

**FIFTH REPORT  
STANDING COMMITTEE ON  
AGRICULTURE  
(1993-94)**

**TENTH LOK SABHA**

**MINISTRY OF FOOD PROCESSING INDUSTRIES  
ANNUAL REPORT (1992-93)**



*Presented to Lok Sabha on .....December, 1993*  
*Laid in Rajya Sabha on .....December, 1993*



**LOK SABHA SECRETARIAT  
NEW DELHI**

---

*December, 1993/Pausa, 1915 (Saka)*

**COA No. 5**

*Price: Rs. 5.00*

**©1993 BY LOK SABHA SECRETARIAT**

**Printed under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Seventh Edition) and printed by Manager, P.L. Unit, Govt. of India Press, Minto Road, New Delhi.**

Corrigenda  
to  
Fifth Report  
Standing Committee on Agriculture  
(1993-94)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>Delete</u>	<u>For</u>	<u>Read</u>
2	1.5	7 from below	'be'	-	-
5	2.7	2 from below	-	however	However
5	2.7	3 from below	-	Statis- tics	statistics
8	4.1	1	-	vas	vast
9	4.3	3 from belcw	-	volu- tary	voluntary
10	5.1	4 from belcw	-	rasult	result

## CONTENTS

	<b>PAGE</b>
COMPOSITION OF THE COMMITTEE . . . . .	(iii) to (iv)
PREFACE . . . . .	(v)
1. Introduction . . . . .	1
2. Eighth Plan Outlay and Implementation of Plans/ Schemes. Aims & Objectives. . . . .	3
3. Rural Employment Generation . . . . .	6
4. Fruit & Vegetable Processing . . . . .	8
5. Milk & Milk Products . . . . .	10
6. Meat and Poultry Processing . . . . .	11
7. Deep Sea Fishing . . . . .	12
8. Consumer Food Industries . . . . .	12
Conclusions & Observations . . . . .	14
Annexure-I . . . . .	16
Chart-I . . . . .	17
Annexure-II . . . . .	18

COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE  
(1993-94)

CHAIRMAN

Shri Nitish Kumar

MEMBERS  
*Lok Sabha*

2. Shri D. Pandian
3. Shri Birbal
4. Shri Nathuram Mirdha
5. Shri G. Ganga Reddy
6. Shri Ankushrao Raosaheb Tope
7. Shri Sarat Chandra Pattanayak
8. Shri Govindrao Nikam
9. Kumari Pushpa Devi Singh
10. Shri Channaiah Odeyar
11. Shri Tara Singh
12. Shri Anantrao Deshmukh
13. Shri Uttamrao Deorao Patil
14. Shri V. V. Nawale
15. Shri Rajvir Singh
16. Km. Uma Bharati
17. Shri Rudrasen Choudhary
18. Shri Ganga Ram Koli
19. Dr. Gunawant Rambhau Sarode
20. Dr. Parshuram Gangwar
21. Shri Rajendra Kumar Sharma
22. Smt. Krishnendra Kaur
23. Shri Arjun Charan Sethi
24. Shri Shiva Sharan Singh
25. Shri Upendra Nath Verma
26. Shri Zainal Abedin
27. Shri B. N. Reddy
28. Shri Kamla Mishra Madhukar
29. Dr. R. K. G. Rajulu
30. Shri Shibu Soren

*Rajya Sabha*

31. Shri Ram Narain Goswami
32. Shri H. Hanumanthappa
33. Shri Vithalrao Madhavrao Jadhav
34. Shri Anant Ram Jaiswal
35. Dr. Bapu Kaldate
36. Shri David Ledger

37. Shri Maheshwar Singh
38. Shri Bhupinder Singh Mann
39. Shri N. Thangaraj Pandian
40. Shri S. K. T. Ramachandran
41. Dr. Narreddy Thulasi Reddy
42. Shri Shiv Charan Singh
43. Shri Som Pal
44. Shri K. N. Singh
- \*45. Shri Ramji Lal

SECRETARIAT

1. Shri G. L. Batra — *Additional Secretary*
2. Smt. Revathi Bedi — *Deputy Secretary*
3. Shri Haripal Singh — *Under Secretary*

## PREFACE

1. The Chairman of the Committee on Agriculture having been authorised by the Committee to submit the Report on their behalf, present this Fifth Report on the Annual Report (1992-93) of the Ministry of Food Processing Industries.

2. The Standing Committee on Agriculture took the evidence of the representatives of the Ministry of Food Processing Industries on 29th June and on 21st September, 1993. The Committee wish to express their thanks to the Officers of the Ministry for placing before them the material and information which they desired in connection with the examination of Annual Report (1992-93) of the Ministry and for giving evidence before the Committee.

3. The report was considered and adopted by the Committee on Agriculture on 26th November, 1993.

NEW DELHI;

20  
December, 1993

NITISH KUMAR

Chairman,  
Committee on Agriculture.

## **1. INTRODUCTION**

**1.1** Ministry of Food Processing Industries was established in July, 1988. The Ministry of Food, Ministry of Agriculture & Cooperation, Department of Industrial Development, Ministry of Industry and Department of Chemicals and Petro/chemicals were looking after the work prior to transfer of work to the Ministry of Food Processing Industries in July 1988.

