

14. GOVERNMENT PROGRAMMES AND REGULATIONS FOR AGRIBUSINESS

Government programmes for agribusiness

Both the central government and state governments have devised programmes to woo the entrepreneurs for setting up agribusiness in India. They may be classified as programmes falling under small-scale industries, Khadi village industries, small and medium industries, large industries based on the finance required for investment. Apart from these to harness the export market after signing the WTO agreement. They include conversion of Export Processing Zones (EPZ) into Special Economic Zones (SEZ), establishment of Agri-export zones. For which government is attracting private investors to make investment in infrastructure development like cold storage chains, improvement in road, rail, sea and air transport systems.

The Ministry of Small Scale Industries & Agro and Rural Industries designs and implements the policies through its field organizations for promotion and growth of small and tiny enterprises, including the coir industries. The Ministry also coordinates with other Ministries / Departments on behalf the Small Scale Industries (SSI) sector.

The implementation of policies and various programmes/schemes for providing infrastructure and support services to small enterprises is undertaken through its attached office, namely the Small Industry Development Organization (SIDO), statutory bodies/other organizations likely Khadi and Village Industries Commission (KVIC) & Coir Board a Public Sector Undertaking - National Small Industries Corporation (NSIC) and three training institutes - National Institute of Small Industry Extension Training (NISIET), Hyderabad, National Institute for Entrepreneurship and Small Business Development (NIESBUD), New Delhi and Indian Institute of Entrepreneurship (IIE), Guwahati.

Entrepreneurial Training institutes

There are three institutes engaged in training of small-scale entrepreneurs. These are Indian Institute of Entrepreneurship (IIE), Guwahati, National Institute of Small Industry Extension Training (NISIET), Hyderabad, National Institute for Entrepreneurship and Small Business Development (NIESBUD), New Delhi.

Fragrance & Flavour Development Centre (FFDC), Kannauj

Fragrance & Flavour Development Centre (FFDC) has been set up as an autonomous body in the year 1991 by Govt. of India with the assistance of UNDP/UNIDO and Govt. of U.P/UNDP/UNIDO has provided technical expertise and imported equipments. Govt. of U.P has provided land and building while Govt. of India has been contributing for indigenous equipments and recurring expenditure. Main objectives of the Centre is to serve, sustain and upgrade the status of farmers and industry engaged in the aromatic cultivation and its processing, so as to make them competitive both in the local and global market.

Export Processing Zones

The export zones (EPZ) set up as enclaves, separated from the Domestic Tariffs Areas by fiscal barriers, are intended to provide a competitive duty free environment for export production. There are four EPZs set up by the Government at Noida(Uttar Pradesh), Chennai (Tamil Nadu), Palta (West Bengal) and Vishakapatnam (Andhra Pradesh).

Special Economic Zones

A new scheme for setting up of Special Economic Zones (SEZs) in the country to promote exports was announced by the Government in the Export and Import Policy on 31st March, 2000. The policy provided for setting up of SEZs in the public, private, joint sectors or by State Governments. It was also announced that some of the existing Export Processing Zones would be converted into SEZs. Accordingly, the Government has issued notification on 1-11-2000 for conversion of the existing Export Processing Zones at Kandla (Gujarat), Santa Cruz(Maharashtra) and Cochin (Kerala) into SEZs. Notification has also been issued for conversion of the private sector EPZ at Surat (Gujarat) into the Special Economic Zone at the request of the promoters.

Export Oriented Units (EOU)

The export Oriented units (EOU) scheme introduced in the early 1981, is complementary to the EPZ scheme. It adopts the same production regime but offers a wide option in locations with reference to factors like source of materials, ports of export, hinter land facilities, and availability of technological skills, existence of industrial base and the need for a large area of land for the project. And 1,536 units are in operation under the EPU scheme as on March, 2001.

Product range: EOUs are mainly concentrated in textiles and yarn, food processing, electronics, chemicals, plastics, granites and minerals/ores. Majority of units are located in Tamil Nadu, Andhra Pradesh, Karnataka, Maharashtra and Gujarat.

