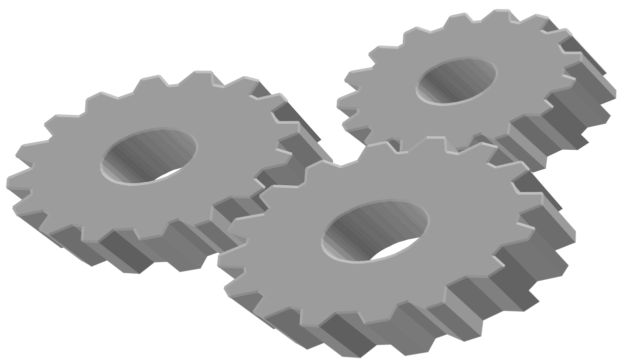
STRATEGIC PLAN



MINISTRY OF FOOD PROCESSING INDUSTRIES

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Section 1 : Ministry's Vision, Mission, Objectives and Functions

Vision:

To make India a global leader in production, consumption and export of safe, hygienic, nutritious and quality processed food items leading to growth of rural income and national GDP.

Mission:

1. Enhancing processing levels
2. Value addition & reduction in wastage.
3. Institutional strengthening
4. Food safety and quality assurance.
5. Capacity building.

Objective

- Increasing the level of processing of perishables from 6 % to 20%
- Value addition from 20% to 35%
- Increase in share of global food trade from 1.5% to 3%
- Skill development to the tune of 1.5 Million
- TQM compliance in FP Units

Functions:

1) Policy Support through formulation and implementation of policies for the sector within the overall national priorities and objectives
2) Developmental initiatives through creation of a conducive environment for healthy growth of the sector
3) Awareness generation among the stakeholders

Section 2 : Assessment of the situation

Agriculture continues to be one of the cornerstones of the Indian economy. Though the share of agriculture in GDP has been declining over the years, its role remains critical as it accounts for about 52 per cent of the employment in the country.

Slowdown in investment and declining productivity raises serious concern about the economic sustainability of millions of farmers. It is estimated that if the country has to maintain a GDP growth rate of over 8%, the agricultural sector has to grow at the rate of at least 4%. Government has initiated massive programmes for investment infusion in Agriculture Sector during 11th Plan through Rashtriya Krishi Vikas Yojana and National Horticulture Mission. This has lead to increase in production and productivity. In order, to ensure proper return to stakeholders, it is essential that suitable post harvest management be adopted to add value and reduce wastage.

In this background, food processing industry in India is increasingly seen as a potential source for driving rural economy as it brings synergy between industry and agriculture. A developed food processing industry is expected to lead increase in farm gate prices translating into increased rural incomes, reduce wastages, ensure value addition, promote crop diversification, generate employment opportunities as well as export earnings.

With a total arable area of around 180 million ha, India produced 230 million tonnes of food grains, 125 million tonnes of vegetables, 63 million tonnes of fruits, around 4 million tonnes of spices in 2007-08. Additionally it produced 105 million tones of milk and 7 million tonnes of fish, has a livestock population of 485 million, poultry population of 489 million and egg production of 45,200 million. Despite of huge production every year, processing is quite low i.e. around 2.2 % in case of fruits & vegetables, 35% in milk, 21% in meat, 6% in poultry produce and 26% in marine products. Value addition is only to the tune of 26%.

With such a large and diversified production base coupled with low manpower cost and modern technology, the Indian food processing sector is poised for growth, if the advantages are leveraged optimally.

The Indian food market in 2006-07 has been estimated at around US$ 200 billion[1] and is slated to reach US$ 310 billion[2] in 2015. Food retail, dominated by around 5 million retail outlets in India, is also likely to grow from around US$ 75 billion in 2007-08 to US$ 150 billion[3] by 2025. In comparison, the world food industry, which stands at $175 billion, is expected to grow up to $400 billion by 2025.

As per the McKinsey Study "India is likely to become the second largest dairy products producer, next to the US, in the years to come. Food prices in India are the lowest in the world.

India has the highest per capita consumption of sugar in the world and it is still growing. The agriculture sector has moved into higher value crops in the last 10-15 years".

