

MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS (2012-13)

{Action Taken by the Government on the Observations/
Recommendations contained in the Thirty-third Report
of the Committee on Agriculture (2011-2012)}

FORTY-SECOND REPORT



LOK SABHA SECRETARIAT

NEW DELHI

February, 2013/Phalguna,1934 (Saka)

FORTY-SECOND REPORT
COMMITTEE ON AGRICULTURE
(2012-2013)

(FIFTEENTH LOK SABHA)

MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS (2012-13)

**Action Taken by the Government on the
Observations/Recommendations contained in the Thirty-third Report
of the Committee on Agriculture (2012-2013)**

Presented to Lok Sabha on 26.02.2013

Laid on the Table of Rajya Sabha on 26.02.2013



LOK SABHA SECRETARIAT
NEW DELHI

February, 2013/Phalgun,1934 (Saka)

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(i)

COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2012-13)

Shri Basudeb Acharia - Chairman

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30. Shri S. Thangavelu
31. Shri Darshan Singh Yadav

INTRODUCTION

I, the Chairman, Committee on Agriculture (2012-2013) having been authorized by the Committee to submit the Report on their behalf, present this Forty-second Report on Action Taken by the Government on the Observations/Recommendations contained in the Thirty-third Report of the Committee on Agriculture (2011-12) on Demands for Grants (2012-13) pertaining to Ministry of Food Processing Industries.

2. The Thirty-third Report of the Committee was presented to the Lok Sabha on 25 April, 2012 and laid on the Table of Rajya Sabha on 26 April, 2012. The Action Taken Replies on the Report were received from the Government on 17 July, 2012.

3. The Report was considered and adopted by the Committee at their Sitting held on 22 February, 2013.

4. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Thirty-third Report of the Committee is given in **Annexure**.

NEW DELHI
22 February, 2013
03 Phalgun, 1934 (Saka)

BASUDEB ACHARIA
Chairman,
Committee on Agriculture.

CHAPTER - I

REPORT

This Report of the Committee on Agriculture deals with the action taken by the Government on the Recommendations contained in the Thirty-third Report of the Committee on Agriculture (2011-12) on Demands for Grants (2012-13) of the Ministry of Food Processing Industries which was presented to Lok Sabha on 25 April, 2012 and laid on the Table of Rajya Sabha on 26 April, 2012 respectively.

1.2 The Ministry of Food Processing Industries have furnished Action Taken Replies in respect of all the 16 Observations / Recommendations contained in the Report. These have been categorized as under:

- Observations / Recommendations that have been accepted by the Government:

Recommendation Nos. 1.4, 2.23, 2.24, 2.25, 3.32, 3.33, 3.34, 3.35, 3.36, 3.37, 3.38, 3.39 and 3.40

- Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:

Recommendation Para No.: Nil

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

Recommendation Para No.: 2.20, 2.21 and 2.22

- Observations / Recommendations in respect of which final replies of the Government are still awaited:

Recommendation Nos. Nil

1.3 The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In cases, where it is not possible for the Ministry to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken Notes on the Observations/Recommendations contained in Chapter-I and Final Action Taken Replies to the Recommendations contained in Chapter-V of this Report be furnished to them within a period of three months.

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

STATEMENT UNDER DIRECTION 73A OF SPEAKER, LOK SABHA

(Recommendation Para No. 1.4)

1.5 The Committee were highly disappointed to note that the Ministry have faltered, time and again in adhering to Direction 73 A of Direction by the Speaker, Lok Sabha as not only had they not adhered to the stipulation of getting the Statement made within six months of presentation of the Report in the context of the Twenty-fifth Report of the Committee, their past record in the matter was also not worth mentioning. The Statement under Direction 73 A in the context of two previous Reports of the Committee viz the Fifth and Ninth ones was made after more than a year and ten months respectively on 22 March, 2011 and due to several deficiencies in these Statements, the Minister had to make the revised and updated Statements on 6 September, 2011 in the context of both the Reports on the advice of the Committee. Strongly disapproving this continuing non- adherence to a Direction by the Speaker, Lok Sabha the Committee had desired that the Statement under Direction 73 A in respect of the Twenty-fifth Report be made in the Second Half of the ongoing Budget Session (2012) without fail.

1.6 In their Action Taken Note, the Government stated that the Minister has laid the Statement in the context of the Twenty Fifth Report in the Parliament in a comprehensive and updated manner on 8 May, 2012 in Lok Sabha and on 11 May, 2012 in Rajya Sabha. Ministry have noted the observations of the Committee for strict compliance in making of Statements under Direction 73 A of the Speaker, Lok Sabha.

1.7 The Committee take note of the fact of compliance with their instant Recommendation. They also expect the Ministry to invariably stick to their assurance about timely Statements under Direction 73A of Speaker, Lok Sabha on the implementation status of the Observations/Recommendations contained in the Reports of the Committee.

FOOD PROCESSING SECTOR

(Recommendation Para Nos. 2.20 and 2.21)

1.8 The Committee had observed that inspite of having achieved self-sufficiency in foodgrain production and food security, the universal availability of the agriculture and allied products had not shown any improvement. This unfortunate situation was mainly due to the fact that there is a severe lack of food processing facilities and infrastructure in the supply chain from the farm-gate to the consumers, resulting in substantial post harvest crop losses and gaps in availability, in so far as consumers are concerned as also depriving of the farmers adequate remuneration because of their low holding capacity. Having further observed that during the course of the Eleventh Plan the funding of the Ministry left a lot to be desired, as there were inordinate delays in approvals and clearances of Schemes leading to the fund flow not being optimized, the Committee had hoped that the Ministry will get their due atleast in the Twelfth Plan. They were, however, disappointed that the Planners and the Government are yet to realize the true potential of the food processing industry sector and

therefore, the genuine requirements of funds of the Ministry have been summarily treated.

1.9 The Government in their Action Taken Note have stated that to infuse sufficient amount of capital in the food processing industry sector, Ministry of Food Processing Industries has launched a New Centrally Sponsored Scheme - National Mission on Food Processing (NMFP) during 12th Plan w.e.f 1.4.2012 through States / UTs. This would be decidedly a paradigm shift in the Ministry's approach and is driven by the need to make food processing truly a national initiative. This would give a great boost to the sector and help to infuse more capital in different parts of the food processing industry.

1.10 The other schemes notably the Infrastructure Schemes (Mega Food Park, Cold Chain & Abattoir) are also being expanded and continued in the XII Plan. This would also help to infuse more capital in the food processing sector.

1.11 They have further stated that the concern of the Committee on inadequate allocation to the Food Processing Sector has been brought to the notice of the Planning Commission vide D.O. letter No. 1-24/2012-PC dated 19.06.2012. The Planning Commission has been requested to suitably enhance the allocation for the various programmes of the Ministry during 12th Plan keeping in view the observations of the Parliamentary Standing Committee.

