

**STANDING COMMITTEE ON AGRICULTURE**  
**(2016-2017)**

**SIXTEENTH LOK SABHA**

**MINISTRY OF FOOD PROCESSING INDUSTRIES**

**DEMANDS FOR GRANTS (2017-2018)**

**THIRTY EIGHTH REPORT**



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

**MARCH, 2017/PHALGUNA, 1938 (SAKA)**

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**STANDING COMMITTEE ON AGRICULTURE**  
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**(SIXTEENTH LOK SABHA)**

**MINISTRY OF FOOD PROCESSING INDUSTRIES**

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Presented to Lok Sabha on	20.03.2017
Laid on the Table of Rajya Sabha on	20.03.2017



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

MARCH, 2017/PHALGUNA, 1938 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2016-17)**  
**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 Khadse
6. Md. Badaruddoza Khan
7. Shri C. Mahendran
8. Dr. Tapas Mandal
9. Shri Janardan Mishra
10. Shri Devji Patel
11. Shri Nityanand Rai
12. Shri Mukesh Rajput
13. Shri Neiphio Rio
14. Shri Konakalla Narayana Rao
15. Shri C.L. Ruala
16. Shri Arjun Charan Sethi
17. Shri Satyapal Singh (Sambhal)
18. Shri Virendra Singh
19. Shri Dharmendra Yadav
20. Shri Jai Prakash Narayan Yadav
21. Shri B. S. Yeddyurappa

**RAJYA SABHA**

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26. Shri Vinay Katiyar
27. Shri Mohd. Ali Khan
28. Shri Ram Nath Thakur
29. Shri R. Vaithilingam
30. Shri Shankarbhai N. Vegad
31. Shri Darshan Singh Yadav

**SECRETARIAT**

- |    |                           |   |                         |
|----|---------------------------|---|-------------------------|
| 1. | Shri U.B.S. Negi          | - | Joint Secretary         |
| 2. | Shri Arun K. Kaushik      | - | Director                |
| 3. | Smt. Juby Amar            | - | Additional Director     |
| 4. | Shri Nirantar Kumar Singh | - | Sr. Executive Assistant |

## INTRODUCTION

1. I, the Chairperson, Standing Committee on Agriculture, having been authorized by the Committee to submit the Report on their behalf, present this Thirty-eighth Report on the Demands for Grants (2017-18) of the Ministry of Food Processing Industries.

2. The Committee under Rule 331E(1)(a) of the Rules of Procedure considered the Demands for Grants (2017-18) of the Ministry of Food Processing Industries, which were laid on the table of the House on 14 March, 2017. The Committee took evidence of the representatives of the Ministry of Food Processing Industries at their Sitting held on 23 February, 2017. The Report was considered and adopted by the Committee at their Sitting held on 17 March, 2017.

3. For facility of reference and convenience, the Recommendations/Observations of the Committee have been printed in bold letters in Part-II of the Report.

4. The Committee wish to express their thanks to the officers of Ministry of Food Processing Industries for appearing before the Committee and furnishing the information that they desired in connection with the examination of Demands for Grants of the Ministry.

5. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

**NEW DELHI;**  
**17 March, 2017**  
**26 Phalgun, 1938 (Saka)**

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

## ABBREVIATIONS

AAGR	Average Annual Growth Rate
APEDA	Agricultural and Processed Food Products Export Development Authority
AICTE	All India Council for Technical Education
ASI	Annual Survey of Industries
BE	Budget Estimates
BTECH	Bachelor of Technology
CSS	Centrally Sponsored Scheme
CIPHET	Central Institute of Post-Harvest Engineering and Technology
CC	Collection Centre
CPC	Central Processing Centre
CPCB	Central Pollution Control Board
CA	Controlled Atmosphere
CFTRI	Central Food Technological Research Institute
CENVAT	Central Value Added Tax
CCEA	Cabinet Committee on Economic Affairs
DPR	Detailed Project Report
DFRL	Defence Food Research Laboratory
DRDO	Defence Research & Development Organisation
DSCs	Digital Signature Certificates
DARE	Department of Agricultural Research & Education
EoI	Expression of Interest
ETP	Energy Transfer Partners
EDP	Entrepreneurship Development Program
FAO	Food and Agriculture Organisation
FAOSTAT	Statistical Division of FAO
FPI	Food Processing Industries
FPTC	Food Processing Training Centre
FDI	Foreign Direct Investment
FPOs	Farmer Producer Organizations
FSS	Food Safety and Standards
FSSAI	Food Safety and Standards Authority of India
FTL	Food Testing Laboratory
FICCI	Federation of Indian Chamber of Commerce and Industries
GVA	Gross Value Added
GHP	Good Hygienic Practices
GMP	Good Manufacturing Practices
GDP	Gross Domestic Product
HACCP	Hazard Analysis and Critical Control Points
HRD	Human Resources Development
HBTI	Harcourt Butler Technological Institute
IMAC	Inter Ministerial Approval Committee
ISO	International Organization for Standardization
IQF	Individual Quick Freezing
ICRIER	Indian Council for Research on International Economic Relations
IGPRTC	International Grain Processing Research & Training Centre
IBRTC	International Bakery Research & Training Centre
ICAR	Indian Council of Agricultural Research
ITDP	Integrated Tribal Development Project
IICPT	Indian Institute of Crop Processing Technology
IIT	Indian Institute of Technology
IIM	Indian Institute of Management



IIP	Index of Industrial Production
IGPB	Indian Grape Processing Board
IQF	Individual Quick Freeze
IVRI	Indian Veterinary Research Institute
JV	Joint Ventures
KSU	Kansas State University
LOA	Letter of Award
MFPI/MOFPI	Ministry of Food Processing Industries
MOUs	Memorandum of Understanding
MSEs	Micro and Small Enterprises
MFP	Mega Food Parks
MA	Modified Atmosphere
MIDH	Mission for Integrated Development of Horticulture
MPEDA	Marine Products Export Development Authority
NMFP	National Mission on Food Processing
NER	North Eastern Region
MSME	Micro Small & Medium Enterprise
MTECH	Master of Technology
NABARD	National Bank for Agriculture and Rural Development
NABL	National Accreditation Board for Testing and Calibration Laboratories
NABCONS	NABARD Consultancy Services
NCCD	National Centre for Cold Chain Development
NGO	Non Governmental Organization
NMPPB	National Meat and Poultry Processing Board
NIFTEM	National Institute of Food Technology, Entrepreneurship and Management
NHB	National Horticulture Board
NIF	NIFTEM Industry Forum
NMFP	National Mission on Food Processing
NMZ	National Investment and Manufacturing Zone
NRDC	NIFTEM Research Development Council
NSEL	National Spot Exchange Limited
NHM	National Horticulture Mission
PSUs	Public Sector Undertakings
PMCs	Process Management Consultants
PPC	Primary Processing Centres
PMA	Programme Management Agency
P&M	Plant & Machinery
R&D	Research and Development
RE	Revised Estimates
RTGS	Real Time Gross Settlement
RFP	Request For Proposal
SPV	Special Purpose Vehicle
SGSY	Swarnajayanti Gram Swarojgar Yojana
SHGs	Self Help Groups
SERB	Science and Engineering Research Board
SEZs	Special Economic Zone
SAUs	State Agricultural University
TUS	Technology Up gradation Scheme
TC	Technical Committee
TCW	Technical Civil Work
UC	Utilisation Certificates
UT	Union Territory
VAP	Village Adoption Programme
WCD	Women & Child Development

**CHAPTER – I**  
**BUDGETARY ANALYSIS**

**FOOD PROCESSING SECTOR: AN INTRODUCTION**

India has attained self sufficiency in production of most of the agricultural commodities. Over the years agricultural production in India has consistently recorded higher output. Programmes to increase the output of Indian agriculture without corresponding investments in processing facilities is likely to lead to a mismatch resulting in rural distress and decline in farmers' income. Despite the large production of food products in India, food inflation and food security issues are major concerns for policy makers in the country as they affect the basic need for Indian citizens – to have sufficient, healthy and affordable food. To ensure remunerative prices to the farmers for their produce has also been a big challenge. The most important step for improving the bargaining capacity of the farmer is to add value to his produce. This is possible if farmers are able to produce according to the requirements and standards demanded by the market. Food processors and the retailers can provide the necessary demand for the agricultural produce and facilitate the flow of market information, technology and inputs to the farmer so that he can tailor his output to the needs of the market. In the process the farmers will be able to raise their own level of income and employment. The consumer is also likely to benefit as there will be an increase in the supply of food products with a longer shelf life.

1.2 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. A strong and dynamic food processing sector plays a vital role in diversification and commercialisation of agriculture, enhancing shelf life, ensuring value addition to

agricultural produce, generation of employment, enhancing income of farmers and creating markets for export of agro foods. The Ministry acts as a catalyst for bringing in greater investment into this sector, guiding and helping the industry and creating a conducive environment for healthy growth of the food processing industry.

1.3 The Ministry of Food Processing Industries is concerned with formulation and implementation of the policies for the food processing industries within the overall national priorities and objectives. The Ministry does not deal with a few food items such as coffee, tea, oilseeds, sugar, spices and alcohol made from molasses, as these items fall within the purview of other Ministries. Nevertheless, since food processing industries include all edible processed food from the economic activity point of view, data analyzed by this Ministry includes the entire sector. Food processing includes (a) Manufactured Processes: If any raw product of agriculture, animal husbandry or fishing is transformed through a process, involving employees, power, machines or money, in such a way that its original physical properties undergo a change and if the transformed product is edible and has commercial value, then it comes within the domain of Food Processing Industries. (b) Other Value-Added Processes: If there is significant value addition (increased shelf life, shelled and ready for consumption etc.) such produce also comes under food processing, even if it does not undergo manufacturing processes.

1.4 It is essential to build sustainable supply chains, which will link the farmer to the processing and marketing centers seamlessly. The farmer is compelled to sell his produce to the 'Adathiya (Broker)' without waiting for a better price. If the farmer is enabled to grade and store his produce close to farm, the farmer will be empowered to demand and obtain a better price from the processors and also add value to his produce. For this, considerable investments are required in rural infrastructure and

components of the supply chain by way of grading and packing centers, controlled atmosphere, storage facilities, reefer vans, testing laboratories, etc., which may not come from private sources at this stage of the development of the food processing industry. It is therefore essential that public investment is significantly increased to fund these components of rural infrastructure to enable private enterprise to take up the remaining components of the supply chain which can be undertaken commercially. Carefully calibrated subsidies, exploring innovative strategies, empowering rural producers & consumers through better awareness and support to entrepreneurs in terms of technology and training are some of the ways in which this Ministry has catalyzed growth in this sector.

**B. HARVEST AND POST- HARVEST LOSSES**

1.5 More often than not the farmers tend to sell their surplus produce for lack of adequate storage facilities and processing infrastructure in the country. A nation-wide study on quantitative assessment of harvest and post-harvest losses for 45 agricultural produces in 107 randomly selected districts was carried out by CIPHET, Ludhiana in the year 2015. 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. The Report on the repeat study was submitted in March, 2015. The study has estimated that annual value of harvest and post-harvest losses of major agricultural produces at national level was of the order of Rs. 92,651 crore calculated using production data of 2012-13 at 2014 wholesale prices.

- Estimated harvest and post harvest losses (Rs. 92651 Crore) for production year 2012-13 at price of 2014.

S. No	Crop/Commodity	Production MT	Overall losses %	Value (Rs in crore)
1	Cereals	233	4.65-5.99	20698
2	Pulses	13	6.36-8.41	3877
3	Oilseeds	31	3.08-9.96	8278
4	Fruits	68	6.70-15.88	16644
5	Vegetables	97	7.32-12.44	14842
6	Plantation crops & spices (incl Sugarcane)	366	1.18-6.51	9325
7	Livestock products	216	0.92-10.52	18987

The following horticultural and cereal crops have been reported to suffer high losses:

Horticultural crops		Cereal crops (2012-13)	
Guava	15.88%	Paddy	5.53%
Apple	10.39%	Bajra	5.23%
Mango	9.16%	Wheat	4.93%
Grapes	8.63%	Maize	4.65%
Banana	7.76%		
Papaya	6.70%		

1.6 In case of cereals, majority of losses occur at farm level during harvesting, collection and threshing. Storage losses are only 0.75 – 1.21 percent. In case of fruits also, there are high losses in farm level operations. It may be seen that most of the wastage is happening in fruits and vegetables. With adequate processing facilities, much of this wastage can be reduced thus providing remunerative price to the producers as well as ensuring greater supply to the consumer.

### **C. CONTRIBUTION OF FOOD PROCESSING SECTOR TO GROSS DOMESTIC PRODUCT (GDP)**

1.7 Food Processing Sector has emerged as an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. During 2015-16, the sector constitutes as much as 8.80 and 8.39 per cent of GVA in Manufacturing and Agriculture sector respectively. A well-developed food processing sector with higher level of processing helps in the reduction of wastage, improve value addition,

promote crop diversification, ensure better return to the farmers, promote 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.

1.8 Abundant supply of raw materials, increase in demand for food products and incentives offered by the Government has impacted food processing sector positively. The Table given below shows that the Annual Growth Rate of Food Processing Industries sector during 2015-16 was 7.00 per cent as compared to around 4.90 per cent in Agriculture and 8.06 per cent in Manufacturing during the same period.

**Gross Value Added (GVA) By Food Processing Industries (FPI) at Constant 2011-12 Prices**

*(Rs. in Lakh Crore)*

Sl.No.	Economic Activity	2011-12	2012-13	2013-14	2014-15	2015-16
1	GVA -All India	81.07	85.47	90.84	97.27	104.27
2	GVA Manufacturing	14.10	14.95	15.80	16.67	18.22
3	GVA- Agriculture, Forestry And Fishing	15.02	15.24	15.88	15.84	16.04
4	GVA-FPI*	1.47	1.33	1.35	1.43	1.53
<b>(%) Growth</b>						
	Economic Activity	AAGR	2012-13	2013-14	2014-15	2015-16
5	GVA -All India	6.50	5.43	6.29	7.08	7.19
6	GVA Manufacturing	6.63	6.05	5.65	5.53	9.29
7	GVA- Agriculture, Forestry And Fishing	1.67	1.50	4.19	-0.25	1.25
8	GVA-FPI	1.18	-9.69	1.91	5.78	6.71
<b>(%) Share in Total GVA</b>						
	Economic Activity	2011-12	2012-13	2013-14	2014-15	2015-16
9	GVA -FPI	1.81	1.55	1.49	1.47	1.46
10	GVA Manufacturing	17.39	17.50	17.39	17.14	17.47
11	GVA- Agriculture, Forestry And Fishing	18.53	17.84	17.48	16.29	15.38
<b>(%) Share of FPI</b>						
12	GVA Manufacturing	10.42	8.87	8.56	8.58	8.37
13	GVA- Agriculture, Forestry And Fishing	9.78	8.70	8.51	9.03	9.51

**Source: National Account Statistics, 2016/ Central Statistical Office**

*Note: All GVAs have been adjusted for Financial Intermediation Services Indirectly Measured (FISIM).*

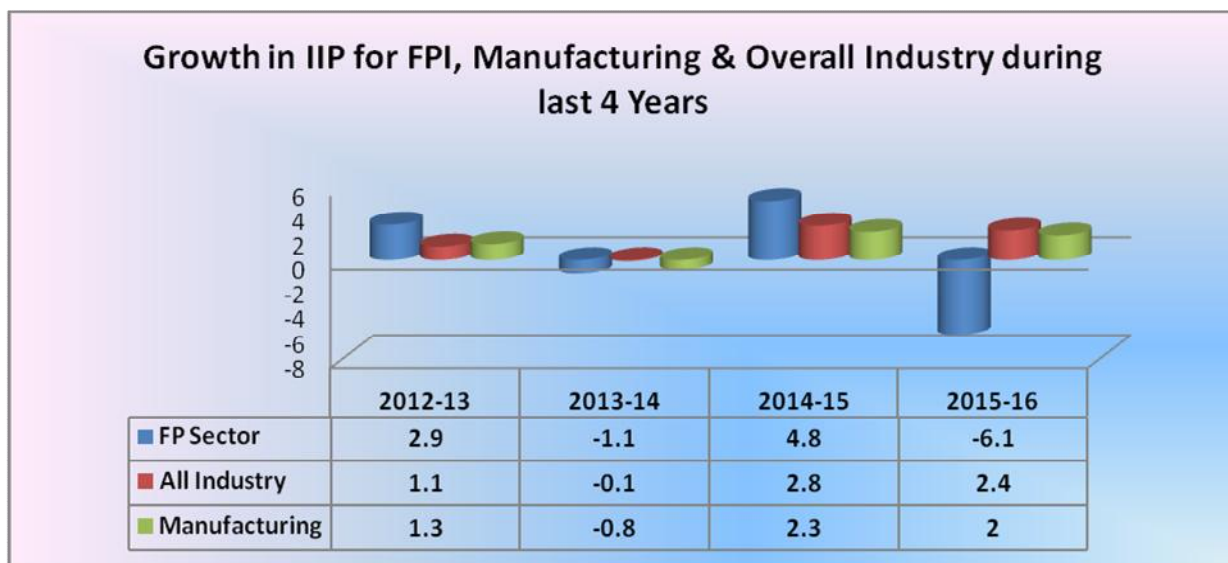
*\* Calculation of GVA-FPI for 2015-16 is based on the assumption that the Percentage share of GVA from FPI in total GVA from Food Products, Beverages and Tobacco for 2015-16 is same as the Percentage share of GVA from FPI in total GVA of Food Products, Beverages and Tobacco for 2014-15.*

1.9 When asked to furnish details regarding contribution of FPI sector to the GDP and its average growth rate during the last four fiscal years, the Ministry in its written reply states as under:

"As per the information provided by Central Statistical Office, contribution of FPI sector to total Gross Value Added in the economy was 1.81% in 2011-12, 1.55% in 2012-13, 1.49% in 2013-14, 1.47% in 2014-15 and 1.46% in 2015-16. Further, the average annual growth rate of the food processing industries during the period 2011-12 to 2015-16, at constant prices was 1.18%."

