

17

STANDING COMMITTEE ON
AGRICULTURE
(2015-16)

SIXTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING
INDUSTRIES

[Action Taken by the Government on the Observations/Recommendations contained in the Fourth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2014-15)]

SEVENTEENTH REPORT



LOK SABHA SECRETARIAT
NEW DELHI

December, 2015/Agrahayana, 1937 (Saka)

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STANDING COMMITTEE ON AGRICULTURE
(2015-16)
(SIXTEENTH LOK SABHA)
MINISTRY OF FOOD PROCESSING
INDUSTRIES
'DEMANDS FOR GRANTS (2014-15)'

[Action Taken by the Government on the Observations/Recommendations contained in the Fourth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2014-15)]

*Presented to Lok Sabha on 16.12.2015
Laid on the Table of Rajya Sabha on 16.12.2015*



LOK SABHA SECRETARIAT
NEW DELHI

December, 2015/Agrahayana, 1937 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
AGRICULTURE (2015-16)

Shri Hukm Deo Narayan Yadav — *Chairperson*

MEMBERS

Lok Sabha

2. Prof. Ravindra Vishwanath Gaikwad
3. Prof. Richard Hay
4. Shri Sanganna Karadi
5. Shri Nalin Kumar Kateel
6. Md. Badaruddoza Khan
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31. Shri Darshan Singh Yadav

SECRETARIAT

1. Shri U.B.S. Negi — *Joint Secretary*
2. Shri Arun K. Kaushik — *Director*
3. Smt. Juby Amar — *Additional Director*

INTRODUCTION

I, the Chairperson, Standing Committee on Agriculture (2015-16), having been authorized by the Committee to submit the Report on their behalf, present this Seventeenth Report on action taken by the Government on the Observations/Recommendations contained in the Fourth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2014-15) on 'Demands For Grants (2014-15)' pertaining to the Ministry of Food Processing Industries.

2. The Fourth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2014-15) on 'Demands For Grants (2014-15)' of the Ministry of Food Processing Industries was presented to Lok Sabha and laid on the Table of Rajya Sabha on 19 December, 2015. The Action Taken Notes on the Report were received on 18 March, 2015

3. The Report was considered and adopted by the Committee at their Sitting held on 10.12.2015.

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

NEW DELHI;
14 December, 2015

23 Agrahayana, 1937 (Saka)

HUKM DEO NARAYAN YADAV
Chairperson,
Standing Committee on Agriculture.

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CHAPTER I

REPORT

This Report of the Committee on Agriculture deals with the action taken by the Government on the Observations/Recommendations contained in the Fourth Report (Sixteenth Lok Sabha) of the Committee on Agriculture (2014-15) on “Demands for Grants (2014-15)” pertaining to Ministry of Food Processing Industries which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 19.12.2014.

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 replies have been categorized as under:—

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

Recommendation Serial Nos. 1, 2, 5, 8, 9, 10, 12, 13, 14, 15 and 16

Chapter II

Total-11

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

Recommendation Serial No. NIL

Chapter III

Total-0

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

Recommendation Serial Nos. 3, 4, 6 and 11

Chapter IV

Total 04

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

Recommendation Serial No. 07

Chapter V
Total-01

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 of this Report be furnished to them at an early date.

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

A. Allocation of Funds

Recommendation (Serial No. 3)

1.5 The Committee had observed/recommended as under:—

“The Committee are aware that India is a significant contributor in agriculture produce. Within the country agriculture sector accounts for 19% of the GDP and 12% of country’s exports providing employment to over 50% of the workforce. However, a study carried out by CIPHET in 2009 on 46 agricultural produces in 106 randomly selected districts has revealed that the estimated harvest and post-harvest losses of major agricultural produces at national level was of the order of Rs. 44,143 crore per annum at 2009 wholesale prices. They find that the two biggest contributors to food losses are the

lack of refrigerated transport and high quality cold storage facilities for food manufacturers and food sellers. Needless to emphasize the significance to save this national loss and convert into an asset by development of a knowledge based industry which promotes high value addition and through that higher incomes and employment in the country. The Ministry of Food Processing, Industries being the nodal Ministry, for the purpose, formulates and plans for the FPI within the overall national priorities and objective. From the magnitude of losses and gigantic work ahead for providing safe, hygienic and quality food products through modernization of agriculture and value addition to the products it can be easily deduced that there is an urgent need for huge investment in the sector. The Committee are, however, concerned to note that the Ministry had proposed a plan allocation of Rs. 1280.33 crore whereas Rs. 770.00 (*i.e.* only 60%) has been actually provided for the year 2014-15 as a result of which the Ministry had to downsize the targets. They were apprised that the Ministry has now sought Rs. 156.00 crore at RE stage to upscale the targets of some of their major performing schemes. The Committee desire that Planning Commission should accord the warranted significance to this highly potential component of the economy *i.e.* the food processing sector. The Committee, therefore, expect the Government to grant the amount sought by the Ministry at the RE level for the purpose of financing their well performing schemes.”

1.6 In its Action Taken Reply, the Ministry has stated as under:—

“Against the allocation of Rs. 14604 crore sought by the Ministry for the 12th Five Year Plan, the Planning Commission has approved only Rs. 5990 crore. As such, on an average Rs. 1198 crore had to be provided annually to the Ministry. However, the year-wise budget allocation has been much less. Ministry has been able to utilize almost

The position of expenditure during 2012-13, 2013-14 and 2014-15 is given below:—

(Rs. in crore)

Sl. No.	Name of Scheme	2012-13			2013-14			2014-15 (upto 16.02.2015)		
		BE	RE	AE	BE	RE	AE	BE	RE	AE
1.	Scheme for Infrastructure Development	191.00	184.19	183.89	247.00	241.92	224.49	315.00	229.62	209.17
2.	Scheme for Technology Upgradation/Establishment/Modernization of Food Processing Industries	100.00	186.46	186.19	160.00	163.92	162.08	160.00	157.03	142.63
3.	Scheme for Quality Assurance, Codex Standards, R&D and other Promotional Activities	35.00	31.91	31.34	35.00	35.66	35.01	36.00	41.28	29.23
4.	Scheme for Human Resource Development	4.00	4.00	3.98	4.00	4.00	3.78	4.00	3.75	3.27
5.	Scheme for Strengthening of Institutions	80.00	68.12	67.58	75.00	74.00	72.56	75.00	43.00	38.75
6.	National Mission on Food Processing	250.00	185.32	182.90	187.00	30.50	29.72	180.00	125.32	114.55
	Total	660.00	660.00	655.88	708.00	550.00	527.64	770.00	600.00	537.60

AE = Actual Expenditure incurred
BE = Budget Estimate
RE = Revised Estimate

In BE 2014-15, the Ministry was allocated a Plan allocation of Rs. 770.00 crore. Since the Ministry had spent 67% of the allocation upto 11.11.2014, so, to upscale the targets of the Schemes of this Ministry, the Hon'ble Minister (FPI) had requested *vide* d.o. letter dated 20.11.2014 the Hon'ble Minister of Finance to allocate additional funds of Rs. 156.00 crore for the year 2014-15 (Plan) at RE stage. This included Rs. 100 crore for Cold Chain projects and Rs. 56 crore for clearing the proposals under Technology Upgradation Scheme (TUS) (Spillover liabilities). However, no additional allocation could be made due to constraints of financial resources. On the contrary annual allocation for 2014-15 has also been reduced to Rs. 600 crore at RE stage.”

1.7 The Committee are not satisfied with the reply of the Government as the issue of mismatch between proposed demand and actual allocation has not been adequately addressed. The Committee would like to know as to what extent the various schemes being implemented by the Department would suffer for want of adequate funds. The Committee strongly feel that the modernisation and infrastructural development of food processing sector is absolutely essential for the economic growth and generation of employment opportunity in the country. The very fact that no additional allocation could be made to the Ministry and the plan allocation of Rs. 770 crore at BE stage has been reduced to Rs. 600 crore at RE stage by the Ministry of Finance amply makes it clear that the Ministry has failed to impress upon the Ministry of Finance the need to augment the plan allocation for affective implementation of its various schemes. Needless to say, the lack of adequate funds would hamper the modernisation and infrastructural development of food processing sector. The Committee, therefore, desire that the Ministry should vigorously pursue with the Ministry of Finance and impress upon them to augment the plan allocation as per their demand/requirement. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard.

B. Liabilities of 11th Plan

Recommendation (Serial No. 4)

1.8 The Committee had observed/recommended as under:—

“The Committee note that in some of the schemes such as Scheme

for Technology Upgradation the targets are spillover liabilities of the 11th Plan. Further, the Committee were apprised that due to less allocations, the upscaling of Infrastructure Development Scheme could not be undertaken and has resulted in reducing targets of these schemes. They are of the view that these liabilities should have been cleared within a year of the 12th Plan. The Committee are not happy with the fact that these liabilities are continuing even when the 12th Plan is already midway. The Committee recommend that the Ministry should seek more funds at RE level and on receiving additional funds priority be given on completion of the targets of such schemes which have been subsumed in National Mission on Food Processing in the 12th Plan. The Committee emphasize that all the liabilities of such schemes should be cleared in the current year itself.”

1.9 In its Action Taken Reply, the Ministry has stated as under:—

“At the beginning of 12th Plan (01.04.2012), the committed liabilities of Rs. 740 crore for 3168 cases were pending under the scheme of ‘Technology Upgradation, Establishment and Modernization of Food Processing Industries’. During 12th Plan (2012-13, 2013-14 and 2014-15), the following number of cases have been assisted, which had enhanced the processing capacities in various sub-sectors of food processing:—

Year	Total Units assisted	Sector-wise no. of units assisted				
		Consumer food	Dairy	Fisheries	Wine and Beer	F&VP
2012-13	192	93	25	17	1	56
2013-14	539	193	84	25	9	228
2014-15*	436	166	77	22	13	158
Total	1167	452	186	64	23	442

—Contd.

Year	Total Units assisted	Sectors-wise no. of units assisted				
		Meat and Poultry	Oil Milling	Pulse Milling	Rice Milling	Flour Milling
2012-13	1032	2	132	60	801	37
2013-14	459	22	71	27	326	13
2014-15*	445	19	71	19	320	16
Total	1936	43	274	106	1447	66

*As on 16.02.2015.

The details of expenditure during the year 2012-13, 2013-14 and 2014-15 under the scheme are given below:—

(Rs. in crore)

Sl. No.	Year	BE	RE	AE	Units assisted
1.	2012-13	100.00	186.46	186.19	1224
2.	2013-14	160.00	163.98	162.08	998
3.	2014-15*	160.00	156.03*	142.63	881

*As on 16.02.2015.

During the year 2012-13 and 2013-14 in majority of pending proposals, 1st instalment was released. For release of 2nd instalment the proposals are required to be submitted after start of commercial production and duly certified by the bank.

Further, the BE of 2014-15 has been reduced from Rs. 160 crore to Rs. 156.03 crore at RE stage. The committed liabilities of the 11th Plan under the Scheme of Technology Upgradation/Establishment/Modernization of Food Processing Industries are decreasing and the same will be liquidated in the next two financial years 2015-16 and 2016-17. An amount of Rs.175.59 crore has been proposed in Budget Estimates of 2015-16.

To liquidate past liabilities, higher allocation is being requested under the scheme every year but the same has not been accepted by the Ministry of Finance.”

1.10 The Committee are not satisfied with the reply of the Ministry that the committed liabilities of the 11th Plan under the Scheme of Technology Upgradation/Establishment/Modernization of Food Processing Industries are decreasing and the same will be liquidated in the next two financial years 2015-16 and 2016-17. An amount of Rs. 175.59 crore has been proposed in Budget Estimates of 2015-16. The Committee are of the opinion that public investment in food processing sector is much below the required level. Instead of increasing the fund allocation at BE level which was Rs. 160 crore. In 2014-15, the Ministry of Finance have decreased the RE allocation to Rs. 156.03 crore for 2015-16. Keeping in view of the role of agriculture for sustenance and livelihood of 54.6% populace of the Country, the move of the Ministry of Finance to reduce the allocation will adversely affect the growth and modernization of food processing sector. The Committee, therefore, reiterate that Ministry should pursue and coordinate with the Ministry of Finance for higher allocation of funds so that past liabilities could be liquidated and pending 3168 cases under the scheme of ‘Technology Upgradation, Establishment and Modernisation of Food Processing Industries’ be cleared at the earliest. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard.

C. Outstanding Utilization Certificates (UCs)

Recommendation (Serial No. 6)

1.11 The Committee had observed/recommended as under:—

“The Committee are disappointed to note that the 2842 Utilization Certificates amounting to Rs. 556.36 crore as on 01.04.2014, are yet to be liquidated. The Committee desire that the Government should tackle the pendency of UCs on a war-footing and impress upon all the implementing agencies to clear their backlog. They further observe that this huge pendency is reflective of bad accounting and financial

management practiced by the State Governments/Implementing Agencies. The Committee recommend to the Ministry to impress upon the State Governments/implementing agencies to initiate corrective measures and submit the UCs at the earliest as in absence of the same, they are the ones who have to bear the consequences.”

