



**STANDING COMMITTEE ON AGRICULTURE
(2003)**

THIRTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

**DEMANDS FOR GRANTS
(2003-2004)**

**{Action Taken by the Government on the Recommendations/
Observations contained in the Forty Third Report of the
Standing Committee on Agriculture (2003)}**

REPORT



LOK SABHA SECRETARIAT

December, 2003/Agrahyana, 1925 (Saka)

FORTY EIGHTH REPORT

STANDING COMMITTEE ON AGRICULTURE

(2003)

(THIRTEENTH LOK SABHA)

MINISTRY OF FOOD PROCESSING INDUSTRIES

DEMANDS FOR GRANTS (2003-2004)

(Action taken by the Government on the Recommendations/Observations contained in the Forty Third Report of the Standing Committee On Agriculture (2003)

Presented to Lok Sabha on 23.12.2003

Laid in Rajya Sabha on 23.12.2003



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2003/Agrahyana, 1925 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2003)

Shri S.S. Palanimanickam – Chairman

MEMBERS

LOK SABHA

2. Shri Daud Ahmad
3. Prof. S.P. Singh Baghel
- *4. Shri Girdhari Lal Bhargava
5. Shri Bhan Singh Bhaura
6. Shri Ambati Brahmaniah
7. Shri Ram Tahal Chaudhari
8. Shri Shivraj Singh Chouhan
9. Shri Adhir Chowdhary
10. Shri Thawar Chand Gehlot
11. Shri Raghunath Jha
12. Shri Abul Hasnat Khan
- +13. Dr. C. Krishnan
14. Shri M. Master Mathan
15. Shri Tarachand Shivaji Patel
16. Shri Bhaskar Rao Patil
17. Shri Jaisingrao Gaikwad Patil
18. Smt. Rama Pilot
19. Ms. Prabha Rau
20. Shri N.R.K. Reddy
21. Shri Chandra Bhushan Singh
22. Shri Lakshman Singh
23. Shri Ramjiwan Singh
24. Shri Rampal Singh
25. Shri Tejveer Singh
26. Shri Punjaji Sadaji Thakor
27. Shri Tarlochan Singh Tur
28. Shri Chintaman Wanaga
29. Shri Bhal Chandra Yadav
30. Shri Mahboob Zahedi

RAJYA SABHA

31. Dr. A.R. Kidwai
32. Shri Oscar Fernandes
33. Smt. Jamana Devi Barupal
34. Prof. R.B. S. Varma
35. Dr. A.K. Patel
36. Shri Sudarshan Akarapu
37. Dr. Swami Sakshi Ji Maharaj
38. Shri R. Kamaraj
39. Prof. M. Sankaralingam

40. Shri Gandhi Azad
 41. Shri Datta Meghe
 42. Shri R.S. Gavai
 43. Shri Rao Man Singh
 44. Shri Sukhbir Singh
 45. Shri H.K. Javare Gowda
-

SECRETARIAT

- | | | | |
|----|------------------------|---|----------------------|
| 1. | Shri P.D.T. Achary | - | Additional Secretary |
| 2. | Shri S.K. Sharma | - | Joint Secretary |
| 3. | Shri Hardev Singh | - | Deputy Secretary |
| 4. | Smt. Anita Jain | - | Under Secretary |
| 5. | Smt. Jyochnamayi Sinha | - | Executive Officer |

* Shri Girdhari Lal Bhargava nominated to the Committee w.e.f. 07.04.2003.
+ Dr. C. Krishnan nominated to the Committee w.e.f. 06.05.2003.

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (2003) having been authorised by the Committee to submit the Report on their behalf, present this Forty Eighth Report on Action Taken by Government on the recommendations/observations contained in the 43rd Report of the Standing Committee on Agriculture (2003) on Demands for Grants (2003-2004) of the Ministry of Food Processing Industries.

2. The Forty Third Report of the Standing Committee on Agriculture (2003) on Demands for Grants (2003-2004) of the Ministry of Food Processing Industries was presented to Lok Sabha and laid in Rajya Sabha on 25.04.2003. The Ministry of Food Processing Industries was requested to furnish action taken replies of the Government to recommendations contained in the Forty Third Report. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered the action taken replies furnished by the Government, approved the draft comments and adopted the Forty Eighth Report at their sitting held on 19.12.2003. Minutes of the sittings are placed in Appendix-I.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the Forty Third Report (13th Lok Sabha) of the Committee is given in Appendix-II

NEW DELHI
19 December, 2003
28 Agrahayana, 1925(Saka)

S.S PALANIMANICKAM
Chairman
Standing Committee on Agriculture

CHAPTER I

REPORT

This Report of the Committee on Agriculture deals with the action taken by the Government on recommendations contained in the Forty-Third Report (Thirteenth Lok Sabha) of the Standing Committee on Agriculture (2003) on Demands for Grants (2003-2004) of the Ministry of Food Processing Industries which was presented to the Lok Sabha and laid in the Rajya Sabha on 25 April 2003.

1.2 Action taken replies have been received from the Government in respect of all the 17 recommendations contained in the Report. These have been categorized as follows:-

- (i) Recommendations/Observations that have been accepted by the Government (Chapter - II of the Report)

Recommendation Sl. Nos.1,2, 7,10,11 and 15 (Total-6)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies (Chapter - III of the Report)

Recommendation Sl. No. 5 (Total -1)

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Chapter - IV of the Report to be commented upon in Chapter - I of the Report)

Recommendation Sl. No. 4, 8 and 14 (Total - 3)

- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited (Chapter - V of the Report)

Recommendation Sl. Nos. 3, 6, 9, 12, 13, 16 and 17 (Total - 7)

1.3 The Committee will now deal with the action taken by the Government on some of their recommendations:

Restructuring of the Ministry

(Recommendation Sl. No. 3)

1.4 One of the most important functions of the Ministry is formulation and implementation of policies for food processing industries within the overall national priorities and objectives. While fulfilling its task, the Ministry continuously interacted with various Ministries of the Government of India and State Governments. The Ministry also interacted with various promotional organisations like Agricultural and Processed Food Export Development Authority (APEDA), Marine Products Export Development Authority (MPEDA), National Cooperative Development Corporation (NCDC), National Horticulture Board, Cashewnut Development Board, National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) etc. This consumes a considerable time and energy of the Ministry as well as the entrepreneurs. The Ministry of Food Processing Industries provides grants-in-aid to set up units/firms to process and market all kind of horticultural as well as non-horticultural produce. However, the Ministry of Food Processing Industries provides grants-in-aid for cold storage facilities for non-horticultural produce only; for horticultural produce the entrepreneurs have to approach the National Horticulture Board. Similarly, for other promotional and marketing activities, the entrepreneurs have to approach APEDA, MPEDA, NCDC, NAFED, Cashewnut Development Board, etc. Thus, the entrepreneurs have to shuttle from one Ministry to another which act as a deterrent in their venture. Therefore, the Committee strongly felt that to remove all these obstacles, the Ministry of Food Processing should be strengthened further by bringing various organisations which deal with processed food, like APEDA, MPEDA, NAFED, NHB,

Cashewnut Development Board, etc. under one umbrella in order to have an integrated approach for the food processing sector. Various other agencies involved, like the Pollution Control Board, Electricity Boards, etc. may also be impressed upon to give clearances expeditiously for setting up food processing units on priority basis.

