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**STANDING COMMITTEE ON AGRICULTURE  
(2017-2018)**

**SIXTEENTH LOK SABHA**

**MINISTRY OF FOOD PROCESSING INDUSTRIES**

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

**{Action Taken by the Government on the Observations/  
Recommendations contained in the Forty Fifth Report (Sixteenth Lok Sabha) of  
the Standing Committee on Agriculture (2016-2017)}**

**FIFTY SECOND REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**July 2018/Shravana, 1940 (Saka)**

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

25.07.2018  
25.07.2018



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

July 2018/Shravana, 1940 (Saka)

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(Sixteenth Lok Sabha) of the Standing Committee on Agriculture  
(2016-2017).

(i)

## COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2017-18)

Shri Hukmdev Narayan Yadav - Chairperson

### MEMBERS

#### LOK SABHA

2. Shri Sanjay Dhotre
3. Prof. Ravindra Vishwanath Gaikwad
4. Shri Sanganna Amarappa Karadi
5. Shri Nalin Kumar Kateel
6. Smt. Raksha Tai Khadase
7. Md. Badaruddoza Khan
8. Shri C. Mahendran
9. Dr. Tapas Mandal
10. Shri Janardan Mishra
- @11. Shri Praveen Kumar Nishad
12. Shri Devji M. Patel
13. Shri Nityanand Rai
14. Shri Mukesh Rajput
15. Shri Konakalla Narayana Rao
16. Shri C.L. Ruala
17. Shri Arjun Charan Sethi
18. Shri Virendra Singh
19. Shri Dharmendra Yadav
20. Shri Jai Prakash Narayan Yadav
- #21. VACANT

#### RAJYA SABHA

22. Sardar Sukhdev Singh Dhindsa
- ^23. Shri Rajmani Patel
- &24. Shri Narayan Rane
- \*25. Shri Kailash Soni
26. Shri Mohd. Ali Khan
27. Shri K.K. Ragesh
28. Shri Ram Nath Thakur
29. Shri R. Vaithilingam
- §30. Shri Harnath Singh Yadav
31. Dr. Chandrapal Singh Yadav

@ Shri Praveen Kumar Nishad, MP Lok Sabha has been appointed as the Member of the Standing Committee on Agriculture w.e.f. 27.04.2018 vide CB-I note dated 27.04.2018

# Vacant due to resignation of Shri B.S. Yeddyurappa from the Membership of Lok Sabha w.e.f. 18.05.2018 vide Bulletin Part-II Table Office (B) No. 6885 dated 19.05.2018

^ Shri Rajmani Patel, MP Rajya Sabha has been appointed as the Member of the Standing Committee on Agriculture w.e.f. 02.06.2018 vide CB-I note dated 07.06.2018

& Shri Narayan Rane, MP Rajya Sabha has been appointed as the Member of the Standing Committee on Agriculture w.e.f. 02.06.2018 vide CB-I note dated 07.06.2018

\* Shri Kailash Soni, MP Rajya Sabha has been appointed as the Member of the Standing Committee on Agriculture w.e.f. 02.06.2018 vide CB-I note dated 07.06.2018

§ Shri Harnath Singh Yadav, MP Rajya Sabha has been appointed as the Member of the Standing Committee on Agriculture w.e.f. 02.06.2018 vide CB-I note dated 07.06.2018

**SECRETARIAT**

- |    |                        |   |                         |
|----|------------------------|---|-------------------------|
| 1. | Shri D.S. Malha        | - | Joint Secretary         |
| 2. | Shri Arun K. Kaushik   | - | Director                |
| 3. | Smt. Juby Amar         | - | Additional Director     |
| 4. | Shri S. Vijayaraghavan | - | Sr. Executive Assistant |

(iv)

## INTRODUCTION

I, the Chairperson, Standing Committee on Agriculture (2017-18), having been authorized by the Committee to submit the Report on their behalf, present this Fifty Second Report on action taken by the Government on the Observations/Recommendations contained in the Forty Fifth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-17) on the Subject "Implementation of Scheme for Integrated Cold Chain and Value Addition Infrastructure" pertaining to the Ministry of Food Processing Industries.

