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

SIXTEENTH LOK SABHA

MINISTRY OF FOOD PROCESSING INDUSTRIES

'DEMANDS FOR GRANTS (2018-19)'

**{Action Taken by the Government on the Observations/
Recommendations contained in the Fiftieth Report (Sixteenth Lok Sabha)
of the Standing Committee on Agriculture (2017-2018)}**

SIXTIETH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August 2018/Shrawana,1940 (Saka)

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Presented to Lok Sabha on 09.08.2018

Laid on the Table of Rajya Sabha on 09.08.2018



LOK SABHA SECRETARIAT

NEW DELHI

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- i) Extracts of Minutes of Sitting of the Committee held on 07.08.2018
- ii) Analysis of Action Taken by the Government on the Recommendations contained in the Fiftieth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2017-2018).

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
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19. Shri Dharmendra Yadav
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RAJYA SABHA

22. Sardar Sukhdev Singh Dhindsa
- *23. Shri Rajmani Patel
- *24. Shri Narayan Rane
- *25. Shri Kailash Soni
26. Shri Mohd. Ali Khan
27. Shri K.K. Ragesh
28. Shri Ram Nath Thakur
29. Shri R. Vaithilingam
- *30. Shri Harnath Singh Yadav
31. Dr. Chandrapal Singh Yadav

@ Shri Praveen Kumar Nishad, MP Lok Sabha nominated vice Shri Nephiu Rio, MP Lok Sabha w.e.f. 27.04.2018 vide Bulletin Part II No. 6866 dated 27.04.2018

Vacant due to resignation of Shri B.S. Yeddyurappa from the Membership of Lok Sabha w.e.f. 18.05.2018 vide Bulletin Part-II Table Office (B) No. 6885 dated 19.05.2018

*vice Shri Janardan Dwivedi, Shri Meghraj Jain, Shri Vinay Katiyar and Shri Shankarbhai N. Vegad, who ceased to be the Member of the Committee on their retirement from Rajya Sabha on 27.01.2018, 02.04.2018, 02.04.2018 and 02.04.2018 respectively.

SECRETARIAT

1.	Shri D.S.Malha	-	Joint Secretary
2.	Shri Arun K. Kaushik	-	Director
3.	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 Sixtieth Report on action taken by the Government on the Observations/Recommendations contained in the Fiftieth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2017-18) on 'Demands For Grants (2018-19)' pertaining to the Ministry of Food Processing Industries.

2. The Fiftieth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2017-18) on 'Demands For Grants (2018-19)' of the Ministry of Food Processing Industries was presented to Lok Sabha and laid on the Table of Rajya Sabha on 06.03.2018 The Action Taken Notes on the Report were received on 24.07.2018

3. The Report was considered and adopted by the Committee at their Sitting held on 07.08.2018

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

NEW DELHI;
06 August, 2018
15 Shravana, 1940 (Saka)

HUKM DEV 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 Fiftieth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2017-2018) on "Demands for Grants (2018-19)" pertaining to the Ministry of Food Processing Industries which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 06.03.2018

1.2 The Ministry of Food Processing Industries have furnished Action Taken Replies in respect of all the 7 Observations/Recommendations contained in the Report. These replies have been categorized as under:

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

Recommendation No.	1,2,3,5,6 and 7	Chapter- II
		Total- 6

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

Recommendation No.	NIL	Chapter- III
		Total- 0

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

Recommendation No.	NIL	Chapter- IV
		Total- 0

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

Recommendation No.	4	Chapter- V
		Total- 01

1.3 The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In cases, where it is not possible for the Ministry to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with the reasons for non-implementation. The Committee desire that further Action Taken Notes on the Observations/Recommendations contained in Chapter - I and final replies in respect of recommendation contained in Chapter - V 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. MAKE IN INDIA IN FOOD PROCESSING INDUSTRIES SECTOR
RECOMMENDATION (PARA NO. 2)**

1.5 The Committee had observed/ recommended as under :-

The Committee note that the agricultural production in India has consistently recorded higher output. India ranks no. 1 in the production of Milk, Ghee, Pulses, Ginger, Bananas, Guavas, Papayas and Mangoes. Further, India ranks no.2 in the world in the production of Rice, Wheat and several other vegetables & fruits. Abundant supply of raw materials, increase in demand for food products and incentives offered by the Government has impacted food processing sector positively. The food processing sector has been on average growing at a faster rate than agriculture sector During the period 2012-13 to 2015-16, Food Processing Industries sector grew at an Average Annual Growth Rate (AAGR) of around 2.88 per cent as compared to around 1.88 per cent in Agriculture and 6.61 per cent in Manufacturing at 2011-12 Prices. Food Processing Sector has also emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. It is seen that food products industry, compared to other industries has the largest number of factories and engages largest number of employees as well. The Committee further note that Food

processing sector has been identified as one of the priority sector under “MAKE IN INDIA” an initiative of the Government. with a view to attract investment to this sector, Ministry of Food Processing Industry has been implementing schemes for development of infrastructure for promoting food processing industries. Mega Food Parks with common utility like road, electricity, water supply, sewage facility and common processing facility like pulping, packaging, cold storage, dry storage and logistics are being promoted in areas with strong agricultural resource base. These parks provide fully developed plots and factory sheds to entrepreneurs on long term lease basis where they can set up food processing units in “plug & play model all these can be achieved if the Major challenges faced by Food Processing Industries’ like lack of primary processing storage and distribution facilities, procurement, dependent on Agricultural Produce Market Committee (APMC), Markets, inadequate link between production and processing, Lack of product development and innovation, inadequate focus on quality and safety standards are sorted out.

The Committee, desire the Ministry of Food Processing Industries should implement all the schemes Coming under Make in India with alacrity in order to promote the vision of Hon’ble Prime Minister to give priority to this sector under Make in India scheme. The Committee would like to be informed of the action taken in this regard.

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

The Government has taken the following initiatives for holistic development of food processing sector:

I. Infrastructure Development:

A new Central Sector Scheme— **PRADHAN MANTRI KISAN SAMPADA**
rd
YOJANA (PMKSY) was approved on 3 May, 2017 with an allocation of Rs.6,000 crore for leveraging investment of Rs.31400 crore, handling of 334 lakh MT agro-produce valuing Rs.1,04,125 crore which would benefit 20 lakh farmers and generate 5,30,500 direct/ indirect employment in the country. PMKSY is a big step towards doubling of farmers income, providing better prices to farmers, creating huge employment opportunities especially in the rural areas. It provides a comprehensive package for creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet. It helps in reducing wastage of agricultural produce, increasing the

processing level, enhancing the export of the processed foods, enabling availability of hygienic and nutritious food.

Mega Food Park Scheme: 12 Mega Food Parks have been made operational as on today benefiting 25,875 farmers and generating 19182 direct employment and 640176 indirect employment and creating preservation and processing capacity of 17.15 lakh MT per annum.

Integrated Cold Chain and Value Addition Infrastructure: 122 projects under cold chain scheme have been completed benefitting 2,05,000 farmers, preserving 13,58,208 MT of agro - produce, processing 27,64,870 MT of agro-produce of value Rs. 6,912 crore. These have created capacity of 44.85 LLPD of milk processing, 4.53 lakh MT of cold storage, IQF of 103.55 MT/HR and 706 Reefer Trucks.

II. World Food India 2017: First time, a global investment summit “World Food India 2017” was organized by Ministry of Food Processing Industries from 3-5 November, 2017, attracted participation of around 75,000 visitors, 800 global and domestic exhibitors from 61 countries, 60 global CEOs and 27 States of India. 36 conferences, State and Country sessions and plenaries were organized over the three days. 8000 online and offline B2B meetings were held. Denmark, Germany and Japan participated as Partner Countries and Italy and Netherlands participated as Focus Countries.

MoUs for investment worth around US\$13.56 billion were signed between the industry and MoFPI. The major investment commitments were from France, Germany, Netherlands, UAE, USA, etc. The sub sectors where MoUs were signed included fruits and vegetables, packaged foods and confectionary, retail and e-commerce, cold chain and ware-housing, etc. Investment of 15 Billion USD are in various stages of grounding.

III. FDI in Food Processing Sector:

- Permitting 100% FDI through automatic route in manufacturing of food products and 100 % FDI under Government approval route for trading, including through ecommerce, in respect of food products produced and /or manufactured in India.
- FDI proposals in food retail worth US\$ 705 million have been approved.

