



nafed

A Farmers' Cooperative

TURNAROUND

of

The National Agricultural Cooperative Marketing Federation of India Ltd (NAFED)



National Agricultural Cooperative Marketing Federation of India Ltd.

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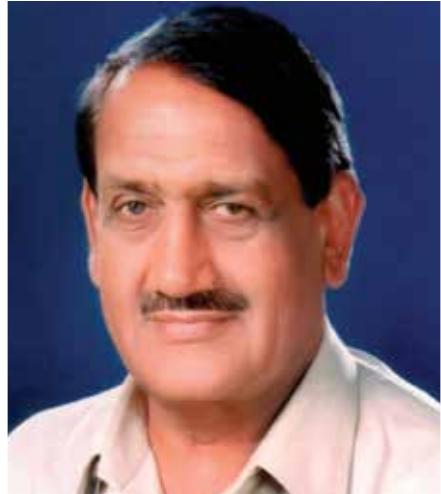
The views expressed in this report are those of the authors and not necessarily of the National Agricultural Cooperative Marketing Federation of India Ltd., New Delhi, India. For more information, please email Ms. Suman Maheshwari at sumanmaheshwary31@gmail.com

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At a Glance

S.No.	Topics	Page No.
1	NAFED: Genesis and its Management	18
2	The Challenges	21
3	Implementation of Tie Up Business without Checks and Controls	25
4	The Final Slump	26
5	The Revival Process	27
6	Technology Upgradation and Digitization	36
7	Employee Motivation and Welfare	39
8	Management Practices	42
9	Image Makeover and International Acclaim	44
10	The Road Ahead and Conclusion	50



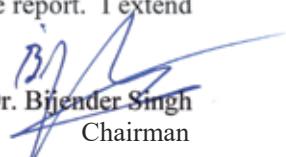
FOREWORD

Having been associated with NAFED for more than 3 decades in the capacity of Director, Vice-Chairman and Chairman, I have had an opportunity to see upheavals and its revival very closely. It was unfortunate that the business aimed at generating additional revenue for the organization to meet out the challenges arisen out of liberalization of economy way back in late 1990 and early 2000 went haywire and as a result of which NAFED accumulated huge debts of banks.

Since NAFED is a farmers' organization and has been serving their interest by providing them remunerative prices through the network of cooperatives, Government of India came to its rescue and supported NAFED in arriving at one time settlement with the banks. Not only that, the Ministry of Agriculture, Cooperation and Farmers' Welfare continued its faith in NAFED and during the last five years NAFED made huge procurement worth around Rs.1 lakh crore of Pulses and Oilseeds as its agency helping millions of farmers of this country.

The report entitled "Turnaround of NAFED" gives a clear picture of the organization's downfall, its reasons and how it gained back its past glory in a span of 5-6 years. One can imagine the efforts put in for shift in policy and its meticulous execution by all concerned, which made it possible for the organization not only to bounce back but also heading towards stability. Here, I would like to make a special mention of Shri Sanjeev Kumar Chadha, MD, NAFED who lead from the front with his team of officers and staff to make it happen.

A cursory reading of the report gives an idea that Dr. Sridhar Vishwanath of Centre for Cooperatives & Livelihood; Mussoorie (CCL) has done an excellent work in editing the report authored by Ms. Suman et al. She worked with NAFED for long years and last held the post of General Manager. I hope the report will be very useful for its readers. Although, I know Dr. Sridhar briefly but having worked under Shri Sanjeev Kumar Chopra, who happened to hold the charge of MD, NAFED during its peak crisis and familiar with the working of NAFED, I hope he had the benefit of his advice in compiling the report. I extend my sincere thanks to all of them.


Dr. Brijender Singh
Chairman



MESSAGE

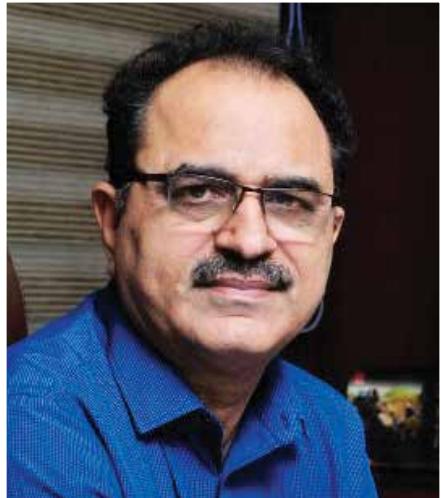
During my tenure as Joint Secretary in the Ministry of Agriculture from 2010 to 2015, I held the additional charge of Managing Director of National Agricultural Cooperative Federation of India (NAFED) thrice for varying intervals of time. Those were indeed very difficult times for NAFED and it was difficult to keep the organization running. However, thanks to the restructuring and revival package of the Union government, the sagacity of the elected board and the professionalism of its top management, NAFED has become the lead procurement agency for pulses and oilseeds and is again contributing to farmer welfare by providing the marketing support to this very important Agri-commodity.

One of the key issues facing the cooperative sector is the viability of cooperatives and their ability to bring about innovation and competitiveness in the marketplace. That this report, titled "Turnaround of NAFED", is written by my ex-colleague at NAFED, Ms. Suman along with others, makes it grounded. I am sure this report will be a rich source of knowledge and inspiration to the executives in the cooperative sector on making cooperatives viable and competitive.

I congratulate NAFED in this collaborative effort and extend my heartiest wishes to them for a bright future.



(Dr. Sanjeev Chopra)
Ex - Director, Lal Bahadur Shastri
National Academy of Administration
Mussoorie
Ex - Managing Director, NAFED



PREFACE

I took charge at a time when a lot of policy related, and other important developments were happening in the Agriculture and the Cooperative sector. The focus of the Government was to double farmers' income, reduce transaction costs, make financial transactions transparent and accessible to the rural populace. I realized that NAFED, an apex cooperative organization of the farmers having its reach across the country, had to play a crucial role in making this a possibility. However, I also knew that an organization's achievements are as good as its weakest link. NAFED had to first become the atlas before it could tackle the larger issues of the sector.

The NAFED team took stock of the challenges facing it, reimagined possibilities and formulated a transformation strategy. The senior management of NAFED played a crucial role in not only the visioning exercises but also in motivating the entire staff and in its implementation.

This report titled "Turnaround of NAFED" is a good recapitulation about how NAFED turned around its fortunes, after facing huge financial losses for a decade. It provides the reader with a glimpse of the strategic decisions made by the management, with the support of the Government of India to enable this change. Any sustainable change process in a large organization requires not only strong leadership but also a more convinced and dedicated team. This could not have been possible without the support from the Board of Directors, senior management and the entire team of NAFED. I extend my best wishes and sincere thanks to TEAM NAFED for their support during this journey and hope that NAFED continues on its path of success and attains even greater heights.



Sanjeev Kumar Chadha
Managing Director

Content

1	NAFED: Genesis and its Management	18
1.1	Genesis of NAFED.....	18
1.2	The Structure and Strength of NAFED.....	19
1.3	Organizational Management of NAFED.....	20
1.4	Financial Performance of NAFED since inception.....	20
2	The Challenges.....	21
2.1	The Impact of Globalization on Core Business of NAFED.....	21
2.2	Need to evolve with time not realized	24
3	Implementation of Tie Up Business without Checks and Controls.....	25
4	The Final Slump	26
5	The Revival Process	27
5.1	The turning point in the Revival Process.....	27
5.2	Systems-based initiatives for Revival.....	27
6	Technology Upgradation and Digitization	36
6.1	Launch of e- Samriddhi Agri-procurement portal.....	36
6.2	The initiative of NAFED e-Kisan Mandi.....	37
6.3	Mahaonion: A joint venture between NAFED and Maha Farmers Producer Co. Ltd. (MahaFPC)	37
6.4	Implementation of New Accounting Package.....	37
6.5	Launch of Mobile Application System	38
6.6	Purchase of New Computers.....	38
6.7	Participation in the National Animal Disease Control Program (NADCP)	38

Content

7	Employee Motivation and Welfare.....	39
7.1	Recruitments and Pay Revision	39
7.2	Promotions.....	39
7.3	Redressal of staff grievances	39
7.4	Training	40
7.5	Opening of New Library	40
7.6	New Canteen.....	40
7.7	Renovation of Head Office and Branches	40
7.8	Implementation of Group Insurance Medi claim Policy for the Welfare of NAFED employees.....	40
7.9	Staff Get-togethers.....	41
8	Management Practices.....	42
8.1	A clear sense of direction	42
8.2	Transparency	42
8.3	Imparting the need for high ethical and moral standards in discharge of duties.....	42
8.4	Good HR discipline and team building.....	42
8.5	Management of NPAs	42
8.6	Decentralization.....	42
8.7	Leadership attributes of the Top Management	42
9	Image Makeover and International Acclaim	44
10	The Road Ahead and Conclusion.....	50

Exhibits

1	Network of NAFED Branches and Sub Offices.....	58
2	Assets of NAFED	59
3	Infrastructure and reach of NAFED	60
4	The membership of NAFED as on 31.3.2018.....	61
5	Turnover and profitability of NAFED from 1987-88 to 2020-21	62
6	P/L position VS Interest/Administrative Overheads of NAFED for 2010-11 to 2020-21	64
7	Gross Profit and Net Profit during FY 2006-07 to 2020-21	65
8	Financial Statements of NAFED for the period FY 2017-18 to FY 2020-21	66
9	Note on Tie-up Business Undertaken by NAFED	74
10 (I)	Staff Strength of Nafed from 2010-2018.....	76
10 (II)	Retirement/VRs/Resignation of employees of NAFED from 2010 to 2018.....	77
11 (I)	Comparative procurement of Oilseeds and Pulses by NAFED under PSS during last five years.....	78
11 (II)	Buffer Stock of Pulses created by NAFED during 2017-18.....	79
12	Procurement of Paddy and Wheat by NAFED during 2018-19	80
13	Supply of Processed Pulses during 2017-18.....	81
14	Supply of Food and Other AID by NAFED to different countries during 2018-19	82

List of Annexures

1	What is a "Cooperative"?	56
2	The Origin and History of Cooperatives	57

Abstract

The report details the dramatic turnaround of the National Agricultural Cooperative Marketing Federation of India Ltd (NAFED). NAFED went from being a driving force behind the country's farmers to the brink of oblivion and on the verge of closure and then back to scaling new highs in less than 2 years.

NAFED began facing problems during 2007-08 onwards when the profits started dipping. The Federation was incurring losses each year. There were various internal problems, and it was felt that the Federation would close down anytime due to huge accumulated losses and liabilities. There seemed to be absolutely no hope of its revival. However, the Federation bounced back remarkably in 2017-18 with an all-time record profit of Rs. 226.81 crores after a decade of huge losses.

This report presents an account of various decisions taken by the management in coordination with the Government from 2016 to 2018. These actions enabled NAFED to achieve a sustainable turnaround and re-engineer its business model to become future-ready.





1. NAFED: Genesis and its Management

1.1 Genesis of NAFED

NAFED, a Multi-State Federal Cooperative Society, was established on 2nd October, 1958, under the Bombay Cooperative Societies Act 1925 (presently "Deemed to Be Registered" under Multi-State Cooperative Societies Act 2002). The objective of the NAFED is to organize, promote and develop:

- ◆ marketing, processing and storage of agricultural, horticultural, and forest produce;
- ◆ distribution of agricultural machinery, implements and other inputs;
- ◆ undertake inter-state, import and export trade, wholesale or retail as the case may be
- ◆ to act and assist on technical advice in agriculture, production for the promotion and the working of its members, partners, associates and cooperative marketing, processing and supply societies in India.

In furtherance of these objectives, the NAFED may undertake one or more of the following activities.

- ◆ facilitate, coordinate and promote the marketing and trading activities of the cooperative institutions, partners and associates in agricultural, other commodities, articles and goods;
- ◆ undertake or promote on its own or on behalf of its member institutions or the Government or Government Organizations, Inter-State and international trade and commerce and undertake, wherever necessary, sale, purchase, import, export and distribution of agricultural commodities, horticultural and forest produce, other articles and goods from various sources for pursuing its business activities and to act as the agency for



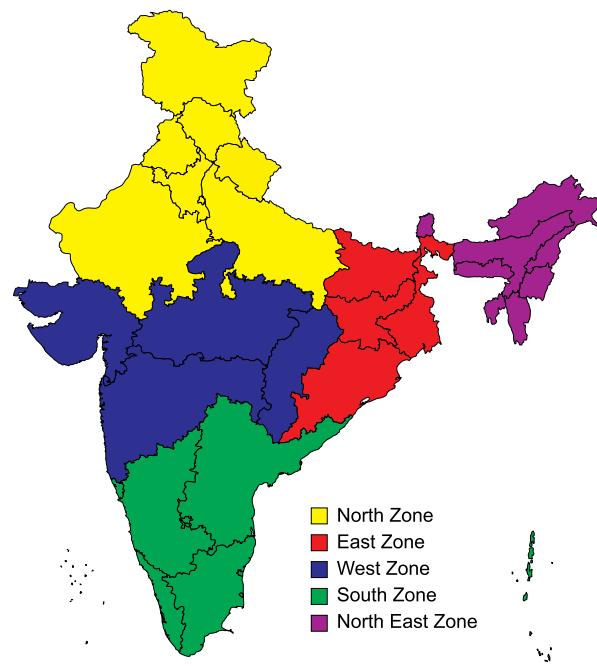
canalization of export and import and interstate trade of agricultural and other commodities or articles under any scheme formulated by the Government of India or other Government agencies and to facilitate these activities, wherever necessary, to open branches/sub-offices and appoint agents at any place within the country or abroad;

- ◆ undertake purchase, sale and supply of agricultural, marketing and processing requisites, such as manure, seeds, fertilizer, agricultural implements and machinery, packing machinery, construction requisites, processing machinery for agricultural commodities, forest produce, dairy, wool and other animal products;
- ◆ act as warehouseman under the Warehousing Act and own and construct its own go downs and cold storages;
- ◆ act as agent of any Government agency or cooperative institution for the purchase, sale, storage and distribution of agricultural, horticultural, forest and animal husbandry produce, wool, agricultural requisites and other consumer goods;
- ◆ act as an insurance agent and to undertake all such work which is incidental to the same;

- ◆ organize consultancy work in various fields for the benefit of the cooperative institutions in general and for its members in particular;
- ◆ undertake the manufacture of agricultural, machinery and implements, processing, packing, etc. and other production requisites and consumer articles by setting up manufacturing units either directly or in collaboration with or as a joint venture with any other agency, including import and distribution of spare parts and components to up-keep of the machinery/ implements;
- ◆ set up storage units for storing various commodities and goods, by itself or in collaboration with any other agency in India or abroad;
- ◆ maintain transport units of its own or in partnership with any other organization in India or abroad for movements of goods on land, sea, and air and operate freight station, container depot and undertake other incidental activities;
- ◆ collaborate with any international agency or a foreign body for the development of cooperative marketing, processing and other activities for mutual advantage in India or abroad;
- ◆ undertake marketing research and dissemination of market intelligence;
- ◆ subscribe to the share capital and undertake business collaboration with cooperative institutions, public, joint and private sector enterprises, if and when considered necessary for fulfilling the objectives of NAFED;
- ◆ arrange for the training of employees of marketing/ processing/supply cooperative societies;
- ◆ establish processing units for processing of agricultural, horticultural and forest produce, wool and allied products;
- ◆ undertake grading, packing, standardization, scientific treatment and processing of agricultural produce and other articles;
- ◆ acquire, take on lease or hire, lands, buildings, fixtures and vehicles and to sell, give on lease or hire them for the business of NAFED.
- ◆ advance loans to its members and other cooperative institutions on the security of goods or otherwise;
- ◆ guarantee loans or advances or give undertakings to any Society or Company in which the Federation has a shareholding or financial involvements as a promoter to assist its development or expansion or for starting any industrial undertaking by such societies/companies.

1.2 The Structure and Strength of NAFED

As the Apex Level Cooperative Marketing Federation, NAFED has its presence in all states of the country through its network of branches/sub-offices/member cooperatives. The Federation also has other infrastructure like pre-cooling/cold storage units, grading & packing units, onion storages, biofertilizer units, consumer marketing division, etc. NAFED's three-tier structure enables it to reach the remotest of places in all states and union territories through its member Apex / State Level Cooperative Federations and primary cooperative marketing societies.



Network of NAFED : North Zone: 5 Branches and 2 Sub Offices; East Zone: 5 Branches; West Zone: 5 Branches and 1 Sub Office; South Zone:- 4 Branches and 1 Sub Office as on 31st March 2018.

The vast reach and infrastructure is the main strength of NAFED, apart from its expertise in procurement and marketing of agricultural commodities. NAFED is the only organization in the country with the experience and capability to procure, handle and market all agricultural commodities cultivated anywhere in the country.

Exhibit 1 showcases the network of NAFED branches and sub-offices, **Exhibit 2** showcases the list of assets of NAFED and the infrastructure and reach of NAFED as on 31st March 2018 is given in **Exhibit 3**.

1.3 Organizational Management of NAFED

NAFED is governed by a Board of Directors and the position of Chairman and Managing Director. The Managing Director is the Chief Executive Officer. The board has constituted two standing committees on Business and Executive and two sub committees on Finance, Accounts & Audit and Project.

As on 31st March, 2018, there were 858 members of NAFED represented by Chief Executives of two National Level Cooperative Federations, three Apex Level Marketing Federations, 25 State Level Federations, 24 State Level Tribal and Commodity Federations and 804 Primary Level Marketing/ Processing Societies. The membership of NAFED is provided in **Exhibit 4**.

1.4 Financial performance of NAFED since inception

NAFED remained a net-profit-making organization since its inception up to 2006-07, except in the year 1998-1999 when there was a minor loss of Rs. 4.93 crores. From Exhibit 5 it may be seen that though, the Federation has been booking gross profit throughout, there was continuous net loss for a decade during the period 2007-08 to 2016-17. The highest loss was to the tune of Rs. 188.42 Crores in the year 2011-12. The average loss during the decade was to the tune of around Rs. 103 Crores per year. It is seen that despite the federation making gross profits during this period, there was overall net loss due to huge interest liability.