1.12 The Committee are not convinced by the reply of the Ministry on this very fundamental issue. Changing the mode of funding from the hitherto

Central Scheme to a Centrally Sponsored Scheme is not going to make much of a difference to the food processing industry sector in so far as infusion of funds is concerned. Similarly, continuing with the ongoing schemes, viz. Mega Food Parks, Cold Chain and Abattoir, etc. with shoe-string budgets is also not going to change the fortunes of the sector. What is required is a strong and liberal dose of funds to expand the base of the food processing industry sector on a pan-India basis so as to ensure that the farmgate to consumer chain is shortened and adequately protected to eliminate the colossal post harvest crop losses and remunerative simultaneously ensure returns to the farmer for his toil and investment. The Committee desire the Government to revisit the matter accordingly and report to them within three months of presentation of this Report.

ANALYSIS OF DEMANDS

(Recommendation Para No. 2.22)

1.13 Noting that the Ministry have been allocated Rs. 660 crore for 2012-13 against a sum of Rs. 1200 crore sought by them and apart from various other reasons a major reason for the Ministry not having their way with the allocation for Annual Plan 2012-13 appeared to be that the Twelfth Plan Outlay was yet to be decided upon, hence, the allocation had been made as a stop gap and *ad-hoc* measure without going into the merits of the Ministry's requirements.

1.14 Further noting that since, an opportunity for enhancement of allocations would now arise only at the RE stage, which is still far off, the Committee had felt

that the problem of paucity of funds with the Ministry can be attended to by synergizing, wherever feasible, some of their Schemes with such other Schemes of other Ministries/Departments like Rashtriya Krishi Vikas Yojana of the Department of Agriculture and Cooperation, where the States would have the discretion of utilising the funds for Centrally Sponsored Schemes of the Ministry of Food Processing Industries also.

1.15 The Ministry in their Action Taken Note have stated that they have launched a Centrally Sponsored Scheme namely the National Mission on Food Processing (NMFP) which will be implemented through the State/UT Governments. This will enable the States to synergize the resources wherever feasible with other Centrally Sponsored Schemes like RKVY/NHM and State/UT Government schemes. The Infrastructure Development Programme of the Ministry like Mega Food Parks, Integrated Cold Chain will be modified to achieve synergies with the schemes of the Ministry of Agriculture and other Departments.

1.16 The Committee note with satisfaction that the Ministry have, in pursuance of their Recommendation, appreciated the need for synergy of the various Schemes being implemented by them with Schemes of other Ministries/Departments to improve funds availability to the food processing industry sector. What, however, disappoints the Committee no end is the fact that apart from expressing their willingness to implement the Recommendation they have done precious little in the direction of the

implementation proper. The Committee, therefore, desire that the requisite synergisation of various Schemes of the Ministry and those of other Ministries/Departments be carried out in a time bound manner and with due promptitude as we are already at the fag end of the first fiscal of the Twelfth Plan.

(Recommendation Para No. 2.23 and 2.24)

1.17 Noting that during the Eleventh Plan out of the approved Outlay of Rs. 4031.00 crore only Rs. 1880.00 crore could come the way of the Ministry and resultantly, the implementation of various Schemes either suffered or was staggered and in both the eventualities, the ultimate sufferer was the developmental process, the Committee strongly differed with the point of view of the Planning Commission that within the availability of resources the Commission had other priorities - the Health Sector, the Social Sector, the Education Sector, etc. and had felt that the Commission, somehow, did not realize that with a little bit of handholding at this juncture, the contribution of the food processing industry sector to the economy can generate sufficient resources to contribute in a lasting manner to all these priority Sectors. Furthermore, the Committee, in view of the Planning Commission concurring with the well known fundamental of economics that all projects require optimal level of funding within the prescribed timeframe to be viable and cost effective had hoped that this convergence of views will definitely result in timely release of enhanced allocations for the Ministry of Food Processing Industries.

1.18 In their Action Taken Note the Government have stated that the concern of the Committee on inadequate allocation to the Food Processing Sector has been brought to the notice of the Planning Commission vide D.O. letter No. 1-24/2012-PC dated 19.06.2012. The Planning Commission has been requested to suitably enhance the allocation for the various programmes of the Ministry during 12th Plan keeping in view the observations of the Parliamentary Standing Committee.

1.19 The Committee note with satisfaction that their concerns regarding inadequate allocation of funds to the Ministry of Food Processing Industries have been conveyed to the Planning Commission. They expect the Commission to take cognizance of their instant Recommendation as also the pressing need to give an urgent boost to the food processing industries sector and allocate sufficient funds to the Ministry in the Fiscal 2013-14.

Mega Food Parks

(Recommendation Para No. 3.33)

1.20 Unhappy to note that none of the ten MFPs have been able to adhere to the operationalisation timeline of 24 months and yet a critical appraisal of the Scheme in its extant form had not been done and shared with the Committee and in the meantime problems which could not be foreseen by the Ministry are

cropping up putting brakes on the timely implementation of these projects, the Committee had desired that a critical appraisal of the Component be done without any further delay and correctives be put in place immediately as the Ministry are moving towards decentralization of their Schemes in the Twelfth Plan and course correction at this juncture would be in the interest of both the Component and the public monies involved.

1.21 The Government in their Action Taken Note have stated that the Ministry have appointed a Programme Management Agency (PMA) for assisting the Ministry in implementation of the Mega Food Park Scheme. So far, the Ministry has approved 15 Mega Food Park Projects out of which final approval has been accorded to 12 projects. At the time of up-scaling of the Scheme in the 3rd phase, a concurrent evaluation of the projects under implementation was done by the PMA. The findings of concurrent evaluation were incorporated in the proposal for up-scaling of the Scheme and placed before CCEA.

1.22 With a view to have a critical appraisal for more effective implementation of the Scheme, the Ministry have engaged an independent professional agency, viz. M/s Centre for Market Research and Social Development for evaluation of the Scheme. The agency has been asked to submit the report by July, 2012. On submission of the report, necessary corrective steps and follow up action will be taken by the Ministry.

1.23 The Committee are happy to note that at last the need to have a critical appraisal of Mega Food Parks Scheme has dawned upon the Ministry. An independent professional agency has been engaged to evaluate the Scheme of Mega Food Parks. The Committee are confident that the report of the agency will get the full attention of the Ministry and necessary course corrections in the implementation of the Scheme will be carried out on top priority basis. The Committee would also like to be furnished with a copy of the report at the earliest.

COLD CHAIN, VALUE ADDITION AND PRESERVATION INFRASTRUCTURE
(Recommendation Para No. 3.34)

1.24 Taking note of the fact that a concurrent evaluation of Cold Chain, Value Addition and Preservation Infrastructure Component by a project management agency had reported substantive increase in shelf life, reduction in wastages and value addition without the agency having quantified these achievements of the Component, the Committee had found it very surprising as to how this important aspect has been missed in the evaluation and desired to know whether this aspect was a part of the terms of reference of the evaluation. They had also desired that the Ministry should obtain the relevant data from the said project management agency on the basis of which it has come to these conclusions and share it with the Committee.

