

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1033
ANSWERED ON:20.03.2012
FINANCIAL CRISIS IN NAFED
Majumdar Shri Prasanta Kumar; Tirkey Shri Manohar

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the National Agriculture Cooperative Marketing Federation of India Limited (NAFED) has been reeling under tremendous financial crisis for the last few years;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government had received any request from the NAFED to tide over their financial difficulties;
- (d) if so, the details thereof; and
- (e) the action taken by the Government thereon?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (e): With a view to diversify its business activities, NAFED had entered into 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.1780.43 crores (Principal Rs.1053.68 Crores + interest & service charges Rs.726.75 Crores) as on 30.11.2011 from its tie-up associates and at present, passing through financial constraints mainly due to funds blocked in tie-up business.

NAFED submitted a proposal to this Department to provide government assistance in the form of (i) Government guarantee to enable NAFED to avail long term loan of Rs.1200 crores from financial institutions to clear the defaulted short term loans of blanks and (ii) interest free advance of Rs.920.21 crores over next eight years to meet the resource gap required to service the long term loan of Rs.1200 crores. However, subsequently NAFED has decided to scale down the earlier proposal envisaging sacrifices from all stake holders. NAFED has not submitted the revised detailed proposal to the Government.