

15

STANDING COMMITTEE ON
AGRICULTURE
(1994-95)

TENTH LOK SABHA

MINISTRY OF FOOD PROCESSING
INDUSTRIES

[Action Taken by Government on the
recommendations/observations contained in the
Fifth Report of Standing Committee on
Agriculture]

FIFTEENTH REPORT



सत्यमेव जयते

lc
328.36570
NY.15;7
LOK SABHA SECRETARIAT
NEW DELHI

February, 1995/Magha, 1916 (Saka)

FIFTEENTH REPORT
STANDING COMMITTEE ON
AGRICULTURE
(1994-95)

(TENTH LOK SABHA)

MINISTRY OF FOOD PROCESSING
INDUSTRIES

[Action Taken by Government on the recommendations/observations contained in the Fifth Report of Standing Committee on Agriculture (1993-94) (Tenth Lok Sabha) on Annual Report 1992-93 of Ministry of Food Processing Industries.]



Presented to Lok Sabha on 14th February, 1995
Laid in Rajya Sabha on 14th February, 1995

LOK SABHA SECRETARIAT
NEW DELHI

February, 1995/Magha, 1916 (Saka)

Price: Rs. 18.00

ASSEMBLY LIBRARY
GOVT. PUBLICATIONS
No. 110, 9/1/73 (8)

6
328.3657R
N4-15;7

© 1995 BY LOK SABHA SECRETARIAT

Published Under Rule 382 of the Rules of Procedure and Conduct of
Business in Lok Sabha (Seventh Edition) and Printed by the Manager,
P.L. Unit, Govt. of India Press, Minto Road, New Delhi-110002.

Corrigenda
to
Fifteenth Report
Standing Committee on Agriculture
(1994-95)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>Delete</u>	<u>For</u>	<u>Read</u>
(iv)	-	3rd from below		Smt. Rali Srivastava	Smt. Rali Srivastava
3.	i.10	Last line	In the light of the position explained above	-	-
11.	-	7th from above	-	Recommendation (Sl. No. 3, para 2.7)	Recommendation (Sl. No. 3, Para 2.7, page 6.)
13.	-	1st line & 16th Line	'Recommendation (Sl. No. 3, page No. 6, para No. 2.7)	-	-
14.	2.11	1st line	-	2.11	2.11A

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE.....	(iii)
COMPOSITION OF SUB-COMMITTEE 'E'.....	(v)
INTRODUCTION.....	(vii)
CHAPTER I Report.....	1
CHAPTER II Recommendations/Observations which have been accepted by Government	9
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies	17
CHAPTER IV Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee	19
CHAPTER V Recommendations/Observations in respect of which final replies of Government are awaited.....	24

APPENDICES

I Minutes of the 52nd and 60th sittings of the Sub-Committee 'E' and 63rd sitting of the Standing Committee on Agriculture (1994-95).....	31
II Analysis of Action Taken by Government on the recommendations contained in the Fifth Report of the Standing Committee on Agriculture 1993-94 (10th Lok Sabha) ..	38

COMPOSITION OF COMMITTEE ON AGRICULTURE
(1994-95)

Shri Nitish Kumar — *Chairman*

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 Pattanayak
8. Shri Govindrao Nikam
9. Kumari Pushpa Devi Singh
10. Shri Channaiah Odeyar
11. Shri Tara Singh
12. Shri Annantrao Deshmukh
13. Shri Uttamrao Deorao Patil
14. Shri V.V. Nawale
15. Shri Rajvir Singh
16. Kumari Uma Bharati
17. Shri Rudrasen Chaudhary
18. Shri Ganga Ram Koli
19. Dr. Gunawant Rambhau Sarode
20. Dr. Parshuram Gangwar
21. Shri Rajendra Kumar Sharma
22. Smt. Krishnendra Kaur (Deepa)
23. Shri Arjun Charan Sethi
24. Shri Upendra Nath Verma
25. Shri Zainal Abedin
26. Shri B.N. Reddy
27. Shri Kamla Mishra Madhukar
28. Dr. R.K.G. Rajulu
29. Shri Shibu Soren
30. Shri Ram Tahal Chaudhary

Rajya Sabha

31. Shri Ramnarayan Goswami
32. Shri Anant Ram Jaiswal
33. Dr. Bapu Kaldate
34. Shri David Ledger
35. Shri Bhupinder Singh Mann
36. Shri N. Thangaraj Pandian
37. Shri S.K.T. Ramachandran
38. Shri K.N. Singh
39. Shri Maheshwar Singh

(iv)

40. Shri Ranbeer Singh
41. Shri Shiv Charan Singh
42. Shri Som Pal
43. Shri H. Hanumanthappa
44. Shri Govindrao Adik
45. Shri Satyanarayana Dronamraju

SECRETARIAT

- | | | |
|-------------------------|---|------------------------|
| 1. Smt. Rali Srivastava | — | <i>Joint Secretary</i> |
| 2. Shri P.D.T. Achary | — | <i>Director</i> |
| 3. Shri S. Bal Shekar | — | <i>Under Secretary</i> |

COMPOSITION OF SUB-COMMITTEE 'E'

- Shri S. Hanumanthappa — *Convenor*
2. Shri Upendra Nath Verma — *Alternate Convenor*
 3. Shri G. Ganga Reddy
 4. Shri Arjun Charan Sethi
 5. Shri Nathuram Mirdha
 6. Shri V.V. Nawale
 7. Shri Ganga Ram Koli
 8. Shri Ram Tahal Chaudhary
 9. Shri Satyanarayana Dronamraju

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (1994-95) having been authorised by the Committee to submit Report on their behalf, present this 15th Report on Action Taken by Government on the recommendations/observations contained in the Fifth Report of the Standing Committee on Agriculture (1993-94) (Tenth Lok Sabha) on the Annual Report (1992-93) of the Ministry of Food Processing Industries.

2. The Fifth Report was presented to Lok Sabha on 21st December, 1993 and contained 13 observations/recommendations. The Government furnished their replies indicating action taken on the recommendations/observations contained in the Report on 15th July, 1994.

3. The Sub-Committee 'E' in its meeting held on 28th September, 1994 considered these action taken replies furnished by the Government. They decided to seek revised action taken notes from the Government in view of the incomplete nature of action taken in respect of all recommendations/observations Sl. No. 2, 3, 4, 5, 6, 8 & 10. The Government furnished these modified/revised action taken replies on 13th November, 1994. The Sub-Committee again in its meeting held on 16th December, 1994 considered these modified/revised action taken replies and approved the Draft Report and decided to place the same before the whole Committee for final approval.

4. The Committee considered and adopted the 15th Report at their sitting held on 11th January, 1995.

5. An analysis of the Action Taken by the Government on recommendations/observations contained in the 2nd Report (Tenth Lok Sabha) of the Committee is given in Appendix II.

NEW DELHI;
14 February, 1995

NITISH KUMAR,
Chairman,
Standing Committee on Agriculture.

25 Magha, 1916 (Saka)

CHAPTER I REPORT

1.1 This report of the Committee deals with the action taken by Government on the recommendations/observations contained in the Fifth Report (Tenth Lok Sabha) of the Committee on the Annual Report (1992-93) of Ministry of Food Processing Industries.

1.2 The Report was presented to Lok Sabha on 21st December, 1993. Action Taken Notes have been received in respect of all the 13 recommendations/observations contained in the Report.