1.10 In terms of Index of Industrial Production (IIP), the information for 2012-13, 2013-14, 2014-15 & 2015-16 may also be seen in the Table below which provides performance in production activity of overall industry, manufacturing sector and food processing sector.

<b>Index of Industrial Production ( Base 2004-05=100)</b>				
	2012-13	2013-14	2014-15	2015-16
<b>FP Sector</b>	2.9	-1.1	4.8	-6.1
<b>All Industry</b>	1.1	-0.1	2.8	2.4
<b>Manufacturing</b>	1.3	-0.8	2.3	2.0



**Source:** Index of Industrial Production (IIP), CSO

1.11 The Food processing industry, compared to other industries has the largest number of factories and engages largest number of employees as well. It is one of the major employment intensive segments constituting 11.69 per cent of employment generated in all Registered Factory sector in 2013-14 followed by Textile and Wearing Apparel sector. Since with respect to fixed capital the food products industry does not figure in top five, it shows that this sector is highly labour intensive per unit of capital. Despite low capital intensity, the output and gross value added of food products are not compromised as these are third and fifth largest among all industries. Thus every unit of capital invested in food products industry employs largest number of persons as compared to other industries while generating almost as high the output and value addition levels as in other industries.

1.12 According to the latest Annual Survey of Industries (ASI) for 2013-14, the total number of persons engaged in registered food processing sector was 17.41 lakhs. During the last 5 years ending 2013-14, employment in registered food processing sector has been increasing at an Average Annual Growth Rate of 2.25 per cent. Unregistered food processing sector supports employment to 47.9 lakh workers as per the NSSO 67th Round, 2010-11. The overall scenario of employment in food processing industry sector is given below:

<b>Employment in Food Processing Industry</b>			
<b>Sector</b>	<b>Food Processing* sector</b>	<b>Overall Industry</b>	<b>(%) Share of FP sector</b>
<b>Registered# (2013-14)</b>	17.41 lakh	135.38 lakh	12.8
<b>Un-incorporated@(2010-11)</b>	47.92 lakh	348.88 lakh	13.72

\*: Includes food products and beverages segments ;#: Factory Registered under sections 2m(i) and 2m(ii) Factory Act 1948; @:Source: NSSO Report No. 549(67/2.34/2) on Economic Characteristics of Unincorporated Non-agricultural Enterprises (Excluding Construction) in India; NSS 67<sup>th</sup> Round (July 2010-June 2011)

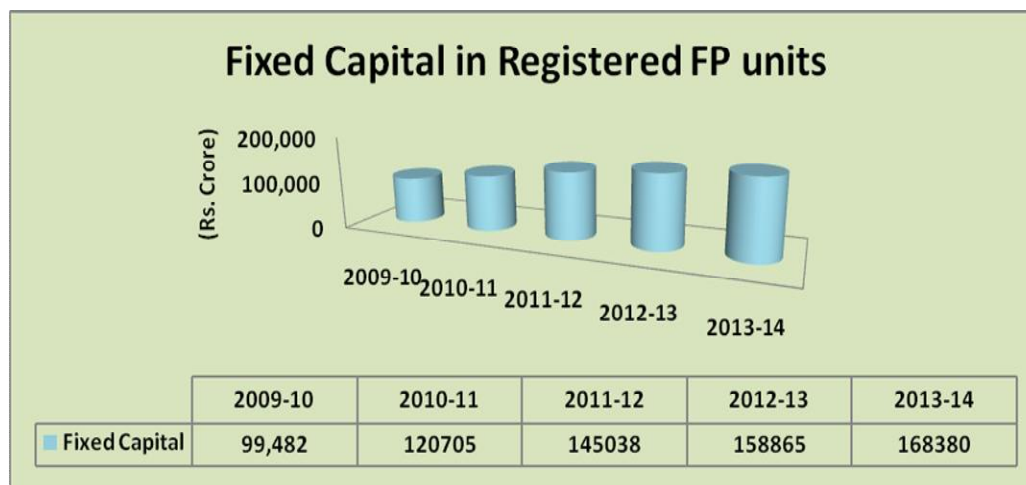


1.13 The number of persons employed per Rs.1 crore of investment is 10.03 for the entire food processing industry. Employment generation is higher than the average in the Meat sub-sector at 11.14, Fish at 17.96, Dairy 12.09 and Grain Mill products at 16.52. These very sub-sectors show low levels of GVA% as well. 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. Manufacture of prepared meals and dishes sub-sector can set the benchmark where employment generation is as high as 19.46 persons per Rs. 1 crore of investment but GVA% is also high enough at 31.75%. Sub-sectors with higher employee per unit of investment but low GVA% require their staff to be trained to increase productivity which together with technological infusion would increase value addition.

### **Fixed Capital in Food Processing Industry**

1.14 In terms of investment in fixed capital, registered food processing sector is growing annually at an average of 15.92 per cent during five years ending 2013-14. As per the latest, ASI (2013-14), the Fixed Capital in FP Industry stood at Rs. 1,68,380 crore.

<b>Fixed Capital * in Food Processing Industries (Rs. Crore)</b>						
<b>Year</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>AAGR#</b>
<b>Fixed Capital</b>	99,482	1,20,705	1,45,038	1,58,865	1,68,380	
<b>Growth Rate</b>	22.58	21.33	20.16	9.53	5.99	15.92
Source: Annual Survey of Industries, MOSPI * Fixed capital: Depreciated value of Fixed Assets owned by factory. #: Average Annual Growth Rate of 5 years.						



#### **D. PROMOTING INVESTMENT IN FOOD PROCESSING SECTOR:**

1.15 Keeping in view the role of food processing sector in terms of its contribution to employment, reduction in wastages and ensuring higher returns to farmers, Government has been promoting private investment through a number of interventions. The XII Plan document recognized the importance of the food processing sector. Some of the key strategies set out in the document are as follows:-

- Setting up of National Mission on Food Processing to improve coordination and implementation of schemes and to enable greater involvement of State Governments.
- Expanding existing infrastructure development schemes - Mega Food Parks Scheme and Integrated Cold Chain Scheme.
- Modernization of Abattoirs - Establishment of new abattoirs and modernization of existing abattoirs.
- Development and strengthening of existing and new institutions.
- Taking up a nation-wide skill development programme along the lines of special projects for skill development of rural youths under Swarnajayanti Gram Swarojgar Yojana (SGSY) of Ministry of Rural Development.

- Putting in place a network of food testing labs (Government/Private) by providing incentives.
- Encouragement for larger participation in Codex deliberations and setting up/strengthening of Codex cell in Food Safety and Standards Authority of India (FSSAI) to promote, coordinate and monitor related initiatives at the level of stakeholders.
- Setting up of an Innovation Fund and Venture Capital Fund for Food Processing to promote innovations and technology development.

1.16 From time to time, Government of India has announced a number of fiscal incentives for promoting investment in food processing sector. The main objective of these concessions is to encourage level of processing of agricultural and related products so that wastages, which are currently very high particularly in perishable products such as fruits & vegetables, milk, fish and meat is minimized. The Government has also declared investment in Food Parks covered under the Harmonized List of Infrastructure Sub-sectors (HLIS)" vide Government of India Notification dated 13th October 2014. Accordingly, Mega Food Parks will be able to access to infrastructure lending on easier terms.

#### **E. FOREIGN DIRECT INVESTMENT (FDI) IN FOOD PROCESSING SECTOR:**

1.17 DIPP is the nodal Department under Ministry of Commerce and Industry for promoting FDI into the country. Ministry of Food Processing Industries has taken following steps to attract investment in the sector:-

- (i) 100% FDI is permitted under the automatic route in food processing industries.
- (ii) 100% FDI is allowed through approval route for trading, including through e-commerce in respect of food products manufactured and/or produced in India.
- (iii) Participating in major events like SIAL, ANUGA, GULFOOD etc. to create awareness among the foreign investors regarding opportunities for food processing available in India

- (iv) Organising Road Shows in foreign countries to attract FDI
- (v) Planning to hold a mega international event WorldFood India 2017 in November 2017
- (vi) Creating awareness by seminars/ discussions with apex industry bodies like FICCI, ASSOCHAM, CII, AIFPA etc. to attract FDI in the food processing.

1.18 According to the data provided by the Department of Industrial Policy and Promotion (DIPP), the food processing sector in India has received around US\$ 6077.06 million worth of Foreign Direct Investment (FDI) equity inflows during the period April 2011-September 2016. The details are given in the following table.

Year(April-March)	FDI Equity inflows (US \$ Million)
2011-12	170.21
2012-13	401.46
2013-14	3982.88
2014-15	515.86
2015-16	505.88
2016-17(April-September)	500.77
Total	6077.06

#### **F. OVERVIEW OF DEMANDS AND BUDGETARY ALLOCATION**

1.19 Demand No. 41 pertaining to the Ministry of Food Processing Industries for the year 2017-18 was laid in the Lok Sabha on 14<sup>th</sup> March, 2017. The details of allocation proposed in the Demand are given below:

S.No.	Section	Scheme	Non-Scheme	Total
1	Revenue	-	-	-
	Voted	725	75	800
	Charged	-	-	-
2	Revenue	-	-	-
	Voted	-	-	-
	Charged	-	-	-
	Grand Total	725	75	800

#### **Budgetary Allocation**

1.20 The total allocation of funds under Budget Estimates, Revised Estimates and Actual Expenditure (Plan and Non-Plan) of the Ministry of Food Processing Industries during 12<sup>th</sup> Plan and BE for the current fiscal year is as under:

Year	BE	RE	Actual expenditure
2012-13	670.54	670.16	665.45
2013-14	719.11	564.32	541.94
2014-15	785.86	617.74	596.74
2015-16	505.51	524.61	504.44
2016-17	636.02	729.00	484.23* (Upto 20.01.17)
2017-18	800.00	-	-

1.21 On being asked about the reasons for less actual expenditure during 2016-17 and utilization of maximum of allocation in the remaining time period, the Ministry in its written reply submitted as under:

"The Ministry as on date has utilized 484.92 Crore of the budget allocation which is more than 80% of the BE allocation. Almost entire allocation for general areas under the Scheme of Mega Food Park and Scheme for Integrated Cold Chain and Value Addition Infrastructure has been utilized and a number of proposals are pending for release of grant. The grant-in-aid to these proposals will be released from the additional allocation to be received at RE stage which will be available in the month of March, 2017. The Ministry is closely monitoring the progress of each project under its major schemes and will be able to utilize entire allocation including additional fund to be received at RE stage, in the current year.

1.22 On being asked about the affect of less expenditure on the implementation of the Scheme, the Ministry in its written reply states as under:

"For the successive years, Ministry of Food Processing Industries has been receiving less allocation than the actual requirement of fund due to constraints availability of overall resources and priority of the Central Government for national programmes. The Ministry has been able to utilize almost entire allocation made for its various schemes in last few years barring some minor shortfall in the utilization of allocation for North-Eastern region. The current year's allocation will also be utilized fully. The Ministry has geared up to utilize the entire allocation including the additional allocation to be received at RE stage. However, lesser budget allocation to various programmes of the Ministry, affects the speed of implementation of the projects. The Ministry has been trying to get enhanced allocation from the Ministry of Finance for its Schemes."

1.23 Further during the course of oral evidence, on being asked about less actual expenditure during 2015-16 and comparatively less increase in allocation at BE stage during 2017-18, the representative of the Ministry submitted that:

‘...2015-16 के तीन आंकड़े मैं आपके समक्ष क्लीयर करूंगा। 505 करोड़ का टोटल बीई है, आरई में आपने हमारा ऐलोकेशन बढ़ाया जो 525 करोड़ के लगभग आ गया, लेकिन खर्च 505 ही हुआ। कारण है कि 20 करोड़ के लगभग नार्थ ईस्ट का होता है। उसमें हमारे पास कोल्ड चेन की परियोजनाएं इतनी नहीं आ पातीं। इसलिए वहां व्यय में थोड़ी कमी रही। ..... 2016-17 में सरकार ने हमें बजट बढ़ाकर दिया। पहले 636 था जिसे अभी 729 कर दिया गया है। हमने अगले साल के लिए ज्यादा मांगा था लेकिन अभी कम मिला है, 800 करोड़ रुपये मिला है। हमारा समिति से निवेदन होगा कि हमारे लिए अधिक से अधिक ऐलोकेशन दें ताकि हम अपनी योजनाएं अच्छी तरह चला सकें। हम छोटी योजनाओं पर भी जितना ध्यान दे सकते हैं, दिया है।’

1.24 The total Budgetary allocation (excluding non-scheme) for 2017-18 is Rs. 725 crore which is less than 50% of the proposed allocation (Rs. 1606.76 crore) by the Ministry. Explaining the reasons for the huge difference between proposed and actual allocation, the Ministry in its written reply submitted as under:

"The Ministry has proposed restructuring of its schemes under one umbrella Central Sector Scheme by incorporating on-going schemes of the Ministry and proposing new schemes for creation and expansion of processing and preservation capacities, creating backward and forward linkages and creating infrastructure for agro cluster development. Based on the assessment of on-going schemes and projected targets for new schemes in the year 2017-18, the Ministry proposed an allocation of Rs. 1606.76 Crore. The restructured Central Sector Scheme under the name of SAMPADA is likely to be approved in the current year for implementation in the year 2017-18. However, based on the overall resource availability and priority of the Central Government for national programmes, an allocation of Rs. 725 crore has been made for the Ministry of Food Processing Industries for its various schemes. The Ministry has, accordingly, allocated the fund to various schemes within this allocation. Based on the progress of the schemes, additional allocation will be sought from the Ministry of Finance at Revised Estimates Stage."

