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**STANDING COMMITTEE ON AGRICULTURE, ANIMAL HUSBANDRY  
AND FOOD PROCESSING**

**(2022-2023)**

**SEVENTEENTH LOK SABHA**

**MINISTRY OF FOOD PROCESSING INDUSTRIES**

**'DEMANDS FOR GRANTS (2023-24)'**

**{Action-taken by the Government on the Observations / Recommendations  
contained in the Fifty-Fifth Report (Seventeenth Lok Sabha) of the Standing  
Committee on Agriculture, Animal Husbandry and Food Processing (2022-23)}**

**SIXTY- FOURTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI  
AUGUST, 2023/SRAVANA, 1945 (SAKA)**

**SIXTY- FOURTH REPORT**  
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**AND FOOD PROCESSING**

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**SEVENTEENTH LOK SABHA**

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contained in the Fifty-Fifth Report (Seventeenth Lok Sabha) of the Standing  
Committee on Agriculture, Animal Husbandry and Food Processing (2022-23)}**

Presented to Lok Sabha on 10.08.2023  
Laid on the Table of Rajya Sabha on 10.08.2023



**LOK SABHA SECRETARIAT**  
**NEW DELHI**  
**AUGUST, 2023/SRAVANA, 1945 (SAKA)**

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**COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE, ANIMAL  
HUSBANDRY AND FOOD PROCESSING (2022-23)**

**SHRI P.C. GADDIGOUDAR - CHAIRPERSON**

**MEMBERS**

**LOK SABHA**

2. Shri Horen Sing Bey
3. Shri A. Ganeshamurthi
4. Shri Kanakmal Katara
5. Shri Abu Taher Khan
6. Shri Ram Mohan Naidu Kinjarapu
7. Shri Mohan Mandavi
8. Shri Devji Mansingram Patel
9. Smt. Sharda Anilkumar Patel
10. Shri Bheemrao Baswanthrao Patil
11. Shri Shrinivas Dadasaheb Patil
12. Shri Vinayak Bhaurao Raut
13. Shri Pocha Brahmananda Reddy
14. Shri Rajiv Pratap Rudy
15. Mohammad Sadique
16. Shri Devendra Singh *alias* Bhole Singh
17. Shri Virendra Singh
18. Shri V.K. Sreekandan
19. Shri Ram Kripal Yadav
20. VACANT<sup>#</sup>
21. VACANT<sup>\*</sup>

**RAJYA SABHA**

22. Smt. Ramilaben Becharbhai Bara
23. Shri Masthan Rao Beeda
24. Dr. Anil Sukhdeorao Bonde
25. Shri S. Kalyanasundaram
26. Shri Surendra Singh Nagar
27. Shri Kailash Soni
28. Shri Randeep Singh Surjewala
29. Shri Ram Nath Thakur
30. Shri Vaiko
31. Shri Harnath Singh Yadav

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<sup>#</sup> Vacant w.e.f. 10.10.2022 due to demise of Shri Mulayam Singh Yadav on 10.10.2022.  
[Bulletin- Part II, Para No. 5316 dated 14.10.2022].

<sup>\*</sup>Vacant w.e.f.29.04.2023 due to disqualification of Shri Afzal Ansari from Lok Sabha Membership from the date of his conviction in terms of the provision of Article 102(1)(e) of the Constitution of India read with Section 8 of the Representation of the People Act, 1951[Notification No. 21/4(6)/2023/TO(B) Dated - 01.05.2023].

## **SECRETARIAT**

- |    |                            |   |                      |
|----|----------------------------|---|----------------------|
| 1. | Shri Shiv Kumar            | - | Additional Secretary |
| 2. | Shri Uttam Chand Bharadwaj | - | Director             |
| 3. | Shri N. Amarathiangan      | - | Under Secretary      |
| 4. | Shri S. Vijayaraghavan     | - | Executive Officer    |

## INTRODUCTION

I, the Chairperson, Standing Committee on Agriculture, Animal Husbandry and Food Processing (2022-23), having been authorized by the Committee to submit the Report on their behalf, present this Sixty-Fourth Report on Action taken by the Government on the Observations/Recommendations contained in the Fifty-Fifth Report (Seventeenth Lok Sabha) of the Standing Committee on Agriculture, Animal Husbandry and Food Processing (2022-23) on 'Demands for Grants (2023-24)' pertaining to the Ministry Food Processing Industries .

2. The Fifty-Fifth Report (Seventeenth Lok Sabha) of the Standing Committee on Agriculture, Animal Husbandry and Food Processing (2022-23) on 'Demands for Grants (2023-24)' pertaining to the Ministry of Food Processing Industries was presented to Lok Sabha on 13 March, 2023 and laid on the Table of Rajya Sabha on 14 March, 2023. The Action Taken Notes on the Report were received on 01.06.2023.

3. The Report was considered and adopted by the Committee at their Sitting held on 08.08.2023.

4. An Analysis of the action taken by the Government on the Observations/Recommendations contained in the Fifty-Fifth Report (Seventeenth Lok Sabha) of the Committee is given in **Appendix**.

**NEW DELHI;**  
**08 August, 2023**  
**17 Shravana, 1945(Saka)**

**P.C. GADDIGUDAR**  
***Chairperson,***  
***Standing Committee on Agriculture,***  
***Animal Husbandry and Food Processing***

## CHAPTER I

### REPORT

This Report of the Standing Committee on Agriculture, Animal Husbandry and Food Processing deals with the Action Taken by the Government on the Observations/Recommendations contained in the Fifty-Fifth Report (Seventeenth Lok Sabha) of the Standing Committee on Agriculture, Animal Husbandry and Food Processing (2022-23) on 'Demands for Grants (2023-24)' pertaining to the Ministry of Food Processing Industries which was presented on 13.03.2023 to the Lok Sabha and Laid on the Table of Rajya Sabha on 14.03.2023.