1.3 The Action Taken Notes on the recommendations of the Committee have been categorized as follows:

- (i) Recommendations/observations that have been accepted by Government Sl. Nos. 1, 3, 7 and 8
(Total 4, included in Chapter II of the Report)
- (ii) Recommendations/observations which the Committee do not desire to pursue in view of Government's reply Sl. Nos. 9, 12 and 13
(Total 3, included in Chapter III of the Report)
- (iii) Recommendations/observations in respect of which reply of Government have not been accepted by the Committee Sl. Nos. 2, 4, 5, 6, 10 and 11
(Total 6, included in Chapter IV of the Report)

1.4 The Committee will now deal with action taken by Government on some of the recommendations/observations.

Recommendation (Sl. No. 2, Page 5, Para 2.7)

1.5 In Para 2.7 at page 5 of their Report, the Committee had observed that in the VIIIth Plan the Ministry had 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 had nowhere specified the capacity of these Centres, their turn-over and their employment potential. The Committee, therefore, observed that these were only statistics which have been given by them without actually specifying how these Centres had facilitated the creation of employment in the rural areas.

1.6 The Govt. in their reply have stated as follows:—

“The scheme for providing assistance to set up Food Processing Training Centres was approved for implementation during the 8th Plan which began in 1992-93. In spite of 1992-93 being the first year of the Plan when the new schemes were yet to be propagated, 38 such Centres could be assisted. In 1993-94 assistance has been

extended for setting up 83 Centres making a total of 121. These Centres are basically small training Centres for providing "hands on" experiences in operating and managing small units to the trainees in the rural areas. These Centres will transfer appropriate technology for production, marketing, book keeping, quality control, etc. to the youth.

Since the objective of setting up of the Centres is basically to provide training, norms for production, employment and turn-over cannot be laid down. Besides, depending upon the locally available raw-material, these Centres are to help and train rural entrepreneurs with appropriate technological back up to set up small food processing units in the rural areas by utilizing local agricultural raw-materials to produce value-added products.

There is no specified capacity of the Food Processing Training Centres being funded by the Ministry as it depends upon:

- (a) the size of the Centre/Organisation
- (b) the variety of the raw materials produced in the area
- (c) the availability of faculty members
- (d) the duration of the training

1.7 Out of the Centres for which the assistance was extended during 1992-93 22 Centres became operational in 1993-94 and as per information available 589 persons have been trained in these Centres.

1.8 The Committee in their earlier recommendation noted that the Central Government has been providing assistance for setting up Food Processing Training Centres to provide "hands on" experience in operating and managing small units to the trainees in the rural areas and desired to know among other things, the capacity of these centres. The Committee are unhappy to note that the Government did not furnish the desired information in their action taken reply. It appears that the Government have been assisting these centres without even knowing the capacity of these centres to train the rural youth. It is also clear from their reply that the Government had not been following up the performance of these centres as the Government do not have the exact information about the number of persons actually trained in these units year-wise and the Government could only give some approximate figures in their reply and year-wise data has not been given. In view of the incomplete nature of the reply, the Committee could not but come to the conclusion that the Government have been providing assistance without even caring to know the capacity of the Centres to train the rural youth and the Government did not also care to know as to how

many rural youth have been trained in the centres to which central assistance was given. In the absence of these data, the Committee are at a loss to know as to what elements constitute the criteria for deciding central assistance to these units. The Committee hope that the Government would instead of furnishing some approximate data come forward with the complete reply. The Committee are also disappointed at the dismal performance of these 121 centres so far, as only 589 persons alone could be trained during 1992-93 and 1993-94 and this data reveals gross under-utilisation of the training capacity created so far and it appears that no targets or norms have been fixed about the number of persons to be trained in each of these centres. The Committee have also been not informed of the extent of central financial assistance released to these centres during 1992-93 and 1993-94 and in the absence of this data, the Committee could not get the total picture of the whole matter. The Committee expect the government to suitably devise methods by which these centres could be put to their fullest use so that the scarce resources allocated to these centres do not go down the drains any longer.

Recommendations (Sl. Nos. 4 and 11)

1.9 Considering the Eighth Plan outlay and implementation of Plans/Schemes, the Committee in Para 2.7 of their Fifth Report had observed that 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 wherewithal. 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.

1.10 The Government in their reply have stated as follows:—

“The Plan proposal submitted by this Ministry sought an allocation of Rs. 727.50 Crores (which included IEBC of Rs. 275 Crores) for the 8th Plan. During the in-depth discussion with the Planning Commission, although the concepts of our schemes were accepted, owing to severe constraints of Budget, it was suggested to reduce some of the Schemes. Accordingly, the schemes were readjusted. However, Planning Commission was requested for additional outlay of Rs. 100 crores. Planning Commission intimated that due to severe Budgetary constraints. Budgetary support will have to be restricted. Although Planning Commission had originally recommended a total outlay of Rs. 225 crores for the 8th Plan, when the allocation was ultimately made, the outlay indicated for our Ministry is only Rs. 146 crores. In the light of the position explained above,

In the light of the position explained above, it is obvious that the Ministry made efforts to get higher plan allocation.

The scheme-wise break up of allocation (as approved by the Planning Commission and Finance Ministry) and the actual financial achievement is furnished in the Statement attached herewith (see Annexure Nos. I to VI). The targets relate to the financial grants available for the particular year."

1.11 In Para 4 at Page 15 of their Fifth Report, the Committee further observed that it was surprising to note that the Ministry had been given a drastic cut of 80% in its Plan allocation. What Further surprised the Committee was that despite such a drastic cut the schemes which were earlier planned have not been reprioritised. In fact according to the Ministry's own admission all planned schemes continued despite the fact that there had been reduction in allocation. The Committee failed to understand as to how the Ministry proposed to achieve the targets set forth in respect of its planned schemes when there was such a drastic cut in Plan expenditure. The Committee could only conclude that the Ministry was continuing all these schemes only in a symbolic way.

1.12 The Government have in reply stated as follows:

"Since each one of the Plan schemes has some important idea behind it, assistance for these pioneering type of industries when operated successfully is likely to have demonstrative effect on other intending entrepreneurs who can thus take up similar projects on their own. This has been clearly demonstrated in the case of establishment of post-harvest processing facilities for grapes and others where, besides projects with Ministry's assistance, some private sector on their own have started setting up these facilities. Similar has been the experience in the case of mushroom production and processing. The objective of Plan schemes is basically to create demonstrative effect through catalyst investments so that the systems develop for a modern, vibrant food processing sector."

1.13 The Committee note that the reply of the Government enumerates the steps taken by them prior to the receipt of the recommendation of the Committee in the matter of securing adequate Eighth Plan outlay for the Ministry of Food Processing Industries from Planning Commission. The Committee observe that the Ministry of Food Processing Industries have not taken any steps to take up the matter again with the Planning Commission to get adequate Plan outlay for carrying on the task assigned to them even after the originally recommended outlay of Rs. 225 crores for the 8th Plan by Planning Commission was reduced to Rs. 146 crores. The Committee are very much distressed to note the complacent reply of the Government that the objective of the Plan schemes is basically to create demonstrative effect through catalytic investments. With the meagre plan outlay, the Committee fail to understand as to how the Government propose to assist in sufficient

measure various pioneering types of industries which when operated successfully would have a demonstrative effect on the other intending entrepreneurs who would be inspired to take up similar projects on their own. The Committee take a serious view of the attitude of the Government in this matter and reiterate their earlier recommendation that the Ministry of Food Processing Industries should impress upon the Planning Commission again the need for higher plan outlay instead of remaining satisfied with whatever allocation that was made in their favour. The Committee expect that all their recommendations would be taken seriously and sincere efforts would be made to implement them expeditiously.