- Overall FDI inflow as green field investment of US\$ 2654 million during FY 2014-2018 against US\$ 1736 million during 2010-11 to 2013-14.

IV. Priority Sector Lending: Food and agro-based processing unit and cold chain infrastructure have been classified under agriculture activities for Priority Sector Lending (PSL) as per the revised RBI Guidelines issued on 23.04.2015.

V. Special Fund: In Budget 2014-15, a special fund of Rs. 2,000 Cr has been set up in NABARD to provide affordable credit in designated Food Parks & food processing units to be set up in these parks.

VI. Financial Institution in Food Processing Sector: Government in the Union Budget 2018-19 has announced to promote establishment of “Specialized Agro Processing Financial Institutions” in the food processing sector for creating the enabling environment for easy credit flow for the growth of the food processing sector and to meet the increasing credit requirement of the fast-growing food processing sector in the country. Such financial institutions promoted under the proposed scheme may act as “Accelerators” and “Mentors” for the promoters of food processing projects, who often find it hard to bridge the distance to organized lending. These Specialized agro-processing financial institutions may focus on exclusive development of the food processing sector with following main functions:

- Finance/refinance sectorial needs
- Risk Participation/mitigation
- Structured/customized product solutions
- Knowledge assimilation and dissemination in the financial sector
- Capacity building of existing Banks and financial institutions
- Designing and running acceleration programme for entrepreneurs
- Policy advocacy and schematic design for the Governments

VII. Operation Greens: Government in the Union Budget 2018-19 has announced launching of “Operation Greens” on the lines of “Operation Flood” to promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management with an allocation of Rs. 500 crores to address the seasonal and regional production and price fluctuation in these commodities and to stabilize price in the interest of both farmers and consumers. Consultation with stakeholders have been held involving Central/ State Government officials, Industry associations, research institutes, other concerned agencies and FPOs. Based on the inputs from the

various stakeholders, the modalities of "Operation Greens" are being worked out by the Ministry.

1.7 The Committee note that Food Processing Industries has been identified as one of the priority sector under 'Make in India'. The Committee further note that the Ministry of Food Processing Industries is implementing various schemes for development of Infrastructure for the promotion of Food Processing Industries. The Committee had desired that the Ministry of Food Processing Industries should implement all schemes coming under 'Make in India' with alacrity in order to promote the vision of Hon'ble Prime Minister to give priority to this sector under 'Make in India' scheme. The Ministry in its Action Taken Replies has stated that, A new Central Sector Scheme PRADHAN MANTRI KISAN SAMPADA YOJANA (PMKSY) was approved on 03rd May,2017 (PMKSY) is a big step towards doubling of farmers income, providing better prices to farmers creating huge employment opportunities especially in the rural areas. It provides a comprehensive package for creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet also the Committee note that 12 Mega Food Parks have been made operational as on today, 122 projects under cold chain scheme have been completed, A global investment summit "World Food India 2017" was organized by Ministry of Food Processing Industries from 3-5 November,2017 , the Union Budget 2018-19 has announced launching of "Operation Greens" on the lines of "Operation Flood" to promote Farmer Producers Organizations (FPOs) Consultation with stakeholders have been held involving Central/State Government officials, Industry associations, research institutes, other

concerned agencies and FPOs. Based on the inputs from the various stakeholders, the modalities of “Operation Greens” are being worked out by the Ministry. The Committee are unhappy to note that till now only 12 Mega Food Parks have been made operational and only 122 projects under cold chain scheme have been completed. The Committee therefore once again reiterate its recommendation that the Ministry should implement all the schemes like Mega Food Parks and integrated cold chain and value addition Infrastructure in all parts of the Country and in remote corner of the villages and also launch the projects Operation Greens without any further delay as it will not only promote Farmer Producers Organizations (FPOs) and also will enable in the Doubling of Farmers' Income. The Committee would like be informed of the action taken in this regard.

B. UTILISATION OF FUNDS

RECOMMENDATION (PARA NO. 4)

1.8 The Committee had observed/ recommended as under:-

The Committee are happy to note that an amount of Rs. 1400 crore has been allocated to the Ministry for the year 2018-19. This is a huge increase in amount as compared to previous year 2017-18 which was Rs. 715 crore.

However, the Committee are unhappy to note that out of the total allocated funds of Rs. 63.38 crore for North East states, the actual allocation up to 31.10.17 was Rs. 21.01 crore only. This lower utilization of funds is stated to be non-availability of good projects on large scale. The Committee desire that efforts should be made for proper utilization of funds in North East States and the reason to be found out for non-availability of projects in this region. The Ministry should take the opinion of expert and send a fact-finding Committee in North East, to find out solutions to the problem. The Committee recommend that the Ministry should identify the areas in North East States about the availability of various products and exploit the potential there.

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

In this connection, a meeting was held on 7th May, 2018 at 10:00 AM under the Chairmanship of Secretary (FPI) with representative of Ministry of DONER. It was decided in the meeting that MoDONER and MoFPI will convene a meeting of entrepreneurs, State Government representatives, State Industry Associations etc. of North Eastern States to discuss issues being considered as constraints in utilisation of funds under various schemes of the Ministry and to find out the way to increase proposals from the region. Accordingly, a meeting of the stakeholders was held in Guwahati on 11.07.2018 which was chaired by Secretary, DONER and Secretary, FPI. Mainly the issues relating to low response to various schemes of the MoFPI in NE Region were discussed in the meeting. A number of good suggestions were made in the meeting to attract investment in the food processing sector. These suggestions are being examined at various levels for following action. MoFPI is considering modification in its scheme for the NE Region based on these suggestions.

1.10 The Committee had observed that there is lower utilization of funds in the North Eastern States and this is due to non-availability of Good Projects on large scale. The Committee desired that efforts should be made for proper utilization of funds in North East States and the reason for non-availability of projects in this region. The Committee had recommended that the Ministry should identify the areas in North East States about the availability of various products and exploit the potential there.

The Ministry of Food Processing Industries in its Action taken replies have stated that, a meeting Mainly the issues relating to low response to various schemes of the MoFPI in NE Region were discussed in the meeting on 11.07.2018. A number of good suggestions were made in the meeting to attract investment in the food processing sector. These suggestions are being

examined at various levels for following action. MoFPI is considering modification in its scheme for the NE Region based on these suggestions.

The Committee are of the firm view that there is great need for proper development of North Eastern States. They strongly desire that suggestions given at the meeting held on 11.07.2018 be examined without any further delay and wherever modifications are required they may be modified at the earliest. The Committee feel that this will not only help in the prevention of post Harvest losses in NE Region but also help in generating Employment opportunities in the region. The Committees would like to be informed of the action taken in this regard.

C. MEGA FOOD PARKS
RECOMMENDATION (PARA NO. 5)

1.11 The Committee had observed/recommended as under:-

The schemes of Mega Food Parks was envisaged in the year 2008. The Mega Food Parks aims at providing modern infrastructure facilities for food processing along the value chain from farms to market. The scheme functions on hub and spoke model which includes creation of infrastructure for primary processing and storage farm gate at Primary Processing Centre (PPC), Collection Centre (CC) and common facilities and enabling infrastructure at Centre Processing Centre. The Government has so far provided 42 Mega Food Parks out of these 38 projects have been accorded final approval and in principal approval has been issued to 4 projects. 9 Projects are presently in operation. 6 Mega Food Projects are at advance stage of implementation and are likely to be made functional in current financial year. 12 more Mega Food Projects will be made operational in 2018-19 and the remaining in 2019-20. During The Finance year 2017-18 (as on 31.12.2017) , the Ministry has released grant-in-aid of Rs 242.23 crores to the ongoing Mega Food Projects. The Committee have been informed that the Ministry has invited expression of interest against vacant source of Mega Food Parks in uncovered Stated i.e. Arunachal Pradesh, Goa, Manipur, Meghalaya, Sikkim and Uttar Pradesh, out of 10 proposals received, in

principle approval to 3 proposals have been given. In their earlier reports on Demands for Grants relating to Ministry, the Committee have time and again recommended for expeditious implementation of Mega Food Parks. However they are concerned to note that the pace of implementation of Mega Food Parks is very slow. With the inclusion of Mega Food Parks scheme under the scheme of Pradhan Mantri Kisan Sampadha Yojana, the Committee hope that these projects will now be implemented at the desired pace. The Committee recommended to the Ministry to take concrete steps for early implementation of these projects. They will like to be apprised of the actions taken in this regards from time to time.