**1.2** The creation of Ministry of Food Processing Industries was perceived to be a manifestation of an ideal process of integration involving various segments of the food processing hitherto administered by various departments/ministries and placing them under single administrative authority of the Government, with a view to provide a dynamic and synchronised mesh between the farmers and industry.

**1.3** The objective of setting up of this Ministry was to provide a dynamic and synchronised mesh between the farmers and the industry in the food processing sector for

- (a) Better utilization of agricultural produce,
- (b) greater value addition to the rural produce,
- (c) generation of employment particularly in the rural areas,
- (d) enhancement of net level of rural income,
- (e) induction of modern technology and processing of foods,
- (f) reduction of wastage by promoting utilization of fruits & vegetables,
- (g) enhancing nutritional inputs available to the people, and
- (h) earning of foreign exchange by promoting export of value added products.

**1.4** The following areas of work are dealt with by this Ministry:

- (i) Fruit and vegetable processing industry (including freezing and dehydration).
- (ii) Foodgrain milling industry.
- (iii) Dairy products such as milk powder, infant milk food, malted milk food, condensed milk, ghee, etc.
- (iv) Processing and refrigeration of poultry eggs and meat products.
- (v) Processing of fish (including canning and freezing).
- (vi) Technical assistance and advice to fish processing industry.



(vii) Establishment and servicing of two Development Council for all scheduled industries concerning this Ministry.

(viii) Fishing and fisheries beyond territorial waters.

(ix) Planning, development and control of, and assistance to industries relating to bread, oilseeds, meals (edible), breakfast foods, biscuits, confectionery (including cocoa processing and chocolate making), malt extract, protein isolate, high protein food, weaning food and extruded food products (including other ready-to-eat foods).

(x) Specialized packing for food processing industries.

(xi) Beer including nonalcoholic beer.

(xii) Alcoholic drinks from non-molasses base.

(xiii) Aerated water/soft drinks.

1.5 Asked about the justification for the creation of a separate Ministry and whether the earlier arrangements suffered from any drawback the Ministry stated in a written note that although agro-food industry accounts for nearly 18% of the industrial GDP and employs a substantial work force, the advantages of this sector for providing large employment and value addition to the agriculture produce through organised industry activity could not be tapped properly under the earlier arrangements. Usually, these subjects were dealt within a scattered manner by different Ministries, making a coordinated approach to the sector difficult. Also, in larger Ministries their substantive subjects took precedence and the focus on the agro-processing sub-sectors was not adequate. The details of the plan expenditure from 1987-88 to 1992-93 are appended herewith (Annexure-I) and will indicate that the plan expenditure for the Ministry for implementing various developmental schemes has increased from Rs. 5.64 crores in the 1987-88 to Rs. 32.89 crores in the year 1992-93. In the fishery sector the expenditure in 1987-88 and 1988-89 does not include the funds for giving loans for acquiring of fishing vessels as these were transferred to Shipping Development Fund Committee. It may be noticed that the provisions in 1987-88 and 1988-89 did not include any allocation for the fruits and vegetable processing sector and Meat & Poultry Processing Sector. But after the formation of the Ministry provisions for these sectors have also been made. Similarly, this ministry started allocating funds for investment in fish processing which was absent in earlier plans of the Agriculture Ministry.

1.6 The Ministry of Food Processing Industries has now been able to bring the agro-food processing sector into national focus.

## 2. EIGHTH PLAN OUTLAY AND IMPLEMENTATION OF PLANS/ SCHEMES

### Aims & Objectives

2.1 In a written note regarding identification of priority sectors in the VIII Plan and Implementation of the same the Ministry stated that the key elements identified for development of this sector in the 8th Plan relate to unfettering private initiative and providing requisite stimulus by way of incentives, investment and policy supports. Role of the Government has been envisaged as that of a facilitator. The public sector would step in only in those areas where private initiative is lacking. The public sector should also provide a requisite infrastructure for the growth of this sector. People's efforts whether in the private sector or through voluntary organizations, will be encouraged. And, investments in various sub-sectors will be carefully planned so that the investments bring about the desired multiplier effect particularly in the rural areas.

2.2 With regard to the strategy adopted for achieving the objectives, the Ministry stated that various plan schemes have been formulated under which equity/grant-in-aid is provided to the private sector/cooperative sector/voluntary organizations/public sector for the development of infrastructure and for setting up new units relating to food processing industries. Incentives such as interest subsidy and diesel subsidy are also provided. The Ministry encourages the development of backward linkages through contract farming in order to ensure stability in supply of raw-materials. Some industries can be set up only in backward areas as part of the strategy for the development of these areas.

2.3 The Secretary, Ministry of Food Processing Industries replied during evidence:—

Our objective is that we will act as a catalyst, as a supplier of information, as a kind of a supporter to the programme for industrialization, and I think if there is one Ministry in the country today which is really being set up with the idea of a liberal environment and with the main purpose of not controlling industries, not regulating industry, or helping, supporting and promoting the industry, I think this is one Ministry. We are completely equipped to handle all the problems which we are supposed to solve.

