



**STANDING COMMITTEE ON AGRICULTURE
(2017-2018)**

SIXTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

'DEMANDS FOR GRANTS (2017-18)'

**{Action Taken by the Government on the Observations/Recommendations contained
in the Thirty Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on
Agriculture (2016-2017)}**

FORTY SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December 2017/Pausa, 1939 (Saka)

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Presented to Lok Sabha on	29.12.2017
Laid on the Table of Rajya Sabha on	29.12.2017



**LOK SABHA SECRETARIAT
NEW DELHI**

December 2017/Pausa, 1939 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2017-18)

Shri Hukmdev Narayan Yadav - Chairperson

MEMBERS

LOK SABHA

2. Shri Sanjay Dhotre
3. Prof. Ravindra Vishwanath Gaikwad
4. Shri Sanganna Amarappa Karadi
5. Shri Nalin Kumar Kateel
6. Smt. Raksha Tai Khadase
7. Md. Badaruddoza Khan
8. Shri C. Mahendran
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13. Shri Mukesh Rajput
14. Shri Neiphiu Rio
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16. Shri C.L. Ruala
17. Shri Arjun Charan Sethi
18. Shri Virendra Singh
19. Shri Dharmendra Yadav
20. Shri Jai Prakash Narayan Yadav
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RAJYA SABHA

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24. Shri Meghraj Jain
25. Shri Vinay Katiyar
26. Shri Mohd. Ali Khan
27. Shri K.K. Ragesh
28. Shri Ram Nath Thakur
29. Shri R. Vaithilingam
30. Shri Shankarbhai N. Vegad
31. Dr. Chandrapal Singh Yadav

(ii)

SECRETARIAT

- | | | | |
|----|------------------------|---|-------------------------|
| 1. | Shri D.S.Malha | - | Joint Secretary |
| 2. | Shri Arun K. Kaushik | - | Director |
| 3. | Shri C. Vanlalruata | - | Deputy Secretary |
| 4. | Shri S. Vijayaraghavan | - | Sr. Committee Assistant |

INTRODUCTION

I, the Chairperson, Standing Committee on Agriculture (2017-18), having been authorized by the Committee to submit the Report on their behalf, present this Forty Sixth Report on action taken by the Government on the Observations/Recommendations contained in the Thirty Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-17) on 'Demands For Grants (2017-18)' pertaining to the Ministry of Food Processing Industries.

2. The Thirty Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-17) on 'Demands For Grants (2017-18)' of the Ministry of Food Processing Industries was presented to Lok Sabha and laid on the Table of Rajya Sabha on 20.03.2017 The Action Taken Notes on the Report were received on 28.11.2017

3. The Report was considered and adopted by the Committee at their Sitting held on 27.12.2017

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

NEW DELHI;
27 December, 2017
06 Pausha, 1939 (Saka)

HUKMDEV NARAYAN YADAV
Chairperson,
Standing Committee on Agriculture

CHAPTER-I

REPORT

This Report of the Standing Committee on Agriculture deals with the action taken by the Government on the Observations/Recommendations contained in the Thirty Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-2017) on "Demands for Grants (2017-18) pertaining to Ministry of Food Processing Industries which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 20.03.2017.

1.2 The Ministry of Food Processing Industries have furnished Action Taken Replies in respect of all the 10 Observations/Recommendations contained in the Report. These replies have been categorized as under:

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

Recommendation Nos. 3, 5, 6,7,8,9 and 10,

Chapter- II
Total- 07

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

Recommendation Nos. NIL

Chapter- III
Total- 00

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

Recommendation No. 1,2 and 4

Chapter- IV
Total- 03

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

Recommendation No. NIL

Chapter- V
Total- 00

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 Department to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with the 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. SHARE OF MINISTRY OF FOOD PROCESSING INDUSTRIES IN CENTRAL PLAN OUTLAY

RECOMMENDATION (PARA NO. 1)

1.5 The Committee had observed/ recommended as under :-

"The Committee note that the Food Processing Sector has emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. During 2015-16, the sector constituted as much as 8.80 and 8.39 per cent of GVA in Manufacturing and Agriculture sector respectively. The contribution of FPI Sector to GVA in the economy was 1.46% in 2015-16. A well-developed food processing sector with higher level of processing helps in the reduction of wastage, improve value addition, promote crop diversification, ensure higher yields, better return to the farmers and lowers the risk of perishability, promote employment as well as increases export earnings. The sector is also capable of addressing critical issues of food security, food inflation and providing wholesome nutritious food to the masses. The growth of Food Processing sector will make significant contribution to the Indian Economy not only in economic terms but also in meeting the objectives of 'inclusive growth' and 'food security. The Committee

note that the share of the Ministry of Food Processing Industries is Rs. 600 crore, in the total central plan outlay of Rs. 948148.84 crore for 2016-17, which in percentage terms works out merely 0.06% of the total central plan outlay. During 2015-16 also, the percentage of budgetary allocation was also 0.06%. This is less than the proportion of budgetary allocation of 0.09% during 2013-14 and 2014-15 and 0.08% during 2012-13. Keeping in view the importance of food processing sector in the Indian economy, the Committee urge the Ministry of Finance to increase the share of the Ministry of Food Processing Industries adequately in the Central Plan so that various activities/projects undertaken by the Ministry do not suffer for want of funds."

1.6 In its reply, the Ministry has stated as under:-

"Ministry's BE for the year 2017-18 is Rs.800 crore(Rs.725 Crore for Schemes and Rs.75 Crore for Non-scheme expenditure) an increase of 9.74% over last year's RE. However, this allocation is also not adequate to support the growing need to expand programmes to cover all segments of the food processing sector and upscale on going programmes. The Ministry has conveyed the observations of the Hon'ble Committee to the Ministry of Finance, vide D.O. letter dated 01.08.2017 from Secretary (FPI) to Finance Secretary & Secretary (Expenditure) and requested to allocate adequate funds for programmes of the Ministry in future."

1.7 The Committee having noted that the percentage share of the Ministry of Food Processing Industries in the total central plan outlay was witnessing a decline in percentage from 0.09% during the year 2013-14 to 0.06% in the fiscal 2016-17 had recommended the Ministry of Finance to increase the share of the Ministry of Food Processing Industries adequately in the Central plan so that various activities/projects undertaken by the Ministry do not suffer for want of funds. The Ministry, while categorically admitting that the allocation of funds

i.e. BE of Rs.800 crore was not adequate to support the growing need to expand programmes to cover all segments of the food processing sector and upscale ongoing programmes, have not furnished any details of pursuing this issue with the Ministry of Finance (Department of Expenditure) It has merely been stated that the observations of the Hon'ble Committee have been conveyed to the Ministry of Finance, with the request to allocate adequate funds to the Ministry in future. Strongly deprecating this lackadaisical attitude of the Ministry, the Committee desire to deal with this issue with the alacrity it deserve. They, therefore reiterate their earlier recommendation that Ministry of Food Processing Industries strongly take up case for increased share of Ministry of Food Processing Industries in the Central Plan Outlay with the Ministry of Finance at the highest level, so as to ensure that the implementation of scheme is not hampered for want of adequate funds. The Committee further desire to be apprised of the progress made in this regard.

B. ANNUAL PLAN ALLOCATIONS AND UNDER UTILISATION OF FUNDS
RECOMMENDATION (PARA NO. 2)

1.8 The Committee had observed/ recommended as under :-

"The Committee note that the Ministry sought an allocation of Rs. 14604crore in its 12th Plan proposal. However, the Planning Commission has allocated a plan outlay of Rs.5990 crore only for 12th plan. Out of the approved outlay of Rs.5990 crore, total budgetary allocation for the 12th Plan is only Rs.3225 crores which in percentage terms comes to merely 53% of the approved outlay of Rs.5990 crores. The Committee were informed that, the Ministry submitted its projected requirement of annual allocation for every year during the Twelfth Plan based on its assessment and requirement of on-going and new activities under various schemes. According to the Ministry, annual allocation to them has been made by the Finance Ministry based on overall

resource availability and national priorities. The Committee also note that during 2012-13, against an allocation of Rs.660 crore at BE/RE stage, the actual expenditure was Rs.655.88 crore. During 2013-14, BE was Rs.708 crore which was drastically reduced to Rs. 550 crore at RE stage but the actual expenditure was on Rs. 527.96 crore. Against BE of Rs. 770 crore for 2014-15, was reduced to Rs.600 crore at RE stage, out of which only Rs.579.73 could be expended.