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

The scheme of Mega Food Parks was envisaged in the year 2008. The Mega Food Parks aims at providing modern infrastructure facilities for food processing along the value chain from farm to market. The scheme functions on hub and spoke model, which includes creation of infrastructure for primary processing and near storage the farm gate at Primary Processing Centre (PPC), Collection Centre (CC) and common facilities and enabling infrastructure at Central Processing Centre. The Government has so far provided 42 Mega Food Parks out of these 38 projects have been accorded final approval and in-principle approval has been issued to 4 projects. 10 Projects are presently in operation. 5 Mega Food Parks projects are at advance stage of implementation and are likely to be made functional in next 2-3 months. 12 more Mega Food Park projects will be made operational in 2018-19 and the remaining in 2019-20. Presently, there is no vacancy available under the Mega Food Park Scheme. While sanctioning a new Mega Food Park project against cancellation/withdrawn, due attention is given for selection of the location of the Mega Food Park.

During the Finance year 2017-18 (as on 16.03.2018), Ministry has released grant in aid of Rs. 291.37 crores to the ongoing Mega Food Park projects.

Ministry is taking a number of steps to expedite implementation of the projects as per the timeline. Ministry carefully monitors implementation of each MFP project individually and makes prompt & proper assessment at every stage of the project implementation. Quarterly review of the projects is taken by Secretary, FPI and Hon'ble Ministry, FPI.

Besides continuous monitoring, the following steps have been taken by the Ministry for timely implementation of MFP projects:

- i. Review and modification in the scheme guidelines from time to time based on inputs received from various channels/stakeholders.
- ii. Ministry takes up issues with various concerned Departments/Agencies of the State Governments to expedite statutory clearances and to remove the bottlenecks in implementation of projects.
- iii. State Governments and Ministry of Finance were pursued to announce fiscal incentives to the Mega Food Park projects.
- iv. Issues were taken up with the Banks/FIs to expedite sanction of term loan to the project.
- v. A fund of Rs. 2000 crore has been created with NABARD to provide affordable credit to Mega Food Parks and entrepreneurs setting up units therein.
- vi. Infrastructure project status accorded to Mega Food Parks.
- vii. Priority Sector Lending (PSL) status accorded to Food processing projects up to Rs.100 crore per borrower.
- viii. For promotion of investment in Mega Food Parks, awareness is created through various modes of publicity like, advertisement in newspapers, Radio and Doordarshan, participation in domestic and international exhibitions etc and organizing seminars/workshops.
- ix. District Level Coordination Committees have been constituted to resolve local issues.
- x. Provision has been made in the revised scheme guidelines for imposing penalty in case of non-adherence to stipulated timeline for completion of project.
- xi. A new Central Sector Scheme for “Creation / Expansion of Food Processing & Preservation Capacities” under PRADHAN MANTRI KISAN SAMPADA YOJANA has been approved by the Govt. Under, one of the scheme “Creation / Expansion of Food Processing & Preservation Capacities”, financial assistance is provided to entrepreneurs to set up food processing units in the Mega Food Parks.

Till dates 37 units have been approved in Mega Food Parks under this Scheme.

xii. Ministry vide letter dated 15.12.2017 has requested Finance Ministry that all Food Parks/Agro processing clusters be treated at par with State Government Industrial Development Corporations or Undertakings for applicability of GST on one-time upfront payment of lease premium on allotment of developed plots inside the Mega Food Park.

1.13 The Committee were constrained to note that the scheme of Mega Food Parks which was envisaged in the year 2008 is being implemented at a very slow pace. They had hoped that with the inclusion of Mega Food Parks scheme under the scheme of Pradhan Mantri Kisan Sampada Yojana (PMKSY) the projects will now be implemented at the desired pace.

The Ministry in its Action taken reply have stated that the Government has so far approved 42 Mega Food Parks out of these 38 Projects have been accorded final approval and in-principle approval has been issued to 4 projects and 10 projects and presently in operation 5 Mega Food Parks projects are at advance stage of implementation and all Mega Food Parks will be made operational in 2019-20 The Ministry is taking various steps to implement Mega Food Parks Projects. The Committee are unhappy to note that inspite of being one of the flagship programmes of the Ministry the envisaged Mega Food Parks have failed to come up even after a period of 10 years.

The Committee, therefore recommend that the Ministry should make sincere efforts to implement the Scheme. They would like to be informed of the action taken in this regard.

D. COLD CHAIN PROJECTS

RECOMMENDATION (PARA NO. 6)

1.14 The Committee had observed/ recommended as under:-

The Committee note that despite the large scale agricultural production in India, food security issues are major concerns for policy makers in the country. A nation-wide study on quantitative assessment of harvest and post-harvest losses for 46 agricultural produces in 106 randomly selected districts was carried out by Central Institute of Post-Harvest Engineering & Technology (CIPHET), Ludhiana. The aforesaid study considers the quantitative loss as the material rendered "unfit for human consumption". The different stages considered for assessment of losses are harvesting, collection, thrashing, grading /sorting, winnowing /cleaning, drying, packaging, transportation, and storage depending upon the commodity and one of the main reasons for the high losses in the supply chain of perishables is the absence of adequate and efficient cold chain infrastructure right from the farm gate to the consumer. In a repeat study conducted by the Central Institute of Post-Harvest Engineering & Technology (CIPHET), Ludhiana during 2012-14 on behalf of Ministry of Food Processing Industries on Assessment of Quantitative Harvest and Post-Harvest Losses of Major Crops and Commodities in India, average range of losses for food grains, oils seeds and fruits & vegetables were found to be between 4% to 16% resulting in annual loss of 92,651 crore at price index of 2014. The Committee note that a Committee under the Chairmanship of Dr. Sumitra Chaudhuri Member, Planning Commission constituted in year 2012 on encouraging investments in supply chains including provision for cold chain for more efficient farm distribution. Further the Committee note that To accelerate the availability of cold storage and to improve the efficiency of Cold Chain Management, a Task Force set up by the PMO in 2014 under the Chairmanship of Secretary, FPI noted that a capacity of about 8 Million Tonnes has been created since NSEL assessment and thus the gap may be around 29 million Tonnes and inter alia, recommended that Government should aim at creating additional capacity of 7.5 million tonnes over the next five years for which around ₹ 6100 crore would be required. Out of this, Department of Agriculture & Cooperation can

take up 5 million tonnes under MIDH (2.5 million tonnes each by NHM and NHB) and MoFPI can take up 2.5 million tonnes. The Committee desire the Ministry to expedite the implementation of the suggestions given by Dr. Sumitra Chaudhuri Committee and also the task force set up by the PMO in 2014 under the Chairmanship of secretary Food Processing Industries.

The Committee recommend that (i) in addition to large scale cold chain projects, cold storage plants at small scale, such as village co-operative at the district village level and try to cover all the Remote part of village so that the objective of arresting Post Harvest Losses of agriculture and horticulture produce can be achieved (ii) a fresh nation-wide study in qualitative adjustment of Harvest and post-harvest losses for maximum agricultural produces be conducted. The Committee would like to be informed of the action taken in this regard.

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

Ministry of Food Processing Industries is implementing a central sector Scheme for Integrated Cold Chain and Value Addition Infrastructure in order to arrest post-harvest losses of horticulture & non-horticulture produce and to provide remunerative prices to farmers. Under the scheme creation of farm level infrastructure has been made mandatory which will give more thrust to facilities for collection and storage of agriculture/horticulture produce at farm level to cover farmers of the remote areas so that post-harvest losses of agriculture and horticulture produce can be arrested. The promoters are also setting up smaller cold storage and pack house facility at village / farm level which is beneficial for the farmers. The scheme for Integrated Cold Chain and Value Addition Infrastructure is demand driven and entrepreneurs are free to apply for up gradation and modernization of their existing integrated cold chain facilities under the Scheme.

1.16 The Committee had noted that food security issues are major concerns for policy makers in the Country. A nationwide study on harvest and Post harvest losses found that one of the main reason for the high losses in the supply chain of perishables is the absence of adequate and efficient cold chain infrastructure right from the farm gate to the consumers, Annual loss of Rs.92,651 crore was estimated for the year 2014.

