

30

STANDING COMMITTEE ON AGRICULTURE
(2006-07)

FOURTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS (2007-2008)

THIRTIETH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

APRIL, 2007/VAISAKHA, 1929 (Saka)

THIRTIETH REPORT
STANDING COMMITTEE ON AGRICULTURE
(2006-07)

FOURTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS (2007-2008)

Presented to Lok Sabha on 27.4.2007

Laid in Rajya Sabha on 27.4.2007



LOK SABHA SECRETARIAT
NEW DELHI

APRIL, 2007/ VAISAKHA, 1929 (Saka)

COA No 195

Price: Rs.

© 2007 By Lok Sabha Secretariat

Published under Rule 382 of the Rules of Procedure and Conduct of Business in
Lok Sabha (Eleventh Edition) and Printed by

<CONTENTS>

		PAGE
Composition of the Committee.....		(iii)
Introduction.....		(v)
PART - I		
Chapter -I	Introductory	1 -15
Chapter-II	Scheme for Infrastructure Development	16-23
Chapter-III	Scheme for Technology Upgradation/Establishment/ Modernization of Food Processing Industries	24-36
Chapter-IV	Scheme for Upgrading Safety and Quality of Street Food (New Scheme)	37-42
Chapter-V	Scheme for Quality Assurance, Codex Standard And Promotional Activities	43-44
Chapter-VI	Scheme for Human Resource Development	45-47
Chapter-VII	Scheme for Strengthening of Institutions and Promotional Activities	48-54
PART II		
Recommendations/Observations		55 -66
Appendices		
APPENDIX I	Minutes of the Tenth Sitting of the Committee held on 23 rd March, 2007	67-68
APPENDIX II	Minutes of the Eleventh Sitting of the Committee held on 20 th April , 2007	69-70

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

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Ranen Barman
3. Shri Anil Basu
4. Shri Manoranjan Bhakta
5. Shri Girdhari Lal Bhargava
6. Shri Kuldeep Bishnoi
7. Shri Khagen Das
8. Shri Dharmendra
9. Shri GadakhTukaram Gangadhar
10. Shri Deepender Singh Hooda
11. Shri Hari Rama Jogaiah
12. Shri Mahendra Prasad Nishad
13. Shri Prabodh Panda
14. Smt. Rupatai Diliprao Patil Nilangekar
15. Shri K.J.S.P. Reddy
16. Shri Y.S. Vivekananda Reddy
17. Shri Chandra Bhushan Singh
18. Shri M.P. Veerendra Kumar
19. Shri Raosaheb Danve Patil
20. Shri Baleshwar Yadav
21. Smt. Kalpana Ramesh Narhire

RAJYA SABHA

22. Shri Harish Rawat
23. Dr. M.S.Gill
24. Smt. Mohsina Kidwai
25. Shri Vikram Verma
26. Shri Vinay Katiyar
27. Shri Sk. Khabir Uddin Ahmed
28. Shri Datta Meghe
29. Shri Debabrata Biswas
30. Shri Sharad Anantrao Joshi
31. Shri M. Rajasekara Murthy

SECRETARIAT

1. Shri S.K.Sharma - Additional Secretary
2. Shri A.K.Singh - Joint Secretary
3. Shri Hardev Singh - Director
4. Shri N.S.Hooda - Deputy Secretary
5. Ms. Amita Walia - Under Secretary
6. Shri M.D. Tuteja - Committee Officer

INTRODUCTION

I, the Chairman, Standing Committee on Agriculture, having been authorized by the Committee to submit the report on their behalf, present this Thirtieth Report on the Demands for Grants (2007-2008) of the Ministry of Food Processing Industries.

2. The Demands for Grants of the Ministry of Food Processing Industries were laid on the table of the House on 19.3.2007. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Committee has to consider the Demands for Grants of the concerned Ministries/Departments under its jurisdiction and make a report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Food Processing Industries at their sitting held on 23rd March, 2007. The Committee wish to express their thanks to the officers of the Ministry of Food Processing Industries for giving evidence and for placing before the Committee the study material and information desired in connection with the examination of Demands for Grants of the Ministry of Food Processing Industries.

4. The Committee considered and adopted the report at their sitting held on 20th April 2007.

5. For facility of reference, the observations/recommendations of the Committee have been printed in bold letters and placed at Part II of the report.

NEW DELHI;
20 April, 2007
30 Chaitra, 1929 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

PART I
CHAPTER -I
INTRODUCTORY

Plan Schemes of Ministry of Food Processing Industries

1.1 The Ministry of Food Processing Industries (MFPI) was set up in July 1988 to give an impetus to development of food processing industries in the country. Subsequently on 15.10.99 the Ministry was made a Department and brought under the Ministry of Agriculture. It was again notified as the Ministry of Food Processing Industries on 06.09.2001.

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

Within these overall objectives, the Ministry aims at:

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

- 1.3 A strong and dynamic food processing sector plays a significant role in diversification and commercialization of agricultural activities, improving value addition opportunities and creating surplus for export of agro-food products. This requires policies and plans for improvement of food processing infrastructure including upgradation of technology and enforcement of quality standards, promoting investment in food processing, thus assisting in domestic market and export growth.
- 1.4 The Ministry of Food Processing Industries has been operating several Plan schemes for development of processed food industry since its inception in 1988. Taking into account the recommendations of the Working Group constituted by the Planning Commission, the constraints faced by the industry, the need to accelerate growth of the sector and the priority status accorded to food processing industry by Government, the Ministry has stepped up operation of several Plan schemes during the Tenth Plan.

Status of Growth of Food Processing Sector

- 1.5 The Ministry of Food Processing Industries covers products of fruits and vegetables, dairy, meat, poultry, fishery, consumer food, grains, non-molasses based alcoholic drinks, aerated water and soft drink. Food processing involves any type of value addition to agricultural or horticultural produce and also includes processes such as grading, sorting, packaging which enhances shelf life of food products. Food processing industry provides vital linkages and synergies between industry and agriculture.
- 1.6 India with arable land of 184 million hectares, produces annually 90 million tonnes of milk (highest in the world), 150 million tonnes of fruits and vegetables (second largest), 485 million livestock (largest), 204 million tonnes food grain

- (third largest), 6.3 million tonnes fish (third largest), 489 million poultry and 45,200 million eggs.
- 1.7 India's agricultural production base is quite strong but at the same time wastage of agricultural produce is massive. Processing level is very low, i.e. around 2% for fruits & vegetables, 26% for marine, 6% for poultry and 20% for buffalo meat, as against 60-70% in developed countries. The share of India's export of processed food in global trade is only 1.5%.
 - 1.8 Food processing industry is facing constraints like non-availability of adequate critical infrastructural facilities like cold chain, packing and grading centers, etc. lack of adequate quality control & testing infrastructure, inefficient supply chain, lack of processable varieties of farm produce, seasonality of raw material, high inventory carrying cost, high taxation, high packaging cost, affordability and cultural preference of fresh food.
 - 1.9 Government is committed to enhance industrial growth and put it on a robust footing. Government is actively encouraging investment in agro processing industries to reduce wastage and encourage value addition. Accordingly, for giving a boost to FPI sector, Government has recently initiated several measures besides tax concessions.
 - 1.10 The average growth rate of Food Processing Industries during the last five years (upto 2003-04) has been 7.15%.

Policy Initiatives

- 1.11 The Ministry have informed that several policy initiatives have been taken by them from time to time to promote growth of the processed food sector in the country. Some of these are:

- a) Most of the processed food items have been exempted from the purview of licensing under the Industries (Development & Regulation) Act, 1951, except items reserved for small-scale sector and alcoholic beverages.
- b) Food processing industries were included in the list of priority sector for bank lending in 1999.
- c) Automatic approval for foreign equity upto 100% is available for most of the processed food items excepting alcohol and beer and those reserved for small scale sector subject to certain conditions.
- d) Excise duty on processed fruit and vegetables has been brought down from 16% to zero level in the Budget, 2001-02.
- e) In the budget of 2004-05 income tax holiday and other concessions announced for certain categories of food processing industries.
- f) In the Budget 2006-07 excise duty has been waived on condensed milk, ice cream, preparation of meat, fish and poultry, pectins, pasta and yeast. Excise duty on ready to eat packaged foods and instant food mixes like dosa and idli mixes have been reduced from 16% to 8%. Excise duty on aerated drinks has been reduced from 24% to 16%. NABARD has created a refinancing window with a corpus of Rupees one thousand crore for agro processing infrastructure and market development.
- g) Licensing powers delegated to regional offices under Fruit Products Order (FPO), 1955.

1.12 **Developmental Initiatives:**

- a) Assistance under various plan schemes.
- b) Widening the R&D base in food processing by involvement of various R&D institutes and support to various R&D activities.
- c) Human Resource Development to meet the growing requirement of managers, entrepreneurs and skilled workers in the food processing industry.
- d) Assistance for setting up analytical and testing laboratories, active participation in the laying down of food standards and their harmonization with the international standards.
- e) Ministry is setting up a national level institute called National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) at

Kundli in Haryana at an estimated cost of Rs.244.6 crore. The Institute will be of international standards.

- f) Sevottam, Charter mark in service delivery for excellence.

1.13 Promotional Initiatives:

In order to create awareness about the potential and prospect of food processing industries in the country, the Ministry provides assistance for:

- a) Organizing workshops, seminars, exhibitions and fairs.
- b) Studies/surveys etc.
- c) Publications

1.14 Regulatory

The Ministry plays a regulatory role for the following:-

- (i) Implementation of Fruit Products Order (FPO), 1955
- (ii) Implementation of Meat Food Product Order, 1973

Overview of Demands

1.15 The Demands for Grants for 2007-08:

The BE & RE for 2006-2007 and BE for 2007-2008 pertaining to the Ministry of Food Processing Industries are as under:

(Rs. in crore)								
BE 2006-2007			RE 2006-2007			BE 2007-2008		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
166.90	6.80	173.70	150.00	6.95	156.95	250.00	8.30	258.30

- 1.16 The reasons for the decreased allocation at RE stage (2006-07) and utilisation of the enhanced budget allocation of 2007-08 have been explained by the Ministry in their written reply as under:

“Allocation at RE stage was decreased by Ministry of Finance during pre budget discussions held on 27.11.2006 on account of lower pace of expenditure by this Ministry i.e. Rs.33.99 crores (Plan) by 30.9.06 and Rs.75.00 crores approximately (Plan) by 20.11.06. However, additional funds to the tune of Rs.15 crores has been provided by Ministry of Finance under capital section for setting up of NIFTEM over and above approved RE plan ceiling of Rs.150 crores.

For the Annual Plan 2007-08, important Scheme i.e. Infrastructure Development has been revamped and qualitatively better and more improved Infrastructure Development Scheme is in place having components like Mega Food Park, Abattoirs etc. These projects under the scheme for Infrastructure Development a higher budget allocation (Rs. 100.00 crores out of total budget allocation of Rs. 250.00 crores) has been earmarked would be implemented with professional assistance from Programme Management Agency (PMA), as this would result in better execution and monitoring of projects and also better utilization of Govt. resources. For this scheme. For the scheme of Technology Upgradation, a provision of Rs. 80.00 crores has been earmarked which will be processed by decentralization mode through Banks. The utilization of funds would be monitored and evaluated periodically by the Ministry. Schemes like R&D, HRD, and Strengthening of Institutions have been given higher allocation in 2007-08. Setting up of NIFTEM would be a major activity under Strengthening of Institutions Scheme”.