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

- Observations/Recommendations that have been accepted by the Government:  
Recommendation Nos. 2, 3, 7 and 8

**Chapter - II**

**Total - 04**

- Observations/Recommendations in respect of which the Committee do not desire to pursue in view of the Government's Reply:  
Recommendation No. 1, 4, 5 and 6

**Chapter - III**

**Total - 04**

- Observations/Recommendations in respect of which Action Taken Replies of the Government have not been accepted by the Committee:  
Recommendation No. NIL

**Chapter - IV**

**Total - NIL**

- Observations/Recommendations in respect of which final replies of the Government are still awaited:  
Recommendation No. NIL

**Chapter - V**

**Total - NIL**



**1.3 The Committee desire that utmost importance would be given by the Ministry to implement the observations/recommendations accepted by the Government. In cases, where it is not possible for the Ministry to implement the Recommendations in letter and spirit for any reason, the matter may 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 and final replies in respect of Recommendations contained in Chapter - V of this Report be furnished to them at an early date.**

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

**A. Pradhan Mantri Kisan Sampada Yojana (PMKSY)  
Recommendation No. 2**

**1.5** The Committee had observed/recommended as follows:—

"The Committee note that the Ministry has been implementing the Pradhan Mantri Kisan Sampada Yojana Scheme launched in May, 2017, which is a Central Sector Scheme. The Scheme has eight components:- (i) Mega Food Parks (ii) Integrated Cold Chain and Value Addition Infrastructure (iii) Creation / Expansion of Food Processing and Preservation Capacities (Unit Schemes) (iv) Infrastructure for Agro Processing Clusters (v) Creation of Backward and Forward Linkages (vi) Food Safety and Quality Assurance Infrastructure (vii) Human Resources and Infrastructure and (viii) Operation Greens. The Committee note that an amount of Rs. 923.94 Crore has been provisioned for BE 2023-24 for PMKSY. The Committee also note that with regard to achievement of targets for the Scheme, there has been shortfall in nearly all the Components of the Scheme. The Committee feel that unless all the Components of the PMKSY Scheme are implemented as per the target set by the Ministry, the avowed objective of the Scheme including better return to farmer and creating huge employment opportunities especially in the rural areas cannot be achieved.

The Committee, therefore, recommend that the Ministry should strive hard to implement the Scheme as per the targets set by them in a properly planned manner."

**1.6** In its Action taken reply, the Ministry has stated:-

"Under the component schemes of Pradhan Mantri Kisan Sampada Yojana (PMKSY), most of the projects approved have gestation period ranging from 2-3 years with staggered fund releases against milestones. The fund utilization has been relatively reduced in the financial years 2020-21 and 2021-22 due to the COVID pandemic restrictions, Governmental as well as non-Governmental implementing agencies had not been able to carry out the field activities, which led to sluggish implementation of schemes. Non-receipt of sufficient number of eligible proposals under various component schemes also contributed for less utilisation of allocated funds.

The Ministry is making incessant efforts in pursuing the Project Implementing Agencies (PIAs) of the approved projects under PMKSY through monitoring, review meetings and physical site inspection of the projects thereby mitigating the problems likely to cause delay in implementation of the project. Further, the Programme Management Agencies (PMAs) engaged under various component schemes of PMKSY are regularly interacting with the PIAs and are assisting them in proper implementation of the project. The Ministry and PMAs are putting their efforts in helping PIAs in completing their projects within the prescribed timelines as per the guidelines of the component schemes of PMKSY and to submit the requisite documents in required form for considering the timely release of grants-in-aid by the Ministry.

In view of the above, Ministry would be able to utilize effectively the BE allocation of Rs. 923.24 crore vis-à-vis physical targets under various component schemes of PMKSY."

**1.7 The Committee had expressed opinion that unless all the components of Pradhan Mantri Kisan Sampada Yojana (PMKSY) Scheme were implemented as per the target set by the Ministry, the objective of the Scheme including creation of huge employment opportunities could not be achieved. The Committee, therefore, had recommended that the Ministry should strive hard to implement the Scheme as per the targets set by them in a planned manner.**

The Ministry, in its Action Taken Reply has stated *inter-alia* that implementation of PMKSY and funds utilization was relatively sluggish during 2020-21 & 2021-22 due to COVID Pandemic and non-receipt of sufficient number of eligible proposals under various components of PMKSY. The Ministry is making incessant efforts in pursuing the Project Implementing Agencies (PIAs) and helping PIAs to complete their projects within the prescribed timelines for facilitating the timely release of grants-in-aid. The Committee while appreciating the efforts made the Ministry to improve the pace of implementation of PMKSY, desire that the Committee be apprised about the specific steps taken by the Ministry towards resolving the factors that affect effective implementation of PMKSY.

**B. Infrastructure for Agro Processing Clusters Scheme  
Recommendation No.3**

**1.8** The Committee had observed/recommended as follows:—

"The Committee note that the objective of the Scheme is to create modern infrastructure for food processing closer to production areas, to provide integrated and complete preservation infrastructure facilities from the farm gate to the consumers and to create effective backward and forward linkages by linking groups of producers/farmers to the processors and market through well equipped supply chain. The Committee further note that for the year 2020-21 an amount of Rs. 56.69 Crore had been allocated at RE Stage and the Actual Expenditure was Rs. 48.47 Crore, for the year 2021-22 an amount of Rs. 53.90 Crore had been allocated and the Actual Expenditure was Rs. 49.08 Crore and for the year 2022-23 against Rs. 56.55 Crore allocation, and the Actual Expenditure has been Rs. 28 Crore. For BE 2023-24, an amount of Rs. 81.30 Crore has been allocated against Rs. 81 Crore proposed.

The Committee also note that the target set for the year 2023-24 is 12 Projects but the target set for the years 2020-21, 2021-22 and 2022-23 have not been achieved.