The Ministry in its Action taken reply have stated that Ministry of Food Processing Industries is implementing a Central Sector Scheme for Integrated Cold Chain and Value Addition Infrastructure in order to arrest post-harvest losses of horticulture & non-horticulture produce and to provide remunerative prices to farmers. Under the scheme creation of farm level infrastructure has been made mandatory which will give more thrust to facilities for collection and storage of agriculture/horticulture produce at farm level to cover farmers of the remote areas so that post-harvest losses of agriculture and horticulture produce can be arrested.

The Committee desire that the implementation of the suggestions given by Dr. Sumitra Chaudhri Committee should be expedited. The Committee feel that the need of the hour is to prevent harvest and post-Harvest losses by establishing efficient cold chain management in remote and rural areas so that farmers can reap the benefit of their produce. The Committee would like to be informed of the action taken in this regard.

**E. PRADHAN MANTRI KISAN SAMPADA YOJANA
RECOMMENDATION (PARA NO. 7)**

1.17 The Committee had observed/ recommended as under:-:

The Committee are glad to note that Pradhan Mantri Kisan Sampada Yojana (PMKSY) has been approved with an allocation of Rs. 6,000 Crore for the period 2016-20 coterminous with the 14th Finance Commission cycle. It will not only provide a big boost to the growth of the food processing sector in the country but also help in providing better prices to farmers and is a big step towards doubling farmers income, creating employment opportunities especially in the rural areas, reducing wastage of agricultural produce, increasing the processing level and enhancing the export of the processed

foods. The PMKSY will attend to the requirement of the entire value chain from farm gate to retail outlet and human resources development through various schemes incorporated into it. This will lead to holistic development of the food processing sector in the country. The Pradhan Mantri Kisan Sampada Yojana is an umbrella scheme of seven schemes namely; Scheme for Mega Food Park, Scheme for Integrated Cold Chain and Value Addition Infrastructure, Scheme for Creation/Expansion of Food Processing & Preservation Capacities, Scheme for Infrastructure for Agro-processing Clusters, Scheme for Creation of Backward and Forward Linkage, Scheme for Food Safety and Quality Assurance infrastructure and Scheme for Human Resources and Institutions. The Committee feel that various schemes under PMKSY will prove to be a milestone for the holistic development of Food Processing Industries.

The Committee desire that keeping in view the role of Food Processing Industries in terms of its contribution in reduction of wastage farm produce wastages and ensuring higher returns to farmers, the Ministry of Food Processing Industries should make all out efforts to implement the PMKSY with the avowed objective of doubling farmers income by 2022, generation of employment, increase in export earning, addressing critical issues of food security, and provide wholesome nutritious food to the masses be achieved.

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

The Government of India is making all out efforts to implement PMKSY for achieving desired objectives. The budget allocation for the schemes of the Ministry has been doubled in 2018-19 to Rs. 1400.00 crore from Rs.725.00 crore in 2017-18 for effective implementation of various Schemes. The status of implementation of Schemes under PMKSY is given below:

Mega Food Parks Scheme

- Ministry has accorded approval to 42 Mega Food Parks (MFPs) in the country for creation of modern infrastructure facilities for food processing with a cluster-based approach. These 42 MFPs are expected to create total facilities to process approximately 42 lakh MT of agri-horti produce in the country amounting to Rs. 10,500 crores of produces. These parks are expected to generate direct and indirect employment to about 2.10 lakh persons and would benefit to about 10.50 lakh farmers.
- 12 MFPs have become operational so far in the State of Uttarakhand (Haridwar and Udhampur), Andhra Pradesh (Chittoor), Karnataka (Tumkur), Punjab (Fazilka), Assam (Nalbari), Jharkhand (Ranchi), Madhya

Pradesh (Khargone), West Bengal (Murshidabad), Odisha (Rayagada), Maharashtra (Satara) and Rajasthan (Ajmer),

- Another 15 MFPs are targeted for operationalization in the current financial year in the State of Maharashtra (Aurangabad), Gujarat (Surat), Tripura (Sikaria), Mizoram (Aizwal), Andhra Pradesh (West Godavari), Telangana (Nizamabad), Himachal Pradesh (Una), Chattishgarh (Raipur), Haryana (Sonipat), Madhya Pradesh (Dewas), Punjab (Ludhiana), Odisha (Khurda), Bihar (Khargaria), Jammu & Kashmir (Pulwama) and Kerala (Palakkad).

Integrated Cold Chain and Value Addition Infrastructure scheme

- Integrated Cold Chain and Value Addition Infrastructure scheme is being implemented with the objective of arresting post-harvest losses of horticulture & non-horticulture produce and providing remunerative price to farmers for their produce.
- Ministry of Food Processing Industries (MOFPI) has so far sanctioned 238 cold chain projects for financial assistance. Out of which 122 projects have achieved completion and started commercial production.
- Another 50 Cold Chain projects will be assisted during 2018-19 for which fresh EoI has been issued on 10.03.2018 with the closing date 30.04.2018.
- Each Cold Chain project helps in creating direct employment for about 100 persons and indirect employment for about 500 persons. Each cold chain project links about 500 farmers in the fruits & vegetable sector and 5000 farmers in dairy/ fishery/ marine sector.

Infrastructure for Agro-Processing Clusters Scheme

- The Scheme for Creation of Infrastructure for Agro-Processing Clusters would incentivize the setting up of 100 agro processing clusters in the country;
- Till date, eight (8) Agro-Processing Clusters located at Nagpur, Amravati, Nashik, Nanded, Kolhapur and Osmanabad in State of Maharashtra, Karnal (Haryana) and Kanpur Dehat (UP) have been approved.
- Fresh EoI issued on 22.12.2017 with closing date 30.06.2018.

Creation of Backward and Forward Linkages Scheme

- With the objective of providing effective and seamless backward and forward integration for processed food industry, the Ministry has launched the new scheme for Creation of Backward and Forward Linkages. The Scheme will

enable linking of farmers to processors and the market thereby ensuring remunerative prices for their produce.

- 31 proposals are currently under final approval by the Ministry. Fresh EOI has been issued on 07.03.2018 with closing date 30.04.2018.

Creation/ Expansion of Food Processing and Preservation Capacities Scheme

- The main objective of the Scheme is for promotion of processing / preservation of agro food products and modernization/ capacity enhancement of food processing units which will help in increasing the level of processing, value addition thereby reduction of wastage.
- 52 new projects have been approved with estimated capacity creation of about 2,500 MT per day. Fresh EOI issued on 29.12.2017 with closing date 15.06.2018.

Scheme of Setting up / up gradation of Food Testing Laboratory

Ministry of Food Processing Industries, under the Scheme for Quality Assurance, provides financial assistance in the form of grant-in-aid for Setting up / Upgradation of Food Testing Laboratories so as to ensure compliance of domestic and international standards on food in case of domestic manufacture, imports as well as exports, to establish a surveillance system for monitoring the quality and composition of food and to analyse the samples received from processing industry and other stakeholders.

Under the Scheme, Central/State Government organizations/ Government universities (including deemed universities) and all other implementing agencies/private sector organizations are eligible for grant-in-aid as per the revised scheme guidelines w.e.f. 01.01.2017.

Proposals approved during the 12th Plan period (i.e up to 31.03.2016) are being dealt with by the Indian Council of Agricultural Research (ICAR) under the Ministry of Agriculture & Farmers Welfare, Department of Agricultural Research & Education (DARE) as per the earlier agreement for implementation of the scheme. It has since been decided to implement the Scheme by the Ministry on its own and the proposals received under the revised guidelines (w.e.f.01.01.2017) are being dealt by the Ministry.

Benefits of the Scheme:

- (i) Network of laboratories will help in carrying out various tests required to support the Food Safety regulatory activities.
- (ii) Help the food processing industry in regard to quality control measures, technical guidance, awareness creation, etc.
- (iii) Ensures the availability of safe and wholesome food products to the consumers.

Under the Scheme, Ministry of Food Processing Industries has so far sanctioned 111 Food Testing Laboratories for financial assistance. Out of which 74 Food Testing Laboratories have been achieved completion.