Eleventh Plan Proposals :

1.17 The Ministry reviewed the performance of the Tenth Plan Schemes and based on the review and keeping the objectives and priorities of the policy support, the Ministry has prepared its proposals for the Eleventh Plan 2007-2012. In the proposals submitted for the Eleventh Plan to the Planning Commission, some of the schemes under Tenth Five Year Plan are to be continued during the Eleventh Five Year Plan, but are to be restructured with appropriate management/implementation arrangements in Public Private Partnership mode, with strong Project Implementation capabilities. The new integrated approach not only addresses issue of financial assistance but also issues such as skill development, entrepreneurship, Institutional Development, providing a policy environment which stimulates growth.

1.18 **Core elements of the proposed strategy to be followed by the Ministry are:**

- Better project selection, development and implementation
- Decentralized cluster based development, particularly for creation of infrastructure and fostering linkages to retail outlets.
- Industry led capacity building and upgradation of standards.
- Strategic intervention with redesigned schemes and strong implementation arrangements at the following points
- The Ministry has to be strengthened appropriately, to meet the challenges in implementing various new initiatives proposed for energizing the food processing sector in the country.

1.19 Based on the review of the Tenth Plan schemes, the Ministry has proposed that all existing schemes be continued under the Eleventh Plan with or without modifications. Certain components under some of the schemes of the Tenth Plan are proposed to be merged or discontinued during Eleventh Plan, as follows:

- The components of Packaging Centre, Cold Chain Facilities, Value Added Centres and Irradiation Facilities under the Scheme of Infrastructure Development may be merged into a single component.
- The component of Bar Coding under scheme for Quality Assurance, Codex Standards and R&D not to be continued under the Eleventh Five Year Plan
- The component of Strengthening of Codex Cell under Scheme for Quality Assurance, Codex Standards and R&D to be merged with the scheme for Setting up/Upgradation of Quality Control/Food Testing Laboratory. Scheme for Backward and Forward Integration not to be continued under the Eleventh Five Year Plan

1.20 A new scheme for upgrading the safety and quality of street foods is proposed under the Eleventh Plan. It will have two components of ‘Safe Food Towns’ and ‘Food Corner/Food Court’.

1.21 **The priority areas identified by the Ministry for intervention are :**

- Infrastructure development
- The Food Park scheme is proposed to be modified into a scheme for an integrated Mega Food Park
- Modernization of Abattoirs
- Cold Chain, Value Addition and Preservation infrastructure (Cold storages, Reefer vans etc.)
- Irradiation Centres
- Research and development – Products, Technology, Quality and Skills
- Capacity Building – Human Resource Development, Research & Development, Quality, Safety, Related Infrastructure
- Establishment of NIFTEM
- Upgradation of PPRC, Thanjavur into a National Crop Processing Center
- Upgrading safety and quality of street food and establishing food streets in identified cities
- Setting up of National Meat Board.
- Wine Sector Development – Establishment of Wine Board

Upgrading Safety and Quality of Street Food

1.22 Street food sector in India is currently completely unregulated. This has often been a concern for public health authorities. There are periodic attempts by local authorities to do away with street food vending. There is a need to regulate street food vending in India and to bring it within the organized sector.

The Ministry of Food Processing Industries has therefore decided to take the initiative in this direction along with industry associations, NGOs, municipal bodies and ministries of Urban Development and Poverty Alleviation, Panchayat Raj Institutions and Tourism with a view to improve the safety of food in the streets. The effort will be to ensure safety and facilitate value addition, which would lead to increase in income level of food vendors. Seven Pilot projects are proposed to be taken up in Delhi, Chennai, Kolkata, Agra, Mumbai, Guwahati and Bangalore.

1.23 The new Central Sector scheme 'Quality upgradation of Street Food and Food Street' would be launched in 50 cities in the country. Capacity building activities amongst the street food vendors and formation of viable micro finance linkages and regulatory mechanisms in association with local authorities are the core issues. One of the components proposed is to provide 1,000 modern food carts in each identified city leading to upgradation of at least 50,000 food-vending units in the country during 11th Five Year Plan. Standards will be developed for food safety and certification and accreditation mechanism put in place.

The scheme would provide for funding of integrated projects which include bringing together of food vendors, development of training tools, sensitization and training programmes for vendors and introduction of modern food carts among food vendors.

Plan outlays and percentage allocation to the Ministry of Food Processing Industries

- 1.24 The Plan outlays and percentage allocation of the Ministry of Food Processing Industries vis-à-vis Central Plan outlay of Government of India during the Tenth Plan and for 2007-2008 are as follows:-

(Rs. in crore)

Year	Total Central Plan Outlay	Total MFPI outlay (RE)	Percentage
2002-03	144037	75.00	0.0521
2003-04	147893	65.00	0.0440
2004-05	150818	85.00	0.0564
2005-06	211253	136.00	0.0644
2006-07	254041	150.00	0.0590
2007-08	319992	250.00 (BE)	0.0781

- 1.25 Details of plan outlay of Ministry of Food Processing Industries for the current year as compared to other major Ministries/Departments of the Government like Department of Telecommunications, Health, Rural, Urban Development, Food and Civil Supplies, Education, Ministry of Finance, Ministry of Agriculture, Ministry of Forest and Ministry of Panchayati Raj etc. is as under:

(2007-08) **(Rs. in crore)**

Other Ministries	Outlay	MFPI outlay
M/o Communications & IT	2155.00	250.00
M/o Health & Family Welfare	14363.00	-do-
M/o Rural Development	36560.00	-do-
M/o Urban Development	2335.52	-do-
M/o Consumer Affairs, Food & Public Distribution	298.00	-do-
M/o Human Resource Dev.	28671.50	-do-
Ministry of Finance	37633.89	-do-
Ministry of Agriculture	8090.00	-do-
Ministry of Environment & Forests	1351.00	-do-
Ministry of Panchayati Raj	4770.00	-do-

Fiscal Incentives announced in the Budget 2007-08 for the food-processing sectors

1.26 The fiscal incentives announced by the Government in the Budget 2007-08 for the food processing sector are as under:-

- a) Exemption limit of excise duty for Small Scale Industry (SSI) raised from Rs.1 crore to Rs.1.5 crores.
- b) Excise duty on biscuits reduced from 8% to 0% whose retail price does not exceed Rs.50 per kg.
- c) Excise duty reduced from 8% to 0% on all kinds of food mixes including instant mixes.
- d) Custom duty on food processing machinery reduced from 7.5% to 5%.
- e) Custom duty on sunflower oil (crude) reduced from 65% to 50% and of sunflower oil (refined) reduced from 75% to 60%.
- f) Special additional duty of 4% waived in the case of refined edible oil.
- g) Central Sales Tax reduced from 4% to 3% from April 1, 2007.
- h) All services provided by Technology Business Incubators exempted from service tax.
- i) Similarly their incubates whose annual business turnover does not exceed Rs.50 lakhs exempted from service tax for the first three years.

1.27 Details of the approved outlay for the Annual Plan 2007-08 (1st year of the 11th Plan) are as follows:

S.No.	Scheme/ Programme	Outlay for Annual Plan (Rs. in crores)
1	2	3
1.	Scheme for Infrastructure Development (including Food Parks/Abattoirs, Cold Chain, Distribution Centres, etc.)	100.00
2.	Scheme for Technology Upgradation/Establishment/Modernization of Food Processing Industries	80.00
3.	Scheme for Upgradation of quality of street food @ (New Scheme)	1.00
4.	Scheme for Quality Assurance, Codes Standards and Research & Development and Promotional Activities	20.00
5.	Scheme for Human Resource Development	10.00
6.	Scheme for Strengthening of Institutions * (including NIFTEM)	39.00
	Total	250.00

1.28 The Ministry in their reply about utilisation of enhanced budget allocation stated:-

“For the Annual Plan 2007-08, important Scheme i.e. Infrastructure Development has been revamped and qualitatively better and more improved Infrastructure Development Scheme is in place having components like Mega Food Park, Abattoirs etc. These projects under the scheme for Infrastructure Development a higher budget allocation (Rs.100.00 crore out of total budget allocation of Rs.250.00 crore) has been earmarked would be implemented with professional assistance from Programme Management Agency (PMA) as this would result in better execution and monitoring of projects and also better utilisation of Government resources. For this scheme. For the scheme of Technology Upgradation a provision of Rs.80.00 crore has been earmarked which will be processed by decentralization mode through Banks. The utilisation of funds would be monitored and evaluated periodically by the Ministry. Schemes like R&D, HRD, and strengthening of Institutions have been given higher allocation in 2007-08. Setting up of NIFTEM would be a major activity under Strengthening of Institutions Scheme.”

Vision 2015 and Action Plan

1.29 A Vision 2015 on Food Processing Industries has been finalized by the Ministry for giving boost to growth of food processing sector which envisages trebling the size of the processed food sector by increasing the level of processing of perishables from 6% to 20%, value addition from 20% to 35% and share in global food trade from 1.5% to 3% by 2015. Under the VISION 2015, the thrust areas identified for strategic intervention are establishing Mega Food Parks, Modernization of Abattoirs, Cold Chain/Value Addition and Preservation Infrastructure, Upgrading safety and quality of Street Food and Establishment/Upgradation of Quality Control Laboratories. The Government has identified strategies along with a detailed Action Plan in this regard to realize the Vision 2015.

1.30 During evidence the Secretary Food Processing Industries informed the Committee as under :

“The other thing which we have achieved is that we drew up a Vision document which we commissioned two years ago where should this sector move in the next ten years time. We had the numbers and the

directions. We were looking at a plan of action and what are the interventions required to operationalise that vision. There was a Group of Ministers under Mr.Sharad Pawar set up by the Government to look at the integrated strategy for food processing . That GoM had four meetings and we have finalized the integrated strategy in which all our interventions have been integrated. It is actually now going to the Cabinet within the next 15 days. It will give us a road map for the next five years.”

National Institute of Food Technology Entrepreneurship & Management (NIFTEM)

- 1.31 The Government have decided to set up National Institute of Food Technology, Entrepreneurship & Management (NIFTEM) at Kundli, Haryana as an International Centre of Excellence which will work synergistically with the industry and similar institutions within India and outside. The Institute would have theme centers on food technology, management, international trade, foodsafety etc. CCEA at its meeting on 31.8.2006, has approved setting up of NIFTEM at an estimated cost of Rs.244.60 crores including a foreign exchange component of US\$ 8.1 million. The Institute will start limited activities from the current year from hired premises.

