

TWENTY SEVENTH REPORT  
STANDING COMMITTEE ON AGRICULTURE  
(2015-2016)  
(SIXTEENTH LOK SABHA)  
MINISTRY OF FOOD PROCESSING INDUSTRIES

‘MEGA FOOD PARKS’

*[Action Taken by the Government on the Observations/  
Recommendations contained in the Sixteenth Report  
(Sixteenth Lok Sabha) of the Standing Committee  
on Agriculture (2014-2015)]*

*Presented to Lok Sabha on 11.08.2016  
Laid on the Table of Rajya Sabha on 11.08.2016*



LOK SABHA SECRETARIAT  
NEW DELHI  
*August, 2016/Shravana, 1938 (Saka)*

COA No. 343

*Price : ₹ 49.00*

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifteenth Edition) and printed by Anupam Art Printers, New Delhi.

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COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE  
(2015-2016)

Shri Hukm Deo Narayan Yadav — *Chairperson*

MEMBERS

*Lok Sabha*

2. Prof. Ravindra Vishwanath Gaikwad
3. Shri Sanganna Karadi
4. Shri Nalin Kumar Kateel
- \*5. Smt. Raksha Nikhil Khadse
6. Md. Badaruddoza Khan
7. Shri C. Mahendran
8. Dr. Tapas Mandal
9. Shri Janardan Mishra
10. Shri Ajay Nishad
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12. Shri Nityanand Rai
13. Shri Mukesh Rajput
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21. Shri B.S. Yeddyurappa

*Rajya Sabha*

- <sup>^</sup>22. Vacant
23. Shrimati Renuka Chowdhury

\* Smt. Raksha Nikhil Khadse, MP, Lok Sabha, nominated to the Committee w.e.f. 13.04.2016 *vice* Prof. Richard Hay who ceased to be the Member of the Committee w.e.f. 13.04.2016.

<sup>§</sup> Vacant due to sad demise of Shri Dalpat Singh Paraste w.e.f. 01.06.2016.

<sup>^</sup> Vacant due to retirement of Shri A.W. Rabi Bernard from the Membership of Rajya Sabha w.e.f. 29.06.2016 *vide* CB-I Note dated 28.06.2016.

- #24. Sardar Sukhdev Singh Dhindsa  
25. Shri Janardan Dwivedi  
@26. Shri Meghraj Jain  
27. Shri Vinay Katiyar  
28. Shri Mohd. Ali Khan  
29. Shri Ram Nath Thakur  
30. Shri Shankarbhai N. Vegad  
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SECRETARIAT

1. Shri U.B.S. Negi — *Joint Secretary*  
2. Shri Arun K. Kaushik — *Director*  
3. Shri Nirantar Kumar Singh — *Senior Executive Assistant*

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# Sardar Sukhdev Singh Dhindsa, MP, Rajya Sabha, nominated to the Committee w.e.f. 23.05.2016 vide Lok Sabha Bulletin—Part II, No.3581 dated 23.05.2016.

@ Shri Meghraj Jain, MP, Rajya Sabha, nominated to the Committee w.e.f. 28.07.2016 vide Rajya Sabha Bulletin—Part II, dated 28.07.2016.

Shri Rajpal Singh Saini from the Membership of Rajya Sabha w.e.f. 04.07.2016 vide CB-I Note dated 28.06.2016.

## INTRODUCTION

1, the Chairperson, Standing Committee on Agriculture (2015-16), having been authorized by the Committee to submit the Report on their behalf, present this Twenty Seventh Report on action taken by the Government on the Observations/Recommendations contained in the Sixteenth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2014-15) on the Subject 'Mega Food Parks' pertaining to the Ministry of Food Processing Industries.

2. The Sixteenth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2014-15) on the Subject 'Mega Food Parks' of the Ministry of Food Processing Industries was presented to Lok Sabha and laid on the Table of Rajya Sabha on 11 August, 2015. The Action Taken Notes on the Report were received on 10 November, 2015.

3. The Report was considered and adopted by the Committee at their Sitting held on 08.08.2016.

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

NEW DELHI;  
09 August, 2016  
18 Shravana, 1938 (Saka)

HUKM DEO 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 Sixteenth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2014-2015) on “Mega Food Parks” pertaining to Ministry of Food Processing Industries which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 11.08.2015.

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. 1, 2, 6, 8, 9 and 10

Chapter II  
Total-06

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

Recommendation No. 5

Chapter III  
Total-01

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

Recommendation Nos. 3, 4 and 7

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-NIL

1.3 The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In cases, where it is not possible for the Ministry to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken Notes on the Observations/Recommendations contained in Chapter-I 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. INCENTIVES TO THE FARMERS

##### Recommendation (Serial No. 3)

1.5 The Committee had observed/recommended as under:—

“The Committee note that ‘Mega Food Park Scheme’ was introduced to cater to the need of proper preservation and conservation of agro-products with a view to ensure multi-dimensional agricultural infrastructure development. The Scheme envisages a well defined agri/horticultural processing zone containing state-of-the art processing facilities with support infrastructure and well established Supply chain aims to create a modern food processing infrastructure for the small and medium processing units which otherwise have not been able to develop due to capital intensive nature of food processing equipment. It intends to facilitate establishment of an integrated value chain, with food processing at the core and supported by requisite forward and backward linkages. The broader idea behind the scheme is to bring farmers, processors and retailers together and link agriculture production to the market so as to ensure maximization of value addition, minimization of wastages and improving farmers’ income. The concept of ‘Mega Food Park Scheme’ envisages a cluster approach based on hub and spoke Model comprising of farm promixate facilities such as collection Centres, Primary Processing Centres (PPC) and a Central Processing Centres (CPC). The Committee appreciate the scheme for its farmers centric approach. However, it is observed that the beneficiaries of the scheme are not the farmers to the intended degrees. It is the industrialists and other entrepreneurs who are benefited the most by the various incentives available under the scheme. It is not sure whether the produce of the farmers for these industries are taken on prescribed rates uniformly. The Committee, therefore,

recommend that some mechanism should be evolved to ensure that the produce of the farmers are taken by the processing industries at the prescribed prices and the incentives of the scheme should also be passed on to the farmers or some percentage of the profits should be earmarked to the farmers whose produce were taken by the processing industries.”

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

“The end objective of the scheme of Mega Food Parks is to minimize the wastage of agricultural produce, particularly perishables, by increasing levels of value addition. The grant is provided by the Ministry to the SPV for the purpose of creating food processing infrastructure for utilization by the food processing units set up in the Park for storage and value addition of the agricultural produce.

Farmers are benefited by the scheme either directly or indirectly. Farmers are one of the direct beneficiaries if they are part of the SPV, which implement, own and operate the projects. Indirectly, value addition and reduction in wastage of agricultural produce results in increase of the farmer’s income. The processing units, which have been setup in these Parks, are procuring agricultural produce as raw material for processing. The sourcing of raw material from the farmers, including small and marginal farmers, is helping them in getting better prices for their produce. They may also avail sorting, grading and storage facilities for their produce. These projects are helping in reducing wastages of perishable commodities in the catchment area.