The organization bounced back remarkably in 2017-18, the turnaround year, with a net profit of about Rs. 226.81crores. The financial performance of last 10 years (2010-11 to 2020-21) indicating gross profit, interest, administrative overheads and net P/L position are placed at **Exhibit 6 and 7**. After the turnaround, NAFED continued to sustain the net profits, earning **Rs. 279.31 Crores in 2018-19, Rs. 165.65 Crores in 2019-20 and Rs.243.94 Crores in 2020-21**. In fact, the Federation recorded the highest ever turnover of Rs. 36894.95 crores and highest ever gross profit of Rs. 467.78 Crores during the COVID year of 2020-21, when most of the business were facing acute financial problems on account of lockdowns due to prevailing COVID 19 Pandemic.

The Audited Profit and Loss Account statement for the period FY 2017-18 to FY 2020-21 are placed at **Exhibit 8**.



2. The Challenges



NAFED was confronted with the following financials as of 31.3.2016:

Turnover : Rs. 554 crores

Gross Profit : Rs. 16.49 crores

Net Loss : Rs. -148.07 crores

The Managing Director was entrusted with the humongous task of reviving the organization that had a decadal history of losses (Average loss around Rs. 103 crores per annum for a decade). NAFED is an apex organization of marketing cooperatives in India. (**Refer Annexure 1 and Annexure 2 to understand a cooperative's structure, functioning and aims**). He delved into the past records to understand NAFED and the challenges faced.

2.1 The Impact of Globalization on Core Business of NAFED:

The core business activities of NAFED are as follows:

- ◆ Procurement and marketing of agricultural commodities in its own account
- ◆ Procurement of oilseeds, pulses and other commodities in the account of Govt. of India under the Price support Scheme(PSS) and Under Market Intervention

The profitability in outright business depends upon the market forces, and profits cannot be assured at all times. The PSS and other businesses in the account of GOI are risk-free as service charges are assured irrespective of the market conditions at the time of sale of stocks. NAFED has been rendering great service to the



country's farmers through its price support and outright operations. For the price support operations, funds are extended by Govt. of India and losses, if any, in operation are reimbursed by Govt. of India on an actual basis, whereas for the outright business, NAFED has to arrange funds on its own.

India has been one of the leading exporters of onion in the world. Until the early 90's, the entire export of onion from India was canalized through NAFED. Anyone wanting to export onion had to obtain a "No Objection Certificate" (NOC) from NAFED by paying service charges. The service charges earned through the issue of NOCs was the primary source of income for NAFED.

The onion business was handled mostly by the Mumbai branch followed by a few other branches like Chennai and Tuticorin. The 'onion bungle' happened in 1998 wherein huge onion production was exported, leading to shortages in the country and consequent price increases. Import of onion was undertaken and stocks were sold at subsidized price to the consumers to manage the rise in prices. During the same period, NAFED was also the sole agency in India for export of Nigerseed and Safflower seed. A considerable quantity of these commodities was exported to Europe and US as bird feed. Several countries like Sri Lanka and Mauritius had appointed NAFED as the sole agency for import of certain commodities like pulses, spices, apple, kinnow, onion, potato etc. Until the early nineties, NAFED was undertaking voluminous exports to these countries, mainly through Mumbai Branch. The branch also exported sizable quantities of pulses like red split lentils and other commodities like cotton, potato, mangoes, strawberries, grapes,

etc., to private importers in several Gulf and Far East countries apart from other activities like import of Diammonium Phosphate (DAP).

The performance of the Mumbai branch was impressive and was looked upon closely. The other branches were engaged mainly in domestic marketing, comprising procurement and marketing of food-grains, spices, pulses and oilseeds, as per the budget allocation in outright account using own funds of NAFED. Most of the branches incurred losses in the outright business since it was at the mercy of market forces and the profits earned were not enough to meet the administrative overheads. Each branch procured multiple commodities during Rabi and Kharif procurement seasons as per budget allocation. Some branches often procured all the commodities as per budget without applying prudent market intelligence after assessing domestic and international market trends.

Before globalization, a fair idea about the future price trends could be obtained after assessing the domestic demand, supply and the production scenario. For example, downward market trends due to a glut in the market could be predicted when a considerable carry forward stock of a particular commodity in the market was followed by a bumper production. Based on the information after assessment of the market, the branches could decide whether to procure or not procure a particular commodity despite budget allocation. However, the situation changed completely after the liberalization of the Indian economy in the Nineties and easing of trade between nations after India became a member of the World Trade Organization in 1995. The branches were expected to be more vigilant. They were expected

to monitor not only the domestic but also the international production and price trends. It can be explained with the example of the oilseeds scenario, which impacts the market behaviour of oilseeds produced in India.

2.1.1 Impact of import of edible oils on domestic market and sale prospects of oilseeds:

Before the Globalisation and opening of the Indian economy, the country produced enough oilseeds to meet the domestic requirement of edible oils. Traditionally, India was an exporter of edible oils before Independence, became self-sufficient post-Independence (till the early 1970s), floundered in 1970s and 1980s and regained self-sufficiency in the early 1990s (1991-94). However, it subsequently became the largest importer of edible oils in the world. From the nineties onwards, the domestic production of oilseeds did not keep in tandem with the growing demand for edible oils. Low international prices coupled with a reduction in import tariffs and higher domestic cost of production resulted in a surge in the import of edible oils by the late 1990s.

The following data of last 10 years shows that imports have risen by almost 53 percent. In contrast, the oilseeds production has increased by only 35 percent.

	2009-10 (in Mil- lion MT)	2019-20 (In Mil- lion MT)	Percent- age Increase
Import of Edible oils by India	8.823	13.524	53%
Production of Oilseeds in India	24.88	33.50	35 %

Comparative Import of Edible Oils and Domestic Production of Oilseeds in India

India's edible oil import bill during last 4 to 5 years has been in the range of Rs. 60,000 to 1,17,000 Crores. After crude oil, gold, and diamonds, edible

oils is India's largest import item. As much as 70 per cent of India's domestic demand for edible oil is met through imports, palm oil constituting around 70 to 80 per cent of the total imports.

The vast imports of cheap edible oils impact the domestic oilseeds and edible oils industry badly. Consequently, it is difficult to make profit from sale of indigenous stocks. This affected NAFED considerably as, till the late nineties, procurement and marketing of agricultural commodities was the major revenue generating business activity of most of the branches (other than Mumbai). With globalization, there was a need for restructuring of the organization to face the fast-changing business environment.

The procurement of oilseeds like soybean, mustard, sunflower seed, and ground nut pods was an important business activity of NAFED with an overall budget allocation of up to 1.00 Lakh MT per oilseed per season. The huge inflow of cheaper Agri commodities impacted the profitable sale prospects of the commodities procured by NAFED branches in the outright account and the financial performance of the branches leading to losses. During this period, there was scant procurement of commodities under the PSS which assures guaranteed income through service charges. Given this situation, an accurate assessment of market trends and decisions was extremely crucial to the business for making it a success. Key questions needed to be asked such as whether to undertake procurement of a particular commodity, when to commence procurement, when to start selling, whether to hold the stocks or start selling as soon as there is parity in sale, etc.

All branches had budget allocations for procurement of commodities grown in their states like mustard, soybean, groundnut pods, etc. in case of oilseeds; moong, moth, arhar, rajma, masoor, etc. in case of pulses ; turmeric, cardamom, coriander seed, cumin seed, red chilli, etc. in case of spices and wheat, paddy, bajra, barley etc. in case of cereals. Every branch

was doing business of multiple commodities in a particular year. Due to unpredictable market behaviour, it was not possible to earn profits in all commodities. In some branches, there was overall profit in the business of commodities. Still, due to excessive overhead costs, the branches ended up in losses. But despite the losses, there was overall profitability due to outstanding performance of Mumbai branch year after year (mainly due to an assured income on account of the NOC business as the state agency for onion export, other assured export businesses for onion, potato, nigerseed, safflower seed etc.).

There were no substantial efforts to diversify the activities during these years to explore new business avenues for the procuring branches. As discussed in the preceding paragraphs earlier, with the liberalization of the economy, the Federation also started facing private trade and global competition challenges. The export of onion, the main bread earner for NAFED, especially after the onion crisis of 1998, was opened to other agencies apart from NAFED. The Federation also started losing export markets of nigerseed, safflower seed, onion and other commodities due to stiff competition from other exporters from within the country and other countries. The export business witnessed a steep decline and came to almost a standstill. The domestic business primarily undertaking procurement and marketing of agricultural commodities and implementing price support operations of oilseeds and pulses was subject to market conditions and did not generate assured profits.

Lack of leadership and concrete efforts to reorient the business activities of NAFED in the changing business environment impacted the performance. The concept of specialized job-specific training was non-existent. The officers heading most of the branches lacked initiative, skills and leadership attributes required for survival in the given circumstances. In the absence of leadership, the branches failed

to develop the expertise and competence to innovate and survive in the changing business environment. There were no training, workshops, or sharing of inputs to make the branches aware of the global trends, which was crucial for the success of the outright business.

2.2 Need to evolve with time not realized

There was a need to build the competence of NAFED to successfully face challenges in the emerging new business environment, identify new business avenues, and bring about an internal restructuring of the organization. The Federation attempted to partly accomplish this by undertaking new businesses like organic farming, seeds, futures trading, import of edible oils, etc. However, these businesses could not take-off as expected due to the following reasons:

2.2.1 Failure to develop the required expertise required to handle new business ventures

The staff operating the new business initiatives did not possess the skills, enthusiasm or the vision needed for success. Neither experts were hired, nor was there any specialized training for equipping the staff with the requisite skills and knowledge required to take the initiatives forward for successful implementation. The persons handling the new initiative business were posted in multiple divisions and saddled with excess workload. There was a lack of focused attention and interest in these new business ventures.

2.2.2 Lack of monitoring and Control

There was a lack of adequate monitoring, checks, and controls. The new initiatives got derailed and failed to achieve the desired objectives.

2.2.3 Lack of motivation

There was a lack of motivation among employees, who were insecure and fearful of facing enquiries in case of losses and did not put their heart into the work assigned to them.

3. Implementation of Tie Up Business without Checks and Controls

During the years 2003-04 and 2004-05, NAFED had undertaken Tie-up Business in Public-Private-Partnership mode by entering Agreements / MOUs with 62 parties and extended financial facility of Rs. 3,945.50 Crores. Lack of controls in this venture led to significant scale irregularities, which subsequently became the root cause for bringing the Federation to the brink of closure.

The Federation ventured into this new business against the backdrop of declining business incomes from PSS operations and NOC of onion export. The business was looked after by officers on deputation, and a few consultants primarily engaged for this business. During 2003-05, the organization went on a borrowing spree to provide funds to private parties for this new business. The banks too lent, without much scrutiny, while the parties borrowed without offering any collateral security. An impression prevailed within the organization that the new

business would generate sufficient income. Subsequently, however, it was revealed that the business was being undertaken in gross violation of the procedures of the Federation and the Memorandum of Understanding signed between the parties.

It emerged that 62 parties who had borrowed money from NAFED had not provided adequate collaterals. The organization succeeded in recovering a substantial part of the money, but 29 parties did not pay. Enquiries followed, and criminal and legal proceedings were initiated against the defaulting parties and erring employees. The business was subsequently discontinued. The business was undertaken without following the procedures and without safeguarding the Federation's interest and was the cause of the final slump.

A detailed note on Tie up Business is provided in Exhibit 9.



4. The Final Slump

As mentioned in the preceding paras, the Federation did not take the necessary initiatives to equip itself with the requisite skills and knowledge required for surviving in the emerging new business environment. The work environment within the organization was deteriorating and the morale of staff was extremely low. The promotions were not happening timely, and increments/salary revisions were withheld due to poor financial performance each year and accumulating losses.

The irregularities in the tie-up business were like a final shot in the arm, bringing the organization on the verge of closure. All this led a profit-making organization for almost half a century to face its darkest decade of losses.



4.1 Sharp exodus of employees

Due to irregularities in the tie up business, the Federation's reputation was tarnished. The morale of the employees hit rock bottom. A large number of employees opted for VRS (111 Nos.) or resigned (48 Nos.) fearing closure of the Federation any time. A huge amount of money was to be paid to the banks. There was a talk of selling off the assets of the organization including the 9 story Head Office Building located at a prime location in Delhi.

During 2010 to 2019, the manpower strength fell from 807 to 366 (69 percent in case of officers and 44 percent in case of staff). Except the period 2014-15 to 2015-16, the turnover of NAFED was more or less steady to increasing. However, the manpower strength declined sharply from by almost 55 percent. About 111 employees opted for voluntary retirement and there were 48 resignations during the period. The rest of the employees left the Federation due to retirement/dismissal/termination. The sharp exodus of employees points to the fear psychosis, hopelessness and a sense of insecurity prevailing in the organization. Not only the employees, even the outsiders believed that the organization was a sinking ship, had no future and was doomed for closure any time. The chief executives joining NAFED came with a baggage and negative image about the organization and became over cautious in their working, not comfortable to take any risks. Decision-making process crippled; staff became stale and failed to update their knowledge and skills. During 2014-15, around 100 employees opted for voluntary retirement fearing closure of the organization.

The exodus of employees may be seen from the Exhibit 10(i) /10(ii)

5. The Revival Process

In the given situation, methods to revive the organization were to be explored, although it was going to be an uphill task given the rut in which the organization had fallen. The Federation had a good brand image amongst the farmers and also an impressive infrastructure. These positive aspects were needed to be leveraged to pull the organization out of the morass. Keeping its strengths and weaknesses in mind, NAFED submitted a revival package of Rs. 478 crores to Government of India in March 2016.

According to the proposed package, NAFED was to pledge 17 freehold properties in cities like Delhi, Kolkata, Mumbai and Kochi with the Government for an interest-free loan of Rs 478 crore. This loan was to be used to pay off dues to various public sector banks as a one-time settlement and get rid of willful defaulter tag with dues of 1700 crores.

The package was examined at length by the various departments/ministries of GOI. However, no firm decision could be taken. The Govt. had sincere intent for reviving the Federation and believed that no other organization could render the kind of service that NAFED had been rendering to the farmers of the nation over the years, particularly with respect to procurement of oilseeds and pulses under the Price support Scheme.

5.1 The turning point in the Revival Process

NAFED was in a dire state and its revival was going to be a colossal task. The starting point in any turnaround process is the competence, will and determination of the top management team. It was their sheer will power, hard work, positive approach and various other leadership attributes which made them face the challenges and push the revival package with the Government of

India. It was quite a herculean task considering the challenges within the organization and the negative image and publicity. Deficiencies were noticeable in human resources development, and non-upgradation of skills to match changing needs and irregular promotions.

The top leadership team initiated various measures under the close guidance of the Managing Director, with the objective of bringing about the turnaround of the Federation. They worked very hard in drafting the revival package and submitted it to the Government for approval. They subsequently followed up with the concerned authorities in the Government and the Bankers. The focus of the multi thronged revival strategy was to clear NAFED's dues with bankers and simultaneous generation/expansion of business to earn revenues and income.

The team also focussed on implementing new zero-risk business initiatives, maximize business turnover so as to generate the required profits to arrive at a break even position and thereafter to generate more profits to pay back the liabilities to banks. Another crucial area of focus was to improve the work environment within the organization, motivate the staff and bring about positivity and get the best out of them. The below mentioned initiatives brought about an overall re-engineering of the Federation's business performance and enhanced its ability to face challenges in the future.

5.2 Systems-based initiatives for Revival

5.2.1 Clearance of dues with Bankers through onetime settlement

Vigorous efforts were initiated for arriving at some decision for clearance of NAFED's dues

with Bankers. After a lot of persuasion and various rounds of meetings with the bankers, Govt. of India and other stakeholders, NAFED signed the Debt Settlement Deed with its lender banks on 27th March, 2018 at its Head Quarters in New Delhi towards the one-time settlement of its outstanding dues with the bankers. The agreement to this effect between the Central

Bank of India on behalf of the eight lender banks and NAFED. The one-time settlement with banks was made at Rs. 478 crores with cash payment of Rs 220 crores and assignment of sale rights of one of its prime properties located at Lawrence Road, New Delhi. In addition, the lender banks were entitled to the auction rights of the property of one of the defaulters of its tie-up business.



Signing of OTS with Bankers on 27th March 2018 was the turning point

The Govt. of India had constituted a Committee headed by Additional Secretary & Financial Advisor, Department of Agriculture, Cooperation & Farmers' Welfare comprising of senior officials from the Departments of Expenditure, Financial Services, Cooperation and Managing Director, NAFED, to work out the scheme for the financial revival including the One-time settlement with the banks. The Committee had held various meetings with the lender banks and decided the OTS in January, 2016. Initially, the Government was to provide financial assistance through an interest-free loan against NAFED's properties. This was, however not required as NAFED was able to pay the cash amount of Rs. 220 crores out of its own income generated due to record profits earned during 2017-18, as discussed in the subsequent paras.

The defaults in payments by NAFED to its lending bankers had reached a level when NAFED had no money to pay in the year 2011-12. The settlement brought much relief to the Organization, its employees and the cooperative sector. It gave the Federation an impetus to bounce back.

5.2.2 Decision to implement zero risk business

A conscious decision was taken by the management to undertake zero risk business and avoid outright procurement in NAFED's own account using own funds. This was because the success of this business was governed by market forces, and profits cannot be always assured.