1.12 In its Action Taken Reply, the Ministry has stated as under:—

“The Government is making every effort for liquidating the outstanding Utilization Certificates (UCs). The status is being regularly reviewed. The year-wise and scheme-wise pending UCs list are circulated to the Divisions dealing with Plan Schemes. They are being pursued regularly for liquidation of these outstanding UCs. During the period from April, 2014 to December, 2014, 138 UCs amounting to Rs. 72.77 crore have been liquidated. As on 31.12.2014, 2704 UCs amounting to Rs. 483.59 crore are pending.”

1.13 The issue of submission of outstanding Utilization Certificates (UCs) has been a cause of continuous and serious concern to the Committee. The Committee find that a large number of Utilization Certificates are yet to be received from the Implementing Agencies. The Committee are also at pains to see that as many as 2842 certificates for Rs. 556.36 crore up to 01st April, 2014 have not been received. The achievement in this regard is also not very encouraging as only 138 UCs amounting to Rs. 72.7 crore were liquidated from April to December, 2014. This speaks not only about the inaction on the part of the Implementing Agencies but also the lack of initiative in monitoring the utilization of funds and receipt thereof on the part of the Government also. The piling up of outstanding UCs has the potential to derail the entire planning process for the sector. The Committee, therefore, reiterate their recommendation on the issue. In this regard, the Committee would like to suggest to set up an institutional mechanism for monitoring of utilisation of funds and submission of utilization certificates within the definite time frame, failing which the Implementing Agency be made liable for punitive action against them. The Committee would like to be apprised of the action taken by the Ministry in this regard.

D. Gender Budgeting

Recommendation (Serial No. 7)

1.14 The Committee had observed/recommended as under:—

“Gender Budgeting was introduced by the Government in the year 2005-06 in order to ensure that policy commitments are supported by financial outlays and that the gender perspective is incorporated at all stages of a policy or a programme.

The Committee note that a Gender Budget Cell under the Chairmanship of a Joint Secretary has been set up in the Ministry for inducting and effecting a change in the Ministry’s policies and programmes in a way that could tackle gender imbalances, promote gender equality and development and could ensure that public resources through the Ministry’s budget are allocated and managed accordingly. Though efforts are being made by the Ministry to ensure that the benefits of the schemes of the Ministry could reach the woman stakeholders of the sector, the Committee find it strange that the benefits accruing to women from these schemes have not been quantified even after a decade of introduction of gender budgeting in the Union Budget. The Committee agree that the schemes of the Ministry are project oriented and not State, area, community, caste or gender specific, however, they are of the firm view that the Government cannot shirk from its responsibility of promoting gender equality through the various policies and programmes of the Government.

The Committee also note that the Ministry had entrusted a Survey-cum-Study to ‘Centre for Market Research and Social Development, New Delhi’ for suggesting an integrated Gender Action Plan pertaining to Food Processing Sector including the required standards and parameters on the basis of which the units can be certified as compliant with these requirements. The mandate of this survey is also to spell out clearly the process of certification and accreditation of the units which comply with these standards. The study report makes suggestions on various relevant issues including policy of the Ministry in this regard, Monitoring system to assess gender mainstreaming

efforts, Gender Audit of the Policies of the Government, encouragement to the women SHGs to start their food processing units, points of convergence with the existing schemes of other Ministries/Departments and Gender Budgeting, etc.

The Committee desire to be apprised of the action taken by the Government on these suggestions of the study. The Committee also recommend the Ministry to show the seriousness which the concept of gender budgeting deserves and urgently quantify the benefits accrued to women from the various schemes of Government.”

1.15 In its Action Taken Reply, the Ministry has stated as under:—

“Keeping in mind the fact that origin of food processing lies in the culinary tradition of various communities, carried forward by their women folk, this Ministry recognizes contribution of women in food processing. Since ages, women are traditionally engaged in food processing activities like, making pickles, papad, nuggets etc. Schemes operated by this Ministry are aimed at providing facilities and incentives for promotion of food processing industry in the country. These schemes are project oriented instead of being State, area, community, caste or gender specific.

The beneficiaries of projects assisted by the Ministry are those supplying raw materials to food processing industries, people working in food processing plants and those engaged in marketing activities downstream. Although the benefit accruing to women from these schemes has not been quantified, efforts are being made by the Ministry to ensure that the maximum benefit of the schemes of the Ministry could reach to the women stakeholders of the sector.

Though, there is no specific allocation of funds for gender related expenditure in the Plan Schemes of the Ministry, certain components of (i) HRD Scheme like Entrepreneurship Development Programme (EDP) and Setting up of Food Processing Training Centre (FPTC), and (ii) technology up-gradation, Establishment and Modernization of Food Process Industries, which have been transferred to National Mission on Food Processing (NMFP) being implemented by State/UT

Governments could be considered for Gender related expenditure.

The matter is being taken up by the Ministry with the State Mission Directors of National Mission on Food Processing (NMFP) to this effect.”

1.16 While noting that Gender Budgeting was introduced by the Government during 2005-06, it was found by the Committee that the benefits accruing to women from the schemes of the Ministry have not been quantified even after a decade of introduction of Gender Budgeting in the Union Budget. The Committee, therefore, recommended to urgently quantify the benefits accrued to women from the various schemes of the Government. From the Action Taken Reply of the Ministry, the Committee are anguished to note that the Ministry has not taken any action on the issue and has simply repeated its position which they have stated during examination of DFG (2014-15) as may be seen at Para 1.14. The response of the Ministry is totally unsatisfactory which is highly deplorable. While on one hand, the Ministry recognizes the contribution of women in food processing, but on the other hand it states that various schemes operated by the Ministry are project oriented instead of being State, area, community, caste or gender specific. As such the views of the Ministry on the issue are self contradictory. The Ministry is also silent on the action taken by the Government on the suggestions of the ‘Centre for Market Research and Social Development, New Delhi’ based on their survey-cum-study. However, the Ministry has stated that certain components of various schemes transferred to National Mission on Food Processing (NMFP) for implementation by States/UT Governments, could be considered for Gender related expenditure and the matter is being taken up by the Ministry with NMFP. The Committee feel that unless the benefits accrued to the women from various schemes of the Government are quantified, it will be very difficult to assess the impact of these schemes for the benefit of women and to address gender imbalances effectively and to ensure that the Budget of the Ministry is allocated and managed accordingly. The Committee, therefore, reiterate its earlier recommendation that benefits accrued to women under various schemes may be quantified without further delay. The

Committee, therefore, desire that initiatives undertaken by the Ministry on the issue and the progress made therein may be apprised to them.

E. Evaluation study of Mega Food Parks

Recommendation (Serial No. 9)

1.17 The Committee had observed/recommended as under:—

“The Committee note that a great hype was created at the time of launching Mega Food Park Project and it was brought out that each MFP will cater to 30-35 Food Processing Units, benefit 6000 farmers directly and 25,000 to 35,000 indirectly. Besides bringing about investment to the tune of Rs. 75-100 crore in common facilities and another Rs. 225-250 crore in processing and ancillary units. However, an evaluation study conducted by Centre for Market Research and Social Development in 2010 had stated the benefits that will accrue to the farmers once these two parks become operational. At present, two of these projects namely M/s Gini Mega Food Park Pvt. Ltd. in Andhra Pradesh and M/s Patanjali Food and Herbal Park Pvt. Ltd. in Uttarakhand have become operational. The Committee feel that the Mega Food Park, when operationalised, should bring overall development of the satellite centres through its backward and forward linkages in the agricultural supply chain. However, the Committee are not in the know of the actual benefit accruing to the farmers due to the operational/partially operational MFP. Now, a fresh study has been assigned to M/s. Indian Council for Research on International Economic Relations (ICRIER) in August 2014 for evaluation of impact of the scheme. The Committee recommend that a mechanism for obtaining the feedback from the beneficiaries especially the farmers, should be put in place. Further, these feedback during the operationalization of MFPs should be incorporated in the guidelines for future projects. The Committee emphasize that the Ministry should widely publicize through print and media, the availability of facilities, the incentives and the benefits to farmers and various other stakeholders from this scheme. The Committee recommend that ICRIER in their fresh study undertaken

in August, 2014 should assess the impact/benefits, coverage and reach of the scheme on socio-economic parameters. The Committee desire to be apprised of the outcome of this study at the earliest including number of farmers who have invested in these projects, the extent to which it has brought about prosperity to the local farmers and creation of employment to local youth in agro based avenues.”

1.18 In its Action Taken Reply, the Ministry has stated as under:—

“As desired by the Hon’ble Committee, M/s ICRIER has been asked by the Ministry to incorporate the following aspects in the impact evaluation study report to be prepared by them in respect of Mega Food Parks Scheme:—

1. Mechanism for obtaining feedback from the beneficiaries especially farmers.
2. Assessment of impact/benefits, coverage and reach of the scheme on socio-economic parameters.
3. Determination of the numbers of farmers who have invested in Mega Food Park projects and the extent to which it has brought about prosperity to local farmers.
4. Creation of employment to local youth in agro based avenues.

After receiving the report of the above study and giving it due consideration, a mechanism for obtaining the feedback from the beneficiaries especially the farmers, as recommended by the Hon’ble Committee would be put in place after a consultation with all the stakeholders and necessary modifications will be considered in the scheme.”

1.19 The Committee are happy to note that M/s ICRIER has been asked by the Ministry to incorporate the various aspects in the Impact Evaluation Study Report as desired by the Committee. The Committee desire that M/s ICRIER should be asked to complete the study within a fixed time line. The Committee would like to be apprised of the outcome of the said study and action taken by the Ministry thereon.

F. Increasing The Capacity of Cold Storage

Recommendation (Serial No. 10)

1.20 The Committee had observed/recommended as under:—

“The Committee observe that to encourage setting up of cold chain facilities in the country, Ministry of Food Processing Industries (MFPI) is operating a Plan Scheme to provide financial assistance to project proposals received for cold chain infrastructure development. The scheme envisages financial assistance in the form of grant-in-aid @ 50% of the total cost of plant and machinery and technical civil works in general areas and 75% for North Eastern Region and difficult areas subject to a maximum of Rs.10.00 crore. The initiatives are aimed at filling the gaps in the supply chain, strengthening of cold chain infrastructure with infrastructural facilities like sorting, grading, packaging and processing of horticultural produce including organic produce, marine, dairy, poultry, etc.

To assess the requirement of Cold Storage facility in the country National Spot Exchange Ltd. (NSEL) had conducted a study in 2010. The study estimated that total existing cold chain storage capacity was only about 24 million tonnes against the requirement of 61 million tonnes. Thus, there was a gap of about 37 million tonnes of cold storage capacity in 2010. A capacity of about 8 million tonnes has been added thereafter through different programmes of the Government and therefore the present gap is estimated at about 29 million tonnes. The Planning Commission has also been concerned about the need for improvement in the supply chain particularly for perishables. A Committee was constituted in year 2012 on encouraging investments in supply chains including provision for cold chain for more efficient distribution of farm produce. This committee also took into account the gap in cold storage capacity assessed by NSEL and recommended allocation of adequate resources for strengthening the agricultural produce supply chain.

The Committee are of the view that with increasing agricultural production in the country and with the increasing need to arrest post

harvest losses, there is an urgent need to fill in the gap between actual and required capacity of Cold storage in the country. The Committee, therefore, recommend that the Ministry make all out efforts to facilitate and provide integrated, complete cold chain and enhance preservation infrastructure facilities to maintain continuity from the farm gate to the end consumers. They also recommend that efforts should be made to enhance small sized cold storage facilities not only to increase the capacity but also to promote more participation from small and medium level farmers.”

1.21 In its Action Taken Reply, the Ministry has stated as under:—

“To accelerate the availability of cold storage and to improve the efficiency of Cold Chain Management a Task Force under the Chairmanship of Secretary, Ministry of Food Processing Industries has been set up by the Prime Minister’s Office with a view to re-visit the strategies, financials and incentives of all cold storage/cold chain related schemes and recommend institutional mechanism for enhancing capacity of cold chain in the country. The Committee has submitted their report on 31.10.2014 to the Government. The Committee has *inter alia*, recommended that the Government should aim at creating an additional capacity of 7.5 million tonnes over the next 05 (five) years with fund allocation of Rs. 6100 crores. Out of this 7.5 million capacity, 5 million tonnes may be created together by National Horticulture Mission (NHM) and National Horticulture Board (NHB) [2.5 million tonnes each] under Mission for Integrated Development of Horticulture (MIDH) scheme of Department of Agriculture and Cooperation and 2.5 million tonnes under the scheme of MoFPI.

Under the scheme of Cold Chain, Value Addition and Preservation Infrastructure, the Ministry provides financial assistance @ 50% of the total cost of plant and machinery and technical civil work in general areas and 75% for NE region and difficult areas (North Eastern states, Sikkim, Jammu and Kashmir, Himachal Pradesh and Uttarakhand) subject to a maximum grant-in-aid of Rs. 10 crore per project for setting up integrated cold chain and preservation infrastructure facilities. The guidelines do not place any restrictions on the entrepreneurs to set up

the cold chain facilities of a particular capacity. The entrepreneurs have been given freedom to create the cold chain facilities as per their business model and techno economic feasibility.”