An impact assessment of scheme, recently conducted by Indian Council for Research on International Economic Relations (ICRIER), New Delhi, revealed that the promoters of functional Mega Food Parks are providing training to the farmers in modern techniques of agriculture production, establishing backward linkage for raw material and providing better price of their produce. Such initiative would certainly result in better return to the farmers.

The Scheme is private sector driven and the projects are based on the sound commercial decision of the investor based on economic viability. The Government is only providing financial assistance partly to make them viable so that adequate investment may be attracted in this area to enhance the level of food processing in the country. It is impractical to expect from private investor to earmark certain percentage of the profit for the farmers. However,

it is expected that with a large number of food processing units being set up in the Parks, there will be increased demand of the agricultural produce in the catchment areas as raw material which will benefit farmers.”

1.7 The Committee are not satisfied with the reply of the Government. Though the Scheme is private sector driven and the projects are based on the sound commercial decision of the investor based on economic viability. The fact remains that Government is providing financial assistance to make them viable and the same cannot be ignored by the private entrepreneurs. It is but natural to expect from private entrepreneurs to pass on certain percentage of their profits for the benefits and welfare of the farmers. The processing units, which have been setup or being set up under Mega Food Parks Scheme depends upon agricultural produce as raw material for their processing units. While the sourcing of raw material from the farmers, including small and marginal farmers, helps the entrepreneurs in fetching handsome profits, there is no mechanism to ensure that the farmers are getting reasonable prices for their produce. The Committee are of the opinion that the Scheme should be farmers centric and the entrepreneurs should not be allowed to make undue profit at the cost of farmers. One of the objectives of the scheme is to increase the income of the farmers and the same cannot be achieved unless farmers are given reasonable price for their produce and incentives to augment their produce. The Committee, therefore, feel that raw material procured by the entrepreneurs at the Mega Food Parks' Collection Centers should be monitored on regular basis. The Committee, therefore, reiterate that a mechanism should be put in place to ensure that the produce of the farmers are procured by the processing industries at the profitable prices and the incentives or certain percentage of the profit of the industrialists or entrepreneurs scheme are also be passed on for the benefits and welfare of the farmers.

#### **Recommendation (Serial No. 4)**

1.8 The Committee had observed/recommended as under:—

“The Committee note that the purpose of Mega Food Parks Scheme is to have access to the agricultural and other farm related produces to minimize their wastage, ensuring value addition and also bringing farmers of the area into its fold by making available a platform to them wherein they can get good returns of their produces. However,

it can be observed that the objective for which this scheme is launched is yet to be achieved and the desired benefits are not accruing to the category of beneficiaries whom they were intended to. The cumbersome procedural delays, involvement of multiple agencies and requirement of huge finances make the entire process unattractive to farmers, primarily for whom the scheme has launched. The focus of the scheme has been diverted from farmers to entrepreneurs and resultantly farmers have been reduced to mere suppliers of their produces without any bargaining capacity. The Committee believe that this is not the objective of the scheme wherein, the farmers are not given the level playing field. It would be prudent for the scheme and beneficial for the farmers if local farmers are given the due priority in the scheme of things. For the purpose, the scheme can be modified/re-launched on local basis. It can be microcosm of the Mega Food Parks Scheme involving the farmers of specific areas with the provision of generation of funds in a self-help manner. The grants as deemed appropriate can also be given as are available to the Mega Scheme. The farmers can be given initial training in the processing of their produces. Local markets or purchase arrangements for such produces of the farmers can be made by the suitable indulgence. This will go a long way in making the farmers self-reliant with regard to their produces and its returns. It will also provide an opportunity for experimenting the innovative methods into their farming. The Committee, therefore, recommend that a proper strategy be devised to enlist the farmers for forging into local self-help groups or cooperatives for the purpose of using their produce into processing sector by themselves, thus minimizing the possibility of better returns of their efforts while simultaneously minimizing the risk of their exploitation.”

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

“Objectives of the scheme are likely to be achieved with the completion of all the Mega Food Parks. As on date, 5 Mega Food Parks have been operationalized. Many processing units have been set up in these Parks which are utilizing the agricultural produce as their raw materials and thereby generating employment and enhancing the farmers’ income in their respective catchment areas. An impact assessment of the Scheme has recently been conducted by the Ministry through an independent institute *i.e.* Indian Council for Research on International Economic Relations (ICRIER), New Delhi and their findings indicate that there has been a significant impact in catchment area of the operational Mega food Parks in general and farmers in particular.

Though, the increase in farmers income is one of the intended outcome of the scheme of Mega Food Parks, the basic objective and focus of the scheme is to minimize wastage of the agricultural produce. This value addition and reduction in wastage of agricultural produce will result in increase of the farmer's income. As brought out earlier, the farmers, individually or in groups, may also take part in Mega Food Park as one of the shareholders of the SPV implementing the project. Under the Mega Food Parks Scheme, individual farmer, farmers/producer group, cooperative societies are eligible to participate in the projects. However, Mega Food Parks projects are infrastructural project with long gestation period and require sizeable investment as equity and term loan from banks. The farmers with reasonable surplus income can only participate in the projects and that too at small level. The Ministry has been encouraging participation of farmers in the projects but without much success. The running of these projects also requires high management skill and adequate working capital. The Indian farmers being mostly small and marginal, do not have enough surplus income for investment in such a venture. However, in some of the projects under implementation, farmers are part of SPV either in individual capacity or as self-help groups.

The Ministry is endeavoring to promote strong backward linkage of the food processing units with farmers to take advantage of these emerging food processing clusters. Small Farmers Agri-Business Consortium (SFAC) under the Ministry of Agriculture and Farmers Welfare is also organizing farmers producers groups to enhance their bargaining power with the market forces.

The Ministry will take up the matter with the concerned Ministries of the Government of India like, Ministry of Agriculture and Farmers Welfare, Ministry of Rural Development, Ministry of Tribal Affairs and State Governments for devising a proper strategy to enlist the farmers for forging into local SHG or Cooperatives and empower them in better bargaining of the prices of their raw material and their enhanced participation in the Mega Food Parks.”

**1.10 The Committee note that a Study conducted by the Ministry on impact assessment of the Scheme through an independent institute *i.e.* Indian Council for Research on International Economic Relations (ICRIER), New Delhi indicates that there has been a significant impact in catchment area of the operational Mega food Parks in general and farmers in particular. However, the Committee are perturbed by the submission of the Ministry that the farmers**

with reasonable surplus income can only participate in the projects and that too at small level. The farming community in the country consist mostly of small and marginal farmers and if the majority of the farmers are excluded, the benefits of the Scheme will not help in raising their income. The Committee are of the view that the Scheme should be farmers friendly, participatory and inclusive so that the benefits of the Scheme could percolate to the lowest level. Keeping this in view, the Committee had recommended that a proper strategy be devised to enlist the farmers for forging into local self-help groups or cooperatives for the purpose of using their produce into processing sector by themselves. The Committee are not satisfied with the reply of the Ministry and recommend the Ministry to take concrete action in this direction. The Committee would like to be apprised of the steps taken by the Ministry in this regard.