I think there is a direct relationship between our work, the total environment in the country and the intentions which are being received in the Ministry in the form of memoranda. The figures are, the number of IEMs upto 30th April, 1993 is 2097 involving an

investment of over Rs. 33,000 crores and separately also we have been helping in the approval of cases involving foreign investment. During the course of the Eighth Plan, we are proposing to set up 250 such centres. All these centres will be set up in the rural areas. There is no proposal to set up any centre in the urban areas. Already 38 centres have been approved. Out of these, ten have started functioning and the others are in the process of being set up.

In 1989, the working group on Agro Food Processing Industry set up by the Planning Commission prior to formulation of the Eighth Plan recommended an investment of over Rs. 23,230 crores for additional employment generation of about 4,29,000 persons of which the public sector investment was proposed to be Rs. 3,871 crores. Subsequently, at the time of formulation of Eighth Plan, after reviewing the investment possibility and the approach adopted by the Planning Commission, the Ministry had proposed a Central Sector outlay of Rs. 700 crores. But the Planning Commission finally allocated Rs. 146 crores only. The break-up of the Budgeted (Plan) expenditure for 1993-94 and plan outlay for 8th Plan is at Annexure-II

2.4 Asked why the Ministry's plan scheme had been reduced to 146 crores and whether it resulted in reallocation or reprivatization of planned schemes, if so, what were the schemes which were either reduced financially or reprioritised, the Secretary replied during evidence "There are two reasons one is the general limitation on the size of the plan.... This Rs. 700 was a little too ambitious for the Ministry also. In the year 1990-91 when this plan was prepared, and in 1991-92 when it was being considered, our expenditure on plan schemes was ranging between Rs. 15 crores to Rs. 25 crore. From there we jumped to Rs. 125 crores and then we went up to Rs. 700 crores. Perhaps that is the reason the Planning Commission considered it to be a little biggish jump. Secondly, there was constraint of resources also. So, what they did was—that is what we understand—that they just cut it to make it a 15-20 per cent growth every year."

2.5 With regard to reprivatization of planned schemes on account of drastic cut in plan allocation the Secretary continued,

"During the course of the Annual Plan discussions, I was given to understand that they will accept only an increase of 15 to 20 per cent over the previous year's allocation and that they were not prepared to consider anything beyond that. About the priority, they have accepted almost all the schemes which we have given but they have reduced the allocation for those schemes. There is one point which I must submit here and that is that even if we go by an annual increase of ten to fifteen per cent, this Rs. 146 crores. I have brought this to the notice of the Secretary, Planning Commission. They have discussed it in the Planning Commission and I have been informed

that we will keep on getting this increase every year and if we are able to increase our expenditure, may be little more than that, perhaps this ceiling of Rs. 146 crores will not apply and they will extend this ceiling beyond Rs. 200 crores. This year, for instance, we are having Rs. 47 crore. If we go like that, we are going to exceed Rs. 200 crore in the Eighth Plan. So, I have been assured that whatever reasonable increases are possible, whatever is warranted by our expenditure and by our experience, they will be able to give us additional allocations so that at least our modest rate of growth is maintained and we are able to take up the more important parts of our programme within the plan."

2.6 The Committee further wished to know how it would be possible for the Ministry to realize its objectives of achieving value addition to products and generating rural income if they were given this meagre allocation. In reply Secretary continued "I submit that we are continuing the schemes. The allocations have been reduced drastically. There are other constraints also. As you said, six months have passed. In the first quarter of the current year we got only 5 per cent of the allocation. The release of money from the Finance Ministry was less than even one-fourth of what we have been allotted during this year. There was some constraint on account of this. That is why our performance during this year has not been commensurate with the expectations. Otherwise, normally we could have spent half the allocation of the year by this time but we have not been able to do so." He continued "Whatever we have got during this year, in spite of the fact that we have lost a very valuable quarter in the year, we are trying to do our best. We got Rs. 47 crores this year. We hope we will be able to spend it during this year. Earlier we were not getting projects. We were not getting schemes which could qualify for assistance from us. But now our Minister has taken meetings with all the State Governments and we are now giving a large number of schemes with us on which assistance can be given. I do not see any problem in spending the Rs. 47 crore allocated this year. I think the ideal situation would be that this would go to Rs. 60 crore next year and Rs. 100 crore to the next coming year. That would also result in our being able to meet all our objectives."

2.7 The Ministry's role has been viewed as that of facilitator. The Committee does not accept this is to be the only role of the Ministry. The Ministry has also stated that it is encouraging the development of backward linkages through contract farming. However, the Ministry has been unable to provide concrete examples to show where such contract farming was encouraged.

In the VIIIth Plan the Ministry has proposed to set up 250 centres in the rural areas of which only 38 centres have been approved and further only 10 have started functioning. The Ministry has nowhere specified the capacity of these centres, their turn-over and their employment potentials. The Committee, therefore, observed that these are only Statistics which have been given by them without actually specifying how these centres have facilitated the rural areas.

The Committee fail to understand despite the fact that 2097 applications have been received, only 38 have been approved and only 10 have started functioning. This reflects the failure of the Ministry in implementing the Liberalization Policy. It further reflects that the Ministry has played no role in promoting value added income. The Committee also feels that if this is the way the Ministry would be processing licencing in future, the licencing will have to be done away with, if it comes in the way of the Liberalization Policy. Even if the Committee is to accept the role of the Ministry is that of a facilitator, the Ministry has not ensured coordination between banking facilities, the licencing and the producer to ensure that more licences are approved in this sector.