1.25 In their Action Taken Note the Government have stated that Ministry of Food Processing Industries awarded the evaluation to M/s IL&FS CDI to assess

the impact of 10 cold chain projects approved in 2008-09. The scope of work involves individual evaluation of 10 projects approved in 2008-09. The finding of the impact assessment of individual project is enclosed at **Annexure-I**. In the evaluation study, the TOR did not cover the assessment on increase in shelf life and the agency has already finalized its study and submitted the report. However, the Ministry has again undertaken the evaluation of cold chain projects and M/s Center for Market Research and Social Development Pvt. Ltd. is undertaking the evaluation study. The suggestion of the Committee has been incorporated in the terms of reference of this evaluation study.

1.26 The Committee find it inexplicable as to how the Ministry failed to include assessment of increase in shelf life, reduction in wastage, value addition, etc. in the terms of reference of the evaluation study. They also find it implausible as to how the evaluation agency also came to its conclusions about substantive increase in the shelf life, reduction in wastages and value addition, if it did not evaluate these factors *suo motu*. The evaluation study, as such, also reveals that in several cases they have reflected only the intended benefits or surmises based on inputs from the owners of the facilities. The Committee hope that the Ministry will ensure that the ongoing fresh study would be more indepth and purposeful and they would be able to take corrective measures of lasting impact in pursuance, thereof. The Committee would like a copy of the new evaluation study to be furnished to them.

SCHEME FOR QUALITY ASSURANCE, CODEX STANDARDS AND RESEARCH AND DEVELOPMENT AND OTHER PROMOTIONAL ACTIVITIES

(Recommendation Para No. 3.38)

1.27 Noting that the objectives of the Schemes are to motivate Food Processing Industries for adoption of food safety and quality assurance mechanisms, to prepare them to face the global competition in international trade in post WTO, to enable adherence to stringent quality in hygiene norms, to enhance product acceptance by overseas buyers, to keep Indian Industry technologically abreast of international best practices and that the end product/outcome/findings of R&D work to benefit food processing industries sector. Further noting that under this Scheme the Ministry have not been able to utilize allocated funds in the Eleventh Plan due to delayed approvals as also non-receipt of eligible and viable proposals for this under utilization, the Committee concerned about the continuous underutilization under the Scheme had felt that it needed to be critically analysed so that atleast now when we are entering in the Twelfth Plan suitable course corrections are undertaken in the Scheme to make it more appealing and effective so that earmarked allocations are fully utilized in future.

1.28 The Government in their Action Taken Note have stated that in order to ensure better and more effective utilization of funds under the Scheme for Quality Assurance, Codex Standards and Research & Development and other Promotional Activities, this Ministry has decided to entrust implementation of the

R&D component of the scheme to Science and Engineering Research Board (SERB), under the Ministry of Science and Technology and the Food Testing Laboratory component of the scheme to Indian Council of Agricultural Research (ICAR) under the Ministry of Agriculture, Department of Agricultural Research and Education (DARE). This arrangement will come with effect from 01.04.2012; proposals received upto 31.03.2012 will be dealt with by the Ministry.

1.29 Under the revised arrangement, funds will be placed by MFPI with the SERB and ICAR for R&D and Laboratory Schemes, respectively and these organizations will evaluate, decide upon funding of individual proposals, monitor the progress and give periodical reports to MFPI on the progress of the Scheme. MFPI will nominate one representative on the respective Committees of SERB and ICAR that will evaluate the individual proposals. MFPI will also ensure monitoring of implementation of the scheme. This arrangement has the benefit of getting better projects and promoting proper outcome of the scheme.

1.30 The revised arrangement is under implementation during the financial year 2012-13.

1.31 The Committee note that with a view to implement their Recommendation the Ministry have taken a slew of measures to make the Scheme for Quality Assurance, Codex Standards and Research and Development more professional and effective. The implementation of R&D

component of the Scheme has been handed over to the Science and Engineering Research Board(SERB) under the Ministry of Science and Technology and the Food Testing Laboratory Component has been entrusted to Department of Agriculture Research and Education (DARE)/ICAR under the Ministry of Agriculture. Under this arrangement which is effective from this Fiscal onwards funding would be the responsibility of the Ministry while evaluation, decision about funding, monitoring progress, etc. will be of SERB and ICAR. The Committee would like the Ministry to keep a close watch on this nascent arrangement and report to them about the outcome at the conclusion of the ongoing Fiscal.

CHAPTER – II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS.

(RECOMMENDATION PARA NO. 1.4)

The Committee are very disappointed to note that the Ministry have faltered, time and again in adhering to Direction 73 A of Direction by the Speaker, Lok Sabha. Not only have they not adhered to the stipulation of getting the Statement made within six months of presentation of the Report in the context of the Twenty-fifth Report of the Committee, their past record in the matter is also not worth mentioning. The Statement under Direction 73 A in the context of two previous Reports of the Committee viz the Fifth and Ninth ones was made after more than a year and ten months respectively on 22 March, 2011. Due to several deficiencies in these Statements, the Ministry were advised to get revised and updated Statements made in the context of both the Reports. Finally, the Minister made the revised and updated Statements on 6 September, 2011. The Committee strongly disapprove this continuing non- adherence to a Direction by the Speaker, Lok Sabha and desire that the Statement under Direction 73 A in respect of the Twenty-fifth Report be made in the Second Half of the ongoing Budget Session without fail.

REPLY OF THE GOVERNMENT

The Ministry has laid the Twenty Fifth Report in the Parliament in a comprehensive and updated manner on 08.05.2012 in Lok Sabha and on 11.05.2012 in Rajya Sabha. Ministry has noted the observations of the Committee for strict compliance in making of statements under direction 73 A of the Speaker, Lok Sabha.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.4 of Chapter – I of this Report.

ANALYSIS OF DEMANDS

(RECOMMENDATION PARA NO. 2.23)

During the Eleventh Plan out of the approved Outlay of Rs. 4031.00 crore only Rs. 1880.00 crore could come the way of the Ministry. This is hardly 47% of the approved Outlay. Resultantly, the implementation of various Schemes either suffered or was staggered. In both the eventualities, the ultimate sufferer was the developmental process. The Committee strongly differ with the point of view of the Planning Commission, as conveyed to them during the Oral Evidence by the representative of the Commission, who stated that within the availability of resources the Commission had other priorities - the Health Sector, the Social Sector, the Education Sector, etc. The Commission, somehow, do not realize that with a little bit of handholding at this juncture, the contribution of the food

processing industry sector to the economy can generate sufficient resources to contribute in a lasting manner to all these priority Sectors.

REPLY OF THE GOVERNMENT

This view of the Committee has been communicated to the Planning Commission vide D.O. letter No. 1-24/2012-PC dated 19.06.2012.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.19 of Chapter – I of this Report.