#### C. SLOW PACE OF IMPLEMENTATION

##### Recommendation (Serial No. 7)

1.11 The Committee had observed/recommended as under:—

“The Committee note that the scheme of Mega Food Park (MFP) was conceived to provide a mechanism for bringing together farmers, processors, retailers, linking agricultural production to the market, so as ensure maximum value addition, minimize wastage, increase farmers’ income and create employment opportunities. However, the Committee note that the Ministry have so far approved setting up of 40 Mega Food Parks in various States of the country. Out of 40 projects approved by the Ministry so far, 21 projects have been accorded final approval and 19 projects have been accorded in-principle approval. The Committee have also been informed that out of 21 projects which were accorded final approval 5 projects are partially operational and 2 projects will be operational during 2015-16 and 14 projects are expected to be operational in 2016-17. The Committee further note that out of the 19 projects accorded In-Principal approval, 15 projects have been given approval only on 31.03.2015 and Ministry was restrained to issue In-principal approval to the remaining two projects by the Hon’ble High Court of Delhi on 30.04.2015. The Committee are disappointed to note very slow progress in implementation of Mega Food Parks Scheme launched in the year 2008. After lapse of seven years, only five Mega food parks, as against 40 sanctioned, have been partially operational. The Committee are not convinced with the assertion of the Government that reasons such as delay in

acquisition of at least 50 acres of contiguous land, complex and time taking procedures of obtaining various types of statutory clearances from the State Government Departments/Agencies, inability of Public Sector Undertakings to take a lead role in execution of the project even in the situation of crisis, lack of cohesiveness amongst the promoters and difficulties/delays in obtaining term loan sanction from Banks are responsible for delay and poor physical performance. The Committee are of view that the proactive steps taken by the Ministry in consultation with State Government may reduce time lags caused such as problems related to statutory clearance, land acquisition etc. The Committee, therefore, recommend the Department to convince State Governments to establish single window clearance for Mega Food Park scheme so as to enable statutory clearance by the Departments/Agencies concerned. The Committee also recommend the Department to speed up the process of decision taking at the Ministry level to expedite clearance for submitted proposals.”

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

“Ministry has been taking up the matter of reduction in time lags caused due to delay in grant of statutory clearances, acquisition of land etc. with the concerned State Governments from time to time to facilitate the speedy implementation of the Mega Food Park projects.

Ministry has also been impressing upon the State Governments to institute a single window clearance system for Mega Food Parks. Some of the State Governments have taken initiative in this regard but desired results in actual sense are yet to be achieved. The Ministry will continue to pursue this matter with the State Governments vigorously. Ministry has also requested the State Governments to constitute a Co-ordination Committee under the chairmanship of District Collector at the District level, where Mega Food Parks are situated, for speedy settlement of the issues which may arise during the project implementation. A similar Coordination Committee has also been requested at the State level. The State Government are being associated with the process of the selection of the project by the Ministry. The concerned States are represented in the meeting of Technical Committee and Inter-Ministerial Approval Committee constituted under the scheme for selection of projects.

Selection of the Mega Food Park projects is made by observing a thorough and transparent procedure. Proposals for setting up Mega Food Parks are received against Expression of Interest (EoI) widely



published through print and electronic media and pre-bid meetings etc. Appraisal of the proposals received, is made through a stringent three-tier structure consisting of Program Management Agency, Technical Committee and Inter-Ministerial Approval Committee. For redressal of the grievances of the applicants whose proposals have been found in-eligible, a Committee of Independent Monitors (CIM), with retired officers of the level of Secretary, Government of India as members, has been constituted. The applicants making the representation to the CIM, are also provided opportunity to be heard in person before making the recommendation on this representation. It has been the endeavour of the Ministry to complete the process of selection of the projects in the shortest possible time in a transparent manner.”

1.13 The Committee had recommended the Ministry to convince the State Governments to establish single window clearance for Mega Food Park scheme so as to enable statutory clearance by the Departments/agencies concerned. The Committee note that despite being one of the flagship programmes of the Ministry, the Mega Food Park Scheme has failed to achieve target even after lapse of eight years. The steps taken by the Ministry to eliminate the impediments do not seem to be enough for speedy implementation of the programme. The Committee note that out of 40 Mega Food Parks approved, only 5 parks are partially operational. Such dismal performance would certainly defeat the idea and concept behind the Programme. The Committee emphasize that a Single Window Clearing System should be introduced in consultation with the State Governments and other stakeholders to expedite the progress of implementation of the projects. The Ministry needs to objectively identify obstacles impeding the programme and take necessary measures to remove them. On the basis of experiences garnered during implementation and feedback received from States and other stakeholders, the Ministry should modify the guidelines and bring out changes that would give due momentum to the implementation of the Scheme. The Committee would like to be apprised of the initiatives undertaken by the Ministry and the progress made in the matter.

#### **D. PROVISION FOR TRAINING**

##### **Recommendation (Serial No. 09)**

1.14 The Committee had observed/recommended as under:—

“The Committee note that apart from ensuring value addition of agricultural commodities including poultry, meat, dairy, fisheries etc., the Mega Food Park scheme was also expected to provide

employment opportunities for the local people including small and marginal farmers and landless labourers. The Committee are of view that this objective cannot be achieved unless there are adequate efforts for providing requisite training to local people. The Committee note that there is provision in the scheme for creation of training Centre in Non-Core Infrastructure component for capacity building and skill development and promoters of Mega Food Parks are also providing training to the farmers in modern techniques of agriculture production and establishing backward linkages for raw material. However, the Committee have not been provided any details regarding training such as nature, number of training institutes established and number of peoples trained so far by operational Mega Food Park operators. The Committee, therefore, desire the Department to furnish details of training being provided to the local population within a month of presentation of Report. The Committee also recommend the Department to make provision for proper training for Food Processing Sectors under National Skill Mission so that qualified manpower may be made available to the all operational and planned Mega Food Parks.”

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

“The Sector Skill Council for Food Processing (FICSI) is working on identification of job roles and competencies required for each job role so as to develop National Occupational Standards (NOS) for different sectors of food processing. The scope of this work is to determine what skills are required in different parts of our country with respect to food processing activities being undertaken. It will include generic and domain specific skills in all the major sectors of food processing domain viz.; Fruits and Vegetables; Food Grain Milling (including Oilseeds); Dairy Products; Meat and Poultry; Fish & Sea Food; Bread and Bakery; Beverages etc.

FICSI has developed 38 qualification packs in food processing industry. Based on NOS developed by FICSI, NIFTEM is developing course content and training module including multi-media content in various languages to meet the training needs of different job roles across identified sectors. The skill development program has been launched in 30 training centres across 11 States in the Bakery Sector on 04.09.2015. Skill development in other food processing sectors will also start soon. A target of skilling 50,000 persons in a year and 2.5 lakh persons in the next 5 years, in food processing sector, has been fixed. Efforts will be made to utilize the training infrastructure of Mega Food Park projects also for this purpose.”