For 2015-16, BE/RE was Rs. 487 crore, out of which, actual expenditure was Rs.467.03 crore. For 2016-17, although the plan allocation has been increased from Rs.600 crore to Rs.688.56 crore but the actual expenditure is only Rs.463.60 crore up to 20.01.2017. For 2017-18, the allocation is Rs.800 crore. The Committee, therefore, are concerned to note the under-utilisation of plan funds allotted to the Ministry and recommend that corrective steps may be taken to identify the constraints which affect the effective implementation of various activities/projects undertaken by the Ministry and consequently under-utilisation of funds. The Committee expect the Ministry to fully utilize Rs.800 crore allocated for the year 2017-18 for which advance action plan should be prepared keeping in view its aims and objectives and the targets fixed for the year. A mechanism should also be put in place for regular monitoring of its activities/programmes for time bound achievement of physical and financial targets set under activities/programmes of the Ministry. The Committee would also like the Ministry to urge the Ministry of Finance to allocate funds as per their requirement at RE stage. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard."

1.9 In its reply, the Ministry has stated as under:-

"Ministry's BE for the year 2017-18 is Rs.800 crore (Rs.725 Crore for Schemes and Rs.75 Crore for Non-scheme expenditure) an increase of 9.74% over last year's RE. However, this allocation is also not adequate to

support the growing need to expand programmes to cover all segments of the food processing sector and upscale on going programmes. The Ministry has conveyed the observations of the Hon'ble Committee to the Ministry of Finance, vide D.O. letter dated 01.08.2017 from Secretary (FPI) to Finance Secretary & Secretary (Expenditure) and requested to allocate adequate funds for programmes of the Ministry in future."

1.10 Concerned to note that during the course of the Twelfth Plan period, i.e. 2012-2017, there was under utilization of plan funds, the Committee had recommended that corrective steps may be taken to identify the constraints affecting the effective implementation of various activities/ Projects undertaken by the Ministry. They had further desired that a mechanism be put in place for regular monitoring of its activities/ programmes for time bound achievement of physical and financial targets set. The Ministry have itself accepted that the present increased allocation was inadequate and they have conveyed to Ministry of Finance for adequate allocation of funds. However, the Committee are unhappy to note that the reply is silent on the aspect of under-utilization of funds and the urgent need for a monitoring mechanism. While agreeing with the Ministry that the present allocation was inadequate, the Committee, are surprised to observe that even this low allocation was being under-utilized and were of the considered view that the Ministry needs to put its house in order to ensure optimum utilization of allocated funds. Therefore, the Committee desire the Ministry to impress upon all implementing agencies to do the needful in this regard. The Committee are sanguine that if the monitoring and implementation aspect is genuinely worked upon by all

concerned, there would be a definite turnaround in the fortunes of Food Processing Industries sector. They, therefore, reiterate their earlier recommendation that a mechanism for regular monitoring of its activities/ programmes be put in place at the earliest.

C. RESTRUCTURING OF SCHEMES
RECOMMENDATION (PARA NO. 3)

1.11 The Committee had observed/ recommended as under :-

“The Committee note that during 12th Plan, the various schemes of MoFPI were restructured by merging the ongoing schemes of Technology Upgradation/ Establishment/ Modernization of Food Processing Industries; Cold Chain, Value Addition and Preservation Infrastructure for non-horticultural produce; Human Resource Development & Promotional Activities and new Schemes for Creating Primary Processing Centres / Collection Centres in Rural Areas; Modernization of Meat Shops and Reefer Vehicles under the Centrally Sponsored Scheme of National Mission on Food Processing (NMFP). In addition, some other Central Sector Schemes were also implemented by the Ministry; namely (i) Scheme for Mega Food Parks, (ii) Scheme for Cold Chain, Value Addition and Preservation Infrastructure Scheme, (iii) Scheme for setting up / modernization of Abattoirs, (iv) Scheme for Quality Assurance, R&D and Promotional Activities. However, the Committee note that Centrally Sponsored Scheme (CSS) National Mission on Food Processing (NMFP) launched by the Ministry during 12th plan was delinked from the Central Government support w.e.f. 01.04.2015 except for UTs (up to 31.03.2016). Consequently, all the schemes of the Mission stand discontinued.

Now, the Committee note that the Ministry of Food Processing Industries has proposed to re-structure the ongoing schemes of the Ministry and introduce new schemes to promote holistic growth of the sector and fill

up gaps in the supply chain by proposing an umbrella Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA). SAMPADA is proposed to be implemented with an allocation of Rs. 6,000 crore for the period of 2016-20 coterminous with the 14th Finance Commission cycle by merging ongoing schemes of Mega Food Parks; Integrated Cold Chain and Value Addition Infrastructure; Modernization / Setting up of Abattoirs; Food Safety and Quality Assurance Infrastructure; Human Resources & Institutions and new schemes for Infrastructure for Agro-processing Clusters; Creation of Backward and Forward Linkages and Creation / Expansion of Food Processing & Preservation Capacities. According to the Ministry, SAMPADA Mission will provide all the segments of food processing from infrastructure to forward linkage at the front end of the supply chain and will provide a big thrust to the growth of this sector.

The Committee, however, note that while Expenditure Finance Committee (EFC) in their meeting held on 09.02.2016 has already recommended the New Schemes under SAMPADA, the proposal for seeking approval of the competent authority is under process. As stated by the Ministry, approval of the competent authority for the SAMPADA scheme is expected during the current year and the Ministry plan to implement all ongoing and new schemes under SAMPADA during 2017-18. The Committee are unhappy with the slow pace of progress in getting approval from the competent authority for SAMPADA scheme even after approval of EFC in 09.02.2016.. The Committee, therefore, recommend that the Ministry should take proactive steps to expedite the process of approval of the SAMPADA Scheme ensuring its implementation during this year itself. The Committee would like to be apprised of the progress made in this regard.”

1.12 In its reply, the Ministry has stated as under:-

“Cabinet Committee on Economic Affairs (CCEA) has approved on 3rd May 2017 the proposal for re-structuring the schemes of the Ministry of Food

Processing Industries under new Central Sector Scheme Pradhan Mantri Kisan Sampada Yojana (PMKSY) with an allocation of Rs. 6,000 crore for the period 2016-20 coterminous with the 14th Finance Commission cycle. The following schemes form part of the PMKSY:-

- (i) Mega Food Parks (on going)
- (ii) Integrated Cold Chain and Value Addition Infrastructure (on going)
- (iii) Creation/ Expansion of Food Processing & Preservation Capacities (new)
- (iv) Infrastructure for Agro-processing Clusters (new)
- (v) Creation of Backward and Forward Linkages (new)
- (vi) Food Safety and Quality Assurance Infrastructure (on going)
- (vii) Human Resources and Institutions (on going)

The guidelines of all the new Schemes have already been notified and actions have been initiated to implement the Schemes".

1.13 The Committee note that the Ministry of Food Processing Industries has proposed to re-structure the ongoing schemes of the Ministry and introduce new schemes to promote holistic growth of the sector and fill up gaps in the supply chain by proposing an umbrella Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA). SAMPADA is proposed to be implemented with an allocation of Rs. 6,000 crore for the period of 2016-20. The Ministry in its Action Taken Reply has stated that Cabinet Committee on Economic Affairs (CCEA) has approved on 3rd May 2017 the proposal for re-structuring the schemes of the Ministry of Food Processing Industries under new Central Sector Scheme – Pradhan Mantri Kisan Sampada Yojana (PMKSY) with an allocation of Rs. 6,000 crore. The new Schemes have been notified and actions initiated to

implement scheme The Committee, therefore, desire the Ministry to expedite the implementation of all the schemes in a time bound manner so that the objective of doubling the farmers income and reduction in post harvest losses is achieved at the earliest. The Committee would like to be informed of the action taken in this regard.