Food processing industry is one of the largest industry in India and is ranked 5th in terms of production, consumption and export. Food Processing encompasses products of fruits and vegetables, dairy, meat, poultry, fishery, consumer food, grains, alcoholic drinks, aerated water and soft drink. It involves all types of value addition to agricultural or horticultural produce and includes processes such as grading, sorting, and packaging which enhance shelf life of food products. Market size of food processing sector has been estimated at US$ 80 billion in 2006-07 and the sector grew at a rate of above 13% in last few years. The importance of food processing sector can be gauged from the fact that the total deployment of the gross bank credit is over 6% of the total gross credit deployment across all industry segments[4].

The food and agro processing industry employed over 16% of total workforce in the organized manufacturing sector whereas it is 32% of the total workforce in the unorganized sector. In absolute numbers terms, the industry currently employs around 13 million people directly and 35 million people indirectly. It also has the potential to generate significant employment as the multiplier effect of investment in food processing industry is 2.5 times than in other industrial sectors. Even within food processing industry, the employment intensity is significantly higher in the unorganized sector as compared to the organized sector for the same level of investment.

The share of food and agro processing industries in total number of enterprises is about 19%. However, the sector is dominated by unorganized players who contribute more than 70% of the output in volume terms and around 50% in value terms. Since a few leading corporate entities of the country have entered the food retail in big way, the organized sector is likely to grow at a faster pace.

2.1 Major Sub-sectors

The food processing sector comprises of two segments- Primary processed food and Value added food. Primary segment comprises of packaged fruit and vegetables, milk, flour, rice, spices etc and constitutes around 62% in value terms of the processed foods. Value added segment includes processed fruits and vegetables, juices, jam & jelly etc and holds around 38 % share in the total processed food. Major sub sectors of the food processing industry are:

- **Fruits and vegetable:** F&V processing is dominated by unorganized players, who occupy a share of 70% in the total market size. Over the last few years, the industry has witnessed rapid growth of RTE foods, frozen vegetables, processed mushroom etc.
- **Dairy:** According to Dairy India 2007 estimates, the current size of the Indian dairy sector is US$ 62.67 billion and has been growing at a rate of 5 per cent a year.
- **Meat & Poultry:** Entry of many organized players like Godrej, Venkateshwara Hatcheries, Suguna poultry etc. in meat processing and packaging has accelerated growth of this industry segment.
- **Fish & Marine Products:** The dietary habits of the people all over the globe are changing fast and India is gearing up to produce and supply value added products in convenience

packs by adopting the latest technologies and by tapping the unexploited and under exploited fishery resources. Value addition has been considered as the thrust area. Indian seafood processing units are being encouraged to go in for value addition and export through setting up new units, expanding their capacity and diversifying their current activities etc for value addition.

The export of marine products has steadily grown over the years-from a mere Rs. 3.92 core in 1961-62 to Rs. 8607.94 crore in 2008-09. Marine products account for approximately 1.1% of the total exports form India.

- **Snacks:** The Indian snacks market is estimated to be worth US$ 3 billion with the organized segment accounting for half of the market share and is growing at a rate of 15-20%. The unorganized share is roughly US$ 1.5 billion and is currently growing at a rate of 7-8%. Potato chips and potato based products occupy almost 85% share of the Indian snack market.
- **Beverages:** The market for carbonated drinks in India is worth US$ 1.5 billion while the juice and juice-based drinks market accounts for US$ 0.25 billion. Growing at a rate of 25 per cent, the fruit-drinks category is one of the fastest growing segments in the beverages market.

2.1.1 Growth drivers for industry

- ***Food and grocery dominates total retail spend:*** While rural consumers spend around 53%[5] of their total consumption expenditure on food, urban India spends 40% of their retail spend on food items thus offering huge opportunity for processed food products.
- ***Higher disposable income:*** High economic growth has led to increased disposable income for the Indian middle class, which is switching over to healthy and processed products. It is estimated that disposable income is set to rise at an average rate of 8.5 % by 2015. Also, the middle class is estimated to reach a size of 582 million from its current size of 50 million by 2015[6].
- ***Shift in demographic profile:*** The median age of Indian population is 24 years and approximately 65% of Indian population is below 35 years of age. The large population of working age group forms a wider consumer base for processed products.
- ***Increasing number of working women:*** The number of working women, as a percentage of the total female population, has grown from 12% in 1961 to close to over 25% resulting in demand for convenience food.
- ***Emergence of organized food retail:*** It is estimated that the total food and grocery retail space will grow at a CAGR of 6% over 2006-2011, with the organized share likely to increase from less than 1% currently to 6-6.5%. This will translate into more business opportunity for processed products as well as provide forward linkage to the industry.