Provision for North Eastern Region including Sikkim

- 1.32 As per the Government Policy, a minimum of 10% of the Plan outlay is to be utilised for the projects in the North Eastern States including Sikkim. Accordingly, the Ministry has been utilising more than 10% of its Plan funds for the projects in the North East during the Tenth Plan. During 2003-04, Rs.6.45 crore has been utilised for the project in the North Eastern region including Sikkim, which is 10% of the total Plan outlay, however, in 2004-05, against the budget provision of Rs.8.50 crore for N-E States, Rs.4.94 crore was utilised. In 2006-07, against Budget provision of Rs.15.00 crore, an amount of Rs.11.88 crore has been spent till February, 2007 In addition, financial assistance is also being

extended under Mini Mission IV of the Technology Mission for integrated development of horticulture in the North Eastern States including Sikkim

Special Component Plan (SCP) and Tribal Sub Plan (TSP)

1.33 i) The schemes operated by the Ministry of Food Processing Industries are aimed at providing facilities and incentives for promotion of food processing industries in the country. These schemes are project oriented and not State or area or community specific. However, these Plan schemes envisages enhanced scale of assistance for Difficult Areas including ITDP areas.

ii) During the Eleventh Plan, the Ministry will be operating only six schemes as recommended by the Planning Commission after the Zero based budgeting. The objectives of all these schemes are the development of the processed food industry. The beneficiaries of the food processing projects which are assisted by the Ministry through these Plan Schemes are those supplying raw materials, people working in plant and those engaged in marketing activities downstream. These also include SC/ST communities, industries of meat and poultry processing, horticulture based industry and fishery sector benefit to SC/ST and backward class population.

iii) In order to ensure greater benefits to the people belonging to SC/ST communities, the following special provisions are proposed to be included in some of the Plan Schemes as in the case of Tenth Plan:-

- Preferential treatment for providing assistance for holding seminars/symposium etc, in areas where SC/ST population is predominant.
- One of the conditions of contract farming is that 20% of the minimum number of contracted farmers (25) should belong to SC/ST community.
- Preference is given to people belonging to SC/ST communities for training under Entrepreneurial Development Programme (EDP).

- A certain percentage of trainees under Food Processing & Training Centre (FPTC) should be from SC/ST communities in such courses.

CHAPTER-II

SCHEME FOR INFRASTRUCTURE DEVELOPMENT

2.1 The Ministry of Food Processing Industries has been operating the Infrastructure Development Scheme for the processed food sector. Inadequate infrastructure is the major impediment in the way of agro/food processing in our country. Infrastructure Development has been identified as a thrust area for intervention. Under the Scheme, financial assistance in the form of grant-in-aid is extended for setting up of:-

- i) Food Parks
- ii) Packaging Centres
- iii) Modernized Abattoirs
- iv) Integrated Cold Chain facilities
- v) Irradiation facilities
- vi) Value added centres

2.2 The provision of funds for the above mentioned scheme is as follows:-

PLAN

(Rs. in crore)		
B.E. 2006-2007	R.E. 2006-2007	B.E. 2007-2008
19.80	12.30	90.00

2.3 The allocation for 2007-2008 under the Scheme is Rs.90.00 crore as against the RE of Rs.12.30 crore for 2006-2007. It is an increase of Rs.77.70 crore showing 631% increase as compared to RE 2006-2007. When asked as to how the enhanced budget is likely to be utilised, the Ministry informed that it will be utilised to initiate the setting up of five Mega Food Parks in the country.

2.4 This Infrastructure Development scheme has been modified with the existing scheme of the same title.

The components of the modified scheme are : (1) Mega Food Park (2) Installation of Modernized Abattoirs (3) Cold Chain Infrastructure (4) Strategic Distribution Centres.

(1) **Mega Food Park**

2.5 In view of the experience gained through the implementation of the Food Park Scheme, in different parts of the country and taking the recommendations of the evaluation studies into consideration; the Government propose that the Food Park Scheme may be revised/restructured with the following objectives:

- a) Provide state of the art infrastructure for food processing in the country on a pre identified cluster basis;
- b) Ensure value addition of agricultural commodities including poultry, meat, dairy, fisheries etc.;
- c) Establish a sustainable raw material supply chain for each cluster;
- d) Facilitate induction of latest technology;
- e) Foster inter agency linkages for pooling of resources for activities complementary to food processing;
- f) Quality Assurance through better process control and capacity building;
- g) Address issues of small farm size and small and medium nature of processing industries through a cluster approach with stakeholders managing the supply chain.

2.6 The Ministry has informed that the proposed scheme of Mega Food Park during the XI Plan is aimed to provide a mechanism to bring farmers, processors and retailers together and link agricultural production to the market, so as to ensure maximization of value addition, minimize wastages and improve farmers' income. The Mega Food Park would be a well-defined agri/horticultural-processing zone containing state-of-the-art processing facilities with support infrastructure and well established supply chain. The primary objective of the

proposed scheme is to facilitate establishment of integrated value chain, with processing at the core and supported by requisite forward and backward linkages. These Mega Food parks will be selected on the basis of pre feasibility studies for agricultural and horticultural surpluses in the specific areas / zones. Mega Food Parks may comprise of three tiers in supply chain:

- Producers groups comprising of 20-30 Self Help Groups
- Collection centers / primary processing centers with pre cooling facilities
- Food Park (central processing facilities)

The Food Park will be implemented by a SPV, ideally a private limited company, in which stake holders will be investors in the park, producers agencies, retailers, service providers, State Government agencies, financial institutions etc. It is envisaged that the implementation of the projects would be assisted by professional Project Management Agencies (PMA) from concept to commissioning. Initially, it is proposed to identify five locations in the country for establishment of Mega Food parks. In this regard, the process of getting studies conducted inter alia for identification of locations and for preparing feasibility reports, has been initiated

- 2.7 30 Mega Food Parks are proposed to be assisted during Eleventh Plan Period. Projects will be implemented on PPP mode through Project Management Agency who will be responsible from conception to completion of projects. The total outlay proposed for the Eleventh Plan is Rs.1500 crore.
- 2.8 Plan fund utilization under the scheme during the year 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 was to the extent of 30.64 crore, 13.70 crore, 11.82 crore & 11.47 crore upto December 2006, respectively. Progress of implementation of Food Parks was reviewed during the year and the need for early operationalisation of food parks was stressed to the implementing agencies.

2.9 Out of the 54 Food Parks approved by the Ministry so far for assistance, 29 Food Parks are considered operational where units are functioning. Food Parks are complex infrastructure projects whose success is dependent upon multiple factors such as establishing of backward and forward linkages, entrepreneurial interest besides others. The Ministry has reviewed the structure of the existing Food Park Scheme through reputed external agencies. This has been reviewed by the Working Group on Food Processing Sector of the XI Five Year Plan as well. The findings point to implementation of the Food Parks in the traditional industrial estate mode by the State Industrial Corporations/ PSUs. The scheme is lacking focused approach for management / implementation and have weak backward and forward linkages. The studies also pointed to sub optimal funding which was insufficient to create quality infrastructure and the need to scale up the level of assistance as available under comparable schemes of Ministry of Commerce & Industry, Ministry of Textiles etc. In the light of review undertaken, the Ministry has initiated the process of launching a substantially restructured scheme of food parks, viz. “Mega Food Parks” which would address the shortcomings of the existing scheme and is expected to give a boost to availability of integrated food processing industry in the country. Meanwhile, the Ministry has informed the Committee that they are monitoring the progress of the food parks already approved with the concerned agencies so that these are operationalised at the earliest.

2.10 (2) Installation of Modernized Abattoirs:

The Ministry have informed that the proposed scheme will address the weaknesses in the Modernization of Abattoirs scheme in its current form. The proposed scheme aims at modernisation of abattoirs by providing facilities for

scientific and less painful slaughtering, chilling, rendering plant, effluent treatment plant, drainage, by product utilisation, water and power with required sanitary/phyto sanitary conditions. It will also augment essential supply base of hygienic raw material to the meat processing industry, both for domestic consumption and exports besides discouraging unauthorised slaughtering

- 2.11 The Abattoirs will be most appropriately located outside the city limits, since the existing abattoirs of municipalities do not have in most places enough land for expansion or modernization. It will also avoid the need to transport animals by road or by train. 50 abattoirs will be supported under the Modernization of Abattoirs scheme during the Eleventh Five Year Plan. Grants from Government of India for modernization of one abattoir will be Rs.15 crore (50% and 60% of the cost of plant and machinery/ TCW in general area and difficult areas respectively with ceiling of Rs.15 crore). Projects will be implemented on Private Public Participation mode through Project Management Agency which will be responsible from conception to completion of projects. Proposed total outlay is Rs.825 crore.
- 2.12 Under the existing scheme of Modernization of Abattoirs, assistance is admissible only to local bodies for modernization of existing abattoirs. Assistance is available @ 25% / 33.33% of the cost of plant and machinery/TCW in general areas / difficult areas respectively with ceiling of Rs. 4 crores. The Ministry has been able to approve only one proposal of modernization of abattoir during the Tenth Plan period to the Municipal Corporation of Delhi A grant of Rs.4 crore has been approved, out of which an amount of Rs. 1 Crore has been released to MCD. Experience has shown that local bodies are cash starved and are not in a position to avail the assistance of the Ministry and meet the balance through their

own resources. The local bodies are also not focused on project management. As such the offtake under the scheme has been poor due to the restrictive nature of the scheme.

- 2.13 To address the shortcomings of the present scheme and to make a meaningful impact on creation of quality meat processing infrastructure, the Ministry has proposed to comprehensively restructure the existing component of modernization of abattoirs for the XI Plan. Setting up / Modernizations of abattoirs has got added complexities in terms of socio-cultural issues. The Ministry, during the XI Plan proposes to involve Project Management Agencies (PMA) to facilitate setting up of greenfield projects as also modernization / relocation of existing abattoirs through various mechanisms/models such as joint ventures, BOO/BOT etc. on case to case basis. The PMA will be the facilitation agency handholding the project from concept to commissioning.

Scheme for Cold Chain, Value Addition and Preservation Infrastructure (including Packaging Centre and Irradiation Centre) and Integrated Cold Chain.

- 2.14 The Ministry has informed that the components of Integrated Cold Chain, Value Added Centre, Packaging Centre and Irradiation Facilities will be integrated to a single scheme to allow flexibility in project planning. Cold Chain/Packaging Centre/Value Added Centre will come up independently or as integrated projects.

Cluster based demand driven farming:

- (1) At Farm – Panchayat level cleaning sorting, grading will be done.
- (2) Block level – Collection Centre-cum-Cold Chain-comprising 2-3 blocks together will collect the farm output and feed the Main Collection Centre at the tertiary level.
- (3) Regional level-Strategic Distribution Centre –cum-Cold Chain to be located at Airports, Ports, Railways, etc. – having Controlled Atmosphere storage

and distribution centres where large quantities can be stored and supplied to distribution centres – will collect farm output from all the secondary levels and supply to Retail for fresh sale and to processing industries for processing. Reefer Vans will be provided for transportation of produce from one centre to another at all levels.

- 2.15 Advantages of the Scheme are that the farmer can hold on to his produce for a longer time and have bargaining capacity to get better price; Feeding of processing industry and retail sale outlets would be easier; Wastage on account of lack of cold storage would be reduced.

The Ministry propose to increase the assistance to 50% of the total cost of plant and machinery and technical civil work in general areas and 75% in special category States including UTs of Andaman & Nicobar/Lakshdweep, subject to a maximum of Rs.10 crore.

- 2.16 To provide integrated and complete cold chain facilities without any break, from the farm gate to the consumer, Pre-cooling facilities at production sites, reefer vans, mobile cooling units also to be assisted under the project. Horticulture produce also to be included for support under Integrated Cold Chain Facilities.

(4) Strategic Distribution Centres

- 2.17 The Ministry proposes to work with the Container Corporation of India, Railways, Airport Authority of India and private infrastructure companies to establish Integrated Cold Chain and Strategic Distribution Centres (SDC) in a network of towns, airports and seaports on the trunk routes, highways and consumption centres. These will serve the purpose of Regional Distribution Centres.