**D. MEGA FOOD PARKS
RECOMMENDATION (PARA NO. 4)**

1.14 The Committee had observed/ recommended as under:-

"The Committee note that the Mega Food Park Scheme aims at providing infrastructure facilities for food processing along the value chain from farm to market. Under the Scheme 42 Mega Food Parks were approved by the Government to be set up in the country. Out of these only 8 Mega Food Parks have been made operational so far. According to the Ministry, some of the reasons for delay in implementation of MFP projects, are difficulty in getting the term loan for banks/NABARD by the promoters, delay in statutory clearance from the State Government/ Agencies, non-availability of any special incentive for setting up food processing unit in MFPs, unwillingness of the co-promoter in contributing their share of equity timely etc. The Committee note with concern that even after a lapse of almost 9 years since 2008 when the Scheme was launched, only eight MFPs have been made operational. The Committee also note that the detailed guidelines for the scheme were issued on 24.08.2008 and based on the experiences of implementation, modifications in the scheme guidelines have been carried out from time to time. The Committee note that the BE for the year 2016-17 was increased from Rs. 222.30 crore to Rs. 311.34 crore but the Committee regret to note that only Rs. 199.47 crore was actually expended under the scheme.

The Committee are of the view that delay in the implementation of a Scheme and under-utilisation of funds defeats the very purpose of the

Scheme. The Committee, therefore, recommend that concerted efforts in coordination with all stakeholders including State Governments be made to address the constraints which hinders smooth progress in the implementation of the projects. The Committee also desire that the guidelines of the schemes for MFPs be revisited and amended from time to time on the basis of feedback and consultation with stakeholders for smooth and expeditious implementation of MFPs projects.

The Committee also note that a district level Mega Food Park Co-ordination Committee under the chairmanship of the District Collector has been constituted for each Mega Food Park to ensure smooth progress in implementation of the projects. However, there is no public representative (MP/MLA) nominated in the Mega Food Park Coordination Committee at the district level. The Committee feel that inclusion of a public representative in such Committees will facilitate the expeditious implementation of Mega Food Parks. The Committee, therefore, recommend that the public representatives (MP/MLA) of the respective districts may be included in the Mega Food Park Coordination Committee. The Committee would like to be apprised of the action taken by the Ministry in this regard."

1.15 The Ministry in its Action Taken Reply has stated as under:-

"Presently, 9 Mega Food Parks have been made operational out of 42 Mega Food Parks approval by the Government. With regard to utilization of funds under Mega Food Park Scheme during FY 2016-17, it is to mention that Ministry had incurred an expenditure of Rs.300.08 crore against RE of Rs.300.15 crore which is almost 99.97% utilization of funds. Further, Ministry has been holding meetings with the State Governments and also SPVs / Implementing Agencies (IAs) regularly to review the progress of implementation of the Mega Food Parks. Also, there is a provision for Nominee Director from the State Government on the Board of Director of the SPV to ensure effective coordination, convergence and synergy in implementation of the project with the State Government.

(ii) The guidelines of the Mega Food Park Scheme are revisited and amended from time to time on the basis of feedback and consultation with stakeholders for smooth and expeditious implementation of MFPs projects. Recently, the Mega Food Park guidelines have been amended and notified on 21.07.2016.

(iii) The Ministry has set up a district level Mega Food Park Co-ordination Committee in 2010. The composition of this Committee is as under:

Sl. No.	Name of the organization/ designated officer	Members
1.	District Collector	Chairman
2.	District Programme Coordinator, MNREGA	Member
3.	PD, DRDA	Member
4.	District Agriculture Officer	Member
5.	District Horticulture Officer	Member
6.	District Development Manager, NABARD	Member
7.	Lead District Manager	Member
8.	District Animal Husbandry Officer	Member
9.	Dairy Development Officer	Member
10.	General Manager, DIC	Member
11.	Representative of Commercial Tax Department	Member
12.	Representative of District Electricity Department	Member
13.	PD, ATMA	Member
14.	Two representatives of Industry Associations (to be nominated by the MFPCC)	Member
15.	Two representatives of Farmers' Associations (to be nominated by the MFPCC)	Member
16.	Stakeholder of SPV	Member
17.	CEO of SPV of Mega Food Park	Member Secretary & Convener

The Coordination Committee has been set up to resolve local issues which may arise during the implementation of the project. Therefore, the officers of the concerned departments are the member of the committee. Decision regarding inclusion of local MLA and MP in the Committee is under consideration."

1.16 Under the Mega Food Park Scheme 42 Mega Food Parks were approved by the Government to be set up in the country. Out of these only 9 Mega Food Parks have been made operational so far. The Committee are of the view that delay in the implementation of a Scheme and under-utilisation of funds defeats the very purpose of the Scheme. The Committee also note that a district level Mega Food Park Co-ordination Committee under the chairmanship of the District Collector has been constituted for each Mega Food Park to ensure smooth progress in implementation of the projects. However, there is no public representative (MP/MLA) nominated in the Mega Food Park Coordination Committee at the district level. The Ministry have stated that the decision regarding inclusion of local MLA and MP in the Committee is under consideration. The Committee are perturbed to note that inspite of their repeated recommendations regarding expeditious commissioning of Mega Food Parks, only 9 Mega Food Parks have been set up till date since 2008. The Committee deplore the lackadaisical attitude of the Ministry in not achieving the objective of setting up 42 Mega Food Parks in the Country. The Committee, therefore once again reiterate that the Ministry should implement the scheme of establishing Food parks on a war footing basis and all the logistics to be cleared and the Mega Food Parks be implemented without any further delay. The Committee, would like to be apprised of the progress made in this regard.

**E. SCHEME FOR COLD CHAIN AND VALUE ADDITION INFRASTRUCTURE
RECOMMENDATION (PARA NO. 5)**

1.17 The Committee had recommended as under:-

"India has made significant achievement in production of various agricultural crops and allied products. However, the post-harvest management, preservation, transportation and value addition are not adequate in the Indian farm sector. This results in huge wastage at each stage of the supply chain due to lack of cold storage and infrastructure facilities in the country, the surplus production of perishable items like potato, tomato, onions etc. get wasted which results in huge loss to the farmers. To minimize the harvest and post-harvest losses, the Ministry launched the scheme of cold chain, value addition and preservation infrastructure in 2008 with an objective to provide integrated cold chain, value addition, and preservation infrastructure facilities without any break from the farm gate to the consumer. The scheme envisages grant-in-aid @ 50% for General Areas and 75% for North- Eastern States, Himalayan States, ITDP Areas and Islands is provided for value addition and processing infrastructure including frozen storage/deep frozen assistor and integral to the processing. For storage infrastructure, grant-in-aid @ 35% for General Areas and @ 50% for North-Eastern States, Himalayan States, ITDP Areas and Islands, of the total cost of plant and machinery and technical civil work is provided. However, maximum grant-in-aid is Rs. 10 crore for project and difficult areas subject to maximum of Rs.10.00 Crore per Project. The Committee note that the Government has given approval to sanction 138 projects under the scheme. Out of 138 projects, 96 have been completed and started commercial production, 3 projects have been cancelled due to non-implementation by the promoters and remaining 39 projects are in advanced stage of implementation. The on-going 39 projects would achieve completion during 2017-18. The Ministry had also issued an Expression of Interest (EOI) on 31.08.2016 inviting proposals for taking up around 100 new cold chain projects for financial assistance. Appraisal/evaluation of proposals received against the EOI is in the final stages and approval letters to around 100 cold chain projects are expected to be issued in the present fiscal year. The Committee were informed that the budgetary allocation under BE 2016-17 is Rs. 158.23 crore. Of this, Rs. 141.14 crore allocated to General Areas has already been utilized by

23.01.2017, towards implementation of the Scheme. During the fiscal 2017-18, Rs. 180.00 crores have been allocated under BE for this Scheme.

The Committee note that during 2016-17, no new projects were taken up and the grants were released for the ongoing 30 projects taken up during 2015-16. Keeping in view the importance of Cold Chain facilities in the country to check harvest and post-harvest losses, the Committee hope that all the projects under implementation may be completed during 2017-18 without any delay. The slow pace of implementation of Scheme not only increases the project cost but deprives the farmers from reaping the benefits of the Scheme. The Committee, therefore, recommend that the impediments in the implementation of the scheme be identified and removed ensuring expeditious creation of post-harvest management infrastructure and robust supply chain linking the farm gate to the consumer to check cumulative wastage of horticulture and non-horticulture produce. The Committee also recommend that a mechanism for low cost storage and preservation facility be developed to increase shelf life of such perishable items like potato, tomato etc. so as to benefit the small farmers. The Committee also desire that proposals received against EOI on 31.08.2016 for 100 new cold chain projects may be finalised, expeditiously. The Committee would like to be apprised of the progress made in this regard."