While the Ministry approached the Planning Commission for a central sector outlay of Rs. 700 crores for the VIIIth Five Year Plan, it were allocated a mere Rs. 146 crores only. In the Committee's view the Ministry has failed to impress upon the Planning Commission with their performance and come up with viable projects to give them the necessary financial where-with-all. The very objective of the Ministry is defeated when the Ministry has to be satisfied with the meagre allocation given to it in the VIIIth Five Year Plan.

### 3. RURAL EMPLOYMENT GENERATION

3.1 One of the objectives of the Ministry is to provide large employment and value addition to agricultural produce, particularly in rural areas and to enable farmers reap benefits from modern technology to create surplus exports stimulate demand from processed food.

3.2 Asked how far each of these objectives have been achieved the Committee were informed in a written note that "The Ministry has concentrated on its role as a facilitation for setting up of Food processing units in the private sector. As a measure for greater utilization of agriculture surpluses, a certain degree of success has been achieved which indicates larger processing capacities resulting in better and surpluses to the farmer. The achievement in different sectors is as follows:

The number of modern/modernised rice mills have increased from 24,400 in 1988 to 32,969 in 1993.

The number of roller flour mills have increased from 460 in 1988 to 702 in 1993.

Utilization of rice bran for oil production have increased from 21.38 lakh tones in 1988 to 26.05 lakh tones in 1993.

Installed capacity of fruit and vegetable processing industry have increased from 5.99 lakh tonnes in 1988 to 11.08 lakh tonnes in 1993.

Export of processed foods including processed cereals have increased from about Rs. 595 crores in 1988-89 to about Rs. 1750 crores in 1992-93.

Export of marine products have increased from Rs. 598 crores in 1988 1989 to about Rs. 1666 crores in 1992-93.

3.3. Some new technologies e.g. pre-cooling of fruits and vegetables, cold chain system for meat, fish and poultry products, freeze drying of fruits, vegetables, poultry and marine products and fruit and vegetables, aseptic packaging and decentralized and controlled chamber mushroom production, pressure par-boiling process and equipment, mini-modern rice mills, rice bran stabilisation units, packaging in retortable pouches etc., have been introduced or encouraged or propagated or developed since 1988. Subsequent to the announcement of the new Industrial Policy in 1991, 2042 Industrial Entrepreneurs Memoranda have been filed involving about Rs. 27,000/- crores of investment and envisages employment generation of over 60 thousand persons. Of this, the direct foreign investment is about Rs. 950 crores. Majority of the investment are proposed to be made in the rural areas. It is also estimated that modern technologies for growing the tomatoes mushroom cultivation, precooling of grapes etc. and the extension work of industry also helped the farmers. Utilization of fruits and vegetables by the unorganized sector is also estimated to have increased. The increased level of utilization of fruits and vegetables by over 3.25 lakh tonnes in the last five Years has also helped the farmers. It is estimated that the benefits of growth of food industry have gone to over 1.2 lakh farmers. With the increasing trend of industry being set up in rural areas, a larger utilization of agricultural produce by the industries and adoption of the system of backward linkage is estimated to benefit the farmers.

3.4. Increase in exports of processed foods including cereals have increased from Rs. 595 crores in 1988-89 to Rs. 1750 crores in 1992-93 and export of marine products from Rs. 598 crores in 1988-89 to Rs. 1666 crores in 1992-93 Without affecting the domestic availability indicates the generation/creation of surplus for exports. Increase in production of fruits and vegetables products from about 2,32,000 tonnes in 1988 to 4,69,000 tonnes in 1992, increase in meat and meat products from 1.48 million tonnes in 1987-88 to 2.2 million tonnes in 1992-93, production of sweetened aerated water from 1.3 billion bottles in 1988 to 2.8 billion bottles in 1992 and similar growth in other products indicates that there has been increase in demand for processed foods in the country.

3.5. Investment proposals through industrial entrepreneur memorandum (IEM) for Rs. 25.343 Crores have been received upto February, 1992. Government have approved various proposals worth about Rs. 4,000 crores. With all these investments, it is estimated that a regular direct employment for over 4 lakh persons would be created. The indirect employment, of course, will be much larger.

3.6. The Committee wished to know specially the jobs created in rural areas from 1988-93. The Ministry stated in a written note that while no specific data regarding number of jobs created between 1988-93 are available, it is estimated that about 90 to 95,000 jobs have been created over the last five years through the food processing industries, of which 60% have been generated in rural areas.

3.7. In the Committee's view this estimation is very vague and without any basis and cannot be accepted. The performance reflected in the preceding paragraphs cannot be agreed because this performance increased production is primarily a result of the own efforts producers without any assistance from the Ministry. The Ministry should also have some Mechanism to monitor and find out the actual effects of various programmes.

3.8. The Ministry further stated during evidence the rural centres proposed to set up during the five year plans will be imparting training to the people in the matter of small jobs connected with fruit & vegetable preservation and packing. The Committee also observed that they have no details as to the number of rural centres that have come up and what is the expenditure incurred.