1.22 The Committee note that a Task Force was set up by the Prime Minister’s Office with a view to revisit the strategies, financials and incentives of all Cold Storage/Cold Chain related schemes and recommended institutional mechanism for enhancing capacity of Cold Chain in the Country. However, the Ministry is conspicuously silent about the initiatives undertaken by them on the basis of the recommendations of the Task Force and the progress made so far. The Ministry has also not responded to the recommendation of the Committee about the efforts being made to enhance small sized cold storage facilities to increase the capacity and promote participation of small and medium farmers. This shows the casual attitude of the Ministry on important issue which concerns with the farmers to arrest their post-harvest losses and to check distress sale of their produce. In its report, the Task Force has recommended that the Government should aim at creating 7.5 MT storage capacity over the next five years with fund allocation of Rs. 6100 crore. The Committee urge the Ministry to accelerate the process of establishment of cold storage facility in coordination with all concerned. The Committee would like to be apprised of the action plan of the Ministry in this regard.

G Single Window Clearance and Monitoring Mechanism of Cold Storage Projects

Recommendation (Serial No. 11)

1.23 The Committee had observed/recommended as under:—

“The Committee find that the scheme of cold chains, value addition and preservation of infrastructure is not an open ended scheme and it actually requires prior approval of the Government to sanction projects. The Government has given approval/sanction to 138 projects under this scheme. The Committee were apprised that out of a total of 120 projects under implementation, as 18 projects have been cancelled, 48 projects (35%) have been completed and started commercial operations, 29 projects (21%) have achieved 25% progress

and 26 projects (19%) have achieved 75% progress. The remaining projects are under various stages of implementation. The Committee were also apprised that during 2nd Phase 39 projects were granted approval, out of these 12 projects were cancelled due to lack of interest evinced by the promoter in implementing the projects, not adhering to the time lines as laid down in scheme guidelines, misrepresentation of facts and last but not the least delay in getting necessary approval from State Government/agencies. The Committee feel that the completion status of the projects is not satisfactory and have incurred time overrun. The Committee opine that much is required to be done at the implementation stage of the project. The Committee feel that there is an urgent need for coordination between the centre and state agencies to ensure speedy implementation of the projects. They also recommend the Ministry to pursue the State Governments/agencies to have a single window clearance for the project after getting due clearance from Programme Management Agency, Technical Committee and Inter Ministerial Approval Committee so as to expedite the implementation. The Committee may be kept abreast of the mechanism developed for coordination between the Centre/State agencies for expeditious clearances of the projects and the progress/status of the implementation of the projects under this scheme (now subsumed under NMFP). The Committee would also like to be apprised of the status of additional allocation sought by the Ministry for the scheme to meet the requirement of projects under implementation. The Committee recommend the Ministry to strengthen the monitoring mechanism to avoid delay in execution of the projects. The Committee desire to be apprised of the punitive provisions/penalties in the MoUs for those cold chain private players who do not comply with the clause relating to purchasing of raw material from the farmers on the farm gate.”

1.24 In its Action Taken reply, the Ministry has stated as under:—

“The Task Force set up by Prime Minister’s Office under the Chairmanship of Secretary, Ministry of Food Processing Industries in its report on cold chain projects has observed that since the cold chain industry is de-licensed, approval of Central Government is not required for setting up cold chain projects. Even foreign companies desirous of

setting up cold chain projects do not require any approval as Foreign Direct Investment (FDI) to the extent of 100% is allowed through automatic route. However, a number of approvals are required from the State Governments for setting up and operationalizing the cold chain projects. The Task Force has recommended for putting in place an effective system of single window clearance in order to ensure timely completion of the cold chain projects.

State Mission Director of NMFP/representatives of State Governments are invited to participate in the Technical Committee Meetings as per Scheme guidelines to appraise the project proposals for setting up cold chain projects. The Ministry holds periodic review meetings with the cold chain project promoters to monitor the progress of the implementation of the projects and also assist them in resolving issues, if any, pending with the State Governments.

RE for 2014-15 for cold chain scheme has been fixed at Rs. 153.36 crore, out of which funds allocated for general areas have already been fully utilized by 31.10.2014. The Ministry had requested for additional allocation of Rs. 100.00 crore under the RE 2014-15 so that grant-in-aid can be released to the ongoing projects in time to ensure timely implementation of cold chain projects. However, additional allocation under RE has not been made available. Lack of funds will delay the implementation of cold chain projects.

So far the Ministry has not received any complaint regarding breach of agreement for purchase of raw material between farmers and cold chain promoters. The scheme guidelines of Cold Chain, Value Addition and Preservation Infrastructure also do not contain provision for punitive action as enforceability of such provision may be extremely difficult. However, the remedy against violation of agreements/MoUs may be sought by the aggrieved party under the existing provision of various laws in the country.”

1.25 Dissatisfied with the slow pace of execution and implementation of the cold chain scheme, the Committee felt that there is an urgent need for coordination between the Centre and State agency to ensure speedy implementation of projects. The Committee,

therefore, recommended to have a single window clearance for the projects ensuring its speedy implementation. The Committee also recommended the Ministry to strengthen its monitoring mechanism to avoid delay in execution of the projects. The Committee note from the Action Taken Reply of the Ministry that the Task Force set up by the Prime Minister's Office has also recommended for putting in place an effective system of single window clearance in order to ensure timely completion of the cold chain projects. The Committee, therefore, feel that it is imperative that the implementation of the schemes may be streamlined ensuring expeditious and effective implementation of the schemes within a fixed time limit. The Committee, therefore, reiterate its recommendation for setting up a system of single window clearance for establishing cold chain projects in the country. The Committee also desire that the Ministry should vigorously pursue with the Ministry of Finance and impress upon them to allocate requisite funds so that the implementation of cold chain projects is not delayed for want of funds for the purpose. The Committee would like to be apprised of the initiative undertaken by the Ministry and the progress made in the matter.

H. Use of Non-Conventional Energy Sources in Cold Storage Units

Recommendation (Serial No. 12)

1.26 The Committee had observed/recommended as under:—

“The availability of uninterrupted power supply is a pre-requisite for operating cold storage units. The Committee were apprised that most of the promoters have diesel generating sets to meet gap in availability of power and the cost of the diesel generator is eligible for calculation of grant. They observe that the Ministry is also providing 90% grant for solar energy based cold projects. The Committee feel that use of non-conventional sources of energy need to be encouraged and hence recommend that this grant be extended to projects based on other non-conventional sources such as wind and hydro energy as well. The Committee further recommend that projects based on these non-conventional sources and also those utilizing the natural ambience

of the region such as building tunnels in North-east regions or cold areas, which provides optimum temperature for preservation, be encouraged. This will serve the dual purpose of not only using new and renewable sources of energy for cold storage and thus conserving energy but also facilitating the small farmers to set up cold storage units at minimum costs.”

1.27 In its Action Taken reply, the Ministry has stated as under:—

“Under National Mission on Food Processing (NMFP) the Ministry is providing grant-in-aid @ 90% of the bank appraised cost of the project including the cost towards setting up of solar power plant subject to a maximum of Rs. 5.00 crore per project for setting up solar energy based cold storage projects. This Ministry has requested the State Governments of Assam, Andhra Pradesh, Bihar, Madhya Pradesh, Maharashtra and Tamil Nadu for taking up pilot projects on solar/renewable energy based cold chain projects. However, so far no response has been received from any of these State Governments.

Scheme guidelines of Cold Chain, Value Addition and Preservation Infrastructure provide ample flexibility to entrepreneurs to set up cold chain project as per their business model duly factoring the power requirements/availability in the area and techno economic viability of the project as a whole.”

1.28 The Committee had recommended that use of non-conventional sources of energy need to be encouraged for setting up Cold Storage Units and grant given for solar energy based cold chain projects should also be extended to the projects based on other non-conventional sources such as wind and hydro energy as well. In its Action Taken Reply, the Ministry has stated that they have requested the State Governments of Assam, Andhra Pradesh, Bihar, Madhya Pradesh, Meghalaya and Tamil Nadu for taking up pilot projects on solar/renewable energy based cold chain projects. However, so far no request has been received from any of the State Governments. The Committee desire that the Ministry should take up the matter with the States at the highest level and make vigorous efforts to impress upon them to take up pilot projects on solar/renewable energy based

cold chain projects. The entrepreneurs interested in setting up cold chain projects based on non-conventional sources other than solar energy should also be extended all concessions/grants-in-aid or facilities as being given for solar based projects. Further, new technology should be developed for small scale cold storage plants and use of natural ways for cold storage in hilly areas. The Committee would like to be apprised of the efforts made by the Ministry and the progress made in the matter.

I. National Mission on Food Processing

Recommendation (Serial No. 15)

1.29 The Committee had observed/recommended as under:—

“The Committee find that the Ministry has launched a Centrally Sponsored Scheme — National Mission on Food Processing (NMFP) during the 12th Plan for its implementation through States/UTs. The basic objective of NMFP is decentralization of implementation of the schemes of the Ministry which will lead to substantial participation of State Governments/UTs. Many schemes of the Government have now been subsumed in this Mission. For NMFP the budgetary allocation of Rs. 187 crore for the year 2013-14 was reduced to Rs. 30.5 at RE stage. In 2014-15 Rs. 180 crore have been allocated for the scheme during the current year. Out of this Rs. 101.63 (56.5%) has already been utilized as on 21.10.2014. The Committee were informed that the poor achievement during the year 2013-14 was due to slow response of the States and non-provision of utilization certificates by the States. The Committee hope that the funds allocated to the Ministry under NMFP this year *i.e.* in 2014-15 will be utilized effectively for the purpose. They recommend to the Ministry to take up the matter with State Governments to impress upon the concerned agencies for submitting the utilization certificates at the earliest so that the funds for the Scheme are not curtailed for RE level, which will actually affect these very agencies.”

1.30 In its Action Taken reply, the Ministry has stated as under:—

MoFPI has been continuously pursing the progress of expenditure/ utilization of GoI share under NMFP with the State Governments

through video conferences/meetings since its inception. The details are as under:—

(i) *Video Conferences:*

Year	Dates of Video Conference
2011-12	21.10.2011, 24.10.2011, 17.01.2012 and 18.01.2012
2012-13	24.04.2012, 26.04.2012, 27.04.2012, 11.05.2012, 29.05.2012, 30.05.2012, 31.05.2012, 29.08.2012, 30.08.2012 31.08.2012, 13.09.2012, 17.09.2012, 17.10.2012, 05.12.2012, 31.01.2013, 18.01.2013 and 13.03.2013
2013-14	25.04.2013, 23.07.2013, 24.07.2013, 21.08.2013, 04.11.2013, 05.11.2013, 06.11.2013, 07.11.2013 and 20.02.2014
2014-15	09.05.2014, 03.07.2014 and 04.12.2014

(ii) *Review Meetings :*

- (a) During 2012-13, review meetings of NMFP were held on 13.08.2013, 21.08.2013, 22.08.2013 with all the State Governments. Progress of NMFP was also reviewed by the then Hon'ble MoS (Agriculture and FPI) with Secretaries of State Governments on 20.12.2013. Letters were also written to State/UT Governments on 21.05.2013, 27.09.2013, 08.11.2013, 07.03.2014 and 17.07.2014 to expedite the pace of expenditure and also speedy approval of proposals under NMFP.
- (b) A meeting was held on 11.09.2014 with the State/UT Governments to review the progress of implementation on National Mission on Food Processing (NMFP) and other Central Sector Schemes. The meeting was chaired by Hon'ble Union Minister, FPI and attended by the Ministers I/c of Food Processing and senior officers/representatives of State/UT Governments.

In addition, Ministry has appointed Programme Management Agencies (PMAs) and Area Officers for regular monitoring of progress of implementation on NMFP.

Due to these efforts and continuous follow up with State/UT Governments, Ministry had touched Rs.115.09 crore of expenditure as on 13.01.2015. With this pace of expenditure, Ministry was expecting that BE 2014-15 will be fully utilized. But Government has reduced BE of Rs. 180 crore to Rs. 125.32 crore. Several State Governments have submitted Utilization Certificates (UCs) but due to lack of funds, Ministry will not be able to release GoI funds to State/UT Governments (except North Eastern States) for implementation of NMFP during 2014-15.