1.18 The Ministry in its Action Taken Reply has stated as under:-

"At present 102 Cold Chain projects have achieved completion and commenced commercial operation. In order to ensure timely implementation of the projects, a monitoring mechanism is already in place. The Ministry conducts regular review meetings with the promoters of the projects at the level of Joint Secretary/ Secretary/ Hon'ble Minister, FPI to monitor the progress in the implementation of the project and to resolve the issues, if any, arising during the course of implementation. The projects are also reviewed in Inter Ministerial Approval Committee meetings chaired by Hon'ble Minister, FPI. For effective resolution of issues and speedy clearances, State Govt.

representatives have been included in the IMAC since February 2015 and are also invited for the review meetings.

Against the EOI issued on 31.08.2016, total 308 proposals were received. These proposals have been appraised/ evaluated as per provisions of revised operational guidelines issued on 29.08.2016. The Ministry has accorded approval to 103 eligible Cold Chain projects on 27.03.2017 for financial assistance against the EOI dated 30.08.2016."

1.19 The Committee note that the Ministry had launched the scheme of Cold Chain, value addition and preservation infrastructure in 2008 and the Government has given approval to sanction of 138 projects under the scheme. The Ministry in their Action Taken Replies has stated that at present 102 Cold Chain projects have achieved completion and commenced commercial operation and a total of 308 proposals were received from Expression of Interest (EOI) issued on 31.08.2016 and the Ministry has accorded approval to 103 eligible cold chain projects on 27.03.2017, for financial assistance against the EOI. The Committee, therefore, desire that the Ministry should finalise the remaining proposals received vide EOI dated 31.08.2016 expeditiously as this will help the Country to better cope up with post harvest loss management, preservation of perishable items like potato, tomato, onion etc. The Committee further desire that a mechanism for low cost storage and preservation facility be introduced to increase the shelf life of perishable items. The Committee would like to be apprised of the progress made in this regard.

CHAPTER - II

OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

RESTRUCTURING OF SCHEMES RECOMMENDATION (PARA NO. 3)

The Committee note that during 12th Plan, the various schemes of MoFPI were restructured by merging the ongoing schemes of Technology Upgradation/ Establishment/ Modernization of Food Processing Industries; Cold Chain, Value Addition and Preservation Infrastructure for non-horticultural produce; Human Resource Development & Promotional Activities and new Schemes for Creating Primary Processing Centres / Collection Centres in Rural Areas; Modernization of Meat Shops and Reefer Vehicles under the Centrally Sponsored Scheme of National Mission on Food Processing (NMFP). In addition, some other Central Sector Schemes were also implemented by the Ministry; namely (i) Scheme for Mega Food Parks, (ii) Scheme for Cold Chain, Value Addition and Preservation Infrastructure Scheme, (iii) Scheme for setting up / modernization of Abattoirs, (iv) Scheme for Quality Assurance, R&D and Promotional Activities. However, the Committee note that Centrally Sponsored Scheme (CSS) National Mission on Food Processing (NMFP) launched by the Ministry during 12th plan was delinked from the Central Government support w.e.f. 01.04.2015 except for UTs (up to 31.03.2016). Consequently, all the schemes of the Mission stand discontinued.

Now, the Committee note that the Ministry of Food Processing Industries has proposed to re-structure the ongoing schemes of the Ministry and introduce new schemes to promote holistic growth of the sector and fill up gaps in the supply chain by proposing an umbrella Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA). SAMPADA is proposed to be implemented with an allocation of Rs. 6,000 crore for the period of 2016-20 coterminous with the 14th Finance Commission cycle by merging ongoing schemes of Mega Food Parks; Integrated Cold Chain and Value Addition Infrastructure; Modernization / Setting up of Abattoirs; Food Safety and Quality Assurance Infrastructure; Human Resources & Institutions and new schemes for Infrastructure for Agro-processing Clusters; Creation of Backward and Forward Linkages and Creation / Expansion of Food Processing & Preservation Capacities. According to the Ministry, SAMPADA Mission will provide all the segments of food processing from infrastructure to

forward linkage at the front end of the supply chain and will provide a big thrust to the growth of this sector.

The Committee, however, note that while Expenditure Finance Committee (EFC) in their meeting held on 09.02.2016 has already recommended the New Schemes under SAMPADA, the proposal for seeking approval of the competent authority is under process. As stated by the Ministry, approval of the competent authority for the SAMPADA scheme is expected during the current year and the Ministry plan to implement all on-going and new schemes under SAMPADA during 2017-18. The Committee are unhappy with the slow pace of progress in getting approval from the competent authority for SAMPADA scheme even after approval of EFC in 09.02.2016.. The Committee, therefore, recommend that the Ministry should take proactive steps to expedite the process of approval of the SAMPADA Scheme ensuring its implementation during this year itself. The Committee would like to be apprised of the progress made in this regard.

REPLY OF THE GOVERNMENT

Cabinet Committee on Economic Affairs (CCEA) has approved on 3rd May 2017 the proposal for re-structuring the schemes of the Ministry of Food Processing Industries under new Central Sector Scheme – PradhanMantriKisanSampadaYojana (PMKSY) with an allocation of Rs. 6,000 crore for the period 2016-20 coterminous with the 14th Finance Commission cycle. The following schemes form part of the PMKSY:-

- (viii) Mega Food Parks (on going)
- (ix) Integrated Cold Chain and Value Addition Infrastructure (on going)
- (x) Creation/ Expansion of Food Processing & Preservation Capacities(new)
- (xi) Infrastructure for Agro-processing Clusters (new)
- (xii) Creation of Backward and Forward Linkages (new)
- (xiii) Food Safety and Quality Assurance Infrastructure (on going)
- (xiv) Human Resources and Institutions (on going)

The guidelines of all the new Schemes have already been notified and actions have been initiated to implement the Schemes.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

Comments of the Committee

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

SCHEME FOR COLD CHAIN AND VALUE ADDITION INFRASTRUCTURE RECOMMENDATION (PARA NO. 5)

India has made significant achievement in production of various agricultural crops and allied products. However, the post-harvest management, preservation, transportation and value addition are not adequate in the Indian farm sector. This results in huge wastage at each stage of the supply chain due to lack of cold storage and infrastructure facilities in the country, the surplus production of perishable items like potato, tomato, onions etc. get wasted which results in huge loss to the farmers. To minimize the harvest and post-harvest losses, the Ministry launched the scheme of cold chain, value addition and preservation infrastructure in 2008 with an objective to provide integrated cold chain, value addition, and preservation infrastructure facilities without any break from the farm gate to the consumer. The scheme envisages grant-in-aid @ 50% for General Areas and 75% for North- Eastern States, Himalayan States, ITDP Areas and Islands is provided for value addition and processing infrastructure including frozen storage/deep frozen assistor and integral to the processing. For storage infrastructure, grant-in-aid @ 35% for General Areas and @ 50% for North-Eastern States, Himalayan States, ITDP Areas and Islands, of the total cost of plant and machinery and technical civil work is provided. However, maximum grant-in-aid is Rs. 10 crore for project and difficult areas subject to maximum of Rs.10.00 Crore per Project. The Committee note that the Government has given approval to sanction 138 projects under the scheme. Out of 138 projects, 96 have been completed and started commercial production, 3 projects have been cancelled due to non-implementation by the promoters and remaining 39 projects are in advanced stage of implementation. The on-going 39 projects would achieve completion during 2017-18. The Ministry had also issued an Expression of Interest (EOI) on 31.08.2016 inviting proposals for taking up around 100 new cold chain projects for financial assistance. Appraisal/evaluation of proposals received against the EOI is in the final stages and approval letters to around 100 cold chain projects are expected to be issued in the present fiscal year. The Committee were informed that the budgetary allocation under BE 2016-17 is Rs. 158.23 crore. Of this, Rs. 141.14 crore allocated to General Areas has already been utilized by 23.01.2017, towards implementation of the Scheme. During the fiscal 2017-18, Rs. 180.00 crores have been allocated under BE for this Scheme.