The Committee also note that out of 79 Projects approved, core processing and basic enabling infrastructure have been completed in 16 Projects and 41,775 numbers of farmers have benefitted from these 16 completed Projects. The Committee also note that this Scheme is demand driven and as such no Projects have been approved in the States of Goa, Jharkhand, West Bengal, Arunachal Pradesh, Manipur, Mizoram, Nagaland, Tripura, Sikkim, Andaman and Nicobar Islands, Chandigarh, Dadar and Nagar Haveli of Daman and Diu, Delhi, Lakshadweep, Pondicherry and Ladakh.

The Committee, therefore, recommend that the Ministry should make earnest efforts to complete 79 Approved Projects in a time bound manner and also try to identify the reasons for the proposals not being received for a Single Project from the above mentioned States. The Committee would like to be informed of the action taken in this regard."

**1.9** In its Action Taken Reply, the Ministry has stated:-

"Ministry of Food Processing Industries (MoFPI) has been implementing the Scheme for Creation of Infrastructure for Agro Processing Clusters (APC) since 2017 under the Pradhan Mantri Kisan Sampada Yojana (PMKSY) which aims at development of modern infrastructure to encourage entrepreneurs to set up food processing units based on cluster approach.

During the implementation of APC projects, it has been observed that various compliances before setting up APC viz. Change of Land Use, approval of building layout plan, possession of land and removal of encumbrance thereon, Consent to Establish from pollution control board, sanction of term loan by lending bank/ financial institutions are time-consuming processes which on an average take around 10-12 months or even more depending on rules/ regulations of various States/ UTs and concerned Departments. Therefore, the developers of projects under the Scheme used to get only 10-14 months to actually implement and complete the projects (stipulated timeline was 20 months in General Areas and 24 months in Difficult Areas). Hence, there were delays in the implementation of projects. In order to mitigate the problems being faced by the developers of the projects, the Ministry vide the revised APC scheme guidelines dated 04.12.2020 has increased the time period for completion of new projects from earlier 20 months to 24 months for General Areas and from 24 months to 30 months for Difficult Areas.

APC scheme is a demand-driven scheme and financial assistance is provided to only the interested investors/ entrepreneurs who submit their proposals to the Ministry on the basis of their assessment of viability of the project viz. (cost of project, location of project, financial strength of investors, availability of raw materials, market conditions and demand from consumers etc. Till date, very few of the promoters from aforementioned States/ UTs (viz. Goa, Jharkhand, West Bengal, Arunachal Pradesh, Manipur, Mizoram, Nagaland, Tripura, Sikkim, Andman and Nicobar Islands, Chandigarh, Dadar and Nagar Haveli of Daman and Diu, Delhi, Lakshadweep, Pondicherry and Ladakh) have shown interest in submitting proposals under APC scheme.

However, Ministry is making continuous efforts to attract more investors/ entrepreneurs to avail benefits of the scheme for setting up APCs all over the country. In this regard, Ministry has simplified various provisions of the Scheme while issuing new guidelines on 08.06.2022. Ministry has also simplified the conditions for release of various instalments of grants-in-aid in the Scheme guidelines.

Further, Programme Management Agencies (PMAs) engaged by this Ministry under APC scheme are regularly interacting with the Project Implementing Agencies (PIAs) of approved projects and assisting them in proper implementation of the projects so as to ensure timely utilization of funds and implementation of APC projects. Ministry is also making incessant efforts for achieving the physical and financial targets through review meetings, virtual verifications and physical site inspections on regular basis."

**1.10 The Committee had expressed concern that the targets set for the implementation the Scheme of Infrastructure for Agro Processing Clusters (APC) were not fully achieved during the years 2020-21, 2021-22 and 2022-23. Out of the 79 approved Projects, only 16 Projects were completed. Further, no Project was approved in 16 States / UTs, due to demand driven mode of implementation of the Scheme. The Committee had therefore, recommended that the Ministry should make efforts to complete the 79 approved Projects in a time bound manner and find out the reasons for non-receipt of proposals from many States / UTs.**

In the Action taken reply, the Ministry has stated *inter-alia* that the delays in the implementation of Projects were due to various compliances / approvals like Change of land Use, Building Layout Plan, Consent of Pollution Control Board, Obtaining of Term-loan, etc. which need to be undergone by project developers under the APC Scheme. To mitigate the aforesaid problems/ issues, the Ministry revised APC Scheme Guidelines on 04.12.2020 and increased the time period for completion of new Projects from earlier 20 months to 24 months for General Areas and from 24 to 30 months for Difficult Areas. The Committee have also been informed that the APC scheme is a demand-driven scheme and financial assistance is provided on the basis of assessment of viability of the Project proposals submitted by the interested investors / entrepreneurs. Till date, very few of the promoters from aforementioned 16 States/UTs have shown interest in submitting proposals under this Scheme. However, the Ministry is making continuous efforts to attract more investors for setting up of APCs all over the country and simplified various provisions of the Scheme while issuing the new guidelines 08.06.2022. The Ministry is also making incessant efforts for achieving the physical and financial targets on regular basis. The Committee, while appreciating the efforts of the Ministry, also reiterate that all the approved Projects should strive to be completed in a time bound manner and remedial action be taken for getting Project proposals from the aforesaid 16 States /UTs.

\*\*\*\*

## CHAPTER - II

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

#### **Pradhan Mantri Kisan Sampada Yojana (PMKSY)**

##### **Recommendation No. 2**

The Committee note that the Ministry has been implementing the Pradhan Mantri Kisan Sampada Yojana Scheme launched in May, 2017, which is a Central Sector Scheme. The Scheme has eight components:- (i) Mega Food Parks (ii) Integrated Cold Chain and Value Addition Infrastructure (iii) Creation / Expansion of Food Processing and Preservation Capacities (Unit Schemes) (iv) Infrastructure for Agro Processing Clusters (v) Creation of Backward and Forward Linkages (vi) Food Safety and Quality Assurance Infrastructure (vii) Human Resources and Infrastructure and (viii) Operation Greens. The Committee note that an amount of Rs. 923.94 Crore has been provisioned for BE 2023-24 for PMKSY. The Committee also note that with regard to achievement of targets for the Scheme, there has been shortfall in nearly all the Components of the Scheme. The Committee feel that unless all the Components of the PMKSY Scheme are implemented as per the target set by the Ministry, the avowed objective of the Scheme including better return to farmer and creating huge employment opportunities especially in the rural areas cannot be achieved.