Recommendations (Sl. Nos. 5 and 10)

1.14 While examining the Annual Report (1992-93) of the Ministry of Food Processing Industries the Committee wished to know specially the jobs created in rural areas from 1988-93 through the food processing industries. The Government in a written note submitted that no specific data regarding the number of jobs created between 1988-93 were available and it was estimated that about 90000 to 95000 jobs had been created over the last five years through the food processing industries of which 60% had been generated in rural areas. The Committee in Para No. 3.6 of their Fifth Report felt that this estimation was very vague and without any basis and could not be accepted. The highlighted of performance contained in the preceding paragraphs could not be agreed to because this performance/increased production was primarily a result of the efforts of the 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.

1.15 The Committee also observed at Para 3 of Page 14 of their Fifth Report that the achievement figures given by the Ministry in the various projects reported upon did not bear any relevance as they did 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 was primarily on account of the producers own efforts without any assistance from the Government and Ministry could be given no credit for increase in the value added products. The figures were, therefore, deceptive and misleading. If the Ministry was to fulfil those objectives, it had to have a monitoring agency which can quantify efforts of implementation of its policies and of creation of its desired objectives.

1.16 The Government in their reply to the above observations have stated:—

“While it is true that a large private effort has been put by the entrepreneurs to increase the production, Ministry’s efforts for

creating a conducive climate for increased production and marketing for the same are as follows:

(i) Ministry recommended and obtained fiscal concessions such as removal of excise duty on all fruits & vegetable products, meat & poultry products, processed fish products, soya products, as well as a good number of cereal products. Ministry also obtained concessions for reduction of excise duties on certain consumer food products and packaging materials. Ministry also obtained concessions in the domestic sale of export oriented units. These fiscal measures along with regular interactions and guidance to the industry has helped the industry to grow.

Regular inter-action between the Ministry, industry and others concerned such as Ministry of Commerce, Finance, Agriculture, etc. has resulted in creation of policies and procedures for the growth of the industry. The Ministry has also been operating its 8th Five Year Plan programmes.

While the physical counting of the number of jobs created has not been done, the estimation was made on the basis of actual units put up in these years as well as usual number of jobs that are created in these sectors.

Similar has been the case in the other sectors with the projected growth. Therefore, estimation made is reasonable which can also be estimated from the normal growth that has been projected in the Annual Survey of Industries. As per Annual Survey of Industries, the number of employees in Food Sector in 1988-89 was 1.55 million and in 1989-90 it rose to about 1.59 million. Interpolating this, estimated number of rural employment created is 1.5 lakh of which about 95,000 is in the rural areas.

As already indicated in our reply Agro-Processing Industries are both in the Organized and Unorganized Sectors and information on actual employment is not centrally maintained.

The Annual Survey of Industries is one source but it covers only the Factory Sector and also does not include certain states such as Arunachal Pradesh, Mizoram, Sikkim, etc. Though this is an Annual Survey, there is wide time-gap between the Survey and actual publication of the results. The published results available relate to the period 1989-90.

Since liberalization, total industrial entrepreneur memoranda of 2809 were filed till 30.9.1994, involving an investment of Rs. 35,552 crores and offering an employment potential of 4.97 lakh persons. Out of these 2381 IEMS involving an investment of Rs.30,536 crores and offering employment potential for Rs. 4.50 lakh persons relate to non-urban areas (including rural areas). Similarly, in the other cases

also the percentage of Food Processing Units proposed to be set up in non-urban areas is very much on the higher side.

So the conservative estimates of 1.5 lakh employment has been made inter-polating these figures. However, the Ministry of Food Processing Industries has requested the Central Statistical Organization to conduct two studies. One of the studies relate to direct employment generation in various food industries."

1.17 The Government have further added:-

"The major role of this Ministry is that of a facilitator and not implementation of industrial projects. The main initiative for implementation of project or operation has to come from the entrepreneurs themselves. Therefore Ministry's efforts is to assist and encourage those entrepreneurs, to invest in the food processing sector help in the implementation of the project, provide them information and necessary guidance, provide assistance for setting up post-harvest infrastructure and establishment of some pioneering/new type of industries. For example, Ministry's efforts in propagating mushroom production and processing has helped in attracting substantial investment in this sector. Similarly, Ministry's assistance for establishment of precooling facilities in horticulture have helped creation of similar infrastructure.

Out of the 39 units assisted by the Ministry in various sectors, 23 units have started functioning during 1992-93. Out of these, 20 units are engaged in pioneering and new type of ventures."

1.18 The Committee note that the Government have not indicated anything in their reply about the steps taken by them to have a monitoring mechanism as recommended by the Committee to find out the actual impact of their various programmes and to get sufficient feed-back so that the Ministry of Food Processing Industries could achieve its desired objective. The reply also does not indicate as to how feed-back is obtained from the field in the absence of a monitoring mechanism in the Ministry. The Committee are very much disappointed to note that no steps have been taken by the Ministry towards the implementation of their recommendation in this regard. The committee need hardly stress the importance of having a monitoring mechanism in the Ministry which would serve as a tool to assess the impact of its schemes and programmes and also to get critical feed-back by which mid-course corrective measures could be effected. The Committee, therefore, reiterate their earlier recommendation for setting up a monitoring mechanism in the Ministry so that it could function more effectively and succeed in its efforts to assist the entrepreneurs in the implementation of their projects.

Recommendation (Sl. No. 6, para 3.8 page 8)

1.19 While the Committee was examining the Annual Report (1992-93) of the Ministry of Food Processing Industries, it was stated during evidence that the rural centres proposed to be set up during the five year plans will be imparting training to the people in small jobs connected with fruits & vegetable preservation and packing. The Committee observed that they have no details as to the number of rural centres that have come up and the expenditure incurred.

1.20 The Government in their reply have stated as follows:

“Financial assistance of Rs. 1.10 crores was extended during 1992-93, to set up 38 Food Processing Training Centres, out of which 21 have already started functioning.

The financial assistance for setting up of additional 83 centres during 1993-94 was released almost at the end of financial year and out of these, as per the information available, 5 centres have already started functioning.”

1.21 The Committee note that financial assistance for the setting up of additional 83 Food Processing Training Centres was released almost at the end of the financial year 1993-94 and only 5 of the 83 centres have become functional now. The Committee note that the reply of the Government does not indicate the actual amount released to these 83 centres during 1993-94. The Committee desire that in future the Government should release the funds earmarked for Food Processing Training Centres in a phased manner well in time from the very beginning of the financial year so that the normal progress in the setting up of the training centres takes place and the work in this regard is not hampered due to late release of funds. The Committee also find the reply of the Government incomplete as the reasons for release of funds almost at the end of the financial year 1993-94 have not been explained in it. Besides, the reply also does not indicate the extent of funds released during 1993-94. The Committee deprecate the tendency on the part of the Government to furnish incomplete replies and they expect the Government to furnish all the relevant material in their replies.

Implementation of Recommendations

1.22 The Committee would like to emphasize that the greatest importance has to be attached to the implementation of the recommendations. They, therefore, expect that Government would implement such recommendation expeditiously. In case for some reasons it is not possible to implement any recommendation in letter and spirit, the matter should be reported to the Committee in time with reasons for non-implementation.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 1, Para 2.7, Page 5)

2.1 The Ministry's role has been viewed as that of facilitator. The Committee does not accept this is to be the only role in 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 of show were such contract farming was encouraged.

Reply of Government

2.2 The Ministry's role can be stated as developmental and promotional, regulatory, technical and advisory. In its developmental and promotional role, besides creation of conducive climate for healthy growth of the food industry by intervening and helping in devising policies including fiscal policy of the government, Ministry organises or assists in conducting seminars, meetings, discussions, publication of literature etc. for attracting investment into this sector. As a facilitator, Ministry provides requisite assistance through interactions with State Govts., financial institutions and others for implementation of the projects, interacts regularly with the industry to solve their problems including that of the exports. It encourages excellence in industry through performance awards, helps States & Organisations to study various aspects for development of food industry in the State, operates Plan schemes for catalytic investment, helps establishing Rural Food Processing Training Centres etc. and also investment in research and development work.