The Committee note that during 2016-17, no new projects were taken up and the grants were released for the on going 30 projects taken up during 2015-16. Keeping in view the importance of Cold Chain facilities in the country to check harvest and post-harvest losses, the Committee hope that all the projects under

implementation may be completed during 2017-18 without any delay. The slow pace of implementation of Scheme not only increases the project cost but deprives the farmers from reaping the benefits of the Scheme. The Committee, therefore, recommend that the impediments in the implementation of the scheme be identified and removed ensuring expeditious creation of post-harvest management infrastructure and robust supply chain linking the farm gate to the consumer to check cumulative wastage of horticulture and non-horticulture produce. The Committee also recommend that a mechanism for low cost storage and preservation facility be developed to increase shelf life of such perishable items like potato, tomato etc. so as to benefit the small farmers. The Committee also desire that proposals received against EOI on 31.08.2016 for 100 new cold chain projects may be finalised, expeditiously. The Committee would like to be apprised of the progress made in this regard.

REPLY OF THE GOVERNMENT

At present 102 Cold Chain projects have achieved completion and commenced commercial operation. In order to ensure timely implementation of the projects, a monitoring mechanism is already in place. The Ministry conducts regular review meetings with the promoters of the projects at the level of Joint Secretary/ Secretary/ Hon'ble Minister, FPI to monitor the progress in the implementation of the project and to resolve the issues, if any, arising during the course of implementation. The projects are also reviewed in Inter Ministerial Approval Committee meetings chaired by Hon'ble Minister, FPI. For effective resolution of issues and speedy clearances, State Govt. representatives have been included in the IMAC since February 2015 and are also invited for the review meetings.

Against the EOI issued on 31.08.2016, total 308 proposals were received. These proposals have been appraised/ evaluated as per provisions of revised operational guidelines issued on 29.08.2016. The Ministry has accorded approval to 103 eligible Cold Chain projects on 27.03.2017 for financial assistance against the EOI dated 30.08.2016.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

Comments of the Committee

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

USE OF RENEWABLE/ALTERNATE SOURCE OF ENERGY FOR COLD CHAIN PROJECTS

RECOMMENDATION (PARA NO. 6)

The Committee note that the guidelines of the Scheme has been revised as per recommendations made by NABCONS in a study on impact of the scheme for Cold Chain Value Addition and Preservation Infrastructure. As per revised operational guidelines of the scheme for Integrated Cold Chain and Value Addition Infrastructure issued on 29.08.2016, the Ministry has adopted the cost norms of Mission for Integrated Development of Horticulture (MIDH) issued by Department of Agriculture, Cooperation and Farmers Welfare where ever available. For facilities not covered under MIDH guidelines, cost norms as determined by the Ministry will be followed. In the evaluation criteria of cold chain proposals, as per revised scheme guidelines weight age has been given to projects proposing to use renewable/ alternate energy source (either fully or partially) to power cold chain project. The Committee desire that the steps may be taken to encourage entrepreneurs to use renewable/alternate source of energy for cold chain projects.

REPLY OF THE GOVERNMENT

Most of the 103 new integrated cold chain projects approved for financial assistance envisage use of solar energy/ renewable energy to power their facility (either fully or partially). As per the revised scheme guidelines issued on 29.08.2016, assistance for use of renewable energy will also be provided to such projects as per the cost norms of Mission for Integrated of Development Horticulture.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

SCHEME FOR QUALITY ASSURANCE **RECOMMENDATION (PARA NO. 7)**

The Committee note that the objective of the one of the component namely Setting up /Up-gradation of Quality Control/Food Testing Laboratories under the Scheme for Quality Assurance is to analyse the samples received from processing industries and other stakeholders, to reduce the time for analysis of samples and to ensure compliance of domestic/ international standards on food in case of exports as well as imports and to establish a surveillance system for monitoring the quality and composition of food. Eligible Organisations are Central/State Government organizations/ Government Universities (including deemed Universities) and private sector organizations /Universities (including deemed Universities in private sector). During 12th plan allocation of funds of Rs. 160 crore was raised to Rs. 169.99 crore at RE stage, out of which only Rs. 152.69 crore could be expended as on 20.02.2017. For 2017-18, only Rs. 20 crore has been allocated under the scheme. The Committee also note that 62 food testing labs were approved for financial

assistance under the scheme during 12th plan but only 36 projects could be completed up to 15.02.2017. The Committee desire that the Ministry should strive to ensure that the more funds made available to them are fully utilised and all the projects undertaken by them under the scheme are completed without any delay.

The other component of the scheme aims at to motivate the food processing industries for adoption of food safety and quality assurance mechanisms. The Committee were informed that Central/State Government and their organizations/ Government universities (including deemed universities) are eligible for grant – in - aid of entire cost of the laboratory equipment. In addition, they are also eligible for 25% of the cost of technical civil works to house the equipment and furniture and fixtures associated with the equipment for general areas and 33% of the cost for difficult areas.

The Committee were informed that Indian Council of Agricultural Research (ICAR) under the Ministry of Agriculture & Farmers Welfare, Department of Agricultural Research & Education (DARE) was entrusted the Food Testing Laboratory (FTL) Scheme during the 12th Plan with effect from 01.04.2012. It has since been decided to implement the Scheme by the Ministry on its own. The guidelines to this effect are under revision.

The food processing sector is a sunrise sector and there are many apprehensions about processed foods in the minds of the people. The Committee feel that the quality of the processed foods be regularly monitored and standards set by the International organisations should be adhered to. Though the Ministry has decided to implement the Food Testing Laboratory (FTL) Scheme on its own but it has yet to devise the guidelines for the Scheme. Since the matter is related to health and overall acceptance of processed foods, the Committee recommend the Ministry to revise the guidelines on priority basis.

REPLY OF THE GOVERNMENT

During the 12th Plan period, an expenditure of Rs. 162.69 crore has been incurred against the RE allocation of Rs.169.99 crore which is 95.70%. and the expenditure annually has been 98.21% , 99.07%, 91.86%, 91.92% and 99.79% for the years 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 respectively. The lesser expenditure during 2014-15 and 2015-16 because of the lack of eligible proposals and claims from the North-East States for which 10% of the total allocation is earmarked.

Out of the total 102 projects financially assisted by the Ministry as on 31-03-2017, 63 projects (including 25 projects during earlier plan period and 38 projects during 12th Plan) have been completed under this Scheme and 39 projects are under various stages of implementation. The pace of completion of the projects has

increased during the 12th Plan period because of the vigorous follow up action taken by the Ministry regularly through letter / mail / telephonically as well by conducting periodical review meetings. The implementation schedule of the Setting up / Up-gradation of Food Testing Laboratories is 18 months from the date of approval of the project (as per the 11th Plan scheme guidelines) and 24 months from the date of release of 1st installment of grant –in-aid (as per the 12th Plan scheme guidelines).

Accreditation of the Food Testing Laboratories is done by National Accreditation Board for Testing and Calibration Laboratories (NABL), an autonomous body under Department of Science & Technology with the objective to provide a means of third party certification of the competence of laboratories to perform specific type (s) of testing i.e formal recognition of competent laboratories so that customers can find reliable testing and calibration services depending on their need. This also enhances the reliability of the test reports for the international customers. The Food Testing Laboratories assisted by the Ministry are encouraged to obtain the NABL accreditation so that the test reports are accepted by all.

Following the decision to implement the Scheme by the Ministry on its own, the Scheme guidelines have since been revised as on 01-01-2017 and uploaded on the Ministry's website at www.mofpi.nic.in.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

**NATIONAL INSTITUTE OF FOOD TECHNOLOGY ENTREPRENEURSHIP AND
MANAGEMENT (NIFTEM)**
RECOMMENDATION (PARA NO. 8)

NIFTEM has been set up by the Ministry as a Centre of Excellence in the field of Food Sciences & Food Technology. NIFTEM is mandated to offer 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. NIFTEM has taken a number of new initiatives to fulfill its mandate as centre of excellence for food processing and sector promoting organisation under Village Adoption Programme (VAP), a unique programme conceptualised by NIFTEM through which students are sensitized and educated on the problems and practices of the farmers at the grass root level. 11 visits have been conducted across the country from October 2012 to November, 2016 in 18 states, 40 villages by 34 VAP teams. During these visits, around 500 traditional recipes have been collected and catalogued. Out of these 500 recipes, 13 have been chosen for commercial process technology development under *Make in India* programme. The Committee appreciate that recognizing the efforts of Village

Adoption Programme, NIFTEM was conferred upon with Agriculture Leadership Award for the year 2015 in the area of promoting rural entrepreneurship in rural sector. The Committee recommend that the visit of VAP teams be increased so that more and more villages in every State of the country are covered under this programme.