2.1.2 Opportunities

- ***Large and diversified production base:*** India ranks second in fruit as well as vegetable production in the world. It occupies a share of 12% in the world's fruit production and around 13% in the world's vegetable production, which ensures round the year availability of abundant raw material for the food processing industry.

- ***Huge and growing consumer market:*** With a huge population of more than 1 billion and an evolving consuming class with a gradual shift towards processed food, India is a growing market for processed products.
- ***Enabling policy framework:*** To attract investment in food processing sector, the government launched the scheme Mega Food Parks and cold chain in the 11^{th} five year plan. Various policy measures have also been initiated like Income Tax deduction of 100 % of profit for five years and 25 % of profit in the next five years in case of new agro processing industries set up to package and preserve fruits and vegetables; excise duty on meat, poultry and fish products has been reduced from 16% to 8 %, excise duty on dairy machinery has been fully waived off etc. During over last 6 years, every year government has announced fiscal incentives in the form of tax relief to this sector.
- ***Strategic location:*** India is strategically located at centre of middle east and south east with long coast line and proper sea route connectivity. With enough raw material availability for long period, India provides an attractive destination for multi national food companies to setup processing facilities in India both far Indian market as well as for export.

2.2 Constraints Affecting the Growth of Food Processing Industry

While the food-processing sector offers several opportunities, it faces constraints as well, such as:

2.2.1 Lack of robust policy mechanism

The absence of well spelt out policy at policy at some of the state levels addressing the sectoral needs is one of the major factor impeding the growth of the sector. While the Central Government has developed a vision document assessing the needs for the growth of the food processing industry, at the state level, while food processing policy exists in a few states, these are not followed with definite action plan.

2.2.2 Low Level of Government Outlay for Development of Food Processing Industries

During 11^{th} Plan and Outlay of Rs. 4031.00 crores was envisaged but in last 4 years only Rs. 1132.00 crores have been spent. The vision 2015 envisaged public expenditure of Rs. 10,000 cores by 2015 but the trend so far, is much below the desired level.

2.2.3 APMC Act:

While 25 states/UTs have amended their APMC acts; it still discourages direct marketing arrangement between farmer and processer. The processor is required to obtain license from the respective state govt. as well as liable to pay market fees without even using mandi infrastructure.

In addition, some of the states have amended APMC act but it has not clearly outlined policies on contract farming/direct marketing. Thus, APMC Acts of different states have become a stumbling block for markets seeking to scale up operations.

2.2.4 Essential Commodities Act, Stock Order etc.

The Essential Commodities Act (ECA) 1955 was put in place after independence to control production, supply and distribution of essential agricultural commodities and was put in place to ensure availability of food products. In the current conetx of liberalizations, controlling the movement of products by licensing of dealers, limits on stocks and control on movements only hamper the growth of the agricultural sector and promotion of food processing industries.

2.2.5 Food Quality Regulation

Government has enacted an Integrated Food Law, but the mechanism envisaged is yet to become operational. While food processing and quality is the domain of Ministry of Food Processing Industries, the food safety and standards authority is under administrative control of Ministry of Health and Family Welfare.

2.2.6 Taxes on processed food items

Incidence of taxation in processed agricultural products not only acts as a disincentive for investment in the sector but also affects the competitiveness of the food products in the country. Though primary agricultural commodities including fruits and vegetables are mostly exempted from tax, processed food commodities are subject variety of taxes. In most of the states, low value added food products are exempted from VAT. However, certain high value added food products like biscuit, confectionary, snack items are levied VAT at the rate of 12.5% in many states.

Apart from VAT, other taxes such as purchase tax, entry tax, octroi etc are also levied on food products.

(a) Central Taxes

Direct Tax

The Government has provided income tax benefit to fruit and vegetable processing units, including other perishables like dairy, fish , meat etc.