2. The Forty Fifth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-17) on the Subject "Implementation of Scheme for Integrated Cold Chain and Value Addition Infrastructure" pertaining to the Ministry of Food Processing Industries was presented to Hon'ble Speaker on 30.08.2017 and presented to Lok Sabha and laid on the Table of Rajya Sabha on 21 December, 2017. The Action Taken Notes on the Report were received on 29.12.2017.

3. The Report was considered and adopted by the Committee at their Sitting held on 19.07.2018.

4. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Forty Fifth Report (Sixteenth Lok Sabha) of the Committee is given in **Appendix**.

**NEW DELHI;**  
**24 July, 2018**  
**02 Shravana, 1940(Saka)**

**HUKMDEV NARAYAN YADAV**  
***Chairperson,***  
***Standing Committee on Agriculture***

(v)

## CHAPTER-I

### REPORT

This Report of the Standing Committee on Agriculture deals with the action taken by the Government on the Observations/Recommendations contained in the Forty Fifth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-2017) on the subject 'Implementation of scheme for Integrated cold chain and value addition Infrastructure' pertaining to Ministry of Food Processing Industries which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 29.12.2017.

1.2 The Ministry of Food Processing Industries have furnished Action Taken Replies in respect of all the 8 Observations/Recommendations contained in the Report. These replies have been categorized as under:

(i) Observations/Recommendations that have been accepted by the Government:

Recommendation Nos. 1,4, 5,6, 7 and 8

**Chapter- II**  
**Total- 06**

(ii) Observations/Recommendations in respect of which the Committee do not desire to pursue in view of the Government's reply:

Recommendation Nos. NIL

**Chapter- III**  
**Total- 00**

(iii) Observations/Recommendations in respect of which action taken replies of the Government have not been accepted by the Committee:

Recommendation Nos. 2 and 3

**Chapter- IV**  
**Total- 03**

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:

Recommendation Nos. NIL

**Chapter- V**  
**Total- 00**

**1.3 The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the**



**Government. In cases, where it is not possible for the Department to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with the reasons for non-implementation. The Committee desire that further Action Taken Notes on the Observations/ Recommendations contained in Chapter-I of this Report be furnished to them within three months.**

**1.4** The Committee will now deal with the action taken by the Government on some of the Recommendations in the succeeding paragraphs.

#### **A. SETTING UP OF FARM LEVEL INFRASTRUCTURE**

##### **RECOMMENDATION (PARA NO. 2)**

**1.5** The Committee had observed/ recommended as under :-

"The Committee note that though the Schemes are made for the farmers but the farmers are not the real beneficiary. Similar is the case with the Scheme for Cold Chain and Value Addition Infrastructure. The Scheme was launched in 2008 but even after the lapse of nine years the benefits of the Scheme are yet to percolate to the grassroots level particularly to the small and marginal farmers. The Committee feel that slow pace of implementation, faulty design and guidelines of the Scheme etc are some of the reasons for execution of the scheme. The Ministry has submitted that the guidelines of the Scheme for Cold Chain and Value Addition Infrastructure have lately been revised and the Scheme has been made more farmer friendly. The Committee are of the opinion that the farmers particularly small and marginal farmers could only reap the benefit of the Scheme if the infrastructure is set up in rural areas. The small and marginal farmers will get immensely benefitted by farm level infrastructure because it would reduce their cost of transportation and help them in adding value to their produce. The Ministry has informed that under the new Scheme SAMPADA, a component with backward and forward linkage has been incorporated and it would facilitate the farmers with farm level infrastructure. The Committee are happy to note that the Farm Level Infrastructure is proposed to be situated in the catchment area of the targeted produce and would have at least one of the facilities of integrated pack house, cold storage and/ or pre-cooling units in addition to any other processing facilities that the promoter may like to set up. They hope that these measures will help the farmers to get the real benefits of the scheme. The Committee recommend that in order to encourage setting up of cold chain infrastructure in rural areas, the subsidy provided by the government be enhanced for the entrepreneurs/ developers who set up infrastructure in rural areas."