Export Promotion Industrial Park (EPIP) Scheme: A centrally sponsored " Export Promotion Industrial Park (EPIP) Scheme has been introduced in 1993-94 with a view to involving the State Governments in the creation of infrastructure facilities for export oriented production. The scheme provides that 75 % of the capital expenditure incurred towards creation of such facilities, ordinarily limited to Rs. 10 crores in each case, will be met from a central grant to the State Governments.

New Anna Marumalarchi Thittam: The State Government of Tamil Nadu has introduced the New Anna Marumalarchi Thittam in April 2002 to set up agribusiness units with a minimum investment of Rs 35 lakhs at the rate of one unit in each block. This scheme provides scope for setting 385 agribusiness units in Tamil Nadu.

AgriClinic and Agribusiness Centres: Small Farmers Agribusiness Consortium in co-operation with MANAGE has drawn plans to provide training on management capacity building for those willing to set up Agriclincs and Agribusiness Centres either as individual or a group five (four agricultural and allied graduates and one management graduate) with a maximum loan assistance of Rs. 10 lakhs for individuals and Rs 50 lakhs for a group of five entrepreneurs.

Regulations

Legal regulations

Decisions are strongly affected by laws pertaining to competition, price setting, distribution arrangements, advertising, etc. It is necessary for a manager to understand the legal environment of the country and the jurisdiction of its courts. The following laws affecting business in India are important.

- 1) Indian Contract Act, 1872
- 2) Factories Act, 1948
- 3) Minimum Wages Act, 1948
- 4) Securities contracts Regulation Act, 1956 (Now replaced by SEBI Act)
- 5) The Companies Act, 1956
- 6) Trade and merchandise Marks Act, 1958
- 7) Monopolies and Restrictive Trade Practices Act, 1969
- 8) The water (Prevention and Control of Pollution) Act, 1974
- 9) The Air (Prevention and Control of pollution) Act, 1981
- 10) Sick Industrial Companies (Special provision) act, 1985
- 11) Environment protection Act, 1986
- 12) Consumer protection Act, 1986
- 13) Securities and Exchange Board of India Act, 1992
- 14) Taxation laws covering Corporate tax, indirect taxes like Excise, Customs, Sales tax and Wealth tax)

FOOD SAFETY & QUALITY

Fruit Products Order (FPO), 1995

Fruit Products Order -1955, promulgated under Section 3 of the Essential Commodities Act - 1955, aims at regulating sanitary and hygienic conditions in manufacture of fruit, vegetable products. It is mandatory for all manufacturers of fruit, vegetable products to obtain a license under this Order. To ensure good quality products, manufactured under hygienic conditions, the Fruit Product Order lays down the minimum requirements for:

1. Sanitary and hygienic conditions of premises, surrounding and personnel.
2. Water to be used for processing.
3. Machinery and equipment.

4. Product standards.

Besides this, maximum limits of preservatives, additives and contaminants have also been specified for various products.

This order is implemented by Ministry of Food Processing Industries through the Directorate of Fruit & Vegetable Preservation at New Delhi. The Directorate has four regional offices located at Delhi. The Directorate has four regional offices located at Delhi, Mumbai, Calcutta and Chennai, as well as sub-offices at Lucknow and Guwahati. The officials of the Directorate undertake frequent inspections of the manufacturing units and draw random samples of products from the manufactures and markets which are analyzed in the laboratories to test their conformity with the specifications laid under FPO.

The Central Fruit Advisory Committee comprising of the officials of concerned Government Departments, Technical experts, representatives of Central food Technology Research Institute, Bureau of Indian standards, Fruits and Vegetable Products and processing Industry, is responsible for recommending amendments in the Fruit Product Order, In view of the demands of the industry, and the liberalized economic scenario, major amendments were made in FPO during 1997.

Meat Food Products Order (MFPO)

Meat Food Products Order, 1973 (MFPO) promulgated under the provisions of Essential Commodities Act, 1955 provides for sanitary and other requirements, limits of heavy metals, preservatives, insecticides, residue, etc., for meat food products. This order was being implemented by Ministry of Rural Development in the Ministry of Rural Area & Employment. As on 31st March 1998 there were 128 licenses issued under MFPO 1973. As per the recent amendment to the Allocation of Business, Ministry of Agriculture (Deptt. of Agriculture & Cooperation) would now be the Administrative Ministry for this Order.

