



NAFED

*60 Years in Service*

**NAFED**  
EMPOWERING  
FARMERS





सत्यमेव जयते

## प्रधान मंत्री Prime Minister MESSAGE



I am happy to know that the National Agricultural Cooperative Marketing Federation of India (NAFED) is completing 60 years in service of the nation and that a coffee table book is being brought out to highlight its contributions for the empowerment of our farmers.

The Indian agricultural sector is on the cusp of a comprehensive transformation aimed at doubling farmers' income by 2022. Innovative solutions are being implemented, helping the farmers at every stage – from soil and seeds to markets. Our industrious farming community is being equipped to take our country to newer heights.

NAFED has been playing a critical role in ensuring robust marketing opportunities for our agricultural produce. I am sure NAFED will continue to play a productive role in its capacity as an enabler to our farmers.

I convey my best wishes for all the future endeavours of NAFED and for the successful release of the coffee table book.

(NARENDRA MODI)

New Delhi

भाद्रपद 27, शक संवत् 1941

18<sup>th</sup> September, 2019



सत्यमेव जयते

कृषि एवं किसान कल्याण  
**Minister of Agriculture & Farmers' Welfare**  
**MESSAGE**



NAFED's commitment to serve the farmers of the nation in its journey of six decades is commendable. I am aware that the procurement operation of NAFED in the remotest of locations all across the country over the years has greatly benefitted the farmers in getting remunerative prices of their produce.

I am happy that NAFED is bringing out a coffee table book to put together its journey of relentless hard work over the years for the betterment of the farmers of the nation. I am sure that the journey will continue with even greater commitment and dedication.

I am confident that NAFED will continue to serve the farmers of the nation with even higher dedication and commitment.

I would like to convey my appreciation to the NAFED team for their efforts and wish all success for their future endeavours.

(NARENDRA SINGH TOMAR)



अध्यक्ष  
**Chairman**  
**MESSAGE**



My association with NAFED goes back to the late 1980s. From 2007 to 2014, I was the Chairman and was again elected to the position in May this year for a period of five years. Being a part of the organisation for more than 30 years either as a Director or the Chairman, I have seen its working from close quarters, including its ups and downs. After liberalisation, in the mid-1990s, NAFED faced many challenges as its income from assured businesses like export of onion and others reduced drastically. It had to look at other avenues to generate revenues required for its survival. In that effort from 2003-04 to 2005-06, NAFED undertook some non-traditional activities in which it unfortunately suffered setbacks, resulting in huge losses and bank debts.

For about 10 years, till 2016, NAFED witnessed its toughest time as efforts made for its revival did not yield any positive results and the outstanding bank dues kept on mounting. During this period, NAFED resorted to measures which could reduce the expenditure, including cut in salaries and perks of its employees. Finally, with great persuasion, the Ministry of Agriculture and Farmers' Welfare, Government of India and the PMO came to its rescue and NAFED could arrive at one time settlement with the banks. This gave it a new lease of life. The last three years went well for NAFED as we procured huge quantities of oilseeds and pulses under PSS and the PSF schemes of the Government of India. The revenues generated by these operations were utilised in settling the bank dues. It was a turning point for NAFED as the organisation, which was at the brink of collapse in 2012, ended this financial year with a net profit of ₹280 crore. This could happen because NAFED exploited its expertise built over the years in procurement of pulses and oilseeds when it was given an opportunity to do so by the Government of India, as it had faith in its abilities. I take this opportunity to express my deep sense of gratitude to everyone, especially the present Managing Director, Sanjeev Kumar Chadha, who played a commendable role in the revival of NAFED.

I am happy that the coffee table book being published by NAFED will vividly showcase our learnings from both the good and bad phases of the institution which has been serving the farmers for more than 60 years since its inception.

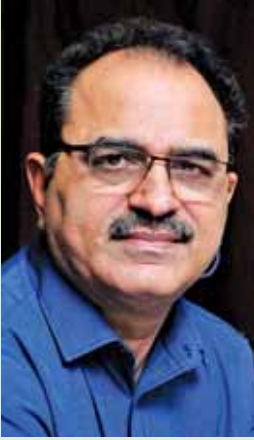
I wish NAFED success in all its endeavours.

(DR. BIJENDER SINGH)





## प्रबंध निदेशक Managing Director MESSAGE



India is primarily an agriculture-based country and 58 per cent of rural Indians depend on it for their livelihood. NAFED was founded on the auspicious day of Gandhi Jayanti on October 2, 1958 with the aim of providing marketing support to farmers of the country. I am happy to state that it is releasing a coffee table book to commemorate the 60 glorious years of its journey in rendering great service to the farmers of the nation. These years have been eventful. There have been ups and downs with numerous challenges along the way. It gives me immense pride to say that NAFED proved its mettle and emerged triumphant through all its tribulations. We entered the 60th year with record profits and are fully geared up as well as equipped to face all future challenges to continue on this path of success and glory.