The Committee are informed that a Research Development Council consisting of about 65 members drawn from industry and academia has been set up to chalk out the future Research Agenda of NIFTEM. Experts from Indian Council of Agricultural Research (ICAR), Central Food Technological Research Institute (CFTRI), Central Institute of Post-Harvest Engineering & Technology (CIPHET), Defence Food Research Laboratory (DFRL), Defence Research & Development Organization (DRDO), IIT Kharagpur, IIT Delhi, Harcourt Butler Technological Institute (HBTI), Kanpur and IIM, Lucknow have been included in the Council. Under “Make in India Project” NIFTEM proposes to establish National Centre for Indian Traditional Foods at NIFTEM campus to conduct study on Indian traditional foods to promote globalization of these foods & capture the world food market. The Committee recommend that in addition to initiatives undertaken by the Institute, the endeavour be made to explore new avenues for promotion and development of food processing sector in the country. The Committee recommend that Regional Centres of the institute be opened in various parts of the country so as to increase the outreach of the institute and more and more farmers get benefitted.

REPLY OF THE GOVERNMENT

Village Adoption is a unique program conceptualized by NIFTEM for its students, with a view to sensitize and educate them of the problems and practices of the farmers at the grass root level. The aim is to help the Indian Food Processing sector accomplish its objective of all-inclusive growth and facilitate the process of integrating the underprivileged sections of our population with the main stream economy. It is a credit course of their curriculum, wherein they have to visit once in each semester.

Following efforts have been undertaken by institute:

1. Scientific inputs for product development process of pickles, jams, chutneys, candies squash, preserves etc were also demonstrated by students and mentors during training sessions.
2. Some basic scientific models of solar dryers, butter churners were also demonstrated by students to the villagers during the interaction and training programmes.

3. Following traditional recipes have been taken up by NIFTEM for scientific and technical inputs for protocol establishment and process standardization under NIFTEM's effort to support "Make in India" initiative:

SI No.	Traditional product	SI No	Traditional product
1.	Sattu fortified	7.	Kebabs
2.	Kajukatli	8.	Prawn curry
3.	Khakhra	9	Chila
4.	PuranPoli	10.	Gustava
5.	Khandvi	11.	Vada
6.	BoondiLadoo	12.	Khaja

Recently NIFTEMs Village Adoption Programme also got associated with prestigious RashtrapatiBhavan's initiative on Smart Model Village Pilot Project where NIFTEM supported the activities to initiate entrepreneurship in food processing sector in Five adopted villages of Haryana in Gurugram (4 locations) and Mewat (01 location).

Following activities have been accomplished in the villages to support the farmers in technical know-how and new product development

Sl.N o.	Activity	In Numbers
1.	Food Processing promotional Initiatives - <i>Number of lectures arranged on:</i>	
	Promoting Postharvest management & Food Processing / Value addition	208
	Entrepreneurship development	134
2.	Number of training programmes on product /process development organized/conducted in village (Jam/pickle/ chutney/	156
3.	Detail project reports on ventures in food processing sector prepared and shared with budding entrepreneurs in the village	138
4.	Market surveys conducted	113
5.	Number of Visits for farmers to industry and institutions	72

The Institute has limited manpower and resources. Each VAP team is mentored by faculty members. The Institute has noted the observations of the Committee. As soon

as new faculty joins, more villages would be covered under the programme for implementation to benefit farmers. However, Institutes are constraint to open new Centre due to the limited manpower and financial resources. Institutes have been asked to meet significant part of their expenditure by generating their own resources. The adequate Govt. support to open more Centres in the country is not available to the institutes.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

INDIAN INSTITUTE OF FOOD PROCESSING TECHNOLOGY (IIFPT)
(FORMERLY KNOWN AS IICPT)
RECOMMENDATION (PARA NO. 9)

The Indian Institute of Food Processing Technology (IIFPT), formerly known as Paddy Processing Research Center (PPRC) is a pioneer Research & Development and academic institute. The institute conducts research for identifying technologies for processing, preserving, value addition, by-product utilization through bio-processing, process and product development and food safety and quality. The institute is also engaged in HRD, analytical, extension, teaching and training services. The institute has signed MOU with several international and national universities and institutes for joint research programs, exchange of knowledge, scientists and students.

The Committee were informed that IICPT has one regional center in Guwahati to cater to the needs of the stakeholders in the north-eastern region of the country. The Regional Centre at Guwahati was established on 20th July, 2010 with major objective for developing small-scale entrepreneurship and skilled workgroup in the food processing sector of the North-East region of India. The regional center provides skill development trainings, consultancy and equipment renting services and business incubation services. Since April 2015, the regional center has conducted 28 training programmes for 109 beneficiaries, 2 student internship projects, 3 consultancy and has provided 18 incubation services for the North-East region. The Committee appreciate the commendable efforts made by the institute particularly in the North east region of the country.

The Committee were informed that the Ministry has upgraded 'Indian Institute of Crop Processing Technology' (IICPT), Thanjavur, Tamil Nadu to a National level institute in 2008. Since its up-gradation in 2008, IICPT has handled 4 international collaborative projects, 25 external funded and 8 industry sponsored projects. The institute has 15 on-going external funded projects. Research has been focused on developing end-to-end solutions for the complete value chain of major crops of the

storm-prone area/Cauvery delta zone. Apart from this, 227 external student projects and over 60 undergraduate and 50 postgraduate research projects were completed in the institute. From these research works, IICPT has standardized 35 processes, developed 34 on-farm gadgets, with which over 1835 beneficiaries have been identified. It was also informed to the Committee that after elaborate discussion with farmers and other stakeholder, IICPT proposed to establish a small onion processing cum incubation centre at Perambalur District, Tamil Nadu to double the farmers income. Apart from this, based on curriculum, B.Tech.students undergo 2 weeks Rural Agro Industrial Programme (RAIP). Students stay in selected village, conduct survey and collect information on food habits, awareness on ready food, package foods, etc, harvest and post-harvest losses in the farmer's holding, collection of information on various crop processing equipment used, collection of information on various food processing industries located in and around the village, assessment of suitability of establishing food processing industries based on the crops cultivated in the village. The Committee are satisfied with the accomplishments of the Institute and trust that the Institute will continue to do research work and other activities to cater the needs of stakeholders and in the interest of the farmers.

REPLY OF THE GOVERNMENT

IIFPT is happy to note the Committee's observations/ recommendations on Indian Institute of Food Processing Technology (IIFPT) particularly in the N.E. region and other research related activities to cater the need of stakeholders and in the interest of farmers.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

DEVELOPMENT OF NORTH EASTERN REGION **RECOMMENDATION (PARA NO. 10)**

The Committee note that as per Government policy, a minimum of 10% of the Plan outlay is to be utilized for the projects in the North-Eastern States including Sikkim. The Ministry is expected to utilize this amount against the ongoing projects under the Schemes of Mega Food Parks, Cold Chain and Abattoirs and the projects which are likely to be received under the new Scheme for Creation/Expansion of Food Processing & Preservation Capacities. The Ministry informed that during 2015-16, out of total plan allocation of Rs. 487.00 crore, an amount of Rs. 48.00 crore was allocated for North East. However, the actual utilisation against this allocation has been only Rs. 30.91 crore. During 2016-17, out of total RE allocation of Rs. 688.56 Crore for Schemes, the allocation for North east region is Rs. 68.86 Crore. However,

the actual utilisation against allocation for North-East, is Rs. 13.01 crore (as on 20.01.2017). According to the Ministry, the main reason for low utilisation of the allocation for North-East is non-availability of quality proposals under various schemes of the Ministry. However, the Ministry is making concerted efforts to increase utilisation of the allocation for North-East region. The Committee express their displeasure over dismal performance of the Ministry in utilization of funds meant for the North East region which adversely affect the overall growth and development of the region. The Committee, therefore, strongly recommend the Ministry should find out the constraints which hinder optimum utilisation of funds meant for north east and make efforts in coordination with all concerned to yield better results. Sustained awareness programmes like seminars/workshops etc. should also be organised on regular basis in the rural as well as urban areas to create awareness and promote food processing in the region. The Committee desire to be apprised of the steps taken by the Ministry for optimum and timely utilisation of funds and development of food processing infrastructure in the region.