1.19 The Committee had noted that Pradhan Mantri Kisan Sampada Yojana (PMKSY) has been approved with an allocation of Rs 6000 crore for the period 2016-20. The Scheme is an umbrella scheme of seven schemes. The Committee had desired that Ministry of Food Processing Industries should make all out efforts to implement the PMKSY. The Ministry in its Action taken replies stated that the Government is making all out efforts to implement PMKSY for achieving desired objectives and the Status is 42 Mega Food Parks has been accorded approval. Regarding Integrated Cold Chain and value addition Infrastructure scheme so far sanctioned 238 cold chain projects for financial assistance Out of which 122 projects have achieved completion and started commercial production regarding Infrastructure for Agro-Processing cluster scheme would incentivize the setting up of 100 agro processing clusters in the Country. Fresh EoI issued on 22.12.2017 with closing date 30.06.2018. Regarding Creation of Backward and Forward linkages scheme 31 proposals are currently under final approval by the Ministry. Fresh EOI has been issued on 7.03.2018 with closing date 30.04.2018. Regarding Creation/Expansion of Food Processing and Preservation Capacities Scheme

52 new projects have been approved with estimated capacity creation of about 2,500 MT per day, Fresh EOI issued on 29.12.2017 with closing date 15.06.2018.

Regarding Scheme of Setting up/up gradation of Food Testing Laboratory 111 Food Testing Laboratories for financial assistance. Out of which 74 food Testing Laboratories have been achieved completion. The Committee, therefore, reiterate its recommendation that the Ministry should implement the PMKSY with all sincerity as it will facilitate to a great extent in doubling of the Farmer's Income by 2022, generation of employment, increase in export of earning and address critical issues of Food Security and provide wholesome, nutritious food to the masses. The Committee would like to be informed of the action taken in this regard.

CHAPTER - II

OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

IMPLEMENTATION OF POLICIES OF MOFPI RECOMMENDATION (PARA NO. 1)

The Committee noted that the Food Processing has tremendous potential for enabling the farmer to add value to their produce both in terms of quantity and quality to meet the requirements and standards of the market at all stages of value chain, processing and retailing. Considerable investments are required in rural infrastructure and in components of the supply chain by way of grading and packing centers. The Committee also note that the major issue of the country is to ensure remunerative prices to the farmers for their produce. If the surplus production of cereals, fruits, vegetables, milk, fish, meat and poultry, etc. are processed and marketed both inside and outside the country, there will be greater opportunities for adding to the income of farmers and employment and creating market for export of agro foods.

The Committee feel that it requires policies and plans for improvements of food processing infrastructure including up-gradation of technology, enforcement of quality standards and promoting investment in food processing. Food Processing adds value, enhances shelf-life and reduces wastage. The Committee, therefore, recommend that the Ministry should implement its policies both long and short terms strategies in a time bound manner and also provide requisite infrastructure facilities to entrepreneurs who are setting up food processing units and act as catalyst for bringing in greater investment into this sector by guiding and helping the industry and also incentives be given to industries being set up in rural areas are establishment of processing units in rural areas. The Committee feel that it will not only achieve the avowed objective of doubling the farmers income, also reduce harvest and post-harvest losses of major agricultural produces and add income to national exchequer. The Committee would like to be informed of the action taken by the Ministry in this regard.

REPLY OF THE GOVERNMENT

The **Pradhan Mantri Kisan Sampada Yojana (PMKSY)** is a big step towards doubling of farmers income, providing better prices to farmers, creating huge employment opportunities especially in rural areas. It provides a comprehensive package for creation of modern infrastructure with efficient supply chain

management from farm gate to retail outlet. It helps in reducing wastage of agriculture produce, increasing the processing level, enhancing the export of the processed foods, enabling availability of hygienic and nutritious food.

The Government has also announced the following in Budget 2018-19 for giving a fillip to the Food Processing sector:

- (i) Allocation of Ministry of Food Processing has been doubled from Rs. 715 crore in RE 2017-18 to Rs. 1400 crore in BE 2018-19.
- (ii) Government will promote establishment of specialized agro-processing financial institutions in food processing sector.
- (iii) Government proposes to launch an "Operation Greens" on the lines of "Operation Flood". "Operation Greens" shall promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management. Allocation of Rs.500 crore has been made for this purpose.

MAKE IN INDIA IN FOOD PROCESSING INDUSTRIES SETOR RECOMMENDATION (PARA NO. 2)

The Committee note that the agricultural production in India has consistently recorded higher output. India ranks no. 1 in the production of Milk, Ghee, Pulses, Ginger, Bananas, Guavas, Papayas and Mangoes. Further, India ranks no.2 in the world in the production of Rice, Wheat and several other vegetables & fruits. Abundant supply of raw materials, increase in demand for food products and incentives offered by the Government has impacted food processing sector positively. The food processing sector has been on average growing at a faster rate than agriculture sector During the period 2012-13 to 2015-16, Food Processing Industries sector grew at an Average Annual Growth Rate (AAGR) of around 2.88 per cent as compared to around 1.88 per cent in Agriculture and 6.61 per cent in Manufacturing at 2011-12 Prices. Food Processing Sector has also emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. It is seen that food products industry, compared to other industries has the largest number of factories and engages largest number of employees as well. The Committee further note that Food processing sector has been identified as one of the priority sector under "MAKE IN INDIA" an initiative of the Government. with a view to attract investment to this sector, Ministry of Food Processing Industry has been implementing schemes for development of

infrastructure for promoting food processing industries. Mega Food Parks with common utility like road, electricity, water supply, sewage facility and common processing facility like pulping, packaging, cold storage, dry storage and logistics are being promoted in areas with strong agricultural resource base. These parks provide fully developed plots and factory sheds to entrepreneurs on long term lease basis where they can set up food processing units in “plug & play model all these can be achieved if the Major challenges faced by Food Processing Industries’ like lack of primary processing storage and distribution facilities, procurement, dependent on Agricultural Produce Market Committee (APMC), Markets, inadequate link between production and processing, Lack of product development and innovation, inadequate focus on quality and safety standards are sorted out.

The Committee, desire the Ministry of Food Processing Industries should implement all the schemes Coming under Make in India with alacrity in order to promote the vision of Hon’ble Prime Minister to give priority to this sector under Make in India scheme. The Committee would like to be informed of the action taken in this regard.

REPLY OF THE GOVERNMENT

The Government has taken the following initiatives for holistic development of food processing sector:

I. Infrastructure Development:

A new Central Sector Scheme— **PRADHAN MANTRI KISAN SAMPADA YOJANA (PMKSY)** was approved on 3rd May, 2017 with an allocation of Rs.6,000 crore for leveraging investment of Rs.31400 crore, handling of 334 lakh MT agro-produce valuing Rs.1,04,125 crore which would benefit 20 lakh farmers and generate 5,30,500 direct/ indirect employment in the country. PMKSY is a big step towards doubling of farmers income, providing better prices to farmers, creating huge employment opportunities especially in the rural areas. It provides a comprehensive package for creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet. It helps in reducing wastage of agricultural produce, increasing the processing level, enhancing the export of the processed foods, enabling availability of hygienic and nutritious food.

Mega Food Park Scheme: 12 Mega Food Parks have been made operational as on today benefiting 25,875 farmers and generating 19182 direct employment and 640176 indirect employment and creating preservation and processing capacity of 17.15 lakh MT per annum.

Integrated Cold Chain and Value Addition Infrastructure: 122 projects under cold chain scheme have been completed benefitting 2,05,000 farmers, preserving 13,58,208 MT of agro - produce, processing 27,64,870 MT of agro-produce of value Rs. 6,912 crore. These have created capacity of 44.85 LLPD of milk processing, 4.53 lakh MT of cold storage, IQF of 103.55 MT/HR and 706 Reefer Trucks.

II. World Food India 2017: First time, a global investment summit “World Food India 2017” was organized by Ministry of Food Processing Industries from 3-5 November, 2017, attracted participation of around 75,000 visitors, 800 global and domestic exhibitors from 61 countries, 60 global CEOs and 27 States of India. 36 conferences, State and Country sessions and plenaries were organized over the three days. 8000 online and offline B2B meetings were held. Denmark, Germany and Japan participated as Partner Countries and Italy and Netherlands participated as Focus Countries.

MoUs for investment worth around US\$13.56 billion were signed between the industry and MoFPI. The major investment commitments were from France, Germany, Netherlands, UAE, USA, etc. The sub sectors where MoUs were signed included fruits and vegetables, packaged foods and confectionary, retail and e-commerce, cold chain and ware-housing, etc. Investment of 15 Billion USD are in various stages of grounding.