The journey, which started with a small office at Ajmeri Gate, has continued till the present day with our footprints dotting the entire country. We are continuing steadfast in our mission to serve the farmers of the nation by providing them remunerative prices for their produce and by expanding in other verticals as well. Today NAFED is like a brand name among farmers. We are also serving the consumers by providing them good quality pulses and other food items at reasonable prices. The complex nature of the federation's operations requires a lot of sweat, toil, expertise and professionalism, which has been accomplished with high level of performance. Today NAFED is seen not just as an organisation but an institution providing an ocean of knowledge in the area of agricultural marketing and providing job opportunities to the best talent from prestigious institutions who are making concerted efforts to realise the dream of making agriculture economically viable for the farmers.

During the entire journey, our major stakeholders, the Government of India, through the Ministry of Agriculture and Farmers' Welfare, have played a stellar role in guiding and leading us through the highs and lows of economic tide. We are also grateful to the State Governments for supporting us in our operations and working with us for implementation of various schemes of the Government of India. We are highly indebted to hundreds of members of NAFED family who have put in their blood and sweat in building the pillars of the organisation since its inception, pillars which stand testimony to the excellence that the federation has achieved over the years.

My hearty congratulations and compliments to every member of the NAFED family for their contribution to achieving significant milestones as well as the spirit behind the arduous and successful journey during these years.

(SANJEEV KUMAR CHADHA)

Managing Director





The 62nd Annual General Meeting

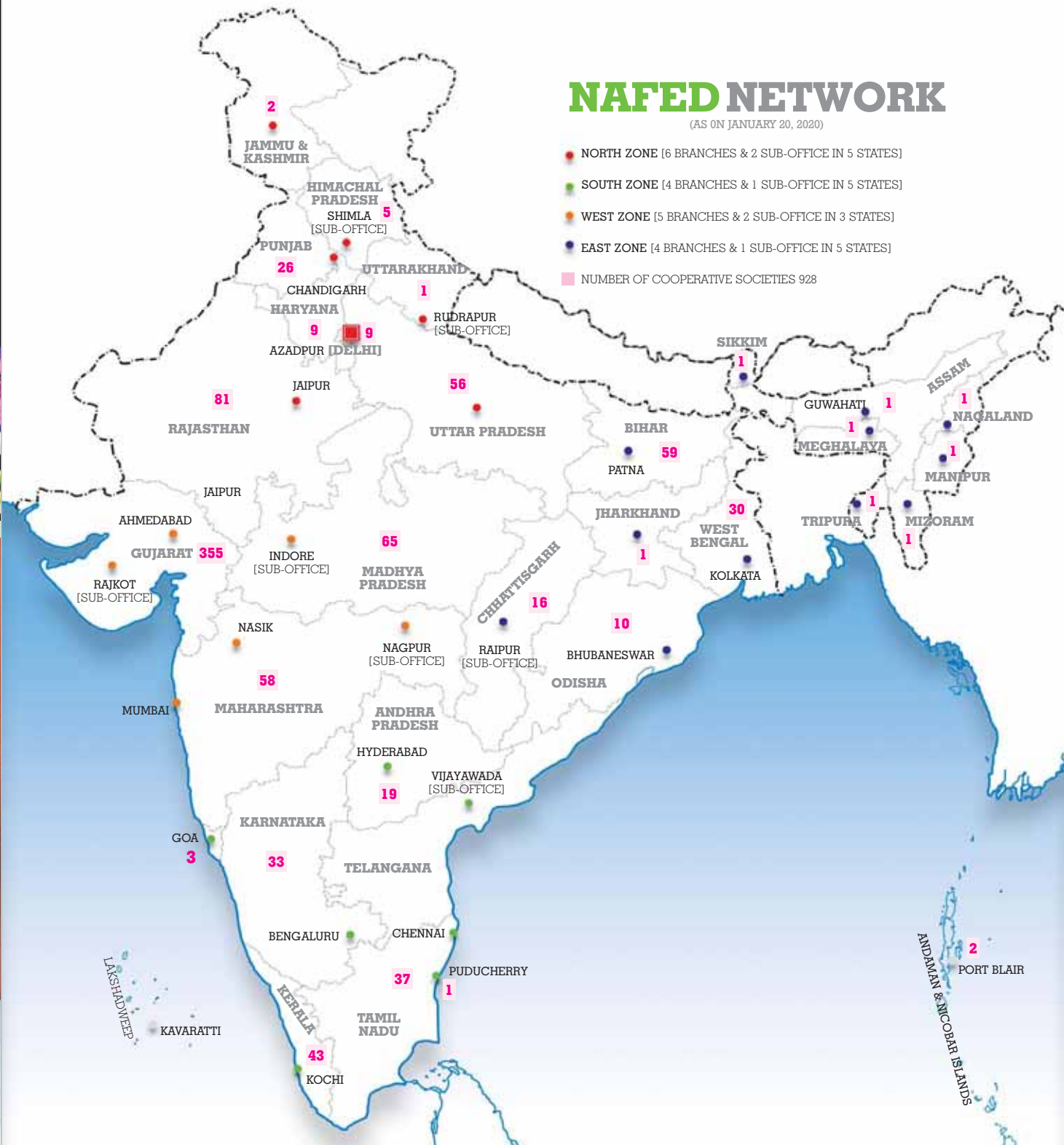




# NAFED NETWORK

(AS ON JANUARY 20, 2020)