Indirect taxes

While last few budgets have brought down the incidence and tariff of central taxes such as excise and Central Sales Tax on a large number of processed food items, many more are still to be covered. Also the rationalization of taxes in line with the harmonization of the categories is yet to take place.

Central Excise Tax (CET) is also levied on certain food products as mentioned in the table below:

Products	Central Excise Tax (%)
Sugar Confectionary, RTE food and instant food mixes	8
Other confectionary products	16

Ice cream, condensed milk, Tea/coffee pre-mixes etc.	0
Aerated drinks	16

Also, packaging material (OTS cans, aseptic packaging paper and aseptic bags) which constitutes around 35-50% of the production cost of packaged food attracts excise duty of 8%. Thus, cumulative incidence of these taxes make processed foods costly and much beyond the reach of the common man.

Customs Duty (Import Tariff)

In case of snack food items, import tariffs are as high as 30-65% which escalates its market price manifold. Also, it is mandatory for imported processed products to have at least two-thirds of their shelf life remaining on reaching port.

(b) State Taxes

VAT

While the implementation of VAT has brought a high degree of rationalization, there is need for further reduction in Vat on food and processed items. It is also ironic that in most of the states, while there is exemption or no VAT is levied on liquor, large number of food items continue to be taxed at varying categories of rates of 1%, 4% and 12.5% (mainly on processed and packaged food products).

Entry Tax

With the recent rulings of the many high courts that entry tax levied by states are not constitutional, it still continues to be in effect in many states thereby reducing the competitiveness of food processing industry. .

2.2.7 Non- Tariff Barriers:

Other barriers include detailed food labeling requirements for packaged goods and compulsory detention and laboratory testing of samples of each imported item, which boosts overhead costs. Also the customs duty on large number of raw materials for certain items like confectionary industry, packaging materials etc, where the industry is largely dependent on imports continues to be high which needs addressal.

2.2.8 Restrictions imposed by State Governments/Union Territories on storage of food and agricultural produce

2.2.9 Inadequate infrastructure along the value chain

Lack of infrastructure for post harvest handling and storage, absence of cold chain facilities and fragmented supply chain of food products are some of the critical reasons holding back the growth of food processing industry in the country.

There is no institutional mechanism to mitigate the small and fragmented size of farm holdings and to facilitate linkage between the farmer and the processors/market. The Mega Food Park Scheme and the Cold Chain Scheme of the Govt. of India envisage addressing these to a great extent.

As in the case of infrastructure, a reliable database for food processing industry does not exist currently in the country, which affects the planning process.

Considering the high risk involved in food processing, a supportive insurance policy is critical to the growth of the sector, which does not exist currently.

2.2.10 Lack of Diversification of Product Portfolio and Commercialization

R&D in the food processing sector in the country is largely governed by universities and institutions with very little involvement of industry. The research is also on traditional lines with less emphasis to market preferences. There is a need to involved industry for product development setting up of food development centers/incubation centers on a regional basis/in various prominent agro-climatic zones.

The current Indian crop production system largely continues to be traditional and subsistence agriculture. As a result crops varieties being grown are not in tune with market and processing requirements.

2.2.11 Need to move towards a single market for agricultural commodities and processed food

The vast Indian market is broken up into smaller local /regional markets and the high cost involved in transporting agricultural commodities and processed food from one part of the country to another involves a considerable drag on the efficiency of the food processing sector. There is tremendous scope for improving efficiency of the Indian Agriculture in general and food processing in particular by removing interstate barriers which lead to high transaction costs. The case in point for consideration is the unification of European market.

Reducing the transaction cost would help in reduction of the ultimate price paid by the consumer and improve competitiveness of Indian agriculture. Integration of the domestic market for all goods and services is one of the declared objectives of the Government.

2.2.12 Oganic Foods

Various regions in the country have immense potential for organic farming and thereby creating a niche market for organic food, this has to be systematically promoted through appropriate policy interventions and liberal support for achieving certification, capacity building, packaging and market linkages

2.2.13 Lack of Quality Standards:

The current legislative requirements have put tremendous emphasis on food hygiene, GMP, HACCP and nutritional labeling in the entire food chain. However, most of the unorganized players in food processing industry do not adhere to quality standards resulting in minimal share in world trade because of the tightening of restrictions and the introduction of the Sanitary and Phytosanitary Agreement by global industry bodies.