1.25 When the Committee asked about the mechanism in Ministry to monitor and ensure full utilization of budgetary allocation and about the quantum of funds spent by

the ministry quarter-wise during last four fiscals in absolute terms and in terms of a percentage of budgetary allocations, the Ministry in its written response stated as under:

"The Ministry of Food Processing Industry has robust mechanism in place to monitor and ensure full utilization of budgetary allocation for its various schemes. The scheme-wise expenditure of each scheme is reviewed weekly by the Secretary, FPI in weekly meeting of senior officers dealing with the schemes. The progress of the flagship schemes is also reviewed periodically by the Hon'ble Minister, FPI. The Inter-Ministerial Approval Committee for various schemes also reviews progress of the on-going projects from time to time. The Ministry has engaged reputed professional agencies as Programme Management Agencies for its major schemes to help in closely monitoring each of the projects. These PMAs and senior officers of the Ministry are regularly monitoring the progress of each project by undertaking field visits and obtaining monthly progress reports from the implementing agencies. The Ministry of Finance has also fixed quarterly expenditure targets. The Ministry is successfully meeting all these targets. The quantum of funds spent quarter wise during last four fiscals in **Annexure- I.**"

### **Re-Appropriation of Funds**

1.26 On being asked whether the Ministry has made any re-appropriation of funds between the schemes/programmes during 2015-16 and 2016-17, the Ministry in its written reply submitted as under-

"The scheme-wise re-appropriation of funds during 2015-16 and 2016-17 between schemes/programmes are as under:

<b>2015-16</b>		
Re-appropriation amount	From	To
Rs.2.00 Cr.	Scheme for Infrastructure Development – Mega Food Park, Cold chain & Abattoir	Scheme for Quality Assurance, R&D and Promotional Activities for Advertising & Publicity
Rs.4.79 Cr.	(i) Scheme for Human Resource & Skill Development (Rs.2.00 Cr). (ii) National Mission on Food Processing (Rs.2.79 Cr.)	Scheme for Quality Assurance, R&D and Promotional Activities for providing Grants –in-Aid-General.
Rs.2.11 Cr.	National Mission on Food Processing	Scheme for Technology Upgradation/ Establishment/ Modernisation of Food Processing Industries for providing Grants –in-Aid-General.

2016-17(upto 2 <sup>nd</sup> Batch of Supplementary Demands for Grants)		
Rs.6.15 Cr.	Scheme of Integrated Cold chain and Value Addition Infrastructure	(i)Scheme for Modern Abattoirs for providing GIA-General (NER) (Rs.5.65 Cr.)
		(ii) Scheme for Human Development & Institutions for GIA-General (NER) (Rs.0.50 Cr.)
Rs.3.51 Cr.	Scheme for Human Resource Development & Institutions (Plan)	Scheme for Human Resource Development & Institutions (Non-Plan)

Re-appropriation of funds was required from one scheme to another scheme on the basis of overall expenditure pattern."

1.27 The Ministry further submitted that re-appropriation of funds was required from one scheme to another scheme on the basis of overall expenditure pattern.

## G. XII PLAN ALLOCATION

1.28 The Ministry in its 12<sup>th</sup> Plan (2012-17) proposal sent to the Planning Commission sought an allocation of Rs. 14604 crore. The Planning Commission has allocated a plan outlay of Rs. 5990 core for 12<sup>th</sup> Five Year Plan. The details are as under:-

S. No	Name of the Scheme/ Component	Funds sought by the Ministry	Funds allocated by Planning Commission	
1	Scheme for Development of Infrastructure for Food Processing: Mega Food Parks Integrated Cold Chain Modernization of Abattoirs	4949.00	1714.00 786.00 300.00	2800.00
2	Strengthening of Institutions & Skill Development (including Innovation Fund Scheme and Venture Capital Fund)	2208.00		300.00
3	Quality Assurance, Codex Standards and Research & Development and Promotional Activities	729.00		290.00
4	Spillover liability: Technology Up-gradation Human Resource Development	412.00		750.00
5	National Mission on Food Processing	6306.00		1850
Total		14604.00		5990.00



1.29 The status of allocation, actual expenditure under various schemes during the XII Plan Period (2012-13 to 2016-17) is at **Annexure-II** .The BE figures for the five fiscals of the Twelfth Plan are to the tune of Rs.3225 crores which in percentage terms comes out to 53% of the approved outlay of Rs.5990 crores. When asked about the reasons for not being allocated the entire approved outlay, the Ministry in its written reply submitted as under:

"The Ministry has projected its requirements of annual allocation for every year during the Twelfth Plan based on its assessment and requirement of on-going and new activities under various schemes. However, annual allocation to the Ministry has been made by the Finance Ministry based on overall resource availability and national priorities. The Ministry has been able to utilize almost entire allocation for every fiscal during the Twelfth Five Year Plan and has been requesting for additional allocation at RE stage."

1.30 During 12th Plan the Ministry had launched a Centrally Sponsored Scheme (CSS) - National Mission on Food Processing (NMFP) for implementation through State/ Union Territory Governments. Under the Mission, funds were shared on 75:25 basis by Govt. of India and States; 90:10 in North Eastern States and 100% grants for Union Territories.

1.31 When the Committee enquired about the instances where States/UTs have not been able to come up with their matching contribution share i.e. 25% during the tenure of the scheme along with the reasons therefore, the Ministry in its written reply stated as under:

The Ministry started implementing the Centrally Sponsored Scheme – National Mission on Food Processing (CSS-NMFP) w.e.f 01.04.2012. During the year 2012-13, 13-14, 14-15 and 15-6, Ministry has released the Government of India (GoI) share as below:

(Rs. in Crore)

<b>CSS-NMFP</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>Total</b>
State	152.87	24.99	109.61	00.00	287.47
NER	24.38	4.73	15.00	00.00	44.11
UTs	7.44	0.00	0.70	2.09	10.23
<b>Total</b>	<b>184.69</b>	<b>29.72</b>	<b>125.31</b>	<b>2.09</b>	<b>341.81</b>

The Government of share has been release to the States/UTs after ensuring proportionate fund of State/UTs have been released for the scheme and UC of released GOI funds submitted by the State/UT Government. However, the Government of India has announced del-linking of Centrally Sponsored Scheme – National Mission on Food Processing (NMFP) from Central Government support w.e.f. 01.04.2015, except for UTs (up to 31.03.2016). No budget was provided for implementation of NMFP by Ministry during FY- 2015-16 to the states. In view of de-linking of NMFP, this Ministry has requested all the state governments to ensure the release of funds to all the projects approved by SLEC including that of the committed liabilities from the states' own resources. Further, the State Governments have also been requested to take a decision for running the schemes of NMFP or otherwise w.e.f. 01.04.2015. The Central Government support to UTs has also been delinked with effect from 31.03.2016."

### 1.32 Proportion of Budgetary Allocations made In favour of Ministry of Food Processing Industries during XII Plan Period (2012-13 to 2015-16):

	<b>(Rs. in crore)</b>				
	2012-13	2013-14	2014-15	2015-16	2016-17
Total Central Plan Outlay (including Central Assistance for State and UTs)	781507.25	816377.39	822940.94	783165.68	948148.84
Budgetary allocation in favour of Ministry of Food Processing Industries	660.00	708.00	770.00	487.00	600
Proportion of Budgetary allocation - % of Total Central Plan Outlay	<b>0.08</b>	<b>0.09</b>	<b>0.09</b>	<b>0.06</b>	<b>0.06</b>

1.33 The proportion of Budgetary allocation was 0.09% of total Central Plan Outlay in 2013-14 & 2014-15 while it was 0.06% in 15-16 and 16-17. When asked to furnish figures for 2017-18, the Ministry in its written reply submitted as under: -

"From the year 2017-18, the Government has abolished plan and non-plan classification of expenditure. The allocation has been made for scheme and non-scheme basis from the current year. The allocation for the schemes of the Ministry is Rs. 725.00 Crore against the total central outlay of Rs. 9.45 Lakh Crore for the same purpose. Therefore, it works out to be 0.077% of the total central outlay."

### **Niti Aayog**

1.34 The Plan period of 12th Plan (2012-17) is nearing its end and after Planning Commission being replaced, NITI Aayog is formulating the Plans. It has been stated that the three year Action Plan has been sent to NITI Aayog. The Outcome of the Plan, subject to allocation of BE of Rs.6,000.00 Crore for all the schemes of the Ministry for the period upto 2019-20 co-terminus with the tenure of 14th Finance Commission, may be summarized as under:-

Sl. No	Outcome	Total
1.	Leveraging investment	Rs. 31,000 Crore
2.	Benefitting farmers (In lakh)	20 lakh
3.	Handling agro-produce (Lakh MT)	332.00 lakh MT
4.	Value of agro-produce handled	Rs. 1,03,500 crore
5.	Employment generation (Nos.)	6,30,000 Nos.
6.	Production of meat (Lakh MT)	3.50 lakh MT
7.	Value of meat produced	Rs. 4,000 crore

1.35 On being asked regarding basis of computation of leveraging investment of Rs. 31,000 Crore, number of farmers benefitted, handling of agro produce, employment generation etc. by the Ministry, the Ministry in its written reply submitted as under-

"Based on an allocation of Rs. 6000 crore for various schemes of the Ministry for a period up to 2019-20 as recommended by the EFC, the outcome of each scheme has been worked out in terms of leveraging investment, benefiting farmers, having agro producer, employment generation etc. as indicated above. This computation has been made

based on the number of projects to be taken up under various schemes and the average investment required in each of those projects. A notional employment generation potential and the number of farmers to be benefited have also been worked out based on the past experience and the likely investment to be made. Accordingly, the number of farmers to be benefitted and number of employment to be created has been computed for each project."

1.36 For the major schemes of Mega Food Parks, Agro-processing clusters, setting up/modernization of abattoirs, integrated cold chain and creation and expansion of processing and preservation capacities, the scheme wise outcome is as below:

Sl. No.	Outcome	Mega Food Parks	Agro-Processing Clusters	Abattoirs	Cold Chain	Food Processing & Preservation Capacities	Total
1.	Leveraging investment (Rs. in Crore)	15000	6000	-	5000	5000	Rs. 31,000 Crore
2.	Benefitting farmers (In lakh)	10.00	4.00	-	3.50	2.50	20.00 lakh
3.	Handling agro-produce (Lakh MT)	160.00	60.00	-	70.00	42.00	332.00 lakh MT
4.	Value of agro-produce handled (Rs. in crore)	50,000	20,000	-	21,000	12,500	Rs. 1,03,500 Crore
5.	Employment generation (Nos.)	2,00,000	1,20,000	1,00,000	1,25,000	85,000	6,30,000 Nos.
6.	Production of meat (Lakh MT)	-	-	3.50	-	-	3.50 lakh MT
7.	Value of meat produced (Rs. in Crore)	-	-	4,000	-	-	Rs. 4,000 Crore

## H. NON -PLAN ALLOCATION

1.37 The details of allocations and expenditure under Non-Plan head in 12th Plan Period and allocation under Non-Scheme during the current fiscal year i.e 2017-18 are as under:

Year	Budget Estimate	Revised Estimate	Actual Expenditure
2012-13	10.54	10.16	09.57
2013-14	11.11	14.32	13.98
2014-15	15.86	17.74	17.01
2015-16	18.51	37.61	15.48
2016-17	36.02	40.44	20.63*
2017-18	75.00	-	-

1.38 On being asked about the increase in allocation at RE stage during 2016-17, the Ministry in its written reply stated as under:

"The main reason for increase in allocation of non-Plan at RE stage is the requirement of payment to NIFTEM & IICPT under the head of Grant -in Aid-General (from Rs. 5.17 Crore to Rs. 10.00 Crore). The other reasons are to make payments for CPWD for various renovation works in the Ministry; pay hike and payment of arrear toward implementation of 7<sup>th</sup> CPC; payment of consultants, DEOs and house-keeping staff as per labour norms etc."

1.39 When the Committee asked about the reasons for increase in BE for the year 2017-18, the Ministry in its written reply responded as under:

"Out of Rs.75.00 crore allocated during BE 2017-18, Rs. 50.04 Crore is earmarked for two institutions i.e. IICPT and NIFTEM under the head of grant –in aid-General, creation of capital assets and grant-in aid-Salaries. Allocation for establishment charges is Rs. 24.80 crore only including salary amounting to Rs. 15.90 Crore."

## **CHAPTER – II**

### **EVALUATION OF SCHEMES**

A strong and dynamic food processing sector plays a significant role in diversification of agricultural activities, improving value-addition opportunities and creating surplus for export of agro-food products. This requires policies and plans for improvement 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. It provides remunerative prices to the farmers, generates employment opportunities and provides convenience to consumers. 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 centres, controlled atmosphere facilities, reefer vans, cold storage for perishable cargo at port/airport/railway stations, a chain of testing laboratories to meet international quality standards, etc., which are not likely to come from private sources. Significant public investments would, therefore, be required to create suitable infrastructural facilities to develop a sustainable supply chain linking farmers to processing centres. The Ministry of Food Processing Industries has been supporting a range of initiatives for the growth of food processing industry.

## **12<sup>th</sup> Plan Proposals**

2.2 The Working Group on Food Processing Industries for the 12th Plan has recommended for continuation of following schemes as Central Sector Schemes during the 12th Plan period:-

I. Infrastructure Development Scheme

- (a) Mega Food Parks
- (b) Cold Chain, Value Addition and Perseveration Infrastructure
- (c) Setting up / Modernization of Abattoirs approved in 11th Plan.  
(The scheme has been subsumed under the National Mission on Food Processing w.e.f. 01.04.2014)

II. Strengthening of Institutions

- (a) National Institute of Food Technology Entrepreneurship & Management
- (b) Indian Institute of Crop Processing Technology
- (c) Indian Grape Processing Board
- (d) National Meat & Poultry Processing Board

III. Quality Assurance, HACCP and R&D and Promotional Activities

2.3 The Working Group has also recommended for a new Centrally Sponsored Scheme in the form of "National Mission on Food Processing" proposed to have 8 components. Five components, namely, (i) Technology up-gradation/ establishment/modernization of food processing industries, (ii) Human Resource Development, (iii) Construction & Modernization of Abattoirs (iv) Promotional Activities and (v) Cold Chain, Value Addition & Preservation Infrastructure for non-horticulture produce were included in the first phase of the Scheme. Four new activities, namely, (i) Modernization of Meat Shops, (ii) Reefer vehicles, (iii) Creation of Primary Processing Centres (PPCs)/Collections Centres (CCs) in Rural Areas and (iv) Old Food Parks were added as new components.

2.4 The Working Group has also recommended for two new central sector schemes namely, (I) Venture Capital Fund Scheme and (II) Innovation Fund Scheme. But, these schemes could not be taken up due to fund constraints.

**A. RE-STRUCTURING OF THE SCHEMES UNDER THE NEW CENTRAL SECTOR SCHEME – SAMPADA (SCHEME FOR AGRO-MARINE PROCESSING AND DEVELOPMENT OF AGRO-PROCESSING CLUSTERS)**

2.5 The Ministry of Food Processing Industries had implemented the following schemes during 11<sup>th</sup> Plan for the promotion and development of food processing sector in the country:

- (i) Scheme for Infrastructure Development:
  - a) Mega Food Park
  - b) Cold Chain, Value Addition and Preservation Infrastructure
  - c) Modernization of Abattoir
- (ii) Scheme for Technology Up-gradation / Establishment / Modernisation of Food Processing Industries.
- (iii) Scheme for Quality Assurance, R&D and Codex Standards
- (iv) Scheme for Human Resource Development (HRD)
- (v) Scheme for Promotional Activities

2.6 During 12<sup>th</sup> Plan, the Schemes of MoFPI were restructured by merging the ongoing schemes of Technology Upgradation/ Establishment/ Modernization of Food Processing Industries; Cold Chain, Value Addition and Preservation Infrastructure for non-horticultural produce; Human Resource Development & Promotional Activities and new Schemes for Creating Primary Processing Centres / Collection Centres in Rural Areas; Modernization of Meat Shops and Reefer Vehicles under the Centrally Sponsored Scheme of National Mission on Food Processing (NMFP). In addition, the following ongoing Central Sector Schemes were also implemented by the Ministry:

- (i) Scheme for Mega Food Parks



- (ii) Scheme for Cold Chain, Value Addition and Preservation Infrastructure Scheme
- (iii) Scheme for setting up / modernization of Abattoirs
- (iv) Scheme for Quality Assurance, R&D and Promotional Activities

2.7 However, Centrally Sponsored Scheme (CSS) - National Mission on Food Processing (NMFP) launched by this Ministry during 12<sup>th</sup> Plan has been de-linked from the Central Government support w.e.f. 1.4.2015, except for UTs (upto 31.03.2016). Consequently, all nine schemes of the Mission stand discontinued.