1.16 The Committee had recommended that a provision may be made for proper training for Food Processing Sector under National Skill Mission so that qualified manpower be made available to the operational and planned Mega Food Parks. The Committee had also desired to furnish details of training being provided to the local population. In its response, the Department has stated that the Sector Skills Council for Food Processing (FICSI) is working on identification of job roles and competencies required for each job roles so as to develop National Occupational Standards (NOS) for different sectors of food processing. Based on NOS developed by FICSI, NIFTEM is developing course contents and training module including multi-media contents in various languages. While skill development programme has been launched in Bakery sector, skill development in the food processing sector will also be launched soon. The Committee are of the view that employment opportunities specially for local people cannot be created unless they are trained/skilled to meet the requirement of the industry. It is, therefore, absolutely essential that vigorous efforts be made to train local people including landless labourers, small and marginal farmers. While appreciating the initiatives undertaken by the Ministry, the Committee desire that FICSI may be impressed upon to expedite their efforts to develop NOS. NIFTEM should also be asked to coordinate with FICSI and industry to develop course content and training module so that target fixed by the Government to train and skill 2.5 lakhs persons in the next five years could be achieved by the Government. The Committee would like to be apprised of the action under taken and the achievements made in terms of the number of persons skilled/trained etc. so far.

## **CHAPTER II**

### **OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **A. Support to Food Processing Industry**

##### **Recommendation (Serial No. 1)**

The Committee are aware that our country has been endowed with diverse agroclimatic resources. We have achieved self-sufficiency in production of the agricultural commodities. Over the years, agricultural production has consistently recorded higher output. India rank number one in the production of milk, pulses, ginger, bananas, guavas, mangoes and papayas, whereas, in the production of rice, wheat, vegetables and horticultural products, we are at second position in the world. At the same time, India has also distinction of being big loser of our agricultural and other produces in post-harvest system. Indian farming community incur losses equal to Rs. 92,600 crore every year. The main reason for losses has been assigned to the low level of processing of the agricultural commodities. The Committee have been informed that level of food processing in India is only 6% (2.2% of Fruits and Vegetables, 8% of Marine products, 6% for Poultry and 20% for Buffalo Meat) as compared to more than 70% in countries like USA, China, Malaysia, Philippines, etc. Huge amount of wastage in agriculture and allied sectors in India not only reduces availability of food to ever increasing population, but also reduces farmers' income to the significant level contributing to vicious circle of poverty of majority of small and marginal farmers. In the wake of the above, it becomes imperative that effective steps are taken to encourage food processing industries. Although, this sector is picking up, but not at the desired pace for various reasons. The Committee, therefore, strongly recommend that food Processing Industry should be given the utmost thrust so that not only the wastage is minimized, but also farmers are ensured better returns of their crops.

##### **Reply of the Government**

For promotion and development of food processing sector in the country, this Ministry is implementing various Central Sector Schemes, namely (1) Scheme for Infrastructure Development for Food Processing having components of Mega Food Park, Integrated Cold Chain, Value

Addition & Preservation Infrastructure and Modernization of Abattoirs (2) Scheme of Technology Upgradation/Establishment/Modernization of Food Processing Industries (spill-over liabilities) (3) Scheme for Quality Assurance, Codex Standards, Research & Development and Other Promotional Activities (4) Scheme for Human Resource Development (spill-over liabilities) and (5) Scheme of Strengthening of Institutions.

2. During the 12th Five Year Plan, this Ministry also launched a Centrally Sponsored Scheme of 'National Mission on Food Processing' (NMFP) for implementation through the State Governments/Union Territories. The scheme was having the components of (i) Technology Upgradation/Setting up/Modernization of Food Processing Units (ii) Cold Chain, Value Addition and Preservation Infrastructure for Non-Horticulture Products (iii) Modernisation of Abattoirs (iv) Human Resource Development (v) Promotional Activities (vi) Creating Primary Processing Centres/Collection Centres in Rural Areas (vii) Modernisation of Meat Shops and (viii) Reefer Vehicles. However, NMFP has been delinked from Central Government support w.e.f. 1.4.2015. State Governments may decide to continue with the Mission out of their increased resources resulting from the recommendations of the 14th Finance Commission.

3. A special fund of Rs. 2000 crore has been set up in NABARD by the Central Government to make available affordable credit to designated Food Parks and agro processing units in the designated Food Parks. Any entrepreneur, cooperative, SPV, joint venture, State Government, etc. may avail loan at concessional rate of interest from this fund for establishing food parks and food processing units in the designated Food Parks. The Ministry has notified a consolidated list of 146 designated Food Parks on 02.09.2015.

4. An Investors' Portal has been developed by the Ministry with the intention to disseminate information on the State-specific resource potential, policy support and fiscal incentives offered to investors in food processing sector. The investors, both domestic & foreign, can also seek guidance on specific issues by using information disseminated on the portal. Investors can access and avail these services through Investors' Portal (<http://foodprocessingindia.co.in>) or through Ministry's website (<http://mofpi.nic.in>).

5. Excise duty on food processing and packaging machinery was reduced from 10% to 6% in 2014-15 and services of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits & vegetables have been exempted from Service Tax in 2015-16.

6. Recently, Reserve Bank of India *vide* their circular dated 23.04.2015 has classified loan to food & agro-based processing units and Cold Chain under agriculture activities for Priority Sector Lending (PSL) subject to aggregate sanction limit of Rs. 100 crore per borrower. It will facilitate greater flow of credit to entrepreneurs for setting up of food processing units and attract investment in the sector.

7. With a view to helping the investors and prospective entrepreneurs to identify the raw material base in different parts of the country, the Food Maps have been uploaded on the website of the Ministry.

8. The Ministry is working with the industry to streamline and standardize skill development training through the Sector Skill Council for food processing which has been set up in FICCI. The Sector Skill Council for food processing *i.e.* Food Industry Capacity & Skill Initiatives (FICSI) is working on identification of job roles and competencies required for each job role so as to develop National Occupational Standards (NOS) for different sectors of food processing. It will include generic and domain specific skills and will include all the major sectors of food processing domain *viz.:* Fruits and Vegetables, Food Grain Milling (including Oilseeds), Dairy Products, Meat and Poultry, Fish & Sea Food, Bread and Bakery and Beverages. As on date, FICSI has developed 38 draft Qualification Packs (QPs) for food processing industry. Based on NOS and QPs developed by FICSI, course content and training modules including multi-media content in various languages to meet the training needs of different functions across identified sectors is being developed through National Institute of Food Technology Entrepreneurship and Management (NIFTEM), a deemed university under the Ministry. Skill development programme has been launched through Sector Skill Council (FICSI) in 30 Centres across 11 States of the country on 4th September, 2015 and intends to train 50,000 persons during next one year.

[Ministry of Food Processing Industries Letter No. 6-03/2015-Parl.,  
dated 05.11.2015]

### **Recommendation (Serial No. 2)**

The Committee note that a developed food processing sector can help in wastage reduction, value addition, crop diversification, better returns to farmers, employment generation and increase in exports. It is also capable of addressing critical issues of food security, food inflation and providing wholesome and nutritious food to the masses. In last few years, the sector has grown faster than agriculture and has emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. However, GDP FPI as a share of GDP in agriculture seems static during last five years leading to an average of 11%. Similarly, GDP as a share in manufacturing also remained lacklustre during the same period with an average of 9%.