The Committee, therefore, recommend that the Ministry should strive hard to implement the Scheme as per the targets set by them in a properly planned manner.

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

Under the component schemes of Pradhan Mantri Kisan Sampada Yojana (PMKSY), most of the projects approved have gestation period ranging from 2-3 years with staggered fund releases against milestones. The fund utilization has been relatively reduced in the financial years 2020-21 and 2021-22 due to the COVID pandemic restrictions, Governmental as well as non-Governmental implementing agencies had not been able to carry out the field activities, which led to sluggish implementation of schemes. Non-receipt of sufficient number of eligible proposals under various component schemes also contributed for less utilisation of allocated funds.

The Ministry is making incessant efforts in pursuing the Project Implementing Agencies (PIAs) of the approved projects under PMKSY through monitoring, review meetings and physical site inspection of the projects thereby mitigating the problems likely to cause delay in implementation of the project. Further, the Programme Management Agencies (PMAs) engaged under various component schemes of PMKSY are regularly interacting with the PIAs and are assisting them in proper implementation of the project. The Ministry and PMAs are putting their efforts in helping PIAs in completing their projects within the prescribed timelines as per the guidelines of the component schemes of PMKSY and to submit the requisite documents in required form for considering the timely release of grants-in-aid by the Ministry.

In view of the above, Ministry would be able to utilize effectively the BE allocation of Rs. 923.24 crore vis-à-vis physical targets under various component schemes of PMKSY."

### **Comments of the Committee**

For Comments of the Committee please see para 1.7 of the Report

#### **Infrastructure for Agro Processing Clusters Scheme** **Recommendation No.3**

The Committee note that the objective of the Scheme is to create modern infrastructure for food processing closer to production areas, to provide integrated and complete preservation infrastructure facilities from the farm gate to the consumers and to create effective backward and forward linkages by linking groups of producers/farmers to the processors and market through well equipped supply chain. The Committee further note that for the year 2020-21 an amount of Rs. 56.69 Crore had been allocated at RE Stage and the Actual Expenditure was Rs. 48.47 Crore, for the year 2021-22 an amount of Rs. 53.90 Crore had been allocated and the Actual Expenditure was Rs. 49.08 Crore and for the year 2022-23 against Rs. 56.55 Crore allocation, and the Actual Expenditure has been Rs. 28 Crore. For BE 2023-24, an amount of Rs. 81.30 Crore has been allocated against Rs. 81 Crore proposed.

The Committee also note that the target set for the year 2023-24 is 12 Projects but the target set for the years 2020-21, 2021-22 and 2022-23 have not been achieved. The Committee also note that out of 79 Projects approved, core processing and basic



enabling infrastructure have been completed in 16 Projects and 41,775 numbers of farmers have benefitted from these 16 completed Projects. The Committee also note that this Scheme is demand driven and as such no Projects have been approved in the States of Goa, Jharkhand, West Bengal, Arunachal Pradesh, Manipur, Mizoram, Nagaland, Tripura, Sikkim, Andman and Nicobar Islands, Chandigarh, Dadar and Nagar Haveli of Daman and Diu, Delhi, Lakshadweep, Pondicherry and Ladakh.

The Committee, therefore, recommend that the Ministry should make earnest efforts to complete 79 Approved Projects in a time bound manner and also try to identify the reasons for the proposals not being received for a Single Project from the above mentioned States. The Committee would like to be informed of the action taken in this regard."

## **REPLY OF THE GOVERNMENT**

Ministry of Food Processing Industries (MoFPI) has been implementing the Scheme for Creation of Infrastructure for Agro Processing Clusters (APC) since 2017 under the Pradhan Mantri Kisan Sampada Yojana (PMKSY) which aims at development of modern infrastructure to encourage entrepreneurs to set up food processing units based on cluster approach.

During the implementation of APC projects, it has been observed that various compliances before setting up APC viz. Change of Land Use, approval of building layout plan, possession of land and removal of encumbrance thereon, Consent to Establish from pollution control board, sanction of term loan by lending bank/ financial institutions are time-consuming processes which on an average take around 10-12 months or even more depending on rules/ regulations of various States/ UTs and concerned Departments. Therefore, the developers of projects under the Scheme used to get only 10-14 months to actually implement and complete the projects (stipulated timeline was 20 months in General Areas and 24 months in Difficult Areas). Hence, there were delays in the implementation of projects. In order to mitigate the problems being faced by the developers of the projects, the Ministry vide the revised APC scheme guidelines dated 04.12.2020 has increased the time period for completion of new projects from earlier 20 months to 24 months for General Areas and from 24 months to 30 months for Difficult Areas.

APC scheme is a demand-driven scheme and financial assistance is provided to only the interested investors/ entrepreneurs who submit their proposals to the Ministry on the basis of their assessment of viability of the project viz. (cost of project, location of project, financial strength of investors, availability of raw materials, market conditions and demand from consumers etc. Till date, very few of the promoters from aforementioned States/ UTs (viz. Goa, Jharkhand, West Bengal, Arunachal Pradesh, Manipur, Mizoram, Nagaland, Tripura, Sikkim, Andman and Nicobar Islands, Chandigarh, Dadar and Nagar Haveli of Daman and Diu, Delhi, Lakshadweep, Pondicherry and Ladakh) have shown interest in submitting proposals under APC scheme.