1.5 The Government in its action taken reply stated that follow up action in pursuance of the recommendations of the Standing Committee for restructuring of the Ministry has been initiated. The Minister of Food Processing Industries and Secretary, MFPI had detailed discussions with the Cabinet Secretary on this issue and as advised the matter is being taken up for consideration of the Committee of Secretaries. In the meantime, it has been decided to transfer the administration of Meat Food Products Order presently administered by Department of Agriculture and Co-operation (Directorate of Marketing & Inspection) to this Ministry.

Comments of the Committee

1.6 The Committee are happy to note that a decision has been taken to transfer the administration of Meat Food Products Order from the D/o Agriculture and Co-operation (Directorate of Marketing and Inspection) to the Ministry. The Committee wish that positive and concrete steps may be taken to restructure the Ministry as suggested by the Committee at the earliest and the Committee may be apprised of the decision taken in this regard.

Development of Food Processing Activities in the North Eastern States

(Recommendation Sl. No. 4)

1.7 The Committee had observed that the North Eastern Region by virtue of its diverse agro-climatic conditions, offers a wide range of Agro-Horticultural produces. This region is the main source of high value horticultural produce for onward marketing both within the country and abroad. Besides, this region has got tremendous potential in respect of meat/pork processing. The State Governments of the region were not able to provide sufficient allocations from their budget for the development of these activities because of the insurgency problem and other special problems peculiar to the difficult hilly terrains of the area. The Committee were happy to note that the Ministry have been allocating more than 10% of its total plan allocations in favour of schemes for the development of food processing industries in the North Eastern States. The Committee also had noted that the Ministry provides grants-in-aid of 33% of the project cost with a maximum of Rs. 75.00 lakhs in the hilly and difficult areas.

According to the Committee, in view of the difficult and peculiar conditions in the region, all the schemes for food processing industries in the North Eastern States should be hundred percent Centrally funded, without any stipulation for contribution from the State Governments. The Committee, therefore, had recommended that the Ministry of Food Processing Industries should come up with specific plan schemes with hundred percent funding by the Centre to ensure proper and quick development of the food processing sector in the region. It will also provide more opportunities for the people in the region.

1.8 The Government in their action taken reply have stated that the proposal of the Ministry to extend higher percentage of grant have not been accepted by the Finance Ministry who is of the view that grants should be reduced to the minimum. In these circumstances, providing 100% grant for projects in the North-east is not possible. However, a higher percentage, namely, 33.33%, as well as quantum of assistance, namely Rs. 75 lakhs has been provided for projects in “Difficult Areas” including North-east.

Under the Technology Mission, Mini Mission – IV, which deals with processing of horticultural produce in the North-east, is handled by the Ministry of Food Processing Industries. Financial assistance is available under this arrangement upto 50% of the project cost subject to fulfillment of certain conditions and a higher cap upto Rs. 4 crores for setting up of food processing units of horticulture products. Moreover, total central excise duty exemption has been made available for the entire food processing sector in the North-east.

Comments of the Committee

1.9 The Committee are disappointed to note that the proposal of the Ministry to extend hundred percent funding by the Centre to the North Eastern region has not been accepted by M/o Finance who are of the view that grants should be reduced to minimum. The Committee find that North Eastern region with a wide range of high value horticultural produce is a potential area for large scale horticulture produce processing. However, the State Governments due to peculiar and difficult conditions in the region, are not able to provide their contribution to the various Central schemes formulated for development of food Processing industries in the region. The Committee strongly feel that the inability of State Governments to

provide their share should not serve as a hinderance in the implementation of Central Schemes consequently depriving the farmers of the benefit of the schemes.

The Committee, therefore, reiterate that all schemes in North East Region should be 100% centrally funded so as to ensure proper and quick development of the food processing sector in the region. The Ministry may monitor the funds released to ensure that they reach the actual beneficiaries. They desire the Ministry to again take up the matter with the Planning Commission the Ministry of Finance and impress upon them the urgent need to take action in this regard.

Need to popularize Traditional Methods of Food Processing and Preservation

(Recommendation Sl. No. 8)

1.10 The Committee were of the unanimous view that India has a valuable heritage of processing and preserving food items without using chemical and inorganic substances in a conventional way. The nutritional, environmental and health friendly values of food processed under natural conditions are well known. Value additions through these traditional technologies needs no machinery and no big capital investment and hence it reduces the cost of preservation. The Committee in their earlier reports on Demands for Grants had been recommending for giving more stress on traditional method of processing and preservations. The Committee were distressed to note that 8 to 37% of fruits and vegetable and a large quantity of other agricultural produces goes waste due to non-preservation causing great loss to the nation as a whole. The Committee, therefore, strongly had recommended that the Ministry should pay adequate attention to popularize the traditional methods of processing and preserving of agricultural produce which would supplement the efforts of the Ministry in the food processing and privatization sector and prevent loss of agro produce.

For storage and preservation, non-conventional energy sources may be utilised for drying agro produce and procuring refrigeration system/cold storage reducing dependency on electricity. For example, in areas having plenty of sunshine, solar energy may be utilized for drying of fruits, fish etc as well as running refrigeration and small machines. The Committee desired that the Ministry should prepare proposals for promotion of the traditional methods of food processing and preservation themselves and assist the interested persons in this regard.

1.11 The Government in its action taken reply have stated that the Ministry has extended financial assistance to Planters' Energy Network (NGO), Madurai for a project on diffusion of solar air heating technology in food processing. It may be stated that the project has already been commercialized. Similar projects would be considered for financial assistance under the scheme.

Comments of the Committee

1.12 The Committee are unhappy with the incomplete reply of the Government. The Ministry has answered only about the use of solar energy. This reply is silent on the recommendation that the Ministry should pay adequate attention to popularize the traditional methods of processing and preserving agricultural produce which will supplement the efforts of the Ministry as well as the private sector in the Food Processing and prevent loss of agro produce.

