IN COMMITTEE ROOM 'B', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 HRS TO 1630 HRS

PRESENT

Prof. Ram Gopal Yadav - Chairman

MEMBERS

LOK SABHA

2. Shri Manoranjan Bhakta
3. Shri Khagen Das
4. Shri Deepender Singh Hooda
5. Shri Hari Rama Jogaiah
6. Shri M.P.Veerendra Kumar
7. Shri Baleshwar Yadav

RAJYA SABHA

8. Shri Harish Rawat
9. Shri Vikram Verma
10. Shri Sk. Khabir Uddin Ahmed
11. Shri Datta Meghe

SECRETARIAT

- | | | | |
|----|-------------------|---|------------------|
| 1. | Shri A.K.Singh | - | Joint Secretary |
| 2. | Shri Hardev Singh | - | Director |
| 3. | Shri N.S.Hooda | - | Deputy Secretary |
| 4. | Ms. Amita Walia | - | Under Secretary |

At the outset, the Hon'ble Chairman, welcomed the Members to the sitting of the Committee and requested them to take up the following Memoranda on draft Action Taken Reports on Demands for Grants (2006-07) of the Ministry of Agriculture and Ministry of Food Processing Industries for consideration and adoption:

- (1) Memorandum No. 2 regarding 23rd Action Taken Report on recommendations contained in the 18th Report on Demands for Grants (2006-07) in respect of Ministry of Agriculture (Deptt. of Agriculture and Co-operation)
- (2) Memorandum No. 3 regarding 24th Action Taken Report on recommendations contained in the 19th Report on Demands for Grants (2006-07) in respect of Ministry of Agriculture (Deptt. of Agricultural Research and Education)
- (3) Memorandum No. 4 regarding 25th Action Taken Report on recommendations contained in the 20th Report on Demands for Grants (2006-07) in respect of Ministry of Agriculture (Deptt. of Animal Husbandry, Dairying and Fisheries)
- (4) Memorandum No. 5 regarding 26th Action Taken Report on recommendations contained in the 21st Report on Demands for Grants (2006-07) in respect of Ministry of Food Processing Industries.

2 The Committee then considered and adopted the draft Action Taken Reports with minor additions/modifications as suggested by members of the Committee.

3. The Committee, thereafter, authorized the Chairman to present the above-mentioned Reports to the House on a date and time convenient to him.

The Committee then adjourned.

APPENDIX II

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE TWENTY-FIRST REPORT OF STANDING COMMITTEE ON AGRICULTURE (14TH LOK SABHA)

(i)	Total number of Recommendations	8
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Serial Nos. 8	
	Total	1
	Percentage	12.5%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Serial No. Nil	
	Total	Nil
	Percentage	Nil
(iv)	Recommendations/Observations in respect of which replies Of the Government have not been accepted by the Committee	
	Serial Nos.2 and 6	2
	Total	2
	Percentage	25%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Serial No. 1,3,4,5 and 7	
	Total	5
	Percentage	62.5