III. FDI in Food Processing Sector:

- Permitting 100% FDI through automatic route in manufacturing of food products and 100 % FDI under Government approval route for trading, including through ecommerce, in respect of food products produced and /or manufactured in India.
- FDI proposals in food retail worth US\$ 705 million have been approved.
- Overall FDI inflow as green field investment of US\$ 2654 million during FY 2014-2018 against US\$ 1736 million during 2010-11 to 2013-14.

V. Priority Sector Lending: Food and agro-based processing unit and cold chain infrastructure have been classified under agriculture activities for Priority Sector Lending (PSL) as per the revised RBI Guidelines issued on 23.04.2015.

V. Special Fund: In Budget 2014-15, a special fund of Rs. 2,000 Cr has been set up in NABARD to provide affordable credit in designated Food Parks & food processing units to be set up in these parks.

VI. Financial Institution in Food Processing Sector: Government in the Union Budget 2018-19 has announced to promote establishment of “Specialized Agro Processing Financial Institutions” in the food processing sector for creating the enabling environment for easy credit flow for the growth of the food processing sector and to meet the increasing credit requirement of the fast-growing food processing sector in the country. Such financial institutions promoted under the proposed scheme may act as “Accelerators” and “Mentors” for the promoters of food processing projects, who often find it hard to bridge the distance to organized lending. These Specialized agro-processing financial institutions may focus on exclusive development of the food processing sector with following main functions:

- Finance/refinance sectorial needs
- Risk Participation/mitigation
- Structured/customized product solutions
- Knowledge assimilation and dissemination in the financial sector
- Capacity building of existing Banks and financial institutions
- Designing and running acceleration programme for entrepreneurs
- Policy advocacy and schematic design for the Governments

VII. Operation Greens: Government in the Union Budget 2018-19 has announced launching of “Operation Greens” on the lines of “Operation Flood” to promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management with an allocation of Rs. 500 crores to address the seasonal and regional production and price fluctuation in these commodities and to stabilize price in the interest of both farmers and consumers. Consultation with stakeholders have been held involving Central/ State Government officials, Industry associations, research institutes, other concerned agencies and FPOs. Based on the inputs from the various stakeholders, the modalities of “Operation Greens” are being worked out by the Ministry.

Comments of the Committee

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

(F.No. 6-08/2018-Parl. Dated 24.07.2018)

CONTRIBUTION OF FOOD PROCESSING SECTOR

RECOMMENDATION (PARA NO. 3)

The Committee observe that a well-developed food processing sector with higher level of processing helps in the reduction of wastage, improves value addition, promotes crop diversification, ensures better return to the farmers, promotes employment as well as increases export earnings. This sector is also capable of addressing critical issues of food security, food inflation and providing wholesome, nutritious food to the masses. Food Processing Sector has also emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. The sector constitutes as much as 8.71 per cent and 10.04 per cent of GVA in Manufacturing and Agriculture sector respectively in 2015-16 at 2011-12 prices. This sector is highly labour intensive per unit of capital. Despite low capital intensity, the output of food products is not compromised as it is second largest among all industries. The Food processing Industry engages largest number of persons as compared to other industries while generating almost as high the output level as in other industries. The number of persons employed per Rs.1 crore of investment is 9.24 for the entire food processing industry. The percentage of GVA in these sub-sectors thus needs to be increased so that the bulk of the persons employed in the food processing industries earn higher remuneration as well. The Committee therefore recommend that boost should be given to this industry by bringing in greater investment and creating market for exports and creating a conducive environment for healthy growth of Food Processing Industries by inducting latest technologies in the Food Processing sector.

REPLY OF THE GOVERNMENT

MoFPI has taken up following issues with Ministry of Commerce & Industry in different occasion to boost food exports from India:

- a. In case of Authorization for import of Tea, minimum value addition under Advance Authorization is mandated at 50%. The limit may be raised to 100% for protecting the domestic Tea industry.

- b. The EPCG license holder is required to fulfill 50% of the export obligation in the 1st 4 years. However, Agriculture sector does not need to comply the said provision. In this regard “Agriculture” may be redefined as “Agriculture & Food Processing” so that Food Processing Sector could also avail the said benefit.

- c. Domestic manufacturers of food processing machineries may also be allowed to import capital goods at 0% concessional customs duty with an export obligations period of 12 years based on the certificate issued by Ministry of Food Processing Industries as sponsoring authority. This is presently allowed for Ministry of Agriculture.
- d. Export of Milk & Milk products and export of Meat & Meat products fall under the ineligible categories of MEIS. These sectors may also be made eligible under MEIS to benefit the food processing industries.
- e. Currently, services incidental to Agriculture are entitled for 3% duty credit scrips. In this regard "Agriculture" may be redefined as "Agriculture & Food Processing" so that consultancy and other business services related to Food Processing Industries could also avail the said benefit.
- f. EPCG benefit for second-hand food processing machineries not less than 5 years old and domestic non- availability is also there.
- g. To increase duty-free scrips on agricultural exports under MEIS from existing 5% to 7%.

Exports of processed food products require issuance of health certificate by Export Inspection Agency (EIA). For this, exporters need to submit sample in EIA approved lab, which is tested by the respective lab and on the basis of the test result EIA issue Health Certificate. For issuance of health certificate, EIA charges 0.46% of FOB Value of Invoice/Exports from exporters. Economic Division suggested that the Government fixes EIA fee as Rs. 100/certificate instead of 0.46% of FOB Value of Invoice/Exports.

MEGA FOOD PARKS

RECOMMENDATION (PARA NO. 5)

The schemes of Mega Food Parks was envisaged in the year 2008. The Mega Food Parks aims at providing modern infrastructure facilities for food processing along the value chain from farms to market. The scheme functions on hub and spoke model which includes creation of infrastructure for primary processing and storage farm gate at Primary Processing Centre (PPC), Collection Centre (CC) and common facilities and enabling infrastructure at Centre Processing Centre. The Government has so far provided 42 Mega Food Parks out of these 38

projects have been accorded final approval and in principle approval has been issued to 4 projects. 9 Projects are presently in operation. 6 Mega Food Projects are at advance stage of implementation and are likely to be made functional in current financial year. 12 more Mega Food Projects will be made operational in 2018-19 and the remaining in 2019-20. During The Finance year 2017-18 (as on 31.12.2017) , the Ministry has released grant-in-aid of Rs 242.23 crores to the ongoing Mega Food Projects. The Committee have been informed that the Ministry has invited expression of interest against vacant source of Mega Food Parks in uncovered States i.e. Arunachal Pradesh, Goa, Manipur, Meghalaya, Sikkim and Uttar Pradesh, out of 10 proposals received, in principle approval to 3 proposals have been given. In their earlier reports on Demands for Grants relating to Ministry, the Committee have time and again recommended for expeditious implementation of Mega Food Parks. However they are concerned to note that the pace of implementation of Mega Food Parks is very slow. With the inclusion of Mega Food Parks scheme under the scheme of PradhanMantriKisanSampadhaYojana, the Committee hope that these projects will now be implemented at the desired pace. The Committee recommended to the Ministry to take concrete steps for early implementation of these projects. They will like to be apprised of the actions taken in this regards from time to time.

REPLY OF THE GOVERNMENT

The scheme of Mega Food Parks was envisaged in the year 2008. The Mega Food Parks aims at providing modern infrastructure facilities for food processing along the value chain from farm to market. The scheme functions on hub and spoke model, which includes creation of infrastructure for primary processing and near storage the farm gate at Primary Processing Centre (PPC), Collection Centre (CC) and common facilities and enabling infrastructure at Central Processing Centre. The Government has so far provided 42 Mega Food Parks out of these 38 projects have been accorded final approval and in-principle approval has been issued to 4 projects. 10 Projects are presently in operation. 5 Mega Food Parks projects are at advance stage of implementation and are likely to be made functional in next 2-3 months. 12 more Mega Food Park projects will be made operational in 2018-19 and the remaining in 2019-20. Presently, there is no vacancy available under the Mega Food Park Scheme. While sanctioning a new Mega Food Park project against cancellation/withdrawn, due attention is given for selection of the location of the Mega Food Park.

During the Finance year 2017-18 (as on 16.03.2018), Ministry has released grant in aid of Rs. 291.37 crores to the ongoing Mega Food Park projects.

Ministry is taking a number of steps to expedite implementation of the projects as per the timeline. Ministry carefully monitors implementation of each MFP project individually and makes prompt & proper assessment at every stage of the project implementation. Quarterly review of the projects is taken by Secretary, FPI and Hon'ble Ministry, FPI.