However, Ministry is making continuous efforts to attract more investors/ entrepreneurs to avail benefits of the scheme for setting up APCs all over the country. In this regard, Ministry has simplified various provisions of the Scheme while issuing new guidelines on 08.06.2022. Ministry has also simplified the conditions for release of various instalments of grants-in-aid in the Scheme guidelines.

Further, Programme Management Agencies (PMAs) engaged by this Ministry under APC scheme are regularly interacting with the Project Implementing Agencies (PIAs) of approved projects and assisting them in proper implementation of the projects so as to ensure timely utilization of funds and implementation of APC projects. Ministry is also making incessant efforts for achieving the physical and financial targets through review meetings, virtual verifications and physical site inspections on regular basis.

### **Comments of the Committee**

For Comments of the Committee please see para 1.10 of the Report

### **Prime Minister Formalization of Micro Food Processing Enterprises (PMFME) Recommendation No. 7**

The Committee note that as part of Aatma Nirbhar Bharat Abhiyan, Ministry has launched an All India Centrally Sponsored Scheme 'PM Formalization of Micro Food Processing Enterprises (PMFME) Scheme' for providing financial, technical and business support for upgradation of existing Micro Food Processing Enterprises. The Scheme was approved by Union Cabinet on 20 May, 2020 and guidelines were issued on 19 June, 2020. It is to be implemented for a period of five years from 2020-21 with

an outlay of Rs. 10,000 Crore. Two lakh Micro Processing Units will be directly assisted with Credit Linked Subsidy. The objective of the Scheme is to increase access to credit by the existing Micro Food Processing Entrepreneurs, Farmer Producer Organizations (FPOs), Self-Help Groups and Co-operatives, Integration with organized supply chain by strengthening branding and marketing, support for transition of existing 2,00,000 Enterprises into formal framework, increase access to common service like common processing facility laboratories, storage, packaging, marketing and incubation services, strengthening of institutions, research and training in the Food Processing Sector and to increase access to professional, technical support and enterprises.

There is One District One Product (ODOP) approach to reap the benefits of scale in terms of procurement of inputs, availing common services and marketing of products. ODOP for the Scheme will provide the framework for value chain development and alignment of support infrastructure. The ODOP product selected is either a perishable agri-produce, cereal based product or a food product widely produced. The Committee are happy to note that under ODOP, the Ministry have removed the restriction imposed on a District regarding opting for a particular product. Now the District can opt for more than one Product and the Entrepreneurs can invest in any of these Products.

The Committee note that an amount of Rs. 290 Crore was proposed for this Scheme in 2022-23 and the Actual Expenditure is Rs. 180.95 Crore and for the year 2023-24 an amount of Rs. 750 Crore was proposed and finally Rs. 639.05 Crore has been allocated. The Committee also note that till 10th February, 2023, 11,285 Micro Food Processing Enterprises have been formalized.

The Committee are of the opinion that at the present pace of formalization, all the Micro Processing Enterprises cannot be covered within the stipulated time frame and therefore recommend that the Ministry should try to implement this Scheme as per the set time schedules. They are of the opinion that wide publicity should be given in electronic and print media including in all regional languages so that awareness about the Scheme may reach upto the Micro Level Entrepreneurs. They further urge that optimum level of utilization of funds be achieved. The Committee would like to be informed of the action taken in this regard.

## **REPLY OF THE GOVERNMENT**

The Prime Minister Formalisation of Micro food processing Enterprises (PMFME) was launched on 29th June 2020. The major reasons for less expenditure under the Scheme was due to delay in establishment of institutional units at State & District level, restrictions of COVID 19 pandemic causing restricted awareness as well as other preparatory activities to be conducted for implementation of various components. The other reasons for low expenditure by the States/ UTs during the initial two years was opening up of Budget Heads and making Budget provision by States / UTs, delay in withdrawal of fund from State Treasury, contribution of matching State/ UTs share etc.

In the year 2020-21, no loans were sanctioned; in the 2nd Financial year (FY 2021-22), 2895 loans were sanctioned while in FY 2022-23, 28,828 loans have been sanctioned. The scheme is picking up the speed exponentially towards achieving its target of formalizing 2 lakh micro food processing enterprises in the remaining years. The details of outcome / achievements made under the PMFME Scheme till date, since its inception are at Annexure I.

Further, to increase the pace of expenditure, Ministry is holding meetings regularly with various stakeholders such as State Governments/State Nodal Agencies (SNAs), District Nodal Officers (DNOs), State Level Banking Committees (SLBCs)/ lending banks etc. Ministry has also taken up the issues relating to lending banks with Department of Financial Services (DFS) for directing the banks to sanction loan on faster mode.

Ministry is conducting various promotional activities and wide scale publicity through advertisements, print ads, radio jingles etc. to increase the outreach of the scheme. The details of the promotional activities are at Annexure II.

### **Less Utilization of Allocated Funds for 2023-24 in Integrated Cold Chain and Value Addition Infrastructure** **Recommendation No. 8**

The Committee observe that 29 eligible proposals received in response to EOI dated 21.06.2022 for this Scheme could not be approved for want of funds. The Committee observe that as per Budget Allocation 2022-23 an amount of Rs. 230.50 Crore was allocated at BE Stage and Rs. 222.34 Crore has been allocated at RE Stage, whereas the Actual Expenditure as on 31.01.2023 is Rs. 158.09 Crore.

The Committee are constrained to note that inspite of having sufficient funds at their end, 29 eligible proposals received for this Scheme have not been approved for want of funds. The Committee desire to know the reason for this and also recommend the Ministry to look into this aspect seriously. The Committee would like to be informed of the action taken in this regard.

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

It is stated that total 31 Projects have been approved under the Scheme for Integrated Cold Chain & Value Addition Infrastructure with total approved grant-inaid of Rs. 227.25 crore and with total capacity of 30.06 Lakh MT per annum against the EOI dated 21.06.2022.