2.8 Presently, there is no scheme in the Ministry to promote individual food processing and preservation units to expand processing capacity. The scheme of Mega Food Park requires larger investment of about Rs. 150 crore for a project with a minimum area of 50 acres. There is a need to create smaller agro processing clusters near the production areas in different States. Creation of backward & forward linkages in the supply chain is essential to benefit farmers as well as consumers. Presently, there is no scheme to incentivize backward & forward linkages in the supply chain.

2.9 In view of above, Ministry of Food Processing Industries has proposed to re-structure the ongoing schemes of the Ministry and introduce new schemes to promote holistic growth of the sector and fill up gaps in the supply chain by proposing an umbrella Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA).

2.10 The Ministry has informed that SAMPADA is proposed to be implemented with an allocation of Rs. 6,000 crore for the period of 2016-20 coterminous with the 14<sup>th</sup> Finance Commission cycle by merging ongoing schemes of Mega Food Parks; Integrated Cold Chain and Value Addition Infrastructure; Modernization / Setting up of Abattoirs; Food Safety and Quality Assurance Infrastructure; Human Resources &

Institutions and new schemes for Infrastructure for Agro-processing Clusters; Creation of Backward and Forward Linkages and Creation / Expansion of Food Processing & Preservation Capacities.

2.11 SAMPADA Mission will promote all the segments of food processing from infrastructure to forward linkage at the front end of the supply chain and will provide a big thrust to the growth of this sector.

2.12 The Scheme-Wise Outlay And Expenditure during 2016-17 and Budget Estimates for 2017-18 of the Ministry of Food Processing Industries are given below-

SCHEME-WISE OUTLAY AND EXPENDITURE DURING 2016-17 AND BUDGET ESTIMATES FOR 2017-18 OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES								
							[Rs. in Crore]	
		2016-17					2017-18	
Sl. No.	Name of the Scheme/ Project/ programme (Central Sector Schemes)	Proposed Allocation *	BE	RE	Actual Expenditure	Shortfall/ Excess, if any, with reasons	Proposed Allocation	BE
1	2							
	Plan-Central Sector Scheme-National Mission on Food Processing (SAMPDA)							
1	Scheme of Mega Food Parks	610.88	222.30	300.15	199.47		402.00	300.00
2	Scheme for Infrastructure for Agro-processing Clusters (New Scheme)	0.00	0.01	0.01	0.00		100.00	35.00
3	Scheme for Modern Abattoirs	0.00	31.00	35.79	20.60		95.24	45.00
4	Scheme for Integrated Cold Chain and Value Addition Infrastructure	238.00	158.23	185.21	138.85		320.00	180.00
5	Scheme for Creation / Expansion of Food	107.00	112.16	87.25	67.52		387.00	95.00

	Processing and Preservation Capacities							
6	Scheme for Creation of Backward and Forward Linkages (New Scheme)	0.00	0.01	0.01	0.00		50.00	20.00
7	Scheme for Quality Assurance	51.32	24.00	24.13	17.08		31.95	20.00
8	Scheme for Human Resource and Institutions	60.50	52.29	56.01	20.08		179.57	30.00
9	CSS- National Mission on Food Processing - assistance to UT Plan	7.00	0.00					
	Total	1074.70	600.00	688.56	463.60		1606.76	725.00
	*The composition of components of various Schemes has been changed. Hence, the names of the Schemes in BE are different.							

2.13 The allocations proposed by the Ministry for scheme for creation/expansion of food processing and preservation capacities and Scheme for Human Resource and Institutions were reduced by the Ministry of Finance and therefore, when the Committee sought the basis for higher allocations for new schemes and also how does the Ministry plans to achieve its target under these schemes during 2017-18, the Ministry in its written reply stated as under:

"Based on the assessment of all on-going schemes and projected targets for on-going and new schemes in the year 2017-18, the Ministry proposed an allocation of Rs. 1606.76 Crore for Schemes whereas the Ministry of Finance has allocated Rs. 725.00 Crore only. Therefore, the Ministry had to work out the inter-se allocation for the Schemes in view of the liabilities of the on-going Schemes. The existing liabilities of the Scheme for Creation and Expansion of Food Processing & Preservation Capacities have come down significantly and the allocations for Scheme for Creation and Expansion of Processing and Preservation Capacities (new) is yet to be approved by the Competent Authority. Scheme for Human Resources and Institutions also covered the two institutions of the Ministry i.e. NIFTEM and IICPT. These two institutions have now been brought under

the expenditure head of Non-Scheme. Therefore , there is less allocation for these two schemes at BE stage in 2017-18."

2.14 On being asked about the reasons for the financial allocation for the Schemes under SAMPADA in the current fiscal year whereas the approval of competent authority for the same is still awaited, the Ministry in its written reply has submitted as under:

"The Ministry has proposed restructuring of the on-going schemes and proposed new schemes for infrastructure for agro-processing clusters, scheme for creation and expansion of food processing and preservation capacities, scheme for creation of backward and forward linkages under an umbrella central scheme SAMPADA. Expenditure Finance Committee (EFC) in their meeting held on 09.02.2016 has already recommended the New Schemes. The proposal is in the process of seeking approval of the competent authority. The Ministry is expecting to get approval of the competent authority for the SAMPADA scheme during the current year and plan to implement all on-going and new schemes under SAMPADA during 2017-18."

The following schemes will form part of the SAMPADA which are expected to be under implementation from April, 2017-18 with an allocation of Rs.725 Crore:-

Sl. No.	Name of the Scheme
1.	Scheme for Mega Food Park
2.	Scheme for Infrastructure for Agro-processing Clusters
3.	Scheme for Modern Abattoirs
4.	Scheme for Integrated Cold Chain and Value Addition Infrastructure
5.	(i) Scheme for Creation and Expansion of Food Processing & Preservation Capacities
	(ii) Scheme for Technology Up gradation/Establishment/ Modernization of FPIs (Spill over liabilities of 11 <sup>th</sup> Plan)
6.	Scheme for Creation and Backward and Forward Linkages
7.	Scheme for Quality Assurance:
	(a) Scheme for Food Testing Laboratories
	(b) Scheme for Implementation of HACCP/ISO Certification
8.	Scheme for Human Resources and Institutions:
	(a) Research & Development
	(b) Promotional Activities
	(c) Human Resource Development
	(Spill over liabilities of 11 <sup>th</sup> Plan)
	(d) Infrastructure Creation in Training Institutes
	(e) Development of Course curriculum for Training Module and translation of Training Module in regional languages

2.15 When queried about difference between these New Schemes and the existing ones, the submission of Ministry in written is as under:

"The Ministry has proposed new schemes in the areas where presently no scheme were being implemented. These new schemes will be able to fill up the gaps in creating infrastructure in the entire supply chain and the restructured scheme SAMPADA will attend to all the segments of food processing right from farm gate infrastructure to the infrastructure at retail outlets. The on-going schemes were not adequate to meet these requirements where new scheme has been proposed. Having the schemes to attend all segments of the food processing supply chain will give fillip to the food processing sector in the country and help in creating modern infrastructure at various stages to support the growth of the sector."

## **B. MEGA FOOD PARK SCHEME**

2.16 The Mega Food Park Scheme aims at providing modern infrastructure facilities for food processing along the value chain from farm to market. The Scheme functions on a Hub and spoke model. It includes creation of infrastructure for primary processing and storage near the farm gate at Primary Processing Centers (PPCs), Collection Centres (CCs) and common facilities and enabling infrastructure at Central Processing Centre. 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. The objectives of the scheme are as follows:

- a) To provide modern infrastructure for food processing units in the country in selected clusters to be identified in a demand driven manner.
- b) To ensure value addition of agricultural commodities including poultry, meat, dairy, fisheries etc.
- c) To establish a sustainable raw material supply chain for each cluster.

- d) To facilitate induction of the latest technology.
- e) To address the issues of small and medium nature of processing industries through a cluster approach with stakeholders managing the supply chain.
- f) To provide an institutional mechanism for producers, processors, and retailers to work together to build the supply chain.

### **Pattern of Financial Assistance**

2.17 The Scheme shall provide a capital grant at the rate of 50 per cent of the eligible project cost in general areas and at the rate of 75 per cent of eligible project cost in difficult and hilly areas i.e., North East Region including Sikkim, J&K, Himachal Pradesh, Uttarakhand and ITDP notified areas of the States subject to a maximum of Rs. 50 crore per project. The eligible project cost is defined as total project cost but excluding cost of land, pre-operative expenses and margin money for working capital.

### **Current status of Implementation**

2.18 Under the Scheme of Mega Food Park, the Government has so far approved 42 Mega Food Parks to be set up in the country. Out of these, 3 projects have been completed and 31 projects have been accorded Final approval and are under various stage of implementation. In-principle approval has been recently issued to remaining 8 projects which are in the process of meeting the conditions of Final approval.

2.19 During the financial year 2016-17 (as on 31.12.2016), Ministry has released grant-in-aid of Rs.197.17 crore to the ongoing Mega Food Park projects. The financial implication in respect of each of 42 Mega food Parks along with other relevant details is at **Annexure - III**. Eight Mega Food Park projects at Haridwar (Uttarakhand), Chittoor (Andhra Pradesh), Tumkur (Karnataka), Fazilka (Punjab), Nalbari (Assam), Khargone (Madhya Pradesh), Ranchi (Jharkhand) and Murshidabad (West Bengal) have become operational. About 38units are functioning in these parks providing employment to more than 23,399 people directly and indirectly. In addition, approximately 4 lakhs people are

getting employment through franchises, dealership/distributorship etc. Four more mega food parks projects are likely to be completed by the end of the current financial year.

2.20 On being asked about the reasons for operation of only 8 projects out of 42 MFP, the Ministry in its written reply explained as under:

"On the basis of the experience of implementation and interaction with the various stakeholders, the following reasons have been identified for the delay in implementation of MFP projects:

- i. Difficulty in getting the term loan from the Banks/NABARD by the promoters and high cost of service of debt in case of loans from banks;
- ii. Delay in statutory clearances from the State Government /Agencies – Approach road, supply of power & water to the project site, CLU etc;
- iii. Non availability of any special incentive for setting up food processing units in Mega Food Parks;
- iv. Absence of specific Food Processing Policy and Food Processing Department in some of the States;
- v. Unwillingness of the co-promoters in contributing their share of equity timely. There were instances of change of promoter(s) midway which has delayed project implementation."

2.21 When the Committee enquired about the number of proposals for MFP projects pending for in-principle approval, the Ministry in its written reply stated as under:

"Ministry invited Expression of Interest (EOI) on 31.07.2016 with the last date of submission as 07.10.2016 for setting up Mega Food Park Projects in the Country against the vacant slots available due to cancellation of the earlier approved projects. In response to EOI, total 54 proposals were received, which were appraised by the PMA and Technical Committee (TC) based on the prefixed parameters in the Scheme Guidelines. The Inter-Ministerial Approval Committee (IMAC) in its meetings held on 07.12.2016, 09.12.2016, 15.12.2016 & 28.12.2016, based on the recommendations of TC, found 28 proposals as eligible and based on merit, approved for granting 'In-principle' approval to 8 projects against the available vacancies. Accordingly, these projects were accorded In-principle approval by the Ministry on 03.01.2017."

2.22 Only 8 Mega Food Parks have become operational since the launch of this scheme as against the target of 42 Mega Food Parks, when the Committee asked for reasons for this, the Ministry during Oral evidence submitted as follows-

..."हमारी एक प्रक्रिया 2008 से बनी है और अभी भी चल रही है। उसमें हम प्रथम चरण में इन प्रिंसिपल ऐप्रूवल देते हैं और सैकिंड चरण में फाइनल ऐप्रूवल देते हैं। इन प्रिंसिपल ऐप्रूवल के समय उससे काफी कागजात मांगते हैं। जब हमने 8 पार्क्स के लिए एक्सप्रेसन ऑफ इंटरस्ट मंगवाए थे, तो लगभग 54 प्रस्ताव आए। उनमें से हमने 8 को सलैक्ट किया है और 1-2 वेटिंग लिस्ट में रखे हुए हैं। हमारी प्रोजैक्ट मैनेजमेंट एजेंसीज़ होती हैं। चार कम्पनियां - आईएलएफएस, सिरी, ग्रैंट थॉटन और पीडब्ल्यूसी है। इनके माध्यम से ये मोक़े पर जाते हैं, उनके बिज़नसप्लैन को ऐगज़ामिन करते हैं। मंत्रालय में हमारी एक इंटर-मिनिस्ट्रियल ऐप्रूवल कमेटी है जिसमें राज्य सरकार के लोग रहते हैं, कृषि विभाग के लोग रहते हैं, उद्योग विभाग के लोग रहते हैं और हम रहते हैं। वे हमारे सामने प्रस्तुतीकरण करते हैं। जो सवाल-जवाब पूछने हैं तो पार्क वाले से पूछ लेते हैं और राज्य सरकार से भी पूछ लेते हैं। उसके पश्चात् ही पार्क का प्रथम चरण में इन प्रिंसिपल अनुमोदन देते हैं। उसके बाद उससे कहते हैं कि अब बैंक का लोन लेकर आइए। अगर अभी तक जमीन एकत्रित नहीं की है, तो अपनी जमीन के सारे कागजात लेकर आइए और तमाम ऐप्रूवल्स लेकर आइए। अबकी बार हमने पार्क्स को और तेजी से क्रियाशील करने के लिए कुछ व्यवस्थाएं अपनी गाइडलाइन्स में परिवर्तित की हैं। हमने आपके सामने 2015 में तथ्य रखा था कि इकरियार के माध्यम से इसकी मिड टर्म स्टडी करवाई गई है। इकरियार की संस्तुतियों को देखते हुए अबकी बार हमने अपनी गाइडलाइन्स में इस प्रकार के संशोधन किए हैं कि जो आदमी लैंड लेकर आएगा कि हमारे पास भूमि है, उसे हम पूरे नम्बर देंगे। जो आदमी हमारे पास यह लेकर आएगा कि हमें राज्य सरकार से लैंड के लिए एक अनुमोदन पत्र मिल गया है, उसे थोड़े कम नम्बर देंगे। इस तरह हमने जमीन की उपलब्धता को सुनिश्चित करने के लिए ताकि पार्क जल्दी शुरू हो सके, व्यवस्था की है। पार्क से हमारा जो प्रोज़ेक्स बनेगा, वह जल्दी से जल्दी मार्किट तक पहुंचे और कृषकों का सामान भी जल्दी से जल्दी आए, अगर वह नेशनल हाईवे पर है, राजमार्ग इत्यादि पर स्थित है, तो उन पार्कों को मार्किंग में वरीयता दी गई है।'

### **12<sup>th</sup> Plan Allocation for Mega Food Park Scheme**

2.23 The allocation of funds for Mega Food Park Scheme under BE, RE and Actual Expenditure (upto 20.01.17) for 2016-17 and BE for 2017-18 are as under:



(Rs. in crore)

Year	BE	RE	Expenditure
2012-13	86.00	93.20	93.12
2013-14	116.00	110.25	94.08
2014-15	120.00	63.94	63.94
2015-16	120.00	119.50	125.17
2016-17	222.30	311.34	199.47*
2017-18	300.00	-	-

\*Expenditure upto 20.01.2017

2.24 On being asked about the reason for less actual expenditure despite increase in RE during 2016-17, the Ministry in its written reply submitted as under-

"Budget Head-wise details of allocation of funds at the stage of Budget Estimates (BE), Revised Estimates (RE) for the Scheme of Mega Food Parks and the status of its utilization are as under:

(Rs. in Crore)

Budget Head	BE 2016-17	RE 2016-17	Expenditure
Grant –in-aid (General)	190.00	260.00	189.46
Professional Services	2.30	3.14	2.30
Grants-in-aid(NER)	30.00	37.01	7.71
<b>Total</b>	<b>222.30</b>	<b>300.15</b>	<b>199.47</b>

"it is evident from above that the Ministry has utilized almost entire allocated funds at the stage of BE under Budget Head Grant–in-aid (General) and Professional Services. Under Budget Head Grant–in-aid (NER), also Rs. 15 Crore are in the process of being released to the Mega Food Park Project in Tripura and remaining fund will be utilized within this year. ..a number of proposals from General Areas are pending with the Ministry for release of grant to various projects. Based on this requirement, Ministry has requested for additional allocation at RE stage, which will also be utilized in the current year."