3.9. Asked whether any survey had been undertaken to find out the number of huller mills which required modernisation and if so how many were modernised since 1970 and the amount of money spent the Ministry stated in a written note:

"As the huller mills cause extensive damage to rice during milling, all huller mills in the country require modernisation. On 1.1.1993 the number of huller mills were 86315. The huller subsidy scheme for the modernisation of single huller rice mills was initiated in 1983-84 and an amount of Rs. 2.74 crores has been released to various State Governments for organising seminars, for setting up of demonstration units and providing subsidy to the beneficiaries. So far, nearly 1300 single huller mills have been covered under the programme and it is estimated that another about 4500 millers have been motivated by this programme to modernise their units on their own thereby yielding better quality rice and by-products like bran and husk. Under the scheme a subsidy of Rs. 15,000/-is provided to each beneficiary.

There is about 6.6% increase in the yield of rice in the modern rice mill over the huller mill in respect of raw paddy. In case of par-boiled paddy, the increase in the yield is 1.6%."

#### 4. FRUIT & VEGETABLE PROCESSING

4.1. India has favourable climatic conditions and a vas. potential for growing fruits and vegetables. However, about one percent of the total production of fruits and vegetable is processed at present.

4.2. In its reply furnished to the Committee the Ministry stated that the major constraints affecting the fruit and vegetable processing industry are:—

- (i) Non-availability of right quality of raw material in required quantities at reasonable prices over a longer period.
- (ii) Seasonality of the industry.

- (iii) Low & uncertain demand of processed fruit and vegetable products in the domestic as well as export markets.
- (iv) Most of the units are in the small scale and tiny sector. These units have neither marketing skill nor aptitude for aggressive marketing.
- (v) techno-economic and managerial deficiencies.
- (vi) Lack of consistent quality of production.
- (vii) High-cost of packaging material making the products costly.
- (viii) high incidence of taxes and duties on the final products including that on packaging materials;
- (ix) low utilization of capacity and non-adoption of modern cost effective technologies;
- (x) infrastructure constraints; and
- (xi) inadequate farmer-processor linkage and dependence of the industry on the intermediaries.

4.3 Asked what were the methods to remove bottlenecks the Ministry stated:

“Ministry is encouraging processor to establish backward linkage with the farmers through contract farming for which incentives are being provided under the Plan schemes. Ministry has also formulated and is implementing Plan schemes for development of packaging materials, upgradation and establishment of fruits & vegetable processing units, and post harvest processing and storage units. Besides, Ministry is also implementing a scheme for assisting establishment of Rural Food Processing Training Centres for training the entrepreneurs in appropriate technologies for processing of food products including fruits and vegetable products. The Ministry also provide assistance to voluntary organizations under several schemes such as setting up of Food Processing & Training Centres, setting up of F&VP units, infrastructure for mushroom scheme for marketing assistance etc.”

The profile of Indian exports of food and vegetables as given below does not give any indication of the Ministry's role in accelerating the above export figures.



**Fresh Fruits & Vegetables**

(Figures in Rs. Million)

Product	Export Performance	
	1990-91	1991-92
Onions	908.8	1900.0
Fresh Vegetables	174.9	250.0
Dried Fruit & Nuts	194.5	300.0
Fresh Mangoes	312.1	360.0
Grapes	85.5	120.0
Other fresh fruits	126.0	240.0
<b>Sub Total</b>	<b>1802.0</b>	<b>3170.0</b>

**Processed Fruits & Vegetables**

(Figures in Rs. Million)

Product	Export Performance	
	1990-91	1991-92
Dried & Fresh Vegetables	406.5	450.0
Mango Pulp	270.7	320.0
Pickles & Chutneys	127.6	170.0
Other Processed Fruits & Vegetables	225.8	260.0
<b>Sub Total</b>	<b>1030.7</b>	<b>1200.0</b>

Source: Agricultural and Processed Food Products Export Development Authority.

**5. MILK & MILK PRODUCTS**

5.1 India is the third largest milk producer in the world. Current Annual milk production is estimated to be 56 million tones. While milk production has been steadily increasing, seasonal variation in supply and increasing demand can still result in occasional scarcity situations. There is substantial potential for upgradation of processing facilities. There is potential for increased competition in some existing products as well as for introduction of new value added products.

5.2 The major part of milk and milk products consumed by the domestic market. Export in the past have been insignificant with small quantities of malted milk food and ghee having been exported, generally to the neighbouring countries.

5.3 Asked what has been the criteria adopted to determine and declare a particular state as a surplus state in terms of Milk Production the Ministry stated:—

The milk processing units procure milk from the rural areas for supply to Metropolitan Towns/Consumer centres. The majority of the milk supply to Metropolitan towns like Delhi, Bombay, Calcutta and Madras is met by procurement from the States of U.P., Punjab, Haryana, Rajasthan, Gujarat, Maharashtra, Andhra Pradesh and Karnataka. These states have been called surplus milk states for the limited purpose for milk supply to the Metropolitan towns.

5.4 The attention of the Committee is drawn to a Press Clipping about Maharashtra in which it was stated that about 50,000 liters of milk is wasted every day because of lack of storage and other facilities. The Committee fails to understand why there should be wastage of milk and why it should not be converted into value added products. The Ministry lacks the infrastructure to stop such wastage.