The Committee, therefore, wish to urge upon the Ministry of Food Processing Industries to popularize the traditional method of processing and preservation in order to prevent the loss of large quantity of agricultural produce. They would like to be apprised of the concrete steps taken by Govt. in this regard.

Need to ensure quality of food products

(Recommendation Sl. No. 14)

1.13 The Committee found that Western Countries lay down very stringent quality standards for food products. The Ministry had been implementing the 'Scheme of Quality Management' in order to meet the International Standards. The Committee had noted that inspite of this total quality management, many important sectors, such as Meat and Poultry Processing and Milk Processing do not meet the International Standards of processed food products.

The Committee had further noted that during 2001-02, there was a shortfall in the revenue earned from export. One of the reasons attributed to this was problems of quality of marine products, and non-tariff service, imposed by some importing countries. The Committee had strongly recommended that the Ministry should undertake appropriate steps to ensure that food processing industries imbibe necessary quality control measures to meet the International Standards and also to strive for bringing India as a leading country in the world food processing map.

1.14 The Government their action taken reply have stated that the Ministry is operating a Scheme for Quality Assurance, CODEX Standards and Research and Development under which financial assistance is extended. Ministry has also been networking with the various Quality Control Laboratories, Industry Associations and others for creating awareness regarding quality amongst all. A project has also been assigned to a voluntary consumer organization (VOICE) to spearhead action for creating quality consciousness. The Ministry is also widely publishing the scheme for adopting HACCP and through

FICCI, Quality Forum manuals and step-by-step procedures for implementing quality assurance system have also been formulated.

Comments of the Committee

1.15 The Committee are not satisfied with the reply of the Government. The various schemes/programmes of the Ministry for creating quality consciousness have not been able to give the desired results as many important sectors still do not meet the international standards of processed food products. The Committee, therefore, desire that the Government should implement their programmes vigorously and effectively so that food processing industries imbibe necessary quality control measures and Indian products are able to meet the international quality standards.

Fish Processing

(Recommendation Sl. No. 17)

1.16 The Committee had noted that, India is the fourth largest producer of fish in the world and second largest producer of fresh water fish in the world . However, there is still a tremendous scope in exploiting this sector further, especially inland fisheries. India with its vast coastline of more than 8,100 Kms. and huge territorial waters and Exclusive Economic Zones, offers great opportunities to tap this natural resource. Countries like Thailand and Bangladesh have done much more in the field. The Committee in their earlier Reports had been recommending for re-formulating the scheme for strengthening of traditional fish processing technologies and for this purpose had desired that the Ministry should tie up with veterinary Institutions, Agricultural Universities and Fishery Cooperatives to get better results. The Committee were informed that many R&D

projects have been taken up and it is expected that as a result of these efforts it will be possible to strengthen traditional fish processing technologies. The Committee, therefore, had desired that the Ministry should take necessary steps to ensure that the fish processing does not remain neglected area and for that higher allocation should be made in order to exploit the vast untapped marine resources.

1.17 The Government in their action taken reply have stated that during the Ninth Plan, a number of proposals relating to development of fisheries were approved and assistance worth Rs. 15.28 crores was released to the implementing agencies. The Ministry of Food Processing Industries has also set up an Inter-Ministerial Group to take a composite view and for assisting in formation of appropriate policies/programmes and plan of action towards promoting of export lead fish processing industries. Two meetings of this Group have been held on 28.2.2003 and 26.5.2003.

The Ministry is also in the process of preparing an action oriented master Plan for Fishery Development with focus on Andaman & Nicobar and Lakshadweep Islands.

Comments of the Committee

1.18 The Committee observe that although India is the fourth largest producer of fish in the world and second largest producer of fresh water fish in the world, fish processing still remains a neglected area. Therefore, the Committee desire that the Ministry may finalise the action oriented Master Plan for Fishery Development within three months of presentation of the Report and apprise the Committee of the progress made in this regard. The Committee would also like to be apprised of the major discussions taken at the meetings of Inter-Ministerial Group held on 28.2.2003 and 26.5.2003.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

INADEQUATE ALLOCATIONS IN FAVOUR OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES

Recommendation Sl. No. 1

2.1 The Committee note that against a proposed outlay of Rs. 2800.00 crore, the Planning Commission have allocated Rs. 650.00 crore only to the Ministry for the Tenth Five Year Plan. During the year 2002-03 also the Ministry was allocated Rs. 75.00 crore at RE stage against a demand of Rs. 105.00 crore. In the year 2003-04 again, against a demand of Rs. 300.00 crore, the Ministry was allocated only Rs. 75.00 crore. The allocation to the Ministry works out to only 0.0507% out of the total Central Sector outlay. In this connection, the Committee had been recommending in their earlier reports on Demands for Grants that there should be a gradual increase in the budgetary provision for the Ministry upto 0.2% of the Central outlay, but actually the percentage outlay of the Ministry has declined from 0.091% during the year 1992-93 to 0.0507% in the year 2003-04.

The Committee wished to impress upon the Government that the Ministry of Food Processing Industries has been entrusted with the onerous task of diversifying and commercialising agriculture, giving a boost to the export of agro products, dispersal of industries in the rural areas, creation of infrastructure in the rural areas, quality control and upgradation, information and technology dissemination to small entrepreneurs and extending special incentives to the North-Eastern States hilly and backward areas of the country. In the opinion of the Committee, the food processing is a high priority sector

and has tremendous potential to transform the economy. However, it faces many serious challenges like poor infrastructural facilities, lack of investments from public, private and cooperative sector, lack of proper R&D and inadequate technically sound human resources. As a result, India is able to process only 2% of its produce and a large percentage goes waste. In view of the significance attached to these activities of the Ministry and to address the obstacles in its path, the Committee urge upon the Planning Commission and the Ministry of Finance to consider making higher allocations to this crucial sector because any neglect of this sector may seriously jeopardise the economy. The Committee, therefore, reiterate their earlier recommendations that the percentage allocation to the Ministry should be increased upto 0.2% of total Central outlay and also strongly desire that the budgetary outlay at the RE of 2003-04 and at the BE of the remaining years of the 10th Plan should be increased, so that the approved outlay of 10th Plan, i.e. Rs. 650.00 crore will be made available to this Ministry in order to achieve the 10th Plan target envisaged for this sector.