Irradiation Facilities :

2.18 The Scheme aims at enhancing shelf life of the food product through irradiation techniques by preventing infestation like in flour, sprouting and change in chemical composition of the product (as in potato). Financial assistance @ 25% of the project cost in general areas and 33.33% in difficult areas subject to a maximum of Rs.5.00 crore is provided for establishment of irradiation facilities. So far 5 irradiation projects have been approved involving a total assistance of Rs. 9.27 crore. An assistance of Rs. 7.81 crore has been released.

CHAPTER – III

SCHEME FOR TECHNOLOGY UPGRADATION/ESTABLISHMENT/MODERNIZATION OF FOOD PROCESSING INDUSTRIES

- 3.1 The fund allotted and expenditure incurred under the Scheme for Technology Upgradation/Establishment/Modernization of Food Processing Industries are as under:

(Rs.in crore)

Year	BE	RE	Actual
2004-05	35	48.50	51.14
2005-06	49	68.40	69.66
2006-07	87.30	71.50	69.79 (upto Dec. 2006)
2007-08	72		

Rs.72.00 crore have been allocated for BE 2007-2008 as against the RE of Rs.71.50 crore during 2006-2007. There is a meager increase of Rs.50 lakh.

- 3.2 The scheme for Technology Upgradation/Establishment/Modernization of Food Processing Industries provides assistance to implementing agencies engaged in the setting up/expansion/modernization of food processing industries covering all segments including fruits and vegetables, milk products, meat, poultry, fishery, oil seeds and other such agri-horticultural sectors. The objectives of the scheme are: Increase the level of processing; reduction of wastage; value addition; enhance the income of farmers as well as increase exports thereby resulting in overall economic development. Ministry of Food Processing Industries proposes to revise the existing Plan Scheme for making it more attractive and beneficial to small and medium scale industries. The Promotional activities component has been transferred to this scheme from another scheme on Backward and Forward

Integration and other Promotional Activities with the discontinuation of the component on Backward and Forward Integration.

Assistance under the Scheme is provided in the form of grant of 25% of the cost of plant and machinery and technical civil works subject to a maximum of Rs.50 lakhs in General Areas and 33.33% upto Rs.75 lakhs in Difficult Areas. Considering the current high level wastages of perishables (wastages in F&V are estimated at 35%), the capital intensive nature of Food Processing Industries based on agriculture and the potential of the sector for generating rural employment, the Ministry propose to increase the level and quantum of assistance for the schemes of Deep sea fishing and fish processing, Fruits and Vegetables, Meat and poultry products, Milk processing sectors

Decentralized Approach

3.3 With a view to providing for improvement of processing capabilities the Ministry to implement the scheme for Technology upgradation/expansion/modernization/ through a decentralized approach from the Eleventh Plan period. Grant under the Scheme shall be available for such projects where term loans or working capital loans have been sanctioned and projects appraised by Nodal Banks/PLIs. The banks/financial institutions will sanction and disburse the grant on behalf of the Ministry.

(a) Financial outlay approved : Rs.80 crore for 2007-2008.

(b) Physical Targets: Assistance to 266 food processing units @ average grant of Rs.30 lakhs per unit.)

Fruits and Vegetable Processing

3.4 The Ministry has informed that the installed capacity of fruits and vegetables processing industry has increased from 11.08 lakh tons on 01.01.1993 to 21.18

lakh tons as on 01.01.2006 and 24.74 lakh tons as on 01.01.2007. The utilization of fruits and vegetables processing is estimated to be around 2.20% of the total production . Over the last few years, there has been a positive growth in ready to serve beverages, fruit juices and pulps, dehydrated and frozen fruits and vegetable products, tomato products, pickles, convenience veg-spice pastes, processed mushrooms and curried vegetables. The domestic consumption of value added fruits and vegetable products is also low compared to the primary processed food in general and fresh fruits and vegetables in particular which is attributed to higher incidence of tax and duties including that on packaging material, lower capacity utilisation, non-adoption of cost effective technology, high cost of finance, infrastructural constraints, inadequate farmers-processors linkage leading to dependence upon intermediaries. The smallness of units and their inability for market promotion is also other main reasons for inadequate expansion of the domestic market. In order to give fresh impetus to processing of Fruit and Vegetables, Government in 2004-05 has allowed under Income Tax Act, 100% deduction of profit for first five year and 25% deduction for another five years for new upcoming Fruits & Vegetables Processing units.

- 3.5 Ministry of Food Processing Industries has been providing financial assistance for setting up/upgradation/modernization of food processing industries including fruit and vegetable processing units, marine, poultry and buffalo, meat processing industries @25% of the cost of plant and machinery and technical civil works in general areas and @ 33.33% in difficult areas. Further, in the hilly States of North Eastern Region, J&K, Himachal Pradesh and Uttarakhand, still higher rates of assistance @ 50% upto Rs.4.00 crore for setting up and upto Rs.1.00 crore for upgradation is available under Mini Mission IV of the Technology Mission for

development of horticulture in North Eastern States, Sikkim, J&K, Himachal Pradesh and Uttarakhand. Besides, in order to promote fruit and vegetable processing, the Government has exempted processed products of fruits and vegetables from Central Excise Duty. Further, for promotion of upcoming agro processing units, under the Income Tax Act, a deduction of 100% of profit for five years and 25% of profit for the next five years has been allowed in case of new agro processing industries set up to process, preserve and package fruits and vegetables. Also, in order to promote fruit and vegetables processing, the Government has exempted processed products of fruits and vegetables from Central Excise Duty.

Meat and Meat Processing

- 3.6 In meat & meat processing sector, poultry meat is the fastest growing animal protein in India. The estimated production is 1500 thousand tones growing at CAGR of 13% through 1991-2005. Per capita consumption has grown from 870 grams in 2000 to about 1.68 kg in 2005. This is expected to grow to 2Kg in 2009. Buffalo meat production has been growing relatively less rapidly at a CAGR of 5% in the last 6 years. The current production levels are estimated at 1.9 million MT. Of this about 21% is exported. Mutton and lamb is relatively small segment where demand is outstripping supply, which explains the high prices in domestic market. The production levels have been almost constant at 950,000 MT with annual exports of less than 10,000 MT. This has restricted large processing companies from developing business interests in this sector.
- 3.7 Indian consumer prefers to buy freshly cut meat from the wet market, rather than processed or frozen meat. A mere 6% of production (about 100,000 MT) of poultry meat is sold in processed form. Of this, only about 1% undergoes

processing into value added products (Ready-to-eat/ Ready-to-cook). Processing of large animals is largely for the purpose of exports. The total processing capacity in India is over 1 million MT per annum, of which 40-50% is utilized.

India exports more than 500,000 MT of meat of which major share is buffalo meat. Indian buffalo meat is witnessing strong demand in international markets due to its lean character and near organic nature.

- 3.8 India is the 5th largest exporter of bovine meat in the world. Indian buffalo meat exports have the potential to grow significantly. Due to emerging health threats of the diseases communicable to human through meat, the meat consumers are more vigilant towards the wholesomeness of the meat and demanding meat and poultry products processed in clean and sanitary environment. In metros and urban areas there are upcoming demands for “convenience items” such as semi cooked, ready-to-eat, ready-to-cook meat food products.
- 3.9 Processing of meat products is licensed under Meat Food Products Order,(MFPO) 1973 which is being implemented by the Ministry of Food Processing Industries w.e.f. 14.05.2004. The main objectives of the MFPO, 1973 are to regulate production and sale of meat food products through licensing of manufacturers, enforce sanitary and hygienic conditions prescribed for production of wholesome meat food products, exercise strict quality control at all stages of production of meat food products, fish products including chilled poultry etc.
- 3.10 To develop necessary infrastructure for processing of meat & meat food products for domestic market as well as for export market , the Ministry of food Processing Industries is providing financial assistance by way of grant-in-aid. During the Year 2006-07, MFPI assisted 7 projects including 100% export oriented unit for manufacture of lamb/chicken/ meat products.

- 3.11 The total value of meat processed during the Tenth Plan period, year-wise in the organized sector is as under:

Particulars	Total value of Processed meat in organized sector during – (Rs. crore)		
	2001-02	2002-03	2003-04
Meat Products	914	986	1025
Poultry meat	11645	12021	11118
Buff Meat	24038	25519	25290
Beef	2477	2830	2822
Mutton	8534	9226	9754

(Based on figures available with NSSO)

The total quantity of meat exported and revenue earned is as indicated below:

Qty. in MTs & Value in Rs. Crs.

Meat product	2002-03		2003-04		2004-05		2005-06	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Buffalo meat	297897.26	1305.45	343817.08	1536.77	37777.65	1774.52	459937.63	2629.57
Sheep/ Goat me	4973.55	39.95	16820.53	110.39	9024.49	81.27	7177.51	80.37
Poultry Products	26450.01	156.47	415228.17	202.40	277744.46	160.79	145889	167.58
Processed Meat	669.48	4.8	986.13	7.63	1359.7	9.45	256.04	2.43

Source : APEDA

Meat processing target during 2007 – 08.

- 3.12 The processing level for buffalo meat is assumed to increase from 21% to 35% in 2010 and 45% in 2015. Similarly, the processing level of poultry is assumed to increase from 6% to 15% in 2010 and 25% in 2015. This translate into market potential of INR 86 bn for buffalo meat and INR 105 bn for processed poultry in a ten year time frame. This requires an investment of INR 17 bn in Buffalo meat and INR 2 bn in poultry processing.

Dairy Processing

- 3.13 It is a matter of pride that India is the number one milk producing country in the world, maintaining the top position since 1988, thanks to successful implementation of the Operation Flood Programmes. World milk production is estimated at 613 million tons growing at a CAGR of 1.1%. India ranks first in the world in terms of milk production. Indian production stands at 91million tons growing at a CAGR of 4%. Hence, India contributes 4 million tones to the

world's incremental production of 7.5 million tonnes. Despite a higher growth rate, the per capita availability of milk in India (229 grams per day) is lower than the world average (285grams per day).Buffalo milk is now estimated to account for 57% of the total milk production in India.

3.14 India has a unique pattern of production, processing and marketing/consumption of milk, which is not comparable with any large milk producing country. Approximately 70 million rural households (primarily, small and marginal farmers and landless labourers) in the country are engaged in milk production to turn the Dairy sector into viable self-sustaining organized sector. For about 35% of milk production, over 11 million farmers are organized into about 0.1 million village Dairy Cooperative Societies (DCS)(about 110 farmers per DCS). The cumulative milk handled by DCS across the country is about 18 million kg of milk per day. These cooperatives form part of a national milk grid which links the milk producers through out India with consumers in more than 700 towns and cities bridging the gaps on account of seasonal and regional variations in the availability of milk.

3.15 In India current annual growth rate in Milk production is pegged between 4 to 6%. This is primarily due to the initiatives taken by the Operation flood programmes in organizing milk producers into cooperatives; building infrastructure for milk procurement, processing and marketing and providing financial, technical and management inputs by the Ministry of Agriculture and Ministry of Food Processing Industries to turn the Dairy sector into viable self-sustaining organized sector. About 35% of milk products in India is processed. The organized sector (large scale dairy plants) processes about 13 million tones annually, while the unorganized sector (halwaiis and vendors) processes about 22

million tones per annum. In the organized sector, there are 676 dairy plants in the Cooperative, Private and Government sectors registered with the Government of India and the State Governments, The Ministry of Food Processing Industries is promoting organized dairy processing sector to accomplish upcoming demands of processed dairy products and helping to identify various areas of research for future product development and quality improvement to revamp the Indian dairy export by way of providing financial assistance to the dairy processing units. 32 Units have been sanctioned financial assistance (Rs.591 lakhs) under the plan scheme of the Ministry during the year 2006-07 (Upto December 2006). The market size of processed products in the organized and unorganized sector (at 2003-04 prices) is estimated at INR 255 bn and INR 906 bn respectively.

