

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:987
ANSWERED ON:01.03.2011
IRREGULARITIES IN NAFED
Punia Shri P.L.

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether any irregularities involving crores of rupees in the National Agricultural Cooperative Marketing Federation of India (NAFED) have come to the notice of the Government;
- (b) if so, the details thereof; and
- (c) the action taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF THE STATE IN THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI ARUN YADAV)

(a) & (b): NAFED is a Multi State Cooperative Society (MSCS) registered under MSCS Act. NAFED has diversified its business activities in PPP/tie-up business on pattern followed by other PSUs like STC, MMTC etc. and invested an amount of Rs. 3945.50 crores during 2003-06. However, NAFED could recover an amount of Rs. 2880.44 crores as on 31.12.2010 against the total amount of Rs.3945.50 crores leaving an amount of Rs. 1065.06 crores of principal as on 31.12.2010 (total amount due Rs.1648.03 crores including interest and service charges). Delay in realization of outstanding amount of NAFED has adversely affected liquidity position of NAFED and has affected its business activities also.

(c): NAFED has scrapped scheme of PPP/tie-up business and has amended its bye-law by deleting the provisions of non agricultural & nontraditional business activities. Besides, NAFED has also initiated departmental proceedings against its 6 officials. NAFED has also taken steps to recover outstanding amount by filing criminal complaints with CBI/Economic Offences wing of the Crime Branch of Delhi Police, besides initiating legal cases and arbitration proceedings against the defaulting parties. All these legal cases are being pursued vigorously by NAFED. Property/stocks of defaulting parties, in all possible cases have been restrained and action for disposal of such properties/stocks has been initiated. Cases have also been filed under Section 138 of Negotiable Instrument Act for dishonor of all cheques of the defaulting parties. During the last four years, NAFED has recovered Rs.130.02 crore from the defaulting parties.

Taking cognizance of the statutory auditor's report of NAFED for the year ending 2007 on the overdue unsecured tie up receivables amounting to Rs. 57976.00 lakhs, the Central Registrar of Cooperative Societies (CRCS) had ordered for enquiry under sub-section (1) of section 83 of the Multi State Cooperative Societies Act, 2002 to enquire into the conduct of members of Board of Directors and Business Committee of NAFED and its officers in the tie-up business undertaken by NAFED. Based on the reports of enquiry Committees, the CRCS has issued Show Cause Notice to 34 officers/ex-officers including the then Directors/Members of Business Committee of NAFED to show the cause as to why they should not be held responsible for causing deficiency in the assets of NAFED and to repay to restore the amount or any part thereof with interest.

Further, in furtherance to a direction by High Court, Delhi in a matter before it in respect of tie-up business of NAFED, a committee was constituted under the Chairmanship of Additional Secretary, Department of Agriculture & Cooperation, consisting MD, NAFED, Principal Director of Audit, office of Comptroller & Auditor General of India (CAG) and Director(Finance), Department of Agriculture & Cooperation to study the cases of tie-up business of NAFED and give recommendations on the structural and systematic improvements in the working of NAFED to ensure that such cases of default do not recur in future. The committee has submitted its report on 07.12.2010 and the same has been sent to NAFED for its implementation.