

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:6225

ANSWERED ON:04.05.2010

FINANCIAL CRISIS IN NAFED

Lal Shri Pakauri;Patel Shri R.K. Singh;Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the National Agriculture Cooperative Marketing Federation of India Limited (NAFED) is facing financial crisis;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) whether overdues of funds blocked due to tie-up business is one reason for such crisis;
- (d) if so, the details thereof;
- (e) whether any request has been received from NAFED to tide over this situation; and
- (f) if so, the details thereof and the action taken by the Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a)to(d): Yes, Madam. With a view to diversify its business activities, NAFED has entered in to an agreement with 62 Private parties under Public Private Partnership (PPP)/Tie-up business and invested Rs.3945.50 Crores. However, NAFED could not recover an amount of Rs.1592.36 crores (Principal Rs.1071.27 Crores + interest & service charges Rs.511.19 Crores) from its tie-up associates and at present, passing through financial constraints due to overdues of funds blocked in tie-up business.

(e) & (f): NAFED has submitted a proposal to this Department to provide a long term loan of Rs.1200 crores from banks for a period of eight years to repay the loans in respect of funds blocked in tie-up/PPP business. NAFED has proposed to repay the principal amount of loan to the banks at the rate of Rs.150 crore per annum. On the basis of this, a proposal for Committee on Non-Plan Expenditure has been prepared.