5.2.3 Focus on core competence of NAFED for increasing business leading to record procurement of oilseeds and pulses

Assurance of a remunerative and stable price environment for growers/farmers is essential for increasing agricultural production and productivity. The market price for agricultural produce often tends to be unstable and volatile, resulting in undue losses to the growers and discouraging adoption of modern technology and required inputs. The Government's price policy for agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encourage higher investment and production and safeguard

consumers' interest by making available supplies at reasonable prices with low cost of intermediation. The price policy seeks to evolve a balanced and integrated price structure. Towards this end, the Government announces the Minimum Support Prices (MSP) for 25 major agricultural commodities each year in both crop seasons after considering the recommendations of the Commission for Agricultural Costs and Prices (CACP). The CACP recommends MSP for twenty-two (22) crops and Fair & Remunerative Price (FRP) for sugarcane.

Apart from Sugarcane for which FRP is declared by the Department of Food & Public Distribution, the twenty-two crops covered under MSP are Paddy, Jowar, Bajra, Maize, Ragi, Arhar, Moong, Urad, Groundnut-in-shell, Soyabean, Sunflower, Seasamum, Nigerseed, Cotton, Wheat, Barley, Gram, Masur (lentil), Rapeseed/Mustard seed, Safflower, Jute and Copra. In addition, MSP for Toria and De-Husked coconut is fixed by the Department on the basis of MSP's of Rapeseed/ Mustard seed and Copra respectively.

NAFED is one of the Central Nodal Agencies for procurement of 16 notified agricultural commodities of Oilseeds, Pulses and Cotton

under Price Support Scheme (PSS) and continues to be the sole Central Nodal Agency for procurement of Milling, Ball Copra and De-Husk Copra under Price Support Scheme. Under the scheme, procurement is to be undertaken if the market price of FAQ stocks rule at or below the declared MSPs and procurement is to be continued till the market prices stabilize above the declared MSP or harvesting period of 90 days as declared by respective State Governments, whichever is early. NAFED procures FAQ stocks under PSS directly from the farmers through its Cooperative network at State level and Primary level. The payment to the farmers is made only through digital mode like RTGS/NEFT. Losses, if any, incurred in PSS Operations of Oilseeds, Pulses and Cotton are fully reimbursed by the Government of India. Profit, if any, on sale of the commodities procured under PSS is transferred



Procurement of agricultural commodities directly from the farmers is the core competence of NAFED



Gram Procurement at Jalgaon in Maharashtra

to the Government of India. NAFED has been implementing the Scheme on behalf of the Government of India for more than three decades.

The core competence of NAFED is procurement of agricultural commodities directly from the farmers through the cooperative network spread all across the country. This is the biggest strength of the organization. The team of NAFED, under the leadership of the managing director, decided to maximize procurement under the Price Support Scheme of Govt. of India and explore other similar business opportunities. Procurement under the Price Stabilization fund of Govt. of India was identified as another possible business avenue that could be explored by NAFED

Due to the vigorous efforts made by the new managing director, duly supported by a team of senior officers, the Govt. of India appointed NAFED as one of the central nodal agencies for procurement of pulses under the Price Stabilisation Fund.

The Price Stabilisation Fund was set up in 2014-15 under the Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW) to help regulate the price volatility of important agri-horticultural commodities like onion, potatoes and pulses. The PSF scheme was transferred from DAC&FW to the Department of Consumer Affairs (DOCA) w.e.f. 1st April, 2016. The scheme

provides for maintaining a strategic buffer of aforementioned commodities through direct purchase from farmers/farmers' association at farm gate/Mandi for subsequent calibrated release to moderate price volatility and discourage hoarding and unscrupulous speculation. Along with NAFED several other agencies namely - FCI, SFAC and MMTC were also appointed agencies for procurement under the PSF scheme.

It was decided to divert maximum manpower and resources for implementation of the above schemes of Govt. of India. Due to a focused approach, proper planning, execution and various other measures taken, NAFED made an unprecedented all time high record procurement of oilseeds and pulses under the PSS and PSF during 2017-18. A total quantity of 27.83 Lakh MT of Pulses and Oilseeds valuing about Rs. 13,596.00 Crore was procured in different states (Refer Exhibit 11(I)) during 2017-18. Besides this a quantity of 3.45 lakh MT of pulses valuing Rs. 1614.06 crores was procured for creating buffer stock of pulses during the year under the price stabilization fund (**Refer Exhibit 11(II)**).

The details of total procurement of 37.73 lakh MT of oilseeds and pulses valuing Rs. 3915.70 crores made by NAFED under PSS during the five year period of 2013-14 to 2017-18 is also given in **Exhibit 11(I)**,

5.2.4 Record procurement of food grains under PSS

Procurement of food grains under the Price Support Scheme was also identified as another business avenue which had good potential and could generate good income for the Federation. All out efforts and proactive action initiatives were made to secure quotas for procurement of wheat/paddy as one of the agencies on behalf of Food Corporation of India/State Govt. under the Decentralized Procurement Scheme. The efforts were successful, and sizable orders for procurement were secured. The meagre strength of NAFED was geared to boost procurement of food grains. As a result of dedicated efforts, a record procurement of food grains (paddy and wheat) was made in Uttar Pradesh, West Bengal, Rajasthan and Assam during 2017-18. During the year, the Federation procured a quantity of 1,14,653 MTs of Paddy valued at Rs. 18,932.21 Lakh and 61498.95 MTs of Wheat valued at Rs.9993.56 Lakh in different states.

State-wise details of procurement of food grains during 2018-19 are placed at **Exhibit 12**.

The record procurement of food grains, pulses and oilseeds was made possible due to the efforts put in by the very sincere, focused, hard-working and dedicated officers and staff of the branches and the procurement division at Head Office. The leadership provided all support and motivation for attaining this unprecedented achievement

despite lot of constraints like inadequate manpower etc. The employees of the branches, pillars of the organization worked day and night under extremely difficult and stressful conditions supporting senior officers at HO in achieving the targets of procurement. It is especially pertinent to acknowledge and applause the role of the field staff, who worked in mandis at temperatures up to 44 degrees C, for days away from their families.

Due to successful implementation of these operations, the employees of NAFED were enthused with renewed energy and optimism. The income generated through the procurement of oilseeds, pulses and food grains significantly contributed to the one-time settlement with lender banks and in making NAFED a debt free organization.

5.2.5 New Business Initiatives

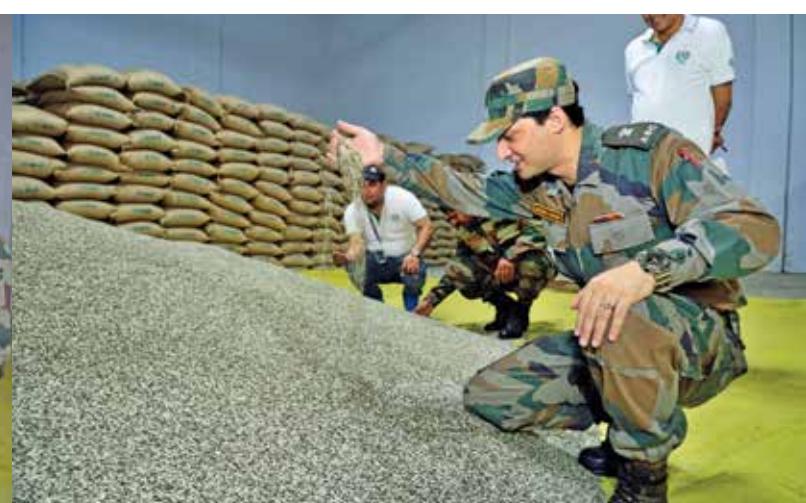
Apart from undertaking procurement of food-grains, pulses and oilseeds, efforts were also made simultaneously to identify new business areas. Some of the new business initiatives identified/ implemented during the revival period are discussed below:

5.2.5.1 Supply of pulses to Army, Central Para Military Forces (CPMF) and State Governments

Supply of pulses to the Army and the Central Para Military Forces (CPMF) and state governments under their various schemes like PDS, ICDS,



Supply of Pulses to Army under strict quality checks by Army Personnel



Mid-Day Meals was identified as a venture which could generate good business for the Federation. After several rounds of discussions and constant follow up at various levels, NAFED was authorized to supply pulses to the forces as per decision taken by the Cabinet Secretary. Several states also placed orders with NAFED for supply under their schemes above. The orders were successfully executed, and a quantity of 89,265 MT of processed pulses was supplied to the Army and the Central Para Military Forces (CPMFs) and the states during 2017-18 out of the existing buffer stock of pulses (whole & milled). Details of supplies is presented in **Exhibit 13**.

The credibility and confidence the Federation was able to build at various levels enabled NAFED to bag orders. The supplies were executed in a truly professional manner, which resulted in repeat orders. NAFED created the requisite infrastructure for managing the orders timely to the complete satisfaction of the buyers. A full-fledged "Institutional Supplies Division," headed by a senior officer, was created. A team of dedicated

officers/staff were posted in the division. The entire supply process was digitized by installing an electronic portal. The portal managed crucial tasks like empanelment of millers, processing of stocks, assaying and mapping, deliveries, payments, logistics, etc.

5.2.5.2 Creation of International Trade Division

To revive the international trade business of the Federation, the "International Trade Division" was created headed by a senior officer. The team took proactive initiatives to explore business opportunities in the international market for NAFED.

One of the areas identified was the supply of humanitarian and food aid to different countries on behalf of the Govt. of India. Meetings were held with the Ministry of External Affairs and other senior-level authorities in the Government. The efforts proved fruitful and recognized NAFED's competence and capability. The Ministry of External Affairs, Govt. of India entrusted NAFED with arranging the supply of various agri-



Shipment of Humanitarian Aid on behalf of Ministry of External Affairs

commodities, household and other items to several countries as humanitarian AID. NAFED earned service charges through these dispatches and created an image of a responsible and credible organization capable of delivering results in a time-bound manner.

The details of relief material / humanitarian aid valuing Rs. 1021.82 crores shipped to different countries (Bangladesh, Myanmar and Ethiopia) during 2018-19 are presented in **Exhibit 14**.

5.2.5.3 Setting up of Bio-CNG plants

India is the third-largest primary consumer of energy globally after the US and China. The growth of energy consumption in the country is projected at 4 per cent over the next 25 years. To meet the increasing energy requirement and provide energy security, the Government of India, laid emphasis on the production of biofuels in the National Policy on Biofuels announced in December 2009.

NAFED has been working closely with the country's farmers for almost six decades now and has ready access and competence in procuring biomass / agricultural waste. Being a socially responsible organization and understanding the threats of the burning of biomass/Agri-waste on both environment and human health, NAFED realized the vast potential of such waste to produce alternate energy/gas. With a vision to put a system that would allow effective and efficient utilization of biomass / Agri-waste, NAFED ventured into the biofuel sector towards a new business initiative and has planned to set up 100 Bio-CNG/CBG plants across the country. The plants will use agricultural and vegetable waste for making the biofuel (CNG/CBG). NAFED shall produce the bio CNG at the proposed plant, and IOCL will buy the same from NAFED. An MOU to this effect has been executed with Indian Oil Corporation Ltd. on 13th April, 2018. Another MOU has been signed with ICL Waste Tech Pvt. Ltd., as a technology partner on 26th May, 2018.

This venture of NAFED will not only help in

creating a greener tomorrow but will also be a step towards creating "Swachch Bharat" by making efficient use of all kinds of biowastes including wastes from sugar mills, coconut charcoal processing plants etc. The Federation is expected to generate good income through this project, which will ensure the organization's long-term sustenance and would also be a step towards social responsibility.

5.2.5.4 Development of e- Portal for the trading of agricultural commodities

As a result of the goodwill created, the Government of India entrusted NAFED with developing an e-Portal for Trading in Agricultural Commodities between India and the East African Countries.

NAFED brand tea had been very popular amongst the consumers for last so many years. Mainly three varieties of tea were being sold by NAFED through its own outlets in the market, namely, "NAFED CTC", NAFED PREMIUM" and NAFED AROMA GOLD". Looking at the popularity, it was decided to introduce new varieties in tea bags in nine different popular flavors, namely, Assam CTC, Green Tea, Green Tea (Tulsi), Green Tea (Lemon), Earl Grey, English Breakfast Tea, Masala Tea, Jasmine and Rose tea. The NAFED brand tea is being sold through Mother Dairy outlets also and NAFED is making efforts to make it available in other retail chains. The tea business is set to scale new heights and generate good revenues in the long run. The tea procuring branch at Siliguri has been strengthened to achieve this goal.

5.2.5.5 Development of Tea Business

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Tea, Jasmine and Rose tea. The NAFED brand tea is being sold through Mother Dairy outlets also and NAFED is making efforts to make it available in other retail chains. The tea business is set to

scale new heights and generate good revenues in the long run. The tea procuring branch at Siliguri has been strengthened to achieve this goal.



NAFED Brand tea in various flavours has become very popular amongst the consumers

5.2.5.6 Launch of NAFED brand of pulses in a big way



NAFED Brand Pulses



NAFED Bazaar retail outlets, plans to open outlets all across the country

NAFED had been selling pulses under its brand name during the last few years, mainly in the Delhi market. Despite the popularity, the volumes have been low, and not much was done to improve the sales or explore new markets. Therefore, it was decided by NAFED to re-launch its brand of pulses across the country through appointment of super-stockists /distributors.

5.2.5.7 Production of Certified Seed

Given the scarcity of good quality seeds, NAFED decided to venture into the business of certified seed production through its cooperative infrastructure. This business holds promising potential.



Certified Seed Production in Madhya Pradesh

5.2.5.8 Retail Business of Organic Food products

Recognizing the considerable potential in organic farming, NAFED decided to enter this business and also with the view to provide market linkages to the organic cultivators.



6. Technology up-gradation and Digitization

One major thrust area of the management was technology upgradation and digitization of the Federation's operations to bring about greater

transparency, efficiency, and effectiveness in the organization's functioning. A few initiatives taken in this regard were:



Emphasis on technology up-gradation improved efficiency and ease of work

6.1 Launch of e-Samriddhi Agri procurement portal

The Govt. of India has stressed the need to digitize agriculture to usher in greater efficiency and transparency in the procurement system and bring convenience to farmers in selling their produce. Taking a step towards achieving this vision of the Government, NAFED launched e Samriddhi. It is an Aadhaar enabled robust, online e-procurement platform providing an end-to-end

solution for procuring all agricultural commodities from farm-gate to storage of procured stocks in warehouses. The system is available through web as well as mobile application and aimed at bringing about greater efficiency and transparency in the procurement operations. It is linked to the core banking system for facilitating prompt payments directly in the accounts of the farmers. Through this system the entire supply chain is enabled with real-time information pertaining



to the critical parameters of procurement such as total number of lots procured, availability in the Warehouse, ageing of lots, etc. The platform ensures transparent reporting of key information such as the quantity procured, total inventory at procurement centers & at Warehouse, dispatch status of stocks, farmer lot report, payment made to farmers etc. This information can be captured for each procurement center and displayed in a consolidated manner on dashboard. Through this portal, NAFED has already installed a dashboard in the reception lobby of its Head Office from which the complete state wise and overall procurement details can be assessed immediately. A similar dashboard has also been installed in the office of the Honorable Prime Minister and Department of Agriculture, Cooperation and Farmers' Welfare.

6.2 The initiative of NAFED e-Kisan Mandi

NAFED's e-Kisan mandi entered into a partnership with FIFA (Federation of Indian FPO and Aggregators) to set up a national-level digital platform for the marketing of agricultural produce. The platform was envisioned with features such as an online and physical auctioning, price discovery, quality assaying, logistics and payments in a transparent and efficient manner,

etc. The platform will function as a hub and spoke model connecting the major production and consumption centers to each other.

6.3 Mahaonion: A joint venture between NAFED and Maha Farmers Producer Co. Ltd. (MahaFPC)

NAFED entered in a joint venture relationship with Maha Farmers Producer Co. Ltd. (MahaFPC) to create the much-needed infrastructure for the storage and primary processing of onion in Maharashtra. The partnership envisions setting up of warehousing facilities for 1,000 tonnes of onion along with other necessary infrastructure like weighbridge; grading/packing sheds etc. at each of the 25 FPC locations to support the marketing of the produce.

6.4 Implementation of New Accounting Package

NAFED had first computerized its accounting work through outsourcing from IBM way back in early 80's when computerization was not very common. Subsequently, in 1994 a Finance & Accounting Software was got developed, which was being used till recently. This FA Package was based on DOS operating system and was quite

obsolete and not compatible with the present operating system and technology. Moreover, the package required manual entries from time to time. Salary-related work was also not built into the system. The voluminous procurement under the PSS and the PSF led to an increase in workload coupled with a shortage of accounts staff. These issues created many difficulties for the finance and accounts department.

Given these difficulties and the fact that an efficient and effective accounting system is the backbone of any business organization, a new F&A Package, Tally ERP 9 was installed and implemented w.e.f. 1st April 2018. This package is the latest version, maintenance-free, easy to use, and customized with a built-in license. The package is online with connectivity of all branches with Head Office of NAFED. Any information related to any branch accounts may be ascertained on the click of a button at HO, thereby saving time and energy and bringing about greater efficiency and controls. Some other features are built-in system including generation of salary bills with a digital signature, security check for processing of invoices at three different levels, Income tax calculation, compatibility with taxation, i.e., GST, Income tax preparation, filing of returns, etc.

6.5 Launch of Mobile Application System

A Mobile Application System has been developed by NAFED to provide real-time information on the procurement and sale of agricultural commodities under the PSS/PSF and the latest stock position of the procured stocks. The system also includes news reports related to agriculture and market rates. The launch of the app is another step towards digitization of agriculture, bringing about efficiency in its operation and creation of goodwill and brand NAFED.

6.6 Purchase of New Computers

The old obsolete computers were replaced by the latest version of computers leading to better work efficiency of employees.

6.7 Participation in the National Animal Disease Control Program (NADCP)

NAFED took initiatives in the Government's resolve of improving the dairy situation in the country by signing an understanding with Department of Animal Husbandry and Dairying, Govt. of India. NAFED. These initiatives aimed at reducing incidence of diseases such as Foot and Mouth Disease (FMD) and Brucellosis.