2.3 In its regulatory role, Ministry examines and recommends grant of industrial licence in the areas which are still under regulation, i.e. distillation and brewing of alcoholic beverages, operates Fruits, Products Order, 1955 for quality control of processed fruits & vegetable products, administers the Maritime Zone of India Act with the help of the Coast Guards and operates the Rice Milling Regulation Act with the help of the State Govts.

2.4 In its advisory and technical services role, Ministry examines the proposals for deciding the input and output norms for EOU units, examines and recommends imports, prepares project profiles with the help of technical institutions for establishment of small food processing units, makes available information and gives advice for establishment of

some food industries and coordinates the technical queries made by other Ministries.

2.5 These efforts have started bearing results. This is evident from the fact that since liberalisation 2646 IEMs involving an investment of Rs. 34,166 crores and employment of 4.76 lakhs persons have been filed till May, 1994. Similarly, exports of processed foods and marine products have also been steadily growing over the years as indicated below:

Exports of Processed Foods

Year	Value (Rs. Crores)
88-89	595
89-90	749
90-91	792
91-92	1445
92-93	1750
93-94	2010

Exports of Marine Products

Year	Value (Rs. Crores)
88-89	598
89-90	635
90-91	893
91-92	1376
92-93	1767
93-94	2350

2.6 With a view to establish a strong linkage between the growers and the industry and to ensure supply of raw-material of proper quality and quantity to the industry Ministry is encouraging backward linkage through contract farming. This concept although existing in some other sectors of industry like sugar, is not so common in the fruits & vegetable processing industry. However, due to Ministry's efforts of propagating this concept, some firms have started operating contract farming, details of which are given below. This concept is gradually being accepted by others and more and more units are likely to adopt similar methods.

Name of the Company	State where contract farming is being done.
1. M/s. Nijjar Agro Foods Ltd., New Delhi.	Punjab
2. M/s. Shingote Processed Foods Ltd., Ahmednagar, MP.	Maharashtra
3. M/s. Pepsi Foods Ltd., New Delhi.	Punjab
4. M/s. Tarai Foods Ltd., New Delhi.	Uttar Pradesh

Name of the Company	State where contract farming is being done.
5. M/s. Reitzel Agro	Karnataka
6. M/s. Bhilai Engg. Group	Madhya Pradesh
7. M/s. Ready Foods	Karnataka
8. M/s. Vamakrishna Food Processing Pvt. Ltd.	Andhra Pradesh

Recommendation (Sl. No. 3, Para 2.7)

2.7 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 come 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.

Reply of Government

2.8 For the industries which are delicensed, intending entrepreneurs are only to file Industrial Entrepreneurs Memoranda indicating their intentions. No approval from the Central Government is required for establishing such units. However, the entrepreneurs have to get clearances from the State Governments. Pollution Control Board, etc., which are applicable to all industries. Normally, after filing an IEM, two-three years time is required for implementation of the project. Entrepreneurs have to file the second IEM after commencing commercial production. According to available information, 146 units have already started commercial production till May, 1994.

2.9 In the areas where industrial licences are required like distillation and brewing of alcoholic beverages and those items reserved for small scale sector, these have been expeditiously dealt with. Ministry from time to time seeks information from the intending entrepreneurs about the progress of implementation of their project and the assistance that they may need from this Ministry in this regard. On receipt of such request, Ministry takes up the matter with the concerned authorities including banking or financial institutions.

2.10 Ministry holds Open House Discussions to sort out the implementation problems of the intending entrepreneurs in which representatives of financial institutions, concerned state agencies and related Ministries are also called. Besides, Ministry also holds Open House Discussions in which problems of entrepreneurs are discussed in close association with the concerned agencies and State Governments.

2.11 Year-wise information in respect of industrial licences for alcoholic beverages and other items and details of licences actually issued year-wise are furnished in the Statement attached herewith. Year-wise break up of IEM's filed by the entrepreneurs and units which have started production is also furnished in the Statements appended herewith.

Details of Number of Requests received year wise in respect of Industrial Licences and Letter of Intents issued in respect of items covered under the Licencing Policy of Government of India.

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
BEER							
Applications Received	99	503	210	93	7	9	2
LOIs issued	—	3	1	8	81	22	13
LOIs converted into IL	—	—	—	—	—	2	2
POTABLE ALCOHOL							
Applications Received	340	127	75	7	3	2	4
LOIs issued	—	12	—	25	17	3	2
LOIs converted into IL	—	—	—	—	—	3	2
MILK PRODUCTS							
Applications Received	26	45	25	5	***	—	—
LOIs issued	6	5	1	2	—	—	—
LOIs converted	7	3	1	1	—	—	—
Applications Rejected	22	40	24	3	—	—	—

*—(BEER) (Year wise details are not readily available).

1. Applications rejected (88-89 to 94-95)

723

2. Pending with the Government

72

**—(POTABLE ALCOHOL) (year wise details are not available)

1. Applications rejected (88-89 to 94-95)

454

2. Pending with the Government

32

***—since delicensed.

Recommendation (Sl. No. 3, Page No. 6, Para No. 2.7)
SECTORWISE SUMMARY OF IEMS FILED UPTO 30.9.1994:

Name of the Sector	No. of IEMs filed				Total
	1991-92	1992-93	1993-94	1994-95	
Grain Processing :					
Cereal Milling	25	43	33	9	110
Edible oils / oil / seeds	508	320	209	87	1124
Fruits & Vegetable Processing	24	39	59	25	147
Meat & Poultry	14	8	8	4	34
Fish Processing Industries	6	14	24	7	51
Consumer Industries:					
Coffee, Tea, Mate etc.	3	0	2	6	11
Beer, Alcohol etc.	13	103	80	41	237
Cereal based products	13	13	9	3	38
Sugar, Confectionary, waters.	26	33	67	38	164
Milk & Dairy Products	574	239	66	14	893
Total (All sectors)	1206	812	557	234	2809

Recommendation (Sl. No. 3, Page No. 6, Para No. 2.7)

SECTORWISE SUMMARY OF PRODUCTION IEMS FILED UPTO 30.9.1994:

Name of the Sector	No. of IEMs filed				Total
	91-92	92-93	93-94	94-95	
Grain Processing :					
Cereal Milling	3	2	0	0	5
Edible oils / oil / seeds	43	25	15	3	86
Fruits & Vegetable Processing	3	1	2	0	6
Meat & Poultry	1	1	2	0	4
Fish Processing Industries	2	1	0	0	3
Consumer Industries :					
Coffee, Tea, Mate etc.	1	0	0	0	1
Beer, Alcohol, etc.	1	5	0	3	9
Cereal based products	3	2	0	0	5
Sugar, Confectionary, waters	4	1	2	1	8
Milk & Dairy Products	15	6	2	0	23
Total (All sectors)	76	44	23	7	150

Recommendation (Sl. No. 7, Page 9, Para 4.3)

2.11 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. Millions)

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
Sub Total	1802.0	3170.0

Processed Fruits & Vegetables

(Figures in Rs. Millions)

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
Sub Total	1030.7	1200.0

Reply of Government

2.12 Ministry's role in accelerating exports is in the following areas:

Conducting seminars, meetings and discussions to advise exporters and entrepreneurs on the quality required for exports and also the markets that are available in different areas.