1.31 The Committee note from the Action Taken Reply of the Ministry that the progress of expenditure/utilisation of Government of India (GoI) share under National Mission on Food Processing (NMFP) is continuously being pursued with the State Governments through video conferencing/meetings since its inception. Further, the Ministry has also appointed Programme Management Agencies (PMAs) and Area Officers for regular monitoring of progress of implementation of National Mission on Food Processing (NMFP). Due to their efforts and continuous follow up with State/UT Governments, they expect that BE 2014-15 will be fully utilised. However, the Committee are anguished to note that the Government has reduced BE of Rs. 180 crore to Rs. 128.32 crore, as a result of which the Ministry would not be able to release funds to State/UT Governments for implementation of NMFP inspite of the fact that several State Governments have submitted UCs. The Committee feel that the significant reduction in the allocation of funds will adversely affect the effective implementation of the scheme. The Committee, therefore, urge the Ministry to take up the matter with Ministry of Finance and impress upon them to allocate the funds as per the requirement of the Ministry.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

A. Recommendation (Serial No. 1)

The Committee take note that the Rule, 331G of the Rules of Procedure and Conduct of Business in Lok Sabha relating to examination of Demands for Grants by the Departmentally Related Standing Committees (DRSCs) was suspended by Hon'ble Speaker, Lok Sabha to enable the House to pass the Demands for Grants for the year 2009-10 during the Second Session of Sixteenth Lok Sabha without the same being referred to the concerned DRSCs. The Demands were, however, referred to the Standing Committees for examining the same after their constitution and for presenting the Report to the House therein. The Committee, after their constitution on 1st September, 2014 took up examination of the Demands for Grants pertaining to the Ministry of Agriculture for the year 2014-15. Since the Budget for the year 2014-15 has already been passed by the Parliament, the Committee endorse the same. The Committee would however, like the Ministry to take note of their recommendation while implementing various programmes/schemes, etc. within the approved budget.

Reply of the Government

The recommendation of the Committee would be taken note of by the Ministry while implementing various programmes/schemes etc. within the approved budget.

(Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015)

B. Implementation of The Committee's Recommendations

Recommendation (Serial No. 2)

The Committee note that the Action Taken Replies regarding the action taken by the Government on the Observations/Recommendations contained

in the Forty-ninth Report of the Committee were furnished by the Government within the stipulated three months. The Committee further note that in pursuance of Direction 73-A of Directions by the Speaker, Lok Sabha, the Minister concerned is required to make a Statement on the status of implementation of Observations/Recommendations contained in the Original Reports of the Committee within six months of their presentation to the Parliament. However, the Committee are perturbed to note that the Minister concerned did not make the Statement under Direction 73-A in the context of Forty-ninth Report of the Committee within the stipulated time. Though the Statement was later (18.02.2014 in Lok Sabha and 21.02.2014 in Rajya Sabha) laid on the Table of the House, the Committee take strong exception to the failure of the Ministry. They have time and again emphasized on the Ministry to adhere to stipulations laid down in Direction 73-A in respect of Statements to be made by the Minister concerned. They expect that there will not be a repeat of such lapses in future. The analysis of the action taken by the Government reveals that 79% Recommendations have been implemented. 17% Recommendations have not been implemented and 1% of Recommendations are in various stages of implementation.

Reply of the Government

The 49th Report of the Committee on Agriculture on 'Demands for Grants (2013-14)' was presented to Parliament on 30.04.2013 and the statement was to be laid by October, 2013 *i.e.* date of six month from 30.04.2013. However, the Winter Session started from 05th December to 18th December, 2013 and the extended session of that Winter Session from 05th February, 2014 to 21st February, 2014. Generally, the statement is laid in both the Houses of Parliament by the Hon'ble Minister when the Parliament is in session. In this connection, kind attention is invited to OM dated 28.01.2014 of Lok Sabha Secretariat (Committee on Agriculture Branch) stating *inter-alia* therein that Ministry of Food Processing Industries is to do the needful and lay the statement during the 1st week of the commencement of 2nd part of 15th Session of the 15th Lok Sabha. The Second part of the 15th session of 15th Lok Sabha was from the period from 05.02.2014 to 21.02.2014. Accordingly, the statement of the Action Taken by the Government on the observations/recommendations of the Committee as contained in the 49th Report of Committee on Agriculture on

Demands for Grants (2013-14) of the Ministry of Food Processing Industries was updated and a statement by Hon'ble Minister (A&FPI) was laid in the Table of Lok Sabha on 18.02.2014 and in Rajya Sabha on 21.02.2014. Hence, it may be observed that there is no delay on the part of this Ministry for laying the statement by the Hon'ble Minister.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

C. FDI in Food Processing Sector

Recommendation (Serial No. 5)

The food processing industry is a sunrise industry with tremendous growth prospects. A strong and dynamic food processing sector plays a vital role in diversification and commercialization of agriculture, enhances value addition to the agricultural produce, generates employment, enhances income of farmers and creates markets for exports of agro foods. The Committee note that various measures have been taken for simplification/transparency and e-governance. They find that FPI sector has been growing at an Average Annual Growth Rate of around 8.4% *vis-a-vis* about 3.3% growth in Agriculture and 6.6% in Manufacturing Sectors during the last 5 years ending 2013-14. A number of fiscal incentives provided by the Government for promoting investment has encouraged FDI in this sector. They also find FDI is permissible for all the processed food products upto 100% on automatic route except for items reserved for Micro and Small Enterprises (MSEs). In case of MSEs FDI is permissible under automatic route upto 24% of the capital only. Further, FDI has increased from 401.46 US \$ Millions (approx.) in 2012-13 to 3772.59 US \$ Million (approx.) in 2013-14. The Committee appreciate this trend of increasing FDI in this sector which is of upmost importance and desire that the Ministry make all efforts so that this trend continues in the coming years. The Committee also recommend that the Ministry, keeping in view the safeguards required for protecting our MSEs in this sector, should identify the potential areas where the FD investment would be beneficial, regularly review the extent to which the automatic FDI could be permissible in this sector and suggest the same to the Ministry of Finance for incorporation in the FDI policy of the country.

Reply of the Government

Foreign investors need hand holding services in the initial stages of entry to Indian food processing sector *viz.* information on the availability of raw materials, domestic demand, availability of land, infrastructure facilities, fiscal incentives, selection of consultants, identifying joint venture partners, strategy for entry to Indian market, regulatory requirement and procedural formalities etc. With a view to assisting the foreign investors, an “Investors” Portal” has been developed by the Ministry to disseminate up to date information for the benefit of investors. The investors, both domestic and foreign, can also seek ‘guidance’ on specific issues by posting their queries in the ‘Investor’ Query’ section of the portal. Investors can access and avail these services through Investors’ Portal (<http://foodprocessingindia.co.in/>) or through Ministry’s website—(<http://mofpi.nic.in>).

Food Processing sector also been identified as one of the priority sector under “Make in India” programme. With a view to attracting investment to this sector, Ministry of Food Processing Industry (MoFPI) has been investing in infrastructure *viz.* Mega Food Park and Cold Chain for attracting private investment to the sector. MoFPI has also been assisting foreign investors in collaboration with the “Invest India” (a joint venture between DIPP and FICCI) to help the investors in terms of locating joint venture partners, extending hand holding services, expedite regulatory approvals and provide investors after care services.

In order to safeguard the interest of MSE segment in food processing industry, Foreign Direct Investment (FDI) is permissible in food processing sector up to 100 per cent on automatic route except for items reserved for Micro and Small Enterprises (MSEs). For manufacture of items reserved for MSEs, FDI is permissible under automatic route only up to 24 per cent of the capital. If foreign investment proposal is for more than 24 per cent of equity, Industrial License under Industries (Development and Regulation) Act, 1951 is required.

Accessibility of adequate and availability to cheaper credit is important for promoting MSEs in food processing sector. With a view to augmenting credit to food processing sector, loans for the sector is classified under Priority Sector Lending provided the units satisfy investments criteria

prescribed for Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006. Therefore, food processing units with an investment in plant and machinery not exceeding Rs. 5 crore are covered under priority sector lending to ensure flow of adequate credit to MSE units in food processing sector.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

D. Mega Food Parks

Recommendation (Serial No. 8)

The Committee note that the scheme of Mega Food Park aims to provide a mechanism to bring farmers, processors and retailers together and link agricultural production to the market so as to ensure maximizing value addition, minimizing wastages, increasing farmers' income and creating employment opportunities in rural sector. They also note that Mega Food Park envisages a well defined agri/horticultural processing zone containing state-of-the-art processing facilities with support infrastructure and well established supply chain. The Committee feel that the implementation does not meet the objectives of the conceptualization of the scheme. The Committee were also apprised that this scheme is project oriented and not specific to State or region. The grants are, therefore, extended on the basis of viability of the project proposals received from the entrepreneurs or organizations. They are, however, aghast to find that out of 40 projects sanctioned since 2008, as many as 15 projects *i.e.* about 37.5% have been cancelled. They find that many of these projects have been cancelled after granting in principle approval, and inability of SPV to meet the conditions for final approval. However, three of these were cancelled after final approval and in fact even an amount of Rs. 5 crore each of the grant was released. The Committee apprised that Rs. 4.80 crore and Rs. 5.39 crore have been recovered against the grants and interest thereon in case of M/s Western Agri Food Park (Pvt.) Ltd. and M/s Anil Mega Food Park (Pvt.) Ltd. respectively and action is being taken to recover the remaining portion of the interest and penalty. Against M/s Tamil Nadu Mega Food Park also, legal action is being taken to recover the grant amount of Rs. 5 crore and interest accrued thereon. The Committee find that the progress has not been upto the mark in the

projects which are operational as well as under implementation. The Committee desire that the Ministry analyze the reasons for cancellation of so many projects threadbare and accordingly, if need be, make necessary changes in the guidelines of this scheme. The Committee recommend that all pre-requisites in regard to setting up the Mega Food Park Projects should be fulfilled before granting final approvals and release of grants so as to minimize cancellation. In the instant cases the Ministry should recover the grants released, the interest and the penalty amount at the earliest while making those responsible accountable. The Committee also recommend all the pending projects to adhere to their schedule and be completed promptly by pursuing the stakeholders to monitor the project at each stage.

Reply of the Government

Mega Food Park projects are big projects for creation of modern infrastructure for utilization by the individual food processing industries. Though the utility of Mega Food Park projects is established, it is also a fact that the scheme is yet to achieve its desired objective. Besides, the reasons for delay in implementing the projects like; issues relating to acquisition of a land of 50 acres or more in the name and possession of SPVs, difficulties in obtaining various types of statutory clearances from the State Government Departments/Agencies contribution of funds by the members mandatory condition of the Food Processor with minimum of 26% equity in the SPV, inability of Public Sector Undertakings to take a lead role in execution of the project, lack of cohesiveness amongst the promoters and not putting up of significant investment in processing units in the Park by the lead promoters to trigger further investment by other entrepreneurs etc., there were certain basic reasons as discussed below, appreciation of which will explain the delay in implementation and cancellation of the projects due to inability to meet the necessary conditions etc. adversaries in implementation.

Firstly, the concept of Mega Food Park was new as the scheme took off in the end of 2008/beginning of 2009 only. Therefore, awareness about the concept and utility of the projects consumed a significant time. Secondly, these are big and complex infrastructure projects with a long gestation period and nature of these projects being private driven, their success of implementation is largely dependent upon the functioning of the Special Purpose Vehicle (SPV). This was the basic feature of the Scheme Mega Food

Parks that these would be Private Sector driven and the responsibility of setting up as well as the implementation of these projects will rest with the SPV. Role of the Government was limited to the extent of acting as facilitator in implementation of the project and the ownership rested with the SPV. However, Food Processing Industry being mostly an unorganised sector dominated by small time players, it has not been possible to get required response to this newly introduced concept from the interested promoters of desired type and level. Probably, such reasons resulted in non-receipt of good proposals in desired numbers and problems in implementation of projects which succeeded in getting approved.

Whenever, the Ministry was informed about any problem, it always tried to help the SPV in resolving those issues. However, mostly, the issues pertained to land and statutory clearances etc., where the role of the Ministry was very limited. To tackle this situation, the Ministry had envisaged the State Governments active participation in the very first Scheme Guidelines of Mega Food Parks itself which were issued on 24.10.2008. The State Governments role had been defined elaborately in the Guidelines and even a specific provision for participation of the State Governments in the SPV had been made therein. Subsequently, to give more momentum to the process of implementation, Ministry started the process of appointing the nominee of the concerned State Governments in the Board of Directors of the SPVs also.

Progress of implementation of each of MFP project is being monitored by the Ministry very closely and individual attention is being paid to each of MFP project. The issues affecting implementation were promptly and proactively taken up with the concerned authorities etc. to resolve these issues/bottlenecks in an expeditious manner. The Ministry is also taking action against the defaulter SPVs including cancellation of the projects. Ministry has also made a provision in the revised scheme guidelines applicable *w.e.f.* 10.02.2014 that in case of non-adherence to stipulated timeline for completion of project, except in case of *force de majeure* or reasons beyond the control of SPV, the IMAC would consider imposing appropriate penalty in terms of reducing the grant amount, on case to case basis.

To recover outstanding amount in the cases of default, the Ministry is taking steps as per the Scheme guidelines and Memorandum of Agreement

executed with the SPVs. The advice of Ministry of Law and Justice is also taken in such cases.

On the basis of experience gained during the process of implementation of these projects by constant monitoring of the implementation of Mega Food Park Projects, the Ministry has, time to time, been taking suitable steps for improving system and procedures including internal controls to facilitate and speed up the pace of implementation. Ministry has made various amendments in the scheme and its guidelines to improve the pace of implementation of MFPs. The details are at Annexure-II.