Vaccination Of Livestock under National Animal Disease Control Programme of GOI



7. Employee Motivation and Welfare



Happy employees contribute more to the organization

Employees who believe that management is concerned about them as a whole person – not just an employee – are more productive, more satisfied, more fulfilled. One of the most critical tasks in creating a high-performance culture is taking care of employees' needs. When employees' needs are met, and employees feel aligned with the organization's mission, vision, and values, they respond with high levels of engagement and commitment. They come to work with enthusiasm and are willing to go the extra mile to support the organization in its endeavors. The management initiated steps to boost the employees' morale and confidence, which had hit rock bottom due to the organization's financial crises and prevailing negative environment.

Following immediate steps were taken in this regard:

7.1 Recruitments and Pay Revision

Management trainees from reputed management institutes were recruited to meet the growing requirement of manpower. A Manager (Audit) was

recruited on a regular pay scale to strengthen the F&A Division, and services of 16 casual employees were regularized. More recruitment at Assistant Manager and Manager Level were initiated and efforts made to attract the best talent by deputing a team of senior officers to reputed management institutes, including the IIMs.

The salaries of NAFED employees had not been revised for a very long time. To motivate the employees, upward revision of salaries of all employees was done through introduction of seventh pay commission w.e.f January 2018 and arrears were also paid to the employees.

7.2 Promotions

Promotions were given to employees at all levels. Twenty-five employees were promoted through DPC in January 2018.

7.3 Redressal of staff grievances

Genuine employees' grievances were addressed, which led to a build up of confidence amongst the employees towards the management.

7.4 Training

Specialized training programs were implemented to upgrade the skills of employees. These included induction cum orientation programs for the new joinees, overseas trainings / attending workshops /seminars etc.

7.5 Opening of New Library

A new library having a huge collection of books was created for the benefit of the employees and others.

7.6 New Canteen

A new canteen was opened where freshly cooked meals and snacks are provided to the employees.

7.7 Renovation of Head Office and Branches

The Head Office of NAFED needed a lot of repair and maintenance for so many years, which could not be carried out due to the paucity of funds. As soon as the Federation started generating sufficient income, the much-needed fast paced repair, maintenance and renovation work of

the corporate office and a few branches was initiated to provide a safe and conducive work environment to the employees. The entire office structure of the NAFED Head Office would get a new modern look upon completion of the work.

7.8 Implementation of Group Insurance Medi claim Policy for the Welfare of NAFED employees

Employees are the key to any business organization and the organization must take care of the health of the employees. This inculcates amongst the employees a feeling of belongingness to the organization and would ultimately reflect positively on their performance. Today, enterprises offer their employees access to timely medical care. Keeping this in view, NAFED opted for Group Insurance Mediclaim Insurance Policy for its employees and their family through Reliance General Insurance Co. Ltd. w.e.f 15.06.2018 at annual premium of Rs. 35.09 lakhs plus GST. The Policy not only provides medical coverage for the employees and their immediate family members but also provides tax benefits.





Staff Get-togethers contributed to team spirit and motivation of employees

7.9 Staff Get togethers

Staff get-togethers, which were unheard of in NAFED, began to be organized on festivals and other occasions, which built up employees' morale and team spirit, creating a bonding and a happy work environment.



8 Management Practices

8.1 A clear sense of direction

The management provided a clear sense of objectives and direction for adopting a mindset for planning and profit at all levels.

8.2 Transparency

Emphasis on greater transparency in day-to-day administration and conduct of business was placed. Digitization of operations helped in efficient time management and transparency.

8.3 Imparting the need for high ethical and moral standards in the discharge of duties.

The employees were encouraged to maintain high moral standards and professional ethics during the discharge of their duties. All new recruits attended specialized training sessions on "Human Values and Professional Ethics" at their induction into the organization. Through these sessions, the employees understood the need for maintaining such conduct and which actions would be deemed unethical during the discharge of their official duties. Case studies and role plays were included in the sessions to make them understand the concepts better.

8.4 Good HR discipline and team building

The employees were encouraged to work as a team to attain organizational objectives and maintain discipline in the office to create a healthy and professional work environment.

8.5 Management of NPAs

NAFED has many properties like godowns, cold storages, etc., which had been lying idle. These nonperforming assets were identified and rented/leased out to generate additional income for the Federation.

8.6 Decentralization

Branch and field level functionaries were encouraged to work independently, and higher discretionary powers were also given. This reduced their need to seek approvals from the Head Office on day-to-day matters and facilitated a smooth flow of work.

8.7 Leadership attributes of the Top Management¹

During the study, it emerged that the leadership attributes of NAFED played the most crucial role in its turnaround. The officers and staff of NAFED placed complete faith in their leaders and worked diligently with conviction to achieve the targets and goals. The critical attributes possessed by the leadership that made it happen were:

8.7.1 Positive attitude: Due to the positive attitude, leaders perceived the precarious financial condition of NAFED and took it upon themselves to consider it as their mission to bring the organization back to a healthy financial situation. Their focus was on taking concrete actions to revive the organization

1. These were revealed during interactions between the officers and staff of NAFED during the research work done to prepare the report.



rather than dwelling on the negatives and, wasting time and energy on figuring out how and what happened in the past.

8.7.2 Quick Decision Maker: This was one of the biggest reasons for ensuring a quick turnaround. Leaders made quick decisions, sought requisite approvals to progress at a fast pace. Within one and a half years, the changes became evident from the improvement of the financial position of NAFED to the renovation of the Corporate Office Building and branch infrastructure.

8.7.3 Leading from the Front and Out of box Thinking: The top management at NAFED set an example for everyone by leading from the front. Suggestions were sought from employees and they were encouraged to think out of the box. They frequently visited the branches of NAFED and the upcountry centres/mandis in the States to understand and address the grass-root level issues. This greatly motivated the branch officials and the field staff.

8.7.4 Efficient Time Management and focused approach: The top management understood the need for efficient time management. Meetings started getting highly focused and to the point, without wasting time in unnecessary talks. Participants were expected to come fully prepared in the review meetings and focused interactions were preferred. Meetings were concluded timely so that employees could get back to completing the tasks. These lead to fruitful and conclusive discussions enabling speedy decision making and timely completion of tasks.

8.7.5 Understanding the need for good public relations:

The administration worked with the press and other members of the society to brief them about the work being carried out by NAFED in an inclusive manner. This led to NAFED getting good reviews, be it in print, social or electronic media. The image makeover of NAFED greatly helped in getting new businesses for the organization from institutions such as from the States, Army, Para Military Forces etc. The Govt. of India also started trusting in the abilities and competence of NAFED as an organization that could deliver in challenging times and started entrusting complex assignments to NAFED. They took the initiative to publish "NAFED News", a quarterly newsletter, which is circulated amongst all stakeholders and provides an insight into the various business and other activities of NAFED

8.7.6 Motivation abilities: The top management team also motivated the employees to excel in whatever work is assigned to them. They believed in the potential of every individual and guided them personally. They were approachable and grounded. This led to not only employees getting involved in their work and finding a sense of purpose but also in them supporting the top management whole-heartedly to meet the organizational goals, even in the most adverse circumstances.

8.7.7 Caring for employees: Genuine concerns for the happiness and welfare of employees was demonstrated in the implementation of various welfare measures, as discussed earlier.

9. Image Makeover and International Acclaim

NAFED's proposal to the Government of India for creation of buffer stock of Pulses in 2015, followed by voluminous procurement of pulses under the PSF/PSS in the recent years, successful operations for supply of milled pulses to the Army, Para Military Forces and States brought a lot of recognition and goodwill to NAFED. These initiatives also led to significant positive changes in the management of pulses in the country. The celebration of World Pulses Day was hosted by NAFED in India in association with Global Pulse

Confederation. The event marked the success of NAFED in the management of pulses both in India and abroad. The initiatives helped establish NAFED as the "Pulse Arm of the Nation" and a critical global player in pulses. They led to a complete change in the image of NAFED from an organization on the brink of closure to a robust organization with international acclaim. The officials of NAFED now participated in important Agri-related global events, workshops, training etc.



NAFED Celebrates World Pulses Day at Ambedkar Stadium in association with Global Pulse Confederation







Shri Sunil Kumar Singh, AMD, NAFED, at the Montreal 2019 Pulse and Special Crop Convention at Montreal, Canada



Shri Sunil Kumar Singh AMD and Shri S. K. Verma at the Global Pulse Convention at Rio-de-Janeiro



Image makeover has led to overseas delegations visits to NAFED office a regular feature, in the pic is the delegation from Mongolia



Chairman NAFED welcoming GPC delegation at NAFED Corporate Office in New Delhi



GPC delegation in meeting with NAFED officials

10 The Road Ahead and Conclusion

NAFED entered the sixtieth year of its foundation with lessons learnt through its extremely turbulent journey of a decade. With the facelift, re-engineering and a motivated workforce, the Federation is fully geared up and equipped to face all future challenges and continue on this path of success and glory. As discussed in the report, several new business initiatives identified during the revival period and subsequent years will ensure the long-term sustenance of the success.

There is a need to bring in greater transparency in the operations and functioning of the organization. Systems and procedures must be adhered to by all, and the same must also be amended/modified/updated with time. The organization must also have a short term and a long-term vision to feel responsible and work towards achieving the vision and attainment of organizational objectives. Lessons must be learnt from the mistakes of the past with the promise of not repeating the mistakes.

NAFED's performance under the Revival Plan has been immensely gratifying. The arduous journey from a period of acute financial crisis to reporting the highest-ever profits and wiping out of its liabilities to its lender banks and other high-value creditors is commendable. The Government of India played a crucial role in the revival by placing its trust in the abilities and competence of NAFED and entrusted critical procurement and other projects to the Federation which were executed in a highly professional and time-bound manner despite manpower constraints. The fact that NAFED could turn around by paying all its dues to the bankers without taking any funds from the Govt. of India is commendable. It is noteworthy

here that the entire achievements have been attained within a span of merely 2 to 2 ½ years.

The revival of NAFED was like a war. During this time, the employees were subjected to high-stress situations, which could have led to emotional breakdown or loss of vision or focus. The leadership was able to re-ignite the employees' spirits by letting them know how much their work was appreciated. They did so through small gestures like organizing get together for the employees and their families at festivals etc. For example, a thanks-giving function was organized on the 26th of April 2018 to express sincere thanks and gratitude to the Honorable Prime Minister of India, the Union Agriculture Minister, several Departments of the Govt. of India, the lender banks, the State Governments and the employees for their support in bailing out NAFED. The ex-employees of NAFED, who were like forgotten heroes, were also invited respectfully to be part of this event, which had never ever been done in the organization's history. They implemented several schemes for the welfare and motivation of the employees. These efforts resulted in the employees not complaining even about Saturday becoming a working day, during the turnaround period, to cope with the added work pressure and did not hesitate to work beyond office hours to complete their tasks. For the development of the employees for taking future challenges, they were sent for training programs at reputed institutes within the country and overseas. The employees were also deputed overseas for gaining exposure through attending seminars, trade fairs etc. These measures pumped a fresh lease of life into the organization, and the employees were able to outperform themselves. Through the efforts

made and the results achieved, the organization's image took a complete u-turn. It gained credibility and respect amongst all stakeholders and the public.

The Federation improved its performance significantly in all the key parameters. It is to be noted that this performance was made possible by limited manpower due to limited recruitment during the loss-making period coupled with an exodus of staff before the commencement of the revival plan.

The impact of the above systems-based initiatives was growth in business and profitability during the Restructuring Plan. The Federation has now got on its rolls committed, talented and re-energized staff to take the organization further on its path to attaining greater heights by implementing the various new initiatives and plans for long-term sustenance. The income generated through the business initiatives helped in the one-time settlement with lender banks and made NAFED a debt-free organization! Further, the Federation did not take any funds from the Government. It could fulfil all obligations through

its own income generated through the above various business initiatives.

NAFED's management also focused on initiating actions to improve the organization's work culture and efficiency, including technology upgradation, the launch of e-Samriddhi procurement portal, mobile application system, and new, more efficient accounting software package, purchase of computers and more. The emphasis was the use of technology for improving work efficiency and bringing about transparency in operations. The entire procurement system in the mandis was computerized, which helped accelerate the pace of procurement while exercising more significant checks and controls.

The remarkable performance and professionalism of NAFED have been appreciated by the Govt. of India. NAFED was now being entrusted with more challenging assignments. In 2019, the Government directed NAFED to implement the Market Intervention Scheme to procure apples in Kashmir valley. As soon as NAFED received the directions, procurement immediately commenced in September 2019 in several valley

The Top Management of NAFED



Sitting (L to R): Shri Pankaj Prased, AMD; Shri Sanjeev Chadha, MD; Shri Sunil Kumar Singh, AMD
Standing (L to R): Shri S. K Verma, AMD; Shri A.K. Rath (AMD); Shri Kamalendra Srivastava (ED)

districts, despite serious challenges like security concerns and communication issues. The operation was immensely successful in providing remunerative prices to apple cultivators of the valley. Going forward, NAFED plans, in 2021, to introduce the Quick Response Code (QR Code) to trace and track the procurement of apples as per variety and grades and follow the logistics, sale and storage. The use of technology to monitor the entire gamut of operations consisting of procurement, transport, storage and sale of apples at different levels will be a game-changer.

Another challenging assignment that NAFED is implementing on the direction of the Government is the vaccination of livestock under the National Animal Disease Control Programme (NADCP) which was launched by the Hon'ble Prime Minister on 11th September 2019 from Mathura, Uttar Pradesh, India to eradicate the Foot and Mouth Disease (FMD) and Brucellosis in the livestock. The programme valued at Rs 12,652 Crores for five years till 2024 and funded 100 percent by the Government, aims to vaccinate over 500 Million Livestock like cattle, buffalo, sheep, goats, and pigs against the FMD and 36 million Female Bovine Calves annually against the Brucellosis disease. NAFED being the Programme Logistics Agency (PLA), is responsible for the procurement of FMD vaccines, Brucellosis vaccines and ear-

tags and ensure delivery in every district of India. The implementation is already in progress in several states across the country. NAFED is making use of technology for the effective implementation of this project as well. The IT Division of the Federation has developed and launched a QR code-based Track and Trace System in January 2020, capable of tracking each secondary packaging box and other items of different manufacturers across the country throughout the supply chain during the implementation of the project. It will also help monitor the temperature and location of the refrigerated vans to be used in the logistics. At the same time, the system helps plan the supply chain for the next phase of shipment.

NAFED was also entrusted with the task of supplying milled/cleaned pulses to states and UT governments under the PMGKAY announced by GOI in March 2020 for providing relief to the poor during the COVID 19 Pandemic. NAFED was designated a nodal agency for the purpose. The duration of the scheme was eight months starting April 2020. NAFED arranged supplies of around 15 LMTs of different varieties of pulses during this period amidst extreme challenging conditions to benefit over 19.5 Crore NFSA beneficiaries every month from April- November 2020. NAFED also supplied around 32,653 MT of Chana whole to



The young Brigade of NAFED, enthused with positivity



Supply of pulses under PMGKAY

migrant workers under the Atmanirbhar Scheme during the migrant crises.

It is the endeavour of NAFED to continue its journey for the service of farmers of the Nation and contribute to the Prime Minister's vision of doubling farmers' income. It is the inherent strength, core competence of NAFED and the leadership that helped NAFED to tide over its crises. The organization, which incurred huge losses for a decade till 2015-16 (Net loss of 148.07 crores in 2015-16 and an average loss of Rs. 103 Crores per annum for 10 years), bounced back and booked a profit of **Rs. 226.81 crores in 2017-18**, the turnaround year and **Rs.279.31 crores in 2018-19**. During 2016-17, there was a net loss of 40.75 crores because a significant part