Ministry does this in collaboration with Agricultural & Processed Food Products Export Development Authority or Marine Products Exports Development Authority. Besides, Ministry has also helped in establishing certain Post-harvest Centres which has helped exports of grapes, etc. Similarly, guidance to processing units also has helped to enter into the foreign market.

2.13 The Ministry has also encouraged and helped Indian Industry to participate in International Food Fairs, like Anuga (Cologne : Germany) and International Exposition of Food Stores at Chicago.

Recommendation (Sl. No. 8, Page 11, Para 5.4)

2.14 The attention of the Committee is drawn to a press clipping about Maharashtra in which it was stated that about 50,000 litres 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.

Reply of Government

2.15 Government had followed a very restrictive policy on establishment of milk product units prior to the de-licensing of milk products sector. Since then, a large number IEMs have been filed for establishment of milk products units. However, delay in registration under Milk & Milk Products Order (MMPO) is inhibiting the growth of the milk products industry. Ministry has taken up the matter for speedier registration under MMPO with the Ministry of Agriculture.

2.16 Production of liquid milk is looked after by the concerned State Governments and this item is dealt with in the Ministry of Agriculture. As per information obtained from the Ministry of Agriculture, the position is as under:—

“All the Milk Plants/Milk Schemes except Delhi Milk Scheme and Mother Dairy, Delhi, are owned and managed by respective State Governments/State Dairy Cooperatives/State managed other organisations. This Ministry has no control over the day to day functioning/operations of these dairies. No milk has been drained either by Delhi Milk Scheme or by Mother Dairy, Delhi.

There are, however, Press Reports about some Skim Milk having been drained by the Maharashtra Government dairies. Factual position has, since, been obtained from Government of Maharashtra and is explained below:

The Greater Bombay Milk Scheme consists of three dairies located at Aarey, Worli and Kurla respectively. The total distribution between

these three dairies is around six lac litres daily. The receipt, processing and packaging of this milk, are being handled with the various machinery installed in the dairies. Those machinery are required to be cleaned and sterilised everyday for receiving the daily procurement from the mofussil regions. To drain the waste during the cleaning process, individual gutters have been provided at the various sections of operations and the total waste is ultimately guttered into the sea through a common connection. The wash water coming through the respective sections gets mixed at the common outlet and while guttering out into the sea, the same appears milky. The same is, however, not milk, as has been claimed in the newspaper.

The Greater Bombay Milk Scheme is not in a position to dispose off the milk that is being received from mofussil areas and this results in excessive detentions, milk develops high acidity and thus becomes unfit for processing and distribution. Under the situation, GBMs are forced to separate out such high acidic milk to extract the fat content in the milk. The skimmed milk thus left behind is not fit for packaging, distribution and even for conversion into Skim Milk Powder. This acidic skim milk is actually destroyed. Some time the quantity of such milk is about 30,000 to 35,000 litres.

All efforts are being made by State Govt. to distribute liquid milk as far as possible and the rest is diverted for conversion into SMP and white butter.

The Government of Maharashtra has also taken up supply of milk to the various Primary Zilla Parishad schools under the School Feeding Programme to the maximum extent.

About 90% of the milk production in the country is handled in the unorganised sector. It is therefore, not practicable to compile any information on milk being wasted, if any, in the country. Even in the organised sector, the Cooperative/Public Sector handles only about 6-7% of the total milk production, through about 68,000 Dairy Cooperatives in the country. Even if an effort is made to collect information from Dairy Cooperatives, it would be a very unweildy exercise and hence impracticable. These dairy cooperatives are also not under the direct control of this Ministry and are supervised by the respective State Governments..."

2.17 Out of 892 IEMs filed upto September, 1994, in respect of milk products, 23 units have commenced commercial production.

CHAPTER III
RECOMMENDATIONS/OBSERVATIONS WHICH THE
COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF
GOVERNMENT REPLIES

Recommendation (Sl. No. 9, Page 14, Para 2)

3.1 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 with in order to promote food processing industry.

Reply of Government

3.2 Action in the role of a facilitator does not involve approval or clearance of IEMs by the Ministry. As per the Industrial Policy, for industries which are de-licensed entrepreneurs are only to file IEMs. However, Ministry provides assistance to those entrepreneurs who require assistance for removal of bottlenecks for implementation of the projects. Industrial Licensing continues only in the areas of distillation and brewing of alcoholic beverages and those products which are reserved for SSI.

Recommendation (Sl. No. 12, Page 15, Para 5)

3.3 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 catalytic agent, encourager, propagator, developer or implementator of objectives.

Reply of Government

3.4 In view of the detailed replies already given in respect of earlier observations of the Committee, it is obvious that the Ministry in the changed scenario has been discharging its role successfully to achieve its objectives.

Recommendation (Sl. No. 13, Page 15, Para 5)

3.5 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.

Reply of Government

3.6 The focussed attention now being received by the industry consequent upon the several measures taken by the Government, justifies the rationale behind the creation of a separate Ministry.

3.7 It is the creation of this Ministry and the excellent work done by it which has brought this highly important, but somewhat neglected sector in the past, in the national focus. Every industrialist in India is talking of this sector and examining the possibilities of diversifying into it. Domestic and Foreign investments have also been flowing into this sector. In fact this sector has received the maximum investments from foreign companies and foreign collaboration in the post liberalisation period amongst any manufacturing sector.

No. of Foreign Investment Proposals approved.	Total Investment.
259	Rs. 1433 Crores.

3.8 This is a very good indication of the work being done by this Ministry. In the post liberalisation phase of our industrial growth. Industrial Ministries have to concentrate on facilitating, promoting and catalysing investments and not setting up industrial investments and ventures.

3.9 This Ministry has been doing this job exceedingly well and deserve to be encouraged.

CHAPTER IV

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

Recommendation (Sl. No. 2, Page 5, Para 2.7)

4.1 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.

Reply of Government

4.2 The scheme for providing assistance to set up Food Processing Training Centres was approved for implementation during the 8th Plan which began in 1992-93. In spite of 1992-93 being the first year of the Plan when the new schemes were yet to be propagated, 38 such Centres could be assisted. In 1993-94 assistance has been extended for setting up 83 Centres making a total of 121. These Centres are basically small training Centres for providing "hands on" experiences in operating and managing small units to the trainees in the rural areas. These Centres will transfer appropriate technology for production, marketing, book keeping, quality control, etc. to the youth.

4.3 Since the objective of setting up of the Centres is basically to provide training, norms for production, employment and turn-over cannot be laid down. Besides, depending upon the locally available raw-material, these Centres are to help and train rural entrepreneurs with appropriate technological back up to set up small food processing units in the rural areas by utilising local agricultural raw-materials to produce value-added products.

4.4 There is no specified capacity of the Food Processing Training Centres being funded by the Ministry as it depends upon:

- (a) the size of the Centre/Organisation
- (b) the variety of the raw materials produced in the area
- (c) the availability of faculty members
- (d) the duration of the training

4.5 Out of the centres for which the assistance was extended during 1992-93 22 Centres became operational in 1993-94 and as per information available 589 persons have been trained in these Centres.

Recommendation (Sl. No. 4, Page 6, Para 2.7)

4.6 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 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.

Reply of Government

4.7 The Plan proposal submitted by this Ministry sought an allocation of Rs. 727.50 crores (which included IEBR of Rs. 275 crores) for the 8th Plan. During the in-depth discussion with the Planning Commission, although the concepts of our schemes were accepted. Owing to severe constraints of Budget, it was suggested to reduce some of the schemes. Accordingly, the schemes were readjusted. However, Planning Commission was requested for additional outlay of Rs. 100 crores. Planning Commission intimated that due to severe Budgetary constraints, Budgetary support will have to be restricted. Although Planning Commission had originally recommended a total outlay of Rs. 225 crores for the 8th Plan, when the allocation was ultimately made, the outlay indicated for our Ministry is only Rs. 146 crores.