Reply of the Government

2.2 In the Review meeting chaired by Member, Planning Commission on 20.5.2003, it was emphasized by this Ministry that higher allocation be provided to this Ministry for 2003-04 and subsequent years. It was accepted by the Member that there was need to provide higher outlay to this Ministry. Subsequently, Hon^{ble} MOS(I/C) has also taken up the matter with Deputy Chairman, Planning Commission to enhance the allocation to this Ministry.

LATE APPROVAL OF NEW PROGRAMMES DURING 10TH PLAN AND NEED FOR HIGHER ALLOCATION

Recommendation Sl. No. 2

2.3 Taking into consideration the review undertaken by the Planning Commission of the 9th Plan schemes, the number of schemes have been reduced from 19 during the 9th Plan to 6 only during the 10th Plan by merging and clubbing the existing schemes to enable more effective macro management and deployment of the available resources in a flexible manner according to their priorities. However, the Committee find that out of these six schemes, three are continuing schemes like, HRD, Strengthening of Institutions and scheme for Technology Upgradation/Establishment/Modernisation of food processing industries. The other two schemes, namely Infrastructural Development, Backward and Forward Linkage and Research and Development, were not cleared in the first year of the Tenth Plan. The scheme for Quality Assurance, Codex Standards and R&D has been cleared recently. The scheme for Backward and Forward Linkages has obtained the clearance of EFC and awaiting approval of the Finance Minister. The scheme for Infrastructure Development is yet to get EFC clearance.

The Committee are astonished to note that even during the second year of the Tenth Five Year Plan, many important schemes are yet to be cleared by the Planning Commission and not taken up for implementation so far. The delay in implementation of these schemes has a cascading effect on the food processing sector and ultimately on the economy as a whole. The Committee deplore this kind of casual approach of the Ministry in this regard. In view of this loss of precious time, the Committee recommend that the Ministry should pursue the matter to get the clearance of the competent authority

at the earliest and a higher allocation should be made for the implementation of these schemes in the Revised Estimates of this year and also in Budget Estimates of the coming years. It should also be ensured that the Plan schemes after their approval do not take much time to take off. The Committee expect the Ministry to bring this recommendation of the Committee to the pointed attention of the Planning Commission and the Ministry of Finance for appropriate and immediate action.

Reply of the Government

2.4 All the six schemes for the Tenth Five Year Plan have received the approval of the Competent Authority and vigorous efforts will be take to implement them. The recommendations of the Committee have been brought to the pointed attention of the Planning Commission and Ministry of Finance. The matter has also been taken up at the level of MOS with Deputy Chairman, Planning Commission and Finance Minister.

HIGHER ALLOCATIONS FOR INFRASTRUCTURE FACILITIES

Recommendation Sl. No. 7

2.5 The Committee note that the infrastructure facilities for food processing sector are of paramount important because India has enormous potential to do unchallenged profitable business in food processing as it is blessed with unsurpassed natural advantage. However, 8 to 37% of the total agricultural produce goes waste resulting in loss of about Rs. 50.000 crore anually because of inability of the sector to convert the produce into value added products. The processing units are mainly concentrated in the States with better infrastructural facilities rather than at places where raw material is available and most of the produce in rural areas goes waste. One of the objectives of the Ministry of

Food Processing Industries is to minimize wastage at all stages, transportation and processing of agro-food produce. To achieve this, the Ministry has been implementing a plan scheme namely 'Development of Infrastructural Facilities'. The Ministry has been proactively pursuing the task of setting up of Food Parks in different parts of the country to assist small and medium scale units by providing common facilities of R&D lab, cold storage, uninterrupted power supply, water supply, warehousing facilities and other large processing facilities. To attract more and more entrepreneurs, the Ministry have changed soft loan into grant-in-aid. During 10th Plan, the Ministry have broadened the activities under this scheme. The Committee have been informed that besides Food Parks, the other components of the scheme are yet to get clearance from Ministry of Finance to make those operational. The Committee hope that these activities will get clearance early and would become fully operational during the current year so that the entrepreneurs can avail the full benefits of the scheme.

The Committee also note that the Ministry have been allocated Rs.29 crore at RE stage against the demand for Rs. 32.00 crores for this scheme. During the year 2003-04 against a demand of Rs. 45.00 crores, the Ministry have been allocated only Rs. 29.00 crores, which includes provision for North Eastern States. The Committee are of the opinion that for the 'Scheme of Infrastructure Development' which is the very foundation of the activities of the Ministry, adequate funds have not been provided in accordance with its importance.

The Committee, therefore, strongly recommend that the allocation for this scheme should be enhanced at RE stage for 2003-04 and also in the coming years so that all its

activities become fully operational in order to develop infrastructural facilities for food processing sector.

The Committee further desire that the Ministry should vigorously generate awareness about its schemes and activities so that the entrepreneurs get attracted to set up new units for food processing. The manpower generated by the new units will also have a positive impact on the employment situation in the country. According to the Committee, the new food processing units/Food Parks should be set up as far as practicable, in the vicinity of area of produce to ensure availability of raw material (vegetables & fruits) at lesser cost and to minimize transportation costs. The produce may be kept under refrigerated environment and later on processed and sent to marketing centre. The Ministry should work out at the earliest an Action Plan to prevent post-harvest wastage of agricultural produce worth Rs. 50,000 crores.

Reply of the Government

2.6 As per the recommendation of the Committee, action has been initiated for enhanced allocation, MOS at his level has also impressed upon the Deputy Chairman, Planning Commission and the Finance Minister in this regard. Due to the vigorously efforts taken by the Ministry, all the components under the Scheme of Infrastructure Development have been approved by the Competent Authority. Regular advertisements in different languages are being released in leading newspapers. Feature articles and advertisements have been published in leading magazines in different regions. A Booklet outlining the Plan Schemes and their components have also been brought out in Hindi and English. Action to get them published in different regional languages has also been

undertaken. Action has also been initiated for preparation of detailed Action Plan for the sector.

PROPER USE OF GRANTS/FINANCIAL ASSISTANCE GIVEN TO FOOD PROCESSING UNITS

Recommendation Sl. No. 10

2.7 The Ministry gives grants-in-aid/ financial assistance to, NGOs, Private and Public Sector Undertakings and cooperatives for undertaking various activities relating to food processing including setting up/ modernization of the food processing units. The assistance is given in instalments and the subsequent instalments are released only if utilization certificate for the earlier instalment is received in the Ministry. However, it is noted that receipt of Utilization Certificates in respect of 89 cases, covered by the Public Interest Litigation, for which grants were released (up to 31st March 1999) involving an amount of Rs.9,06,13,235 were still pending. The Committee find that, the Ministry after pursuing these cases vigorously with the concerned firms was successful in getting Utilization Certificate in respect of 17 cases involving Rs.2,23,93,750. The Committee have been further informed that the Ministry is pursuing with other firms and have warned them for not releasing the further financial assistance. They were being reminded to forward the Utilisation Certificates urgently. State Nodal Agency had also been asked to pursue these cases vigorously.