However, as per the Budget Allocation 2022-23 an amount of Rs. 230.50 crore and Rs. 222.34 crore were allocated under BE and RE stage respectively, whereas the Actual Expenditure is Rs. 203.07 crore as on 31.03.2023.

## **CHAPTER - III**

### **OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES**

#### **Analysis of Demands**

##### **Recommendation No. 1**

The Committee note that against the proposed allocation of Rs. 3,473.97 Crore for BE 2023-24 by the Ministry, an amount of Rs. 3,287.65 Crore in BE 2023-24 has been allocated. Though it is less than the proposed amount, it is higher than the amount of Rs. 2,941.99 Crore allocated for BE 2022-23.

The Committee feel that less allocation of funds to the Ministry may be due to less utilization of allocated funds, which is clear from the Statement given by the Ministry regarding Scheme-wise outlays and Expenditure for the years 2020-21, 2021-22 and 2022-23. The Committee feel that the under-utilization of allocated funds consistently by the Ministry is acting as a stumbling block in achieving the objectives of various Schemes of the Ministry aimed at addressing critical issues of food security, food inflation and providing wholesome nutritious foods to the masses, ensuring better returns for the farmers, generating employment and earning foreign exchange through the exports.

The Committee, therefore, desire that the Ministry should strive hard for optimal utilization of allocated funds for effective implementation of the Schemes.

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

The recommendation of the Hon'ble committee has been noted for making efforts for optimum utilization of funds during 2023-24.

The Ministry is closely monitoring implementation and expenditure for improving level of utilization of allocated budget under various schemes of the Ministry viz. Pradhan Mantri Kisan Sampada Yojana (PMKSY), Prime Minister formalization of Micro Food Processing Enterprises (PMFME) and Production-Linked Incentive Scheme for Food Processing Industry (PLIS).

Under Prime Minister formalization of Micro Food Processing Enterprises (PMFME) Scheme the Ministry has revised the fund flow arrangement providing for release of 100 % Central Share through the State Treasury w.e.f. 01/04/2023.

The Ministry launched a new Central Sector Scheme viz. Production-Linked Incentive Scheme for Food Processing Industry (PLIS) in April, 2021. Production-Linked Incentive Scheme for Food Processing Industry (PLIS) has started disbursing incentives in the Financial Year 2022-23 and is likely to pick-up further for utilization of allocated funds of Rs. 1530 Crore during FY 2023-24.

A Statement showing funds allocated and utilization thereof under PMKSY, PMFME, PLIS and Non-Scheme during the year 2022-23 and allocation for 2023-24 is given below :

₹ in Crore

Scheme	BE 2022-23	RE2022-23	Actual Expenditure as on 31.03.2023	% with reference to RE	BE 2023-24
PMKSY	900.00	673.00	561.92	83.49	923.24
PMFME	900.00	290.00	274.76	94.74	639.05
PLIS	1022.00	801.00	489.83	61.15	1530.00
Non-Scheme	119.99	137.59	128.62	93.48	195.36
<b>Total</b>	<b>2941.99</b>	<b>1901.59</b>	<b>1455.13</b>	<b>76.52</b>	<b>3287.65</b>

### **Scheme for Integrated Cold Chain and Value Addition Infrastructure**

#### **Recommendation No. 4**

The Committee note that under this Scheme for setting up of Integrated Cold Chain, Preservation and Value Addition Infrastructure Facilities without any break from the farm gate to the consumer, the Ministry provides financial assistance in the form of grant-in-aid @50% of eligible Project cost for areas for North-eastern States, Scheduled Caste, Scheduled Tribe, FPOs, SHGs and @35% for other regions, subject to a maximum grants-in-aid of Rs. 10 Crore Per Project.

The Committee were further informed that as on 31.12.2022, 376 Integrated Cold Chain Projects have been taken up for implementation. Out of these, 269 Projects have been completed and 107 are at various stage of implementation. The Committee note that a study conducted by NABARD Consultancy Services (NABCONS) revealed that

35 Million Metric Tonnes (MMT) cold storage capacity was required against the existing capacity of 32 Million Metric Tonnes (MMT).

The Committee are of the opinion that one of the main reasons for 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 consumers. The Committee, therefore, recommend the Ministry to strive hard to make sure that all the approved Projects are completed in time so that they can start commercial operations at the earliest. The Committee also desire the Ministry to establish Cold Storage Plants as per the need and requirement in remote parts of the country so that the objective of curtailing the Post Harvest Losses of Agriculture and Horticulture produce can be achieved. The Committee would like to be informed of the action taken in this regard.

### **REPLY OF THE GOVERNMENT**

In furtherance to the mandate in the Allocation of Business Rules 1961, the Ministry of Food Processing Industries (MoFPI) has been making concerted efforts to augment the level of food processing in the country and thereby helping in reducing the wastage of agri-horti produce. Establishment of standalone cold storage is not within the mandate of MoFPI and is rather within the ambit of subjects allotted to the Ministry of Agriculture & Farmers Welfare. MoFPI is supplementing MoA&FW in its efforts to minimize post-harvest losses.

MoFPI is implementing an umbrella scheme, namely Pradhan Mantri Kisan Sampada Yojna (PMKSY), for extending financial support by way of grants-in-aid to the individuals/ entities who come forward with project proposals for setting up of processing facilities for different crops/ produce. The Scheme for Integrated Cold Chain and Value Addition Infrastructure is demand driven in nature under PMKSY Scheme. Its main aim is to provide integrated cold chain and preservation infrastructure facilities, without any break, from the farm gate to the consumer. It covers creation of infrastructure facilities along the entire supply chain viz. precooling, weighing, sorting, grading, waxing at farm level, multi product/multi temperature cold storage, CA storage, packing facility, IQF, blast freezing in the distribution hub and reefer vans, mobile cooling units for facilitating distribution of non-horticulture, horticulture, fish/marine (except shrimp), dairy, meat and poultry. The scheme allows flexibility in project planning with special emphasis on creation of cold chain infrastructure at farm level.