2.2.14 Lack of Skilled Manpower

At the current levels of operations itself, there is shortage of skilled manpower at various levels right from the farm to processing. A survey by FICCI on estimating the skill shortage in Indian Industry, estimates that shortage of refrigeration mechanics, electricians and fitters exists to the tune of 65%.In addition, shortage of agricultural scientists exists to the tune of 60% and shortage of food safety professionals exists to the tune of 70%[7]. There are no specialized institutes for R&D and for imparting specialized skills in bakery and confectionery. Besides CFTRI, there are very few institutions, which provide qualified manpower for food processing sector.

There is a pressing need to address the skill gaps if the country has to raise its level of processing and also gain a sizeable share of the international trade in processed foods. Specific programmes tailor made to suit the crops and the industries besides the personnel have to be designed and a possibility of integrating it to the National Skill Development Corporation's activities needs to be strongly explored.

Similarly the ICAR and Agricultural universities need to be encouraged to set up food incubation centers with specific capacity building programmes for various stakeholders covering the entire range of operations in the value chain.

2.2.15 Absence of Market Driven Farming

The current Indian crop production system largely continues to be traditional and subsistence agriculture. As a result crops varieties being grown are not in tune with market and processing requirements. E.g. Tomatoes grown largely in our country are tomatoes with low TSC and thus not amenable for competitive processing. Similarly, most of the fruits like apples and mangoes grown are not amenable to long duration storage. Even the cultivars in use in most of the cases are 50 -75 years old thereby resulting in low productivity, susceptibility to pest and diseases thereby resulting in higher cost fo production and lower realizations. Similar is the case with crop management or orchard management practices in place.

2.2.16 High cost of transportation

The non-availability of climate controlled or reefer containers coupled with the high costs (in most of the cases both side fares are computed due to non-availability of return cargo), temperature abuse in transit capacity issues in terms of handling and distribution of produce, high costs of packaging (the protocol of usage of plastic bins for distribution with cost efficacy is yet to be developed) etc. negate the advantage of low production cost

2.17 Lack of processable variety of raw material:

There is lack of processable varieties of raw material

2.18 Lack of R&D initiative with commercial forum with partnership of Industry

R&D in the food processing sector in the country is largely governed by universities and institutions with very little involvement of industry. The research is also on traditional lines with less emphasis to market preferences. There is a need to involved industry for product development y setting up of food development centers/incubation centers on a regional basis/in various prominent agro-climatic zones. The current Indian crop production system largely continues to be traditional and subsistence agriculture. As a result crops varieties being grown are not in tune with market and processing requirements.

2.19 Non-availability of easy credit facilities

There is lack of easy credit facilities for Food Processing Sector despite this sector being in priority sector.

Section 3 : STRATEGY

Statement of Purpose

To have a comprehensive strategy and action plan to guide and boost the development of the food processing sector in the country.

Long Term Outcome Goals

- Increase the level of processing of perishables from 6 % to 20%
- Value addition from 20% to 35%
- Increase in share of global food trade from 1.5% to 3%
- Reduction in wastage

Proposed Solutions & Policy Options

The proposed solutions and policy options can be prioritized as under –

1. Providing adequate infrastructural facilities.
2. Comprehensive national policy on food processing sector and state policies.
3. Convergence in central and state policies.
4. Implementing food safety laws.
5. Improving the availability of trained manpower.
6. Remove constraints in raw material production both quantity and variety.
7. Simplifying state and central taxation and implementation of GST for creation of seamless market.
8. Improving infrastructure for applied research.
9. Improving access to credit.
10. Attracting private sector investment.
11. Ensuring development of cost effective packaging technologies.
12. Increase focus on organic food.
13. Greater participation of state Governments, Distt. Administrations, Farmer Organization, Industry Association, Institution and other related stakeholders.
14. Creation of Institution.
15. Export promotion.
16. Technology Transfer & Development.
17. Focused intervention in backward region and North East States.
18. Effective inter-Ministry Co-ordination and convergence.
19. Process Food Market Development Agency.