The Committee are astonished to note that large amount of public money is being taken by the Food Processing Units without showing any accountability. It appears that the representatives of the Ministry/State Government do not actually visit the site of the

unit to satisfy themselves about the money actually spent for the purpose for which it was given; the further instalments being released merely on receipt of the Utilisation Certificates. The representatives of the Ministry themselves admitted to this during the oral examination held on 21 March, 2003.

The Committee, therefore, desire that an authorized officer of the Ministry/State Nodal Agency should visit the site of the unit for an on-the-spot study to ensure that the money released is being actually used for the purpose for which it was given. Only after a satisfactory report is received, should the second/subsequent instalment be released; and not merely on the basis of Utilisation Certificate sent by the entrepreneur. They also desire that proper and comprehensive guidelines may be evolved in this regard so that the scarce funds at the disposal of the Ministry are not wasted due to misutilization. Stringent instructions should be issued to the defaulters asking them to refund the money given to them if not utilized, together with penal interest thereon. In future, collateral security for the money given to the beneficiaries may also be considered.

Reply of the Government

2.8 All possible actions are being taken to ensure that the Utilisation Certificate are received in time. It may be stated that the grants from the Ministry are released in instalments and not at one go. The first instalment which is generally 50 per cent of the approved grant, is released only after 50 per cent of the promoter's contribution and the Bank loan are expended on the project. Proper certificate in this regard from the Bank/Chartered Accountant and SNA is obtained prior to release of the grant. Before the second/subsequent instalments are released, physical inspections by the team consisting of representatives of Ministry/Nodal Agency/Bank/Financial Institutions is undertaken and

based on the report of the progress of implementation and after receipt of Utilization Certificate of the 1st instalment, further instalments are released. Proper guidelines for such inspections have also been drawn up. Further grants to defaulters are not released at all and efforts are made to get the money refunded.

DAIRYING PROCESSING

Recommendation Sl. No. 11

2.9 The Committee observe that India with its status as the largest milk producer in the world, is on the verge of assuming an important position in the global dairy industry. Many international dairy companies are viewing India with an eye to tapping its vast growing market for dairy products. Milk production in India is estimated at 88 million tonnes during 2002-03 as against 84.60 million tonnes during 2001-02. However, organized dairying industry accounts for less than 15% of the milk produced in India. The rest of the milk is either consumed at Farm level, or is sold as fresh, non-pasteurized milk through unorganized channels. The Committee are informed that the Ministry have been operating Plan Scheme for setting up expansion/modernization of food processing units for manufacturing milk products and provides grants-in-aid to the industry conforming to norms laid down under MMPO 1992 presently being administered by Department of Animal Husbandry and Dairying.

The Committee are highly perturbed to note that the Ministry have assisted only one unit each in 1998-99, 1999-2000, 2001-02 and 2002-03. During the year 2000-01 the Ministry could not assist any unit for milk processing. With this slow progress the Committee are afraid that Ministry will not be able to help the processing units to the

desired level to ensure availability of quality and hygienic milk and milk products for the domestic market as well as for exports. The Committee, therefore, strongly recommend that the Ministry should encourage popularization of more viable proposals so that more good quality and hygienic milk is produced in the country.

Reply of the Government

2.10 Since the subject of good quality and hygienic milk is handled by the Department of Animal Husbandry & Dairying, the recommendations of the Committee have been brought to their notice for appropriate action. The observations of the Committee regarding milk products have been noted and necessary action has been initiated on the lines as recommended by the Committee. The Ministry is also issuing advertisements regarding its Plan Schemes in various leading Newspapers for inviting proposals relating to setting up of food processing units including milk products so that the quality milk products could be produced in the country. The Ministry of Food Processing Industries is also making efforts for transfer of MMPO from the Department of Animal Husbandry and Dairying to this Ministry so that a comprehensive approach is adopted for development of milk processing in the country. Advertisements in national and regional language dailies have been released to popularize the Plan Schemes so that more people can derive benefits and fillip is given to the development of Dairy sector.

NEED FOR WIDER PUBLICITY

Recommendation Sl. No. 15

2.11 The Committee note that generic advertisement is the only way by which the farmers, entrepreneurs, Self Help groups, NGOs, research organizations and ultimately

the consumers are made aware of the activities of the Ministry, its objectives, functioning and advantages of processed food. The Committee are informed that in many important schemes implemented by the Ministry, the response has not been as encouraging as expected despite wide publicity given to the various schemes. For example in the milk processing sector on an average the Ministry provided grants-in-aid to only one each unit each year since 1998-99. In the scheme for HRD the allocation at RE stage has been reduced because of less utilization due to non-availability of viable proposals.

The Committee are further informed that many new activities have been broadened. Some of the new activities are yet to get clearance from the competent authority. In view of all these, the Committee strongly feel that the Ministry should launch a publicity campaign on a war footing through print, electronic media such as Radio, Television and through the local news papers giving detailed information about benefits of the schemes of the Ministry its contents how to apply, whom to apply, terms of investment, avenues for earning a handsome return etc. so as to attract more entrepreneurship for establishing new units.

Reply of the Government

2.12 Suitable advertisements have been released in Hindi and Regional Languages for publicizing the Schemes. Booklet on Tenth Plan Schemes has been got printed for wide circulation. The detailed schemes have also been put on the website of the Ministry. A progressive agency for media campaign is also being selected to draw up a systematic campaign schedule and to prepare imaginative content so as to achieve maximum coverage. This effort across the country is expected to generate awareness and interest among entrepreneurs, consumers and general public.

CHAPTER III

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

PRIORITY SECTOR LENDING NORMS

Recommendation Sl. No. 5

3.1 The Committee note that to give a real boost to food and agro based industries, the Government had included this sector within the definition of priority sector for bank lending. Commercial banks provide only 18% of their net bank credit as priority sector lending for the entire agricultural sector. The financial institutions are not coming forward for lending because of the risk involved in the food processing sector. It was in this context that the Committee had been recommending to fix a percentage for the food processing sector within the 18% stipulated for the whole agricultural sector. According to the Ministry, the matter has been taken up with the Department of Banking, Ministry of Finance for issuing suitable instructions to the lending institutions but so far no specific percentage within the 18% has been worked out by them. The matter is still being pursued with the Ministry of Finance (Department of Banking).