(RECOMMENDATION PARA NO. 2.24)

In fact during the course of the examination of the Demand for Grants of the ongoing Fiscal, a question was put by the Committee to the Planning Commission. They were asked that in view of the well known fundamental economics that all projects require optimal level of funding within the prescribed timeframe to be viable and cost effective. Therefore, how did the Planning Commission expect the proposed Schemes could be implemented successfully and would deliver optimally if financial cuts are made extensively and without any consideration for timeframe. The Planning Commission had while concurring with the view of the Committee stated that adequate finances within a certain timeframe is one of the important elements for delivery of optimal outcome for a

Scheme or a Project. The Committee expect that this convergence of views will definitely result in timely release of enhanced allocations for the Ministry of Food Processing Industries.

REPLY OF THE GOVERNMENT

The concern of the Committee on inadequate allocation to the Food Processing Sector has been brought to the notice of the Planning Commission vide D.O. letter No. 1-24/2012-PC dated 19.06.2012. The Planning Commission has been requested to suitably enhance the allocation for the various programmes of the Ministry during 12th Plan keeping in view the observations of the Parliamentary Standing Committee.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.4 of Chapter – I this Report.

(RECOMMENDATION PARA NO. 2.25)

Before concluding on this aspect, the Committee would like to point out a major deficiency in the data submitted to them by the Ministry of Food Processing Industries. The Committee observed that at several places expenditure performance as on 31 January of that year has been furnished to them even for the Fiscals gone by. The Committee are sure that the Ministry would be having the final figures for these years *viz.* 2009-10 and 2010-11. The

Committee while expressing their disapproval of this practice adopted by the Ministry, desire that such mistake should not recur in future.

REPLY OF THE GOVERNMENT

The Ministry has updated the data relating to expenditure performance in respect of all the Schemes upto 31st March. It is regretted that final figures could not be given during the previous meeting of the Hon'ble Committee on Agriculture.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

Scheme for Infrastructure Development

(RECOMMENDATION PARA NO. 3.32)

The Scheme for Infrastructure Development is the most important Scheme of the Ministry. It consists of three components *viz.* (i) Mega Food Parks, (ii) Cold Chain, Value Addition and Preservation of Infrastructure and (iii) Establishment of New/Modernisation of Existing abattoirs. The Scheme was allocated a sum of Rs. 752.50 crore for the Eleventh Plan but actually a sum of Rs. 360.70 crore only was released. The much referred delays in planning and approvals and the consequent delayed releases of funds, etc. played their part in the sub-optimal performance of the Scheme. The Committee find that a sum of Rs. 191.00 crore has been allocated for the Scheme for 2012-13 and the Ministry have taken several positive measures to ensure that not only the allocated funds are spent but additional demands are raised for better physical achievements during the year. The Committee expect the Ministry to deliver on their promise during the Fiscal.

REPLY OF THE GOVERNMENT

The performance is being regularly monitored and it is expected that the funds will be fully utilised in the current financial year.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

MEGA FOOD PARKS

(RECOMMENDATION PARA NO. 3.33)

A sum of Rs. 86.00 crore has been allocated for the Mega Food Parks (MFPs) Component of the Scheme for Infrastructure Development. Ten MFPs were to be set-up during the first phase. The prescribed timeline for the project is 24 months from the date of release of first installment. The Committee are unhappy to note that none of the ten MFPs have been able to adhere to this timeline. All the ten Projects have not only missed this timeline by significant periods, none of them seems to be anywhere near full operationalisation even now. The Committee had noted in their previous Reports that the Food Park Scheme which was the precursor of the MFPs had also failed miserably due to several shortcomings in planning and implementation. They had, therefore, asked the Ministry to tread with extra caution on the implementation of the MFP Component. However, a critical appraisal of the Scheme in its extant form is yet to be done and shared with the Committee. In the meantime problems which could not be foreseen by the Ministry are cropping up putting brakes on the timely implementation of these projects. The Committee, therefore, desire that a critical appraisal of the Component be done without any further delay and correctives be put in place immediately. This acquires added urgency as the Ministry are moving towards decentralization of their Schemes in the Twelfth Plan and course correction at this juncture would be in the interest of both the Component and the public monies involved.

REPLY OF THE GOVERNMENT

The Ministry has appointed a Programme Management Agency (PMA) for assisting the Ministry in implementation of the Mega Food Park Scheme. So far, the Ministry has approved 15 Mega Food Park Projects out of which final approval has been accorded to 12 projects. At the time of up-scaling of the Scheme in the 3rd phase, a concurrent evaluation of the projects under implementation was done by the PMA. The findings of concurrent evaluation were incorporated in the proposal for up-scaling of the Scheme and placed before CCEA.

With a view to have a critical appraisal for more effective implementation of the Scheme, the Ministry has engaged an independent professional agency, viz. M/s Centre for Market Research and Social Development for evaluation of the Scheme. The agency has been asked to submit the report by July, 2012. On submission of the report, necessary corrective steps and follow up action will be taken by the Ministry.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.23 of Chapter – I of this Report.

COLD CHAIN, VALUE ADDITION AND PRESERVATION INFRASTRUCTURE

(RECOMMENDATION PARA NO. 3.34)

The Committee note that during the Eleventh Plan 49 projects had been approved under this Component. Out of these 8 out of 10 projects that were approved in 2008-09 are into commercial production. The remaining 39 projects which were approved in the last year of the Plan (2011-12) are at various stages of implementation. For the Twelfth Plan the working group of Planning Commission has recommended for taking up of 140 new projects. However, pending finalization of the Twelfth Plan the situation is in a flux. Based on the contours of Plan, the Ministry intend to take up 30 new projects in 2012-13. The Committee also note that as per the recommendations of the working group the assistance under this Component in the Twelfth Plan for horticulture produce will be under Central Sector Scheme and for non-horticulture produce this Component will form part of a Centrally Sponsored Scheme. Since the exact arrangements of this bifurcation are yet to be formalized, the Committee desist from commenting on it. However, they hope that the process will be completed at the earliest so that further action for implementation of this Component is taken without any further loss of time.

The Committee also note that a concurrent evaluation of Component by a project management agency has reported substantive increase in shelf life, reduction in wastages and value addition. However, the agency has not quantified these achievements of the Component. The Committee find it very surprising as to how this important aspect has been missed in the evaluation and they would like to know whether this aspect was a part of the terms of reference of the evaluation. Even otherwise, the Committee desire that the Ministry should obtain the relevant

data from the said project management agency on the basis of which it has come to these conclusions and share it with the Committee.

REPLY OF THE GOVERNMENT

Ministry of Food Processing Industries awarded the evaluation to M/s IL&FS CDI to assess the impact of 10 cold chain projects approved in 2008-09. The scope of work involves individual evaluation of 10 projects approved in 2008-09. The finding of the impact assessment of individual project is enclosed at Annexure-I. In the evaluation study, the TOR did not cover the assessment on increase in shelf life and the agency has already finalized its study and submitted the report. However, the Ministry has again undertaken the evaluation of cold chain projects and M/s Center for Market Research and Social Development Pvt. Ltd. is undertaking the evaluation study. The suggestion of the Committee has been incorporated in the terms of reference of this evaluation study.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.26 of Chapter – I of this Report.