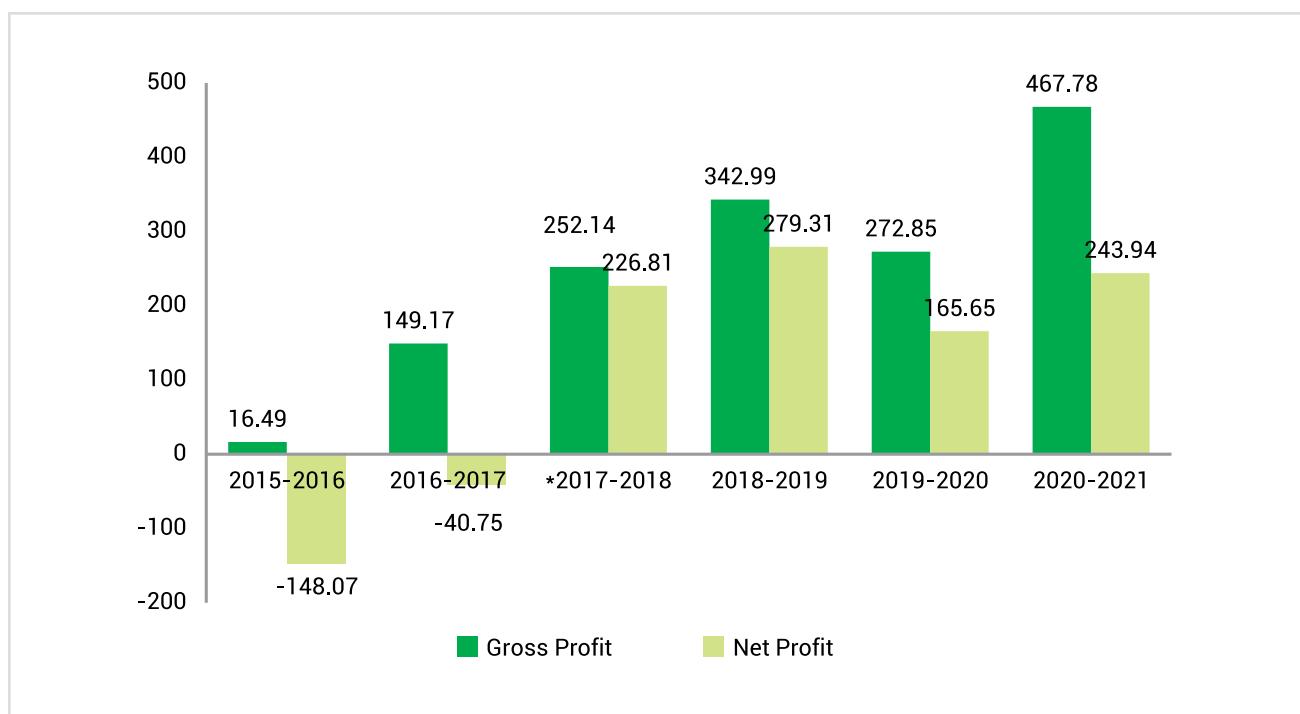
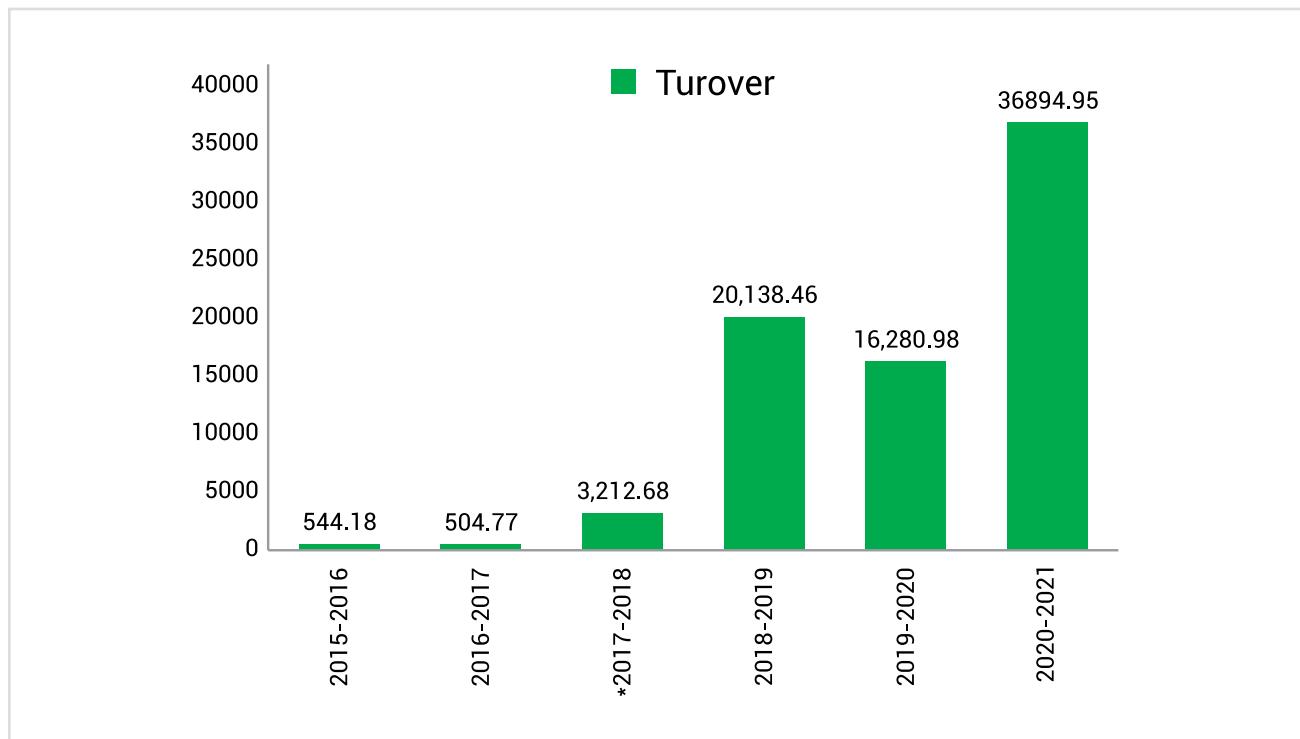
of the income earned was utilized to pay dues to banks under the OTS executed with them.

The success story of NAFED continues with the Federation booking net profit of **Rs. 165.65 Crores in 2019-20 and Rs. 243.94 Crores in 2020-21**. It is pertinent to mention here that 2020-21 was COVID Year and despite the pandemic, NAFED was able to book all-time record turnover of Rs. 36894.95 and gross profit of Rs. 467.78 Crores due to the hard work put in by the officers and staff of NAFED, even during the total lockdown period facing all challenges under the leadership of the Board of Directors and the Managing Director in order to fulfil the mission of the Federation towards the farmers and consumers of the nation.



The future-ready motivated "TEAM NAFED" with their Leaders

Financial journey of NAFED post revival



*2017-18: Turnaround Year

NAFED is equipped to strive for supreme excellence given its business increasing manifold, lessons from the past, chartered accountants, and young professionals joining

the organization from the country's premier management institutes. The organization has proved its mettle and emerged triumphant and stronger through all the tribulations.



Annexure 1

What is a "Cooperative"?

Cooperatives are **people-centred enterprises** owned, controlled and run by and for their members to realize their common economic, social, and cultural needs and aspirations. Cooperatives bring people together in a democratic and equal way. Whether the members are the customers, employees, users or residents, cooperatives are democratically managed by the 'one member, one vote' rule. Members share equal voting rights regardless of the amount of capital they put into the enterprise.

As businesses are **driven by values**, not just profit, cooperatives share internationally agreed principles and act together to build a better world through cooperation. Worldwide, cooperatives allow people to work together to create **sustainable enterprises** that generate long-term jobs and prosperity. They do this by putting fairness, equality and social justice at the heart of the enterprise.

Cooperatives allow people to take control of their economic future. Because **they are not**

owned by shareholders, their activity's economic and social benefits stay in the communities where they are established. Profits generated are either reinvested in the enterprise or returned to the members.

The cooperative movement is far from being a marginal phenomenon. At least 12% of humanity is a cooperater of any of the 3 million cooperatives on earth. Cooperatives employ more than 100 million women and men and have more than 800 million individual members. They range from small-scale to multi-million dollar businesses across the globe.

Cooperatives range in size – from humble storefronts to large Fortune 500 companies. In fact, the Cooperatives can be found in all traditional economic sectors, including agriculture, fisheries, consumer and financial services, housing, and production (workers' cooperatives).

While similar in many ways to any other enterprise, Cooperatives are unique in ways that truly matter to society and to the members they serve.

Annexure 2

The Origin and History of Cooperatives

The earliest record of a cooperative comes from Fenwick, Scotland. On the 14th of March 1761, in a barely furnished cottage, local weavers whitewashed the front room. Then, they began selling the contents at a discount, forming the Fenwick Weavers' Society.

There are many records of many cooperatives starting out as small grassroots organizations in Western Europe, North America and Japan in the middle of the nineteenth century. However, it is the Rochdale Pioneers- a group of 28 artisan weavers, generally regarded as the prototype of the modern cooperative society and the founders of the Co-operative Movement in 1844. They pooled scarce resources to access essential food items at lower prices and treated shoppers with honesty, openness and respect, shared profits, and had a say in the business. The first credit union on the cooperative model was independently formed in Germany by Friedrich Wilhelm Raiffeisen and Franz Hermann Schultz-Delitschin in 1862.

With the growth of cooperatives worldwide, the need for a global body was being felt which could unite, represent and serve cooperatives worldwide. As a result, the International Cooperative Alliance (ICA) was founded in London, England, on the 19th of August 1895. The apex body represents cooperatives across the world, providing a global voice and forum for knowledge, expertise, and coordinated action for and about cooperatives. The ICA works with international and regional governments and organizations to create legislative environments that allow cooperatives to form and grow. It is one

of the oldest non-governmental organizations and one of the largest ones measured by the number of people represented: more than one billion cooperative members on the planet. Its members are international and national cooperative organizations from all sectors of an economy, namely agriculture, banking, consumer, fisheries, health, housing, insurance, and industry & services. 313 organizations from 109 countries are members of the International Cooperative Alliance, including NAFED.

The ICA aims to provide information, define and defend the Cooperative Principles and develop international trade. In addition, the ICA guards the Statement on the Cooperative Identity, which are values and is the minimum common denominator for all cooperatives in all sectors and all regions. The values hover around voluntary and open membership, democratic control, economic participation of member, autonomy and independence, education training and information, cooperation among cooperatives and concern for the community. These principles are accepted even today and are the foundation stone for any cooperative.

To implement its activities, the International Cooperative Alliance is organized with a Global Office based in Brussels, four Regional Offices (Africa, Americas, Asia-Pacific, and Europe), eight Global Sectoral Organizations (agriculture, banking, retail, fisheries, health, housing, insurance, industry & services), and five Committees and Networks (gender, research, law, youth, and development).

EXHIBIT - 1

NETWORK OF NAFED BRANCHES AND SUB OFFICES



EXHIBIT - 2

ASSETS OF NAFED

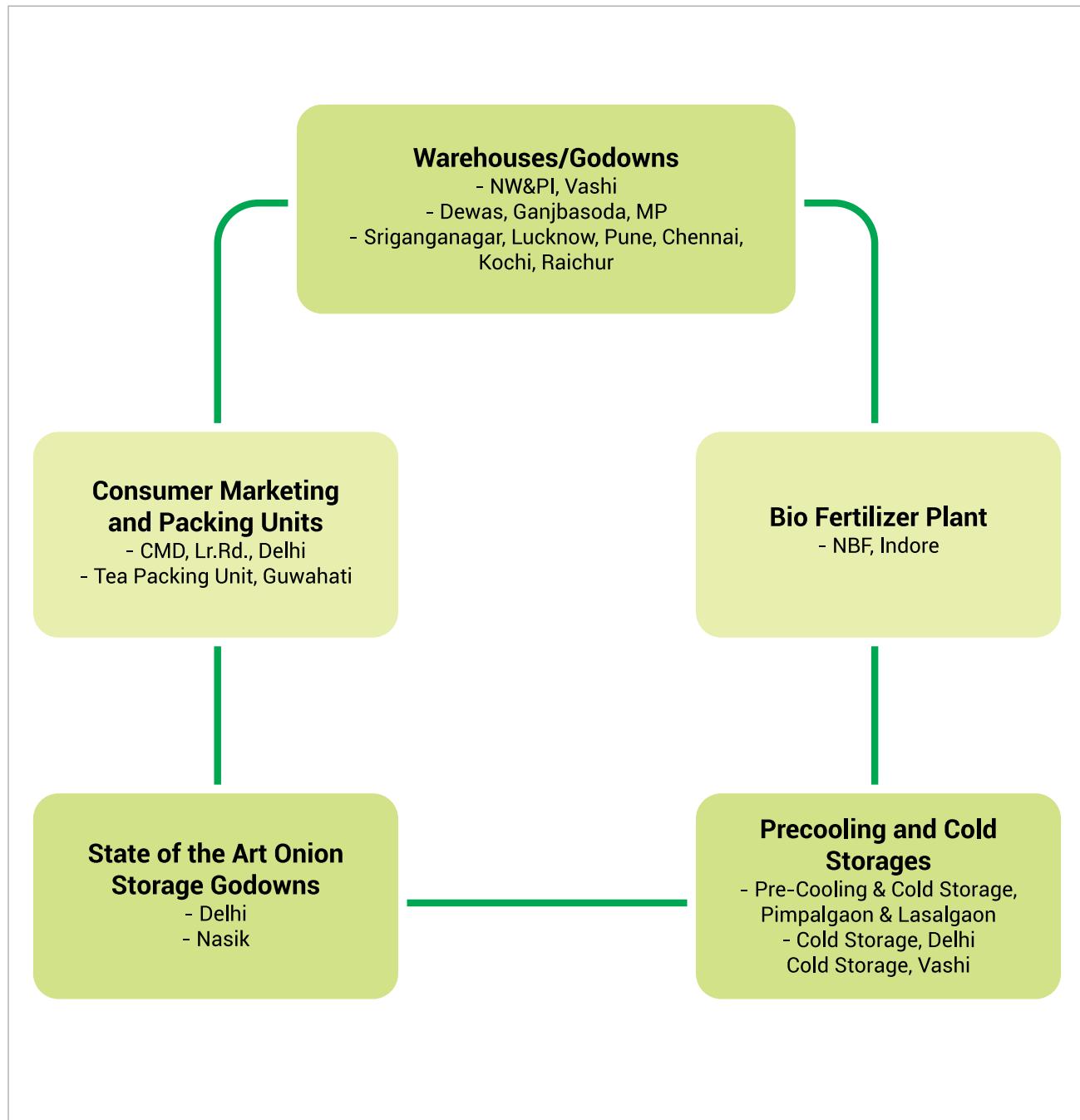


EXHIBIT - 3

INFRASTRUCTURE AND REACH OF NAFED

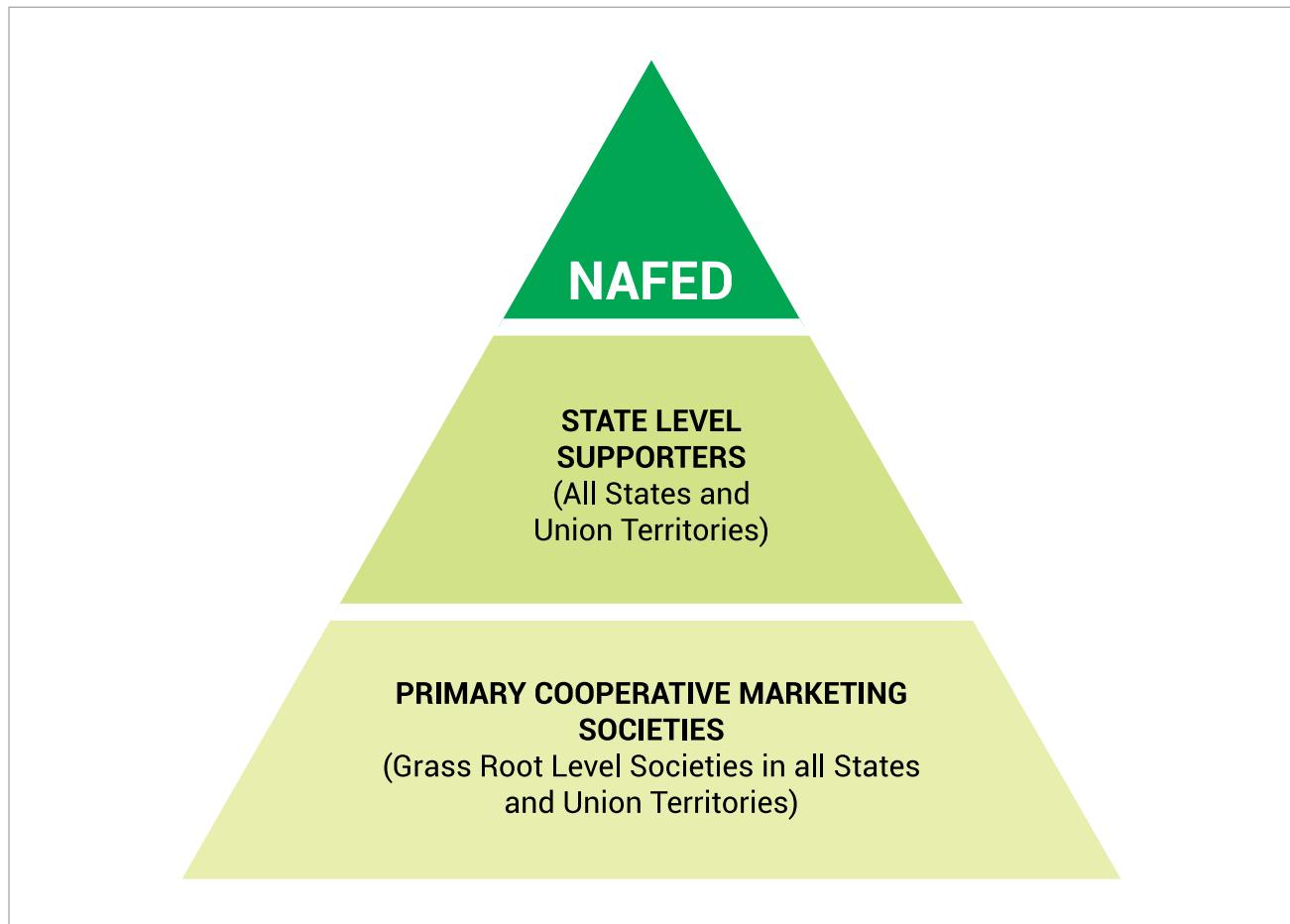


EXHIBIT - 4

The membership of NAFED as on 31.3.2018

S No.	Category of Members	Total No. of Members as on 31/03/2018
1.	State Level Marketing Federations	25
2.	Apex Level Marketing Federations	03
3.	State Level Tribal and Commodity Federations	24
4.	Primary Marketing/ Processing Societies	804
6.	NCCF & Other National Level Coop. Organizations	02
	Total	858

*Government has no equity participation in the share capital of NAFED.