2.25 On being asked about the impact of less expenditure in the implementation of the scheme, the Ministry in its written reply stated as under:

"The release of grant in aid is linked to the physical and financial progress of the Mega Food Park (MFP) projects at the site. Some SPVs have already submitted their request for release of grant after complying with the requisite conditions of the Scheme Guidelines. The grant will be released to them after additional funds allocated at RE stage are made available to the Ministry. Delay in release of grant in aid to the projects under implementation due to constraints of availability of fund, adversely affects the process of implementation and delays the completion of the projects."

2.26 When the Committee asked about the reasons for increase in allocation at BE stage during 2017-18, the Ministry in its written reply stated that:

"Ministry is closely monitoring and taking a numbers of steps to speed up implementation of the MFP projects. The Ministry is targeting to operationalise all MFP projects under implementation as early as possible. This will require more funds. Accordingly, Ministry has requested for increase in allocation at BE stage during 2017-18. This will help Ministry to expedite the completion of the MFP projects."

2.27 The Ministry awarded "Evaluation of the Impact of the Scheme for Mega Food Park to M/s Indian Council for Research on International Economic Relations (ICRIER). The report submitted by ICRIER has been accepted by the Ministry. ICRIER has recommended that the Ministry should design innovative incentives to attract the units to the Mega Food Parks. The Ministry should reconsider the number of Mega Food Parks which it wants to create. Rather than having more food parks it should focus on few food parks and make them operational.

2.28 On being asked by the Committee about the efforts made by the Ministry to implement the recommendations of ICRIER, the Ministry responded in writing as under:

"The recommendations of ICRIER have been taken into consideration while revising the Scheme Guidelines dated 21/07/2016. The criteria for evaluation of proposal for setting up MFPs have also been suitably revised; giving weightage to existing forward linkage and export operation also. Ministry has launched online portal for release of grant and monitoring of project implementation. The Ministry has proposed launching of Central Sector Scheme - **SAMPADA** to provide incentives to the food processing units to attract the investors to the Mega Food Parks.

2.29 On being asked about the innovative incentives launched to attract the investors to Mega Food Parks, the Ministry responded in writing as under:

"Some of the recent initiatives by the Ministry are as under:

- A Special Fund of Rs. 2,000 Crore has been setup in NABARD by the Central Government to make available affordable credit to agro-processing units in the designated Food Parks;
- Reserve Bank of India has classified loan to food & agro-based processing units and Cold Chain under agriculture activities for Priority Sector Lending (PSL) Subject to aggregate sanctioned limit of Rs. 100 Cr per borrower from the banking system. It will ensure greater flow of credit to entrepreneurs for setting up of food processing units and attract investment in the sector;
- 100% FDI is allowed through government approval route for trading, including through e-commerce, in respect of food products manufactured or produced in India;
- An umbrella Central Sector Scheme – SAMPADA has been proposed by the Ministry to be implemented during the period co-terminus with 14<sup>th</sup> finance commission (till 2019-20) to provide incentives for holistic development of the food processing sector in the country. A new Scheme for Creation and Expansion of Processing and Preservation Capacities has been proposed under SAMPADA to provide financial incentives to the entrepreneurs to set up new units preferably in Mega Food Parks."

### **Co-ordination Mechanism**

2.30 With a view to have more effective coordination with the state Governments, the State Governments have been requested to nominate an officer as Ministry's nominee Director in the Board of the SPV. Programme Management Agency (PMA) also co-ordinates with the SPV for facilitating smooth implementation of the project and monitoring the progress closely and periodically. The Ministry co-ordinates with State Government authorities to facilitate various statutory clearances and acquisition of land by SPV. Furthermore, a district level Mega Food Park Co-ordination Committee under the chairmanship of the District Collector has been constituted for each Mega Food Park to ensure smooth progress in implementation of the projects.

2.31 On being asked about the composition of the District level Mega Food Park Co-ordination Committee, the Ministry in its written reply provided as under:-

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

### **C. SCHEME FOR COLD CHAIN AND VALUE ADDITION INFRASTRUCTURE**

2.32 India has made significant achievement in production of various agricultural crops and allied products. However, the post-harvest management, preservation, transportation and value addition are not adequate in the Indian farm sector. This results in huge wastage at each stage of the supply chain.

2.33 Post-harvest losses can be minimized to a greater extent by creation of uninterrupted cold chain infrastructure linking the farm gate to the retail outlet. Efficient and adequate storage and transportation facilities will not only result in more income to the farmers but also in steady supply of food products at retail outlets. The current scenario reveals that there is a tremendous scope for the development of cold chain and preservation facilities.

2.34 The Ministry of Food Processing Industries in the year 2008 had launched the Scheme of Cold Chain, Value Addition and Preservation Infrastructure to encourage setting up of backward & forward linkages in the agricultural supply chain in the country, to minimize the post-harvest losses and to enhance the value addition in the agricultural produce. The aim of the Scheme is to create integrated supply chain infrastructure in the country.

2.35 The salient features of the scheme are as follows:

- (i) Scheme provides for integrated and complete cold chain facilities without any break from the farm gate to the consumer. Stand-alone facilities, except irradiation facility will not be considered for assistance.
- (ii) Both horticultural and non-horticultural produce are eligible for support under this scheme.

### **Components of the Scheme**

2.36 The guidelines of the scheme have been revised on 29.08.2016. The scheme allows flexibility in project planning with special emphasis on creation of cold chain infrastructure at farm level. The scheme has the following project components:-

- (a) Farm Level Infrastructure, situated in the catchment area of the targeted produce.
- (b) Distribution Hub
- (c) Refrigerated/Insulated transport.

d) Irradiation facility.

2.37 To avail financial assistance, the applicant has to set up farm level infrastructure as a mandatory component and any one or both of the components from (b) and (c) above. In view of its functional nature, the irradiation facility can be set up as a standalone component for the purpose of availing grant under the scheme.

### **Pattern of Financial Assistance**

2.38 As per revised scheme guidelines, the scheme will have two types of pattern of financial assistance:-

- (a) For storage infrastructure including Pack House and Pre cooling unit, ripening chamber and transport infrastructure, grant-in-aid @ 35% for General Areas and @ 50% for North East States, Himalayan States, ITDP Areas & Islands, of the total cost of plant & machinery and technical civil works will be provided.
- (b) For value addition and processing infrastructure including frozen storage/ deep freezers associated and integral to the processing, grant-in-aid @ 50% for General Areas and @ 75% for North East States, Himalayan States, ITDP Areas & Islands, will be provided.
- (c) For irradiation facilities grant-in-aid will be provided @ 50% for General Areas and @ 75% for North East States, Himalayan States, ITDP Areas & Islands.
- (d) Maximum grant-in-aid would be Rs. 10 crore per project.

2.39 Under the scheme, the proposals are invited through Expression of Interest. The Government has given approval to sanction 138 projects under the Scheme. Out of 138 projects approved, 93 have achieved completion & started commercial production, 3 projects have been cancelled due to non- implementation by the promoters and remaining 42 projects are under various stages of implementation.

2.40 The Physical and Financial Targets of Scheme during 12<sup>th</sup> Plan as on 20.01.17:

S. No.	Year	Targets		Achievement	
		Projects approved by the Government	Financial (Rs. in Crore)	Physical [No. of Projects sanctioned]	Financial (Rs. In Crore)
1	2012-13	30	86.00	25	81.19
2	2013-14	75	100.00	66	103.73
3	2014-15	17	160.00	0	153.37
4	2015-16	30 <sup>#</sup>	181.00	30	160.36
5	2016-17	0	158.23	0	* 138.85

\*Amount of grant released to on-going projects.

# includes also projects approved against cancellation /withdrawal of sanction issued in earlier years. Taking such cancellation/withdrawal into consideration, total number of projects approved is 138.

2.41 When the Committee asked about the physical and financial targets for the scheme during the current year, the Ministry in its written reply submitted as under-

"During the current financial year i.e. 2016-17, 29 integrated cold chain projects were targeted to be completed. Of this, 19 integrated cold chain projects have already achieved completion as on 17.02.2017. The budget allocation under BE 2016-17 is Rs. 158.23 crore. Of this, Rs. 141.14 crore allocated to General Areas has already been utilized by 23.01.2017, towards implementation of the Scheme.

2.42 On the query of the Committee about the reasons for increase in allocation during 2017-18 and the plan of the Ministry to use the increased allocation, the Ministry in its written reply submitted as under:

"Out of 135 projects, 96 have been completed and 39 projects are in advanced stage of implementation with 3 vacant slots. The on-going 39 projects would achieve completion during 2017-18. Further, the Ministry has also issued an Expression of Interest on 31.08.2016 inviting proposals for taking up around 100 new cold chain projects for financial assistance. Appraisal/evaluation of proposals received against the EOI is in the final stages and approval letters to around 100 cold chain projects are expected to be issued in the present fiscal year. These projects would also apply for release of grant. Therefore, increased allocation will be utilized towards release of grant to the ongoing projects as well as newly approved projects in 2017-18.

2.43 When the Committee asked about the present status of each of 93 projects which are commercially operational including costs involved, cost and time overruns etc., the Ministry in its written reply stated as under:

As on 23.01.2017, total 96 projects have achieved completion and commenced commercial operation. The details of these completed cold chain projects along with project cost, approved grant, date of approval and date of completion may kindly seen at **Annexure- IV.**"

2.44 The Committee are informed that Dr. Saumitra Chaudhuri Committee constituted by the erstwhile Planning Commission in 2012 had indicated cold storage requirement of 61 million tonnes. The present capacity of cold storage is estimated at around 32 million tonnes in the country. Thus the present gap is around 29 million tonnes.

2.45 When the Committee enquired about the required and existing cold storage capacity, the Ministry in its written response submitted as under:

"National Centre for Cold Chain Development (NCCD) under the Ministry of Agriculture, Cooperation and Farmers Welfare has conducted a study through NABARD Consultancy Services (NABCONS) Pvt. Ltd. on "All India Cold-chain Infrastructure Capacity (Assessment of Status & Gap)" in 2015 to assess the requirement for cold chain infrastructure in the country. The study has made the following gap analysis of cold chain infrastructure:

Type of Infrastructure	Infrastructure Requirement (A)	Infrastructure created (B)	All India Gap (A-B)
Pack-house	70,080 nos.	249 nos.	69,831 nos.
Cold Storage (Bulk)	34,164,411 MT	31,823,700 MT	32,76,962 MT
Cold Storage (Hub)	9,36,251 MT		
Reefer Vehicles	61826 nos.	9000 nos.	52826 nos.
Ripening Chamber	9131 nos.	812 nos.	8319 nos.

Thus, the NCCD report has assessed the total cold chain requirement to be 35.10 million tonne and taking into consideration the present capacity



(including those of non-functional cold stores) of 31.82 million tonne, the gap assessed is of 3.2 million tonnes. The total created capacity visible is 32.94 million tonnes. If closed cold storages are excluded, the existing capacity comes out to 26.85 million tonnes. The NCCD – NABCONS study was primarily based on requirement of fruits and vegetables and has left out of its scope certain significant perishable produce like milk, fish including marine products, meat including poultry meat and processed food."

### **Task Force On Cold Chain Projects**

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

2.47 During oral evidence the Committee sought clarifications regarding reasons for difference in data of the Study made by three Groups, the representative of the Ministry submitted as under:

‘....कोल्ड चेन हमारी दूसरी फ्लैगशिप स्कीम है, पहली मेगा फूड पार्क है। इसमें अभी तक सीसीए से 135 प्लस 100 परियोजनाओं का एप्रूवल लिया है। इसमें से लगभग 100 लगभग पूरी हैं और 135 दिसंबर, 2017 से पहले पूरी कर देंगे। 100 नई परियोजनाएं टेकअप की हैं और आमंत्रित प्रस्तावों को अंतिम रूप देने वाले हैं। अब मैं तीन अलग फिगर्स के बारे में बताना चाहता हूं, एक प्लानिंग कमीशन की थी जिसमें उन्होंने कहा कि देश में कुल आवश्यकता 62 मिलियन टन की है और 33 मिलियन टन सृजित है, हमारे एमआईडीएच, मिशन फार इंटीग्रेटिड डेवलपमेंट आफ हॉटीकल्चर में कृषि विभाग कोल्ड स्टोरेजिस बनाता है। हम थोड़ा अलग काम करते हैं, हम कोल्ड चेन बनाते हैं। इसमें हम कृषक से उत्पाद खरीदते हैं, फार्म लैवल इन्फ्रास्ट्रक्चर बनाते हैं, वहीं पर सॉर्टिंग, ग्रेडिंग, पैकिंग करके प्रोसेसिंग हब में लाते हैं और प्रोसेसिंग करते हैं। यहां आलू के समोसे रैडी टू ईट बनाते हैं, टमाटर का पेस्ट बना देते हैं, बहुत से आईक्यूएफ बना देते हैं, मटर को छीलकर प्रीज कर देते हैं। इस तरह की प्रोसेसिंग करने के बाद रिफर वैन्स में मार्किट में बेच देते हैं। चौधरी जी के फिगर्स ए नसई, निजि संस्थान के आंकड़ों पर आधारित थे, वह सिर्फ स्टेटिक स्टोरेज के आधार पर था यानी देश में टोटल उत्पादन आलू का एक अमुक मात्रा है तो कितना स्टोरेज चाहिए। वह यह मानकर चले कि साल भर आलू रहेगा। कुछ हद तक एनसीसीडी ने इसे ठीक किया, उन्होंने कहा कि ऐसे नहीं होता है, कृषकों को बेचना भी पड़ता है और कन्ज्यूमर की भी खपत होती है। उन्होंने दूसरा होल्डिंग पीरियड दिया। एनसीसीडी की स्टडी इस आधार पर थी कि कितना होल्डिंग पीरियड है, कितने समय में माल को निकल जाना चाहिए ताकि इसका कन्जम्पशन हो सके। पीएमओ ने कमेटी बनाई, सैक्रेट्री मिनिस्ट्री आफ फूड प्रोसेसिंग की अध्यक्षता में बनाई, उस समय श्री सिराज हुसैन थे। उनकी कमेटी ने डिसाइड किया कि अभी आंकड़ों को निश्चित नहीं कर पा रहे हैं लेकिन साढ़े सात मिलियन मैट्रिक टन स्टोरेज की आवश्यकता है। उन्होंने यही न्यूनतम तय किया और कहा कि सरकार इसका पैसा दे ताकि इसके आधार पर कन्सट्रक्शन कर सकें। इस हिसाब से 100 नए कोल्ड चेन अनुमोदित हुए हैं, हम इस पर काम कर रहे हैं। यह काफी सफल परियोजना है। इससे कृषकों और उपभोक्ताओं को लाभ मिलता है क्योंकि प्रोडक्ट्स आवश्यकता अनुसार मिलत....’