As a result of the continuous efforts of the Ministry, four MFP projects have been made operational. This includes two Projects, One each in Karnataka and Punjab made operational in this year. Besides, two other Projects at Chittoor (Andhra Pradesh) and Haridwar (Uttarakhand) were already functional. Further, two more Projects at Jangipur (West Bengal) and Khargone (Madhya Pradesh) are likely to become operational soon. Two other Projects are expected to become operational in the next financial year (2015-16).

Recently, the Ministry has also created a Special Fund of Rs. 2,000 Crore with NABARD to provide loan at a concessional rate to Mega Food Parks and Food Processing Industries which will come up in the designated Food Parks. These parks have been notified by the Ministry.

The impact assessment study of the Mega Food Park Scheme has been assigned to M/s Indian Council for Research on International Economic Relations (ICRIER), New Delhi (ICRIER). Suitable further action will be taken for further improvement in the Scheme based on the recommendation of this study.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

E. Evaluation Study of Maga Food Parks

Recommendation (Serial No. 9)

The Committee note that a great hype was created at the time of launching Mega Food Park Project and it was brought out that each MFP will cater to 30-35 Food Processing Units, benefit 6000 farmers directly and

25,000 to 35,000 indirectly. Besides bringing about investment to the tune of Rs. 75-100 crore in common facilities and another Rs. 225-250 crore in processing and ancillary units. However, an evaluation study conducted by Centre for Market Research and Social Development in 2010 had stated the benefits that will accrue to the farmers once these two parks become operational. At present, two of these projects namely M/s Gini Mega Food Park Pvt. Ltd. in Andhra Pradesh and M/s Patanjali Food and Herbal Park Pvt. Ltd. in Uttarakhand have become operational. The Committee feel that the Mega Food Park, when operationalised, should bring overall development of the satellite centres through its backward and forward linkages in the agricultural supply chain. However, the Committee are not in the know of the actual benefit accruing to the farmers due to the operational/partially operational MFP. Now, a fresh study has been assigned to M/s Indian Council for Research on International Economic Relations (ICRIER) in August, 2014 for evaluation of impact of the scheme. The Committee recommend that a mechanism for obtaining the feedback from the beneficiaries especially the farmers, should be put in place. Further, these feedback during the operationalization of MFPs should be incorporated in the guidelines for future projects. The Committee emphasize that the Ministry should widely publicize through print and media, the availability of facilities, the incentives and the benefits to farmers and various other stakeholders from this scheme. The Committee recommend that ICRIER in their fresh study undertaken in August, 2014 should assess the impact/benefits, coverage and reach of the scheme on socio-economic parameters. The Committee desire to be apprised of the outcome of this study at the earliest including number of farmers who have invested in these projects, the extent to which it has brought about prosperity to the local farmers and creation of employment to local youth in agro based avenues.

Reply of the Government

As desired by the Hon'ble Committee, M/s ICRIER has been asked by the Ministry to incorporate the following aspects in the impact evaluation study report to be prepared by them in respect of Mega Food Parks Scheme:—

1. Mechanism for obtaining feedback from the beneficiaries especially farmers.

2. Assessment of impact/benefits, coverage and reach of the scheme on socio-economic parameters.
3. Determination of the numbers of farmers who have invested in Mega Food Park projects and the extent to which it has brought about prosperity to local farmers.
4. Creation of employment to local youth in agro based avenues.

After receiving the report of the above study and giving it due consideration, a mechanism for obtaining the feedback from the beneficiaries especially the farmers, as recommended by the Hon'ble Committee would be put in place after a consultation with all the stakeholders and necessary modifications will be considered in the scheme.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

Comments of the Committee

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

F. Increasing The Capacity of Cold Storage

Recommendation (Serial No. 10)

The Committee observe that to encourage setting up of cold chain facilities in the country, Ministry of Food Processing Industries (MFPI) is operating a Plan Scheme to provide financial assistance to project proposals received for cold chain infrastructure development. The scheme envisages financial assistance in the form of grant-in-aid @ 50% of the total cost of plant and machinery and technical civil works in general areas and 75% for North Eastern Region and difficult areas subject to a maximum of Rs. 10.00 crore. The initiatives are aimed at filling the gaps in the supply chain, strengthening of cold chain infrastructure with infrastructural facilities like sorting, grading, packaging and processing of horticultural produce including organic produce, marine, dairy, poultry, etc.

To assess the requirement of Cold Storage facility in the country National Spot Exchange Ltd. (NSEL) had conducted a study in 2010. The

study estimated that total existing cold chain storage capacity was only about 24 million tonnes against the requirement of 61 million tonnes. Thus, there was a gap of about 37 million tonnes of cold storage capacity in 2010. A capacity of about 8 million tonnes has been added thereafter through different programmes of the Government and therefore the present gap is estimated at about 29 million tonnes. The Planning Commission has also been concerned about the need for improvement in the supply chain particularly for perishables. A Committee was constituted in year 2012 on encouraging investments in supply chains including provision for cold chain for more efficient distribution of farm produce. This committee also took into account the gap in cold storage capacity assessed by NSEL and recommended allocation of adequate resources for strengthening the agricultural produce supply chain.

The Committee are of the view that with increasing agricultural production in the country and with the increasing need to arrest post harvest losses, there is an urgent need to fill in the gap between actual and required capacity of Cold storage in the country. The Committee, therefore, recommend that the Ministry make all out efforts to facilitate and provide integrated, complete cold chain and enhance preservation infrastructure facilities to maintain continuity from the farm gate to the end consumers. They also recommend that efforts should be made to enhance small sized cold storage facilities not only to increase the capacity but also to promote more participation from small and medium level farmers.

Reply of the Government

To accelerate the availability of cold storage and to improve the efficiency of Cold Chain Management a Task Force under the Chairmanship of Secretary, Ministry of Food Processing Industries has been set up by the Prime Minister's Office with a view to re-visit the strategies, financials and incentives of all cold storage/cold chain related schemes and recommend institutional mechanism for enhancing capacity of cold chain in the country. The Committee has submitted their report on 31.10.2014 to the Government. The Committee has *inter-alia*, recommended that the Government should aim at creating an additional capacity of 7.5 million tonnes over the next 05 (five) years with fund allocation of Rs. 6100 crores. Out of this 7.5 million capacity, 5 million tonnes may be created together by National Horticulture Mission

(NHM) and National Horticulture Board (NHB) (2.5 million tonnes each) under Mission for Integrated Development of Horticulture (MIDH) scheme of Department of Agriculture and Cooperation and 2.5 million tonnes under the scheme of MoFPI.

Under the scheme of Cold Chain, Value Addition and Preservation Infrastructure, the Ministry provides financial assistance @ 50% of the total cost of plant and machinery and technical civil work in general areas and 75% for NE region and difficult areas (North Eastern states, Sikkim, Jammu and Kashmir, Himachal Pradesh and Uttarakhand) subject to a maximum grant-in-aid of Rs. 10 Crore per project for setting up integrated cold chain and preservation infrastructure facilities. The guidelines do not place any restrictions on the entrepreneurs to set up the cold chain facilities of a particular capacity. The entrepreneurs have been given freedom to create the cold chain facilities as per their business model and techno-economic feasibility.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

Comments of the Committee

For comments of the Committee please refer to Para No. 1.22 of Chapter-I of this Report.

G. Recommendation (Serial No. 12)

The availability of uninterrupted power supply is a pre-requisite for operating cold storage units. The Committee were apprised that most of the promoters have diesel generating sets to meet gap in availability of power and the cost of the diesel generator is eligible for calculation of grant. They observe that the Ministry is also providing 90% grant for solar energy based cold projects. The Committee feel that use of non-conventional sources of energy need to be encouraged and hence recommend that this grant be extended to projects based on other non-conventional sources such as wind and hydro energy as well. The Committee further recommend that projects based on these non-conventional sources and also those utilizing the natural ambience of the region such as building tunnels in North-east regions or cold areas, which provides optimum temperature for preservation, be encouraged.

This will serve the dual purpose of not only using new and renewable sources of energy for cold storage and thus conserving energy but also facilitating the small farmers to set up cold storage units at minimum costs.

Reply of the Government

Under National Mission on Food Processing (NMFP) the Ministry is providing grant-in-aid @ 90% of the bank appraised cost of the project including the cost towards setting up of solar power plant subject to a maximum of Rs. 5.00 crore per project for setting up solar energy based cold storage projects. This Ministry has requested the State Governments, of Assam, Andhra Pradesh, Bihar, Madhya Pradesh, Maharashtra and Tamil Nadu for taking up pilot projects on solar/renewable energy based cold chain projects. However, so far no response has been received from any of these State Governments.

Scheme guidelines of Cold Chain, Value Addition and Preservation Infrastructure provide ample flexibility to entrepreneurs to set up cold chain project as per their business model duly factoring the power requirements/ availability in the area and techno-economic viability of the project as a whole.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

Comments of the Committee

For comments of the Committee please refer to Para No. 1.28 of Chapter-I of this Report.

H. Food Testing Laboratories, R&D and Promotional Activites

Recommendation (Serial No. 13)

The Committee are aware that it is vital for Ministry of Food Processing for testing domestic production to ensure that it complies with domestic standards as well as international standards for exports. It is equally important to test all the imports to be sure that they are of requisite standard and do not fall into the category of such banned products that are not permissible for manufacturing domestically. They were apprised that the levels of contaminants, additives and pesticide residues in food items have to be

maintained regularly and therefore a network of food testing and analysis laboratories is planned for in the Ministry. The Committee find that the Ministry is providing financial assistance/grants-in-aid for setting up/upgradation of food testing/quality control laboratories *viz.* Quality Assurances, Codex Standards and R&D and other promotional activities. Central/State Government and its organizations/universities (including Government owned deemed university) and all other implementing agencies/private sector organizations/university are eligible for assistance as per the guidelines of the Schemes. They were further apprised that in order to ensure better and more effective utilization of funds, the implementation of the scheme for Food Testing Laboratories and R&D have been entrusted to Indian Council of Agricultural and Research (ICAR) under the Ministry of Agriculture, Department of Agricultural Research and Education (DARE) and Science and Engineering Research Board (SERB) under the Ministry of Science and Technology respectively, who have necessary professional and technical, expertise and trained staff to handle such proposals, during the XIIth Plan with effect from 1.4.2012. The Committee feel that this would enable the Ministry to focus on policy issues. While appreciating this move the Committee desire that the Ministry should monitor the implementation of this scheme regularly. The Committee emphasize that there should be proper coordination between Ministry of Food Processing, Department of Agricultural Research and Education and Ministry of Science and Technology, so as to harmonize and align the existing Indian standards (in accordance with the Food Safety and Standards Act) with international best practices to avail of the huge opportunities available in International markets. The Committee also caution the Ministry not to lose sight of the objectives in the process of out sourcing the vital areas of the scheme to ICAR and SERB. Adherence to the objectives should be ensured.

Reply of the Government

The recommendation of the Committee has been noted. The Ministry has already put in place a system of coordination between Ministry of Food Processing Industries, Department of Agricultural Research and Education and Ministry of Science and Technology. The Technical Scrutiny Committee and the Project Approval Committee constituted by ICAR/SERB have a representative of the Ministry at the level of Joint Secretary, so that the

proposals being considered and approved by these institutions are in line with the guidelines of the R&D and Lab schemes, respectively. These institutions are also required to submit regular reports to the Ministry showing details of expenditure sanctioned. Both SERB and ICAR conduct review to monitor the progress of the approved projects. SERB had reviewed the R&D projects approved by them on behalf of the Ministry in a meeting held on 28.08.2014. Subsequently, on the request of the Ministry, SERB had also reviewed the on-going projects approved by the Ministry in a meeting held on 28.10.2014. Similarly, ICAR had reviewed the lab projects approved by the Ministry and ICAR, respectively in meetings held on 28.05.2014 and 09.12.2014 under the Chairmanship of Secretary (FPI), DG, ICAR/Secretary, DARE.

The Ministry is ensuring through such regular interaction with ICAR and SERB that the objectives of the scheme are not lost sight of and will endeavour to ensure this in future also.

As regards harmonizing and aligning the existing Indian standards laid down under the Food Safety and Standards Act with the international best practices to avail of the huge opportunities available in international markets, it is submitted that this recommendation has been communicated to Food Safety and Standards Authority of India and Ministry of Health and Family Welfare as this aspect is being dealt with by them.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

I. Village Adoption Programme of NIFTEM

Recommendation (Serial No. 14)

The Committee note that National Institute of Food Technology Entrepreneurship and Management (NIFTEM) was established by the Ministry in the year 2012 under the Scheme for strengthening of Institution. NIFTEM is envisaged as an international centre of excellence which is offering high quality educational, research and management programme specific to the food industry, disseminating knowledge to the food sector, providing referral advice on food standards and business incubation facility. The Committee were apprised that NIFTEM has conceptualized a unique Village Adoption Programme for students to sensitize and educate them of

the problems and practices of farmers at grass root level while training and demonstrating simple processing techniques to the farmers/villages making it a two way learning process. So far, 39 villages in 37 districts of 19 States have been adopted by NIFTEM under this programme. As part of this programme expert lectures and awareness camps were organized on food processing and value addition, post-harvest management and product development; more than 120 interested entrepreneurs were identified and product development training programmes were undertaken in which the students made practical demonstration.