ESTABLISHMENT OF NEW/MODERNISATION OF EXISTING ABATTOIRS

(RECOMMENDATION PARA NO. 3.35)

Establishment of new/modernization of abattoirs is a Component of the Scheme Infrastructure Development. This Component aims at providing facilities for scientific and less painful slaughtering, chilling, rendering plant, effluent treatment plant, drainage, better hygiene, safety and retail cold chain management. In the first phase of the Component, ten Projects were approved with completion schedules ranging between April, 2010 and September, 2010 except for the Project in Sikkim which was scheduled for completion in November, 2011. The Committee, however, find that eight of these ten projects are yet to be completed. While the likely date of completion of three of them is now indicated as 2012-13 in case of the remaining five projects, it has been indicated as 2013-14. Apart from the delays in planning and approvals taking their toll of this Scheme, the delays in allocation of land for abattoirs by State Governments due to agitations/objections by local people, lack of availability of technical expertise, procedural delays, etc. have also contributed to this staggering of timelines of various projects. The Ministry now propose to have 50 more such projects during the XIIth Plan however the final approval is awaited. To ensure that the future projects under this Component are not delayed like the projects of first phase, the Ministry are considering more project management agencies for the new projects and other corrective measures. But in the absence of formal approval this is only a futuristic contemplation. There are almost 3600 slaughter houses in the Country in generally antiquated conditions, lacking modern equipment, proper sanitation and hygiene. The lack of facilities for scientific slaughtering not only is a cruelty on animals but also affects the quality

of meat and other products. The Committee are of the considered view that this Component of the Scheme for Development of Infrastructure can go a long way in improving the existing situation. They, therefore, recommend that the modalities preparatory to the implementation of Scheme in the Twelfth Plan be completed with due promptitude to facilitate its expeditious implementation.

REPLY OF THE GOVERNMENT

The proposal for up-scaling of the Scheme of Setting up of New Abattoirs/Modernization of Existing Abattoirs at a cost of Rs. 330.84 crores to fund approximately 25 new abattoirs and modernize 25 existing Abattoirs (at a cost of Rs. 240.25 Crores) as well as complete ten running projects (at a cost of Rs. 74.83 Crores) and Programme Management Agency fees of Rs. 15.75 crores, has been recommended by Expenditure Finance Committee (EFC) in its meeting held on 28.02.2012. The Draft Note for CCEA has been approved by the Finance Minister and is ready for submission for approval of CCEA. This is a Central Sector Scheme to be implemented in the first two years of the 12th Five Year Plan.

It is also submitted that the scheduled date for completion of Sikkim Abattoir project is May 2013 in place of November 2011 as mentioned in para 3.35 of the Report.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

SCHEME FOR TECHNOLOGY UPGRADATION, ESTABLISHMENT AND MODERNISATION OF FOOD PROCESSING INDUSTRIES

(RECOMMENDATION PARA NO. 3.36)

The objectives of the Scheme for Technology, Upgradation, Establishment and Modernisation are to increase the level of processing, reduction of wastage, value addition, enhance the income of farmers as well as increase exports thereby resulting in overall economic development.

This is one of the Schemes of the Ministry where they have always drawn higher allocations at the RE stage by their good performance. In the year 2007-08 the BE figure of Rs. 72.00 crore was hiked to Rs. 113.50 crore while the actual expenditure was still higher at Rs. 119.30 crore. During the year 2008-09 against the BE amount of Rs. 90.00 crore, the RE figure was Rs. 91.50 crore and the actual expenditure was in the range of Rs. 96.87 crore. In 2009-10 against BE allocation of Rs. 60.00 crore, the RE allocation was more than 33% higher at Rs. 82.51 crore and the actual expenditure was Rs. 82.49 crore (upto 31 March, 2010). In the next Fiscal, the BE amount of Rs. 81.00 crore was hiked to Rs. 106.00 crore at the RE stage and the actual expenditure was Rs. 105.67 crore. In the last year of the Eleventh Plan viz. 2011-12, the BE of Rs. 98.00 crore was almost doubled to Rs. 185.47 crore at RE stage and the actual expenditure upto 31 January, 2012 has been clocked at Rs. 137.76 crore. One more aspect that needs to be highlighted in the context of this Scheme is that from 1 April, 2012 onwards this Scheme has been sponsored under the National Mission for Food Processing. It would hence forth be implemented as a Centrally Sponsored

Scheme. The Committee, however, note that as on 31 March, 2012, the Ministry of Food Processing Industries are having a pendency of 2613 applications for disbursal of grants under this Scheme. The Committee strongly feel that the change in the modalities of the Scheme ought not hinder the settlement of such a huge number of applications pending with the Ministry. They, therefore, recommend the Planning Commission/Ministry of Finance that while allocating funds for this Scheme during the various stages of this Fiscal they should ensure additional funds to the Ministry for settling the applications pending with them.

REPLY OF THE GOVERNMENT

During 2012-13 BE of Rs. 100.00 crores has been provided for Scheme for Technology Upgradation/Establishment/ Modernization of Food Processing Industries towards committed liabilities prior to 31.3.2012.

The scheme for Technology Upgradation/Establishment/ Modernization of Food Processing Industries has been subsumed in the New Centrally Sponsored Scheme-National Mission on Food Processing (NMFP) being implemented through States/UTs during 12th Plan w.e.f 1.4.2012. The Planning Commission has approved BE of Rs. 250.00 crores for NMFP for ongoing/continuing components (including the above scheme) as per 11th Plan guidelines for implementation in 2012-13.

It is proposed to seek Rs. 175 crores as additional funds to meet the committed liabilities/pending cases against the above scheme i.e. scheme for Technology Upgradation/ Establishment/Modernization of Food Processing Industries.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

SCHEME FOR UPGRADATION OF QUALITY OF STREET FOOD

(RECOMMENDATION PARA NO. 3.37)

The Scheme for “Upgradation of quality of Street Food” was proposed in the Eleventh Plan. The Scheme has two components Viz. “Safe Food Town and the Food Street”. The Scheme is aimed at improving the quality of street food being served and laying down standards. However, the Scheme was not supported by Planning Commission and the Department of Expenditure. The Committee have been given to understand that the working group on food processing industries for the Twelfth Plan, in its report, has felt that upgradation of quality of street food may be more appropriately handled by Department of Housing & Urban Poverty Alleviation (HUPA). Thus, MoFPI have forwarded the copy of the draft guidelines and the final version of the CCEA Note prepared by them to Department of HUPA for suitable consideration. The Department of HUPA have prepared a draft Note for the Cabinet proposing introduction of the Street Vendors (Protection of Livelihoods and Regulation of Street Vending) Bill, 2012. The Committee expect the Ministry to pro-actively coordinate with the Department of HUPA so that their concerns in the matter are duly co-opted in the Bill.