4.8 In the light of the position explained above, it is obvious that the Ministry made efforts to get higher plan allocation.

4.9 The scheme-wise break up of allocation (as approved by the Planning Commission and Finance Ministry) and the actual financial achievement is furnished in the statement attached herewith. The targets relate to the financial grant available for the particular year.

Recommendation (Sl. No. 5, Page 8, Para 3.7)

4.10 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.

Reply of Government

4.11 While it is true that a large private effort has been put by the entrepreneurs to increase the production, Ministry's efforts for

creating a conducive climate for increased production and marketing for the same are as follows:

(i) Ministry recommended and obtained fiscal concessions such as removal of excise duty on all fruits & vegetable products, meat & poultry products, processed fish products, soya products, as well as a good number of cereal products. Ministry also obtained concession for reduction of excise duties on certain consumer food products and packaging materials. Ministry also obtained concession in the domestic sale of export oriented units. These fiscal measures along with regular interactions and guidance to the industry has helped the industry to grow.

4.12 Regular interaction between the Ministry, industry and others concerned such as Ministry of Commerce, Finance, Agriculture, etc. has resulted in creation of policies and procedures for the growth of the industry. The Ministry has also been operating its 8th Five Year Plan programmes.

4.13 While the physical counting of the number of jobs created has not been done, the estimation was made on the basis of actual units put up in these years as well as usual number of jobs that are created in these sectors.

4.14 Similar has been the case in the other sectors with the projected growth. Therefore, estimation made is reasonable which can also be estimated from the normal growth that has been projected in the Annual Survey of Industries. As per Annual Survey of Industries, the number of employees in Food Sector in 1988-89 was 1.55 million and in 1989-90 it rose to about 1.59 million. Interpolating this, estimated number of rural employment created is 1.5 lakh of which about 95,000 is in the rural areas.

4.15 As already indicated in our reply Agro-processing Industries are both in the Organized and Unorganized Sectors and information on actual employment is not centrally maintained.

4.16 The Annual Survey of Industries is one source but it covers only the Factory Sector and also does not include certain States such as Arunachal Pradesh, Mizoram, Sikkim, etc. Though this is an Annual Survey, there is wide time-gap between the Survey and actual publication of the results. The published results available relate to the period 1989-90.

4.17 Since liberalisation, total industrial entrepreneur memoranda of 2809 were filed till 30.9.1994. involving an investment of Rs. 35,552 crores and offering an employment potential of 4.97 lakh persons. Out of these 2381 IEMs involving an investment of Rs. 30,536 crores and offering employment potential for Rs. 4.50 lakh persons relate to non-urban areas (including rural areas). Similarly, in the other cases also the percentage of Food Processing Units proposed to be set up in non-urban areas is very much on the higher side.

4.18 So the conservative estimates of 1.5 lakh employment has been made inter-polating these figures. However, the Ministry of Food Processing Industries has requested the Central Statistical Organization to conduct two studies. One of the studies relate to direct employment generation in various food industries.

Recommendation (Sl. No. 6, Page 8, Para 3.8)

4.19 The Ministry further stated during evidence the rural centres proposed to be 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.

Reply of Government

4.20 Financial assistance of Rs. 1.10 crores was extended during 1992-93, to set up 38 Food Processing Training Centres, out of which 21 have already started functioning.

4.21 The financial assistance for setting up of additional 83 centres during 1993-94 was released almost at the end of financial year and out of these, as per the information available, 5 centres have already started functioning.

Recommendation (Sl. No. 10, Page 14, Para 3)

4.22 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. If the Ministry is to fulfil those objectives, it has to have a monitoring agency which can quantify efforts of implementation of its policies and towards creation of its desired objectives.

Reply of Government

4.23 The major role of this Ministry is that of a facilitator and not implementation of industrial projects. The main initiative for implementation of project or operation has to come from the entrepreneurs themselves. Therefore, Ministry's efforts is to assist and encourage those entrepreneurs, to invest in the food processing sector, help in the implementation of the project, provide them information and necessary guidance, provide assistance for setting up post-harvest infrastructure and establishment of some pioneering/new type of industries. For example, Ministry's efforts in propagating mushroom production and processing has helped in attracting substantial investment in this sector. Similarly, Ministry's assistance for

establishment of precooling facilities in horticulture have helped creation of similar infrastructure.

4.24 Out of the 39 units assisted by the Ministry in various sectors, 23 units have started functioning during 1992-93. Out of these, 20 units are engaged in pioneering and new type of ventures.

Recommendation (Sl. No. 11, Page 15, Para 4)

4.25 It was 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 as to 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.

Reply of Government

4.26 Since each one of the Plan schemes has some important idea behind it, assistance for these pioneering type of industries when operated successfully is likely to have demonstrative effect on other intending entrepreneurs who can thus take up similar projects on their own. This has been clearly demonstrated in the case of establishment of post-harvest processing facilities for grapes and others where, besides projects with Ministry's assistance, some private sector on their own have started setting up these facilities. Similar has been the experience in the case of mushroom production and processing. The objective of Plan schemes is basically to create demonstrative effect through catalyst investments so that the systems develop for a modern, vibrant food processing sector.

CHAPTER V

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

—NIL—

ANNEXURE I

(Vide Para 1.9 of Report)

Recommendation Sl. No. 4 (Page No. 6 Para No. 2.7)

A. GRAIN PRO- CESSING SECTOR	8th Plan Outlay	B.E. 92-93	Actual 92-93	B.E. 93-94	Actual 93-94	B.E. 94-95	Remarks
		(Rs. in Crore)					
1. Post Harvest Technology Centre, IIT Kharagpur.	1.20	0.45	0.40	0.40	0.45	0.45	
2. Paddy Processing Research Centre, Thanjavur.	1.20	0.45	0.40	0.40	0.31	0.40	
3. Regional Extension Service Centres.	1.10	0.35	0.14	0.30	0.39	0.35	
4. Research and Development Schemes	1.00	0.40	0.35	0.40	0.36	0.30	
5. Rice Milling Machinery and Allied Equip- ments.	0.75	0.20	0.20	0.20	0.12	0.20	
6. Assistance for modernisation of Rice Milling Industry.	3.50	1.00	1.13	1.00	0.94	1.00	
7. Setting up of Food Engineering Centre.	2.25	0.80	0.80	0.70	0.70	1.00	
Total for Grain Processing Sector.	11.00	3.65	3.42	3.40	3.27	3.70	

ANNEXURE II

(Vide Para 1.9 of Report)

Recommendation Sl. No. 4 (Page No. 6 Para No. 2.7)

B. FRUIT & VEGE- TABLE PROCES- SING SECTOR	8th Plan Outlay	B.E. 92-93	Actual 92-93	B.E. 93-94	Actual 93-94	B.E. 94-95	Remarks
		(Rs. in Crore)					
1. Assistance for setting up food processing and training centres in rural areas.	6.00	1.50	1.10	1.00	2.27	1.00	
2. Assistance for establishment of F & VP Units.	14.00	3.00	3.33	3.10	4.33	3.00	
3. Assistance for strengthening backward linkages between processors and growers.	4.00	0.75	—	0.75	0.29	0.50	
4. Assistance for development of infrastructure for mushroom cultivation and processing	4.00	1.00	0.44	1.00	0.50	1.00	
5. Assistance for development and processing of Hops.	1.50	0.40	6.40	0.40	0.33	0.35	
6. Generic advertising on processed foods and for providing marketing assistance.	5.00	1.50	1.21	1.50	0.34	1.00	
7. R & D in F & V P.	0.50	0.10	0.09	0.25	0.35	0.70	
8. Assistance for infrastructure for F & VP.	—	—	—	3.00	3.18	3.50	
9. Assistance for export infrastructure.	—	—	—	—	—	0.01	
Total for Fruit & Vegetable Processing Sector.	35.00	8.25	6.57	11.00	11.59	11.01	