Section 4 : Implementation Plan

The Strategic Plan would be implemented through over a five year period of the 12th Plan i.e. 2012-17 through the implementation of the schemes of the Ministry. The strategy would be implemented through the implementation of the Plan schemes of the Ministry –

4.1 Schemes for Infrastructure Development

a. Establishment of Mega Food Parks

The Scheme has been developed with an objective of facilitating the creation of adequate infrastructure facilities along the value chain. The scheme provides for creation of Special Purpose Vehicle for the establishment of the Mega Food Park. Financial assistance under the Scheme is through provision of one time capital grant of 50% of the project cost (excluding land cost) for general areas and 75% in difficult, hilly areas and ITDP notified areas subject to a maximum of Rs 50 crore per project. The components of the project cost include core infrastructure facilities like cleaning, grading, sorting, packing, dry and temperature controlled warehouses, ripening chambers, reefer vans etc. at collection center and primary processing centers; buildings for common facilities like testing laboratory, sorting, grading, packing , specialized and dry warehouses, irradiation facilities, stems sterilization units, food incubation cum development centers etc. at central processing center; factory buildings for MSMEs; basic infrastructure like roads, drainage, water supply, electricity supply, effluent treatment, parking bays; non-core infrastructure like administrative buildings, training centers, trade center/display centers, workers hostels, canteen, marketing support system etc. not exceeding 10% of project cost; hiring of domain consultants for preparation of DPRs, supply chain management It is envisaged to setup 1 Mega Food Park each for a cluster of about 3-4 Distt. Due care will have to be taken for smaller state and left out regions.

b. Establishment of Cold Chain, Value addition and Preservation Infrastructure

The objective of the scheme is to facilitate creation of integrated cold chain and preservation infrastructure facilities without any break from farm to consumer. The scheme mentions three types of facilities to be created such as 1) Minimal processing center at the farm gate level having facilities like weighing, sorting, grading, pre-cooling, CA/MA storage, IQF and normal storage facilities; 2) Mobile pre- cooling vans and reefer trucks; and 3) Distribution hubs having facilities such as CA/MA chambers, multi-purpose cold stores, variable humidity stores, IQF and blast freezing etc. Financial assistance is in form of grant-in-aid of 50% of the total cost of plant and machinery and technical civil works for general areas and 75% for NE region, difficult and subject to a maximum of Rs 10 crore per project. In view of huge wastage and need for safe storage, cold chain infrastructure including cold transport require huge investment.

c. Modernization of Abattoirs

The objective is modernize existing abattoirs or establish modern abattoirs promoting scientific and hygienic slaughtering, application of modern technology for waste management, better by product utilization, provision of chilling facility, retail cold chain management etc. under PPP mode with the involvement of local bodies (panchayats or municipalities) on build-own-operate/build-operate-transfer (BOT)/Joint venture(JV) basis. Financial assistance under the Scheme is through grant of 50% of the total cost of plant and machinery and technical civil works for general areas and 75% for NE region, difficult, hilly and ITDP notified areas subject to a maximum of Rs 15 crore per project.

4.2 Scheme of Technology up gradation, Establishment and Modernization of Food Processing Industries –

Under the scheme financial assistance of 25% of the cost of plant and machinery and technical civil works subject to Rs 50 lakhs in general areas and 33% subject to Rs 75 lakhs for difficult areas (NE region, J&K, HP, Uttarakhand, A&N Islands, Lakshadweep and ITDP areas is provided for technology up-gradation, modernization of food processing industries in sectors such fruit & vegetables., cereals, meat, poultry, oilseed products, rice milling, flour milling, pulse processing, flavors and colours, oleoresins, spices, coconut, mushrooms, hops etc. For enhancing processing levels large number of industries are required to be set up. Major intervention is required for strengthening of unorganized sectors, SHG's and farmer organizations.

4.3 Scheme for Human Resource Development

Creation of Infrastructure Facilities for running Degree/Diploma Course in Food Processing Technology

Financial assistance up to Rs 75 lakhs is made available to educational institutions like universities, colleges running degree/diploma course is food technology for starting the course as well as for up gradation. The assistance is for creation of infrastructure like technical/academic books, laboratory equipments, pilot plant etc.