#### 6. MEAT AND POULTRY PROCESSING

6.1 Currently, about 1% of the meat produced is converted into value added products and most meat is purchased by the consumers in the country in the fresh/frozen form and converted into various meat products at homes, restaurants, etc. The Present level of various types of meat and poultry products is estimated to be about 2.3 million tones as per the FAO's estimate. The growth rate of meat is estimated to be about 10%.

6.2 The export of meat and meat products in the last three years is indicated below:

*(Quantity in tones)*  
*(Value in Rs. Crores)*

Item	1989-90		1990-91		1991-92	
	Qty.	Value	Qty.	Value	Qty.	Value
Mutton & Goat	7474	28.83	8682	31.26	9700	47
Meat						
Buffalo	61764	90.14	62608	108.43	85300	183
Total	69238	118.97	71290	139.69	95000	230

In 1992-93, the export of meat, poultry, casings, etc., is likely to touch Rs. 330 crores.

6.3 The Committee has been informed that in view of the vast potential for export to the value added meat products the Ministry have

following policies and schemes to increase the production of value added meat products.

- (i) Establish a National Live Stock Products Development Council for development of these sectors in organized fashion with cooperation and participation of Central and State Govt. agencies, private sector livestock reares, exporters, R&D Institutions, consultants etc.
- (ii) Develop/establish 40-45 modern integrated meat processing plants in private/public/joint sector/co-operative sector, mainly for domestic consumption, on modern scientific lines with possible backward linkage.
- (iii) Develop/establish buffalo meat processing plant mainly for export and also certain infrastructure required for export.
- (iv) Assisting in large number of retail outlets for meat and poultry; products refrigeration with back up delivery system, mainly for making available hygienic products to the consumers and generate employment.
- (v) Give a thrust to R&D efforts in meat and meat products, its packaging and develop manpower for this industry.

## 7. DEEP SEA FISHING

7.1 The fishery resources of India are grossly under utilized. There is tremendous potential to increase output in the sector. In the current liberalized environment, domestic and foreign corporate investment is being encouraged in both inland farming and marine fishing.

7.2 In this context, in the reply furnished to the Committee the Ministry states that in order to introduce modern technology into this field, the Government announced a new Deep Sea Fishing Policy in 1991 which relates to setting up of Joint ventures, leasing and test fishing. They also have an institution in Bombay which is having a number of ships which are surveying the ocean for fishery resources. The Ministry had planned for Rs. 100 crores and got Rs. 12 crores and are cutting even Rs. 12 crores. In this case this is a very specialised institution. They are trying to get a few new ships for survey of fishery resources. They were planning that these ships would come as apart of foreign assistance. Some discussions have to take place and a final design has to emerge.

## 8. CONSUMER FOOD INDUSTRIES

8.1 The Consumer food industry specially 'Ready-to-eat extruded Foods sector' is in its nascent stage and the capacity utilization has been poor due to high cost of products and lack of demand in the Market.

8.2 This section profiles the following product groups:

- Breads, biscuits and other bakery products

- Confectionery, Chocolates and Coco products
- Soft Drinks
- Soya based products
- Semi processed and ready to eat foods.

8.3 In a note furnished to the Committee the Ministry has stated that to encourage the consumption of these products, the Department of Revenue, Ministry of Finance, on the recommendation of this Ministry has recently reduced excise duty on these products from 15% to 5% and it is hoped that with aggressive marketing strategies adopted by the manufactures, the demand for these products as well as the capacity utilisation of the units producing these items will increase.

## CONCLUSIONS & OBSERVATIONS

1. The Ministry of Food Processing Industries was established in July, 1988. The Ministry of Food, Ministry of Agriculture & Cooperation, Department of Industrial Development, Ministry of Industry and Department of Chemicals and Petro/chemicals were looking after the work prior to transfer of work to the Ministry of Food Processing Industries in July 1988. During 1989-90 the Ministry went into liberalisation. It was only from the year 1991 the Ministry began functioning again. The Ministry has set forth Eight objectives in its Annual Report to provide, in the Ministry's own words, a dynamic and synchronised mesh between the farmers and the industry in the Food Processing Sector:—

- (i) Better utilisation of agricultural produce;
- (ii) greater value addition to the rural produce;
- (iii) generation of employment particularly in the rural areas;
- (iv) enhancement of net level of rural income;
- (v) induction of modern technology and processing of foods;
- (vi) reduction of wastage by promoting utilisation of fruits & vegetables;
- (vii) enhancing nutritional inputs available to the people; and
- (viii) earning of foreign exchange by promoting export of value added products.

2. The role of the Ministry as a facilitator is inadequate for the implementation of the objectives laid out by the Ministry. Even if the Committee is to accept the concept of a facilitator the small amount of ICMs, cleared by the Ministry is a clear indicator of the non-effectiveness of the functioning of the Ministry in this role. The Committee feels that with the liberalisation of the economy such projects can be easily cleared. However, if the Ministry has any problem with the licensing factor the licensing should be done away within order to promote food processing industry.

3. The achievement figures given by the Ministry in the various projects on the preceding pages do not bear any relevance as they do not reflect the actual effort made by the Ministry in stepping up the various exports, extending necessary facilities to the rural areas, setting up of various centres, providing jobs to the rural population, providing value added products, etc. The increase in the figures is primarily on account of the producers self effort without any assistance from the Government and Ministry can be given no credit for increase in the value added products.