- 3.16 There is huge potential for processing and value addition, particularly in ethnic Indian milk products, which are largely sold in unbranded form in the market. The key differences between the organized and the unorganized sector is with respect to investments in preserving the quality of milk, technology used for processing and compliance with food standards .The solution lies in promoting investment in quality control and developing scalable efficient technologies for the unorganized sector. The MFPI is creating awareness among consumers and entrepreneurs through print media to avail financial assistance to create modern infrastructures for Milk processing and also providing grants to small scale entrepreneurs, so that processing level of milk products can be increased two fold by way of converting unorganized sector into organized sector with all modern infrastructure facilities for milk processing.

Fish Processing

- 3.17 With its long coast line of over 8000 kms., 50600 sq kms. of continental shelf area and 2.2 million sq. km. of Exclusive Economic Zone, India is endowed with rich fishery resources. Fish production (both marine and inland) during 2000-01 to 2004-05 are given below:

(Figure in Million tons)

Year	Marine	Inland	Total
2000-01	2.81	2.84	5.65
2001-02	2.83	3.12	5.95
2002-03	2.99	3.21	6.20
2003-04	2.94	3.45	6.39
2004-05	3.01	3.50	6.51

- 3.18 Considerable infrastructure facilities for processing of marine products have been developed over a period of 50 years. At present, there are over 369 freezing units with a daily processing capacity of 10266 tons out of which 150 units are approved for export to EU. 499 units are engaged in production of frozen fish with a total storage capacity of 134767 tons. Apart from the above there are 12 surimi units, 5 canning units and 473 units are engaged in pre-processing and dry fish storage. The Ministry of Food Processing Industries extends financial assistance for setting up/ technology upgradation/ modernization of fish processing units. During the year 2006-07 (upto December 2006), 17 fish processing units were assisted. The quantum of marine products processed and exported and revenue thereof during 2000-01 to 2004-05 is as follows:

Year	Quantity (MT)	Value (Rs.crore)
2000-01	440473	6444
2001-02	424470	5957
2002-03	467297	6881
2003-04	412017	6092
2004-05	461329	6647

The Ministry has informed that the Performance of Indian seafood exports in 2003-04 was not on the expected lines. There was a declining trend in exports due to the adverse market situation prevailing in the major markets like USA, Japan and European Union and due to Tsunami factor. However, in 2004-05, export of marine products achieved a record 12% increase in volume and 11% increase in US\$ realisation. Frozen shrimps constitute 63.5% of total value of exports. USA is the largest importer of Indian marine products contributing 13.21% in quantity and 29.8% in value of total exports importing mainly frozen shrimps – HL Black tiger shrimps.

Grain Processing

- 3.19 The grain processing industries include milling of rice, wheat and pulses. Financial assistance has been provided for setting up/modernization/expansion of the units before their commissioning. The question of providing financial assistance under the Plan Scheme for setting up/modernization in the grain/rice/pulses/flour milling sector has been reviewed. The Ministry felt that priority should be given to processing and enhancing shelf life of perishable items so as to reduce wastage and encourage value addition in that sector. Considering that rice/pulses/flour are consumed in the processed form only and primary processing in these sectors add little to shelf life, wastage control and value addition, it has been decided by the Ministry not to accept fresh proposal for these sectors viz, Rice, Flour & Pulse Milling from the financial year 2004-05. However complete and viable cases relating to rice mill, flour mills and Pulses received by State Nodal Agencies till 31.03.2004 subject to prescribed conditions are being considered on merit for assistance. A Technical Committee has been constituted by the Ministry to review and make recommendation on benchmarks

for latest and most efficient technology and processes and identification of minimum conditions to be laid down for assistance to rice/pulses/flour/oil sector. The Committee has submitted its report, which has been accepted by the Ministry. These are being incorporated in the guidelines for the financial institutions for providing assistance keeping in view the value additions and technological benchmarks.

- 3.20 During 2006-07 (upto December 2006), the Ministry has sanctioned financial assistance for 32 rice milling, 13 flour milling, 62 edible oil milling and 13 pulse milling units.

Backward Linkages

- 3.21 The Ministry of Food Processing Industries is operating a scheme for strengthening of backward linkages through promotion of contract farming. Its objectives are to (i) ensure regular supply of raw material for the processor (ii) avoid incidences of distress sale and ensure remunerative prices to the farmers (iii) promote cultivation of processable variety of farm produce (iv) prevent wastage of surplus farm produce and increase its shelf life through processing and (v) commercialize agriculture through contract farming. Over the years, the scheme has been gradually liberalized and made more attractive. Financial assistance is given to the processor to the extent of 10% of the total purchase made by him from the contracted farmers in a given year subject to a maximum of Rs. 10.00 lakhs per year. During the year 2006-07, financial assistance worth Rs.52.06 lakhs has been granted to 9 units and 2364 farmers have participated under contract farming.

3.22 The total number of farmers covered so far under this scheme all over India during the last 3 years is 14296 farmers. The year-wise and processing industry-wise details are as under:-

Year-wise:-

Year	No. of Farmers
2003-04	11970
2004-05	1727
2005-06	1232
TOTAL	14929

Processing Unit-wise:-

S.No.	Name of the company	No. of Farmers
1.	M/s Green Agro Park (P) Ltd., Karnataka	3118
2.	M/s Yogeshwar Agro Process Industries, Maharashtra	27
3.	M/s Murtuza Foods (P) Ltd., Gujarat	25
4.	M/s Shri Krishna Agro Processing Industries, Maharashtra	27
5.	M/s S.A. Corporation, Karnataka	7231
6.	M/s Gayatri Processing Industries, Maharashtra	26
7.	M/s Ravi Bala Imports & Exports, Tamil Nadu	1390
8.	M/s Kan Agri Tech, Karnataka	2800
9.	M/s Jain Irrigation Systems Ltd., Maharashtra	156
10.	M/s Garlico Industries, Madhya Pradesh	69
11.	M/s Janak Dehydration, Gujarat	27
12.	M/s Pundlikarao Borade Bedana Prakalp, Maharashtra	33
	TOTAL	14929

3.23 During the year 2006-07 under the component of Backward Linkage, financial assistance worth Rs.75.22 lakhs has been released , so far to 13 units covering 4752 farmers.

3.24 Under the scheme of Backward Linkage, MFPI is providing financial assistance to Fruit & Vegetable Processing units only. Ministry of Food Processing Industries is participating in various exhibitions/fair/seminar to disseminate information regarding various schemes being offered by this Ministry including

the Backward Linkage scheme to processors and general public including farmers so as to promote Contract Farming.

- 3.25 The Scheme has been discontinued from Eleventh Plan. However, the revised Infrastructure Development Scheme envisages backward and forward integration in the implementation of components such as Mega Food Parks and Cold Chain Facilities etc.

CHAPTER – IV

SCHEME FOR UPGRADING SAFETY AND QUALITY OF STREET FOOD (NEW SCHEME)

- 4.1 The Ministry has proposed only one new scheme, viz. ‘Quality Upgradation of Street Food & Food Street’ in the 11th Plan. The proposed Scheme is a Central Scheme. It is the first such effort to upgrade the quality of street food. However, the implementation of the Scheme would involve cooperation from other Ministries such as the Ministries of Health, Urban Development & Poverty Alleviation, Panchayati Raj Institutions, Tourism, State governments and municipal bodies. Proper integration would be ensured, if there are overlapping components available with other ministries/state governments/ local bodies. The cost component is as under :-

Component	Existing	Proposed	Number of Units	Financial Outlay XIth Plan (Rs Crore)
Street Food	New initiative	Carts @25 % cost of 50,000 -50 cities. through Project Management Agency	50,000	38.00 15.00
Food Street(in terms of tourist importance)	New initiative	25 cities @ Rs 5 crore		125.00
Total				178.00

- 4.2 The state of street food sector in India is far from satisfactory in the sense of hygiene and safety being low and bacterial contamination rampant. The presence of *E Coli* and *Salmonella* in food samples is high. The rising income levels, awareness on hygiene and safety and opening up of new restaurants everyday pose a serious threat to the street food sector. Moreover, street food

vending sector in India is currently completely unregulated. This has often been a concern for public health authorities. The Government have found that in the unorganized sector, the food quality is highly contaminated 85% contamination was found in all street food in Kolkata and in the neighbouring areas. There are periodic attempts by local authorities to do away with street food vending. But that may not be a solution. Rather there is a need to regulate street food vending in India and to bring it within the organized sector to ensure food safety and facilitate value addition, which would lead to increase in sustainable income levels of the food vendors.

4.3 Establishment of food streets in major tourist destinations in the country is another component in the upgradation of the food quality served through vendors selling ethnic food. The concept of traditional food street has now been given a new meaning in developed countries, with food streets emerging as new tourist attractions. Major tourist destinations abroad invariably have food streets offering exotic local foods. In India, this has not received the required attention. Traditional food streets are invariably crowded and sanitation and safety levels are too low to attract tourists. Street food in India, has always been popular because of its affordability and convenient availability. This is an area with huge potential for increased income generation for vendors and for giving a boost to the tourism sector. This may also lead to popularity of local food traditions, which are under severe threat from western food chains, offering fast food, which are very popular among Indian middle classes today.

4.4 The component 'Street Food' of the proposed scheme is aimed at laying down standards, quality upgradation and capacity building of street food vendors in 50 cities in the country. It is proposed to introduce 1,000 modern food carts in

each identified city leading to upgradation of at least 50,000 food-vending units in the country during 11th Five Year Plan. Capacity building activities amongst the street food vendors and formation of viable micro finance linkages and regulatory mechanisms in association with local authorities are the core issues. Standards will be developed for food safety and certification and accreditation mechanism put in place.

4.5 The scheme would provide for funding of integrated projects which include bringing together of food vendors, development of training tools, sensitization and training programmes for vendors and introduction of modern food carts among food vendors.

4.6 The Component 'Food Street' of the proposed scheme (a) (ii) aims at upgradation and setting up of one Food Street each in 25 select cities of the country. Each identified city would have one street designated as a food street. The food street will be developed as an attractive destination for tourists/others for savouring food items, which are part of long local traditions.

4.7 The project expenses would include installation/ upgradation of modern food stalls, benches, fountains, water supply and drainage, waste disposal system, public utilities, electrical appliances etc. which help in making the designated food street an attractive destination for tourists.

4.8 The intervention proposed is pilot in nature and once proved successful can be replicated. The scheme will lead to facilitating adoption of health hygiene practices largely by the unorganized segment of food vendors which in turn will ensure access to safe food to the common man. The initiative will also help to boost promotion of ethnic food and tourism. While the activities are aimed to be

sustainable in the economic sense, this being the first of this type will also aim to assess the social-cost-benefit during the period of implementation of the project.