Entrepreneurship Development Programme

Financial assistance up to Rs 2 lakhs per EDP is made available to government organizations, R&D institutes, Universities, state level consultancy organizations, state nodal agencies, reputed NGO to train farmers, prospective entrepreneurs/unemployed youth to encourage them establish food processing industries.

Food Processing Training Center

Financial assistance upto Rs 4 lakhs for a single product line and Rs 11 lakhs for multi-product line towards fixed cost and Rs 2 lakhs and Rs 4 lakhs respectviely towards revolving seed capital to government organizations, educational and training institutions, school and colleges, ITI, NGOs and co-operatives fulfilling eligibility conditions for setting up of Food Processing Training Centers for development of rural entrepreneurship and transfer of technology for processing of food products by utilizing locally grown raw materials and providing "hands-on" experience.

Training at Recognized National/state level institutes sponsored by MoFPI/other training programmes

(i) Financial assistance upto Rs 1 lakh per training programme for 20 trainees for 10 working days to institutions eligible for EDP grants to impart specialized training to new EDP trainees and upgrade the knowledge/skill level of food entrepreneurs

(ii) Financial assistance upto Rs 20,000 per batch for sensitizing a batch of 100 progressive farmers/prospective entrepreneurs about the benefit of food processing at farm gate level

Scheme for Implementation of HACCP/ISO 22000, ISO 14000/GHP/GMP, Quality/ Safety Management

Financial assistance of upto 50% of the costs in general areas and 75% in difficult areas upto Rs 15 lakhs toward reimbursement of consultant fee, certification fee, plant and machinery, technical civil works, and other expenditure towards implementation of TQM system including ISO 14000, ISO 22000, HACCP, GMP and GHP etc. to motivate food processing industries for adoption and food safety and quality assurance mechanism

4.4 Scheme for Research & Development

The objective of the scheme is to promote new products and new cost effective technologies for preservation and packaging of food products and standardization of food additives like colours, falvours, coloring agents, preservatives etc.

- Financial assistance upto 100% of equipment cost plus cost of consumables and expenditure related to JRF/SRF/RA to government organizations like universities. IITs, central/State Government Institutions and CSIR recognized R&D units
- 50% of equipment cost in general areas and 70% in difficult areas to private organizations
- 100% for Ministry sponsored projects

Scheme for Setting up/Up Gradation of Food Testing Laboratories

Scheme has been formulated to promote food testing to ensure food safety and quality, promote a surveillance system for monitoring quality and composition of food, ensure compliance to international standards etc.

- Financial assistance of 100% is available for Central/State government organizations, universities etc. towards cost of laboratory equipments and 25% for cost of technical civil works in general areas and 33% in difficult areas
- Financial assistance of 50% to other institutions and private sector organizations. towards cost of laboratory equipments and 25% for cost of technical civil works in general areas and 70% and 33% % in difficult areas

4.5 Scheme for Up gradation of Quality of Street Food

The Scheme has been formulated to promote clean, safe and good quality sanitary food in urban areas and at places of tourist importance and promote local ethnic food.

It envisages addressing two main issues through development of 1) Safe Food Towns and 2) Food Streets

Under Safe Food Towns the Scheme provides grant of 25% towards the cost of scientifically designed safe and hygienic food cart limited to Rs 7,500 and Rs 13 lqkhs per 1000 vendors to Urban local bodies linkages with micro finance and undertake capacity building of vendors, health insurance cover , health checks etc,

Under Food Street assistance to the tune of 75% of project cots limited to Rs 5 crore is provided to urban local bodies for development and up gradation of one existing food street in selected cities to provide adequate infrastructural facilities to develop these streets as a site of attraction for tourists.

4.6 Scheme for Strengthening of Institutions

Commodity specific boards are proposed for focused intervention apart from strengthening of existing following institutions:-

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

4.7 National Mission on Food Processing is being considered as centrally sponsored scheme to ensure broad based decentralize planning and involvement of stakeholders.

Section 5 : Linkage between Strategic Plan and RFD

The Strategic Plan would be implemented through the implementation of the Plan schemes of the Ministry. The implementation of these Plan schemes is being monitored on an annual basis through the RFD framework. As such, the implementation of the Plan would be monitored on a regular basis through the RFD framework.