Besides continuous monitoring, the following steps have been taken by the Ministry for timely implementation of MFP projects:

- xiii. Review and modification in the scheme guidelines from time to time based on inputs received from various channels/stakeholders.
- xiv. Ministry takes up issues with various concerned Departments/Agencies of the State Governments to expedite statutory clearances and to remove the bottlenecks in implementation of projects.
- xv. State Governments and Ministry of Finance were pursued to announce fiscal incentives to the Mega Food Park projects.
- xvi. Issues were taken up with the Banks/FIs to expedite sanction of term loan to the project.
- xvii. A fund of Rs. 2000 crore has been created with NABARD to provide affordable credit to Mega Food Parks and entrepreneurs setting up units therein.
- xviii. Infrastructure project status accorded to Mega Food Parks.
- xix. Priority Sector Lending (PSL) status accorded to Food processing projects up to Rs.100 crore per borrower.
- xx. For promotion of investment in Mega Food Parks, awareness is created through various modes of publicity like, advertisement in newspapers, Radio and Doordarshan, participation in domestic and international exhibitions etc and organizing seminars/workshops.
- xxi. District Level Coordination Committees have been constituted to resolve local issues.
- xxii. Provision has been made in the revised scheme guidelines for imposing penalty in case of non-adherence to stipulated timeline for completion of project.
- xxiii. A new Central Sector Scheme for "Creation / Expansion of Food Processing & Preservation Capacities" under PRADHAN MANTRI KISAN SAMPADA YOJANA has been approved by the Govt. Under, one of the scheme "Creation / Expansion of Food Processing & Preservation Capacities",

financial assistance is provided to entrepreneurs to set up food processing units in the Mega Food Parks. Till dates 37 units have been approved in Mega Food Parks under this Scheme.

xxiv. Ministry vide letter dated 15.12.2017 has requested Finance Ministry that all Food Parks/Agro processing clusters be treated at par with State Government Industrial Development Corporations or Undertakings for applicability of GST on one-time upfront payment of lease premium on allotment of developed plots inside the Mega Food Park.

Comments of the Committee

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

(F.No. 6-08/2018-Parl. Dated 24.07.2018)

COLD CHAIN PROJECTS

RECOMMENDATION (PARA NO. 6)

The Committee note that despite the large scale agricultural production in India, food security issues are major concerns for policy makers in the country. A nation-wide study on quantitative assessment of harvest and post-harvest losses for 46 agricultural produces in 106 randomly selected districts was carried out by Central Institute of Post-Harvest Engineering & Technology (CIPHET), Ludhiana. The aforesaid study considers the quantitative loss as the material rendered "unfit for human consumption". The different stages considered for assessment of losses are harvesting, collection, thrashing, grading /sorting, winnowing /cleaning, drying, packaging, transportation, and storage depending upon the commodity and one of the main reasons for the high losses in the supply chain of perishables is the absence of adequate and efficient cold chain infrastructure right from the farm gate to the consumer. In a repeat study conducted by the Central Institute of Post-Harvest Engineering & Technology (CIPHET), Ludhiana during 2012-14 on behalf of Ministry of Food Processing Industries on Assessment of Quantitative Harvest and Post-Harvest Losses of Major Crops and Commodities in India, average range of losses for food grains, oils seeds and fruits & vegetables were found to be between 4% to 16% resulting in annual loss of 92,651crore at price index of 2014. The Committee note that a Committee under the Chairmanship of Dr. Sumitra Chaudhuri Member, Planning Commission constituted in year 2012 on encouraging investments in supply chains including provision for cold chain for more efficient farm

distribution. Further the Committee note that To accelerate the availability of cold storage and to improve the efficiency of Cold Chain Management, a Task Force set up by the PMO in 2014 under the Chairmanship of Secretary, FPI noted that a capacity of about 8 Million Tonnes has been created since NSEL assessment and thus the gap may be around 29 million Tonnes and inter alia, recommended that Government should aim at creating additional capacity of 7.5 million tonnes over the next five years for which around ₹ 6100 crore would be required. Out of this, Department of Agriculture & Cooperation can take up 5 million tonnes under MIDH (2.5 million tonnes each by NHM and NHB) and MoFPI can take up 2.5 million tonnes. The Committee desire the Ministry to expedite the implementation of the suggestions given by Dr. SumitraChaudhuri Committee and also the task force set up by the PMO in 2014 under the Chairmanship of secretary Food Processing Industries.

The Committee recommend that (i) in addition to large scale cold chain projects, cold storage plants at small scale, such as village co-operative at the district village level and try to cover all the Remote part of village so that the objective of arresting Post Harvest Losses of agriculture and horticulture produce can be achieved (ii) a fresh nation-wide study in qualitative adjustment of Harvest and post-harvest losses for maximum agricultural produces be conducted. The Committee would like to be informed of the action taken in this regard.

REPLY OF THE GOVERNMENT

Ministry of Food Processing Industries is implementing a central sector Scheme for Integrated Cold Chain and Value Addition Infrastructure in order to arrest post-harvest losses of horticulture & non-horticulture produce and to provide remunerative prices to farmers. Under the scheme creation of farm level infrastructure has been made mandatory which will give more thrust to facilities for collection and storage of agriculture/horticulture produce at farm level to cover farmers of the remote areas so that post-harvest losses of agriculture and horticulture produce can be arrested. The promoters are also setting up smaller cold storage and pack house facility at village / farm level which is beneficial for the farmers. The scheme for Integrated Cold Chain and Value Addition Infrastructure is demand driven and entrepreneurs are free to apply for upgradation and modernization of their existing integrated cold chain facilities under the Scheme.

Comments of the Committee

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

PRADHAN MANTRI KISAN SAMPADA YOJANA
RECOMMENDATION (PARA NO. 7)

The Committee are glad to note that Pradhan Mantri Kisan Sampada Yojana (PMKSY) has been approved with an allocation of Rs. 6,000 Crore for the period 2016-20 coterminous with the 14th Finance Commission cycle. It will not only provide a big boost to the growth of the food processing sector in the country but also help in providing better prices to farmers and is a big step towards doubling farmers income, creating employment opportunities especially in the rural areas, reducing wastage of agricultural produce, increasing the processing level and enhancing the export of the processed foods. The PMKSY will attend to the requirement of the entire value chain from farm gate to retail outlet and human resources development through various schemes incorporated into it. This will lead to holistic development of the food processing sector in the country. The Pradhan Mantri Kisan Sampada Yojana is an umbrella scheme of seven schemes namely; Scheme for Mega Food Park, Scheme for Integrated Cold Chain and Value Addition Infrastructure, Scheme for Creation/Expansion of Food Processing & Preservation Capacities, Scheme for Infrastructure for Agro-processing Clusters, Scheme for Creation of Backward and Forward Linkage, Scheme for Food Safety and Quality Assurance infrastructure and Scheme for Human Resources and Institutions. The Committee feel that various schemes under PMKSY will prove to be a milestone for the holistic development of Food Processing Industries.

The Committee desire that keeping in view the role of Food Processing Industries in terms of its contribution in reduction of wastage farm produce wastages and ensuring higher returns to farmers, the Ministry of Food Processing Industries should make all out efforts to implement the PMKSY with the avowed objective of doubling farmers income by 2022, generation of employment, increase in export earning, addressing critical issues of food security, and provide wholesome nutritious food to the masses be achieved.

REPLY OF THE GOVERNMENT

The Government of India is making all out efforts to implement PMKSY for achieving desired objectives. The budget allocation for the schemes of the Ministry has been doubled in 2018-19 to Rs. 1400.00 crore from Rs.725.00 crore in 2017-18 for effective implementation of various Schemes. The status of implementation of Schemes under PMKSY is given below:

Mega Food Parks Scheme

- Ministry has accorded approval to 42 Mega Food Parks (MFPs) in the country for creation of modern infrastructure facilities for food processing with a cluster-based approach. These 42 MFPs are expected to create total facilities to process approximately 42 lakh MT of agri-horti produce in the country amounting to Rs. 10,500 crores of produces. These parks are expected to generate direct and indirect employment to about 2.10 lakh persons and would benefit to about 10.50 lakh farmers.
- 12 MFPs have become operational so far in the State of Uttarakhand (Haridwar and Udhampur Singh Nagar), Andhra Pradesh (Chittoor), Karnataka (Tumkur), Punjab (Fazilka), Assam (Nalbari), Jharkhand (Ranchi), Madhya Pradesh (Khargone), West Bengal (Murshidabad), Odisha (Rayagada), Maharashtra (Satara) and Rajasthan (Ajmer),
- Another 15 MFPs are targeted for operationalization in the current financial year in the State of Maharashtra (Aurangabad), Gujarat (Surat), Tripura (Sikaria), Mizoram (Aizawl), Andhra Pradesh (West Godavari), Telangana (Nizamabad), Himachal Pradesh (Una), Chattishgarh (Raipur), Haryana (Sonipat), Madhya Pradesh (Dewas), Punjab (Ludhiana), Odisha (Khurda), Bihar (Khargaria), Jammu & Kashmir (Pulwama) and Kerala (Palakkad).