This sector is an employment intensive segment constituting about 13% of the employment generated in all registered factory sector. The total number of persons engaged in the registered food processing sector is 16.89 lakh with an average annual growth of about 2.41%. Unregistered food processing sector supports employment to 47.9 lakh workers in the country. This is being a sunrise sector will contribute immensely in GDP growth and employment generation in future. However, programmes to increase the output of Indian agriculture without corresponding investment in processing facilities may lead a mismatch resulting in rural distress and decline in farmers' income. The single most important step for improving the bargaining capacity of the farmer is to add value to his produce. This can be achieved only by producing as per the requirements and standards of the market. The Committee, therefore, recommend that efforts should be made to enable the farmers to raise their crops as per the needs of the market for which flow of market information, technology and inputs to the farmers should be ensured.

#### **Reply of the Government**

Farmers would be enabled to raise their crops as per the needs of the market, through the food processing units set up in the Mega Food Parks and units which come up following the expansion of cold chain infrastructure in the country. As the processing units directly market processed food, they have the first hand information on the market requirements, which may be passed on to the farmers who in turn may produce the processable varieties of a particular crop.

The processing units may also take up contract farming and disseminate information on the latest technology and inputs to the farmers for raising the required crops. Many of the States in the country have amended their APMC Acts to allow contract farming and the regulations for governing the practice of contract farming have also been notified by many States. The process of disseminating information on market access, technology and inputs to the farmers is being encouraged by the Ministry through its two major infrastructure development schemes namely Mega Food Park and Cold Chain, Value Addition and Preservation Infrastructure. These schemes of the Ministry promote backward integration through setting up Primary Processing Centres, Collection Centres and Minimal Processing Centres. The backward integration will help in ensuring direct contact between the farmers and the processors facilitating smooth flow of market information, technology and input to the farmers. The Ministry is making efforts to promote more and more backward linkages for benefit of farmers.

[Ministry of Food Processing Industries Letter No. 6-03/2015-Parl.,  
dated 05.11.2015]

### **C. ADEQUATE ALLOCATION FOR MEGA FOOD PARK SCHEME**

#### **Recommendation (Serial No. 6)**

The Committee note that total budgetary allocations for Mega Food Park Scheme during the first four fiscals is only Rs. 442 crore which is only 25.78 percent of the approved outlay as against total plan outlay of Rs. 1714.00 crore for XII plan. The Committee also observe that the Ministry have constantly failed to even utilize available resources during both XI and XII plans. The Ministry have been able to utilize only Rs. 217.25 crore as against allocation of Rs. 239.00 crore (RE) during Eleventh Plan period. Similarly, total actual expenditure during first three fiscal of XII plan was only Rs. 251 crore as against allocation of Rs. 267.3 crore (RE). The Committee note with a great sense of disappointment that the story of the yesteryears has been repeated by the Planners and the Government in the matter of allocation of funds to the Ministry during XII Plan so far. The Committee are of view that adequate allocation for implementation of the scheme will go a long way towards creation of world class facilities for food processing industries in the country hereby utilizing optimum potential of agriculture and allied sectors available in the country. At the same time, it will also help the Government in poverty eradication measures. Existence of a vibrant Food Processing industry will also serve the purpose of earning foreign revenue. The Committee, therefore, recommend that allocations to the Ministry be enhanced substantially at the RE stage in the ongoing and next Fiscal so that more number of Mega Food Parks could be established in coming years.

#### **Reply of the Government**

Ministry has taken various steps to improve utilization of the annual plan allocation. The progress of the projects under various schemes of the Ministry is being monitored very closely on regular basis. The recommendation of the Committee has been conveyed to Department of Expenditure in the Ministry of Finance for enhancing the allocation to the Ministry at RE stage as well as the annual allocation for the next year. Ministry is also preparing proposals to expand its programmes for promotion of food processing sector in the country so that level of processing may be increased and wastage of agriculture produce may be reduced in the country.

[Ministry of Food Processing Industries Letter No.6-03/2015-Parl.,  
dated 05.11.2015]



#### **D. ENCOURAGEMENT OF ESTABLISHMENT OF MEGA FOOD PARKS IN AGRICULTURALLY IMPORTANT STATES**

##### **Recommendation (Serial No. 8)**

The Committee note that one of the stated aim of Mega Food Park Scheme was to create modern infrastructure in the country in order to bring together farmers, processors and retailers and link agricultural production to the market so as to ensure maximization of value addition, minimization of wastages and improving farmers' income. However, the Committee observe that not a single mega food park has been approved or established in many States such as Uttar Pradesh, Meghalaya, Nagaland, Sikkim, Arunachal Pradesh, out of approved 40 projects under Mega Food Park scheme. Further, number of approved projects in many agriculturally important States such as Bihar, Odisha, West Bengal, Jharkhand, Haryana, Punjab etc. are very low as compared to potential for establishment of Food Processing Industries. The Committee are of view that establishment of adequate numbers of Mega Food Parks in these States will not only reduce agricultural wastage but also provide sustainable employment opportunity to the local population thereby reducing poverty level and migration load on major cities of the country. The Committee, therefore, recommend the Ministry to focus on these States and take steps to encourage entrepreneurs from these States to apply for establishment of Mega Food Parks. The Committee also recommend the Ministry to make provision for providing free consultancy services to local entrepreneurs for preparation of detailed project reports.

##### **Reply of the Government**

The applications for setting up of Mega Food Parks are invited through the Expression of Interest (Eoi) in accordance with the scheme guidelines. The Eoi Notice is published in the leading news-papers and uploaded on the Ministry's website for the purpose of giving adequate publicity. The State Governments are also informed about the Eoi invited by the Ministry. The Ministry also organizes prebid meetings before the last date of submission of the proposal. These efforts are made by the Ministry to give wide publicity to the Eoi notice so that enough proposals are received from all the States.

This has been the endeavour of the Ministry to set up Mega Food Parks in as many States as possible. However, it has not been possible to sanction projects in all the States as the Ministry has been allotted

only 42 number of Mega Food Parks to be sanctioned till date in phased manner. The details of projects sanctioned are as under:—

Phase-I	—	10 Projects (September, 2008)
Phase-II	—	05 Projects (November, 2010)
Phase-III	—	15 Projects (October, 2011)
Phase-IV	—	12 Projects (August, 2013)

With this small number of projects in each phase, it was not possible to cover all the States with sufficient number of Mega Food Park projects. The number of EoI proposals received is around 12 against one project. In view of the limited number of projects, the only option with the Ministry was to select the better proposals from all the applications received in a phase. Further, no proposal was received from many of the States and hence no projects could be sanctioned in these States.