The figures are, therefore, deceptive and misleading to the Committee. If the Ministry is to fulfil these objectives, it has to have a monitoring agency which can quantify efforts of the implementation of its policies and towards creation of its desired objectives.

4. It is surprising to note that the Ministry has been given a drastic cut of 80% in its Plan allocation. What further surprises the Committee that despite such a drastic cut neither is the Ministry unduly perturbed by Plan reduction, nor have any of the schemes which were earlier planned been reprioritised. In fact, according to the Ministry's own admission all planned schemes continue despite the fact that there has been reduction in allocation. The Committee fail to understand how the Ministry proposes to achieve its targets set forth (if at all any) in respect of its planned schemes when there is such a drastic cut in Plan expenditure. The Committee can only conclude that it is in a symbolic way that the Ministry is continuing all its schemes.

5. It is in view of the above facts that the Committee are dismayed that the Ministry has been unable to achieve any of its objectives for which it was formed. The Committee finds that the Ministry has been acting more as a consultant rather than as a catalitic agent, encourager, propagator, developer or implementator of objectives.

The Committee find no justification for separate Ministry and recommend that the Ministry should be merged with other related Ministries such as Agriculture & Industry etc.

## ANNEXURE-I

## Ministry of Food Processing Industries Plan Expenditure (1987-88 to 1992-93) and provision for 1993-94

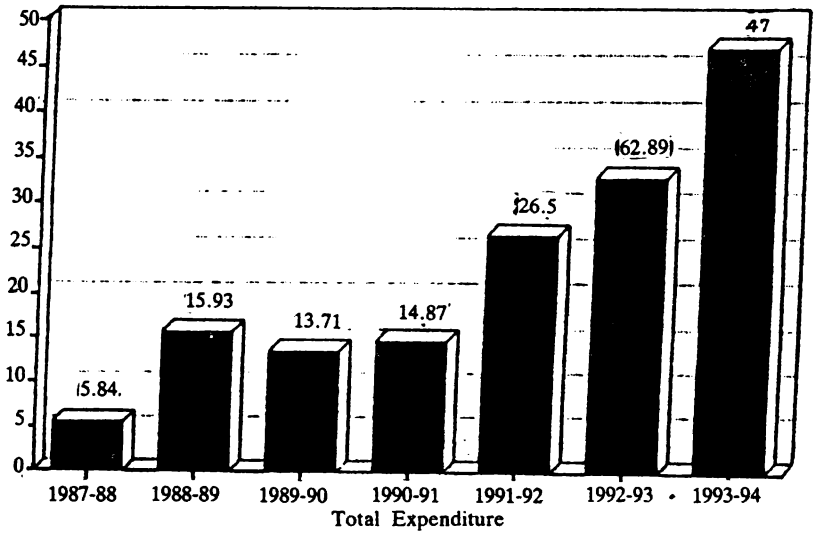
(Rs. in Crores)

Name of the Scheme	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
1	2	3	4	5	6	7	8
Secretariat	—	—	0.11	0.08	0.25	1.24	1.60
Fisheries	4.53	14.80	10.30	7.03	11.15	16.04	19.00
Food Storage & Ware Housing							
(i) Rice Milling	0.76	0.56	0.72	1.61	1.91	3.39	3.40
(ii) F&VP (Fruit & Vegetable Processing)	—	—	0.02	2.05	6.51	6.92	11.00
(iii) Meat & Meat Processing	—	—	—	2.20	4.62	3.26	8.00
Consumer Industries	0.35	0.57	2.56	1.90	2.06	2.04	4.00
<b>Total</b>	<b>5.64</b>	<b>15.93</b>	<b>13.71</b>	<b>14.87</b>	<b>26.50</b>	<b>32.89</b>	<b>47.00</b>

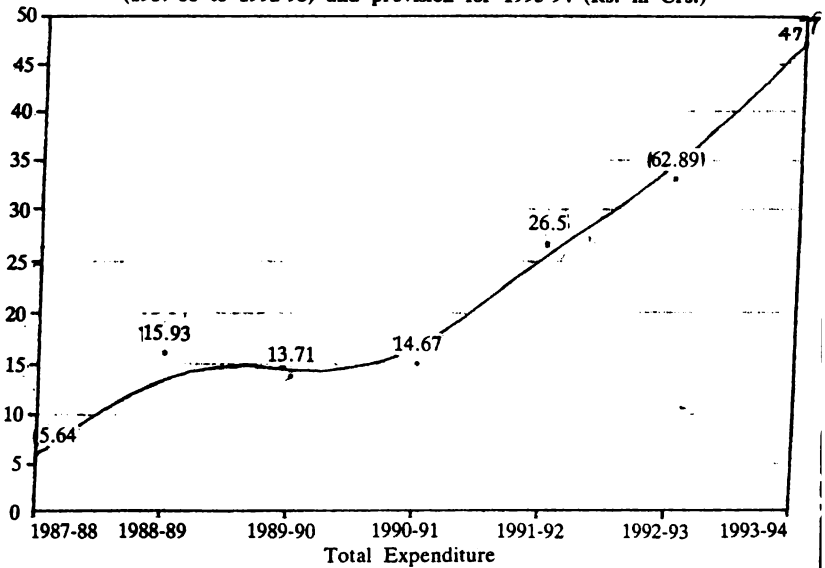
(Please see Chart-I also)