**1.6** In its reply, the Ministry has stated as under :-

"Currently, the Ministry is assisting 228 cold chain projects. These include 103 cold chain projects which have been approved in the month of March/April, 2017. Out of 228 cold chain projects being assisted by Ministry, 109 projects have achieved completion and started commercial operations as on 14.11.2017.

Therefore, each phase has its own implementation schedule. Some of the cold chain projects sanctioned by the Ministry have achieved completion as per implementation schedule prescribed in the scheme guidelines/approval letter. However,

in majority of the cases, it is observed that the projects have over shot the timelines by few months to more than a year.

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

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

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

For the benefit of rural areas, the guidelines of Scheme for Integrated Cold Chain and Value Addition Infrastructure have been revised and now, to avail financial assistance, the applicant has to set up farm level infrastructure as a mandatory component.

The Govt. has allocated a fund of Rs.150 crore for taking up 50 projects under the Scheme for Creation of Backward and Forward Linkages during the period coterminous with 14th Finance Commission i.e., upto 2019-20. The Ministry has issued an Expression of Interest on 25.08.2017 inviting proposals from interested entrepreneurs through online system. Last date for receipt of online applications

was 13.11.2017. Total 55 nos of applications have been received under the scheme for Creation of Backward and Forward Linkages."

**1.7 The Committee note that though the scheme for Cold Chain and value Addition infrastructure was launched in 2008, yet the benefits of this scheme have not percolated to the grassroots level particularly to the small and marginal Farmers mainly due to slow pace of implementation, faulty design and guidelines of the schemes. The Committee further note that the scheme has been revised lately and has been made more farmer friendly. The Ministry has also informed that under the new scheme SAMPADA (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters), a component with backward and forward linkage has been incorporated and it would facilitate the farmers with farm level infrastructure. As stated by the Ministry, in majority of the cases, the projects have overshot the timeline by few months to more than a year. The Committee, therefore, recommend that in order to make the scheme beneficial to small and marginal farmers, the scheme should be implemented in Rural areas so that these farmers can reap the benefit of the scheme. The Committee once again reiterate that in order to encourage setting up of Cold Chain infrastructure in Rural areas, the subsidy provided by the Government be enhanced for entrepreneurs/developers who set up Infrastructure in Rural areas. The Committee would like to be informed of the action taken in this regard.**

## **B CREATION OF COLD STORAGE FACILITIES NEAR RURAL AREAS**

### **RECOMMENDATION NO.3**

**1.8** The Committee had observed/ recommended as under :-

"The Committee note that the farmers in the country face lot of hassles on transportation of their surplus produce to the Cold Storages located at far off places from their farm. Lack of proper storage facilities at the farm level result in huge losses of perishable items. The Committee note that with a view to provide robust backward integration and ensuring remunerative prices to the farmers for

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

**1.9** In its reply, the Ministry has stated as under :-

“It is hoped that scheme for Integrated Cold Chain and Value Addition Infrastructure and Creation of Backward and Forward Linkages identify areas measures to take the sector forward so as to help build an efficient and robust supply chain for agricultural / horticulture produce in the country. This will not only reduce the post harvest losses but will also help farmers to avoid distress sale, stabilize the prices of agriculture produce and contain food inflation in the country.

Currently, the Ministry is assisting 228 cold chain projects. These include 103 cold chain projects which have been sanctioned in the month of March/April, 2017 after the revision of guidelines. Out of these 103 total 6 projects have been cancelled due to non-submission of compliance report/non-implementation /withdrawal of proposals. ”

(F.No. 6-12/2017-Parl. Dated.29/12/2017)

**1.10 The Committee note that farm level infrastructure has been made mandatory in the revised operational guidelines of the Cold Chain Scheme issued on 29.8.2016 and it would be situated in the catchment area of the targeted produce. In their Action Taken Replies the Ministry has stated that it is assisting 228 Cold Chain Projects and these include 103 projects sanctioned after the revised guidelines, Out of these 103 projects 6 projects have been cancelled. The Committee, however note that there is regional imbalance in sanctioning of Cold Chain Projects as major chunks of projects are in the States of Maharashtra, Uttar Pradesh, Gujarat Punjab and Uttarakhand. While States such as Bihar,**