The Ministry and the Project Management Agencies regularly monitors the projects for timely completion.

Under this scheme, MoFPI invites project proposals from interested individuals/entities through Expression of Interest (Eoi) issued from time to time under the guidelines of respective sub-schemes. Approvals to the proposals received are accorded on merit basis amongst proposals found eligible as per eligibility and assessment criteria stipulated in the guidelines. The last Eoi was issued on 21st June 2022 based on guidelines dated 8th June 2022.

### **Operation Greens**

#### **Recommendation No. 5**

The Committee note that in pursuance of the budget announcement for the year 2018-19, the Ministry of Food Processing Industry had launched a new Central Sector Scheme "Operation Greens" for Integrated Development of Tomato, Onion and Potato (TOP) Value Chain with a budgetary allocation of Rs. 500 Crore. The Scheme envisages to promote Farmer Producers Organizations, Agri-logistics, Processing Facilities and Professional Management. Grants-in-aid @35% of eligible Project cost for Projects in General Areas and @50% of eligible Project cost of Projects in Difficult Areas as well as for Projects of SC/ST, FPOs and SHGs with maximum of Rs. 50 Crore is provided under this Scheme. Organizations such as State Agriculture Federations, State Marketing Federations, Farmer Producer Organizations, Cooperative SHGs, Companies, Food Processors, Logistics Companies, Supply Chain Operators, Retail Chains, Wholesale Chains, State/Central entities/organizations etc. are eligible for financial assistance under this Scheme. The Scheme has two pronged strategies of Long term interventions and Short term interventions.

The Committee also note that revised Scheme Guidelines were issued on 08.06.2022 for effective implementation of this Scheme. 6 Projects were approved till 31.03.2021 but only 2 Projects are at completion stage. Further, the Committee were told that 52 Approved Projects will be made operational by March, 2026, which is due to the huge response from the Stakeholders, after the guidelines were revised.

The Committee are dismayed to note that even after 4 years of introduction of this Scheme, only 2 Projects are at completion stage. The Committee feel that with such a slow progress, the very objective of the Scheme gets diluted as till date growers of

fruits and vegetables are forced to make distress sale, when there is surplus production or not able to store their perishable produce due to lack of cold storage.

The Committee, therefore, recommend that the Ministry should chalk out a strategy without any further loss of time to organize marketing of Tomato, Onion and Potatoes and other fruits and vegetables notified in the TOP to TOTAL Scheme by connecting farmers with consumers by inviting the respective State Agriculture and other Marketing Federations, FPOs, Cooperative Companies and Self Help Groups (SHGs). The Committee feel this will not only help to prevent the loss of perishable produce but also increase the income of the farmers and contribute to the objective of Doubling of Farmers Income.

### **REPLY OF THE GOVERNMENT**

This Scheme is demand-driven in nature, and project proposals from across India are invited from interested individuals/entities through Expressions of Interest (EOI) for setting up of food processing facilities. Proposals received are evaluated based on eligibility and assessment criteria. Approvals are given based on merit amongst eligible proposals.

Grant-in-aid is offered @35% to 50%, up to a total of Rs.15 crores under the "Operation Greens Scheme - Long Term Interventions" which is one of the sub-schemes of the Pradhan Mantri Kisan Sampada Yojana (PMKSY).

The Scheme's objectives include increasing the food processing capacities and value addition by creating linkages with identified production clusters, and thereby enhancing the value that farmers realize through the development of farm gate infrastructure, strengthening of production clusters/FPOs, reduction in post-harvest losses, appropriate agri-logistics, creation of adequate storage capacity, linking consumption centers, etc. The Scheme has two components, namely, (i) Integrated Value Chain Development Projects, and (ii) Standalone Post-Harvest Infrastructure Projects.

22 perishable commodities, including 10 fruits, 11 vegetables, and shrimp, are included for value chain development of designated clusters.

The subjects allocated to the Ministry under Government of India (Allocation of Business) Rules, 1961 are *inter alia*, "Fruit and vegetable processing industry (including

freezing and dehydration)” and, accordingly, it is not within mandate of this Ministry to engage in any activity relating to the marketing of fresh crops.

The Ministry makes efforts to publicize/ popularize the OG Scheme through mass/ print media advertisements in regional languages. The Ministry recently gave a presentation on the guidelines for the short-term interventions of the OG Scheme for the benefit of stakeholders at the weekly meeting of the Department of Agriculture & Farmers Welfare with the major States producing potatoes and onions.

Further, in order to effectively reach the stakeholders and fulfil the objectives of the Scheme, the Ministry is committed to participate and engage with State Government officials on a regular basis in such meetings in the future.

### **Production Linked Incentive Scheme (PLIS)**

#### **Recommendation No. 6**

The Committee note that the Union Cabinet in its meeting held on 31.3.2021 approved another ambitious Central Sector Scheme, Production Linked Incentive Scheme (PLIS) for Food Processing Industry to support Indian Brands of food products in the International market with an outlay of Rs. 10,900 Crore. The Scheme has been formulated based on the Production Linked Incentive Scheme (PLIS) of NITI Aayog under 'Aatma Nirbhar Bharat Abhiyan' for enhancing India's manufacturing capabilities and exchanging exports. The Scheme will be implemented over a six year period from 2021-22 to 2026-27.

The Committee further note that the first Component of the Scheme is related to incentivizing manufacturing of four major food product segment viz Ready to Cook, Ready to Eat (RTC/RTE) foods including Millets based products, Processed fruits and vegetables, marine products and mozzarella cheese. The second component relates to Production of Innovative / Organic products of SMEs including Free Range - eggs, poultry meat, egg products in these four segments. The third component relates to support for branding and marketing abroad to incentivize emergence of strong Indian Brands for in-store Branding, Shelf-space renting and marketing. It was informed that the Scheme has been well received by the Food Processing Industry and a total of 274 applications have been received.