REPLY OF THE GOVERNMENT

The Scheme prepared by the Ministry of Food Processing Industries for upgradation of quality of street food was not supported by the Planning

Commission and Department of Expenditure. The Working Group on Food Processing Industries for 12th Plan also felt that upgradation of quality of street food may be more appropriately handled by the Ministry of Housing & Urban Poverty Alleviation (MOHUPA). Accordingly, the draft guidelines along with CCEA note on the Scheme was sent to MOHUPA by the Ministry vide D.O. letter No. 1/3/2009-Street Food dated 21.10.2011 from Secretary MFPI to Secretary MOHUPA requesting for suitable consideration on the issue.

Subsequently, MOHUPA drafted the “The Street Vendors” (Protection of Livelihood & Regulation of Street Vending) Bill 2012. This Ministry has supported the draft Cabinet Note on the “The Street Vendors” (Protection of Livelihood & Regulation of Street Vending) Bill 2012, as the proposal would help regulation and improving the quality of street food.

MOHUPA has again been reminded vide D.O. letter No. 1/3/2009-Street Food dated 13th July 2012 from Secretary MFPI to Secretary MOHUPA.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

SCHEME FOR QUALITY ASSURANCE, CODEX STANDARDS AND RESEARCH AND DEVELOPMENT AND OTHER PROMOTIONAL ACTIVITIES.

(RECOMMENDATION PARA NO. 3.38)

The objectives of the above mentioned Schemes are to motivate Food Processing Industries for adoption of food safety and quality assurance mechanisms, to prepare them to face the global competition in international trade in post WTO, to enable adherence to stringent quality in hygiene norms, to enhance product acceptance by overseas buyers, to keep Indian Industry technologically abreast of international best practices and that the end product/outcome/findings of R&D work to benefit food processing industries sector.

Under this Scheme the Ministry have not been able to utilize allocated funds in the Eleventh Plan. The Ministry have attributed the delayed approvals as also non-receipt of eligible and viable proposals for this under utilization. The Committee are concerned about the continues under utilization under the Scheme and feel that it needs to be critically analysed so that atleast now when we are entering in the Twelfth Plan suitable course corrections are undertaken in the Scheme to make it more appealing and effective so that earmarked allocations are fully utilized in future.

REPLY OF THE GOVERNMENT

In order to ensure better and more effective utilization of funds under the Scheme for Quality Assurance, Codex Standards and Research & Development and other Promotional Activities, this Ministry has decided to entrust implementation of the R&D component of the scheme to Science and

Engineering Research Board (SERB), under the Ministry of Science and Technology and the Food Testing Laboratory component of the scheme to Indian Council of Agricultural Research (ICAR) under the Ministry of Agriculture, Department of Agricultural Research and Education (DARE). This arrangement will come with effect from 01.04.2012; proposals received upto 31.03.2012 will be dealt with by the Ministry.

Under the revised arrangement, funds will be placed by MFPI with the SERB and ICAR for R&D and Laboratory Schemes, respectively and these organizations will evaluate, decide upon funding of individual proposals, monitor the progress and give periodical reports to MFPI on the progress of the Scheme. MFPI will nominate one representative on the respective Committees of SERB and ICAR that will evaluate the individual proposals. MFPI will also ensure monitoring of implementation of the scheme. This arrangement has the benefit of getting better projects and promoting proper outcome of the scheme.

The revised arrangement is under implementation during the financial year 2012-13.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.31 of Chapter – I this Report.

NATIONAL INSTITUTE OF FOOD TECHNOLOGY ENTREPRENEURSHIP AND MANAGEMENT (NIFTEM)

(RECOMMENDATION PARA NO. 3.39)

National Institute of Food Technology Entrepreneurship and Management (NIFTEM) is being set up as an Institute of global excellence in education and research in the areas of food technology. The Institute is being set up at Kundli, District Sonepat, Haryana.

The establishment of NIFTEM which is a part of the Scheme for Strengthening of Institutions has been beset with several problems for quite sometime now. The Committee have commented on Ministry's performance in so far as NIFTEM is concerned in several of their previous Reports. The Institute has missed deadlines regarding the start of academic courses during the last two years due to inept planning and lack of foresight. Even now they are awaiting the grant of *de novo* deemed to be University status from the UGC/the Ministry of Human Resource Development. The way NIFTEM matters have been handled in the past by the Ministry, the Committee are not sure whether they would be able to start admissions for various academic courses in the Institute even in July this year. The Committee would like the Ministry to appreciate the fact that because of delays in establishment and operationalisation of this Institute of immense importance several students have missed an opportunity to seek education in some of the frontier areas in food technology during last two-three years. The Committee, therefore, strongly recommend the Ministry should now act in

mission mode to complete the remaining formalities pertaining to the establishment and operationalisation of the Institute without any further delay so that atleast admissions in various academic courses commence in July this year.

REPLY OF THE GOVERNMENT

The Ministry of HRD has granted 'deemed university' status under 'de novo' category to the Institute on 08/05/2012. Consequently, the Institute has released advertisements on 10/05/2012 inviting applications from students for admission for the 2012-2013 academic session starting from August 2012.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

NEW SCHEMES

(RECOMMENDATION PARA NO. 3.40)

The Committee note that the Ministry is embarking on an ambitious National Mission on Food Processing during the Twelfth Plan. Though, the details of the Mission are yet to be formalized, it is being implemented by States from 1 April, 2012 for the continuing Schemes of the Eleventh Plan. All the Schemes under the proposed Mission will be Centrally Sponsored Schemes. The Committee further note that this new Scheme will be characterized by a decentralized approach, which provides for a greater role of States/UTs, better out reach and effective supervision and monitoring. The Ministry have been, hitherto, implementing their Schemes as both the planners and the executors.

Consequently, their meager resources and manpower were stretched beyond limits, thereby, affecting their performance. The proposed new Mission with the characteristics mentioned above will provide the Ministry a welcome relief and enable them to focus on their primary role as a planners. Leaving the execution part to the State Governments, who are better equipped for the purpose, as they have direct interface with the users/stakeholders. The Committee, therefore, recommend that all necessary formalities concerning the Mission be completed post haste and its implementation started in right earnest.

REPLY OF THE GOVERNMENT

Ministry of Food Processing Industries (MFPI) has launched a new Centrally Sponsored Scheme (CSS) - National Mission on Food Processing (NMFP) during the 12th Plan (2012-13) to be implemented through States /UTs. The basic objective of NMFP is decentralization of implementation of Ministry's schemes, which will lead to substantial participation of State Governments/UTs. The NMFP contemplates establishment of a National Mission as well as corresponding Missions in the State and District levels. The NMFP is likely to improve significantly the Ministry's outreach in terms of planning, supervision and monitoring of assistance through this Scheme.

This scheme will be implemented as a new centrally sponsored scheme in the ratio of 75 (GOI):25 (States); 90(GOI):10 (NE States) and UTs- 100% by GOI. Allocation of funds to the States/UTs would be based on their population (50%) and Area (50%) and Minimum base/floor rate /amount @ Rs. 2.00 crore

for States and Rs. 1.00 crore for UTs. States will have flexibility to take up new schemes not envisaged in the guidelines or deviate from the NMFP guidelines with prior approval of the National Food Processing Development Council (NFPDC).