ANNEXURE III

(Vide Para 1.9 of Report)

Recommendation Sl. No. 4 (Page No. 6 Para No. 2.7)

C.	MEAT AND POULTRY PROCESSING SECTOR	8th Plan Outlay	B.E. 92-93	Actual 92-93	B.E. 93-94	Actual 93-94	B.E. 94-95	Remarks
			(Rs. in Crore)					
1.	Development of National Livestock Products Development Council.	1.50	0.40	—	0.50	—	0.25	
2.	Development of Pork processing.	4.50	1.00	0.80	1.00	0.20	1.00	
3.	Development of sheep, goat and rabbit meat processing.	2.50	1.50	1.03	2.75	0.05	3.25	
4.	Development of Buffalo meat processing.	5.00						
5.	Development of Poultry & Egg processing.	3.50	0.80	0.89	1.75	0.50	1.00	
6.	Development of infrastructure for storage and transport of meat for export.	2.00	0.50	—	0.60	—	0.50	
7.	Development of trained manpower for meat processing industry.	0.50	0.10	0.07	0.10	0.07	0.15	
8.	Development of Marketing support.	2.50	1.10	0.04	1.00	0.10	0.30	
9.	R&D for meat processing and specialised packaging.	1.00	0.30	0.28	0.30	0.30	0.68	
Total for Meat & processing Sector.		23.00	5.70	3.11	8.00	3.22	7.13	

ANNEXURE IV
(Vide Para 1.9 of Report)

Recommendation Sl. No. 4 (Page No. 6 Para No. 2.7)

D. FISHERIES SECTOR	8th Plan Outlay	B.E. 92-93	Actual 92-93	B.E. 93-94	Actual 93-94	B.E. 94-95	Remarks
		(Rs. in Crore)					
1. Assistance for participation in deep sea fishing and processing.	3.00	1.00	1.00	0.75	0.28	1.00	
2. Grant-in-aid providing interest subsidy on loan for acquisition of deep sea fishing vessel.	4.00	1.50	1.04	1.00	0.23	0.50	
3. Assistance for diversified fishing.	6.00	0.50	0.35	1.00	—	1.00	
4. Scheme for effective implementation of MZI Act by providing funds for installation of communication facilities for the Coast Guard.	3.00	1.00	1.00	0.75	0.75	0.40	
5. Scheme for setting up of cold chain.	4.50	1.00	1.36	-1.75	1.83	} 3.60	
6. Scheme for tuna and other fish processing.	4.50	1.00	1.99	1.25	0.68		
7. Assistance to National Marine Fisheries Development Board.	2.00	1.00	—	0.50	—	0.50	
8. Fishery Survey of India.	36.00	11.50	9.04	12.00	13.22	12.00	
Total for Fisheries Sector.	63.00	18.50	15.78	19.00	16.99	19.00	

ANNEXURE V

(Vide Para 1.9 of Report)

Recommendation Sl. No. 4 (Page No. 6 Para No. 2.7)

E. CONSUMER INDUSTRIES SECTOR	8th Plan Outlay	B.E. 92-93	Actual 92-93	B.E. 93-94	Actual 93-94	B.E. 94-95	Remarks
(Rs. in Crore)							
1. R & D Schemes on Soyabean products and Indian traditional foods & packaging	1.00	0.30	0.17	0.20	0.20	0.30	
2. Investment in public Sector Enterprises.	5.00	1.50	0.34	1.80	2.00	2.00	
(a) MFIL-Plan Support I.B.B.R.							
(b) NERAMAC	2.00			2.00		1.00	
(c) Voluntary Retirement							
Total for Consumer Industries Sector	8.00	1.80	0.51	4.00	2.20	3.30	

ANNEXURE VI

(Vide Para 1.9 of Report)

Recommendation Sl. No. 4 (Page No. 6 Para No. 27)

E. SECRETARIAT ECONOMIC SERVICES	8th Plan Outlay	B.E. 92-93	Actual 92-93	B.E. 93-94	B.E. 94-95	Remarks
(Rs. in Crore)						
1. Scheme for strengthening of nodal agencies	2.00	1.27	-	0.50	0.19	0.20
2. Scheme for Strengthening of Directorate of F & VP for information, training, education & quality system for development of F&VP.	1.50	-	-	0.30	0.26	0.35
3. Scheme for participation in National and International exhibitions.	1.25	0.30	0.30	0.30	0.35	0.40
4. Scheme for promoting studies in food processing sector.	1.00	0.25	0.32	0.25	0.40	0.55
5. Scheme for performance award in Food Processing Industries.	0.25	0.05	-	0.05	-	0.10
6. Secretariat expenditure for Plan posts.	-	0.23	-	0.20	-	0.25
7. Scheme for Establishment of a Technology Mission.	-	-	-	-	-	0.01
Total for Secretariat Economic Services	6.00	2.10	0.62	1.60	1.20	1.86

Ministry of Food Processing Industries O.M. No. 21001-2/94 (FPI) (Fy) dated 13.7.1994

APPENDIX I

MINUTES OF THE FIFTY SECOND SITTING OF THE SUB-COMMITTEE ON THE MINISTRY OF FOOD PROCESSING INDUSTRIES HELD ON 28.9.1994 AT 1500 HRS. IN ROOM NO. 118, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee met from 1500 hrs. to 1600 hrs.

PRESENT

1. Shri H. Hanumanthappa — *Convenor*
2. Shri Upendra Nath Verma — *Alternate Convenor*
3. Shri G. Ganga Reddy
4. Shri Ganga Ram Koli

SECRETARIAT

1. Shri S.C. Gupta — *Joint Secretary (C)*
2. Shri S. Bal Shekar — *Under Secretary*

2. The Sub-Committee took up for consideration memorandum No. 3 on Action Taken Replies furnished by the Ministry of Food Processing Industries in respect of the recommendations contained in the Fifth Report of the Committee on Agriculture (1993-94).

The Sub-Committee expressed its dissatisfaction on the replies, as they were too general and not specific and detailed. It was decided that the Ministry of Food Processing Industries might be asked to furnish detailed and specific replies indicating the action taken towards the implementation of the recommendations/observations made by the Committee in their Fifth Report. Specific comments made by the Sub-Committee in respect of replies to Recommendation Nos. 2, 3, 4, 5, 6, 8 & 10 have been given in Annexure.

The Sub-Committee then adjourned.

ANNEXURE

Observations of the Sub-Committee 'E' on the action taken replies in respect of the recommendations contained in the Fifth Report on the standing Committee on Agriculture

Recommendation (Sl. No. 2 Para No. 2.7. Page 5)

The Sub-Committee observed that the reply of the Government did not indicate the capacity of the training centres and also the number of persons trained during the years 1992-93 and 1993-94. They desired that this information should be incorporated in the reply.

Recommendation (Sl. No. 3 Para No. 2.7. Page 6)

The Sub-Committee desired that the revised reply should contain information on the year-wise break up of 2646 IEMs filed by the entrepreneurs and the units which started commercial production (year-wise) and the detailed reasons for the delay and the assistance provided by the Ministry in this regard. The Sub-Committee observed that the details of the number of requests received for issue of industrial licences in respect of alcoholic beverages and other items and also details of licences actually issued year-wise have not been indicated in the reply.