Milk & Milk Products Order (MMPO)

Milk and Milk Products Order, 1992 administered by the Department of Animal Husbandry & Dairying under Ministry of Agriculture was promulgated on 9th June, 1992 under the provision of Section 3 of the Essential Commodities Act, 1955 with a view to maintain an increased supply of liquid milk of desired quality to the general public. This order regulated production, supply and distribution of milk and milk products throughout the country. The order also seeks to ensure the observance of sanitary requirements for dairies, machinery and premises, and quality control standards for milk and milk products. So far, 254 registration certificates under MOP, 1992 has been issued by the Department of Animal Husbandry and Dairying.

Codex Alimentarius

The term Codex Alimentarius is taken from Latin and means food code. Codex Alimentarius brings together all the interested parties -scientists, technical experts, governments, consumers and industry representatives to help develop standards for food manufacturing and trade. These standards, guidelines and recommendations are recognized worldwide for their vital role in protecting the consumer and facilitating international trade. As Codex Alimentarius represent a consensus of food and trade experts from around the world, these standards are more and more being used in international trade negotiations and also for settling of disputes by WTO

The Codex contract Point in India is the Directorate General of Health Services (DGHS) in the Ministry of Health; however, the Ministry of Food processing Industries is closely associated with the activities of Codex Alimentarius. Under the Plan schemes, a scheme for setting up of Codex Monitoring Cell in the Ministry with the allocations of Rs.58.00 lakhs in 1998-99 has been formulated for creating data base, technical examination of various standards in association with experts. A delegation led by a senior officer of this Ministry Participated in the meeting of the Codex Committee on food Labeling at Ottawa from 25th to 29th May, 1998. Another Officer from this Ministry was Member of the Indian delegation for the meeting of the Codex Committee on General Principles held at Paris, France from 7th to 11th September, 1998

The Pulses, Edible Oilseeds and Edible Oils (Storage) Order.1977 empowers the government to put maximum stock limits on wholesalers and retailers of pulses, oilseed and oils and is designed to maintain supplies and ensure equitable distribution and availability at fair prices of these items.

Food Quality

The Food Processing Ministry cleared a proposal for release of Rs.59.2 lakhs to Food Research and Analysis Center, New Delhi for up gradation of its Food Analysis and Quality Control Laboratory for analysis of food products. The main objective of the proposal is to upgrade the existing analytical laboratory and bring it on par with any other modern analytical laboratory in the country. During the year under review, the Ministry cleared a proposal in principle for release of 12.32 lakhs to CCS Haryana Agriculture University, Hissar for up gradation of quality control and food analysis laboratory of the Department of Food Science and Technology of the university. The main objective of the proposal are to provide quality assurance and analytical services to the food processing industries, to undertake micro biological examination of various pathogen and mycotoxins and to estimate nutritional parameters including minerals, vitamins, food value in calories, protein carbohydrates, fats etc.

Hazard Analysis and Critical Control Point (HACCP)

Hazard Analysis and Critical Control Point (HACCP) is an important quality assurance system. This system ensures that the products are safe and of good quality. The system is extremely desirable in view of the changing scenario in the International trade. The Ministry provides grant of 50% subject to a limit of Rs.10 lakhs towards the cost of implementing Total Quality Management (TQM) including HACCP and ISO-9000 certifications.

This Ministry sponsored a one-day seminar and five day training programme organized by APEDA from 30th November to 5th December 1998 in collaboration with NSF-International strategic Registration Limited, USA, which is the main authority for certifying HACCP-9000. HACCP is an important requirement for ensuring the quality of products from health and safety aspects and is crucial for exports.

Laws relating to food processing industries

There are a number of food laws being implemented by various Ministries/Departments. These are primarily meant for two purposes namely (1) Regulation of Specifications of food and (2) Regulation of Hygienic condition of Processing/Manufacturing. Some of these food laws are mandatory and some are voluntary. The details of various food laws in operation in India are as under:-

A FOOD LAWS:

1. Prevention of Food Adulteration Act (Ministry of Health)

The Act lays down specifications for various food products and is mandatory. The Ministry of Health in 1995 had constituted a Task Force under the chairmanship of Shri E.S. Venkataramaiah, Chief Justice of India (retired). The Task Force recommended that there should be emphasis on good manufacturing practices instead of detection of adulteration and prosecution. It also expresses concern about lack of laboratory equipments and quantified persons. In addition it also suggested that the name of PFA Act be changed to Food Safety Act.