EXHIBIT - 5

The Turnover and profitability position of NAFED
from 1987-88 to 2020-2021 as per Audited Accounts

Fig In Crores

S No.	Year	Total Turnover	Gross Profit	Net Profit / Loss
1	1987-1988	85.16	12.26	3.07
2	1988-1989	102.72	10.22	2.32
3	1989-1990	113.56	7.64	1.05
4	1990-1991	221.69	25.66	5.45
5	1991-1992	196.54	30.50	13.22
6	1992-1993	188.24	29.54	10.68
7	1993-1994	308.53	43.43	26.03
8	1994-1995	299.95	28.80	20.22
9	1995-1996	255.36	18.10	5.50
10	1996-1997	268.90	37.03	12.32
11	1997-1998	222.92	21.40	11.32
12	1998-1999	204.93	13.14	(4.93)
13	1999-2000	449.20	29.37	2.00
14	2000-2001	903.83	33.74	4.81
15	2001-2002	1,466.77	34.80	3.54
16	2002-2003	2,132.52	36.19	4.14
17	2003-2004	1,075.13	35.44	3.19
18	2004-2005	1,940.36	56.08	11.49
19	2005-2006	2,782.82	99.74	14.28
20	2006-2007	5,818.01	97.82	1.77
21	2007-2008	4,083.30	88.95	(56.69)
22	2008-2009	4,273.60	84.01	(25.70)
23	2009-2010	5,735.33	83.91	(50.06)
24	2010-2011	2,008.51	47.92	(108.52)
25	2011-2012	1,063.28	45.68	(188.42)

26	2012-2013	1,081.23	64.59	(149.92)
27	2013-2014	1,518.86	58.38	(166.14)
28	2014-2015	2,516.38	20.57	(156.67)
29	2015-2016	544.18	16.49	(148.07)
30	2016-2017	504.77	149.17	(40.75)
31	*2017-2018	3,212.68	252.14	226.81
32	2018-2019	20,138.46	342.99	279.31
33	2019-2020	16,280.98	272.85	165.65
34	2020-2021	36894.951	467.78	243.94

*2017-18: The Turnaround Year

Gross and Net Profit position of NAFED from 1987-88 to 2020-2021

(Fig. In crore)

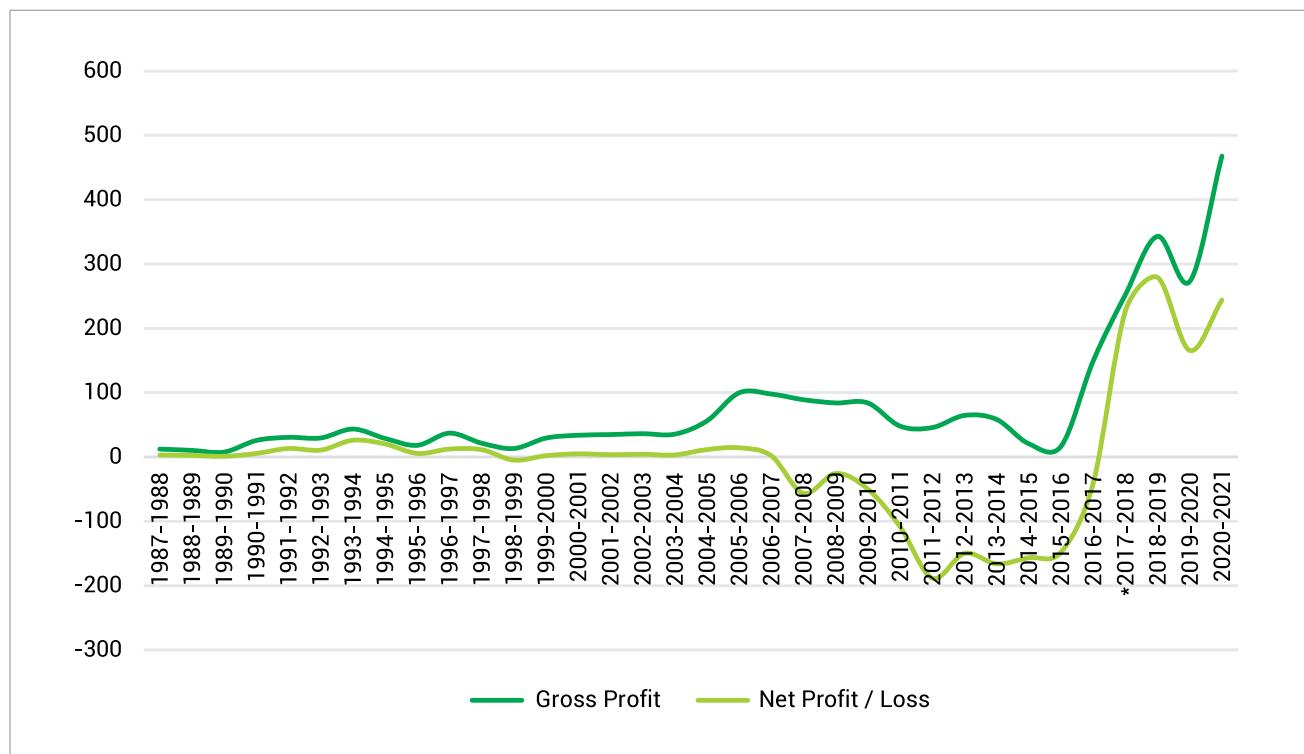


EXHIBIT - 6

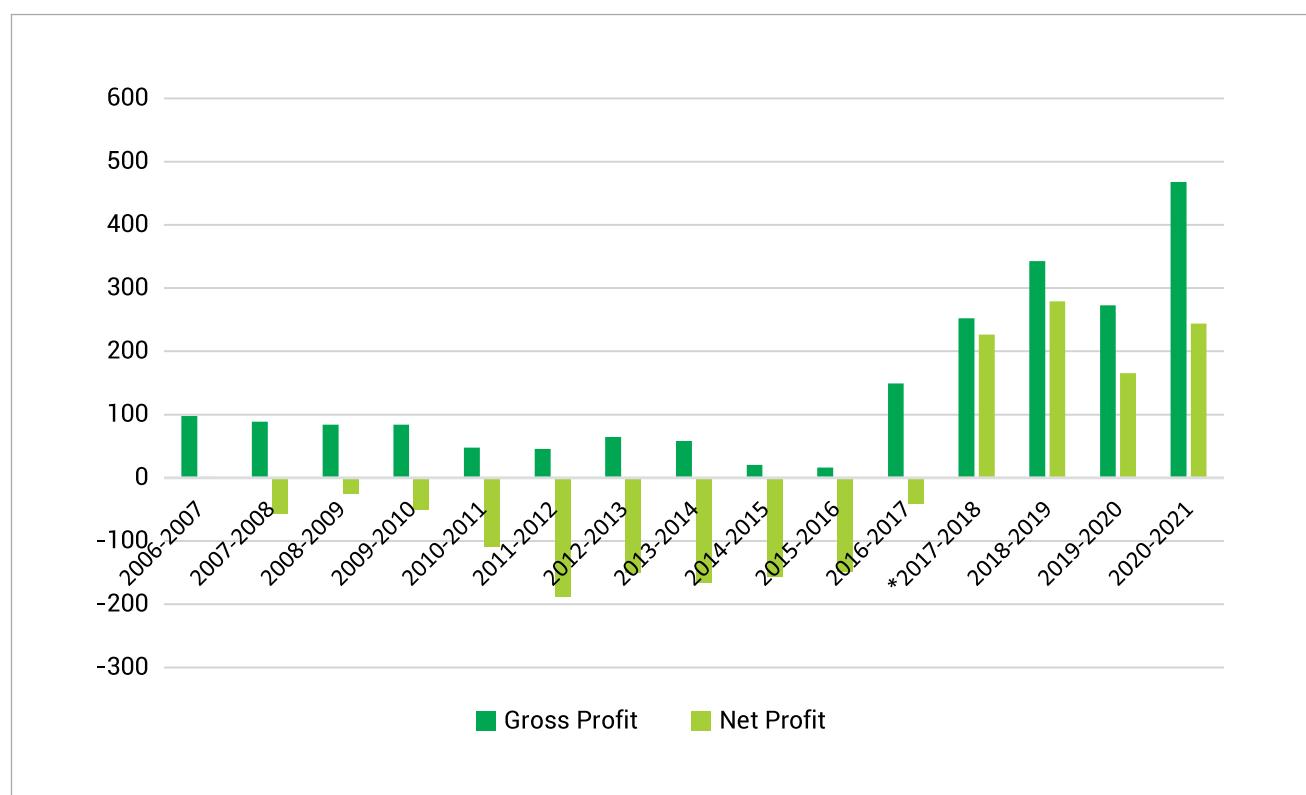
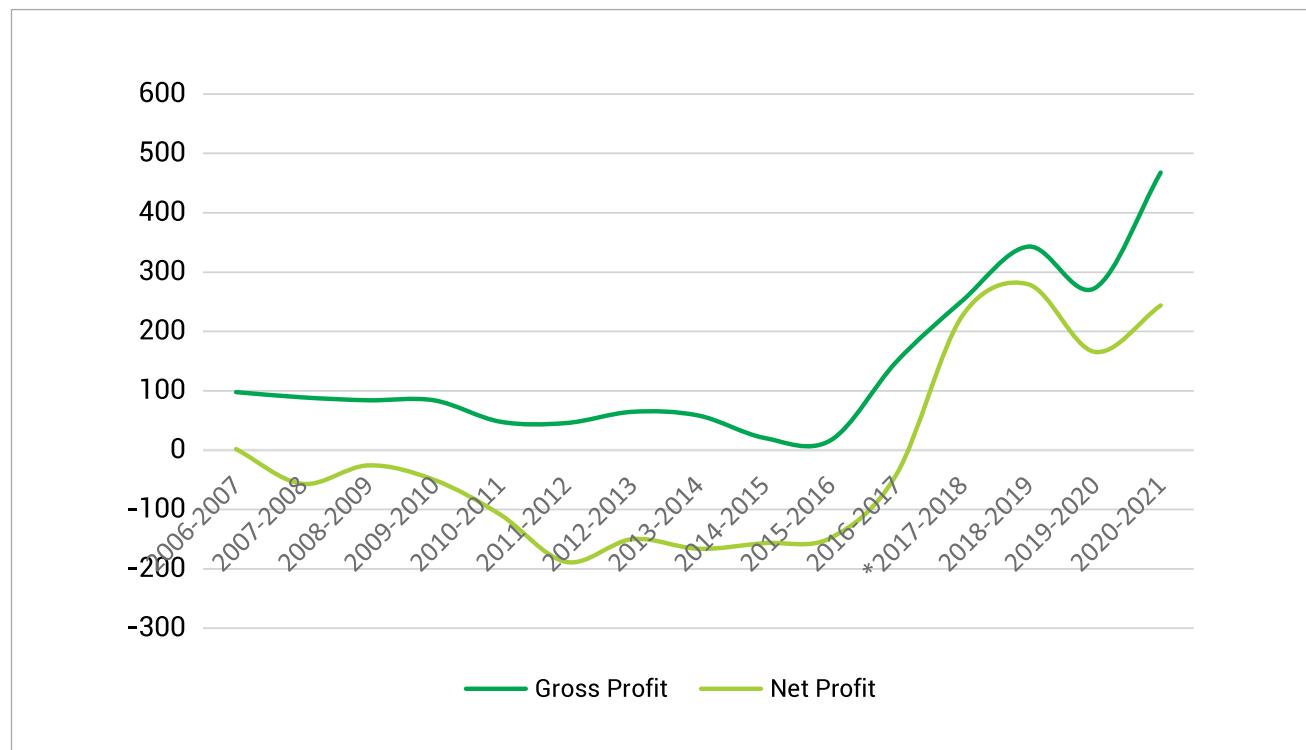
Audited Profit / Loss Position / Interest / Administrative Overheads of NAFED from 2010-11 to 2019-20

Fig In Crores

S No.	Year	Gross Profit	Interest	Administrative Overhead	Net Profit / Loss
1	2010-2011	47.92	153.77	58.11	(108.52)
2	2011-2012	45.68	193.73	89.86	(188.42)
3	2012-2013	64.59	201.72	65.32	(149.92)
4	2013-2014	58.38	186.98	72.85	(166.14)
5	2014-2015	20.57	181.56	48.58	(156.67)
6	2015-2016	16.49	183.60	37.51	(148.07)
7	2016-2017	149.17	177.74	39.14	(40.75)
8	2017-2018	252.14	34.45	57.66	226.81
9	2018-2019	343.00	-	114.99	279.31
10	2019-2020	272.85	-	91.70	165.65

EXHIBIT - 7

Gross Profit and Net Profit during FY 2006-2007 to 2020-2021 (In Crores)





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EXHIBIT - 8

FINANCIAL STATEMENTS FOR THE PERIOD FY 2017-18 TO FY 2020-21

INCOME / SALES	SCHEDULE NO	YEAR ENDED 31-3-2019		YEAR ENDED 31-3-2018	
		RS	RS	RS	RS
a) Export		28,19,29,226	2,01,10,26,48,097	32,12,67,65,516	32,12,67,65,516
b) Domestic			-	-	-
c) Agricultural Machinery & Implements					
d) Reimbursement of Detracts (excluding interest & Bank Charges etc.) recoverable from Govt. of India on handling of :-					
Milling Copra-2012		28,69,19,514		50,15,945	
Mustard Seed Rabi-2017				15,40,44,815	
Sunflower Seed Rabi-2016		2,360		2,300	
Sunflower Seed Rabi-2017				11,06,40,467	
Bell Copra-2016				(3,23,51,659)	
Milling Copra-2016				(4,35,16,890)	
GN Pods Khanif-2016		1,85,75,50,974		1,74,84,65,597	
Moong Khanif-2016				10,30,79,776	
Turp Khanif-2016		2,09,07,79,513		1,31,11,37,346	
Soyabean Khanif-2016				7,71,307	
GN Pods Rabi-2017				1,59,26,276	
Moong Summer-2017		85,19,45,804		22,35,40,405	
Urad Summer-2017		31,94,01,059		7,73,19,709	
Urad Khanif-2017		4,25,55,35,698		6,43,46,332	
Sesameum Seed Khanif-2017		1,10,08,537		5,96,57,611	
Moong Khanif-2017		2,04,08,07,456		15,74,84,451	
GN Pods Khanif-2017		10,53,16,96,420		14,81,47,880	
Soyabean Khanif-2016				(15,49,32,089)	
Soyabean Khanif-2017		(8,60,90,804)			
Turp Khanif-2017		6,57,23,92,310		1,70,10,568	
Mustard Seed Rabi-2018		5,53,44,58,758		1,53,645	
Gram Rabi-2018		7,96,42,71,405		24,42,256	
Urad Rabi-2018		30,73,91,832		2,359	
GN Pods Rabi-2018		3,30,77,072		2,360	
Masoor Rabi-2018		1,43,36,30,156			
Moong Rabi-2018 (F)		7,58,09,684			
Sunflower Seed Rabi 2018 (F)		2,96,22,489			
GN Pods Khanif-2018		1,22,57,07,597			
Soyabean Khanif-2018		(1,19,93,424)			
Urad Khanif-2018		44,49,71,638			
Turp Khanif-2018		18,36,55,371			
Moong Khanif-2018		53,65,67,719			
Nagpuried Khanif-2018		14,017			
Gram Rabi-2019		2,46,84,362			
Moong Rabi-2019		7,92,619			
Mustard Seed Rabi-2019		26,13,678			
Sunflower Seed Rabi-2019		9,75,915			
Urad Rabi-2019		10,75,764			
Mustard Seed Rabi-2009		81,16,352	46,52,62,82,144	3,97,03,60,985	





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NATIONAL AGRICULTURAL COOPERATIVE MARKETING FEDERATION OF INDIA LTD, NEW DELHI
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

SCHEDULE NO	YEAR ENDED 31-3-2019 RS	YEAR ENDED 31-3-2018 RS		
			RS	RS
(e) Reimbursement of Deficit (excluding Bank Charges) recoverable from SFAC on handling of:-				
Toor Kharif - 2015	1,45,21,187	1,00,54,89,130		
Urad Kharif 2015	5,540	4,64,24,590		
Gram Rabi-2016	-	68,996		
Masoor Rabi-2016		4,37,16,573		
Moong Kharif-2016	34,01,35,718	1,03,53,70,667		
Toor Kharif - 2016	11,78,74,24,791	1,96,99,88,209		
Urad Kharif 2016	1,28,93,71,288	33,41,40,994		
Onion -2017	-	1,94,52,933		
Gram Rabi-2017	58,18,57,114	5,96,71,394		
Masoor Rabi-2017	6,26,42,709	-		
Urad Kharif 2017	(2,45,557)	3,06,94,478		
Moong Kharif 2017	2,30,02,302	-		
Gram Rabi 2018	2,180	-		
Onion 2018	12,96,53,074	14,22,83,70,346		
Depreciation on Revamped Amount Written Back				
Other Income	10	3,63,62,124		
		4,69,07,12,997		
ACCRETION/(DECRETION) IN STOCK IN TRADE				
Closing Stock	2,53,34,15,98,733	1,92,71,59,92,149		
Less : Opening Stock	1,92,71,59,92,149	60,62,56,06,584		
Total		3,27,49,19,05,516		
				1,77,12,79,05,599





A Farmers' Cooperative

NATIONAL AGRO-COOPERATIVE MARKETING FEDERATION OF INDIA LTD, NEW DELHI
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

PARTICULARS	SCHEDULE NO.	YEAR ENDED 31-03-2019		YEAR ENDED 31-03-2018	
		Rs.	Rs.	Rs.	Rs.
EXPENDITURE					
Purchases		2,94,73,90,99,822		1,63,05,42,47,127	
Sales Tax Expense		32,37,607		21,39,557	
Manufacturing and Trading Expenses	11	21,02,46,29,226		8,75,11,21,169	
Selling and Distribution	12	8,07,03,44,043		2,60,48,29,529	
Employees Remuneration & Benefits	13	44,34,01,026		38,06,34,777	
Administrative Expenses	14	21,74,19,167		10,96,08,232	
Interest Paid to Banks and Others			4,14,40,21,283		
Less : Interest Reimbursed on FIS/MIS Operations transferred to Govt. of India account:					
Bank Charges			4,14,40,20,554		
Less : Bank charges on Govt Operation Depreciation (Including Amortisation of land)			3,85,211		
			15,089		
				3,70,123	
					1,74,90,29,51,242
Total		5,07,14,934			
					5,07,51,517
Operating Profit / (Loss)					1,74,95,37,02,659
Excess Provision Written back					2,17,48,02,740
Less : On account of Govt Operation Prior Period adjustment(EP)T					33,99,438
T) Income relating to previous year					
i) Expenses relating to previous year					
Profit / (Loss) Before Exceptional Item & Tax					
Exceptional Item					
Profit / (Loss) Before Tax & after Exceptional Items					
Provision for Taxation					
Provision for Income Tax					
Deferred Tax					
PROFIT / (LOSS) FOR THE YEAR					
					2,26,81,40,302