Planning Commission has conveyed “in-principle” approval for taking up preparatory activities/advance action by States/UTs for implementation of NMFP during 12th Plan, subject to concurrence of Department of Expenditure.

Department of Expenditure, Ministry of Finance has also conveyed approval for transferring funds amounting to Rs. 51 crores for taking up preparatory activities / advance action by States / UTs for implementation of NMFP and also making budget provisions of Rs. 12 crores in aggregate corresponding to the proposed allocation for preparatory activities / advance action by States / UTs.

Expenditure Finance Committee (EFC) in its meeting held on 18.5.2012 has recommended the launching of a new Centrally Sponsored Scheme – National Mission on Food Processing (NMFP) during 12th Plan w.e.f 1.4.2012 (2012-13). EFC also recommended for placing the above proposal of NMFP before CCEA for their consideration and approval with a total cost of Rs. 320 crore for 2012-13, of which GOI share would be Rs. 250 crores and States share Rs. 70 crores. The CCEA note is expected to be placed shortly before the CCEA for its consideration.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

CHAPTER -III

**OBSERVATIONS /RECOMMENDATIONS IN RESPECT OF WHICH THE
GOVERNMENT DO NOT DESIRE TO PURSUE IN VIEW OF THE
GOVERNMENT'S REPLY**

- NIL -

CHAPTER –IV

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

FOOD PROCESSING SECTOR

(RECOMMENDATION PARA NO. 2.20)

Due to rapid strides made in the Agriculture and Allied Sectors, India has not only achieved self-sufficiency and food security but there is now a situation of surplus in some of the agriculture and allied-sector products. Inspite of this, the universal availability of the agriculture and allied products has not shown any improvement. This unfortunate situation obtains mainly due to the fact that there is a severe lack of food processing facilities and infrastructure in the supply chain from the farm-gate to the consumers. This results in substantial post harvest crop losses and also restricted supply because of short shelf life of these products. Due to these handicaps, apart from the gaps in availability, in so far as consumers are concerned, the farmers are also deprived of adequate remuneration because of their low holding capacity. The Committee have been, therefore, emphasizing in their successive Reports about the need for infusion of sufficient amount of capital in the food processing industry sector so that it is able to contribute optimally to the Indian economy.

REPLY OF THE GOVERNMENT

To infuse sufficient amount of capital in the food processing industry sector, Ministry of Food Processing Industries has launched a New Centrally Sponsored Scheme - National Mission on Food Processing (NMFP) during 12th Plan w.e.f 1.4.2012 through States / UTs. This would be decidedly a paradigm shift in the Ministry's approach and is driven by the need to make food processing truly a national initiative. This would give a great boost to the sector and help to infuse more capital in different parts of the food processing industry.

The other schemes notably the Infrastructure Schemes (Mega Food Park, Cold Chain & Abattoir) are also being expanded and continued in the XII Plan. This would also help to infuse more capital in the food processing sector.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

(RECOMMENDATION PARA NO. 2.21)

During the course of the Eleventh Plan the funding of the Ministry left a lot to be desired. However, appreciating the fact that the Eleventh Plan was beset with inordinate delays in approvals and clearances of Schemes leading to the fund flow not being optimized, the Committee had expected that the Ministry will get its due atleast in the Twelfth Plan. Disappointingly, as the subsequent narrative will prove, the Planners and the Government are yet to realize the true potential of the food processing industry sector and therefore, the genuine requirements of funds of the Ministry have been summarily treated.

REPLY OF THE GOVERNMENT

The concern of the Committee on inadequate allocation to the Food Processing Sector has been brought to the notice of the Planning Commission vide D.O. letter No. 1-24/2012-PC dated 19.06.2012. The Planning Commission has been requested to suitably enhance the allocation for the various programmes of the Ministry during 12th Plan keeping in view the observations of the Parliamentary Standing Committee.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

ANALYSIS OF DEMANDS

(RECOMMENDATION PARA NO. 2.22)

The Committee find from Demand No. 45 pertaining to the Ministry of Food Processing Industries that for ongoing financial year viz. 2012-13, a sum of Rs. 670.54 crore has been allocated to the Ministry. The entire allocation is in the Revenue Section. Out of this, Rs. 660.00 crore has been allocated on the Plan Side which is 20% more than the RE figure of Rs. 550.00 crore in the year gone by. On the Non-Plan Side, the Ministry have been allocated Rs. 10.54 crore which is slightly higher than the last year's allocation of Rs. 10.09 crore. The allocation of the Ministry needs to be seen in the context of the Outlay of Rs. 1200.00 crore sought by them for Annual Plan 2012-13. One of the reasons for the drastic scaling down of the Ministry's proposal is their not so good spending

record during the Eleventh Plan. However, the Committee are aware that the Ministry, at best, can only be partially blamed for their financial performance in the Eleventh Plan. The fact is that due to delays in planning and approvals, actual progress in the Schemes was possible only from the Third year of the Eleventh Plan. The actual reason, therefore, for the Ministry not having their way with the allocation for Annual Plan 2012-13 appears to be that the Twelfth Plan Outlay is yet to be decided upon, hence, the allocation has been made as a stop gap and *ad-hoc* measure without going into the merits of the Ministry's requirements. Since, an opportunity for enhancement of allocations would now arise only at the RE stage, which is still far off, the Committee feel that the problem of paucity of funds with the Ministry can be attended to by synergizing, wherever feasible, some of their Schemes with such other Schemes of other Ministries/Departments like RKVY of the Department of Agriculture and Cooperation, where the States would have the discretion of utilising the funds for Centrally Sponsored Schemes of the Ministry of Food Processing Industries also.

REPLY OF THE GOVERNMENT

The Ministry has launched a centrally Sponsored Scheme namely the National Mission on Food Processing (NMFP) which will be implemented through the State/UT Governments. This will enable the States to synergize the resources wherever feasible with other Centrally Sponsored Schemes like RKVY/NHM and State/UT Government schemes. The Infrastructure Development Programme of the Ministry like Mega Food Parks, Integrated Cold

Chain will be modified to achieve synergies with the schemes of the Ministry of Agriculture and other Departments.

(Letter No.6-03/2012-Parl dated 16th July, 2012)

CHAPTER-V

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

- NIL-

NEW DELHI
ACHARIA
22 February, 2013
03 Phalgun, 1934 (Saka)
Agriculture.