REPLY OF THE GOVERNMENT

1. For giving impetus to the development of food processing industry in NER, the Ministry is providing higher level of subsidy in all the schemes. Financial assistance for following projects has been provided:

- (i) Ministry has sanctioned 4 Mega Food Parks(MFP) in NER one each at Nalbari (Assam), Aizawl (Mizoram), Agartala (Tripura) and Dimapur (Nagaland). The MFP in Assam is already operational. The Mega Food Parks at Agartala (Tripura) and Aizawl (Mizoram) are in various stages of implementation.
- (ii) 5 Cold Chain Projects – two in Guwahati, Assam, one in Senapati , Manipur and two in Mizoram have been assisted by this Ministry. Out of these, 4 projects at Guwahati(1), Senapati (1) and Aizawal (2), have become operational.
- (iii) There are 8 abattoirs projects in NER, one each in Arunachal Pradesh and Mizoram, three in Nagaland and three in Sikkim.these projects are under various stages of implementation.
- (iv) 7 Food Testing Labs, three in Assam (one in Tezpur and two in Guwahati), one each in Manipur (Nambol), Nagaland (Kohima), Sikkim (Gangtok) and Tripura (Agartala) have been assisted to create infrastructure for food safety and quality testing.

- (v) Indian Institute of Food Processing Technology (IIFPT) Thanjavur, Tamil Nadu has a regional centre at Guwahati with a Food Processing Training Centre cum Incubation Centre, training class rooms, trainees' hostel. Training programmes are organized by the centre benefiting farmers, SHG members and educated youth.

2. Ministry has released more than 81.70% of the funds earmarked for North Eastern Region during the 12th Five Year Plan. Year-wise release is given in the following table:

(Rs. in crore)

Year	BE	RE	Expenditure
2012-13	66.00	66.00	64.98
2013-14	70.80	55.00	37.63
2014-15	77.00	60.00	42.48
2015-16	48.00	48.00	31.91
2016-17	60.00	68.86	66.34
Total	321.80	297.86	243.34

3. The Ministry is making concerted efforts to increase utilization of the allocation for North-East. A number of awareness events like seminars/ workshops are organized every year in the North East region. A list of events assisted by the Ministry during 2016-17 is as follows:

S. No.	Events/Seminar/Exhibition
1.	Organizing 1st Manipur Industrial Expo during 4-10 April, 2016 with the theme of "Make in India/North East/Manipur for employment generation" on the sidelines, the North East ASEAN Business Summit (NEBS) from 7-9 April, 2016 at Imphal, Manipur.
2.	Organized by ASSOCHAM Conferences on Linking Prospective Food Entrepreneurs with Government Schemes & Markets on 12.08.2016 at Dimapur.
3.	Organized by ICC - a Conference on "North East & East India Food Pro" a conclave focusing on R&D, FDI along with Technology up-gradation and Better infrastructure from 1st week of November, 2016 at Imphal, Manipur.
4.	Organized by ICC- Two Conferences on "North East & East India Food Pro" a conclave focusing on R&D, FDI along with Technology up-gradation and Better infrastructure on 22.11.2016- Aizwal& on 15.11.2016- Kohima& on 20.01.2017 -Agartala.

5.	Organized by NERAMAC- “North East Green Summit 2016 from 1st to 5th November, 2016 at Tura, Meghalaya.
6.	Organized by IIP- National Workshop on “Packaging of Fresh & Processed Foods” on 25.11.2016 at Guwahati.
7.	Organized by ASSOCHAM Conferences on Linking Prospective Food Entrepreneurs with Government Schemes & Markets on 12.11.2016 at Imphal.
8.	Organized by ASSOCHAM Conferences on Linking Prospective Food Entrepreneurs with Government Schemes & Markets on 16.12.2016 at Shillong.
9.	Organized by ASSOCHAM Conferences on Linking Prospective Food Entrepreneurs with Government Schemes & Markets on 19.01.2017 at Jorhat.
10.	Organized by IIP- National Workshop on “Packaging of Fresh & Processed Foods” on 11.01.2017 at Agartala.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

CHAPTER III

**OBSERVATION/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT
DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S ACTION TAKEN
REPLY**

NIL

CHAPTER IV

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

SHARE OF MINISTRY OF FOOD PROCESSING INDUSTRIES IN CENTRAL PLAN OUTLAY

RECOMMENDATION (PARA NO. 1)

The Committee note that the Food Processing Sector has emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. During 2015-16, the sector constituted as much as 8.80 and 8.39 per cent of GVA in Manufacturing and Agriculture sector respectively. The contribution of FPI Sector to GVA in the economy was 1.46% in 2015-16. A well-developed food processing sector with higher level of processing helps in the reduction of wastage, improve value addition, promote crop diversification, ensure higher yields, better return to the farmers and lowers the risk of perishability, promote employment as well as increases export earnings. The sector is also capable of addressing critical issues of food security, food inflation and providing wholesome nutritious food to the masses. The growth of Food Processing sector will make significant contribution to the Indian Economy not only in economic terms but also in meeting the objectives of 'inclusive growth' and 'food security. The Committee note that the share of the Ministry of Food Processing Industries is Rs. 600 crore, in the total central plan outlay of Rs. 948148.84 crore for 2016-17, which in percentage terms works out merely 0.06% of the total central plan outlay. During 2015-16 also, the percentage of budgetary allocation was also 0.06%. This is less than the proportion of budgetary allocation of 0.09% during 2013-14 and 2014-15 and 0.08% during 2012-13. Keeping in view the importance of food processing sector in the Indian economy, the Committee urge the Ministry of Finance to increase the share of the Ministry of Food Processing Industries adequately in the Central Plan so that various activities/projects undertaken by the Ministry do not suffer for want of funds.

REPLY OF THE GOVERNMENT

Ministry's BE for the year 2017-18 is Rs.800 crore(Rs.725 Crore for Schemes and Rs.75 Crore for Non-scheme expenditure) an increase of 9.74% over last year's RE. However, this allocation is also not adequate to support the growing need to expand programmes to cover all segments of the food processing sector and upscale on going programmes. The Ministry has conveyed the observations of the Hon'ble Committee to the Ministry of Finance, vide D.O. letter dated 01.08.2017

from Secretary (FPI) to Finance Secretary & Secretary (Expenditure) and requested to allocate adequate funds for programmes of the Ministry in future.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

Comments of the Committee

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

ANNUAL PLAN ALLOCATIONS **RECOMMENDATION (PARA NO. 2)**

The Committee note that the Ministry sought an allocation of Rs. 14604 crore in its 12th Plan proposal. However, the Planning Commission has allocated a plan outlay of Rs.5990 crore only for 12th plan. Out of the approved outlay of Rs.5990 crore, total budgetary allocation for the 12th Plan is only Rs.3225 crores which in percentage terms comes to merely 53% of the approved outlay of Rs.5990 crores. The Committee were informed that, the Ministry submitted its projected requirement of annual allocation for every year during the Twelfth Plan based on its assessment and requirement of on-going and new activities under various schemes. According to the Ministry, annual allocation to them has been made by the Finance Ministry based on overall resource availability and national priorities. The Committee also note that during 2012-13, against an allocation of Rs.660 crore at BE/RE stage, the actual expenditure was Rs.655.88 crore. During 2013-14, BE was Rs.708 crore which was drastically reduced to Rs. 550 crore at RE stage but the actual expenditure was on Rs. 527.96 crore. Against BE of Rs. 770 crore for 2014-15, was reduced to Rs.600 crore at RE stage, out of which only Rs.579.73 could be expended.