Odisha, Telangana, Chattisgarh have been neglected. The Committee feel, that this imbalance should be removed. The Ministry should publicize its scheme of Cold Chain through print and electronic media to increase the awareness of people, especially in these States so that more proposals can come from them. The aim of the Government should be to cater to the needs of small and marginal farmers all over the country. The Committee desire the Government to conduct a survey to find out the reasons for poor response to the scheme in these States and take corrective measures. The Committee would like to be informed of the action taken in this regard.

## **CHAPTER - II**

### **OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **BUDGETARY ALLOCATION AND IMPLEMENTATION OF SCHEME** **RECOMMENDATION NO.1**

The Scheme for Integrated Cold Chain and Value Addition Infrastructure was launched with an objective to provide adequate and efficient cold chain infrastructure right from the farm gate to the consumer. The Scheme envisages to minimize post-harvest losses, reduce wastage, ensure value addition so that the farmers could get better return of their produce. The Committee are happy to note that during 12th Plan period Rs. 704.14 crores were allocated for the Scheme and the Ministry was able to expend Rs. 683.44 crores, i.e. almost 97% of the total allocation of the Scheme. The Ministry has informed that during the current fiscal year, the total allocation for the Scheme is Rs. 180 crores. However, the Committee are constrained to note that some of the cold chain projects sanctioned during Phase 2 (2011-12), Phase 3 (2012-13), Phase 4 (2015-16) and Phase-5(2015-16) are still under implementation. The slow pace of implementation of the Scheme defeats the very purpose of the Scheme. The Ministry has informed that the Government has approved taking up of 100 new integrated cold chain projects in 2016-17. Presently, the Ministry is assisting 236 cold chain projects. Out of 236, 102 projects have been completed and 134 are under implementation. The Committee are apprehensive that with this pace of implementation, it would not be possible to complete the projects within stipulated time frame. The Committee also note that during 2015-16, the allocation under the Scheme was Rs.180 crores for the 30 sanctioned projects, whereas during the current fiscal, the allocation is Rs.180 crores only in respect of 103 sanctioned projects. The Committee are unable to comprehend that how the Ministry of Food Processing Industries will be able to implement the projects with such a meager amount. The Committee, therefore recommend that the Ministry should raise the issue with the Ministry of Finance and seek additional allocation for the projects sanctioned so that they could be completed within the timeframe. The Committee would like to be apprised about the steps taken in this regard. They also recommend that the implementation of the pending projects be expedited.

#### **REPLY OF THE GOVERNMENT**

Against allocation of Rs. 704.17 crore during 12<sup>th</sup> Plan period for the Cold Chain Scheme, Rs. 683.44 crore have been released towards implementation of the scheme. Status of fund utilization under Cold Chain Scheme is as under:-

Rs. in crore		
Period	Allocation	Expenditure
11 <sup>th</sup> Plan Period	163.72	157.08
12 <sup>th</sup> Plan Period(2012-13 to 2016-17)		
2012-13	81.37	81.13
2013-14	103.73	103.72
2014-15	153.36	153.36
2015-16	180.5	160.35
2016-17	185.21	184.88
Total of 12 <sup>th</sup> Plan	704.17	683.44
2017-18	180.00	95.02 (as on 14.11.2017)

Government had approved taking up of 100 new integrated cold chain projects in the FY 2016-17. The Ministry had issued revised operational guidelines for the scheme for Integrated Cold Chain and Value Addition Infrastructure on 29.08.2016. Based on the revised guidelines, the Ministry had issued the Expression of Interest on 31.08.2016 inviting proposals for taking up around 100 cold chain projects for financial assistance. Last date for receipt of proposals was 15.11.2016. The Ministry had received total 308 proposals. After scrutiny and evaluation of all 308 proposals, the Ministry has approved 103 eligible proposals for financial assistance during March/April 2017.