The Committee feel that the matter has already been considerably delayed. They, therefore, desire that the matter should be pursued vigorously with the Ministry of Finance (Department of Banking) for fixing specific percentage for the food processing sector within the 18% fixed for Agricultural Sector urgently. In the opinion of the Committee this will enable the food processing sector to grow at a faster pace by obtaining easier finances at a appropriate time.

Reply of the Government

3.2 The matter was taken up with the Reserve Bank of India, NABARD etc. at the meeting of the Study Group-II of the Standing Committee on Agriculture at Mumbai on 24.5.2003. Reserve Bank have expressed themselves not in favour of further splitting percentages within priority sector. They have, however, in the meeting of the Study Group indicated agreement to giving greater thrust to this Sector.

A request for fixing specific percentage has also been made to the Finance Minister by MOS (I/C) vide his letter dated 23rd May, 2003.

CHAPTER IV

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

DEVELOPMENT OF FOOD PROCESSING ACTIVITIES IN THE NORTH EASTERN STATES

Recommendation Sl. No. 4

4.1 The Committee observe that the North Eastern region by virtue of its diverse agro-climatic conditions, offers a wide range of Agro-Horticultural produces. This region is the main sources of high value horticultural produces for onward marketing both within the country and abroad. Besides, this region has got tremendous potential in respect of meat/pork processing. The State Governments of the region are not able to provide sufficient allocations from their budget for the development of these activities because of the insurgency problem and other special problems peculiar to the difficult hilly terrains of the area. The Committee are happy to note that the Ministry have been allocating more than 10% of its total plan allocations in favour of schemes for the development of food processing industries in the North Eastern States. The Committee also note that the Ministry provides grants-in-aid of 33% of the project cost with a maximum of Rs. 75.00 lakhs in the hilly and difficult areas.

According to the Committee, in view of the difficult and peculiar conditions in the region, all the schemes for food processing industries in the North Eastern States should be hundred percent Centrally funded, without any stipulation for contribution from the State Governments. The Committee, therefore, recommend that the Ministry of Food Processing Industries should come up with specific plan schemes with hundred percent

funding by the Centre to ensure proper and quick development of the food processing sector in the region. It will also provide more opportunities for the people in the region.

Reply of the Government

4.2 The proposal of the Ministry to extend higher percentage of grant have not been accepted by the Finance Ministry who is of the view that grants should be reduced to the minimum. In these circumstances, providing 100% grant for projects in the North-east is not possible. However, a higher percentage, namely, 33.33% as well as quantum of assistance, namely Rs. 75 lakhs has been provided for projects in "Difficult Areas" including North-east.

Under the Technology Mission, Mini Mission-IV, which deals with processing of horticultural produce in the North-east, is handled by the Ministry of Food Processing Industries. Financial assistance is available under this arrangement upto 50% of the project cost subject to fulfillment of certain conditions and a higher cap upto Rs. 4 crores for setting up of food processing units of horticulture products. Moreover, total central excise duty exemption has been made available for the entire food processing sector in the North-east.

Comments of the Committee

4.3 For comment of the Committee please refer to Para No. 1.6 of Chapter I of this report.

NEED TO POPULARIZE TRADITIONAL METHODS OF FOOD PROCESSING AND PRESERVATION

Recommendation Sl. No. 4

4.4 The Committee are of the unanimous view that India has a valuable heritage of processing and preserving food items without using chemical and inorganic substances in a conventional way. The nutritional, environmental and health friendly values of food processed under natural conditions are well known. Value additions through these traditional technologies needs no machinery and no big capital investment and hence it reduces the cost of preservation. The Committee in their earlier reports on Demands for Grants have been recommending for giving more stress on traditional method of processing and preservations. The Committee are distressed to note that 8 to 37% of fruits and vegetable and a large quantity of other agricultural produces goes waste due to non-preservation causing great loss to the nation as a whole. The Committee, therefore, strongly recommend that the Ministry should pay adequate attention to popularize the traditional methods of processing and preserving of agricultural produce which would supplement the efforts of the Ministry in the food processing and privatization sector and prevent loss of agro produce.

For storage and preservation, non-conventional energy sources may be utilized for drying agro produce and procuring refrigeration system/cold storage reducing dependency on electricity. For example, in areas having plenty of sunshine, solar energy may be utilized for drying of fruits, fish etc. as well as running refrigeration and small machines. The Committee desire that the Ministry should prepare proposals for

promotion of the traditional methods of food processing and preservation themselves and assist the interested persons in this regard.

Reply of the Government

4.5 The Ministry has extended financial assistance to Planters' Energy Network (NGO), Madurai for a project on diffusion of solar air heating technology in food processing. It may be stated that the project has already been commercialized. Similar projects would be considered for financial assistance under the Scheme.

Comments of the Committee

4.6 For comment of the Committee please refer to Para No.1.12 of Chapter I of this report.

NEED TO ENSURE QUALITY OF FOOD PRODUCTS

Recommendation Sl. No. 14

4.7 The Committee find that Western Countries lay down very stringent quality standards for food products. The Ministry have been implementing the 'Scheme of Quality Management' in order to meet the International Standards. The Committee note that inspite of this total quality management, many important sectors, such as Meat and Poultry Processing and Milk Processing do not meet the International Standards of processed food products.

The Committee further note that during 2001-02, there was a shortfall in the revenue earned from export. One of the reasons attributed to this was problems of quality of marine products, and non-tariff service, imposed by some importing countries. The Committee strongly recommend that the Ministry should undertake appropriate steps to

ensure that food processing industries imbibe necessary quality control measures to meet the International Standards and also to strive for bringing India as a leading country in the world food processing map.

Reply of the Government

4.8 The Ministry is operating a Scheme for Quality Assurance, CODEX Standards and Research & Development under which financial assistance is extended. Ministry has also been networking with the various Quality Control Laboratories, Industry Associations and others for creating awareness regarding quality amongst all. A project has also been assigned to a voluntary consumer organization (VOICE) to spearhead action for creating quality consciousness. The Ministry is also widely publishing the scheme for adopting HACCP and through FICCI, Quality Forum manuals and step-by-step procedures for implementing quality assurance system have also been formulated.