4.9 The Ministry will appoint a Project Management Agency for assistance in the implementation of the project. The responsibilities of Implementing Agencies (IAs) would include the following:

- * Identification and organization of street food vendors
- * Sensitization and training of street food vendors for adoption of clean practices. They will also be responsible for maintaining standards, stakeholder consultation, certification, licensing, accreditation and follow-up.
- * Provision of micro finance linkages to street food vendors
- * Selection of food streets based on need and detailed cost benefit analysis
- * Preparation of a Detailed Project Report in consultation with stakeholders including MFPI and street food vendors
- * Sensitization and training of street food vendors/ food stalls for adoption of clean practices and maintaining upkeep of food streets.
- * Monitoring the implementation of the project and submitting periodical progress reports to MFPI.

4.10 There would be a high level Advisory Body to oversee the implementation of the Schemes. The Advisory Body would be constituted of major stakeholders including industry associations, food vendors' associations, local bodies and representatives of Ministries of Health, Urban Development & Poverty Alleviation, Panchayati Raj Institutions and Tourism.

4.11 The Advisory Body would help in laying down standards for food vending including certification and laying down detailed rules/guidelines of the Schemes. The Advisory Body may, in turn, constitute a Project Approval Committee for appraisal and approval of project proposals submitted under the said schemes.

4.12 Some of the NGOs that have already been associated with pilot study are Confederation of Indian Industry, New Delhi; Voluntary Organisation in the Interest of Consumer Education, New Delhi; Sulabh International Academy of Environmental Sanitation, New Delhi; Citizen Consumer and Civic Action Group, Chennai; Foundation of Food Research And Enterprise for Safety & Hygiene, Bangalore. Some other organizations that have evinced interest in the implementation of the project are Prayas-Institute of Juvenile Justice, Lions International and Rotary International. All India Institute of Hygiene and Public Health, Ministry of Health and Family Welfare, Government of India, are also associated with this project. This is only illustrative list however, any eligible organization working in the area can also be associated.

4.13 State Governments, Local Authorities of the local municipal corporations, the police administration as well as the health departments of the States, local elected representatives as well as the local representatives of the street food vendors are also to be involved in all those States where this project would be launched.

4.14 The State Governments would be assisting in the form of mobilising all the functionaries at the implementation level through an enabling approach. Inter-alia, the various authorities viz. the police, health and sanitation, local municipal authorities also have to take an active participation to make this project a success. Financial involvements of the State Governments have not been included in the project proposal as this has been envisaged purely as a Central Scheme.

4.15 A Pilot Study to assess the current knowledge, attitude and practices of the Street Food Vendors has been initiated in 10 areas covering the cities of Delhi,

Kolkata, Mumbai, Chennai, Bangalore, Guwahati, Agartala, Jaipur and Agra. The detailed results/ reports are expected to be available in another 3 months time.

4.16 A token provision of Rs.1 crore has been allocated by Planning Commission for this Scheme for the Annual Plan 2007-08 pending finalization of the Eleventh Plan allocation.

CHAPTER – V

SCHEME FOR QUALITY ASSURANCE, CODEX STANDARD AND PROMOTIONAL ACTIVITIES

5.1 The objectives of the Scheme are:

- To motivate the food processing industries for adoption of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including ISO – 9000, ISO14000. Hazard Analysis and Critical Control Points (HACCP). Good Manufacturing Practices (GMP), Good Hygienic Practices (GHP).
- To prepare them to face the global competition in international trade in post WTO.
- To enable adherence to astringent quality in hygiene norms.
- To enhance product acceptance by overseas buyers.
- To keep Indian industry technologically abreast of international best practices.

5.2 The Scheme would cover the following activities:

- a. Total Quality Management (TQM)
- b. Promotion of Quality Assurance/Safety Concept
- c. Bar Coding
- d. Strengthening of Codex Cell
- e. Setting up/Upgradation of Quality Control Laboratories
- f. R&D Programmes for FPI

5.3 The Plan outlay for this scheme is as under: -

(Rs. in Crores)

B.E.2006-2007	R.E. 2006-2007	B.E.2007-2008
10.80	14.40	18.00

5.4 Plan fund utilization under the scheme during 2006-2007 was Rs 11.37 Crore (up to December 2006).

Total Quality Management (TQM)

- 5.5 Ministry of Food Processing Industries is operating a Plan Scheme for adoption / implementation of food safety and quality assurance systems such as ISO-9000, ISO14000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP), Good Hygienic Practices (GHP) etc by the food processing industries.

R&D Programmes for FPI

- 5.6 The Main objectives in promotion of R&D work in Food Processing are:-

To update processing, packing and storage technologies for all major processed food products so that they meet National / International Standards, standardization of various factors, development of processing technology and fortification of cereals/cereal products for enhancing the nutritional level of our population, especially improvement of traditional Food Quality/Safety.

CHAPTER – VI

SCHEME FOR HUMAN RESOURCE DEVELOPMENT

6.1 The Ministry is implementing a Scheme for assistance to HRD institutions like Central/State Governments organizations, reputed Universities/colleges, Technical Institutes for creation of infrastructure facilities. The objectives of the Programme is to develop technologists, managers and entrepreneurs in food processing sector, to upgrade skills of existing personnel through training programmes and to develop manpower in quality management. The quantum of financial assistance given to HRD institutions under this scheme is upto Rs. 50.00 Lakhs in two equal installments for creation of infrastructure facilities like, equipments, laboratory pilot plants, library and books & journals etc for running degree/diploma courses and training programmes in the food processing sector.

6.2 15 Institutions have been provided financial assistance by Ministry of Food Processing Industries during current financial year (upto December, 2006) for creation of infrastructure facilities under the scheme.

Annual Plan 2007-08 (1st year of 11th Plan)

(a) Financial outlay Approved : Rs.10.00 crore

(b) Physical Targets: 25 Training courses, 50 FPTC, EDP

6.3 The Ministry has been operating certain schemes for setting up Food Processing & Training Centres, certain infrastructure facilities and organizing training programmes etc. The Ministry propose to continue the scheme for Human Resource Development covering the following activities:-

- i) Setting up of Food Processing & Training Centres (FPTCs)
- ii) Imparting training to update skills

- iii) Conducting Entrepreneurial Development Programme (EDP)
- iv) Facilitate universities/institutions/colleges for running degree/diploma courses in Food Processing as well as training programmes including extension services by creation of Infrastructure facilities like libraries, laboratories, pilot plants, extension services on the basis of new technology and new research etc

Setting up of Food Processing and Training Centre (FPTC)

6.4 The objective of the FPTC scheme is development of rural entrepreneurship and transfer of technology of food products by utilizing locally grown raw-material and providing hands-on experience at such production-cum-training centers while according priority to SC/ST/OBC and women. Central or State Government organizations, educational and training institutions, NGOs and cooperatives are eligible to receive assistance provided they are willing to make available the qualified trainer, accommodation and other infrastructural facilities.

Training Programmes sponsored by Ministry of Food Processing Industries

6.5 The objective of this component of the scheme is to sponsor training programmes in reputed institutes in various areas of food processing. Grant is provided to institutions organizing such training programmes. The quantum of assistance depends on the number of trainees and duration of the training programmes. Under this component, Ministry have given assistance to Central Food Technology and Research Institute, EDIL, NISIET etc. to impart training to the Master trainers for conducting Entrepreneurship Development Programme (EDP) training to the prospective entrepreneurs.

Entrepreneurship Development Programme (EDP)

- 6.6 The objective of the EDP scheme is to enable trainers to establish commercially viable enterprises in food and agri processing by:-
- i) Providing basic knowledge of project formulation and management including technology and marketing
 - ii) Motivating the trainers and instilling confidence
 - iii) Educating them on the opportunities and financial assistance available
 - iv) Providing escort services to enable them to avail credit facilities from banks/financial institutions and other support services from the development organizations
- 6.7 According to the Ministry, the EDP programme should be at least for a period of 4 weeks with a follow up phase of 12 months. The number of trainees in each programme should not be less than 20. Due representation qualification of 10+2 and their economic background should be such that are able to set up their own food processing unit. Under this component of the scheme, financial assistance upto Rs.1 lakh per EDP is admissible.

CHAPTER – VII

SCHEME FOR STRENGTHENING OF INSTITUTIONS AND PROMOTIONAL ACTIVITIES

7.1 The Ministry has informed that the above scheme is an existing Tenth Plan Scheme with some of the components from the scheme on HRD such as PPRC, NIFTEM having been transferred to this scheme. Also setting up of Wine Board and Meat Board are included under this Scheme:-

- i) Strengthening of Paddy Processing Research Centre (PPRC)
- ii) Strengthening of State Nodal Agencies (SNA)
- iii) Meeting the expenditure of pay and allowances for the Plan posts
- iv) Information Technology
- v) NIFTEM
- vi) Wine Board and Meat Board

The provision for the scheme for the Annual Plan 2007-08 (1st year of Eleventh Plan) is Rs.39.00 crore

Paddy Processing Research Centre (PPRC)

7.2 PPRC, Thanjavur (Tamil Nadu) is an autonomous organization under the MFPI and has been in existence for the last three decades. As other commodities such as millets, pulses and oil seeds are gaining importance it was decided in 2001 to expand the mandate of this Institute to include the above commodities also. In his Budget Speech of 2006-07, the Hon'ble Finance Minister announced the intention of the Government to upgrade PPRC to a National Institute. A detailed project report has been prepared by an Expert Committee for this purpose. The total expenditure estimated to upgrade the Centre is Rs.50 Crore. The proposed revised mandate of the upgraded Centre will include conducting basic, applied and

adoptive research, education and training in the area of post harvest processing of crops of wetlands, flood and storm prone regions. Besides, the institute will act as a National Organisation for information on post production systems of mandated crops, undertake transfer of technology, consultancy and analytical services for raw and processed agricultural commodities, establish linkages with related processing industries and other academic as well as R&D institutions for achieving its goals effectively.

State Nodal Agencies

- 7.3 The Ministry of Food Processing Industries has, on the recommendation of the State/UT Governments, nominated State Nodal Agencies (SNA) for Food Processing Industries at the State/UT level in order to coordinate and monitor various activities pertaining to food processing sector in each State. Keeping in view the critical role, they have to play in the development of food processing sector in the State, the Ministry interacts with the State Nodal Agencies periodically. In order to discuss about growth of FPI sector, a conference of SNAs was organized on 12.01.2006. In order to further strengthen the SNAs, the Ministry has enhanced their annual recurring grant from Rs. One Lakh to Rs. Five Lakh from 2005-06.

Setting up of National Institute of Food Technology, Entrepreneurship & Management (NIFTEM)

- 7.4 The Government has approved establishment of National Institute of Food Technology, Entrepreneurship & Management (NIFTEM) in 100 acres of land at Kundli in the State of Haryana, at an estimated cost of Rs. 244.6 crores.
- The Institute will function as a knowledge centre in food processing with emphasis on inter-disciplinary research, developing new products and processes,

incubating innovative ideas, provide a forum for intense interaction for industry, Government, consumers and experts on the emerging contours of the food processing industry, guide and advise on the HRD support required for the sector and the regulatory framework for the industry. The Institute will function as a knowledge centre in food processing with emphasis on inter-disciplinary research, developing new products and processes, incubating innovative ideas, provide a forum for intense interaction for industry, Government, consumers and experts on the emerging contours of the food processing industry, guide and advise on the HRD support required for the sector and the regulatory framework for the industry.