Currently, the Ministry is assisting 228 cold chain projects. These include 103 cold chain projects which have been approved in the month of March/April, 2017. Out of 228 cold chain projects being assisted by Ministry, 109 projects have achieved completion and started commercial operations as on 14.11.2017. The total project cost of 228 projects is Rs. 6034.13 crore with private investment of Rs. 4216.24 crore and grant-in-aid of Rs. 1817.89 crore. State-wise status of implementation of 228 projects is at Annexure-I.

Operationalization of 228 cold chain projects is expected to create a cold chain capacity of 7.45 lakh MT of Cold Storage/Controlled Atmosphere/Deep Freezer, 213.70 MT/Hr of Individual Quick Freeze, 107.99 lakh Litres Per Day of Milk Processing/Storage and 1297 nos. of Reefer Vehicles.

Ministry has so far created a capacity of 4.35 lakh metric tonnes of cold storage, 111.50 metric tonnes per hour of Individual Quick Freezing (IQF), 48.85 lakh litres per day of Milk processing/ storage and 646 reefer vans.

Parliamentary Committee on Agriculture in their 38<sup>th</sup> Report on Demands for Grants for the year 2017-18 of Ministry of Food Processing Industries had raised the issue of budgetary allocation for food processing sector against Central Plan Outlay and the Ministry has conveyed the observations of the Hon'ble Committee to the Ministry of Finance, vide D.O. letter dated 01.08.2017 from Secretary (FPI) to Finance Secretary & Secretary (Expenditure) and requested to allocate adequate funds for programmes of the Ministry in future.

Ministry is making all out efforts to complete all the approved projects timely by closely and regularly monitoring the progress of the scheme implementation.

(F.No. 6-12/2017-Parl. Dated.29/12/2017)

## **STATE WISE DISTRIBUTION OF COLD CHAIN PROJECTS**

### **RECOMMENDATION NO.4**

The Committee note that aim of the Scheme is to provide Cold Chain and Value Addition facilities without any break, from the farm gate to the consumer. It will not only provide a big boost to the growth of food processing sector in the country but also help in value addition and ensuring better prices to farmers. However, the Committee observe that the number of Cold Chain projects in some of the agriculturally important States like Uttar Pradesh , Bihar, Karnataka, Madhya Pradesh etc are not in consonance with their contribution to agriculture sector. The Ministry has informed that the scheme guidelines of Cold Chain do not provide state wise allocation of cold chain projects. The Ministry has further stated that the scheme guidelines of Integrated Cold Chain and Value Addition Infrastructure provide that the criteria of maintaining regional balance may be taken into account by the Ministry while deciding the projects for sanction of grant under the scheme. However, these criteria will be applicable only to those proposals which are found eligible as per these guidelines. The Committee are of view that establishment of adequate numbers of Cold Chain infrastructure in these States will not only reduce the post-harvest losses but also provide sustainable employment opportunities and economic growth in the region. The Committee, therefore, recommend the Ministry to focus on these States as well and take steps to encourage entrepreneurs to apply for establishment of Cold Chain Infrastructure.

## **REPLY OF THE GOVERNMENT**

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



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

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

(F.No. 6-12/2017-Parl. Dated.29/12/2017)

## **INTEGRATED COLD CHAIN NETWORK** **RECOMMENDATION NO.5**

The Committee note that post-harvest losses of agricultural produce are of enormous magnitude in the Country. In terms of CIPHET Report, the yearly losses of major perishable agricultural produce are estimate to be Rs. 92,651 crore. This type of colossal losses not only causes national wastage but also endangers the livelihood of farmers. With a view to setting up of backward and forward linkages in agricultural supply chain in the Country to minimize the post-harvest losses and to enhance the value addition in agricultural produce, the Ministry of Food Processing Industries had launched the scheme of Cold Chain, Value Addition and Preservation Infrastructure during the year 2008. This was an innovative scheme having its potential to revolutionize the rural economy, increase farm income and sustain the livelihood. However, the Committee feel that the scheme has not progressed at desired pace and direction. Even after 9 years of implementation of this scheme, only 236 projects have been sanctioned till date. The Committee, therefore, recommend creation of a country-wide integrated cold chain infrastructure network at block level and district level. The guidelines of the Scheme may be suitably revised. The Committee would like to be apprised of the progress made in this regard. Also to ensure proper implementation of the Scheme, the Committee recommend that a Cold Chain Coordination and Monitoring Committee at the district level be constituted. The Committee are also of the view that

the public representatives (MP/MLA) of the respective districts may be included in the Cold Chain Coordination and Monitoring Committee. The Committee feel that inclusion of a public representative in such Committees will facilitate the expeditious implementation of the Scheme. The Committee would like to be apprised of the action taken by the Ministry in this regard.