Recommendation (Sl. No. 4 Para No. 2.7 Page 6)

The Sub-Committee observed that the reply did not indicate the break up of allocations and physical targets scheme-wise as proposed by the Ministry initially and as approved by the Planning Commission. The Sub-Committee felt that the reply should contain this information to have a complete picture of the allocation made, targets fixed and actual achievement there against scheme-wise.

Recommendation (Sl. No. 5 Para No. 3.6 Page 8)

The Sub-Committee observed that the Government in their reply had indicated the estimated number of rural employment created as 1.5 lakh in the Food Sector and about 95000 of them has been created in the rural areas. The Sub-Committee desired to know the manner in which the figure has been computed by the Ministry of Food processing. The Sub-Committee also desired to know the basis for the assumption that 60% of the jobs created were in the rural areas; what is the difference between rural employment and creation of jobs in rural areas? The Sub-Committee desired that a detailed revised reply was required in this regard.

Recommendation (Sl. No. 6 Para No. 3.8 Page 8)

Financial assistance has been provided in 1993-94 for setting up additional 83 centres. The Sub-Committee desired to know how many of these have started functioning.

Recommendation (Sl. No. 8 Para No. 5.4 Page 11)

The Sub-Committee observed that the reply did not indicate the specific action taken in Maharashtra to improve the position regarding wastage of milk and the results achieved. The Sub-Committee desired that complete information on this aspect should be submitted. The Ministry should also furnish figures regarding the IEMs filed for establishment of milk products units and the progress made in regard to their registration.

Recommendation (Sl. No. 10 Para No. 3 Page 14)

The Sub-Committee noted that the Ministry assisted and encouraged the entrepreneurs to invest in the Food Processing Sector and helped in the implementation of the projects. The Sub-Committee desired that information regarding the total number of units opened during 1992-93 and also the total number of pioneering and new type of industries among them should be indicated in the revised reply.

MINUTES OF THE 60TH SITTING OF THE SUB-COMMITTEE 'E'
ON THE MINISTRY OF FOOD PROCESSING INDUSTRIES HELD
ON 16TH DECEMBER, 1994 AT 1530 HRS. IN ROOM NO. 118,
PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee met from 1530 hrs. to 1600 hrs.

PRESENT

Shri H. Hanumanthappa — *Convenor*

MEMBERS

2. Shri Upendra Nath Verma
3. Shri Ganga Ram Koli

SECRETARIAT

1. Shri P.D.T. Achary — *Director*
2. Shri S. Bal Shekar — *Under Secretary*

The Sub-Committee took up for consideration Memorandum No. 3-A in respect of revised action taken replies furnished by the Ministry of Food Processing Industries on the recommendations contained in the 5th report of the Committee on Agriculture 1993-94. The Sub-Committee expressed its dissatisfaction on the lack of details in respect of recommendations at serial Nos. 2, 3 & 8 and made the following comments:—

Recommendation Serial No.2 (Para 2.7 page 5 of original report)

The Sub-Committee found that the revised action taken reply of the Government did not indicate the capacity of the Food Processing Training Centres and also the number of persons trained during 1992-93 and 1993-94 separately as originally asked for by them. The Sub-Committee decided that exact details should be supplied to them instead of the approximate data furnished by the Ministry.

Recommendation Serial No. 3 (Para 2.7 page 6 of original report)

The Sub-Committee found that in reply to recommendation at Serial No. 1. the Ministry of Food Processing Industries have stated that since liberalization 2646 IEMs have been filed till May, 1994. In reply to recommendation at Serial No. 3 the Ministry was asked to furnish revised reply containing information on the yearwise breakup of the 2646 IEMs filed by the entrepreneurs and the yearwise number of units which started commercial production and detailed reasons for delay in the commencement of production and the assistance provided by the Ministry to speed up matters. The Sub-Committee also sought details of the number of requests received for industrial licences in respect of alcoholic beverages

and other reserved items and also details of licences actually issued yearwise. The Sub-Committee found that the first statement appended to revised replies in respect of recommendation Serial No. 3 did not indicate the fate of applications in respect of which no letter of intent or industrial licence was issued and to that extent the table required clarificatory details.

Recommendation Serial No. 8 (Para 5.4 page 11 or original report)

The Sub-Committee found the revised reply in respect of reduction in wastage of milk in Maharashtra does not contain details of the total production, total wastage, the break up of the distribution of milk that was rendered waste for the school children, for conversion into SMP and white butter and other products and also details of extent of wastage now and the details of wastage which took place earlier.

The Sub-Committee decided that the information sought above in respect of the three recommendations might be obtained from the Ministry and placed before the main Committee along with the Draft Report for their consideration.

The Sub-Committee then adjourned.

MINUTES OF THE 63RD SITTING OF THE STANDING
COMMITTEE ON AGRICULTURE HELD ON WEDNESDAY,
11TH JANUARY, 1995 IN COMMITTEE ROOM 'B' PARLIAMENT
HOUSE ANNEXE, NEW DELHI.

The Committee met from 1100 hrs. to 1220 hrs.

PRESENT

Shri Som Pal — *In the Chair*

MEMBERS

Lok Sabha

2. Shri D. Pandian
3. Shri Birbal
4. Shri G. Ganga Reddy
5. Shri Ankushrao Raosaheb Tope
6. Shri Govindrao Nikam
7. Shri Tara Singh
8. Shri Anantrao Deshmukh
9. Shri Uttamrao Deorao Patil
10. Shri V.V.Nawale
11. Shri Rudrasen Choudhary
12. Shri Ganga Ram Koli
13. Dr. Parshuram Gangwar
14. Shri Rajendra Kumar Sharma
15. Shri Arjun Charan Sethi
16. Shri Upendra Nath Verma
17. Shri Zainal Abedin
18. Dr. R.K.G. Rajulu

Rajya Sabha

19. Shri Ram Narain Goswami
20. Shri Anant Ram Jaiswal
21. Dr. Bapu Kaldate
22. Shri Bhupinder Singh Mann
23. Shri N. Thangaraj Pandian
24. Shri S.K.T. Ramachandran
25. Shri K.N. Singh
26. Shri Shiv Charan Singh
27. Shri H. Hanumanthappa

SECRETARIAT

Shri P.D.T. Achary

—

Director

In the absence of the Chairman of the Committee, Shri Som Pal, M.P., who was authorized by the Chairman to chair the meeting of the Committee welcomed the members to the sitting of the Committee. He placed the agenda before the Committee.

2. ** ** ** ** ** ** ** **

Taking up the draft Action Taken Reports the Chairperson informed the Members of the Committee that all the three Action Taken Reports on the Second, Fifth and Sixth Reports of the Standing Committee on Agriculture (1993-94) had been finalized by the respective Sub-Committees of this Committee after an exhaustive study by the respective Sub-Committees. The Committee adopted the three Draft Action Taken Reports as approved by the respective Sub-Committees and simultaneously also authorized the Chairman to present the same to the Parliament during the Budget Session (1995-96).

The Committee then adjourned.

APPENDIX II

(Vide Introduction of the Report)

Analysis of Action Taken by Government on the 5th Report of Agriculture Committee (10th Lok Sabha)

I. Total number of Recommendations/Observations	13
II. Recommendations/Observations which have been accepted by Government (Sl. Nos. 1,3,7 & 8)	
Total	4
Percentage	31%
III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies (Sl. Nos. 9,12 & 13)	
Total	3
Percentage	23%
IV. Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee (Sl. Nos. 2,4,5,6,10 & 11)	
Total	6
Percentage	46%
V. Recommendations/Observations in respect of which final replies are still awaited (Nil)	