- 7.5 The Ministry has already taken possession of around 43 acres of land at Kundli from Haryana State Industrial Infrastructure Development Corporation (HSIIDC). HSIIDC is in the process of acquiring the remaining 57 acres of land which is likely to be handed over to the Ministry by June 2007.
- 7.6 NIFTEM is likely to start short-term courses during the current financial year from hired premises. The Ministry has already identified a premises at Kundli to be hired for undertaking these activities of NIFTEM. The Institute is likely to be fully operational from 2010-11.
- 7.7 NIFTEM will be an international Centre of Excellence with all aspects of food processing (technology, entrepreneurship, management, standards etc.) under one roof for the holistic development of the sector. It would.
- Act as the apex institution for R&D activities in Foods & Beverages and synergise/ coordinate R&D efforts in the country, carry out applied R&D in frontier areas, produce world-class technologies, assist the Government in policy making on R&D.

- Act as an apex laboratory for food laboratories in the country, develop standards for laboratories (testing equipments, testing protocol, etc.), and be the national referral laboratory.
- Act as an apex institution for Standards, Quality, accreditation, certification etc. assist GOI in developing new standards for food products including ethnic foods, be repository of International & national standards & advise GOI on Codex matters.
- Act as an apex academic institution in the areas of food technology and management in the country for the development and continuous updation of norms and standards for various courses and training programmes, design and develop curriculum, produce teaching and learning material, etc.
- run courses and training programmes with proper mix of inputs on food technology, management, entrepreneurship and business incubation so as to produce world class entrepreneurs and business leaders.
- act as an apex information resource centre on all aspects of food processing (products, technology, management, standards, market etc) provide consultancy for turn key projects etc.
- provide whole range of information and services to exporters of food.
provide incubator services to enable students and entrepreneurs to develop new products, test market them, prepare and operationalize business plan.

7.8 The Ministry of Food Processing Industries has received proposal from the West Bengal Govt. for setting up of Regional Research Institute on the pattern of NIFTEM. The Ministry of Food Processing Industries will consider setting up of Regional Institutes after implementation of NIFTEM.

7.9 The benefits to the Industry after setting up of NIFTEM would be:

- Use NIFTEM resources for R&D, business incubation, food testing, management/ training programmes.
- Use knowledge management facilities of NIFTEM.
- Use for setting food standards.
- Develop world class technologists who could do R & D in frontier areas.

- Develop world-class entrepreneurs.

Moreover, NIFTEM will start B.Tech, M.Tech, MBA courses, Ph.D and short term courses on various aspects of food technology and the Industry will be able to find skilled manpower produced by NIFTEM for use of the industry

- 7.10 During evidence, when the Committee desired to know the difference between the new institute and old institutes and Agri Universities and whether any study has been made of foreign institute on this, the representative of the Ministry stated:

“We studied a number of food processing technologies in world renowned Institutes like Cornell; University of California Davis and Amsterdam where the organized food technology is entirely different. Technology is changing every six months. They do not have departments; they have theme centres. They are using nano-technology in food. Here, what we thought was even in management of food technology, we do not really have an interface. Here, we have food technologists with B.Tech who have no idea of management or we have got MBAs trying at the higher level to do food technology. We do not have a combination. In fact, we are working out a B.Tech which is highly advanced, world-class, where management and food technology will come together, and also lay down the curriculum which will improve the curriculum of all the universities. This will be done by networking the institutions.”

- 7.11 The Committee were further informed:

“In R&D also, we need a whole lot of incubation centres. One of the points the industrialists have been telling us is that the attrition rate in food technology is extremely high. You have got 100 new ideas coming in, 80 of them die, and only 20 per cent survive because people do not like the taste”.

National Meat Board

- 7.12 The Ministry has proposed to set up a National Meat Board for overseeing the growth and further promotion of Meat and Poultry sector in the country. This has been considered necessary because of a felt need for a focused intervention in meat and poultry sector. The proposed Board will inter alia, (i) lay down policies for healthy development of the sector (ii) evolve standards of hygiene and quality (iii) support R&D and (iv) organize capacity building efforts. It will be an

industry driven organization which will bring all stakeholders together and pave the way for development of meat and poultry sectors.

- 7.13 The Ministry has informed that one of the reasons identified for slow and unregulated growth of Meat and Poultry Sector in the country is that of multiplicity of authorities for regulation of the sector. Keeping in view the felt need for a focused intervention in the sector, setting up of National Meat Board has been proposed so that more hygienic standards are established for overseeing the growth and further promotion of sector. The Ministry has already initiated the action in this direction.

National Wine Board

- 7.14 The proposal for establishment of National Wine Board has been under consideration by the Ministry of Food Processing Industries. At present there is no Government organization to promote grape production and processing in India. On the line of Tea Board and Coffee Board, the Ministry think it necessary to frame an appropriate policy to promote infrastructural facilities of grape and wine industries and impart proper training/education in wine making. The main objectives and functions of the proposed National Wine Board would include, promote grape processing and wine industry in general; promote cooperative efforts among growers of grapes, manufacturers of raisins, juice and wine and encourage contract farming; undertake R&D in new technology, product, processes for continuous modernization of the industry; provide quality testing facilities for wine to meet global standards; advice Central/State Governments on various policy issues, etc.
- 7.15 When asked, whether the proposed Wine Board would be in the interest of farmers, the Committee were informed:

“The setting up of the Wine Board will be in the interest of farmers for the following reasons:

Grape production in the country is estimated to be around 12 lakh Metric Tones and area under grape cultivation is about 50,000 h.a. Grape is processed to produce value added items like pulp, juice, juice concentrates, raisins and wine. Only 0.3 % of total grape produce in India is used for production of wine. Value addition in the process of making wine from grapes is the maximum.

The main objectives and functions of the proposed National Wine Board includes

- Promoting cooperative efforts among growers of grapes, apples, plums, apricots, etc. manufacturers of raisins, juice and wine and encourage contract farming;*
- Advise farmers, industry and Government on commercial and technical issues relating to grapes and other fruits/wine;*
- Promote grape, apples, plum, apricot, etc. processing and wine industry in general;*
- Promote marketing and export of wine through various measures including workshops and trade shows;*
- Provide quality testing facilities for wine to meet global standards”.*

PART II

RECOMMENDATIONS/ OBSERVATIONS

Recommendation No.1

Overview

The Committee have been informed that the Ministry of Food Processing Industries have been operating several Plan schemes for development of processed food industry. The Ministry also provides vital linkages and synergies between Industry and Agriculture. Food Processing involves any type of value addition which includes processes such as grading, sorting, packing which enhances shelf life of food products.

For the growth of the Food Processing Sector, the Committee have been informed that the Ministry covers products of fruits and vegetables, dairy, meat, poultry, fisheries, consumer foods grains, non-molasses based alcoholic drinks, aerated water and soft drink. The country produces annually 90 million tonnes of milk (highest in the world), 150 million tonnes of Fruits and Vegetables (second largest), 485 million livestock (largest), 204 million tonnes food grains (third largest), 6.3 million tonnes fish (third largest), 489 million Poultry and 45200 million eggs. The Committee are perturbed to note that the processing level of fruits and vegetables, marine products, poultry, and buffalo meat are very low in comparison to developed countries. The share of the Government in the export of processed food in the World Trade is only 1.5%.

The Committee appreciate the positive thinking in the Government for increasing the Plan funds to Rs.250 crore in 2007-08 as compared to Rs.150 crore sanctioned for 2006-07.

The Committee have also been informed that the Ministry has reviewed the performance of the Tenth Plan Schemes and in the proposals submitted for the Eleventh Plan to the Planning Commission, some of the schemes under Tenth Plan have been continued and some schemes have been restructured with appropriate management/implementation arrangement in Public Private Partnership (PPP) mode. The Committee are not convinced at the discontinuation of schemes from the Eleventh Five Year Plan, particularly, the Scheme for Backward and Forward Integration, which is very important from the point of view of the availability of raw material and value additions. Though Mega Food Park Scheme will have links of backward and forward integration however, the other schemes such as Modernised abattoirs, value added centers, cold chain facilities also need to be popularized among the affected persons and other beneficiaries.

Recommendation No.2

Vision 2015

The Committee have been informed that the Ministry has finalized a Vision 2015 on Food Processing Industries for giving boost to the growth of the food processing sector. The achievements of the Vision 2015 will affect thrust areas like Mega Food Parks, Modernization of Abattoirs, Cold Chain/Value Addition and preservation infrastructure, upgrading safety and quality of Street Food and Establishment of Quality Control Laboratories. The Committee have also been informed that a Group of Ministers under the chairmanship of the Minister of Agriculture, etc. set up to consider an “Integrated Strategy for Promotion of Agri-Business-Vision, Strategy and Action Plan for Food Processing Sector”, has since given its recommendations. The Committee recommend that the Vision Document should be cleared for implementation at the earliest and the Committee may be apprised of the progress made in this regard within two months of the presentation of this report.

Recommendation No.3

Scheme for Infrastructure Development for Mega Food Parks, Abattoirs etc.

The Committee have been informed that the component of the Scheme for Infrastructure Development has been modified. The Committee also note that the budgetary provision of Rs.100.00 crore at BE (2007-08) have been increased manifold in comparison to Rs.12.30 crore RE during 2006-07.

Mega Food Parks

The Committee are perturbed to note that under the existing Food Parks Scheme, out of the 54 Food Parks approved by the Ministry so far for assistance, only 29 Food Parks are operational. The Committee recommend that immediate steps should be taken for making the remaining Food Parks operational within a reasonable timeframe.

The Committee have been informed that the working of the existing Food Parks scheme is proposed to be restructured on the basis of the review undertaken by the Ministry through reputed external agencies and also by the Working Group on Food Processing Sector of the XI Five year Plan. The review pointed out that the existing Scheme lacked focused approach for management/implementation and weak backward and forward linkages, due to which it was not very effective. Based on the findings of the review, the Ministry has launched a substantially restructured scheme of food parks, viz., 'Mega Food Parks' which would address the shortcomings of the existing scheme and is expected to give a boost to availability of integrated food processing industry in the country. The modified Scheme would be implemented on Public Private Participation (PPP) mode through Project

Management Agency which will be responsible from conception to completion of projects.

The Committee feel that the concept of ‘Mega Food Parks’ is a good one provided it is implemented properly and effectively. The Committee recommend that the places where such Mega Food Parks are proposed to be established should be selected very carefully after a proper and comprehensive survey of the area where the Food Park is proposed to be established. Various factors like state of connectivity, availability of raw material in the vicinity, location of markets, etc. should be taken into consideration before taking a final decision regarding location of the Park. A number of cold storages of appropriate capacity should be established in the ‘feed area’ of the Mega Food Park where the farmers can keep their fruits, vegetables and other perishable goods within 3 to 4 hours of harvesting to prevent the decay. The produce can later be brought to the Food Park for further processing. For the Scheme to be successful, the farmers, processors, retailers, etc. should come together to form a supply chain for the Mega Food Park.

The Committee would like to be apprised about the details of the agencies which agree to invest on the PPP mode and the time frame within which these Mega Food Parks will become operational.

Recommendation No.4

Modernised Abattoirs

The proposed scheme aims at modernization of abattoirs by providing facilities for scientific and less painful slaughtering, chilling, rendering plant, effluent treatment plant, drainage, by product utilisation, water and power with with required sanitary/phyto sanitary conditions. It will augment essential supply base of hygienic raw material to the meat processing industry

The Committee note that there are weaknesses in the modernization of Abattoirs scheme 50 Abattoirs will be assisted under the Modernization of Abattoirs scheme during the Eleventh Plan period. Assistance to Abattoirs is available @ 25% / 33.33% of the cost of plant and machinery/ TCW in general areas/difficult areas respectively with ceiling of Rs.4 crore. The Ministry has been able to approve only one proposal of modernization of abattoirs during Tenth Plan.