**CHART I**

**Ministry of Food Processing Industries Plan Expenditure  
(1987-88 to 1992-93) and provision for 1993-94 (Rs. in Crs.)**



**Ministry of Food Processing Industries Plan Expenditure  
(1987-88 to 1992-93) and provision for 1993-94 (Rs. in Crs.)**





**ANNEXURE-II**

**Plan Outlay-Scheme-wise Distribution for 1993-94 & 8th Plan**

	Annual Plan Outlay (1993-94) (Rs. Crores)	Approved Outlay for 8th Plan (Rs. Crores)
<b>I. Food, Storage &amp; Warehousing</b>		
<b>A. GRAIN PROCESSING SECTOR</b>		
1. Post Harvest Technology Centre, IIT, Kharagpur.	0.40	1.20
2. Paddy Processing Research Centre, Thanjavur.	0.40	1.20
3. Regional Extension Service Centres.	0.30	1.10
4. Research & Development Schemes.	0.40	1.00
5. Rice Milling Machinery and Allied Equipments Testing Centres.	0.20	0.75
6. Assistance for modernisation of Rice Milling Industry.	1.00	3.50
7. Setting up of Food Engineering Centre.	0.70	2.25
<b>A-Total</b>	3.40	11.00
<b>(GRAIN PROCESSING SECTOR)</b>		
<b>B. FRUITS &amp; VEGETABLE PROCESSING</b>		
1. Assistance for setting up food processing and training centres in rural areas.	1.00	6.00
2. Assistance for establishment of F&VP units	3.00	7.00
3. Assistance for strengthening backward linkages between processors and growers.	0.75	4.00
4. Assistance for Development of infrastructure for mushroom cultivation and processing.	1.00	4.00
5. Assistance for development and processing of Hops.	0.40	1.50

	Annual Plan Outlay (1993-94) (Rs. Crores)	Approved Outlay for 8th Plan (Rs. Crores)
6. Generic advertising on processed foods and for providing marketing assistance.	1.50	5.00
7. R&D in F&VP.	0.25	0.50
8. Assistance for infrastructure	3.10	7.00
F&VP	11.00	35.00
<b>C. MEAT &amp; POULTRY PROCESSING</b>		
1. Establishment of National Livestock Products Development Council.	0.50	1.50
2. Development of pork processing.	1.00	4.50
3. Development of sheep, goat and rabbit meat processing.	0.75	2.50
4. Development of Poultry & Egg processing.	1.75	3.50
5. Development of Buffalo meat processing.	2.00	5.00
6. Development of infrastructure for storage and transport of meat for export.	0.60	2.00
7. Development of marketing facility.	1.00	2.50
8. Development of trained manpower for meat processing industry.	0.10	0.50
9. R&D for meat processing and specialised packaging.	0.30	1.00
C-Total (MEAT & POULTRY PROCESSING)	8.00	23.00
D-Total FOOD STORAGE & WAREHOUSING (A+B+C)	22.00	69.00
<b>II. Fisheries</b>		
1. Assistance for participation in deep sea fishing and processing.	0.75	3.00

	Annual Plan Outlay (1993-94) (Rs. Crores)	Approved Outlay for 8th Plan (Rs. Crores)
2. Grant-in-aid providing interest subsidy on loan for acquisition of deep sea fishing vessel.	1.00	4.00
3. Assistance for diversified fishing.	1.00	6.00
4. Scheme for effective implementation of MZI Act by providing funds for installation of communication facilities for the Coast Guard.	0.75	3.00
5. Scheme for setting up of cold chain.	1.75	4.50
6. Scheme for tuna and other fish processing.	1.25	4.50
7. Assistance to National Marine Fisheries Development Board.	0.50	2.00
8. Fishery Survey of India.	12.00	36.00
<b>E-Total (FISHERIES)</b>	<b>19.00</b>	<b>63.00</b>
<i>III. Consumer Industry</i>		
1. R&D scheme on soyabean products and Indian traditional foods & packaging.	0.20	1.00
2. Investment in Public Sector Enterprises:		
(a) MFIL—Plan support I.B.B.R.	0.90	5.00
(b) NERAMAC	0.90	2.00
(c) Voluntary Retirement	2.00	2.00
<b>F-Total (CONSUMER INDUSTRY)</b>	<b>4.00</b>	<b>10.00</b>
<i>IV. Secretariat Economic Services</i>		
1. Scheme for strengthening of nodal agencies.	0.50	2.00
2. Scheme for strengthening of Directorate of F&VP for information, training, education and quality system for development of F&VP.	0.30	1.50
3. Scheme for participation in National & International exhibitions.	0.30	1.25

	Annual Plan Outlay (1993-94) (Rs. Crores)	Approved Outlay for 8th Plan (Rs. Crores)
4. Scheme for promoting studies in food processing sector.	0.25	1.00
5. Scheme for performance awards in Food Processing industries.	0.05	0.25
6. Secretariat exp. for plan posts.	0.20	—
G-Total (SECTT. ECONOMIC SERVICES)	1.60	6.00
GRAND TOTAL (Including IEBR) (D+E+F+G) (Excluding IEBR).	47.00	146.00