## **REPLY OF THE GOVERNMENT**

Ministry has noted the recommendation of committee for creation of a country-wide integrated cold chain infrastructure network at block level and district level. Ministry has also noted recommendation of committee that a Cold Chain Coordination and Monitoring Committee at the district level be constituted to ensure proper implementation of the Scheme and the Committee shall contain the public representatives (MP/MLA) of the respective districts in the Cold Chain Coordination and Monitoring Committee.

## **PROVISION OF TRAINING IN VALUE ADDITION FACILITIES**

### **RECOMMENDATION NO.6**

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

## **REPLY OF THE GOVERNMENT**

Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture & Farmers Welfare under their scheme of Mission for Integrated Development of Horticulture (MIDH) provide various types of training to farmers/ Self

Help Group (SHGs)/ FPOs to enhance horticulture production, enhancement of farmer income, improve productivity and strengthen nutritional security.

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

Ministry, under the Scheme of Promotional Activities organizes seminars / workshops / exhibitions etc. to create awareness about all the schemes of the Ministry including Cold Chain Scheme. These events are organized in association with Apex Industry bodies and State Govt. after giving wide publicity to encourage all potential beneficiaries including farmers to participate in such events.

Ministry has also appointed two Technical Agencies to organize farmers into FPO's and assist them in taking advantage of the schemes of the Ministry.

(F.No. 6-12/2017-Parl. Dated.29/12/2017)

## **IMPLEMENTATION OF SCHEME IN NORTH-EASTERN REGION**

### **RECOMMENDATION NO.7**

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

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

## **REPLY OF THE GOVERNMENT**

Under the scheme for Integrated Cold Chain and Value Addition Infrastructure, the Ministry is assisting 43 integrated cold chain projects in North Eastern States, Jammu & Kashmir, Himachal Pradesh and Uttarakhand. Details of integrated cold chain projects along with facilities supported under the scheme are at Annexure-II & III respectively. In order to promote development of cold chain infrastructure in NE region and hilly states, higher rate of assistance @ 50% for storage and transport infrastructure and 75% for value addition and processing infrastructure subject to a maximum of Rs10 crore per project has been envisaged. Further, 10% of the budget allocation has also been earmarked for assisting the projects in North Eastern States.

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

- (i) Cold Storage with smaller capacity of 1000 MT or above are eligible compared to higher capacity of above 5000 MT in other areas.
- (ii) Subsidy is admissible @ 50% of the capital cost of project as compared to 35% in case of general areas.

The Ministry has noted the unhappiness of the committee on the slow implementation of project in NE region & assures that the projects of North East Region are being dealt on priority basis with separate budget allocation. Moreover, Ministry will take steps to expedite the implementation of the projects in the region.

(F.No. 6-12/2017-Parl. Dated29/12/2017)

## **MINIMIZING POST HARVEST LOSSES**

### **RECOMMENDATION NO.8**

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

increase the value addition, reduce post-harvest losses, generate employment, increase farm incomes and reduce poverty. It will boost rural economy and reduce agricultural distress. The Committee, therefore, strongly recommend that the Ministry of Food Processing Industry should take new initiatives to foster coordinated approach towards creation and development of food processing infrastructure and ancillary industries in areas which are known for production of major fruits, vegetables and perishable items. The Committee urge the Ministry to take new initiatives in the matter and take proactive measure for attainment objectives in right earnest.