Comments of the Committee

4.9 For comment of the Committee please refer to Para No.1.15 of Chapter I of this report.

CHAPTER V

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

RESTRUCTURING OF MINISTRY

Recommendation Sl. No. 3

5.1 One of the most important functions of the Ministry is formulation and implementation of policies for food processing industries within the overall national priorities and objectives. While fulfilling its task, the Ministry continuously interacts with various Ministries of the Government of India and State Governments. The Ministry also interacts with various promotional organizations like Agricultural and Processed Food Export Development Authority (APEDA), Marine Products Export Development Authority (MPEDA), National Cooperative Development Corporation (NCDC), National Horticulture Board, Cashewnut Development Board, National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) etc. This consumes considerable time and energy of the Ministry as well as the entrepreneurs. The Ministry of Food Processing industries provides grant-in-aid to set up units/firms to process and market all kind of horticultural as well as non-horticultural produce. However, the Ministry of Food Processing Industries provides grants-in-aid for cold storage facilities for non-horticultural produce only; for horticultural produce the entrepreneurs have to approach the National Horticulture Board. Similarly, for other promotional and marketing activities, the entrepreneurs have to approach APEDA, MPEDA, NCDC, NAFED, Cashewnut Development Board etc. Thus the entrepreneurs have to shuttle from one Ministry to another which act as a deterrent in their venture. Therefore, the Committee

strongly feel that to remove all these obstacles, the Ministry of Food Processing should be strengthened further by bringing various organisations which deal with processed food, like APEDA, MPEDA, NAFED, NHB, Cashewnut Development Board, etc. under one umbrella in order to have an integrated approach for the food processing sector. Various other agencies involved, like the Pollution Control Board, Electricity Board, etc. may also be impressed upon to give clearances expeditiously for setting up food processing units on priority basis.

Reply of the Government

5.2 Follow up action in pursuance of the recommendations of the Standing Committee for restructuring of the Ministry has been initiated. The Minister of Food Processing Industries and Secretary, MFPI had detailed discussions with the Cabinet Secretary on this issue and as advised the matter is being taken up for consideration of the Committee of Secretaries. In the meantime, it has been decided to transfer the administration of Meat Food Products Order presently administered by Department of Agriculture & Cooperation (Directorate of Marketing & Inspection) to this Ministry.

CREATION OF FUND FOR DEVELOPMENT OF FOOD PROCESSING INDUSTRIES

Recommendation Sl. No. 6

5.3 The Committee find that, the Commercial banks under their normal lending policy are not forthcoming to cover the risks faced by units in the processed food sector (PFS). They also do not have the technical competence to evaluate the food processing projects. Against this backdrop, the Ministry proposed to set up a 'Processed Food Development Fund' in collaboration with SIDBI. The Fund would provide financial

assistance for setting up of units in the processed food sector. A token provision of Rs. 5 crore was made for this scheme during 2001-02. However, the Planning Commission did not approve the scheme as a result there was not allocation in 2002-03.

The Committee in their earlier reports on Demands for Grants have been recommending for setting up of an autonomous body for funding food processing sector on the lines of the HDFC, for funding of post harvest activities of the agro and food processing industries and supporting infrastructure sector like transport and storage. The Committee have been informed that the Ministry have entered into MOUs with Export-Import Bank of India and, ICICI, on 15 November, 2002 for the purpose for optimal utilization of the plan scheme funds in respect of two schemes, namely, setting up/upgradation/modernization of food processing units and creation of infrastructural facilities. The MOUs would ensure that the projects are professionally appraised in financial and technical terms and that the progress of the project is also properly monitored. The MOUs would be valid for a period of two years. Depending upon the success, the other financial institutions and banks with similar reach and competence would be approached. The Ministry have also informed that the State Bank of India has also evinced interest in entering into a similar MOU. The Committee are happy to note that a beginning has been made in the right direction and desire that the Ministry of Food Processing Industries should ensure that MOUs are implemented in true letter and spirit. They also desire that other schemes of the Ministry should also be covered by similar MOUs at the earliest so that the food processing sector does not remain starved of finance. In the opinion of the Committee, availability of easy finance would attract more

entrepreneurs to enter this field for all round development of this sunrise sector, thereby generating additional employment.

Reply of the Government

5.4 As recommended by the Committee, discussions have been initiated for bringing the other Plan Schemes under the MoU. Further MoUs will be entered into after assessing the success of the present MoUs during the end of this financial year.

HUMAN RESOURCE DEVELOPMENT

Recommendation Sl. No. 9

5.5 The Committee note that the Human Resource Development is one of the thrust areas of development during the 10th Plan. Adequate and fully trained competent manpower is of considerable importance from the economic point of view. Lack of knowledge of pre and post Harvest Management activities on the agriculture field level and lack of knowledge on appropriate post harvest handling at the processing level have a telling effect on the quality of the produce. In order to facilitate this objective, the Ministry of Food Processing Industries is implementing a scheme for Human Resource Development. _The Committee are distressed to note that BE for this scheme i.e. _Rs. 4.50 crore for 2002-03 has come down to Rs. 2.70 crore at the RE stage because the Department could not spend the whole amount due to non-availability of viable proposals. The Committee therefore, strongly recommend that the Ministry should evolve some simplified procedures to attract the entrepreneurs for expeditious release of funds so that the funds for this important sector does not remain unutilized.

Reply of the Government

5.6 Prominent Universities in food processing and all Krishi Vigyan Kendras in the country have been addressed soliciting suitable proposals in human resource development. Advertisements are also released in leading Newspapers in English and Regional Languages to create awareness. Detailed guidelines have been drawn up and circulated to all the SNAs so that expeditious action is taken to clear the proposals.

NEED FOR INTEGRATED FOOD LAWS

Recommendation Sl. No. 12

5.7 The Committee find that there are multifarious laws which regulate food processing industries and multiple authorities which control them. These are the major deterrents on the path of growth of the food processing sectors. The Committee had, therefore, in their earlier reports on Demands for Grants had recommended for harmonizing the existing food laws in order to facilitate faster growth of the industry. The Committee are also informed that this is one of the major initiatives of the Ministry during the year 2002-03. For this purpose, a Group of Ministers (GoM) has been constituted to propose legislative and other changes for preparing a modern integrated food law and related regulations. The Ministry of Food Processing Industries have been made Secretariat to the Government. This group has held two meetings so far and is in the process of finalizing the draft laws.

The Committee, therefore, reiterate their earlier recommendations and desire that the Government should finalise the draft Food Laws at the earliest and place the same in

the Parliament in the current session itself in order to facilitate the growth of Food Processing sector.

