

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

STARRED QUESTION NO:286
ANSWERED ON:17.03.2015
NATIONAL AGRICULTURAL COOPERATIVE MARKETING FEDERATION
Gandhi Shri Feroze Varun

Will the Minister of AGRICULTURE be pleased to state:

- (a) the objectives and the activities undertaken by the National Agricultural Cooperative Marketing Federation (NAFED) in ensuring remunerative price of agricultural produce to the farmers;
- (b) whether NAFED has incurred huge losses over the years, if so, the details of losses suffered during each of the last three years and the current year and the reasons therefor;
- (c) whether NAFED has requested the Government for financial support to overcome its financial crisis; and
- (d) if so, the details thereof along with the follow-up action taken by the Government thereon?

Answer

MINISTER OF AGRICULTURE (SHRI RADHA MOHAN SINGH)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 286 DUE FOR REPLY ON 17TH MARCH, 2015.

(a): The main objectives of NAFED is to organize, promote and develop marketing, processing and storage of agricultural, horticultural and forest produce, import and export of agricultural commodities, distribution of agricultural machinery, implements and other inputs. Being a national level apex body of the agricultural marketing cooperatives, it also extends marketing support to the farmers in collaboration with State level Cooperative Marketing/Commodity Federations and Primary Agricultural Cooperative Marketing Societies. Besides, NAFED is also a Central nodal agency of Govt. of India for procurement of oilseeds, pulses and cotton under the Price Support Scheme (PSS).

(b): NAFED has reported that it had undertaken tie-up business with a number of private parties on Public Private Partnership (PPP) mode, during the period 2003-04 to 2005-06. Under this, NAFED had borrowed funds from several banks, which could not be repaid, due to default in payment by tie-up parties. As such, the bank loans of Rs. 2164 crores have become overdue, as on 31.03.2014. Further, NAFED has incurred huge losses due to interest burden on the funds stuck in tie-up advances resulting in negative net worth of Rs.318 crores (as on 31.03.2014). Due to locking of huge funds in tie-up business, NAFED carried for ward the loans taken from various banks for these business and made provision of huge amount of interest on it every year. This interest liability has become more than the net profit generated by, its business operations and PSS activities. The details of the losses suffered by NAFED during the last 3 years are as under:-

Year	Net loss (Rs. in crores)
2011-12	188.00
2012-13	150.00
2013-14	166.00
2014-15	170.00

(Tentative up to 28.02.2015)

The said tie-up business of NAFED was undertaken on its own, without any policy and/or financial approval of the Government.

(c) & (d): NAFED submitted a proposal to the Government for

its financial restructuring seeking (i) Government guarantee for an amount of Rs.1200 crore to NAFED to avail long term loan for a period of 8 years (ii) interest free advance of Rs.920.21 crore over next eight years to NAFED to meet the resource gap required to service the long term loan of Rs.1200 crore (iii) investment of equity of Rs.42.50 crores in NAFED by Government so as to have 51% share in the paid up share capital of NAFED. Subsequently, NAFED submitted a revised proposal envisaging a Government Guarantee of Rs. 450 crores and interest free advance/ equity of Rs.590 crores. Considering the fact that NAFED is a Multi-State Cooperative Society registered under the Multi State Cooperative Societies Act, 2002 without any share capital/equity from the Government, it was not found feasible to extend the financial help sought therefore.