### **Impact Evaluation Study:**

2.48 When the Committee asked as to whether the recommendations made by NBCONS have been accepted and about the benefits for effective implementation of the scheme, the Ministry in its written reply stated that:

"The Ministry had got conducted an evaluation of the impact of the scheme for cold chain value addition and preservation infrastructure. The study was conducted by NABARD Consultancy Services (NABCONS) Pvt. Ltd. The recommendations of NABCONS have been considered by the Ministry while

formulating the revised guidelines for the scheme. In the revised operational guidelines of the scheme for Integrated Cold Chain and Value Addition Infrastructure issued on 29.08.2016, the Ministry has adopted the cost norms of Mission for Integrated Development of Horticulture (MIDH) issued by Department of Agriculture, Cooperation and Farmers Welfare where ever available. For facilities not covered under MIDH guidelines the Ministry has determined the cost norms in consultation with concerned Ministries / Departments / Institutions and other Stake Holders. Further, in order to have greater participation and accountability of bank / financial institutions the minimum term loan limit has been raised from 10% to 20% of the project cost as one of the eligibility conditions. The Ministry has also introduced maintenance of separate books of accounts by the promoters of the cold chain projects for utilizations of financial assistance provided by the Government."

2.49 On being enquired about the efforts made by the Ministry to encourage entrepreneurs to build a cold storage based on non-conventional sources of energy, the Ministry in its written reply stated as under:

"The Ministry has revised operational guidelines of the scheme for Integrated Cold Chain and Value Addition Infrastructure with effect from 29.08.2016. Under the revised scheme guidelines the facility of "Renewable/ alternate energy technologies (solar, bio-mass, wind etc.)" are also assisted as per cost norms of MIDH. In the evaluation criteria of cold chain proposals, as per revised scheme guidelines weightage has been given to projects proposing to use renewable/ alternate energy source (either fully or partially) to power cold chain project."

#### **D. SCHEME FOR QUALITY ASSURANCE**

2.50 During 2014-15 and 2015-16, the Scheme for Quality Assurance was named as Scheme for Quality Assurance, Research and Development and Other Promotional Activities and the scheme was having four components namely:

- (a) Research and Development in Processed Food Sector.
- (b) Setting up /Up-gradation of Quality Control/Food Testing Laboratories.
- (c) Implementation of HACCP/ISO 22000, ISO 9000/GHP/GMP Quality/ Safety Management System in food processing units and
- (d) Promotional Activities.

2.51 During the year 2016-17, the nomenclature of scheme has been changed to Scheme for Quality Assurance in the DDG for 2016-17 and the scheme has two components -

- (i) Setting up /Up-gradation of Quality Control/Food Testing Laboratories
- (ii) Implementation of HACCP/ISO 22000, ISO 9000/GHP/GMP Quality/Safety Management System in food processing units

The components of Research and Development in Processed Food Sector and Promotional Activities under the earlier scheme are now included under the Scheme for Human Resources and Institutions.

- (i) **Setting up /Up-gradation of Quality Control/Food Testing Laboratories (FTL)**

2.52 There is requirement for the food processing industry to test domestic production in order to ensure that it complies with domestic standards as well as international standards for exports and to test all imports coming into the country to ensure that they are of the requisite standard and such products as are not permitted for manufacture domestically are not allowed to come in from foreign markets. The level of contaminants, additives, and pesticide residues in food items has to be monitored regularly. Therefore, a network of food testing and analysis laboratories is required to support the Food Safety regulatory activities and help the food processing industry in regard to quality control measures. The major objectives of the Scheme are:

- (a) To establish a surveillance system for monitoring the quality and composition of food
- (b) To analyse the samples received from processing industries and other stakeholders.
- (c) To reduce the time for analysis of samples by reducing transportation time of samples.
- (d) To ensure compliance with international and domestic standards on food in case of exports as well as imports.

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

### **12<sup>th</sup> Plan Allocation**

2.54 The details of Allocation for 12th Plan in respect of Quality Assurance is Rs. 290 crore. Year-wise expenditure is as follows:

Year	BE	RE	Expenditure (Rs. in crore)
2012-13	35.00	31.91	31.34
2013-14	35.00	35.66	35.33
2014-15	36.00	41.28	37.92
2015-16	30.00	37.01	34.02
2016-17	24.00	24.13	17.08 (as on 20.01.2017)
2017-18	20.00	-	-

2.55 When asked to furnish reasons for reduction in allocation and its affect on implementation, the Ministry in its written reply has submitted as under:

"..the allocation has been reduced because only two components out of earlier four components are being implemented now under this scheme (the other two components are being implemented through Scheme for Human Resources and Institutions of the Ministry) and also the allocation has been decided keeping in view the requirement of funds for the on-going projects. Hence, the implementation of the scheme during 2017-18 will not be affected."

2.56 Physical and Financial achievement in respect of FTL scheme during 12<sup>th</sup> Plan:

S.No	Year	No of projects Approved (Physical Achievement)	Grant-in-aid released (Financial Achievement)# (Rs. In crore)	No of projects Completed.
1.	2012-13	08	8.59	00
2.	2013-14	14	24.73	04
3.	2014-15	12	23.61	08
4.	2015-16	11	20.51	14*
5.	2016-17 (up to 15.02.2017)	17	20.59	10
	<b>Total</b>	<b>62</b>	<b>98.03</b>	<b>36</b>

#Grant-in-aid released includes assistance for new projects approved as well as for on-going projects.  
 \* Includes up-gradation of 3 laboratories which were assisted for setting up during earlier years.

(ii) **Implementation of HACCP/ISO 22000, ISO 9000/GHP/GMP Quality/ Safety Management System in food processing units**

2.57 The Ministry is operating a Plan Scheme to motivate the food processing industry for adoption/ implementation of food safety and quality assurance mechanisms such as Total Quality Management (TQM) including, ISO 9000, ISO 22000, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP), Good Hygienic Practices (GHP), and prepare them to face the global competition in international trade.

The objectives of this Scheme are as under:

- (a) To motivate the food processing industry for adoption of food safety and quality assurance mechanisms such as TQM/Food Safety Management System including ISO 9000, ISO 22000, HACCP, GMP, GHP.
- (b) To enable adherence to stringent quality and hygiene norms.
- (c) To enhance product acceptance by buyers in domestic as well as international market.
- (d) To keep Indian industry technologically abreast of international best practices.

2.58 Physical and Financial achievement in respect of HACCP/ISO 22000 scheme during 12<sup>th</sup> Plan:

Sr. No.	Year	No of Projects Assisted (Physical Achievement)	Grant-in-aid released (Financial Achievement) (Rs. in Crore)\$
1	2012-13	05	0.93
2	2013-14	05	0.68
3	2014-15	06	0.95
4	2015-16	10	1.64
5.	2016-17 (up to 15.02.2017)	14	2.37
	<b>Total</b>	<b>26</b>	<b>6.57</b>

\$ Grant-in-aid is released in one installment as reimbursement of expenditure after the unit has obtained HACCP / ISO certification.

2.59 Replying to a query regarding funding pattern of Food Testing Laboratories (FTL), the Ministry in its written submitted as follows:

"Central/State Government and their organizations/ Government universities (including deemed universities) are eligible for grant – in - aid of entire cost of the laboratory equipment. In addition, they are also eligible for 25% of the cost of technical civil works to house the equipment and furniture and fixtures associated with the equipment for general areas and 33% of the cost for difficult areas. In addition, they are also eligible for 80% of monthly emoluments of two technical staff for two years from the date of completion of the laboratory i.e. on procurement and installation of all the equipment and completion of civil work of Food Testing Laboratory, provided this does not exceed the emoluments prescribed for Junior Research Fellow (JRF) under ICAR."

#### **E. SCHEME FOR HUMAN RESOURCES AND INSTITUTIONS**

2.60 The Ministry of Food Processing Industries (MFPI) has been implementing the Scheme for Human Resources Development since 9<sup>th</sup> Plan and onwards to augment the supply of trained manpower/personnel at all levels for food processing sector namely entrepreneurs, managers, salespersons, floor workers etc.

2.61 During the 12th Five Year Plan (2012-17) the HRD Scheme has been subsumed under the National Mission on Food Processing (NMFP), which is being implemented through State/ UT Governments. Ministry is processing the proposals of spillover liabilities of 11th plan during the 12th plan. However, from 2016-17 the nomenclature of the Scheme has been changed as "Scheme for Human Resources and Institutions". The main components under this Scheme are as follows:

##### **(i) Research and Development:**

2.62 The objective of the Scheme is that the end product/outcome/finding of R&D work should benefit food processing industry in terms of product and process development, efficient technologies, improved packaging, value addition, etc. with commercial value along with standardization of various factors viz, additives, coloring agents, preservatives, pesticide residues, etc. within permissible limits.

## **Pattern of Assistance**

2.63 For Government Organisations/Institutions/Universities, grant is given upto 100% of cost of equipment plus cost of consumables and expenditure related to Junior Research Fellow/Senior Research Fellow/ Research Associate/ Research Assistant/ Project Assistant specific to the project of specified duration for maximum of three years. No assistance will be provided for already existing equipment. The grant is given upto 50% of equipment cost in general areas and 70% in the difficult areas. Difficult areas include J&K, Himachal Pradesh, Uttarakhand, Sikkim, North-Eastern States, Andaman & Nicobar Islands, Lakshadweep, and integrated Tribal Development Projects (ITDP) areas for private organizations/institutions/universities. 100% Grant will be provided for the Ministry sponsored projects, restricted only to public funded organizations of repute, in cases of cutting edge areas of research leading to development of innovative products. Processes and manufacturing practices.

2.64 During the 12<sup>th</sup> Plan, with effect from 01.04.2012, implementation of this Scheme was entrusted to Science and Engineering Research Board (SERB) under the Ministry of Science and Technology. Proposals received up-to 31.03.2012 are being dealt with by the Ministry. It has been in-principally agreed that henceforth implementation of R&D scheme will be done directly by the Ministry. Expenditure during 12<sup>th</sup> Plan upto 20.01.2017 is as follows:

S.No.	Year	No. of new projects approved	Actual Expenditure (Rs. in crore)
1.	2012-13	38	10.31
2.	2013-14	38	10.96
3.	2014-15	21	6.39
4.	2015-16	23	6.13
5.	2016-17	-	2.91



**(ii) Promotional Activities:**

2.65 The Ministry aims at development of the processed food sector, creating awareness, attracting investment disseminating information regarding food processing industries and various schemes of the Ministry. It also familiarizes the existing and prospective entrepreneurs with modern techniques of production and packaging, prevention of wastage & value addition, development of market & new products and popularization of processed products etc through its promotional activities scheme.

2.66 The Ministry provides assistance to Apex Industry Bodies like Confederation of Indian Industries(CII), Federation of Indian Chambers of Commerce & Industry (FICCI), Associated Chambers of Commerce & Industry(ASSOCHAM), PHD chamber of commerce and Industry and All India Food Processors Association(AIFPA), Central Government, Autonomous Bodies and Public sector Undertakings for organizing workshops, seminars, exhibitions, fairs etc and also if ministry organises itself or through its institutes i.e. NIFTEM/IICPT etc .

**Publicity**

2.67 Advertisement and publicity plays a very important role in creating awareness about the food processing sector. Various stakeholders are made aware of the schemes and new initiatives taken up by the Ministry so as to enable them to take advantage of it. Thus, a sustainable media campaign on a continuous basis is a necessity to create awareness of the schemes and the programmes of the Ministry. During the year, Ministry of Food Processing Industries has carried out various publicity activities through Print media, Radio jingles, TV spots etc. through DAVP. Various schemes/programmes implemented and the new projects being taken up by the Ministry were widely publicized. Publicity materials in the form of folders/brochures containing

basic information of the schemes implemented by the Ministry were also distributed to the public in various functions/fairs/exhibitions participated by the Ministry including the international fairs/exhibitions where the Ministry participated. Booklets on achievements of the MoFPI on completion of 24 months and also 30 months of the current government have been published and circulated widely to various States, departments and Ministries.

### **Financial Assistance**

2.68 The financial assistance is provided to the agencies upto 50% of the cost subject to a maximum of Rs. 4.00 lakhs for organizing seminar/ workshops and conducting studies/ surveys etc. Assistance of 25% of the actual rent for the space taken by the Government / Government organizations in fairs/ exhibitions abroad is also provided subject to maximum of Rs. 20 lakhs in a year. When the Ministry sponsors such events, the above financial ceiling will not be applicable.

### **Exhibitions/Seminars**

2.69 During the year 2016-17, a number of exhibitions/fairs and Exhibition-cum-Seminars etc. assisted/participated and international interactions made by the Ministry. Some of the Events participated/assisted by the Ministry at National level in 2016-17 are as follows:-

1. 11th regional edition of AAHAR Chennai-201616-18 September, 2016 at Chennai Trade Centre, Chennai.
2. 4th International Conference and exhibition on India Farm 2 Fork 2016 organized by PHD Chamber of Commerce and Industry from 1 - 2 December at PHD House, New Delhi.
3. Annapoorna -World Food India 2016 held from 23-25 September, 2016 at Bombay Exhibition Centre, Mumbai organized by Federation by Indian Chamber of Commerce & Industry, New Delhi.

In addition, Ministry assisted in organisation of 35 Seminars/Workshops in different parts of the Country for promotion and popularisation of processed food.

(iii) **National Institute of Food Technology Entrepreneurship and Management (NIFTEM)**

2.70 The Ministry of Food Processing Industries has set up NIFTEM as a Centre of Excellence in the field of Food Sciences & Food Technology. NIFTEM is mandated to offer high quality educational, research and management programme specific to the food industry, disseminating knowledge to the food sector, providing referral advice on food standards and business incubation facility. The All India Council for Technical Education (AICTE) on 30.04.2013 has approved the undergraduate & postgraduate courses being conducted by NIFTEM.

**New Initiatives**

2.71 NIFTEM has taken a number new initiatives to fulfill its mandate as centre of excellence for food processing and sector promotion organization. Some of them are given below-

**(a) Village Adoption Programme (VAP):**

2.72 Village Adoption is a unique program conceptualized by NIFTEM for its students, with a view to sensitize and educate them on the problems and practices of the farmers at the grass root level. During 2015-16, 36 VAP teams covered 38 villages across 17 States. NIFTEM is running Village Adoption Programme since 2012 and so far 11 visits have been conducted across the country in 18 states, 40 villages by 34 teams. During these visits, around 500 traditional recipes have been collected and catalogued. Out of these 500 recipes, 13 have been chosen for commercial technology development under *Make in India* programme. NIFTEM VAP bagged Agricultural Leadership Award in

Entrepreneurship Development in Food Sector in Agriculture leadership submit on 18 September 2015, New Delhi.

**(b) NIFTEM Research Development Council (NRDC):**

2.73 A Research Development Council consisting of about 65 members drawn from industry and academia has been set up to chalk out the future Research Agenda of NIFTEM. Experts from Indian Council of Agricultural Research (ICAR), Central Food Technological Research Institute (CFTRI), Central Institute of Post-Harvest Engineering & Technology (CIPHET), Defence Food Research Laboratory (DFRL), Defence Research & Development Organization (DRDO), IIT Kharagpur, IIT Delhi, Harcourt Butler Technological Institute (HBTI), Kanpur and IIM, Lucknow have been included in the Council. Four meetings of NIFTEM Research Development Council have so far been held.