Reply of the Government

5.8 A Group of Ministers (GoM) has been constituted for the purpose of bringing out an Integrated Food Law. Two meetings of the GoM were held on 27.1.2003 and 18.3.2003. The Ministry had already circulated a background note and draft of the proposed Food Bill. In pursuance of the directions of the GoM, further action for fine tuning of the proposed draft Bill is on hand in consultation with all concerned Departments and a draft Bill has been drawn up for consideration of the GoM in its next meeting.

MARKETING ORGANISATION

Recommendation Sl. No. 13

5.9 The Committee note that there is a strong link between marketing of agricultural products and their processing. Thus, the farmers would like to sell as much of their produce as possible, for which there is adequate demand, at remunerative prices and the remaining unsold produce should be converted into value added products through fruit processing industries to ensure that the farmers' produce is fully utilized. The Committee, therefore, feel that activities concerning marketing and food processing should be coordinated by the Ministry of Food Processing with a strong and professional marketing set-up. The Committee further feel that to facilitate proper marketing of perishable produces, the Ministry should approach the Ministry of Surface Transport to connect rural roads to the nearby towns and cities.

Reply of the Government

5.10 The recommendations of the Standing Committee has been taken up with the Ministry of Surface Transport for further necessary action. A copy of the communication is enclosed. With regard to the coordination of activities of marketing and food processing, Department of Agriculture & Cooperation (Directorate of Marketing) has been addressed on the issue.

No. 4(2)/2003-Coord.
Government of India,
Ministry of Food Processing Industries,
Panchsheel Bhawan, August Kranti Marg,
New Delhi-110 049.

Dated: 19.6.2003

OFFICE MEMORANDUM

Subject: Forty third Report of the Standing Committee on Agriculture on Action
Taken by the Government.

The Standing Committee on Agriculture while scrutinizing the Detailed Demands for Grants of the Ministry of Food Processing Industries for the year 2003-04 has made following recommendation which is reproduced below for further necessary action:-

“Marketing Organisation

The Committee note that there is a strong link between marketing of agricultural products and their processing. Thus, the farmers would like to sell as much of their produce as possible, for which there is adequate demand, at remunerative prices and the remaining unsold produce should be converted into value added products through fruit processing industries to ensure that the farmers’ produce is fully utilized. The Committee therefore, feel that activities concerning marketing and food processing should be coordinated by the Ministry of Food Processing with a strong and professional marketing set-up. The Committee further feel that to facilitate proper marketing of perishable produces, the Ministry should approach the Ministry of Surface Transport to connect rural roads to the nearby towns and cities.”

(M.K.J. NAIR)
CONSULTANT

To
The Joint Secretary
Ministry of Road Transport & Highways
Transport Bhawan, Sansad Marg
New Delhi-110 001

COMPILATION OF DATA

Recommendation Sl. No. 16

5.11 The Committee note that, the food processing has the largest employment generation potential per unit of investment. 32000 persons will be employed per investment of Rs. 1000 crores. As per the National Council of Applied Economic Research (NCAER) Report, the number of persons employed in the Food Processing sector is estimated to be around 75.59 lakh persons in 2001-02. It has been estimated by NCAER with an over all growth of 8% in the GDP, direct employment in this sector will grow at the rate of 2.61% per annum and projected to reach 86 lakh persons by the end of the 10th Plan.

The Committee are informed that neither the Ministry itself nor any independent agencies is maintaining any data pertaining to the number of persons employed in the food processing sector. The Committee fail to understand as to how in the absence of data relating to the number of persons employed, capacity (installed and utilized), turnover, etc. of the units engaged in food processing activities, the Ministry is able to formulate proper schemes/programmes for such units.

The Committee, therefore, strongly recommend that the Ministry should compile a data at the earliest for better planning and development of the food processing sector and analysis of their problems suggesting solutions. This will also help in evaluating the real employment generated through this sector.

Reply of the Government

5.12 The Ministry has initiated steps to extend financial assistance to all India level Industry Associations for creating infrastructure for collecting and continuous updating

information like installed capacity, capacity utilisation and employment generation. By updating the existing website/CD-ROM, the Ministry proposes to collect District level data on various aspects of food processing industries.

FISH PROCESSING

Recommendation Sl. No. 17

5.13 The Committee noted that, India is the fourth largest producer of fish in the world and second largest producer of fresh water fish in the world. However, there is still a tremendous scope in exploiting this sector further, especially inland fisheries. India with its vast coastline of more than 8,100 Kms. and huge territorial waters and Exclusive Economic Zones, offers great opportunities to tap this natural resource. Countries like Thailand and Bangladesh have done much more in the field. The Committee in their earlier Reports had been recommending for re-formulating the scheme for strengthening of traditional fish processing technologies and for this purpose had desired that the Ministry should tie up with veterinary Institutions, Agricultural Universities and Fishery Cooperatives to get better results. The Committee are informed that many R&D projects have been taken up and it is expected that as a result of these efforts it will be possible to strengthen traditional fish processing technologies. The Committee therefore, desire that the Ministry should take necessary steps to ensure that the fish processing does not remain neglected area and for that higher allocation should be made in order to exploit the vast untapped marine resources. The waste products obtained during Fish Processing should be converted into value added products.

Reply of the Government

5.14 During the Ninth Plan, a number of proposals relating to development of fisheries were approved and assistance worth Rs. 15.28 crores was released to the implementing agencies.

The Ministry of Food Processing Industries has also set up an Inter-Ministerial Group to take a composite view and for assisting in formulation of appropriate policies/programmes and plan of action towards promoting of export lead fish processing industries. Two meetings of this Group have been held on 28.2.2003 and 26.5.2003.

The Ministry is also in the process of preparing an action oriented. Master Plan for Fishery Development with focus on Andaman & Nicobar and Lakshadweep Islands.

Comments of the Committee

5.15 For comments of the Committee please refer to Para No. 1.18 of Chapter I of the report.

NEW DELHI
22 December, 2003
01 Pausa, 1925 (Saka)

S.S. PALANIMANICKAM
Chairman,
Standing Committee on Agriculture.

APPENDIX II

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE 43RD REPORT OF STANDING COMMITTEE ON AGRICULTURE (13TH LOK SABHA)

(i)	Total number of Recommendations	17
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Serial Nos. 1, 2, 7, 10, 11 & 15.	
	Total	6
	Percentage	35.29%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Serial No. 5	
	Total	1
	Percentage	5.88%
(iv)	Recommendations/Observations in respect of which replies Of the Government have not been accepted by the Committee	
	Serial Nos. 4, 8 & 14.	
	Total	3
	Percentage	17.64%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Serial No. 3, 6, 9, 12, 13, 16 & 17	
	Total	7
	Percentage	41.17%