Under the RFD framework, the weights will be given to various schemes that reflect their prioritization for the faster development of the sector. Each strategic initiative on approval in 12th Plan would be broken down to action and performance indicators in Annual RFD framework. Tentative RFD for stated objectives is as given below –

	OBJECTIVES	ACTIONS	SUCCESS INDICATORS
1	Value addition and reduction in wastages	Mega Food parks	Release of 1st Installment
			Release of 2nd Installment
			Completion of Mega Food Park
		Cold Chain value addition and preservation infrastructure	Start of commercial operations
			Selection of new Projects
			Release of 1st installment
		Abattoirs	Completion of Abattoirs
			Release of two installments
			Taking proposal for installments
			Taking proposal to CCEA
2	Institutional Strengthening	NIFTEM	Taking CCEA approval for change in the legal status of NIFTEM
			Establishment of NIFTEM Society
			Taking Revised Cost Estimate proposal to EFC
			Taking proposal to CCEA for approval of RCE
			Start of training programme/academic session
		IICPT	Start of Const ruction of Phase-II
			Completion of 50% of work of Phase II
		SNA	Release of grant to SNAs by 31st march 2011
		IGPB	Release of grant
		NMPPB	National level training & Capacity Building programme
			Commissioning of food testing laboratory

3	Food Safety & Quality Assurance	Establishment/Upgradation of food testing labs(FTL)	No. of lab proposals sanctioned by 31st 2011
		HACCP/ISO certification	No. of certification proposals sanctioned by March 31st 2011
			No. of projects inspected
4	Capacity Building	Entrepreneurship development programme	Number of training programmes to be supposed by 31st March, 2011
		Creation of infrastructural facilities	Number of Projects for Infrastructure Development
			No. of projects inspected
		Support to establishment of Food Processing Training Centre (FPTC)	Number of Projects for Infrastructure Development
			No. of projects inspected
		Survey to assess the increase in processing level	1. Hire agency for evaluation of Plan Schemes
		Creation of Venture Capital Fund	1. Creation of venture fund
5	R&D in food processing	Approval of R&D projects	Number of projects approved
6	Enhancing processing levels	To assist in technology Upgradation / modernization of Food Processing Industries, by providing financial assistance in the form of grant-in-aid	Number of Units assisted
			No. of cases of sanction of grant with in 45 days of completion of documentation to the extent of available fund
			No. of units inspected

Section 6 : Cross Departmental and Cross functional issues

The achievement of the above key Ministry objectives depends upon a number of actions that are required to be performed by various other Departments/agencies. Food processing is a very general term and this sector comprises of a number of sub-sectors like dairying, fruits & vegetables, edible oils, meat & poultry, grain milling and other consumer items. A number of schemes are presently being implemented by various departments of the central and state governments for extending assistance to food processing units. As such, there are a number of factors that can affect the performance of the schemes of the Ministry.

A major factor is that approvals of the schemes need to be expedited so that fund releases to applicants can be done at an early date. Late approval of the schemes has adversely affected the disbursement levels of the Ministry, leading to lesser allocations in subsequent years. Prompt response from Planning Commission & Ministry of Finance are critical for success of programmes of this Ministry. These are many other Ministries in Government of India who are also contributing to growth of food processing sector such as agriculture, MSME etc. proper convergence and coordination system will be placed in position. Apart from this, the states have a very important role to play.

Section 7 : Monitoring and Reviewing arrangements

1. A Steering Committee will be constituted comprising of the following officers of the Ministry that would monitor and review the implementation of the Strategic Plan:-

Head of Steering Committee	Secretary (FPI)
Members of the Steering Committee	All Joint Secretaries
Meeting frequency	Monthly

In addition, this committee will also review monthly progress of achievement vis-à-vis targets. This committee will also consult the stakeholders (internal & external) at regular intervals to obtain feedback and develop future course of action.

2. IT enabled e-governess applications will be extensionally used.
3. System will be put in position for regular verification of the Ministry assisted projects.
4. Agencies of state government shall be engaged for field visits apart from professional project management agencies.
5. Online reporting and monitoring arrangement shall be developed.