Shivam
(SANDEEP KUMAR CHADHA)
MANAGING DIRECTOR

AS PER OUR REPORT OF EVEN DATE

FOR SPHR & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM NUMBER
CRA 100025
(CA SANDEEP PRakash Jhawar)
PARTNER
M. No. 083562
SUITES 1001, 10TH FLOOR
CITY PLAZA, 10, LOK KALAM,
NEW DELHI - 110 065

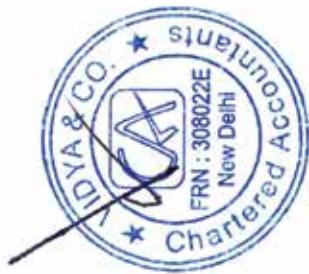
FOR APN & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM NUMBER
CRA 100025
(CA NARESH CHAND GARG)
PARTNER
M. No. 083223
SUITES 1001, 10TH FLOOR
CITY PLAZA, 10, LOK KALAM,
NEW DELHI - 110 065

PLACE : NEW DELHI
DATE : 11.04.2019

NATIONAL AGRICULTURAL COOPERATIVE MARKETING FEDERATION OF INDIA LTD., NEW DELHI
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

		SCHEDULE NO.		YEAR ENDED 31-3-2020		YEAR ENDED 31-3-2019	
		RS	RS	RS	RS	RS	RS
a)	INCOME / SALES						
a)	Export		12,96,99,050			28,19,29,226	
b)	Domestic		1,62,68,01,36,383			2,01,10,26,42,097	
c.)	Agricultural Machinery & Implements			1,62,90,98,35,433			
d.)	Reimbursement of Deficit (excluding interest & Bank Charges etc.) recoverable from Govt. of India on handling of PSS / NIS :-					4,52,62,82,144	
e.)	Reimbursement of Deficit (excluding Bank Charges etc.) recoverable from SFAC on handling of PSF					14,22,83,70,346	
f.)	Depreciation on Revised Amount Written Back	10				3,63,62,124	
	Closing Stock		2,69,90,26,39,003		2,53,34,15,99,733	4,69,07,12,997	
	Less : Opening Stock		2,53,34,15,98,732		1,92,71,59,92,149	60,62,56,06,594	
	Total					3,27,49,19,05,517	





A Farmers' Cooperative

NATIONAL AGRICULTURAL COOPERATIVE MARKETING FEDERATION OF INDIA LTD., NEW DELHI
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

PARTicularS	SCHEDULE NO.	YEAR ENDED 31-03-2020		YEAR ENDED 31-03-2019	
		Rs.	Rs.	Rs.	Rs.
EXPENDITURE					
Purchases		1,86,12,92,45,296		2,94,73,90,99,832	
Sales Tax Expense		10,40,584		32,37,507	
Manufacturing and Trading Expenses	11	17,20,23,46,285		21,02,46,29,226	
Selling and Distribution	12	7,96,39,20,258		8,07,03,44,043	
Employees Remuneration & Benefits	13	47,02,86,752		44,34,01,026	
Administrative Expenses	14	29,21,45,092		21,74,39,167	
Interest Paid to Banks and Others				24,59,71,32,850	
Less : Interest Reimbursable on PMS/WITS Operational transferred To Govt. of India account.				24,25,26,44,447	
Bank Charges		2,97,13,476		34,44,88,403	
Less : Bank charges on Govt Operation		3,90,448		2,67,471	
Depreciation (Including Amortisation of Land)					32,44,84,28,765
Total		8,98,09,183			1,07,14,934
Operating Profit / (Loss)				3,24,89,36,01,699	
Excess Provision Written back				2,59,83,03,819	
Less : On account of Govt Operation				97,38,056	
Prior Period Adjustment (NET)		29,71,47,096		-	
i) Income relating to previous year				20,55,231	
ii) Expenses relating to previous year		(4,77,372)		(18,48,059)	
Profit / (Loss) before Tax		2,39,27,67,891		2,60,85,49,037	
Provision for Taxation					
Provision for Income Tax		88,40,27,932		30,08,54,571	
Deferred Tax		(14,97,43,534)		(48,43,43,908)	
PROFIT / (LOSS) FOR THE YEAR		73,52,84,398		(10,48,89,337)	
		1,45,45,03,493		2,79,34,38,374	

M. S. Chaudhary
(NIDHI SHRIYASTAVA)
GENERAL MANAGER (FAA)

AS PER OUR REPORT OF EVEN DATE

FOR VIDYA & CO.
CHARTERED ACCOUNTANTS
FBN - 3088522



PLACE : NEW DELHI
DATE : 09.09.2020

Dinesh Jain
(SANDEEP JAIN CHAUDHARY)
MANAGING DIRECTOR

FOR DINESH JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
FBN - 001876N



M NO 08/2003

FOR APN & ASSOCIATES
CHARTERED ACCOUNTANTS
FBN - 001876N



M NO 07/233

FOR VIZYA & CO.
CHARTERED ACCOUNTANTS
FBN - 3088522



NATIONAL AGRICULTURAL COOPERATIVE MARKETING FEDERATION OF INDIA LTD., NEW DELHI
BALANCE SHEET AS AT 31ST MARCH, 2023

		SCHEDULE NO		RS AT 31-03-2020		RS AT 31-03-2020	
SOURCES OF FUNDS		RS	RS	RS	RS	RS	RS
SHAREHOLDERS FUNDS							
Share Capital	1.		30,69,38,500		27,05,08,500		
Share Application Money			7,47,32,153		1,20,13,993		
Reserves & Surplus Fund	2.		6,13,24,40,955		4,79,25,43,926		(15,17,77,384)
Profit / (Loss) Account	3.		(4,20,58,93,373)		(5,22,68,43,787)		
LOAN FUNDS							
Secured Loans	4.			2,57,09,32,66,390			
APPLICATION OF FUNDS				2,59,26,14,92,634			
Fixed Assets	5.		3,14,76,63,150		3,15,97,89,857		
Construction Work in Progress	6.		22,54,91,670		20,29,35,138		
Investment (Net of provisions)	7.		98,71,64,400		8,41,27,000		3,44,40,52,395
NET CURRENT ASSETS							
Current Asset, Loans & Advances	8.		3,27,13,48,73,304		4,25,82,61,36,716		
Lanc:			(79,23,40,74,197)		(1,36,99,50,81,354)		
Current Liabilities & Provisions	9.			2,81,89,87,99,307			
Deferred Tax Asset (Net)				1,09,23,74,307			
Significant Accounting Policies &				2,89,35,14,92,334			
Notes on Financial Statements	15						2,95,95,39,45,449

A circular blue ink stamp with the words "DINEEN & ASSOCIATES" around the top edge and "CHARTERED ACCOUNTANTS" in the center. Handwritten text "PARTNERS" is written across the bottom right of the stamp.

PLACE : NEW DELHI



A Farmers' Cooperative

NATIONAL AGRICULTURAL COOPERATIVE MARKETING FEDERATION OF INDIA LTD. NEW DELHI
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

	SCHEDULE NO	YEAR ENDED 31-3-2021 RS	YEAR ENDED 31-3-2020 RS
INCOME / SALES			
a) Export		1,36,40,94,125	12,96,99,050
b) Domestic		3,67,58,53,59,783	1,62,68,01,36,383
c) Agricultural Machinery & Implements		-	-
d) Reimbursement of Deficit (excluding Interest & Bank Charges etc.) recoverable from Govt. of India on handling of PSS / MTS :-		3,68,94,94,53,908	1,62,80,98,35,433
e) Reimbursement of Deficit (excluding Bank Charges etc.) recoverable from SFAC on handling of PSS		16,57,76,62,785	31,50,16,57,796
Depreciation on Revauled Amount Written Back			
Other Income			
ACCRETION/(DECRETION) IN STOCK IN TRADE			
Closing Stock		1,33,22,28,47,719	2,69,90,26,39,003
Less : Opening Stock		2,69,90,26,39,003	(1,36,67,97,91,284)
Total		3,55,03,67,65,970	2,14,26,80,35,543





A Farmers' Cooperative

NATIONAL AGRICULTURAL COOPERATIVE MARKETING FEDERATION OF INDIA LTD. NEW DELHI
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

PARTicularS	SCHEDULE NO.	YEAR ENDED 31-03-2021		YEAR ENDED 31-03-2020	
		Rs.	Rs.	Rs.	Rs.
EXPENDITURE					
Purchases		3,24,93,85,45,798		1,86,12,92,45,296	
Sales Tax Expense	11	25,720,00		10,60,584	
Manufacturing and Trading Expenses		18,00,33,35,894		17,20,23,94,285	
Selling and Distribution	12	6,94,94,86,481		7,96,39,20,258	
Employees Remuneration & Benefits	13	56,13,51,824		47,02,86,752	
Administrative Expenses	14	25,21,15,733		29,21,45,092	
Interest Paid to Bank and Others					
Less : Interest Reimbursable on					
FCSS/HFCSS Operations Transferred					
to Govt. of India account.					
Bank Charges					
Less : Bank charges on Govt Operations					
Depreciation (Including Amortisation of					
Land)					
TOTAL		8,61,89,014		8,58,09,383	
OPERATING PROFIT / (LOSS)					
Excess Provision Written back		3,90,86,10,02,151		2,12,17,19,17,376	
Less : On account of Govt Operation					
Prior Period adjustment(NET)					
i) Income relating to previous year					
ii) Expenses relating to previous year					
PROFIT / (LOSS) BEFORE TAX					
PROVISION FOR TAXATION					
Provision for Income Tax					
Deferred Tax					
PROFIT / (LOSS) FOR THE YEAR		2,43,94,70,226		1,68,65,03,493	

AS PER OUR REPORT OF EVEN DATE

FOR APN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 001878N



PLACE : NEW DELHI
DATE : 19-08-2021

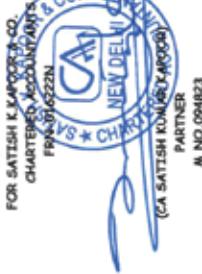
Nidhi Srivastava
(NIDHI SRIVASTAVA)
GENERAL MANAGER (P&A)



FOR SATISH KAPOOR & CO.
CHARTERED ACCOUNTANTS
FRN-00222N
(CA SATISH KUMAR KAPOOR)
MANAGING DIRECTOR
PARTNER
M. NO. 094023



Sanjeev Kumar Chaudhary
(SANJEEV KUMAR CHAUDHARY)
MANAGING DIRECTOR
PARTNER
M. NO. 094023



FOR DINESH JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 001878N



EXHIBIT - 9

NOTE ON TIE-UP BUSINESS UNDERTAKEN BY NAFED

Due to globalization and opening up of Indian economy resulting in stiff competition in agricultural marketing, NAFED's income was declining. To sustain itself and to meet the mounting administrative overheads, during the year 2003-04, NAFED diversified its business activities and started a new business initiative (Tie-up Business) in Public-Private-Partnership mode on the pattern followed by other PSUs like STC, MMTC and PEC etc. The detailed guidelines were approved by the Business Committee of NAFED in its meeting held on 28.4.03 and circulated vide Business Circular No.93 dated 17.10.2003 for conducting Tie-up business in agricultural commodities. Subsequently, amendments to these guidelines were also issued vide circular dated 5.11.2003. The decision to enter into the aforesaid business ventures (Tie-up Business) was taken by NAFED purely on commercial considerations wherein only funds arranged by NAFED against its borrowing limits from the banks were utilized.

In addition to agricultural commodities, NAFED also started undertaking business in non-traditional and non-agricultural commodities. To start with, NAFED imported one consignment of 5000 MTs Superior Kerosene Oil (SKO) under OGL with a profit of Rs.11,25,000/-. Business Committee in its meeting held on 30.09.2013 was requested to ratify the decision taken by the competent authority and also requested to consider for import of 2 Lakh MTs SKO/Furnace Oil during the current year. The Business Committee ratified the decision and accorded approval for the proposal. The subject matter was also apprised to the Board of Directors in its meeting held on 22.11.03 and approval was sought for achieving the target of Rs.200 Crores for import of Petroleum Products. In the meantime, the import of SKO was canalized through STC, IOC, BPCL, HPCL and IBP vide Govt.

of India Notification dated 25.11.2003. NAFED also approached DGFT as well as Ministry of Commerce to allow NAFED to import SKO and also nominate NAFED as one of the agencies for import of SKO. The Business Committee in its meeting held on 18.12.2003 was updated on this issue and also on diversification of NAFED's activities on tie up basis.

In accordance with its Bye-laws, NAFED had not got the mandate to undertake business activities in non-agricultural and non-traditional commodities and the business in such items was undertaken with the approval of the Business Committee/Board of Directors. Therefore, a need was felt to seek amendments in the Bye-laws of NAFED. General Body of NAFED in its meeting held on 15-9-2004 approved the amendment in the bye-laws of NAFED by allowing taking up business even in non-agricultural and non-traditional items. Accordingly, a proposal was submitted on the 18th of October 2004 to the Central Registrar of Cooperative Societies to amend the byelaws so as to incorporate non-agricultural and non-traditional items in the business domain of NAFED. The Central Register of Cooperative Societies allowed the proposed modification in NAFED's bye laws and registered the same vide letter no. L-11015/8/76-L&M date 17-12-2004.

During the years 2003-04 and 2004-05, NAFED had undertaken Tie-up Business in Public-Private-Partnership mode by entering Agreements / MOUs with 62 parties and extended financial facility of Rs. 3,945.50 Crores. NAFED has recovered a total amount of Rs.2940.69 Crores so far. The accounts in respect of 37 parties stands fully and finally settled.

NAFED undertook Tie-up Business by providing funds to the private parties and without taking collateral securities in most cases and without

any systematic arrangements of safeguarding its interest and tackling payment defaults. In many cases, advance payments were made to the parties for procurement of the stocks in violation of the prescribed guidelines. The stocks procured by the parties and deposited in the designated godowns did not match the amount of funds advanced. The tie up associates started defaulting the terms of Agreements / MOUs. Resultantly the pace of recovery was affected adversely and our funds got blocked. Subsequently, in the meeting of the Board of Directors on 30.03.2006, it was decided to stop the tie-up/back-to-back business in non-agricultural commodities. Later on, the Board of Directors in its meeting held on 20.12.2007 completely scrapped the guidelines of PPP/tie-up business.

Ever since NAFED noticed the problems in realizing its funds back from the Tie-up Business Associates, its focus has been on the recovery of its balance outstanding dues.

ACTIONS BEING TAKEN TO RECOVER THE DUES:

NAFED has taken all possible civil, criminal and administrative actions, in order to expedite recovery of outstanding dues from the defaulting associates/parties. Details of steps taken by NAFED are summarized as under:-

LEGAL ACTIONS

I. Civil Side:

- (i) Restraint Orders against properties etc.**
NAFED could restrain/attach the assets/property/collateral security belonging to the parties available with it or identified through Detective Agencies to secure itself against their dues through Courts, after moving appropriate applications.

(ii) Arbitration/Civil suits: NAFED has initiated Arbitration proceeding and/or filed civil suits against all the defaulting parties as per provision of MOU/Agreements. NAFED has received awards/interim awards against 22 parties amounting to Rs.922 Crores + interest.

II. Criminal Side

- (i) Filing Criminal complaints under Section 138 Negotiable Instruments Act** NAFED has filed a number of Criminal Complaints u/s 138 of Negotiable Instruments Act on account of bouncing of cheques against the concerned parties. Presently, 105 complaint cases under Section 138 of the Negotiable Instruments Act for dishonoured cheques amounting to around Rs.689 Crores are pending adjudication in different Courts throughout the country.
- (ii) Filing complaints with CBI/EOW:** NAFED also filed 15 complaints with CBI/ EOW against 15 tie up defaulters. CBI/EOW after completing the investigation, has already filed charge sheets in 11 cases. Investigation in remaining 4 matters are going on before CBI.