**(c) International Grain Processing Research & Training Centre (IGPRTC):**

2.74 International Grain Processing Research and Training Centre has been set up in collaboration with grain industry to function as an outreach organization of NIFTEM and to enhance market promotion, consumption and utilization of Indian cereal grains and their value added products.

2.75 Four training programmes (03 in July 2014 and 01 in February 2015) were conducted and more than 40 beneficiaries have been benefited. These one day training programmes were specially meant for the rural women, to impart them the technical know-how and help them manoeuvre the way to success. In addition IGPRTC is weaving its partnership with Mc Gill University Canada on healthy product Innovation. A pilot plant cum incubator facility detailed project report was developed on Grains processing.

**(d) International Bakery Research and Training Centre (IBRTC):**

2.76 NIFTEM has set up an International Bakery Research and Training Centre to facilitate in-house and externally supported continuous experiential learning and motivating entrepreneurs to start new ventures with faculty mentoring from NIFTEM. The Bakery Centre could also train the work force and upgrade their skills to produce quality bakery products. The Centre has also organized Training Programmes for Rural Youth and Women for self employment generation among themselves.

**(e) MAKE IN INDIA**

2.77 Under “Make in India Project” NIFTEM proposes to establish National Centre for Indian Traditional Foods at NIFTEM campus to conduct study on Indian traditional foods to promote globalization of these foods & capture the world food market. The ever-changing profile of workers, family composition, eating habits, and the need for nutritious food at affordable prices are all pointing towards a new paradigm in food industry. In such a scenario Indian traditional recipes hold a great promise. These recipes are healthy, nutritious and appeal to Indian plate. In fact, there is a great scope to offer these Indian foods to global consumers and increase the trade of Indian foods worldwide.

2.78 NIFTEM proposes to establish National Centre for Indian Traditional Foods at NIFTEM campus to conduct study on Indian traditional foods to promote globalization of these foods. Activities under this include (i) establishment of the science of Indian traditional foods in relation to nutritional quality and environment, (ii) standardization of the process of preparation of the traditional foods leading to standardization of recipes,(iii) development of appropriate machinery for the mass production of the traditional foods and (iv) commercialization of the Indian traditional foods in India as well as globally.

**Thirteen recipes have been selected under Make in India Project:**

1. Sattu fortified (Bihar, Eastern UP, West Bengal);
2. Khakhra (Gujarat);
3. PuranPoli (Maharashtra);
4. Khandvi (Gujarat);
5. BoondiLaddoo (Rajasthan, UP, Bihar);
6. ChikenKabab (Punjab);
7. Prawn curry (West Bengal);
8. Chila (North India);
9. Gustava (Kashmir);
10. Khaja (Bihar);
11. Vada (Karnataka, Tamil Nadu),
12. Ghewar (Haryana, Rajasthan)
13. Kajukatli (Pan India)

**(f) Pradhan Mantri Kaushal Vikas Yojna (PMKVY)**

2.79 PMKVY is a unique initiative by the Government of India that aims to offer 24 lakh Indian youth meaningful, industry relevant, skill based training. Under this scheme, the trainees will be offered a financial reward and a government certification on successful completion of training and assessment, which will help them in securing a job for a better future. (para 14.19 of AR)

**(g) National Horticulture Board Project:**

2.80 In order to develop entrepreneurship in Horticulture and provide more basic data for fruit and vegetable processing, an MOU between NHB and NIFTEM was executed on 21-4-2015 for deliverables on research for developing storage conditions in the cold chain, especially tropical produce of Indian varieties. Likewise, for scientific development in horticulture, HRD initiatives are required to be taken for which deliverables have been defined as series of trainings on identified topics. The project is to be implemented initially for 3 years and thereafter it can also be extended further by 2 years on requirement. NHB has sanctioned grant of Rs.3.0625 crore for undertaking research trials including equipment and professor Chair salary and research grant and

generating data on storage conditions for tropical produce. So far, Rs.30.62 lakh have been received and a matching amount invested by NIFTEM in organizing trainings with a thrust on cold chain planning, designing, produce handling, storing, palletization and stacking etc. So far 11 trainings have been conducted against the target of 19.

**(iv) INDIAN INSTITUTE OF CROP PROCESSING TECHNOLOGY (IICPT)**

2.81 The Indian Institute of Crop Processing Technology (IICPT) is a pioneer Research & Development and academic institute under the aegis of the Ministry of Food Processing Industries. The Institute, formerly known as Paddy Processing Research Center (PPRC), is in existence since 1967.

2.82 The institute conducts research for identifying technologies for processing, preserving, value addition, by-product utilization through bio-processing, process and product development and food safety and quality. Besides R&D, the institute is also engaged in HRD, analytical, extension, teaching and training services. The institute has signed MOU with several international and national universities and institutes for joint research programs, exchange of knowledge, scientists and students. IICPT has one regional center in Guwahati to cater to the needs of the stakeholders in the north-eastern region of the country.

2.83 The Regional Centre at Guwahati was established on 20<sup>th</sup> July, 2010 with major objective for developing small-scale entrepreneurship and skilled workgroup in the food processing sector of the North-East region of India. The regional center provides skill development trainings, consultancy and equipment renting services and business incubation services. Since April 2015, the regional center has conducted 28 training programmes for 109 beneficiaries, 2 student internship projects, 3 consultancy and has provided 18 incubation services for the North-East region.

2.81 The Ministry has upgraded 'Indian Institute of Crop Processing Technology' (IICPT), Thanjavur, Tamil Nadu to a National level institute in 2008.

2.84 When enquired about efforts made to increase intake of students in different courses and attract the students to join the courses offered by the Institute, the Ministry in its written submission stated as under:

"IICPT plans to introduce new courses at PG and Ph.D. levels. In its recent board meeting, IICPT has taken approval for commencing 2 years full-time M.Sc. (Food Science and Technology) at an intake of 20 per batch and 3 years full-time Ph.D. (Food Science and Technology) at an intake of 15 per batch. IICPT has sought for approvals for affiliation from Tamil Nadu Agricultural University for the same. IICPT will also commence Ph.D. in biological sciences in affiliation with Bharathidasan University, Trichy.

2.85 On being asked about the number of projects undertaken and details of students/groups granted financial assistance, the Ministry in its written reply stated as under:

"Since its up-gradation in 2008, IICPT has handled 4 international collaborative projects, 25 external funded and 8 industry sponsored projects. The institute has 15 on-going external funded projects. Research has been focused on developing end-to-end solutions for the complete value chain of major crops of the storm-prone area/Cauvery delta zone. Apart from this, 227 external student projects and over 60 undergraduate and 50 postgraduate research projects were completed in the institute. From these research works, IICPT has standardized 35 processes, developed 34 on-farm gadgets, with which over 1835 beneficiaries have been identified."

2.86 Replying to the query regarding plans of IICPT to start a programme on the model of Village Adoption Programme on the lines NIFTEM, the Ministry submitted in writing as follows-

"IICPT is collaborating with State Government in establishment of small onion processing cum incubation centre at Perambalur District, Tamil



Nadu to double farmers income. Perambalur district is the hub for small onions (Shallots) with cultivation in over 8000 hectares producing around 65,000 to 70,000 tonnes every year. However, during several instances, farmers reported massive losses due to conventional methods of handling and storage. There is also a dire need for enhancing value addition options that can provide better returns. Stakeholders from this region expressed their need to provide technological solutions to minimize wastage, particularly during seasons with surplus production. After elaborate discussions with farmers and other stakeholders, IICPT proposed to establish a small onion processing cum incubation centre. IICPT will support for technical components including machinery, product development guidelines and market-linkages. All civil construction and other supporting amenities will be provided by the District Administration of State Government.

Apart from this, based on curriculum, B.Tech. students undergo 2 weeks Rural Agro Industrial Programme (RAIP). Students stay in selected village, conduct survey and collect information on food habits, awareness on ready food, package foods, etc, harvest and post-harvest losses in the farmer's holding, collection of information on various crop processing equipment used, collection of information on various food processing industries located in and around the village, assessment of suitability of establishing food processing industries based on the crops cultivated in the village."

## **CHAPTER – III**

### **DEVELOPMENT OF NORTH EASTERN REGION**

3.1 Our country has been endowed with diverse agro-climatic resources. The north-eastern region of our country with its agro-friendly climate and agrarian roots has the potential to be a sunrise zone for food processing. This region is a land of magnificent beauty, possessing undulating hills and thrilling flora and fauna. The Government has extended various subsidies and incentive to make food processing a lucrative option in the region.

3.2 The presence of large amounts of surplus agri-horti produce provides opportunities to NER to process the produce. The processing of produce will lead to better value addition and return to the growers. The food processing benefits not only the growers of agricultural produce but also creates employment in service sector like transportation, packaging, advertising and marketing.

3.3 The Ministry has submitted that as per Government policy, a minimum of 10% of the Plan outlay is to be utilized for the projects in the North-Eastern States including Sikkim. The Ministry is expected to utilize this amount against the ongoing projects under the Schemes of Mega Food Parks, Cold Chain and Abattoirs and the projects which are likely to be received under the new Scheme for Creation/Expansion of Food Processing & Preservation Capacities. The Ministry will also continue to undertake awareness programme in the North-East Region for various schemes of the Ministry.

3.4 On being asked about allocation of funds and expenditure during current fiscal the Ministry in its written reply submitted as under-

"The total BE allocation for various schemes of the Ministry during 2016-17 is Rs. 600.00 Crore. The RE allocation for the Ministry for 2016-17 is Rs. 688.56 Crore out of which 10% allocation i.e. Rs. 68.86 Crore has been made for North East region as per the policy of the Central Government.

The expenditure incurred on the projects located in North East Region during 2016-17, up to 20<sup>th</sup> February, 2017 Scheme-wise is as follows:-

(Rs. in Crore)

Sl. No.	Name of the Scheme	Released amount
1.	Scheme for Mega Food Park	7.71
2.	Scheme for Modern Abattoirs	3.28
3.	Scheme for Technical Up-gradation/ establishment/ Modernization of Food Processing Industries (TUS)	0.34
4	Scheme for Quality Assurance	2.00
5.	Scheme for Human Resource and Institutions	0.35
	<b>Total</b>	<b>13.68</b>

The Ministry is expected to utilize RE allocation for North East Region against the ongoing projects under the Schemes of Mega Food Parks, Cold Chain and Value Addition Infrastructure and setting up/ Modernisation of Abattoirs. The Ministry will continue to undertake awareness programme in the North-East Region for various schemes of the Ministry. The un-utilised amount, if any, will get transferred to 'Non-Lapsable Central Pool of Resources' (NLCPR) which will be utilized by the Ministry of Development of North East Region (DONER) for sanctioning projects in North-East Region.

3.5 Stating reasons for less utilisation in the North eastern region, the Ministry in its written reply submitted as under:

"The main reason for low utilisation of the allocation for North-East is non-availability of quality proposals under various schemes of the Ministry. The Ministry is making concerted efforts to increase utilisation of the allocation for North-East. A number of awareness events like seminars/ workshops have been organized in the current year in every state of the North East region. The efforts made by the Ministry are expected to result in receiving more fresh proposals from North East region under various Schemes of

the Ministry. Ministry is making all-out efforts to utilize the remaining balance of plan funds for North-East region under various schemes during the current year also."

3.6 To give impetus to the development of food processing industry in NER, the Ministry is providing higher level of subsidy in all the schemes. The facilities created by the financial assistance provided by the Ministry are as under:-

- (i) Ministry has sanctioned 4 Mega Food Parks in NER one each at Nalbari (Assam) Aizawl (Mizoram) Agartala (Tripura) and Dimapur (Nagaland). The MFP in Assam is already operational and the other Park at Agartala (Tripura) is likely to be made operational this year and the Park at Aizawl (Mizoram) will be operational next year.
- (ii) 5 Cold Chain Projects – two Guwahati in Assam, one in Senapati at Manipur and two in Mizoram have been assisted by this Ministry. Out of these, 4 projects have become operational. These 5 Cold Chain projects have created 11530 MT of cold storage, 0.75 MT/Hour of IQF capacity and 62 Reefer Trucks.
- (iii) There are 8 Abattoirs project in NER, one each in Arunachal Pradesh and Mizoram, three in Nagaland and three in Sikkim.
- (iv) 7 Food Testing Lab, three in Assam (one in Tezpur and two in Guwahati), one each in Manipur (Nambol), Nagaland (Kohima), Sikkim (Gangtok) and Tripura (Agartala) have been assisted to create infrastructure for food safety and quality testing.
- (v) Indian Institute of Crop Processing Technology (IICPT) Thanjavur, Tamil Nadu. A regional Centre of IICPT was established at Guwahati in July, 2010 having Infrastructure, such as a Food Processing Training Centre cum Incubation Centre, training class rooms, trainees' hostel and office Skill training programmes are organized benefiting farmers, SHG members and

educated youth.

3.7 The Ministry is making concerted efforts to increase utilization of the allocation for North-East. A number of awareness events like seminars/ workshops are organized every year in the North East region.

## PART –II

### OBSERVATIONS AND RECOMMENDATIONS

#### 1. SHARE OF MINISTRY OF FOOD PROCESSING INDUSTRIES IN CENTRAL PLAN OUTLAY

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

Processing Industries adequately in the Central Plan so that various activities/projects undertaken by the Ministry do not suffer for want of funds.

## **2. ANNUAL PLAN ALLOCATIONS**

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

For 2015-16, BE/RE was Rs. 487 crore, out of which, actual expenditure was Rs. 467.03 crore. For 2016-17, although the plan allocation has been increased from Rs. 600 crore to Rs. 688.56 crore but the actual expenditure is only Rs. 463.60 crore up to 20.01.2017. For 2017-18, the allocation is Rs. 800 crore. The Committee, therefore, are concerned to note the under-utilisation of plan funds

allotted to the Ministry and recommend that corrective steps may be taken to identify the constraints which affect the effective implementation of various activities/projects undertaken by the Ministry and consequently under-utilisation of funds. The Committee expect the Ministry to fully utilise Rs. 800 crore allocated for the year 2017-18 for which advance action plan should be prepared keeping in view its aims and objectives and the targets fixed for the year. A mechanism should also be put in place for regular monitoring of its activities/programmes for time bound achievement of physical and financial targets set under activities/programmes of the Ministry. The Committee would also like the Ministry to urge the Ministry of Finance to allocate funds as per their requirement at RE stage. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard.

### **3. RESTRUCTURING OF SCHEMES**

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



**Food Processing (NMFP) launched by the Ministry during 12<sup>th</sup> plan was delinked from the Central Government support w.e.f. 01.04.2015 except for UTs (up to 31.03.2016). Consequently, all the schemes of the Mission stand discontinued.**

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

**The Committee, however, note that while Expenditure Finance Committee (EFC) in their meeting held on 09.02.2016 has already recommended the New Schemes under SAMPADA, the proposal for seeking approval of the competent authority is under process. As stated by the Ministry, approval of the competent authority for the SAMPADA scheme is expected during the current year and the Ministry plan to implement all on-going and new schemes under SAMPADA during 2017-18. The Committee are unhappy with the slow pace of progress in getting**

approval from the competent authority for SAMPADA scheme even after approval of EFC in 09.02.2016.. The Committee, therefore, recommend that the Ministry should take proactive steps to expedite the process of approval of the SAMPADA Scheme ensuring its implementation during this year itself. The Committee would like to be apprised of the progress made in this regard.