The Committee observe that an amount of Rs. 1,530 Crore has been allocated for the year 2023-24. The Committee also note that 150 Proposals have been finalized

in 3 Categories after evaluation and investment of about Rs. 5,000 Crore has been made so far by the beneficiaries against total committed investment of Rs. 7,722 Crore. However, the Committee are dismayed to note that an amount of Rs. 108.27 Crore has been spent against allocated Rs. 801 Crore till 31.01.2023.

The Committee, therefore, recommend to the Ministry that to bring Indian companies at par with their global counterparts, the Ministry should endeavor to properly utilize allocated funds in an effective way so as to reap maximum benefits from this ambitious Scheme.

## **REPLY OF THE GOVERNMENT**

It is submitted that against the allocation ₹801 Crore for FY 2022-23, an amount of ₹489.83 Crore was spent as on 31.03.2023. The lesser amount of spending as against the allocated budget was due to the reasons pertaining to some PLI Scheme applicants failing to achieve the targeted committed investment, while in some other cases where the production was made using imported raw materials, sales were not incentivized. Some applicants could not achieve the desired growth in sales for which did not qualified for getting incentive. In few cases applicants did not submit the application for incentive claims. Since this was the first year for disbursement of incentives under the Scheme, some lessons have been learnt and it shall be the endeavor of the Ministry to properly utilize allocated funds in an effective way in the coming years to bring Indian companies at par with their global counterparts. Moreover, the applicants have been sensitized to submit the desired documents in timely manner so as to enable the Ministry to process the incentive claims in time.

**CHAPTER - IV**

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

**NIL**

**CHAPTER - V**

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

**NIL**

**NEW DELHI;  
08 August, 2023  
17 Sravana, 1945 (Saka)**

**P.C. GADDIGOUDAR  
Chairperson  
Standing Committee on Agriculture,  
Animal Husbandry and Food Processing**

**STANDING COMMITTEE ON AGRICULTURE, ANIMAL HUSBANDRY AND FOOD  
PROCESSING BRANCH**

**(2022-23)**

**MINUTES OF THE NINETEENTH SITTING OF THE COMMITTEE**

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The Committee sat on Tuesday, the 08 August, 2023 from 1500 hrs. to 1530 hrs. in Hon'ble Chairperson's Chamber, Room No. 103, 1st Floor, Block - B, PHA Extn., New Delhi.

**PRESENT**

***Shri P.C. Gaddigoudar, Chairperson***

**MEMBERS**

**LOK SABHA**

2. Shri A. Ganeshamurthi
3. Shri Mohan Mandavi
4. Shri Devji Mansingram Patel
5. Smt. Sharda Anilkumar Patel
6. Shri Bheemrao Baswanthrao Patil
7. Shri Shrinivas Dadasaheb Patil
8. Mohammad Sadique
9. Shri Devendra Singh *alias* Bhole Singh
10. Shri Virendra Singh
11. Shri V.K. Sreekandan

**RAJYA SABHA**

12. Smt. Ramilaben Becharbhai Bara
13. Shri Masthan Rao Beeda
14. Dr. Anil Sukhdeorao Bonde
15. Shri Kailash Soni
16. Shri Ram Nath Thakur
17. Shri Vaiko

## SECRETARIAT

- |    |                            |   |                      |
|----|----------------------------|---|----------------------|
| 1. | Shri Shiv Kumar            | - | Additional Secretary |
| 2. | Shri Uttam Chand Bharadwaj | - | Director             |
| 3. | Shri Prem Ranjan           | - | Deputy Secretary     |
| 4. | Shri N. Amarathiagan       | - | Under Secretary      |

2. At the outset, Chairperson welcomed the Members to the Sitting of the Committee. Thereafter, the Committee took up for consideration the following Draft Action Taken Reports:

- |        |      |      |      |       |
|--------|------|------|------|-------|
| *(i)   | XXXX | XXXX | XXXX | XXXX; |
| *(ii)  | XXXX | XXXX | XXXX | XXXX; |
| *(iii) | XXXX | XXXX | XXXX | XXXX; |
| *(iv)  | XXXX | XXXX | XXXX | XXXX; |

(v) Draft Action Taken Report on Action-taken by the Government on the Observations / Recommendations contained in the Fifty-Fifth Report of the Committee on 'Demands for Grants (2023-24)', pertaining to the Ministry of Food Processing Industries;

- |       |      |      |      |       |
|-------|------|------|------|-------|
| *(vi) | XXXX | XXXX | XXXX | XXXX; |
|-------|------|------|------|-------|

3. After some deliberations, the Committee adopted the Draft Action Taken Reports without any modifications and the Committee authorized the Chairperson to finalize and present these Reports to Parliament.

**The Committee then adjourned.**

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\* Matter not related to this Report.



## APPENDIX - I

(Vide Para 4 of Introduction of the Report)

*ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE OBSERVATIONS / RECOMMENDATIONS CONTAINED IN THE FIFTY FIFTH REPORT (17<sup>TH</sup> LOK SABHA) OF THE STANDING COMMITTEE ON AGRICULTURE, ANIMAL HUSBANDRY AND FOOD PROCESSING (2022-23)*

(i)	Total number of Recommendations	08
(ii)	Observations/ Recommendations that have been Accepted by the Government Para Nos. 2,3,7 and 8	
	Total	04
	Percentage	50.00%
(iii)	Observations/ Recommendations which the Committee do not desire to pursue in view of the Government's replies Para Nos. 1,4, 5 and 6	
	Total	04
	Percentage	50.00%
(iv)	Observations/ Recommendations in respect of which replies of the Government have not been accepted by the Committee Para No. NIL	
	Total	00
	Percentage	00.00%
(v)	Observations/ Recommendations in respect of which Final replies of the Government are still awaited Para Nos. NIL	
	Total	00
	Percentage	00.00%