Ministry is taking necessary steps to create awareness about the Mega Food Parks among the entrepreneurs/industry, farmers as well as the general public through various modes of publicity like, advertisement in newspapers, through Radio and Doordarshan, participation in domestic and international exhibitions etc. Ministry also keeps organizing seminars/workshops for promotion of investment in Mega Food Parks. Two (2) such workshops were organized during 2014-15 and one (1) such workshop has been organized so far during 2015-16.

[Ministry of Food Processing Industries Letter No.6-03/2015-Parl., dated 05.11.2015]

## **E. PROVISION FOR TRAINING**

### **Recommendation (Serial No. 9)**

The Committee note that apart from ensuring value addition of agricultural commodities including poultry, meat, dairy, fisheries etc., the Mega Food Park scheme was also expected to provide employment opportunities for the local people including small and marginal farmers and landless labourers. The Committee are of view that this objective cannot be achieved unless there are adequate efforts for providing requisite training to local people. The Committee note that there is provision in the scheme for creation of training Centre in Non-Core Infrastructure component for capacity building and skill development and promoters of Mega Food Parks are also providing training to the farmers in modern techniques of agriculture production and establishing backward linkages for raw material. However, the Committee have not been provided any details regarding training such as nature, number of training institutes established and number of peoples trained so far

by operational Mega Food Park operators. The Committee, therefore, desire the Department to furnish details of training being provided to the local population within a month of presentation of Report. The Committee also recommend the Department to make provision for proper training for Food Processing Sectors under National Skill Mission so that qualified manpower may be made available to the all operational and planned Mega Food Parks.

#### **Reply of the Government**

The Sector Skill Council for Food Processing (FICSI) is working on identification of job roles and competencies required for each job role so as to develop National Occupational Standards (NOS) for different sectors of food processing. The scope of this work is to determine what skills are required in different parts of our country with respect to food processing activities being undertaken. It will include generic and domain specific skills in all the major sectors of food processing domain viz.; Fruits and Vegetables; Food Grain Milling (including Oilseeds); Dairy Products; Meat and Poultry; Fish & Sea Food; Bread and Bakery; Beverages etc.

FICSI has developed 38 qualification packs in food processing industry. Based on NOS developed by FICSI, NIFTEM is developing course content and training module including multi-media content in various languages to meet the training needs of different job roles across identified sectors. The skill development programme has been launched in 30 training centres across 11 States in the Bakery Sector on 04.09.2015. Skill development in other food processing sectors will also start soon. A target of skilling 50,000 persons in a year and 2.5 lakh persons in the next 5 years, in food processing sector, has been fixed. Efforts will be made to utilize the training infrastructure of Mega Food Park projects also for this purpose.

[Ministry of Food Processing Industries Letter No.6-03/2015-Parl.,  
dated 05.11.2015]

#### **Comments of the Committee**

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

#### **F. COORDINATION AND MONITORING MECHANISM**

##### **Recommendation (Serial No. 10)**

The Committee note that the guidelines for 'Mega Food Park Scheme' were issued on 24.08.2008. These were subsequently revised in the year 2009, 2011 and 2012. Based on the experience on

implementation, these have been modified as and when required and the consolidated revised Mega Food Parks Scheme guidelines have been uploaded on the website of the Ministry. Despite guidelines being broad-based, the progress of the project implementation are not at the desired pace and these have been further modified in the year 2014. The last modifications revolve around implementation of the scheme by an SPV wherein Anchor Investor in the SPV with majority stake will be required to set up at least one food processing unit in the park with an investment of not less than Rs. 10 crore. The time schedule for completion and operationalisation of the Project has also been increased to 30 months beginning from the date of the release of first instalment and the release of the grant instalment is linked with specific milestone. The Committee note that there have been a series of additions/alterations/modifications in the guidelines of Mega Food Park Scheme. In spite of all these efforts, the Scheme is yet to deliver the desired results not to say about the pace of the result. This raises serious issues about the efficacy and practicality of the scheme. The involvement of multiple agencies and stages with varied and diverse linkages tend to result in the delay, but it cannot be allowed to be an inordinate one. Some policy intervention will have to be made to ensure that unreasonable delay in the process of implementation is done away with. Avenues should be explored to fix the time limit and also a single window approach for this purpose. Committee, therefore, strongly recommend that for making the Scheme a reality covering the wide range of intended beneficiaries, the scheme requires a revisit so as to formulate the appropriate and sector friendly guidelines keeping in view the interest of all the stakeholders and all the logistical requirements.

### **Reply of the Government**

Based on the experience of implementation, the Scheme Guidelines have been modified from time to time to ensure speedy implementation of the projects. These modifications are also based on stakeholders feedbacks received through various consultations/interactions. The structure of the SPV has been further simplified and State entities have also been allowed to implement Mega Food Park projects. The guidelines of the scheme have been further modified recently by incorporating the provisions for levy of penalty on the SPV in case of delay in the implementation of project beyond stipulated timelines. The Ministry will continue to endeavour to facilitate speedier implementation of the Mega Food Park projects and simplify the procedure to improve performance of the Scheme.

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

### **CHAPTER III**

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

##### **Recommendation (Serial No. 5)**

Indian Society especially farmers possess diverse knowledge regarding food quality and it is imperative that their knowledge be utilized for enhancing income potential for them. It has been observed by the Committee that stress in Mega Food Park Scheme has so far been on establishment of modern infrastructure facilities. The Ministry have not made any efforts for encouraging farmers or entrepreneurs to establish food processing industry based upon utilization of local agricultural produce and traditional knowledge about food. The Committee, therefore recommend the Ministry to take steps in this direction and devise ways to establish food processing industries based on local raw materials and traditional knowledge.

##### **Reply of the Government**

The concept of Mega Food Parks Scheme envisages a cluster based approach based on hub and spoke Model comprising of farm proximate facilities such as Collection Centres, Primary Processing Centres (PPCs) and a Central Processing Centres (CPCs). The common facilities are used by Food Processing Units set up in the CPC. It is expected that on an average each Mega Food Park will have around 30 to 35 food processing units. The Mega Food Parks also have provision for Standard Design Factory Shed (SDF) having plug and play facility. The SDF facility is best suited to micro and small entrepreneurs willing to upscale their business using traditional knowledge of food processing. The Ministry was also implementing the Scheme of Technology Upgradation/Modernization/Setting up of new Food Processing Units as one of the components of National Mission on Food Processing (NMFP). Under this Scheme, the entrepreneur including farmer were eligible to avail financial assistance to set up their Food Processing Units. However, the NMFP has been delinked from the Central Support w.e.f. April, 2015 and presently there is no scheme with the Ministry to promote food processing units by the entrepreneur including farmer. The Government has created a special fund of Rs. 2000 crore with NABARD to provide affordable credit to the entrepreneur to set up food processing units in the designated food parks. Ministry has designated 146 Food Parks

for this purpose in various States. Ministry is also holding seminars/ workshops in various parts of the country to create awareness for increasing investment in food processing sector. Under a separate scheme, R&D initiatives are being funded to develop product and process for mass production of traditional food products being made on locally available raw material.