The Committee while appreciating this initiative of two-way learning process, feel that the villagers can learn simple but productive processing of their produce through demonstrations by the students of such preparation as jams, jellies, pickles, fruit based beverages etc. from the produce. On the other hand, the students can learn the traditional ways of handling the crops. This exchange will help in retaining the age old good and effective prevalent practices while modernizing the not so useful ways of value addition to the crops thereby developing, innovative and new methods of preservation, processing and value addition to the crops/produce. The Committee emphasize that traditional know how should be modified upgraded and modernized by NIFTEM through this scheme so as to develop technology or methods of food processing which are in accordance with the economic and intellectual capacity of the farmers. The endeavour of the students during their village adoption programme should be to simplify the specialized knowhow for generalized use by small and marginal farmers. Furthermore, the methods of recycling of waste from processing up to the last bit should also be exchanged between the farmers and the students. NIFTEM should incorporate these aspects in the curriculam of their various courses. The Committee recommend that NIFTEM should popularise and propagate this programme so as to involve more and more students and more villages should be adopted through out the length and breadth of the country.

Reply of the Government

Village Adoption Programme (VAP) is part of B. Tech and M. Tech curriculum with credits. The Faculty strength at the level of Assistant Professor and Associate Professor level was 37 in December, 2014. Since

Each VAP team of students is lead by one faculty member of the institute could adopt 39 villages only across 19 States. Increase in the coverage of more villages can be made with the increase in the number of faculty members.

During VAP, the NIFTEM students analyze the traditional know-how in the village and suggest modifications under the guidance of mentor faculty thereto for utilization and modernization. The VAP teams are also in process of documenting — (i) popular traditional food recipes, (ii) traditional storage and food preservation methods of the associated villages/regions. Subsequently the important ones will be selected to improve upon with technical and scientific interventions. Furthermore, the mentor and the students of VAP groups are also working closely with Self Help Groups in selected villages under VAP to guide them on improving the production practices, packaging and quality, hygiene and sanitation and marketing of the product.

The following activities have been undertaken under the VAP:—

A. Food Processing Promotional Initiatives

- About 450 programmes including Trainings and Expert Lectures, Awareness Camps have been organized on food processing and value addition, post-harvest management, product development, entrepreneurship development, etc.

B. Identification of Entrepreneurs

- Each VAP team has also identified prospective entrepreneurs who will be further given training to establish ventures in agro-food processing.

C. Preparation of Project Reports

- Nearly, 100 projects have been identified where Team NIFTEM are working closely with potential entrepreneurs and have shared with them customized project reports for initiating and supporting their ventures.

D. Product Development Process

- Students along with their mentor have taken about 150 Product Development Training Programmes at Village level.

- Practically demonstrated preparations of jams, jellies, pickles, fruit based beverages like mango panna, products like banana chips, dried banana flakes, bakery products like biscuits, cakes, fried snacks, etc.

E. Infrastructure Development

- Efforts of VAP team have supported construction of more than 220 pukka toilets in the associated villages, creation of about 27 vermi-composting units and about 38 initiatives for construction or renovation of roads, drains, school buildings, anganwadi infrastructure, installation of clean drinking water sources.

F. Initiatives on Promotion of Renewable Energy Utilization

- The Effort of VAP team have supported about 100 dedicated lectures on promotion of renewable energy and installation of solar street lights/solar lamps in different locations under VAP. About 25 biogas units were also established in different locations.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

J. National Mission on Food Processing

Recommendation (Serial No. 15)

The Committee find that the Ministry has launched a Centrally Sponsored Scheme — National Mission on Food Processing (NMFP) during the 12th Plan for its implementation through States/UTs. The basic objective of NMFP is decentralization of implementation of the schemes of the Ministry which will lead to substantial participation of State Governments/UTs. Many schemes of the Government have now been subsumed in this Mission. For NMFP, the budgetary allocation of Rs. 187 crore for the year 2013-14 was reduced to Rs. 30.5 at RE stage. In 2014-15 Rs. 180 crore have been allocated for the scheme during the current year. Out of this Rs. 101.63 (56.5%) has already been utilized as on 21.10.2014. The Committee were informed that the poor achievement during the year 2013-14 was due to slow response

of the States and non-provision of utilization certificates by the States. The Committee hope that the funds allocated to the Ministry under NMFP this year *i.e.* in 2014-15 will be utilized effectively for the purpose. They recommend to the Ministry to take up the matter with State Governments to impress upon the concerned agencies for submitting the utilization certificates at the earliest so that the funds for the Scheme are not curtailed for RE level, which will actually affect these very agencies.

Reply of the Government

MoFPI has been continuously pursuing the progress of expenditure/ utilisation of GoI share under NMFP with the State Governments through video conferences/meetings since its inception. The details are as under:—

(i) Video Conferences:

Year	Dates of Video Conference
2011-12	21.10.2011, 24.10.2011, 17.01.2012 and 18.01.2012
2012-13	24.04.2012, 26.04.2012, 27.04.2012, 11.05.2012, 29.05.2012, 30.05.2012, 31.05.2012, 29.08.2012, 30.08.2012, 31.08.2012, 13.09.2012, 17.09.2012, 17.10.2012, 05.12.2012, 31.01.2013, 18.01.2013 and 13.03.2013
2013-14	25.04.2013, 23.07.2013, 24.07.2013, 21.08.2013, 04.11.2013, 05.11.2013, 06.11.2013, 07.11.2013 and 20.02.2014
2014-15	09.05.2014, 03.07.2014 and 04.12.2014

(ii) Review Meetings:

- (a) During 2012-13, review meetings of NMFP were held on 13.08.2013, 21.08.2013, 22.08.2013 with all the State Governments. Progress of NMFP was also reviewed by the then Hon'ble MoS (Agriculture and FPI) with Secretaries of State Governments on 20.12.2013. Letters were also written to State/UT Governments on 21.05.2013, 27.09.2013,

08.11.2013, 07.03.2014 and 17.07.2014 to expedite the pace of expenditure and also speedy approval of proposals under NMFP.

(b) A meeting was held on 11.09.2014 with the State/UT Governments to review the progress of implementation on National Mission on Food Processing (NMFP) and other Central Sector Schemes. The meeting was chaired by Hon'ble Union Minister, FPI and attended by the Ministers l/c of Food Processing and senior officers/representatives of State/UT Governments.

In addition, Ministry has appointed Programme Management Agencies (PMAs) and Area Officers for regular monitoring of progress of implementation on NMFP.

Due to these efforts and continuous follow up with State/UT Governments, Ministry had touched Rs.115.09 crore of expenditure as on 13.01.2015. With this pace of expenditure, Ministry was expecting that BE 2014-15 will be fully utilized. But Government has reduced BE of Rs. 180 crore to Rs. 125.32 crore. Several State Governments have submitted Utilization Certificates (UCs) but due to lack of funds, Ministry will not be able to release GoI funds to State/UT Governments (except North-East States) for implementation of NMFP during 2014-15.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

Comments of the Committee

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

K. Result Frame Work Document (RFD)

Recommendation (Serial No. 16)

The Committee find that a system was set up in 2009 for monitoring and evaluating the performance of Government Departments and Ministries.

Under this system all the Ministries/Departments are expected to prepare a Result Framework Document (RFD) summarizing the main objectives and corresponding action for the year. The Committee find that this document has two main purposes *i.e.* to move the focus of the Ministry from processing orientation to result orientation and to provide an objective and fair basis to evaluate the overall performance at the end of the year. The Committee are satisfied that the Ministry is coming out with their Result Framework Document and putting it in the public domain through their websites. On detailed observation, the Committee find that the Ministries' overall performance involving institutional strengthening, food safety and quality assurance, reduction in wastages, launching NMFP, R&D in food processing, value addition, administrative reforms, improving internal efficiencies and service delivery of the Ministry is less than 83%. This reflects badly on the performance of the Ministry on major parameters and the slackness in the development of infrastructure projects under Mega Food Parks, Abattoir Schemes etc. The Committee desire that the Ministry to introspect within and accord priority to non-performing and slow growing areas. They desire that the Ministry should focus on maintaining financial discipline as well as physical achievements of the targets.

Reply of the Government

The achievements of the targets set under Results Framework Document are reviewed by the Ministry from time to time. Last such review was held under the Chairmanship of the Secretary, FPI, on 18.2.2015. The status of implementation of various schemes during the current year is as under:—

16.1 Enhancing processing level and reduction in wastages — Mega Food Parks Scheme and Abattoirs Scheme

16.1.1 Mega Food Parks Scheme

(i) The achievement under the Mega Food Parks Scheme in the RFD Performance Evaluation Report is overall 95% with 100% achievement in six out of total seven criteria of Performance Evaluation of the Scheme. There is only one area of “According Final Approval”, in which Mega Food

Parks Scheme has achieved 65% success. It was targeted that Final Approval to 10 Mega Food Parks projects shall be accorded in 2013-14. However, due to the failure of Special Purpose Vehicles (SPVs) of 7 out of these 10 Mega Food Parks projects to comply one or more of the necessary conditions for according Final Approval, it could be accorded to 3 Mega Food Parks projects only.

- (ii) It may be mentioned that the major reason behind the failure of SPVs was their inability to comply those conditions which involves approvals/clearances from other stakeholders *i.e.* availability of 50 acres contiguous land with Conversion of Land Use (CLU) involving Individual Farmers, Village Panchayats, Land Revenue Department or Industrial Development Corporation, etc., of the concerned State Government, Sanction of (appropriate amount of) Term Loan involving Banks and Statutory Clearances for establishing the project involving various Governmental Agencies etc.
- (iii) The Ministry has always tried its level best to help the SPVs in resolving those issues. However, mostly, the issues pertained to land and statutory clearances etc., where the role of the Ministry was very limited. To tackle this situation, the Ministry had envisaged the State Governments' active participation in the Scheme Guidelines of Mega Food Parks also. To insure participation/co-operation of the concerned State Governments in the implementation of Mega Food Parks, Ministry is appointing the nominee of the concerned State Governments in the Board of Directors of the SPVs also.
- (iv) Progress of implementation of each project is being monitored by the Ministry very closely and individual attention is being paid to each project. Whatever issues in implementation are noticed, the Ministry, very promptly and proactively, takes up with the concerned authorities, etc.,

to resolve these issues/bottlenecks in an expeditious manner. It also continuously reviews and analyzes the situation to ensure their timely implementation and to devise ways and means, including necessary modifications in the Scheme Guidelines, for the same.

- (v) Recently, the Ministry has also created a Special Fund of Rs. 2,000 crore with NABARD to provide loan at a concessional rate to Mega Food Parks and Food Processing Industries. Intensive persuasion by the Ministry with the State Governments and concerned Central Governments Ministries/Departments to extend special benefits including fiscal benefits to MFP projects as well as the food processing industry units and to make provisions for the same by itself also has resulted in availability of not only various fresh fiscal benefits to the SPVs but also various other benefits like, simplification of the procedures in obtaining various statutory clearances/approvals necessary for implementation of MFP projects.
- (vi) Some other steps for improvement in the system and procedures are under consideration of the Ministry.

It is expected that the above steps being taken by the Ministry would result in ensuring timely implementation of Mega Food Park Projects and save from delays and failures in implementation.

16.1.2 Abattoirs Scheme

In this scheme, out of 4 projects, only one abattoir project at Shimla by Municipal Corporation, Shimla has been completed up to 31.12.2014. The project at Hyderabad was expected to be completed by March, 2015 and the projects at Kochi and Vizag by June, 2015. However, the projects at Hyderabad and Kochi are delayed due to various reasons. Earlier, four projects at Dimapur (Nagaland), Ahmednagar (Maharashtra), Shimla (Himachal Pradesh) and 74, D.C. Dey Road Kolkata (West Bengal) have been completed and commissioned.

The Ministry is monitoring/reviewing each project on regular basis by writing to respective State Governments and the project implementing agencies and also taking review meetings with them from time to time so that the approved projects are completed and implemented expeditiously. The progress of abattoir projects was also reviewed in meetings under the Chairmanship of Secretary on 20.08.2014 and on 06.01.2015.

16.2 Institutional Strengthening — NIFTEM AND IICPT

About the performance of appointment of teachers in NIFTEM and IICPT, it was noted that delay in appointment of teachers was attributable to non-finalization of Selection Committee due to delay in receipt of nomination from ICAR and delay in processing of applications. Also, both the institutes are facing shortage of funds to meet even the expenditure on salary.

16.3 Food Safety and Quality Assurance and R&D in food processing

(i) Food Testing Laboratories

During FY 2013-14, the Ministry had provided financial assistance for establishment of 3 Food Testing Labs. (FTLs) against targeted 7 proposals and 2 FTLs for their up-gradation as against the target of Two. The target of assisting establishment of 7 FTLs could not be achieved due to delayed submission of documents by the applicants.