For 2015-16, BE/RE was Rs. 487 crore, out of which, actual expenditure was Rs.467.03 crore. For 2016-17, although the plan allocation has been increased from Rs.600 crore to Rs.688.56 crore but the actual expenditure is only Rs.463.60 crore up to 20.01.2017. For 2017-18, the allocation is Rs.800 crore. The Committee, therefore, are concerned to note the under-utilisation of plan funds allotted to the Ministry and recommend that corrective steps may be taken to identify the constraints which affect the effective implementation of various activities/projects undertaken by the Ministry and consequently under-utilisation of funds. The Committee expect the Ministry to fully utilize Rs.800 crore allocated for the year 2017-18 for which advance action plan should be prepared keeping in view its aims

and objectives and the targets fixed for the year. A mechanism should also be put in place for regular monitoring of its activities/programmes for time bound achievement of physical and financial targets set under activities/programmes of the Ministry. The Committee would also like the Ministry to urge the Ministry of Finance to allocate funds as per their requirement at RE stage. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard.

REPLY OF THE GOVERNMENT

Ministry's BE for the year 2017-18 is Rs.800 crore(Rs.725 Crore for Schemes and Rs.75 Crore for Non-scheme expenditure) an increase of 9.74% over last year's RE. However, this allocation is also not adequate to support the growing need to expand programmes to cover all segments of the food processing sector and upscale on going programmes. The Ministry has conveyed the observations of the Hon'ble Committee to the Ministry of Finance, vide D.O. letter dated 01.08.2017 from Secretary (FPI) to Finance Secretary & Secretary (Expenditure) and requested to allocate adequate funds for programmes of the Ministry in future.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

Comments of the Committee

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

MEGA FOOD PARKS **RECOMMENDATION (PARA NO. 4)**

The Committee note that the Mega Food Park Scheme aims at providing infrastructure facilities for food processing along the value chain from farm to market. Under the Scheme 42 Mega Food Parks were approved by the Government to be set up in the country. Out of these only 8 Mega Food Parks have been made operational so far. According to the Ministry, some of the reasons for delay in implementation of MFP projects, are difficulty in getting the term loan for banks/NABARD by the promoters, delay in statutory clearance from the State Government/ Agencies, non-availability of any special incentive for setting up food processing unit in MFPs, unwillingness of the co-promoter in contributing their share of equity timely etc. The Committee note with concern that even after a lapse of almost 9 years since 2008 when the Scheme was launched, only eight MFPs have been made operational. The Committee also note that the detailed guidelines for the scheme were issued on 24.08.2008 and based on the experiences of implementation, modifications in the scheme guidelines have been carried out from

time to time. The Committee note that the BE for the year 2016-17 was increased from Rs. 222.30 crore to Rs. 311.34 crore but the Committee regret to note that only Rs. 199.47 crore was actually expended under the scheme.

The Committee are of the view that delay in the implementation of a Scheme and under-utilisation of funds defeats the very purpose of the Scheme. The Committee, therefore, recommend that concerted efforts in coordination with all stakeholders including State Governments be made to address the constraints which hinders smooth progress in the implementation of the projects. The Committee also desire that the guidelines of the schemes for MFPs be revisited and amended from time to time on the basis of feedback and consultation with stakeholders for smooth and expeditious implementation of MFPs projects.

The Committee also note that a district level Mega Food Park Co-ordination Committee under the chairmanship of the District Collector has been constituted for each Mega Food Park to ensure smooth progress in implementation of the projects. However, there is no public representative (MP/MLA) nominated in the Mega Food Park Coordination Committee at the district level. The Committee feel that inclusion of a public representative in such Committees will facilitate the expeditious implementation of Mega Food Parks. The Committee, therefore, recommend that the public representatives (MP/MLA) of the respective districts may be included in the Mega Food Park Coordination Committee. The Committee would like to be apprised of the action taken by the Ministry in this regard.

REPLY OF THE GOVERNMENT

(i) Presently, 9 Mega Food Parks have been made operational out of 42 Mega Food Parks approval by the Government. With regard to utilization of funds under Mega Food Park Scheme during FY 2016-17, it is to mention that Ministry had incurred an expenditure of Rs.300.08 crore against RE of Rs.300.15 crore which is almost 99.97% utilization of funds. Further, Ministry has been holding meetings with the State Governments and also SPVs / Implementing Agencies (IAs) regularly to review the progress of implementation of the Mega Food Parks. Also, there is a provision for Nominee Director from the State Government on the Board of Director of the SPV to ensure effective coordination, convergence and synergy in implementation of the project with the State Government.

(ii) The guidelines of the Mega Food Park Scheme are revisited and amended from time to time on the basis of feedback and consultation with stakeholders for smooth and expeditious implementation of MFPs projects. Recently, the Mega Food Park guidelines have been amended and notified on 21.07.2016.

(iii) The Ministry has set up a district level Mega Food Park Co-ordination Committee in 2010. The composition of this Committee is as under:

Sl. No.	Name of the organization/ designated officer	Members
1.	District Collector	Chairman
2.	District Programme Coordinator, MNREGA	Member
3.	PD, DRDA	Member
4.	District Agriculture Officer	Member
5.	District Horticulture Officer	Member
6.	District Development Manager, NABARD	Member
7.	Lead District Manager	Member
8.	District Animal Husbandry Officer	Member
9.	Dairy Development Officer	Member
10.	General Manager, DIC	Member
11.	Representative of Commercial Tax Department	Member
12.	Representative of District Electricity Department	Member
13.	PD, ATMA	Member
14.	Two representatives of Industry Associations (to be nominated by the MFPCC)	Member
15.	Two representatives of Farmers' Associations (to be nominated by the MFPCC)	Member
16.	Stakeholder of SPV	Member
17.	CEO of SPV of Mega Food Park	Member Secretary & Convener

The Coordination Committee has been set up to resolve local issues which may arise during the implementation of the project. Therefore, the officers of the concerned departments are the member of the committee. Decision regarding inclusion of local MLA and MP in the Committee is under consideration.

Ministry of Food Processing Industries (Letter No.6-04/2017 Dated 28.11.2017)

Comments of the Committee

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

CHAPTER V

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

NIL

**NEW DELHI;
27 December, 2017
06 Pausha, 1939 (Saka)**

**HUKM DEO NARAYAN YADAV
Chairperson,
*Standing Committee on Agriculture.***

STANDING COMMITTEE ON AGRICULTURE BRANCH

(2017-18)

MINUTES OF THE EIGHTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 27th December, 2017 from 1000 hours to 1110 hours in Chamber of the Chairperson, Room No. 138 (Third Floor), Parliament House, New Delhi.

PRESENT

Shri Hukmdev Narayan Yadav – Chairperson

**MEMBERS
LOK SABHA**

2. Shri Sanganna Amarappa Karadi
3. Shri Nalin Kumar Kateel
4. Shri C. Mahendran
5. Dr. Tapas Mandal
6. Shri C.L. Ruala
7. Shri B. S. Yeddyurappa

RAJYA SABHA

8. Shri Meghraj Jain
9. Shri Mohd. Ali Khan
10. Shri Ram Nath Thakur
11. Dr. Chandrapal Singh Yadav

SECRETARIAT

- | | | | |
|----|-------------------|---|---------------------|
| 1. | Shri D.S.Malha | — | Joint Secretary |
| 2. | Smt. Juby Amar | — | Additional Director |
| 3. | Shri Sumesh Kumar | — | Under Secretary |

2. At the outset, the Chairperson welcomed the Members to the Sitting of the Committee. Thereafter, the Committee took up for consideration the Draft Report on the Action Taken by the Government on the Observations/Recommendations contained in the 38th Report (16th Lok Sabha) of the Standing Committee on Agriculture (2017-18) on 'Demands for Grants (2017-18)' of the Ministry of Food Processing Industries.

3. After some deliberations, the Committee adopted the draft Report without any modifications and authorized the Chairperson to finalize and present this Report to Parliament after getting it factually verified from the concerned Ministry.

*4. XXXX XXXX XXXX XXXX.

The Committee then adjourned.

****Matter not related to this report.***

Appendix II

(Vide Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE THIRTY EIGHTH REPORT OF STANDING COMMITTEE ON AGRICULTURE (16TH LOK SABHA)

(i)	Total number of Recommendations	10
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Recommendation Nos.	3, 5,6, 7,8,9 and 10
	Total	7
	Percentage	70%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Recommendation Nos.	NIL
	Total	0
	Percentage	0%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
	Recommendation No.	1,2 and 4
	Total	3
	Percentage	30%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Recommendation No.	NIL
	Total	0
	Percentage	0%