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

## CHAPTER IV

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

#### A. INCENTIVES TO THE FARMERS

##### **Recommendation (Serial No. 3)**

The Committee note that 'Mega Food Park Scheme' was introduced to cater to the need of proper preservation and conservation of agro-products with a view to ensure multi-dimensional agricultural infrastructure development. The Scheme envisages a well defined agri/horticultural processing zone containing state-of-the art processing facilities with support infrastructure and well established Supply chain aims to create a modern food processing infrastructure for the small and medium processing units which otherwise have not been able to develop due to capital intensive nature of food processing equipment. It intends to facilitate establishment of an integrated value chain, with food processing at the core and supported by requisite forward and backward linkages. The broader idea behind the scheme is to bring farmers, processors and retailers together and link agriculture production to the market so as to ensure maximization of value addition, minimization of wastages and improving farmers' income. The concept of 'Mega Food Park Scheme' envisages a cluster approach based on hub and spoke Model comprising of farm proximate facilities such as collection Centres, Primary Processing Centres (PPCs) and a Central Processing Centres (CPCs). The Committee appreciate the scheme for its farmers centric approach. However, it is observed that the beneficiaries of the scheme are not the farmers to the intended degrees. It is the industrialists and other entrepreneurs who are benefited the most by the various incentives available under the scheme. It is not sure whether the produce of the farmers for these industries are taken on prescribed rates uniformly. The Committee, therefore, recommend that some mechanism should be evolved to ensure that the produce of the farmers are taken by the processing industries at the prescribed prices and the incentives of the scheme should also be passed on to the farmers or some percentage of the profits should be earmarked to the farmers whose produce were taken by the processing industries.

##### **Reply of the Government**

The end objective of the scheme of Mega Food Parks is to minimize the wastage of agricultural produce, particularly perishables, by

increasing levels of value addition. The grant is provided by the Ministry to the SPV for the purpose of creating food processing infrastructure for utilization by the food processing units set up in the Park for storage and value addition of the agricultural produce.

Farmers are benefited by the scheme either directly or indirectly. Farmers are one of the direct beneficiaries if they are part of the SPV, which implement, own and operate the projects. Indirectly, value addition and reduction in wastage of agricultural produce results in increase of the farmers' income. The processing units, which have been setup in these parks, are procuring agricultural produce as raw material for processing. The sourcing of raw material from the farmers, including small and marginal farmers, is helping them in getting better prices for their produce. They may also avail sorting, grading and storage facilities for their produce. These projects are helping in reducing wastages of perishable commodities in the catchment area.

An impact assessment of scheme, recently conducted by Indian Council for Research on International Economic Relations (ICRIER), New Delhi, revealed that the promoters of functional Mega Food Parks are providing training to the farmers in modern techniques of agriculture production, establishing backward linkage for raw material and providing better price of their produce. Such initiative would certainly result in better return to the farmers.

The Scheme is private sector driven and the projects are based on the sound commercial decision of the investor based on economic viability. The Government is only providing financial assistance partly to make them viable so that adequate investment may be attracted in this area to enhance the level of food processing in the country. It is impractical to expect from private investor to earmark certain percentage of the profit for the farmers. However, it is expected that with a large number of food processing units being set up in the Parks, there will be increased demand of the agricultural produce in the catchment areas as raw material which will benefit farmers.

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

#### **Comments of the Committee**

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



#### **Recommendation (Serial No. 4)**

The Committee note that the purpose of Mega Food Parks Scheme is to have access to the agricultural and other farm related produces to minimize their wastage, ensuring value addition and also bringing farmers of the area into its fold by making available a platform to them wherein they can get good returns of their produces. However, it can be observed that the objective for which this scheme is launched is yet to be achieved and the desired benefits are not accruing to the category of beneficiaries whom they were intended to. The cumbersome procedural delays, involvement of multiple agencies and requirement of huge finances make the entire process unattractive to farmers, primarily for whom the scheme has launched. The focus of the scheme has been diverted from farmers to entrepreneurs and resultantly farmers have been reduced to mere suppliers of their produces without any bargaining capacity. The Committee believe that this is not the objective of the scheme wherein, the farmers are not given the level playing field. It would be prudent for the scheme and beneficial for the farmers if local farmers are given the due priority in the scheme of things. For the purpose, the scheme can be modified/re-launched on local basis. It can be microcosm of the Mega Food Parks Scheme involving the farmers of specific areas with the provision of generation of funds in a self-help manner. The grants as deemed appropriate can also be given as are available to the Mega Scheme. The farmers can be given initial training in the processing of their produces. Local markets or purchase arrangements for such produces of the farmers can be made by the suitable indulgence. This will go a long way in making the farmers self-reliant with regard to their produces and its returns. It will also provide an opportunity for experimenting the innovative methods into their farming. The Committee, therefore, recommend that a proper strategy be devised to enlist the farmers for forging into local self-help groups or cooperatives for the purpose of using their produce into processing sector by themselves, thus minimizing the possibility of better returns of their efforts while simultaneously minimizing the risk of their exploitation.

#### **Reply of the Government**

Objectives of the scheme are likely to be achieved with the completion of all the Mega Food Parks. As on date, 5 Mega Food Parks have been operationalized. Many processing units have been set up in these Parks which are utilizing the agricultural produce as their raw materials and thereby generating employment and enhancing the farmers' income in their respective catchment areas. An impact

assessment of the Scheme has recently been conducted by the Ministry through an independent institute *i.e.* Indian Council for Research on International Economic Relations (ICRIER), New Delhi and their findings indicate that there has been a significant impact in catchment area of the operational Mega Food Parks in general and farmers in particular.

Though, the increase in farmers income is one of the intended outcome of the scheme of Mega Food Parks, the basic objective and focus of the scheme is to minimize wastage of the agricultural produce. This value addition and reduction in wastage of agricultural produce will result in increase of the farmer's income. As brought out earlier, the farmers, individually or in groups, may also take part in Mega Food Park as one of the shareholders of the SPV implementing the project. Under the Mega Food Park Scheme, individual farmer, farmers/producer group, cooperative societies are eligible to participate in the projects. However, Mega Food Parks projects are infrastructural project with long gestation period and require sizeable investment as equity and term loan from banks. The farmers with reasonable surplus income can only participate in the projects and that too at small level. The Ministry has been encouraging participation of farmers in the projects but without much success. The running of these projects also requires high management skill and adequate working capital. The Indian farmers being mostly small and marginal, do not have enough surplus income for investment in such a venture. However, in some of the projects under implementation, farmers are part of SPV either in individual capacity or as self-help groups.

The Ministry is endeavoring to promote strong backward linkage of the food processing units with farmers to take advantage of these emerging food processing clusters. Small Farmers Agri-Business Consortium (SFAC) under the Ministry of Agriculture and Farmers Welfare is also organizing farmers producers groups to enhance their bargaining power with the market forces.

The Ministry will take up the matter with the concerned Ministries of the Government of India like, Ministry of Agriculture and Farmers Welfare, Ministry of Rural Development, Ministry of Tribal Affairs and State Governments for devising a proper strategy to enlist the farmers for forging into local SHG or Cooperatives and empower them in better bargaining of the prices of their raw material and their enhanced participation in the Mega Food Parks.