Integrated Cold Chain and Value Addition Infrastructure scheme

- Integrated Cold Chain and Value Addition Infrastructure scheme is being implemented with the objective of arresting post-harvest losses of horticulture & non-horticulture produce and providing remunerative price to farmers for their produce.
- Ministry of Food Processing Industries (MOFPI) has so far sanctioned 238 cold chain projects for financial assistance. Out of which 122 projects have achieved completion and started commercial production.
- Another 50 Cold Chain projects will be assisted during 2018-19 for which fresh EoI has been issued on 10.03.2018 with the closing date 30.04.2018.
- Each Cold Chain project helps in creating direct employment for about 100 persons and indirect employment for about 500 persons. Each cold chain project links about 500 farmers in the fruits & vegetable sector and 5000 farmers in dairy/ fishery/ marine sector.

Infrastructure for Agro-Processing Clusters Scheme

- The Scheme for Creation of Infrastructure for Agro-Processing Clusters would incentivize the setting up of 100 agro processing clusters in the country;
- Till date, eight (8) Agro-Processing Clusters located at Nagpur, Amravati, Nashik, Nanded, Kolhapur and Osmanabad in State of Maharashtra, Karnal (Haryana) and Kanpur Dehat (UP) have been approved.
- Fresh EoI issued on 22.12.2017 with closing date 30.06.2018.

Creation of Backward and Forward Linkages Scheme

- With the objective of providing effective and seamless backward and forward integration for processed food industry, the Ministry has launched the new scheme for Creation of Backward and Forward Linkages. The Scheme will enable linking of farmers to processors and the market thereby ensuring remunerative prices for their produce.
- 31 proposals are currently under final approval by the Ministry. Fresh EOI has been issued on 07.03.2018 with closing date 30.04.2018.

Creation/ Expansion of Food Processing and Preservation Capacities Scheme

- The main objective of the Scheme is for promotion of processing / preservation of agro food products and modernization/ capacity enhancement of food processing units which will help in increasing the level of processing, value addition thereby reduction of wastage.
- 52 new projects have been approved with estimated capacity creation of about 2,500 MT per day. Fresh EoI issued on 29.12.2017 with closing date 15.06.2018.

Scheme of Setting up / up gradation of Food Testing Laboratory

Ministry of Food Processing Industries, under the Scheme for Quality Assurance, provides financial assistance in the form of grant-in-aid for Setting up / Up gradation of Food Testing Laboratories so as to ensure compliance of domestic and international standards on food in case of domestic manufacture, imports as well as exports, to establish a surveillance system for monitoring the quality and

composition of food and to analyse the samples received from processing industry and other stakeholders.

Under the Scheme, Central/State Government organizations/ Government universities (including deemed universities) and all other implementing agencies/private sector organizations are eligible for grant-in-aid as per the revised scheme guidelines w.e.f. 01.01.2017.

Proposals approved during the 12th Plan period (i.e up to 31.03.2016) are being dealt with by the Indian Council of Agricultural Research (ICAR) under the Ministry of Agriculture & Farmers Welfare, Department of Agricultural Research & Education (DARE) as per the earlier agreement for implementation of the scheme. It has since been decided to implement the Scheme by the Ministry on its own and the proposals received under the revised guidelines (w.e.f.01.01.2017) are being dealt by the Ministry.

Benefits of the Scheme:

- (iv) Network of laboratories will help in carrying out various tests required to support the Food Safety regulatory activities.
- (v) Help the food processing industry in regard to quality control measures, technical guidance, awareness creation, etc.
- (vi) Ensures the availability of safe and wholesome food products to the consumers.

Under the Scheme, Ministry of Food Processing Industries has so far sanctioned 111 Food Testing Laboratories for financial assistance. Out of which 74 Food Testing Laboratories have been achieved completion.

Comments of the Committee

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

(F.No. 6-08/2018-Parl. Dated 24.07.2018)

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

NIL

CHAPTER V

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

UTILISATION OF FUNDS

RECOMMENDATION (PARA NO. 4)

The Committee are happy to note that an amount of Rs. 1400 crore has been allocated to the Ministry for the year 2018-19. This is a huge increase in amount as compared to previous year 2017-18 which was Rs. 715 crore.

However, the Committee are unhappy to note that out of the total allocated funds of Rs. 63.38 crore for North East states, the actual allocation up to 31.10.17 was Rs. 21.01 crore only. This lower utilization of funds is stated to be non-availability of good projects on large scale. The Committee desire that efforts should be made for proper utilization of funds in North East States and the reason to be found out for non-availability of projects in this region. The Ministry should take the opinion of expert and send a fact-finding Committee in North East, to find out solutions to the problem. The Committee recommend that the Ministry should identify the areas in North East States about the availability of various products and exploit the potential there.

REPLY OF THE GOVERNMENT

In this connection, a meeting was held on 7th May, 2018 at 10:00 AM under the Chairmanship of Secretary (FPI) with representative of Ministry of DONER. It was decided in the meeting that MoDONER and MoFPI will convene a meeting of entrepreneurs, State Government representatives, State Industry Associations etc. of North Eastern States to discuss issues being considered as constraints in utilisation of funds under various schemes of the Ministry and to find out the way to increase proposals from the region. Accordingly, a meeting of the stakeholders was held in Guwahati on 11.07.2018 which was chaired by Secretary, DONER and Secretary, FPI. Mainly the issues relating to low response to various schemes of the MoFPI in NE Region were discussed in the meeting. A number of good suggestions were made in the meeting to attract investment in the food processing sector. These suggestions are being examined at various levels for following action. MoFPI is considering modification in its scheme for the NE Region based on these suggestions.

Comments of the Committee

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

(F.No. 6-08/2018-Parl. Dated 24.07.2018)

NEW DELHI;
06 August, 2018
15 Shravana,1940 (Saka)

HUKM DEV NARAYAN YADAV
Chairperson,
Standing Committee on Agriculture.

STANDING COMMITTEE ON AGRICULTURE
(2017-18)

MINUTES OF THE TWENTY EIGHTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 07th August, 2018 from 1000 hrs. to 1050 hrs. in the Chamber of the Chairperson, Room No. 138, Third Floor, Parliament House, New Delhi.

PRESENT

Shri Hukmdev Narayan Yadav – Chairperson

MEMBERS

LOK SABHA

2. Prof. Ravindra Vishwanath Gaikwad
3. Shri Nalin Kumar Kateel
4. Smt. Raksha Nikhil Khadse
5. Md. Badaruddoza Khan
6. Shri Janardan Mishra
7. Shri Devji M. Patel
8. Shri Mukesh Rajput
9. Shri C.L. Ruala

RAJYA SABHA

10. Shri Kailash Soni
11. Shri Ram Nath Thakur
12. Dr. Chandrapal Singh Yadav

SECRETARIAT

1.	Shri Arun K. Kaushik	–	Director
2.	Shri Sumesh Kumar	–	Under Secretary

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

(i) Draft Report on the Action Taken by the Government on the Observations/Recommendations contained in the 50th Report (16th Lok Sabha) of the Standing Committee on Agriculture (2017-18) on 'Demands for Grants (2018-19)' of the Ministry of Food Processing Industries; and

*(ii) XXXXX XXXXX XXXXX XXXXX

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

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	07
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Recommendation Nos.	1,2,3,5,6 and 7
	Total	06
	Percentage	85.7%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Recommendation Nos.	NIL
	Total	0
	Percentage	00.00%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
	Recommendation No.	NIL
	Total	0
	Percentage	00.00%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Recommendation No.	4
	Total	1
	Percentage	14.2%