

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:3312
ANSWERED ON:23.08.2011
FINANCIAL IRREGULARITIES IN NAFED
Lingam Shri P.;Tarai Shri Bibhu Prasad

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government is aware that the National Agriculture Co-operative Marketing Federation of India Limited (NAFED) had diverting its financial facilities to private/non-agricultural activities under the pretext of promoting exports of iron ore to China;
- (b) if so, the details thereof alongwith the monetary losses suffered by the NAFED due to its non-agricultural activities;
- (c) whether the Government has set up an inquiry committee to look into financial irregularities committed by the NAFED;
- (d) if so, the details and the outcome thereof; and
- (e) the action taken/being taken by the Government against the guilty officers and to recover the losses suffered by the NAFED?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE, FOOD PROCESSING INDUSTRIES AND PARLIAMENTARY AFFAIRS (SHRI HARISH RAWAT)

(a) & (b): NAFED has informed that during the years 2003-04 to 2005-06, NAFED undertook Tie-up business under Public Private Partnership mode on the pattern of other PSUs like STC, MMTC, PEC etc. for an amount of Rs.3945.50 crores to 62 parties inclusive of about Rs.2196 crore towards non-agricultural items. An amount of Rs.2880.91 crore has been released upto 30.4.2011 from these business associates. An amount of Rs.1726.82 crores inclusive of Principal amount of Rs.1064.59 crore, service charges of Rs.7.48 crore and interest of Rs.654.75 crore upto 30.4.2011 is due from 29 parties.

(c) & (d): An enquiry was ordered on 30.1.2008 by the Central Registrar of Cooperative Societies (CRCS) under sub-section (1) of section 83 of Multi State Cooperative Societies (MSCS) Act 2002 followed by a second enquiry on 24.2.2009.

The major conclusions of the enquiry are (i) tie up business in non-agricultural and non-traditional items was contrary to the bye laws of NAFED, (ii) the members of Board of Directors and Business Committee of NAFED were fully aware that the tie up business in non-agricultural and non-traditional items was contrary to the bye laws of NAFED, (iii) adequate securities were not obtained and (iv) the officers of NAFED did not take due care and diligence while sanctioning or disbursing the amount.

(e): CRCS has issued show cause notices to a total of 34 officers/ex-officers including the then Directors/Members of Business Committee of NAFED under section 83 of the MSCS Act, 2002 for causing deficiency to the assets of NAFED. The hearing in the matter before CRCS is under progress. Besides, NAFED has also filed 7 criminal complaints with CBI against 6 parties and the erring officers. NAFED has also filed 5 complaints with the Economic Offence Wing against the parties. In addition, NAFED has also filed 29 arbitration cases and 3 civil suits for recovery of outstanding dues from the tie-up defaulters and 175 cases have been filed under Negotiable Instrument Act