[Ministry of Food Processing Industries Letter No. 6-03/2015-Parl.,  
dated 05.11.2015]

### **Comments of the Committee**

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

#### **B. SLOW PACE OF IMPLEMENTATION OF SCHEME**

##### **Recommendation (Serial No. 7)**

The Committee note that the scheme of Mega Food Park (MFP) was conceived to provide a mechanism for bringing together farmers, processors, retailers, linking agricultural production to the market, so as ensure maximum value addition, minimize wastage, increase farmers' income and create employment opportunities. However, the Committee note that the Ministry have so far approved setting up of 40 Mega Food Parks in various States of the country. Out of 40 projects approved by the Ministry so far, 21 projects have been accorded final approval and 19 projects have been accorded in-principle approval. The Committee have also been informed that out of 21 projects which were accorded final approval 5 projects are partially operational and 2 projects will be operational during 2015-16 and 14 projects are expected to be operational in 2016-17. The Committee further note that out of the 19 projects accorded In-Principal approval, 15 projects have been given approval only on 31.03.2015 and Ministry was restrained to issue In-principal approval to the remaining two projects by the Hon'ble High Court of Delhi on 30.04.2015. The Committee are disappointed to note very slow progress in implementation of Mega Food Parks Scheme launched in the year 2008. After lapse of seven years, only five Mega Food Parks, as against 40 sanctioned, have been partially operational. The Committee are not convinced with the assertion of the Government that reasons such as delay in acquisition of at least 50 acres of contiguous land, complex and time taking procedures of obtaining various types of statutory clearances from the State Government Departments/Agencies, inability of Public Sector Undertakings to take a lead role in execution of the project even in the situation of crisis, lack of cohesiveness amongst the promoters and difficulties/delays in obtaining term loan sanction from Banks are responsible for delay and poor physical performance. The Committee are of view that the proactive steps taken by the Ministry in consultation with State Government may reduce time lags caused such as problems related to statutory clearance, land acquisition etc. The Committee, therefore, recommend the Department to convince State Governments to establish single window clearance for Mega Food Park scheme so as to enable statutory clearance by the Departments/Agencies concerned. The Committee also recommend the Department to speed up the process of decision taking at the Ministry level to expedite clearance for submitted proposals.

### **Reply of the Government**

Ministry has been taking up the matter of reduction in time lags caused due to delay in grant of statutory clearances, acquisition of land etc. with the concerned State Governments from time to time to facilitate the speedy implementation of the Mega Food Park projects.

Ministry has also been impressing upon the State Governments to institute a single window clearance system for Mega Food Parks. Some of the State Governments have taken initiative in this regard but desired results in actual sense are yet to be achieved. The Ministry will continue to pursue this matter with the State Governments vigorously. Ministry has also requested the State Governments to constitute a Co-ordination Committee under the chairmanship of District Collector at the District level, where Mega Food Parks are situated, for speedy settlement of the issues which may arise during the project implementation. A similar Coordination Committee has also been requested at the State level. The State Government are being associated with the process of the selection of the project by the Ministry. The concerned States are represented in the meeting of Technical Committee and Inter-Ministerial Approval Committee constituted under the scheme for selection of projects.

Selection of the Mega Food Park projects is made by observing a thorough and transparent procedure. Proposals for setting up Mega Food Parks are received against Expression of Interest (EoI) widely published through print and electronic media and pre-bid meetings etc. Appraisal of the proposals received, is made through a stringent three-tier structure consisting of Programme Management Agency, Technical Committee and Inter-Ministerial Approval Committee. For redressal of the grievances of the applicants whose proposals have been found in-eligible, a Committee of Independent Monitors (CIM), with retired officers of the level of Secretary, Government of India as members, has been constituted. The applicants making the representation to the CIM, are also provided opportunity to be heard in person before making the recommendation on this representation. It has been the endeavour of the Ministry to complete the process of selection of the projects in the shortest possible time in a transparent manner.

[Ministry of Food Processing Industries Letter No. 6-03/2015-Parl.,  
dated 05.11.2015]

### **Comments of the Committee**

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

**CHAPTER V**

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

-NIL-

NEW DELHI;  
09 August, 2016  
18 Shravana, 1938 (*Saka*)

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

ANNEXURE

STANDING COMMITTEE ON AGRICULTURE  
(2015-16)

MINUTES OF THE TWENTY NINTH SITTING OF THE COMMITTEE

The Committee sat on Monday, the 08th August, 2016 from 1000 hrs. to 1100 hrs. in Room No. '138', Chairperson's Chamber, Parliament House, New Delhi.

PRESENT

Shri Hukm Deo Narayan Yadav – *Chairperson*

MEMBERS

*Lok Sabha*

2. Shri Sanganna Karadi
3. Shri Nalin Kumar Kateel
4. Smt. Raksha Nikhil Khadse
5. Shri C. Mahendran
6. Shri Janardan Mishra
7. Shri Ajay Nishad
8. Shri Mukesh Rajput
9. Shri Konakalla Narayana Rao
10. Shri Satyapal Singh (Sambhal)
11. Shri Virendra Singh

*Rajya Sabha*

12. Shrimati Renuka Chowdhury
13. Shri Janardan Dwivedi
14. Shri Meghraj Jain
15. Shri Mohd. Ali Khan
16. Shri Ram Nath Thakur
17. Shri Shankarbhai N. Vegad

SECRETARIAT

1. Shri U.B.S. Negi — *Joint Secretary*
2. Shri Arun K. Kaushik — *Director*
3. Smt. Juby Amar — *Additional Director*
4. Shri C. Vanlalruata — *Deputy Secretary*
5. Shri Sumesh Kumar — *Under Secretary*

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

- (i) Twenty Seventh Report on the Action Taken by the Government on the Observations/Recommendations contained in the Sixteenth Report on the Subject “Mega Food Parks” of the Ministry of Food Processing Industries;

- \* (ii) \*\*\*\*                \*\*\*\*                \*\*\*\*                \*\*\*\*                \*\*\*\*;
- \* (iii) \*\*\*\*                \*\*\*\*                \*\*\*\*                \*\*\*\*                \*\*\*\*;
- \* (iv) \*\*\*\*                \*\*\*\*                \*\*\*\*                \*\*\*\*                \*\*\*\*;

3. After some deliberations, the Committee adopted the draft Reports without any modification and authorized the Chairperson to finalise the Reports on the basis of factual verification from the concerned Ministry/Department and present the same to Parliament.

*The Committee then adjourned.*

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\*Matter not related to this Report.

## APPENDIX

(Vide Para 4 of Introduction of the Report)

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

(i) Total number of Recommendations	10
(ii) Recommendations/Observations which have been Accepted by the Government:	
Recommendation Nos. 1, 2, 6, 8, 9 and 10	
Total	06
Percentage	60%
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:	
Recommendation No. 5	
Total	01
Percentage	10%
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:	
Recommendation Nos. 3, 4 and 7	
Total	03
Percentage	30.00%
(v) Recommendations/Observations in respect of which Final replies of the Government are still awaited:	
NIL	
Total	NIL
Percentage	NIL