## **REPLY OF THE GOVERNMENT**

One of the main reasons for the high losses in the supply chain of perishables is the absence of adequate and efficient cold chain infrastructure right from the farm gate to the consumer. In a repeat study conducted by the Central Institute of Post-Harvest Engineering & Technology (CIPHET), Ludhiana during 2012-14 on behalf of Ministry of Food Processing Industries on Assessment of Quantitative Harvest and Post-Harvest Losses of Major Crops and Commodities in India, average range of losses for food grains, oils seeds and fruits & vegetables were found to be between 4% to 16% resulting in annual loss of Rs.92,651crore. Different stages considered for assessment of losses are harvesting, collection, threshing, grading/sorting, winnowing/cleaning, drying, packaging, transportation, and storage depending upon the commodity.

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

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

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

Recently, Government has approved a new Central Sector Scheme – Pradhan Mantri Kisan SampadaYojana(PMKSY) with an allocation of Rs.6,000 crore for the period 2016-20 coterminous with the 14<sup>th</sup> Finance Commission cycle. The objective of PMKSY is to Supplement Agriculture, Modernize Processing and Decrease Agri-Waste. The PMKSY is an umbrella scheme with the following components:

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

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

(F.No. 6-12/2017-Parl. Dated.29/12/2017)

**CHAPTER III**

**OBSERVATION/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S ACTION TAKEN REPLY**

**NIL**

## CHAPTER IV

### OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH ACTION TAKEN REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

#### **RECOMMENDATION (PARA NO. 2)**

The Committee note that though the Schemes are made for the farmers but the farmers are not the real beneficiary. Similar is the case with the Scheme for Cold Chain and Value Addition Infrastructure. The Scheme was launched in 2008 but even after the lapse of nine years the benefits of the Scheme are yet to percolate to the grassroots level particularly to the small and marginal farmers. The Committee feel that slow pace of implementation, faulty design and guidelines of the Scheme etc are some of the reasons for execution of the scheme. The Ministry has submitted that the guidelines of the Scheme for Cold Chain and Value Addition Infrastructure have lately been revised and the Scheme has been made more farmer friendly. The Committee are of the opinion that the farmers particularly small and marginal farmers could only reap the benefit of the Scheme if the infrastructure is set up in rural areas. The small and marginal farmers will get immensely benefitted by farm level infrastructure because it would reduce their cost of transportation and help them in adding value to their produce. The Ministry has informed that under the new Scheme SAMPADA, a component with backward and forward linkage has been incorporated and it would facilitate the farmers with farm level infrastructure. The Committee are happy to note that the Farm Level Infrastructure is proposed to be situated in the catchment area of the targeted produce and would have at least one of the facilities of integrated pack house, cold storage and/ or pre-cooling units in addition to any other processing facilities that the promoter may like to set up. They hope that these measures will help the farmers to get the real benefits of the scheme. The Committee recommend that in order to encourage setting up of cold chain infrastructure in rural areas, the subsidy provided by the government be enhanced for the entrepreneurs/ developers who set up infrastructure in rural areas."

#### **REPLY OF THE GOVERNMENT**

Currently, the Ministry is assisting 228 cold chain projects. These include 103 cold chain projects which have been approved in the month of March/April, 2017. Out of 228 cold chain projects being assisted by Ministry, 109 projects have achieved completion and started commercial operations as on 14.11.2017.

Therefore, each phase has its own implementation schedule. Some of the cold chain projects sanctioned by the Ministry have achieved completion as per implementation schedule prescribed in the scheme guidelines/approval letter. However,

in majority of the cases, it is observed that the projects have over shot the timelines by few months to more than a year.



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

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

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

For the benefit of rural areas, the guidelines of Scheme for Integrated Cold Chain and Value Addition Infrastructure have been revised and now, to avail financial assistance, the applicant has to set up farm level infrastructure as a mandatory component.

The Govt. has allocated a fund of Rs.150 crore for taking up 50 projects under the Scheme for Creation of Backward and Forward Linkages during the period coterminous with 14th Finance Commission i.e., upto 2019-20. The Ministry has issued an Expression of Interest on 25.08.2017 inviting proposals from interested entrepreneurs through online system. Last date for receipt of online applications was 13.11.2017. Total 55 nos of applications have been received under the scheme for Creation of Backward and Forward Linkages.