In order to overcome the difficulties faced by the applicants in availing final instalment of grant-in-aid and completing the projects, ICAR had reviewed the lab. projects approved by the Ministry and ICAR, respectively in meetings held on 28.5.2014 and 9.12.2014 under the Chairmanship of DG, ICAR/Secretary, DARE.

(ii) R&D in food processing sector

During FY 2013-14, the Ministry had provided financial assistance to 38 R&D projects (including 33 R&D projects

through SERB) against RFD target of 15 R&D projects. Therefore, targets was achieved in FY 2013-14.

During FY 2014-15, the Ministry had targeted to provide financial assistance to 20 R&D projects under this scheme. Till 31.1.2015 this Ministry has provided financial assistance to 20 R&D projects (including 17 R&D projects through SERB) resulting 100% achievement.

(iii) HACCP Certification

During FY 2013-14, the Ministry had provided financial assistance to 5 HACCP projects against RFD target of 7 HACCP projects. This shortfall in target was mainly due to incomplete documentation submitted by the applicants.

During FY 2014-15, the Ministry had targeted to provide financial assistance to 5 HACCP projects under this scheme. This Ministry has provided financial assistance to 6 HACCP projects resulting in 100% achievement of RFD target in 2014-15, so far.

16.4 National Mission on Food Processing (NMFP)

- (i) Major reasons for not achieving targets fixed under RFD were:
 - (a) steep reduction in allocation at RE stage under NMFP.
 - (b) non-submission of utilisation certificates by State/UT Governments towards utilisation of GoI funds released during 2012-13 and 2013-14; and
 - (c) delay in transfer of GoI share and also State share by State Finance Department to the State Mission Director.
- (ii) However, the Ministry has been continuously pursuing the progress of expenditure/utilisation of GoI share under NMFP with the State Governments through video conferences/meetings. The Ministry had organized a

meeting on 11.9.2014 with the State/UT Governments to review the progress of implementation on NMFP and other Central Sector Schemes. The meeting was Chaired by the Hon'ble Union Minister, FPI and attended by the Ministers I/c of Food Processing and senior officers/representatives of State/UT Governments. Also the Ministry has appointed Programme Management Agencies (PMAs) and Area Officers for regular monitoring of progress of implementation on NMFP. Due to these efforts and continuous follow up with State/UT Governments, the Ministry had touched Rs. 117.81 crore of expenditure as on 16.3.2015. This amount includes release of Rs. 7.50 crore to North-Eastern States. With this pace of expenditure, the Ministry was expecting that BE 2014-15 will be fully utilized. But the Government has reduced BE of Rs. 180 crore to Rs. 125.32 crore. Several State Governments have submitted utilisation certificate but due to lack of funds, Ministry will not be able to release GOI funds to State/UT Governments (except NE States) for implementation of NMFP during 2014-15. Because of reduction in BE at RE stage, the Ministry could not achieve targets fixed in RFD under NMFP.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

CHAPTER III

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

-NIL-

CHAPTER IV

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

A. Allocation of Funds

Recommendation (Serial No. 3)

The Committee are aware that India is a significant contributor in agriculture produce. Within the country agriculture sector accounts for 19% of the GDP and 12% of country's exports providing employment to over 50% of the workforce. However, a study carried out by CIPHET in 2009 on 46 agricultural produces in 106 randomly selected districts has revealed that the estimated harvest and post-harvest losses of major agricultural produces at national level was of the order of Rs. 44,143 crore per annum at 2009 wholesale prices. They find that the two biggest contributors to food losses are the lack of refrigerated transport and high quality cold storage facilities for food manufacturers and food sellers. Needless to emphasize the significance to save this national loss and convert into an asset by development of a knowledge based industry which promotes high value addition and through that higher incomes and employment in the country. The Ministry of Food Processing, being the nodal Ministry, for the purpose, formulates and plans for the FPI within the overall national priorities and objective. From the magnitude of losses and gigantic work ahead for providing safe, hygienic and quality food products through modernization of agriculture and value addition to the products it can be easily deduced that there is an urgent need for huge investment in the sector. The Committee are, however, concerned to note that the Ministry had proposed a plan allocation of Rs. 1280.33 crore whereas Rs. 770.00 (*i.e.* only 60%) has been actually provided for the year 2014-15 as a result of which the Ministry had to downsize the targets. They were apprised that the Ministry has now sought Rs. 156.00 crore at RE stage to upscale the targets of some of their major performing schemes. The Committee desire that Planning commission should accord the warranted significance to this highly potential component of the economy *i.e.* the food processing sector. The Committee, therefore, expect the Government to grant the amount sought by the Ministry at the RE level for the purpose of financing their well performing schemes

Reply of the Government

Against the allocation of Rs. 14604 crore sought by the Ministry for the 12th Five Year Plan, the Planning Commission has approved only

Rs. 5990 crore. As such, on an average Rs.1198 crore had to be provided annually to the Ministry. However, the year-wise budget allocation has been much less. Ministry has been able to utilize almost entire allocation. The position of expenditure during 2012-13, 2013-14 and 2014-15 is given below:—

Sl. No.	Name of Scheme	2012-13				2013-14				2014-15 (upto 16.02.2015)			
		BE	RE	AE	BE	RE	AE	BE	RE	AE	BE	RE	AE
1.	Scheme for Infrastructure Development	191.00	184.19	183.89	247.00	241.92	224.49	315.00	229.62	209.17			
2.	Scheme for Technology Upgradation/Establishment/Modernization of Food Processing Industries	100.00	186.46	186.19	160.00	163.92	162.08	160.00	157.03	142.63			
3.	Scheme for Quality Assurance, Codex Standards, R&D and other Promotional Activities	35.00	31.91	31.34	35.00	35.66	35.01	36.00	41.28	29.23			
4.	Scheme for Human Resource Development	4.00	4.00	3.98	4.00	4.00	3.78	4.00	3.75	3.27			
5.	Scheme for Strengthening of Institutions	80.00	68.12	67.58	75.00	74.00	72.56	75.00	43.00	38.75			
6.	National Mission on Food Processing	250.00	185.32	182.90	187.00	30.50	29.72	180.00	125.32	114.55			
Total		660.00	660.00	655.88	708.00	550.00	527.64	770.00	600.00	537.60			
BE – Budget Estimate				RE – Revised Estimate				AE – Actual Expenditure incurred					

In BE 2014-15, the Ministry was allocated a Plan allocation of Rs. 770.00 crore. Since the Ministry had spent 67% of the allocation upto 11.11.2014, so, to upscale the targets of the Schemes of this Ministry, the Hon'ble Minister (FPI) had requested *vide* D.O. letter dated 20-11-2014 the Hon'ble Minister of Finance to allocate additional funds of Rs. 156.00 crore for the year 2014-15 (Plan) at RE stage. This included Rs. 100 crore for Cold Chain projects and Rs. 56 crore for clearing the proposals under Technology Upgradation Scheme (TUS) (Spillover liabilities). However, no additional allocation could be made due to constraints of financial resources. On the contrary annual allocation for 2014-15 has also been reduced to Rs. 600 crore at RE stage.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

Comments of the Committee

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

B. Liabilities of The 11th Plan

Recommendation (Serial No. 4)

The Committee note that in some of the schemes such as Scheme for Technology Upgradation the targets are spillover liabilities of the 11th Plan. Further, the Committee were apprised that due to less allocations, the upscaling of Infrastructure Development Scheme could not be undertaken and has resulted in reducing targets of these schemes. They are of the view that these liabilities should have been cleared within a year of the 12th Plan. The Committee are not happy with the fact that these liabilities are continuing even when the 12th Plan is already midway. The Committee recommend that the Ministry should seek more funds at RE level and on receiving additional funds priority be given on completion of the targets of such schemes which have been subsumed in National Mission on Food Processing in the 12th Plan. The Committee emphasize that all the liabilities of such schemes should be cleared in the current year itself.

Reply of the Government

At the beginning of 12th Plan (01.04.2012), the committed liabilities of Rs. 740 Crore for 3168 cases were pending under the scheme of 'Technology Upgradation, Establishment and Modernisation of Food Processing Industries'. During 12th Plan (2012-13, 2013-14 and 2014-15), the following number of cases have been assisted which had enhanced the processing capacities in various sub-sectors of food processing:—

Year	Total Units assisted	Sectors-wise no. of units assisted				
		Consumer food	Dairy	Fisheries	Wine and Beer	F&VP
2012-13	1224	93	25	17	1	56
2013-14	998	193	84	25	9	228
2014-15*	881	166	77	22	13	158
Total	3103	452	186	64	23	442

—Contd.

Year	Total Units assisted	Sectors-wise no. of units assisted				
		Meat and Poultry	Oil Milling	Pulse Milling	Rice Milling	Flour Milling
2012-13		2	132	60	801	37
2013-14		22	71	27	326	13
2014-15*		19	71	19	320	16
Total		43	274	106	1447	66

*As on 16.02.2015.

The details of expenditure during the year 2012-13, 2013-14 and 2014-15 under the scheme are given below:—

(Rs. in crore)

Sl. No.	Year	BE	RE	AE	Units assisted
1.	2012-13	100.00	186.46	186.19	1224
2.	2013-14	160.00	163.98	162.08	998
3.	2014-15*	160.00	156.03*	142.63	881

*As on 16.02.2015.

During the years 2012-13 and 2013-14 in majority of pending proposals, 1st installment was released. For release of 2nd installment the proposals are required to be submitted after start of commercial production and duly certified by the bank.

Further, the BE of 2014-15 has been reduced from Rs. 160 crore to Rs. 156.03 core at RE stage. The committed liabilities of the 11th Plan under the Scheme of Technology Up-gradation/Establishment/Modernization of Food Processing Industries are decreasing and the same will be liquidated in the next two financial years 2015-16 and 2016-17. An amount of Rs.175.59 crore has been proposed in Budget Estimates of 2015-16.

To liquidate past liabilities, higher allocation is being requested under the scheme every year but the same has not been accepted by the Ministry of Finance.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

Comments of the Committee

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

C. Outstanding Utilization Certificates (UCs)

Recommendation (Serial No. 6)

The Committee are disappointed to note that the 2842 Utilization

Certificates amounting to Rs. 556.36 crore as on 01.04.2014, are yet to be liquidated. The Committee desire that the Government should tackle the pendency of UCs on a war-footing and impress upon all the implementing agencies to clear their backlog. They further observe that this huge pendency is reflective of bad accounting and financial management practiced by the State Governments/Implementing Agencies. The Committee recommend to the Ministry to impress upon the State Governments/implementing agencies to initiate corrective measures and submit the UCs at the earliest as in absence of the same, they are the ones who have to bear the consequences.

Reply of the Government

The Government is making every effort for liquidating the outstanding Utilization Certificates (UCs). The status is being regularly reviewed. The year-wise and scheme-wise pending UCs list are circulated to the Divisions dealing with Plan Schemes. They are being pursued regularly for liquidation of these outstanding UCs. During the period from April, 2014 to December, 2014, 138 UCs amounting to Rs. 72.77 crore have been liquidated. As on 31.12.2014, 2704 UCs amounting to Rs. 483.59 crore are pending.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

Comments of the Committee

For comments of the Committee please refer to Para No. 1.13 of Chapter-I of this Report.

D. Single Window Clearance and Monitoring Mechanism of Cold Storage Projects

Recommendation (Serial No. 11)

The Committee find that the scheme of cold chains, value addition and preservation of infrastructure is not an open ended scheme and it actually requires prior approval of the Government to sanction projects. The Government has given approval/sanction to 138 projects under this scheme. The Committee were apprised that out of a total of 120 projects under implementation, as 18 projects have been cancelled, 48 projects (35%) have been completed and started commercial operations, 29 projects (21%) have

achieved 25% progress and 26 projects (19%) have achieved 75% progress. The remaining projects are under various stages of implementation. The Committee were also apprised that during 2nd Phase 39 projects were granted approval, out of these 12 projects were cancelled due to lack of interest evinced by the promoter in implementing the projects, not adhering to the time lines as laid down in scheme guidelines, misrepresentation of facts and last but not the least delay in getting necessary approval from State Government/agencies. The Committee feel that the completion status of the projects is not satisfactory and have incurred time overrun. The Committee opines that much is required to be done at the implementation stage of the project. The Committee feels that there is an urgent need for coordination between the centre and state agencies to ensure speedy implementation of the projects. They also recommend the Ministry to pursue the State Governments/agencies to have a single window clearance for the project after getting due clearance from Programme Management Agency, Technical Committee and Inter Ministerial Approval Committee so as to expedite the implementation. The Committee may be kept abreast of the mechanism developed for coordination between the Centre/State agencies for expeditious clearances of the projects and the progress/status of the implementation of the projects under this scheme (now subsumed under NMFP). The Committee would also like to be apprised of the status of additional allocation sought by the Ministry for the scheme to meet the requirement of projects under implementation. The Committee recommend the Ministry to strengthen the monitoring mechanism to avoid delay in execution of the projects. The Committee desire to be apprised of the punitive provisions/penalties in the MoUs for those cold chain private players who do not comply with the clause relating to purchasing of raw material from the farmers on the farm gate.