2. Agriculture Produce (Grading & Marking) Act (Ministry of Rural Development)

This Act is commonly known as AGMARK and is voluntary. The Act lays down the specifications for various agricultural commodities including some processed foods.

3. Laws being operated by Bureau of Indian Standards (BIS)

BIS is the largest body for formulating standards for various food items. These standards are also voluntary.

4. Essential Commodities Act

A number of quality control orders have been issued under Essential Commodities Act such as FPO, MMPO, Meat Product Order and Vegetable Oils Control Order. These orders are mandatory and primarily meant for regulating the hygienic conditions. They need to be clubbed under one order which may called Food Products Order.

B. Harmonization of Food Laws

The review of multiple laws is necessary to have a uniform and logical approach for regulating the quality of food. The following action is being taken by various Ministries:-

1. The Ministry of Civil Supplies & Consumer Affairs has brought out a paper for consideration of Committee of Secretaries (COS). The paper recommends that BIS should formulate standards for all food items in the country. This will be a major step towards harmonization of food laws and is still under consideration of COS for finalization.

2. The Task Force constituted by the Prime Minister under the chairmanship of Shri Nulsi Wadia has submitted its report which is under the consideration of the Government. The Task Force had advocated promotion of food safety and quality. The Task Force has further made following suggestions:-

- Food Regulation Authority (FRA) is set up to formulate and update food standards for domestic and export market.
- FRA should replace the PFA to conform to international standards. The Task Force has given ten specific recommendations such as provision of storage simplicitor, simplification of sampling procedure, simplification of procedure for nominee, time limit for prosecution, standard methods of analysis to be prescribed, penalty should graded according to the gravity of offences and provision of adequate/infrastructure and laboratories.
- Harmonization of Indian standard with quality norms of Codex and WTO.

The Central Committee of food Standard (CCFS) should be replaced by FRA Governing Body for expeditious decisions.

Whom to approach for what

S. No	Steps involved	Persons/ Officers to be contacted
1	Product selection and assistance in preparation of project report/feasibility/report/market survey	Small Industries Service Centre, Chennai
2	Obtaining provisional /permanent registration certificate	District Industries Centre of the concerned district where the unit is to be set up
3	Registration under sales tax	o/o The Commissioner of Commercial Taxes, Chennai
4	Registration under central excise	O/O The Collector of central Excise & customs, Chennai
5	Obtaining Finance	Nationalized banks Private Commercial banks Tamil Nadu Industrial Investment Corporation Small Industries Development Bank of India
6	Obtaining water supply	Tamil Nadu Water Supply & Drainage board
7	Obtaining Power connection	Tamil Nadu Electricity Board
8	Registration under	Employees State

	ESI Act (applicable for units employing 20 or more workers)	Insurance Corporation, Chennai
9	Obtaining ISI Certificate	Bureau of Indian Standards, Nanak Bhavan, New Delhi
10	Obtaining the Trade mark registration	Registrar of Trade markers, 9 Judge jumbulingam Mudaliar road, Chennai
11	Obtaining patent Right	The Controller of patents and Design, 776 Triplicane high road, Chennai
12	Obtaining license under food products order for manufacture of food products	Deputy director, Directorate of Marketing 7 Inspection, Ministry of Food & Agriculture, Sastry Bhavan, 35 Haddows Road, Chennai-600006.
13	Obtaining Information on manufacturing of essential oils	Central Institute of Medicinal 7 aromatic plants, Regional Centre, UAS, GKVK Campus, Hebbal, Bangalore
14	License for Drug &Cosmetic manufacture	Drug Controller Office of the Drug Controller, Chennai
15	Pollution control License	Tamil Nadu Pollution control Board, Chennai
16	Setting up of Rice Solvent Extraction Units	Tamil Nadu Civil Supplies Department, Chennai