EXHIBIT - 10 (I)

Staff Strength of Nafed from 2010-2018

Year	Officer	Staff	Total
2010-11	336	471	807
2011-12	313	442	755
2012-13	280	414	694
2013-14	258	394	652
2014-15	211	376	587
2015-16	144	295	439
2016-17	121	284	405
2017-18	111	272	383
2018-19	103	263	366

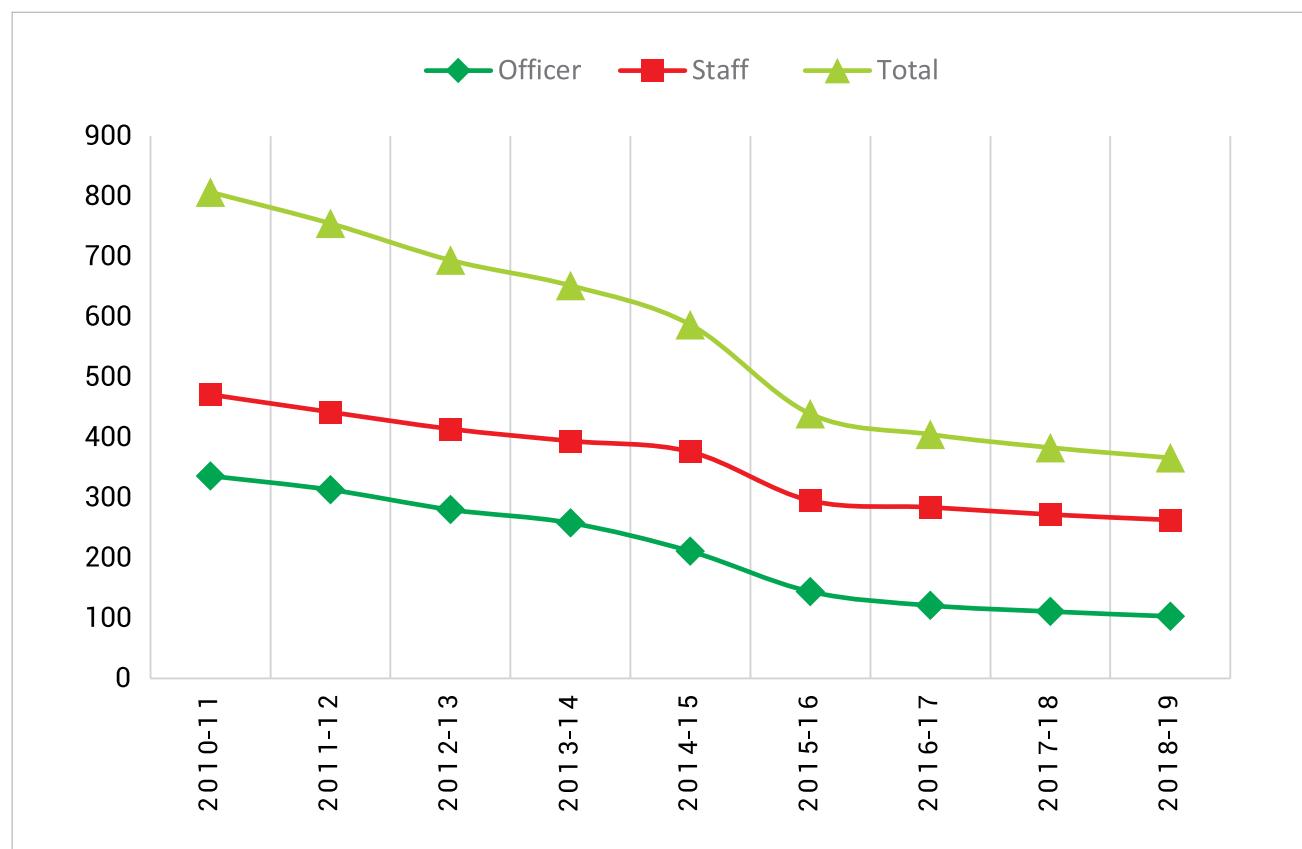


EXHIBIT - 10 (II)

Retirement/VRs/Resignation of employees of NAFED from 2010 to 2018

Year	VRS	Resignation	Total
2010-11	1	7	8
2011-12	8	9	17
2012-13		6	6
2013-14	2	5	7
2014-15	100	5	105
2015-16		5	5
2016-17		5	5
2017-18		2	2
2018-19		4	4

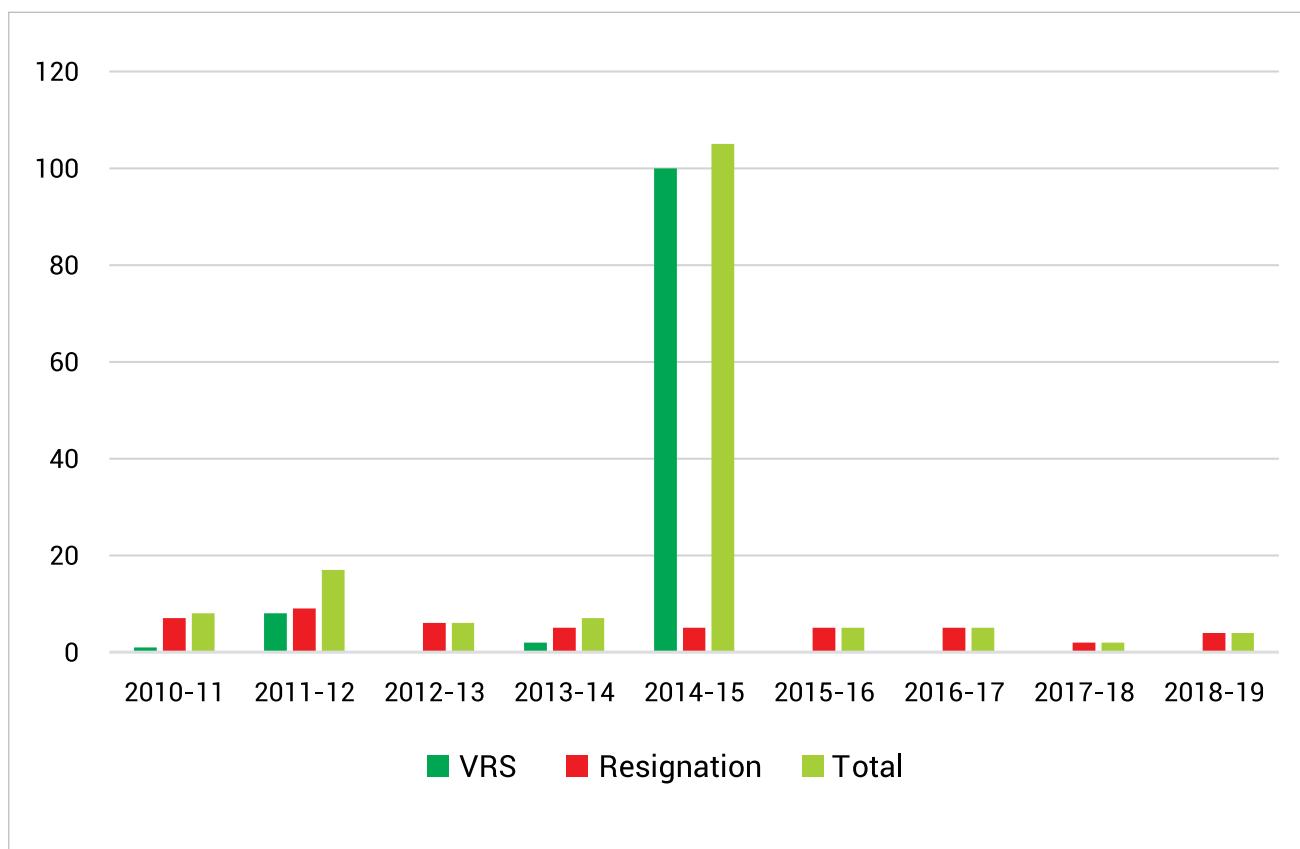


EXHIBIT - 11 (I)

Comparative procurement of Oilseeds and Pulses by NAFED under PSS during last five years:

Qty in MT / Value in Rs. Crore

Procurement of Oilseeds & Pulses Under Price Support Scheme of Govt. of India

Year	Pulses		Oilseeds		Total	
	Qty.	Value	Qty.	Value	Qty.	Value
2013-14	49819	21422	379402	156576	429221	177998
2014-15	313917	97303	12098	4552	326015	101855
2015-16	--	--	4242	1591	4242	1591
2016-17	8268	3968	222169	92562	230437	96530
2017-18	1604921.683	8489.12	1178257.107	5106.87	2783178.79	13595.99
TOTAL	1976925.683	131182.12	1796168.107	260387.87	3773093.79	391569.99

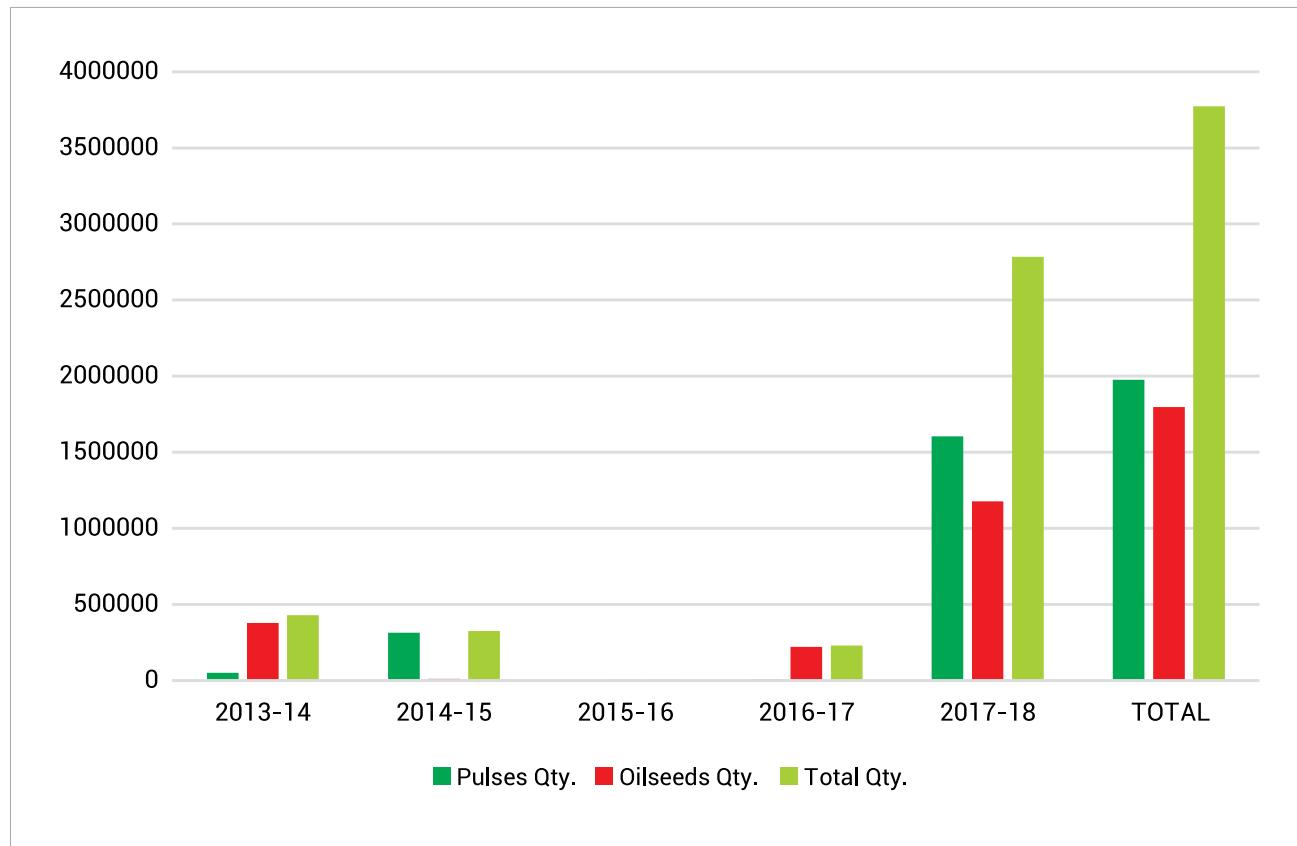
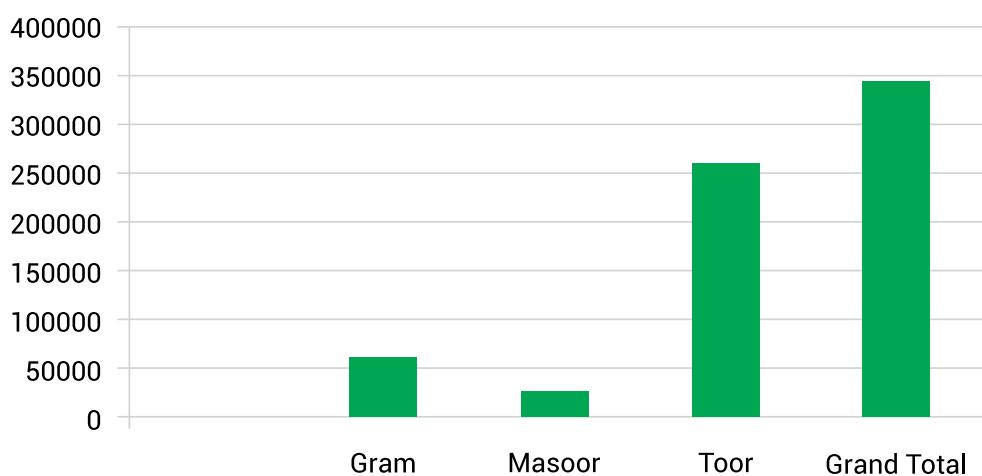


EXHIBIT - 11 (II)

Buffer Stock of Pulses created by NAFED during 2017-18

Commodity	Season	Quantity Procured (MT)	Loose Value (Rs. Lakh)
Gram	Rabi - 2017	60272.285	31316.54
Masoor	Rabi - 2017	27071.991	10728.81
Toor	Kharif - 2016	258076.038	119360.16
Grand Total		345420.314	161405.51

Buffer Stock of Pulses created by NAFED during 2017-18 (in MT)



Quantity Procured (MT)

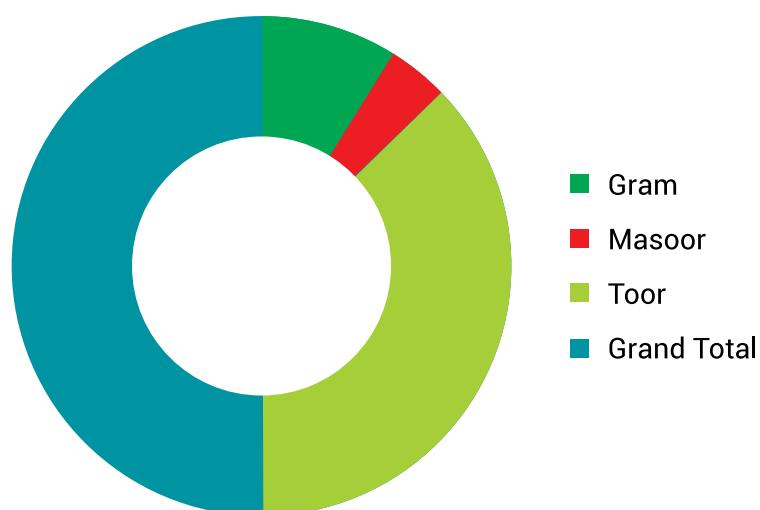


EXHIBIT - 12

Procurement of Paddy and Wheat by NAFED during 2018-19

S.No.	Commodity	Procured Qty. (in MTs.)	Value (Rs.in Lakh)
Agency Consignment			
Uttar Pradesh	Wheat	60387.870	9813.03
	Paddy	75249.520	12428.44
West Bengal	Paddy	36026.950	5937.96
Assam	Paddy	3376.530	565.81
Rajasthan	Wheat	1111.080	180.53
Total	Wheat	61,498.950	9993.56
	Paddy	114,653.000	18932.21
	Grand Total	176,151.950	28925.77

EXHIBIT - 13

Supply of Processed Pulses during 2017-18

	Quantity (in MT)
Army	11150.00
CPMFs	604.00
State Govt. (PDS)	71364.50
State Govt. (MDM)	6146.70
Total	89265.2

Supply of Pulses to different institutions during 2017-18

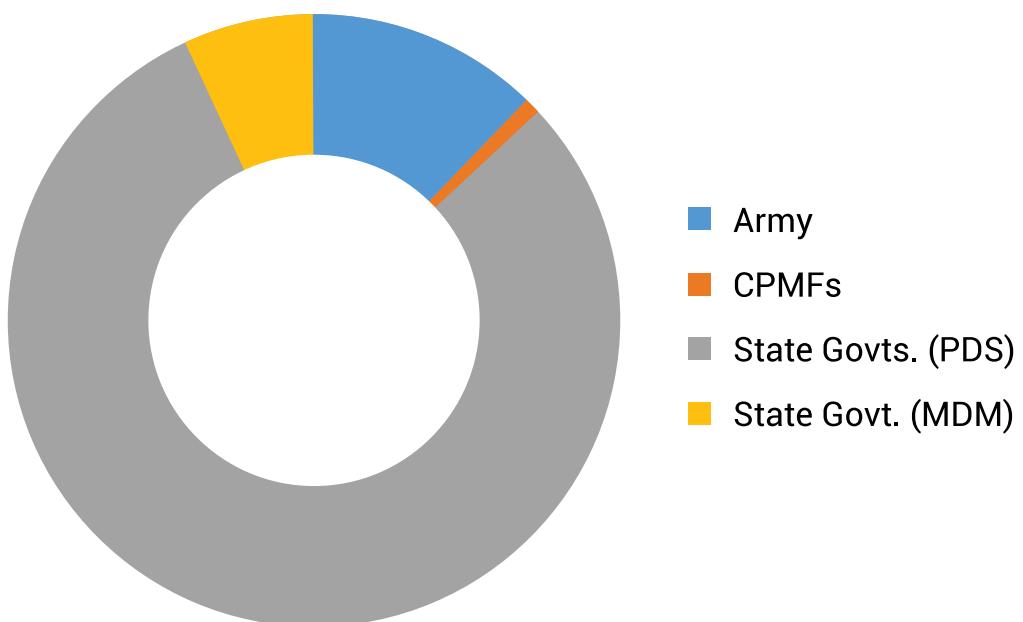


EXHIBIT - 14

Supply of Food and Other AID by NAFED to different countries during 2018-19

S.No.	Country	Commodity/Quantity	Month of Supply	Value (Rs. in Lakh)
01.	Bangladesh	Relief material of essential Items / 70000 Packets	Sep,2017	615.81
02.	Myanmar	Relief material of essential Items / 70000 Packets	Nov,2017	34.64
03.	Ethiopia	Humanitarian Aid of 1000 MTs Rice	Feb,2018	371.37
		Total		1021.82

References

- NAFED Website
- Website of ICA
- NAFED Annual Reports and Newsletters
- Website of Department of Agriculture, Cooperation and Farmers' Welfare, GOI
- Inputs provided by the Senior Officers and other employees of NAFED.

Kisan Se.... Kitchen Tak

NAFED Brand Consumer Products





A Farmers' Cooperative

National Agricultural Cooperative Marketing Federation Of India Ltd. (NAFED)
NAFED House, Siddhartha Enclave, Ring Road, Ashram Chowk, New Delhi-110014

Telephone EPABX: 011-26340019, 26341810

Fax : 091-11-26340261