BASUDEB
*Chairman,
Committee on*

APPENDIX

COMMITTEE ON AGRICULTURE

(2012-13)

MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 22 February, 2013 from 1000 hours to 1025 hours in Room No. '62', Parliament House, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

MEMBERS

LOK SABHA

2. Shri Narayansingh Amlabe
3. Shri Sanjay Singh Chauhan
4. Shri Premdas Katheria
5. Dr. (Smt.) Botcha Jhansi Lakshmi
6. Sardar Sukhdev Singh Libra
7. Dr. Jyoti Mirdha
8. Shri Jagdish Singh Rana
9. Shri Patel Kishanbhai V.
10. Shri Hukamdeo Narayan Yadav

RAJYA SABHA

11. Shri Dharmendra Pradhan
12. Dr. K.V.P. Ramachandra Rao
13. Shri Rajpal Singh Saini
14. Shri Shivanand Tiwari
15. Shri S. Thangavelu

SECRETARIAT

1.	Shri P.C. Koul	-	Director
2.	Shri T.H. Rao	-	Deputy Secretary

2. At the outset the Chairman welcomed the members to the Sitting of the Committee. The Committee, then, took up Memorandum No. 06 regarding draft Report on action taken by the Government on the Observations/Recommendations contained in the Thirty-third Report of the Committee on Demands for Grants (2012-13) of the Ministry of Food Processing Industries.

*3. *** *** *** *** *** *** *** *** *** *** *** ***

4. After deliberations, the Committee adopted the draft Reports without any modifications.

*5. *** *** *** *** *** *** *** *** *** *** *** ***

The Committee then adjourned.

* Matter not related with this Report

Annexure-I**Impact assessment of 10 cold chain projects approved in 2008-09
by M/s. IL& FS CDI.**

Project Names	Project impact as mentioned in the report submitted on 29.10.2010
Atharvass Traders Private Limited	Not given as the project was at a very early stage of implementation
Ascon Agro Products Exporters & Builders Pvt. Ltd	Establishment of a cold chain facility at Dhaniakhali, is expected to have an impact on various stakeholders by reduction in wastages of the produce. The promoters expect that setting up collection centers close to production hub and providing pre-cooling facilities will help about 4500 farmers in reducing their wastages. Further, providing MA storage will increase the shelf life of the products, their marketability, and hedge farmers against losses. Farmers will have greater access to larger market and hence obtain better price for their produce. Moreover, the project will also generate employment for both skilled and un-skilled manpower, directly and indirectly.

	However, the impact assessment of project in terms of better prices for farmers, increased production & productivity, reduced wastages and employment can be done after the project is operational for a considerable period of time. At this stage, these may be considered as the intended benefits from the project.
Biolife Foods Pvt. Ltd.	Not given.
Creamline Dairy Products Ltd	<p>Employment generation:</p> <ul style="list-style-type: none"> i. The promoters have claimed to create additional employment for 1500 persons in the organized sector. ii. Increase in value addition: <p>The project has brought 1.44 lakh litres milk per day into organized industry and it is expected to reach 3.89 lakh litres per day at full capacity.</p>
Farm Fresh Banana	The project has potential of providing immense help in improvement of banana value chain in its catchment area. Promoters said that on farm processing, sorting- grading, and better handling of products have reduced the wastages and

	<p>increased the shelf life of products. The promoters have also suggested that due to these interventions, realization of farmers from banana cultivation has increased significantly. On the employment aspect, the project has provided jobs to around 250 persons at value added centers and collection centers. Women constitutes majority of the workforce (150 out of 250 are women). The indirect employment is expected to be more than 1000 at various points of value chain in next couple of years.</p>
Freshcrop Fruits Ltd	<p>The promoters informed that the prices of Totapuri mangoes and white guava from this area have increased after the project. The availability of processing facilities in the vicinity of production area has opened the market for processing grade products and farmers are able to realize differential pricing for various product grades. This project has benefited the farmers from this area.</p> <p>However, the impact assessment of project in terms of better prices for farmers, increased</p>

	<p>production & productivity, reduced wastages, and employment can be done after the project is operational for a considerable period of time. At this stage, these are the intended benefits from the project.</p>
Ganga Dairy Ltd.	<p>At present, the direct employment provided by the project is close to 100, from 10 operational collection centers. As the project progresses, all the collection centers along with value added centers and distribution become operational, the direct employment is expected to be about 1200. The total expected indirect employment generated from the project can be more than 5000 in various districts of Bihar.</p> <p>Milk producers of this area have been benefitted by the project. Now, farmers have more options for selling their produce compared to earlier scenario when COMFED has near monopoly on organized milk procurement in North Bihar.</p>
Hi-Tech Frozen Facilities Private Limited	Establishment of a cold chain facility is expected to have beneficial impact on various stakeholders by generating additional

	<p>employment, increasing income of the farmers, increasing value of the produce, and reducing wastages. It is expected that more than 3000 farmers and traders will be benefited by the project.</p> <p>However, a real impact assessment of project in terms of better prices for farmers, increased production & productivity, reduced wastages and creation employment can be done only after the project is operational for a considerable period of time. At this stage, these are the intended benefits from the project.</p>
Jhunsons Chemicals Private Limited	<p>Irradiation technology increases the shelf life of food products by exposing it to ionizing radiation for destroying microorganisms, bacteria, viruses or insects that might be present in the food. Its main applications include sprout inhibition, delay of ripening, increase of juice yield, and improvement of re-hydration. Irradiated food does not become radioactive, but in some cases there may be subtle chemical changes. Therefore, irradiation technology adds significant</p>

	<p>value by way of ensuring hygienic food products to end- customers at a reasonable price.</p> <p>The impact of project in terms of prices, production, wastages and employment would be fully ascertained only after the project is operational for a considerable period of time. At this stage, acceptability of the irradiation technology in food industry is quite low. The promoters are trying to increase awareness for the technology which may help in increasing their market base. Regarding the employment, about 75-120 people shall be employed depending upon the capacity utilization of the plant. It is estimated that the direct employment generation potential may go up to 200-250 once the plant achieves 80 percent or more capacity utilization</p>
Suri Agro Fresh Private Ltd	<p>The setting up of an integrated cold chain facility in Haryana is likely to add value to the existing supply chain of fruits and other perishables. It shall benefit both the farmers and the traders by reducing product wastages by providing cold</p>

	<p>storage facilities. Setting up of CA storage at the project site will increase the shelf life of the products, their marketability and hedge farmers risk against price fluctuation. It is envisaged that farmers will have greater access to bigger markets and hence obtain better price for their produce. This, in turn, will significantly increase farmers income and they will have better incentives to produce good quality products. Moreover, the project will also generate employment for both skilled and un-skilled manpower, directly and indirectly. Overall, the project will have an impact on more than 2000 farmers.</p>
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(Letter No.6-03/2012-Parl dated 16th July, 2012)

ANNEXURE II

(Vide Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE THIRTY-THIRD REPORT OF COMMITTEE ON AGRICULTURE ON DEMANDS FOR GRANTS (2012-13) PERTAINING TO MINISTRY OF FOOD PROCESSING INDUSTRIES

(i)	Total number of Recommendations	16
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Para Nos.	1.4, 2.23, 2.24, 2.25, 3.32, 3.33, 3.34, 3.35, 3.36, 3.37, 3.38, 3.39 and 3.40.
	Total	13
	Percentage	81.25%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Total	NIL
	Percentage	0%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
	Para Nos.	2.20, 2.21 and 2.22
	Total	03
	Percentage	18.75%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Total	NIL
	Percentage	0%