#### **4. MEGA FOOD PARKS**

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

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

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

#### **5. SCHEME FOR COLD CHAIN AND VALUE ADDITION INFRASTRUCTURE**

India has made significant achievement in production of various agricultural crops and allied products. However, the post-harvest management, preservation, transportation and value addition are not adequate in the Indian farm sector. This results in huge wastage at each stage of the supply chain due to lack of cold storage and infrastructure facilities in the country, the surplus production of perishable items like potato, tomato, onions etc. get wasted which results in huge loss to the farmers. To minimize the harvest and post-harvest

losses, the Ministry launched the scheme of cold chain, value addition and preservation infrastructure in 2008 with an objective to provide integrated cold chain, value addition, and preservation infrastructure facilities without any break from the farm gate to the consumer. The scheme envisages grant-in-aid @ 50% for General Areas and 75% for North- Eastern States, Himalayan States, ITDP Areas and Islands is provided for value addition and processing infrastructure including frozen storage/deep frozen assistor and integral to the processing. For storage infrastructure, grant-in-aid @ 35% for General Areas and @ 50% for North-Eastern States, Himalayan States, ITDP Areas and Islands, of the total cost of plant and machinery and technical civil work is provided. However, maximum grant-in-aid is Rs. 10 crore for project and difficult areas subject to maximum of Rs.10.00 Crore per Project. The Committee note that the Government has given approval to sanction 138 projects under the scheme. Out of 138 projects, 96 have been completed and started commercial production, 3 projects have been cancelled due to non-implementation by the promoters and remaining 39 projects are in advanced stage of implementation. The on-going 39 projects would achieve completion during 2017-18. The Ministry had also issued an Expression of Interest (EOI) on 31.08.2016 inviting proposals for taking up around 100 new cold chain projects for financial assistance. Appraisal/evaluation of proposals received against the EOI is in the final stages and approval letters to around 100 cold chain projects are expected to be issued in the present fiscal year. The Committee were informed that the budgetary allocation under BE 2016-17 is Rs. 158.23 crore. Of this, Rs. 141.14 crore allocated to General Areas has already been utilized by 23.01.2017, towards implementation of the Scheme. During the fiscal 2017-18, Rs. 180.00 crores have been allocated under BE for this Scheme. The Committee note that during 2016-17, no new projects were taken up and the

grants were released for the on going 30 projects taken up during 2015-16. Keeping in view the importance of Cold Chain facilities in the country to check harvest and post-harvest losses, the Committee hope that all the projects under implementation may be completed during 2017-18 without any delay. The slow pace of implementation of Scheme not only increases the project cost but deprives the farmers from reaping the benefits of the Scheme. The Committee, therefore, recommend that the impediments in the implementation of the scheme be identified and removed ensuring expeditious creation of post-harvest management infrastructure and robust supply chain linking the farm gate to the consumer to check cumulative wastage of horticulture and non-horticulture produce. The Committee also recommend that a mechanism for low cost storage and preservation facility be developed to increase shelf life of such perishable items like potato, tomato etc. so as to benefit the small farmers. The Committee also desire that proposals received against EOI on 31.08.2016 for 100 new cold chain projects may be finalised, expeditiously. The Committee would like to be apprised of the progress made in this regard.

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

The Committee note that the guidelines of the Scheme has been revised as per recommendations made by NABCONS in a study on impact of the scheme for Cold Chain Value Addition and Preservation Infrastructure. As per revised operational guidelines of the scheme for Integrated Cold Chain and Value Addition Infrastructure issued on 29.08.2016, the Ministry has adopted the cost norms of Mission for Integrated Development of Horticulture (MIDH) issued by Department of Agriculture, Cooperation and Farmers Welfare where ever available. For facilities not covered under MIDH guidelines, cost norms as

determined by the Ministry will be followed. In the evaluation criteria of cold chain proposals, as per revised scheme guidelines weightage has been given to projects proposing to use renewable/ alternate energy source (either fully or partially) to power cold chain project. The Committee desire that the steps may be taken to encourage entrepreneurs to use renewable/alternate source of energy for cold chain projects.

## **7. SCHEME FOR QUALITY ASSURANCE**

The Committee note that the objective of the one of the component namely Setting up /Up-gradation of Quality Control/Food Testing Laboratories under the Scheme for Quality Assurance is to analyse the samples received from processing industries and other stakeholders, to reduce the time for analysis of samples and to ensure compliance of domestic/ international standards on food in case of exports as well as imports and to establish a surveillance system for monitoring the quality and composition of food. Eligible Organisations are Central/State Government organizations/ Government Universities (including deemed Universities) and private sector organizations /Universities (including deemed Universities in private sector). During 12<sup>th</sup> plan allocation of funds of Rs. 160 crore was raised to Rs. 169.99 crore at RE stage, out of which only Rs. 152.69 crore could be expended as on 20.02.2017. For 2017-18, only Rs. 20 crore has been allocated under the scheme. The Committee also note that 62 food testing labs were approved for financial assistance under the scheme during 12<sup>th</sup> plan but only 36 projects could be completed up to 15.02.2017. The Committee desire that the Ministry should strive to ensure that the more funds made available to them are fully utilised and all the projects undertaken by them under the scheme are completed without any delay.

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

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

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

8. NATIONAL INSTITUTE OF FOOD TECHNOLOGY ENTREPRENEURSHIP AND MANAGEMENT (NIFTEM)

NIFTEM has been set up by the Ministry as a Centre of Excellence in the field of Food Sciences & Food Technology. NIFTEM is mandated to offer high

quality educational, research and management programme specific to the food industry, disseminating knowledge to the food sector, providing referral advice on food standards and business incubation facility. NIFTEM has taken a number of new initiatives to fulfill its mandate as centre of excellence for food processing and sector promoting organisation under Village Adoption Programme (VAP), a unique programme conceptualised by NIFTEM through which students are sensitized and educated on the problems and practices of the farmers at the grass root level. 11 visits have been conducted across the country from October 2012 to November, 2016 in 18 states, 40 villages by 34 VAP teams. During these visits, around 500 traditional recipes have been collected and catalogued. Out of these 500 recipes, 13 have been chosen for commercial process technology development under *Make in India* programme. The Committee appreciate that recognizing the efforts of Village Adoption Programme, NIFTEM was conferred upon with Agriculture Leadership Award for the year 2015 in the area of promoting rural entrepreneurship in rural sector. The Committee recommend that the visit of VAP teams be increased so that more and more villages in every State of the country are covered under this programme.

The Committee are informed that a Research Development Council consisting of about 65 members drawn from industry and academia has been set up to chalk out the future Research Agenda of NIFTEM. Experts from Indian Council of Agricultural Research (ICAR), Central Food Technological Research Institute (CFTRI), Central Institute of Post-Harvest Engineering & Technology (CIPHET), Defence Food Research Laboratory (DFRL), Defence Research & Development Organization (DRDO), IIT Kharagpur, IIT Delhi, Harcourt Butler Technological Institute (HBTI), Kanpur and IIM, Lucknow have been included in the Council. Under “Make in India Project” NIFTEM proposes to establish National



**Centre for Indian Traditional Foods at NIFTEM campus to conduct study on Indian traditional foods to promote globalization of these foods & capture the world food market. The Committee recommend that in addition to initiatives undertaken by the Institute, the endeavour be made to explore new avenues for promotion and development of food processing sector in the country. The Committee recommend that Regional Centres of the institute be opened in various parts of the country so as to increase the outreach of the institute and more and more farmers get benefitted.**

**9. INDIAN INSTITUTE OF CROP PROCESSING TECHNOLOGY (IICPT)**

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

**The Committee were informed that IICPT has one regional center in Guwahati to cater to the needs of the stakeholders in the north-eastern region of the country. The Regional Centre at Guwahati was established on 20<sup>th</sup> July, 2010 with major objective for developing small-scale entrepreneurship and skilled workgroup in the food processing sector of the North-East region of India. The regional center provides skill development trainings, consultancy and equipment renting services and business incubation services. Since April 2015, the regional**

center has conducted 28 training programmes for 109 beneficiaries, 2 student internship projects, 3 consultancy and has provided 18 incubation services for the North-East region. The Committee appreciate the commendable efforts made by the institute particularly in the North east region of the country.

The Committee were informed that the Ministry has upgraded 'Indian Institute of Crop Processing Technology' (IICPT), Thanjavur, Tamil Nadu to a National level institute in 2008. Since its up-gradation in 2008, IICPT has handled 4 international collaborative projects, 25 external funded and 8 industry sponsored projects. The institute has 15 on-going external funded projects. Research has been focused on developing end-to-end solutions for the complete value chain of major crops of the storm-prone area/Cauvery delta zone. Apart from this, 227 external student projects and over 60 undergraduate and 50 postgraduate research projects were completed in the institute. From these research works, IICPT has standardized 35 processes, developed 34 on-farm gadgets, with which over 1835 beneficiaries have been identified. It was also informed to the Committee that after elaborate discussion with farmers and other stakeholder, IICPT proposed to establish a small onion processing cum incubation centre at Perambalur District, Tamil Nadu to double the farmers income. Apart from this, based on curriculum, B.Tech. students undergo 2 weeks Rural Agro Industrial Programme (RAIP). Students stay in selected village, conduct survey and collect information on food habits, awareness on ready food, package foods, etc, harvest and post-harvest losses in the farmer's holding, collection of information on various crop processing equipment used, collection of information on various food processing industries located in and around the village, assessment of suitability of establishing food processing industries based on the crops cultivated in the village. The Committee are satisfied with the

accomplishments of the Institute and trust that the Institute will continue to do research work and other activities to cater the needs of stakeholders and in the interest of the farmers.

**10. DEVELOPMENT OF NORTH EASTERN REGION**

The Committee note that as per Government policy, a minimum of 10% of the Plan outlay is to be utilized for the projects in the North-Eastern States including Sikkim. The Ministry is expected to utilize this amount against the ongoing projects under the Schemes of Mega Food Parks, Cold Chain and Abattoirs and the projects which are likely to be received under the new Scheme for Creation/Expansion of Food Processing & Preservation Capacities. The Ministry informed that during 2015-16, out of total plan allocation of Rs. 487.00 crore, an amount of Rs. 48.00 crore was allocated for North East. However, the actual utilisation against this allocation has been only Rs. 30.91 crore. During 2016-17, out of total RE allocation of Rs. 688.56 Crore for Schemes, the allocation for North east region is Rs. 68.86 Crore. However, the actual utilisation against allocation for North-East, is Rs. 13.01 crore (as on 20.01.2017). According to the Ministry, the main reason for low utilisation of the allocation for North-East is non-availability of quality proposals under various schemes of the Ministry. However, the Ministry is making concerted efforts to increase utilisation of the allocation for North-East region. The Committee express their displeasure over dismal performance of the Ministry in utilization of funds meant for the North East region which adversely affect the overall growth and development of the region. The Committee, therefore, strongly recommend the Ministry should find out the constraints which hinder optimum utilisation of funds meant for north east and make efforts in coordination with all concerned to yield better results. Sustained awareness programmes like seminars/workshops etc. should also be organised

on regular basis in the rural as well as urban areas to create awareness and promote food processing in the region. The Committee desire to be apprised of the steps taken by the Ministry for optimum and timely utilisation of funds and development of food processing infrastructure in the region.

NEW DELHI;  
17 March, 2017  
26 Phalguna, 1938 (Saka)

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

**ANNEXURES WILL**

**BE UPLOADED**

**LATER ON**

**STANDING COMMITTEE ON AGRICULTURE  
(2016-17)**

**MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE**

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The Committee sat on Thursday, the 23<sup>rd</sup> February, 2017 from 1100 hours to 1310 hours in Room No. 'E', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Md. Badaruddoza Khan
3. Dr. Tapas Mandal
4. Shri Janardan Mishra
5. Shri Devji Mansingram Patel
6. Shri Nityanand Rai
7. Shri Mukesh Rajput
8. Shri Satyapal Singh (Sambhal)
9. Shri Jai Prakash Narayan Yadav

**RAJYA SABHA**

10. Shri Sambhaji Chhatrapati
11. Sardar Sukhdev Singh Dhindsa
12. Shri Janardan Dwivedi
13. Shri Meghraj Jain
14. Shri Mohd. Ali Khan
15. Shri Shankarbhai N.Vegad

## SECRETARIAT

- |    |                      |   |                     |
|----|----------------------|---|---------------------|
| 1. | Shri Arun K. Kaushik | - | Director            |
| 2. | Smt. Juby Amar       | - | Additional Director |

## LIST OF WITNESSES

### MINISTRY OF FOOD PROCESSING INDUSTRIES

<u>S.No.</u>	<u>NAME OF THE OFFICER</u>	<u>DESIGNATION</u>
1.	Shri Avinash Kumar Srivastava	Secretary
2.	Shri Jagdish Prasad Meena	Special Secretary
3.	Smt. Gargi Kaul	Joint Secretary & FA
4.	Shri Parag Gupta	Joint Secretary
5.	Smt. Anuradha Prasad	Joint Secretary
6.	Shri Rajiv Mishra	Economic Adviser
7.	Shri Shri Prakash	Joint Secretary

2. At the outset, the Chairperson welcomed the members to the sitting of the Committee and the representatives of the Ministry of Food Processing Industries and apprised them of Directions 55(I) of Directions by the Speaker.

3. After the introduction, one of the representatives of the Ministry briefed the Committee in connection with examination of Demands for Grants (2017-18) of the Ministry by making a power point presentation. Thereafter, the Committee raised the following issues/points and sought response of the Ministry on the same:-

- I. Need to formulate plans to make processed food products from agricultural crops that are high in yield, cost-effective and beneficial for health;
- II. Need to establish more and more human resource Institutions;
- III. Need to utilise the allocated funds judiciously and scrupulously;
- IV. Need to make smaller food parks at the district level which are more accessible to the farmers;
- V. Need to preserve and develop traditional food storage system;
- VI. Need to allocate funds for welfare of SC/ST and other disadvantaged class;
- VII. Need to adopt the method of crop planning to minimise harvest loss;
- VIII. Need to carry out research on development of technologies to preserve horticulture produce;

- IX. Need to have provision of imparting training to the farmers in the Mega Food Parks;
- X. Need to make more processed products of potato and onions to prevent the wastage on account of surplus production be prevented;
- XI. Need to develop technology for lowering the moisture level of vegetables and fruits so that their shelf life can be improved;
- XII. Need to develop cost-effective and indigenous method of preservation of agricultural produce; and
- XIII. Need to carry out research for the benefit of small and marginal farmers.

4. The Representatives of the Ministry responded to most of the queries raised by the Members. The Chairperson then thanked the witnesses for sharing valuable information with the Committee and directed them to send, in writing, the requisite information in points/items, which was not readily available with them to the Secretariat of the Committee at the earliest.

5. A copy of the verbatim proceedings of the sitting has been kept separately.

***The Committee then adjourned.***



**STANDING COMMITTEE ON AGRICULTURE**  
**(2016-17)**

**MINUTES OF THE SIXTEENTH SITTING OF THE COMMITTEE**

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The Committee sat on Friday, the 17<sup>th</sup> March, 2017 from 1000 hrs. to 1110 hrs. in the Chamber of the Hon'ble Chairperson, Standing Committee on Agriculture, Room No. 138 (Third Floor), Parliament House, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

02. Shri Nalin Kumar Kateel
03. Smt Raksha Khadse
04. Md. Badaruddoza Khan
05. Shri C Mahendran
06. Shri Janardan Mishra
07. Shri Neiphiu Rio
08. Shri C.L.Ruala
09. Shri Satyapal Singh (Sambhal)

**RAJYA SABHA**

10. Shri Sambhaji Chhatrapati
11. Shri Meghraj Jain
12. Shri Mohd. Ali Khan
13. Shri Ram Nath Thakur

## SECRETARIAT

- |    |                      |   |                     |
|----|----------------------|---|---------------------|
| 1. | Shri Arun K. Kaushik | – | Director            |
| 2. | Smt. Juby Amar       | – | Additional Director |
| 3. | Shri Sumesh Kumar    | – | Under Secretary     |

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

- (i) Draft Report on Demands for Grants (2017-18) pertaining to the Ministry of Food Processing Industries.

3. After some deliberations, the Committee adopted the draft Report without any modifications and authorized the Chairperson to finalize and present these Report to Parliament.

***The Committee then adjourned.***