Reply of the Government

The Task Force set up by Prime Minister's Office under the Chairmanship of Secretary, Ministry of Food Processing Industries in its report on cold chain projects has observed that since the cold chain industry is de-licensed, approval of Central Government is not required for setting up cold chain projects. Even foreign companies desirous of setting up cold chain projects do not require any approval as Foreign Direct

Investment (FDI) to the extent of 100% is allowed through automatic route. However, a number of approvals are required from the State Governments for setting up and operationalizing the cold chain projects. The Task Force has recommended for putting in place an effective system of single window clearance in order to ensure timely completion of the cold chain projects.

State Mission Director of NMFP/representatives of State Governments are invited to participate in the Technical Committee Meetings as per Scheme guidelines to appraise the project proposals for setting up cold chain projects. The Ministry holds periodic review meetings with the cold chain project promoters to monitor the progress of the implementation of the projects and also assist them in resolving issues, if any, pending with the State Governments.

RE for 2014-15 for cold chain scheme has been fixed at Rs. 153.36 crore, out of which funds allocated for general areas have already been fully utilized by 31.10.2014. The Ministry had requested for additional allocation of Rs. 100.00 crore under the RE 2014-15 so that grant-in-aid can be released to the ongoing projects in time to ensure timely implementation of cold chain projects. However, additional allocation under RE has not been made available. Lack of funds will delay the implementation of cold chain projects.

So far the Ministry has not received any complaint regarding breach of agreement for purchase of raw material between farmers and cold chain promoters. The scheme guidelines of Cold Chain, Value Addition and Preservation Infrastructure also do not contain provision for punitive action as enforceability of such provision may be extremely difficult. However, the remedy against violation of agreements/MOU may be sought by the aggrieved party under the existing provision of various laws in the country.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

Comments of the Committee

For comments of the Committee please refer to Para No. 1.25 of Chapter-I of this Report.

CHAPTER V

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

A. Gender Budgeting

Recommendation (Serial No. 7)

Gender Budgeting was introduced by the Government in the year 2005-06 in order to ensure that policy commitments are supported by financial outlays and that the gender perspective is incorporated at all stages of a policy or a programme.

The Committee note that a Gender Budget Cell under the chairmanship of a Joint Secretary has been set up in the Ministry for inducting and effecting a change in the Ministry's policies and programmes in a way that could tackle gender imbalances, promote gender equality and development and could ensure that public resources through the Ministry's budget are allocated and managed accordingly. Though efforts are being made by the Ministry to ensure that the benefits of the schemes of the Ministry could reach the woman stakeholders of the sector, the Committee find it strange that the benefits accruing to women from these schemes have not been quantified even after a decade of introduction of gender budgeting in the Union Budget. The Committee agree that the schemes of the Ministry are project oriented and not State, area, community, caste or gender specific, however, they are of the firm view that the Government cannot shirk from its responsibility of promoting gender equality through the various policies and programmes of the Government.

The Committee also note that the Ministry had entrusted a Survey-cum-Study to 'Centre for Market Research and Social Development, New Delhi' for suggesting an Integrated Gender Action Plan pertaining to Food Processing Sector including the required standards and parameters on the

basis of which the units can be certified as compliant with these requirements. The mandate of this survey is also to spell out clearly the process of certification and accreditation of the units which comply with these standards. The study report makes suggestions on various relevant issues including policy of the Ministry in this regard, Monitoring system to assess gender mainstreaming efforts, Gender Audit of the Policies of the Government, encouragement to the women SHGs to start their food processing units, points of convergence with the existing schemes of other Ministries/Departments and Gender Budgeting, etc.

The Committee desire to be apprised of the action taken by the Government on these suggestions of the study. The Committee also recommend the Ministry to show the seriousness which the concept of gender budgeting deserves and urgently quantify the benefits accrued to women from the various schemes of Government.

Reply of the Government

Keeping in mind the fact that origin of food processing lies in the culinary tradition of various communities, carried forward by their women folk, this Ministry recognizes contribution of women in food processing. Since ages, women are traditionally engaged in food processing activities like, making pickles, papad, nuggets etc. Schemes operated by this Ministry are aimed at providing facilities and incentives for promotion of food processing industry in the country. These schemes are project oriented instead of being State, area, community, caste or gender specific.

The beneficiaries of projects assisted by the Ministry are those supplying raw materials to food processing industries, people working in food processing plants and those engaged in marketing activities downstream. Although the benefit accruing to women from these schemes has not been quantified, efforts are being made by the Ministry to ensure that the maximum benefit of the schemes of the Ministry could reach to the women stakeholders of the sector.

Though/there is no specific allocation of funds for gender related expenditure in the Plan Schemes of the Ministry, certain components of

(i) HRD Scheme like Entrepreneurship Development Programme (EDP) and Setting Up of Food Processing Training Centre (FPTC), and (ii) Technology Up-gradation, Establishment and Modernization of Food Processing Industries, which have been transferred to National Mission on Food Processing (NMFP) being implemented by State/UT Governments could be considered for Gender related expenditure. The matter is being taken up by the Ministry with the State Mission Directors of National Mission on Food Processing (NMFP) to this effect.

[Ministry of Food Processing Industries Letter No.6-01/2014-Parl.
dated 18.03.2015]

Comments of the Committee

For comments of the Committee please refer to Para No. 1.16 of Chapter-I of this Report.

NEW DELHI;
14 December, 2015

23 Agrahayana, 1937 (Saka)

HUKM DEO NARAYAN YADAV,
Chairperson,
Committee on Agriculture.

ANNEXURE I

COMMITTEE ON AGRICULTURE
(2015-16)

EXTRACT OF MINUTES OF THE ELEVENTH SITTING
OF THE COMMITTEE

The Committee sat on Thursday, the 10 December, 2015 from 1000 hrs. to 1050 hrs. in Chamber of the Chairperson, Committee on Agriculture, Room No. 138 (Third Floor), Parliament House, New Delhi.

PRESENT

Shri Hukm Deo Narayan Yadav — *Chairperson*

MEMBERS

Lok Sabha

2. Prof. Richard Hay
3. Shri Sanganna Karadi
4. Shri Nalin Kumar Kateel
5. Md. Badaruddoza Khan
6. Shri C. Mahendran
7. Dr. Tapas Mandal
8. Shri Janardan Mishra
9. Shri Ajay Nishad
10. Shri Mukesh Rajput
11. Shri Satyapal Singh (Sambhal)
12. Shri B.S. Yeddyurappa

Rajya Sabha

13. Shri Mohd. Ali Khan
14. Shri Rajpal Singh Saini
15. Shri Ram Nath Thakur

SECRETARIAT

1.	Shri U.B.S. Negi	—	<i>Joint Secretary</i>
2.	Shri Arun K. Kaushik	—	<i>Director</i>
3.	Shri C. Vanlalruata	—	<i>Deputy Secretary</i>
4.	Shri Sumesh Kumar	—	<i>Under Secretary</i>

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

3. After some deliberations, the Committee adopted the draft Reports without any modification. They authorized the Chairperson to finalize and present these Reports to Parliament after getting them factually verified from the concerned Departments/Ministry.

***Matter not related to this Report.

ANNEXURE II

MODIFICATIONS IN THE SCHEME GUIDELINES OF MEGA FOOD PARK ON 19.12.2009, 17.11.2011 AND 10.02.2012

(Vide Chapter-II of the Report)

1. Modifications incorporated in the guidelines regarding the constitution of SPV:

- (i) The minimum number of promoters in SPV was reduced to 3 including a food processor to facilitate better coordination among the participating promoters (Modified *w.e.f.* 19.12.2009).
- (ii) At least 26 per cent of equity of the SPV to be held by food processor(s) within the SPV (Modified *w.e.f.* 19.12.2009).
- (iii) Food processor(s) member to have at least Rs. 10 crore of net worth (*Modified w.e.f.* 19.12.2009).
- (iv) Each member in SPV to have a net worth at least 1.5 times of their proposed equity contribution in order to ensure requisite contribution for the project (Modified *w.e.f.* 17.11.2011).
- (v) The promoter holding maximum equity in the SPV to be the lead promoter primarily responsible for co-ordination with all stakeholders including the Ministry of Food Processing Industries to ensure effective implementation of the project. (Modified *w.e.f.* 14.03.2012)

2. Modifications in conditions for release of funds to 3rd phase projects: (modified *w.e.f* 17.11.2011):

1st tranche of 1st instalment of 10 per cent of the approved grant:

- (i) Proof of increase in authorized capital of SPV to allow stipulated equity contribution as per approved means of finance for the project.
- (ii) Expenditure certificate from Chartered Accountant confirming expenditure of at least 10 per cent of SPV's equity contribution out of the eligible project cost.

Second tranche of 1 instalment of 10 per cent of the approved grant:

- (i) Proof of proportionate expenditure by SPV (including term loan and equity) out of eligible project cost equivalent to percentage of grant released as 1st tranche of 1st instalment.
- (ii) Proof of proportionate contribution by SPV (including term loan and equity) out of eligible project cost equivalent to percentage of grant to be released as 2nd tranche of 1st instalment.

Second installment of 30 per cent of the approved grant:

- (i) Proof of proportionate contribution by SPV (including term loan and equity) out of eligible project cost equivalent to percentage of grant to be released as 2nd instalment.
- (ii) Submission of documents *in lieu* of proof of possession of land for all PPCs along with construction schedule.
- (iii) Proof of commencement of construction of Standard Design Factory sheds for SMEs
- (iv) Proof of allotment of at least 25 per cent of total allotable plots as per approved DPR.
- (v) Recommendation of PMA confirming the fulfillment of above conditions.

Third installment of 30 per cent of the approved grant:

- (i) Proof of proportionate contribution by SPV (including term loan and equity) out of eligible project cost equivalent to percentage of grant to be released as 3rd installment.
- (ii) Certificate from PMC confirming completion of atleast 40 per cent of construction of PPCs and proof of expenditure of atleast 40 per cent of the total proposed cost for PPCs as per approved DPR.
- (iii) Certificate from PMC confirming completion of atleast 50 per cent construction of Standard Design Factory sheds for SMEs.
- (iv) Proof of allotment of at least 50 per cent of total allotable plots.
- (v) Recommendation of PMA confirming the fulfillment of above conditions.

3. Modification in Time Schedule:

The time schedule for completion and successful operationalization of project was revised to 30 months from the date of issuance of Final Approval (*modified w.e.f. 01.07.2012.*) Further, in the event of the SPV defaulting on the prescribed timeline in approaching the Ministry for release of any of the grant installments, the IMAC may consider imposing appropriate penalty on case to case basis except in case of force *de majeure* or reasons beyond the control of the SPV.

4. Other Modifications:

- (a) Capital grant to be provided on the basis of the *eligible project cost* [total project cost plus Interest during Construction (IDC) minus cost of land, pre-operative expenses and margin money for working capital] instead of on the project cost (excluding land cost). (Modified *w.e.f.* 17.11.2011).
- (b) Apart from the evaluation of EoI/proposals by PMA on a scale of 100 points, the TC will undertake independent evaluation on a scale of 50 points (on the prescribed evaluation criteria) on the basis of the presentation made by the applicants. The final evaluation report along with the recommendations of the TC will be placed before the Inter-Ministerial Approval Committee (IMAC) for consideration of “In-Principle Approval” to the projects. (Modified *w.e.f.* 17.11.2011).
- (c) PMC of the project to be selected only from the agencies empanelled by the Ministry. (Modified *w.e.f.* 17.11.2011).
- (d) Only food processing industries that make food products fit for human/animal consumption to be permitted to be set up in the Mega Food Parks. Packaging as ancillary to the food processing industries also eligible for allotment of land in the Mega Food Parks. (Modified *w.e.f.* 14.03.2012).
- (e) The revision in project cost to be approved by the IMAC. However, any revisions in the project cost upto 20 per cent of the originally approved project cost without any change in scope of the project or project components to be approved by the Secretary, after concurrence of the IFD. (Modified *w.e.f.* 14.03.2012).

APPENDIX

(Vide Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT (16TH LOK SABHA) OF STANDING COMMITTEE ON AGRICULTURE (2014-15)

(i)	Total number of Recommendations:	16
(ii)	Recommendations/Observations which have been accepted by the Government: Recommendation Serial Nos. 1, 2, 5, 8, 9, 10, 12, 13, 14, 15 and 16	
	Total	11
	Percentage	68.75%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies: Recommendation Serial No. NIL	
	Total	00
	Percentage	0.00%
(iv)	Recommendations/Observations in respect of which the replies of the Government have not been accepted by the Committee: Recommendation Serial Nos. 3, 4, 6 and	
	11	
	Total	04
	Percentage	25.00%
(v)	Recommendations/Observations in respect of which final replies of the Government are still awaited: Recommendation Serial No. 07	
	Total	01
	Percentage	6.25%

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