Keeping in view the Tenth Plan experience wherein only one abattoir could be modernized, the Committee recommend that the modernization of abattoirs should be taken up on top priority basis so as to discourage unauthorized slaughtering and make essential supply of hygienic raw material to the meat processing industry, both for domestic consumption and exports.

As the experience has shown that local bodies are cash starved and are not in a position to avail assistance of the Government on proportional payment basis, the Committee recommend that the share of municipalities should be taken care of by the State Government instead of these bodies so that the central funds earmarked for modernization of abattoirs is fully utilised and hygienic products are available in the market even in small cities also.

Recommendation No.5

Scheme for Technology Upgradation for Food Processing Industries

The Committee note that the Government have allotted Rs.87.30 crore at BE stage in 2006-07 for Upgradation of Technology Scheme. However, it was reduced to Rs.71.50 crore at RE stage. Again for 2007-08, only Rs.72 crore have been earmarked. It is not understood as to how with this meager stagnated sum of Rs.72 crore, the Government is going to help in upgrading technology for Food Processing Industries which the Government have decided to modernize during 2007-08. The technology is getting costlier day by day and more and more modernized plants for food processing and meat processing are projected to be set up. The promotional activities component of backward and forward linkage is also to be transferred to this scheme which requires to reach every nook and corner of the country. In the Committee's view the reduced budgetary provisions will restrict the implementation of the scheme and also the objectives of the scheme which include the increase in the level of processing, reduction of wastages, value additions and enhancing the income of farmers and increase in exports, which can't be fulfilled by this budgeted amount. They, therefore, recommend that keeping in view the objectives set for this scheme, the budgetary allocation should be increased to at least Rs.200 crore as the upgradation of technology is the need of the hour for the Food Processing Industry all over the country.

Recommendation No.6

Dairy Processing

The Committee are happy to note that India is the number one milk producing country in the world maintaining the top position since 1988. Despite a higher growth rate, the per capita availability of milk in India (229 grams per day) is lower than the world average (285 grams per day). The Committee observe that the per capita consumption of milk has not increased in accordance with the increase in production which gives the Dairy Processing Industry a fair chance to convert the extra available milk into processed items. The Committee also note that only about 35% of milk produced in India is processed. There are differences between the organized and the unorganized sector with respect to investments in preserving the quality of milk and technology used for its processing.

The Ministry of Food Processing Industries is promoting organized dairy processing sector to accomplish upcoming demands of processed dairy products and helping to identify various areas of research for future product development and quality improvement to revamp the Indian dairy export by way of providing financial assistance to dairy processing units. Upto December, 2006, the Ministry has sanctioned financial assistance of Rs.5.91 crore under the Plan scheme, but the market size of the processed products in the organized and unorganized sector (at 2003-04 prices) is estimated at Rs. 255 billion and Rs. 906 billion, respectively. The Committee are of the firm opinion that with such a meager allotment of assistance to dairy units, the Government will not be able to reach the world level of dairy processing even in the next 20 years. They, therefore, recommend that since milk is produced all over India and is the backbone of rural household income of landless

people and small and marginal farmers of the rural areas, the budget for dairy assistance should be increased in commensuration with the people engaged in dairy activities and/ or rearing cattle and buffalo for their livelihood.

Recommendation No.7

Fruits and Vegetable Processing

The Committee have been informed that the installed capacity of fruits and vegetable processing industry has increased from 11.08 lakh tons on 1.1.1993 to 24.74 lakh tons as on 1.1.2007. However, for the utilisation of fruits and vegetables, processing is estimated to be around 2.20 % of the total production. There has been a positive growth towards processing of varied food products, yet the domestic consumption of value added fruits and vegetable products is low compared to the primary processed food in general and fresh fruits and vegetables in particular. The reasons attributed are higher tax and duties and also high cost of production. The financial assistance of 25% in general and 33.33% in difficult areas, of the cost of plant and machinery and technical civil work, is given. But the Committee are of the opinion that in rural and far flung areas, this assistance is too less and people can't afford to pay 75% of the cost of these services. The Committee, therefore, recommend that the assistance should be raised to 50% for general areas and 75% for difficult areas, so that the fruits and vegetable that go waste can be processed and the farmers could get remunerative price for their produce and the consumer may get the processed products at the cheaper rate.

Recommendation No.8

Upgrading Safety and Quality of Street Food

It is a known fact that the quality of street food in India is far from satisfactory in terms of hygiene and safety and is highly contaminated although it is popular because of its affordability and convenience. The vending of this kind of food is completely unregulated. The Committee have been informed that a new scheme namely “Quality Upgradation of Street Food and Food Street” has been proposed to be implemented during the Eleventh Plan as a Central Sector Scheme, It is the first such effort to upgrade the quality of street food, but the implementation would need cooperation from other Ministries such as Health, Urban Development, Tourism, and also State Governments and Municipal bodies.

The Government propose to implement this scheme in 50 cities by introducing 1000 modern food carts in each identified city leading to upgrading of at least 50,000 food vending units in the country during the Eleventh Five Year Plan. The ‘Food Street’ component will be implemented by setting up one street, designated as ‘food street’, in each of the 25 select cities.

The Committee note that to provide project expenses including installation/upgradation of modern food stalls, water-supply and drainage, waste disposal schemes, public utilities etc. the amount of Rs.38 crore for ‘Street Food’ and Rs.138 crore for ‘Food Street’ sanctioned for the whole of Eleventh Plan is too less, rather a token amount, keeping in view the task involved and the facilities to be provided in 50 cities during this period.

The Committee recommend that the Scheme should be implemented at the earliest, so that besides benefiting thousands of vendors, the public at large is

weaned away from the fast food culture of the West and once again revert to ethnic and healthy Indian food.

The Committee also recommend that the States should also be involved in this huge task as they will be better able to help in finalisation of the new initiatives of this scheme as to which of the cities need these kind of facilities and also the quality of food and requirement of food carts. The local Municipalities of the selected cities, if involved, will help in a better way in implementation of this scheme and the State Government/Municipal bodies should be encouraged to provide the basic infrastructure to set up 'Food Streets' in the designated cities.

The Committee further recommend that the High Level Advisory Body to be set up to oversee the implementation of the Scheme, should draw up a clear cut blueprint for implementation of the Scheme and all the stakeholders should meet frequently, especially in the initial stages, to clear the obstacles, if any, in the smooth implementation of the Scheme. Special attention should be paid to the quality of street food and making the surroundings of the Food Street hygienic and clean by providing public utilities, waste disposal system, etc.

NEW DELHI;
20 April, 2007
30 Chaitra, 1929 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

Appendix -I

**MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON
AGRICULTURE HELD ON FRIDAY, THE 23 MARCH, 2007 AT 1400 HRS. IN
COMMITTEE ROOM 'E', BASEMENT, PARLIAMENT HOUSE ANNEXE,
NEW DELHI**

The Committee sat from 1400 hrs to 1530 hrs

PRESENT

Shri Anil Basu – In the Chair

MEMBERS

LOK SABHA

2. Shri Girdhari Lal Bhargava
3. Shri Khagen Das
4. Shri Prabodh Panda
5. Smt. Rupatai D. Patil Nilangekar

RAJYA SABHA

6. Shri Harish Rawat
7. Shri Vikram Verma
8. Shri Sk. Khabir Uddin Ahmed
9. Shri Sharad Anantrao Joshi
10. Shri M. Rajasekara Murthy

SECRETARIAT

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

WITNESSES

S.NO.	Name	Designation
--------------	-------------	--------------------

Ministry Of Food Processing Industries

- | | | |
|----|--------------------|--|
| 1. | Shri P.I.Suvrathan | Secretary |
| 2. | Dr.Rita Sharma | Additional Secretary & Financial Advisor |
| 3. | Shri Ajit Kumar | Joint Secretary |

APEDA

- | | | |
|----|------------------|-----------|
| 4. | Shri R.P. Goutam | Secretary |
|----|------------------|-----------|

In the absence of the Hon'ble Chairman, Standing Committee on Agriculture, the Committee chose Shri Anil Basu, M.P. Lok Sabha to act as Chairperson for the sitting under Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

2 At the outset, the Chairperson welcomed the Members of the Committee and the representatives of the Ministry of Food Processing Industries and drew their attention to the provisions of Direction 55(1) of the Directions by the Speaker. Thereafter, he requested the Secretary to introduce his colleagues.

3. After introduction of the officials, the Secretary gave a brief overview of the budgetary allocation for the year 2007-2008 and also of the functioning of the Ministry. He explained the various issues like, Integrated Food Law, Mega food parks, finalisation of Vision 2015 on Food Processing Industries, functioning of Abbatoirs, Implementation of the new scheme on Upgrading Safety and Quality of Street Food, taxation benefits announced by the Ministry of Finance for food processing sector, their functioning and emphasized the importance of the role of the Ministry keeping in view the potential of Food Processing Sector in catalysing the national economy.

4. The Chairperson and the Members raised various queries on Food Parks, prevention of wastage of fruits and vegetables, Backward Linkage in Mega Food Park Scheme, National Institute of Food Technology, Outstanding Utilisation Certificates, inadequate infrastructure, etc. The representatives of the Ministry replied to the queries one by one and assured to send replies to some questions which could not be answered during the sitting.

4. A copy of the verbatim proceedings has been kept.

The witnesses then withdrew

The Committee then adjourned.

Appendix –II

**MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE
ON AGRICULTURE HELD ON FRIDAY, THE 20 APRIL, 2007 AT 1030 HRS. IN
COMMITTEE ROOM 'A', GROUND FLOOR, PARLIAMENT HOUSE
ANNEXE, NEW DELHI**

The Committee sat from 1030 hrs to 1245 hrs

PRESENT

Prof. Ram Gopal Yadav – Chairman
MEMBERS

LOK SABHA

2. Shri Manoranjan Bhakta
3. Shri Girdhari Lal Bhargava
4. Shri Khagen Das
5. Shri Gadakh Tukaram Gangadhar
6. Shri Prabodh Panda
7. Shri K.J.S.P. Reddy

RAJYA SABHA

8. Shri Harish Rawat
9. Dr. M.S.Gill
10. Shri Vikram Verma
11. Shri Sk. Khabir Uddin Ahmed
12. Shri Sharad Anantrao Joshi
13. Shri M.Rajasekara Murthy

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 Chairman welcomed the Members. Thereafter, the Committee took up for consideration the Draft Reports on Demands for Grants (2007-08) of the following Ministries/Departments :-

- (1) Ministry of Agriculture
 - (i) Department of Agriculture & Cooperation
 - (ii) Department of Agricultural Research & Education
 - (iii) Department of Animal Husbandry & Dairying
 - (2) Ministry of Food Processing Industries
2. The Committee adopted the Draft Reports with minor additions/modifications, as suggested by the members of the Committee.
 3. The Committee then authorised the Chairman to finalise the above-mentioned Reports on Demands for Grants (2007-08) and present them to the House on a date and time convenient to him.
 4. The Chairman thanked the Members for their cooperation and valuable suggestions made by them during consideration of the Demands for Grants of the concerned Ministries/Departments.

The Committee then adjourned .