### **COMMENTS OF THE COMMITTEE**

For comments of the Committee please refer to Para No.1.7 of Chapter I of this Report.

## **CREATION OF COLD STORAGE FACILITIES NEAR RURAL AREAS**

### **RECOMMENDATION NO.3**

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

### **REPLY OF THE GOVERNMENT**

It is hoped that scheme for Integrated Cold Chain and Value Addition Infrastructure and Creation of Backward and Forward Linkages identify areas measures to take the sector forward so as to help build an efficient and robust supply chain for agricultural / horticulture produce in the country. This will not only reduce the post harvest losses but will also help farmers to avoid distress sale, stabilize the prices of agriculture produce and contain food inflation in the country.

Currently, the Ministry is assisting 228 cold chain projects. These include 103 cold chain projects which have been sanctioned in the month of March/April, 2017 after the revision of guidelines. Out of these 103 total 6 projects have been cancelled due to non-submission of compliance report/non-implementation /withdrawal of proposals. ”

(F.No. 6-12/2017-Parl. Dated.29/12/2017)

### **COMMENTS OF THE COMMITTEE**

For comments of the Committee please refer to Para No.1.10 of Chapter I of this Report.

**CHAPTER V**

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES  
OF THE GOVERNMENT ARE STILL AWAITED**

**NIL**

**NEW DELHI;  
24 July, 2018  
2 SHARAVANA, 1940 (Saka)**

**HUKMDEV NARAYAN YADAV  
*Chairperson,*  
*Standing Committee on Agriculture.***

**STANDING COMMITTEE ON AGRICULTURE**

**(2017-18)**

**MINUTES OF THE TWENTY-SIXTH SITTING OF THE COMMITTEE**

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The Committee sat on Thursday, the 19<sup>th</sup> July, 2018 from 1000 hrs. to 1100 hrs. in the Chamber of the Hon'ble Chairperson, Room No. 138, Third Floor, Parliament House, New Delhi.

**PRESENT**

Shri Hukmdev Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Sanjay Dhotre
3. Shri Nalin Kumar Kateel
4. Shri Md. Badaruddoza Khan
5. Shri C. Mahendran
6. Shri Janardan Mishra
7. Shri Devji Patel
8. Shri Mukesh Rajput
9. Shri C.L. Ruala
10. Shri Virendra Singh
11. Shri Jai Prakash Narayan Yadav

**RAJYA SABHA**

12. Shri Kailash Soni
13. Shri Ram Nath Thakur
14. Shri Harnath Singh Yadav

**SECRETARIAT**

1. Shri D.S. Malha – Joint Secretary
  2. Shri Arun K. Kaushik – Director
  3. Shri Sumesh Kumar – Under Secretary
2. At the outset, the Chairperson welcomed the Members to the Sitting of the Standing Committee. Then, the Committee took up the following draft Reports for consideration and adoption:

\* (i)    xxx                xxx                xxx                xxx                xxx                xxx

(ii)    Draft Action Taken Report on the Action Taken by the Government on the Observations/Recommendations contained in the Forty- Fifth Report of the Standing Committee on Agriculture on the Subject "Implementation of Scheme for Integrated Cold Chain and Value Addition Infrastructure" pertaining to the Ministry of Food Processing Industries.

3.        After some deliberations, the Committee adopted the draft Reports without any amendments and authorized the Chairperson to finalise the Reports and present the same to Parliament.

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*\*Matter not related to this report.*

(Vide Para 4 of Introduction of the Report)

*ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE FORTY- FIFTH  
REPORT OF STANDING COMMITTEE ON AGRICULTURE (16<sup>TH</sup> LOK SABHA)*

(i)	Total number of Recommendations	8
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Recommendation Nos. 1,4,5,6, 7 and 8	
	Total	6
	Percentage	75%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Recommendation Nos. NIL	
	Total	0
	Percentage	0%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
	Recommendation No. 2 and 3	
	Total	2
	Percentage	25%
(ii)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Recommendation No. NIL	
	Total	0
	Percentage	0%