- NORTH ZONE [6 BRANCHES & 2 SUB-OFFICE IN 5 STATES]
- SOUTH ZONE [4 BRANCHES & 1 SUB-OFFICE IN 5 STATES]
- WEST ZONE [5 BRANCHES & 2 SUB-OFFICE IN 3 STATES]
- EAST ZONE [4 BRANCHES & 1 SUB-OFFICE IN 5 STATES]
- NUMBER OF COOPERATIVE SOCIETIES 928



MAP NOT TO SCALE

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October 1958

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

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FOREWORD

# THE BEGINNING OF A DREAM

I

*should like to slip out of the public gaze...to bury myself in the farm and devote my attention to farming and educating. I for one am a farmer and I wish you all to become farmers, or to continue as such if you have already become farmers. My way of life has completely changed here. The whole day is spent in digging the land and other manual labour instead of in writing and explaining things to people. I prefer this work and consider this alone to be my duty. Of course, the farmer is the father of the world. But it is his greatness that he is not aware of the fact. Those who devote themselves to good works of any worth are not aware of their own goodness. Just as we breathe every moment but are not aware of the fact, so are good people by their very nature impelled to give expression to their goodness. They are not conscious that they deserve any credit. They do not care to be honoured.*

*A farmer cannot work without applying his mind. He must be able to test the nature of his soil, must watch changes of weather, must know how to manipulate his plough skillfully and be generally familiar with the movements of the stars, the sun and the moon. The farmer knows enough of astronomy, geography and geology to serve his needs. He has to feed his children and has, therefore, some idea of the duties of man, and, residing as he does in the vast open spaces of this earth, he naturally becomes aware of the greatness of God. Physically, it goes without saying, he is always sturdy. He is his own physician, when ill. Thus, we can see, he does have an educated mind.*

— MAHATMA GANDHI

(Extracted from : Joseph Lelyveld's *Great Soul: Mahatma Gandhi and His Struggle With India*)



# CHAIRMEN OVER THE YEARS



**DR. PANJAB RAO S DESHMUKH**  
[02.10.1958-20.07.1960]  
& [05.02.1963-03.04.1965]



**PS RAJ GOPAL NAIDU**  
[28.02.1962-05.02.1963]



**B MAJUMDER**  
[03.04.1965-21.03.1968]



**VN PURI**  
[21.03.1968-29.04.1971]



**SB PATIL**  
[21.09.1974-14.03.1975]



**TAPESWAR SINGH**  
[14.03.1975-23.06.1977]



**RG TIWARI**  
[23.06.1977-29.04.1983]



**NAWAL KISHORE SHARMA**  
[29.04.1983-24.07.1985]



**KAMALUDDIN AHMED**  
[24.07.1985-19.12.1989]



**JV SHAH**  
[22.01.1990-04.06.1992]



**BM SARIN**  
[04.06.1992-23.05.1998]



**DR. AJIT KUMAR SINGH**  
[22.08.1998-01.08.2007]



**DR. BJENDER SINGH**  
[26.11.2007-30.06.2014] &  
[23.05.2019-PRESENT]



**VR BODA**  
[30.06.2014-22.05.2019]

Source: NAFED archives



The 28th Annual General Body Meeting of NAFED in 1987

It was thanks to The Father of the Nation and his evolved philosophy of life, that we realised the importance of agriculture in our collective national well-being. He realised early on that if the farmers grew and prospered, the nation would too. That they were the bedrock of our future. Deeply moved after seeing the basic and frugal living conditions of the rural folk, despite their massive contribution in meeting the food needs of the entire population, Bapu was convinced that till they collectively organised themselves together as an economic entity, their lives would not improve. And till the last man standing in the human chain of a nation's progress was happy, an independent India would lose much of its meaning.

That thought germinated in the idea of cooperatives in a post-colonial world. It drew inspiration from small grassroots organisations in Western Europe, North America and Japan in the middle of the 19th century. However, it is the Rochdale Pioneers — a group of 28 artisan weavers — who are generally regarded as the prototype of the modern cooperative society and the founders of the Co-operative Movement in 1844. They started out by pooling scarce resources to access basic food items at lower prices and treated

shoppers with honesty, openness and respect, share profits and have a say in business. The first credit union on cooperative model was independently formed in Germany by Friedrich Wilhelm Raiffeisen and Franz Hermann Schultz-Delitsch in 1862.

Rural cooperatives in India emerged out of Gandhiji's vision of a "Gram Swaraj" or rural self-sufficiency that he thought would power social and economic changes in the villages. One of the first propagators of cooperatives, he felt that they "were ideally suited organisations not only for developing village industries but also for promoting group effort by the villagers." Marketing cooperatives, as envisaged by him, would not only help farmers get the right remuneration for their crops and produce but also create vibrant local economies that would prevent rural migration to cities and truly democratise power as intended, by empowering the grassroots. He summarised the depth and potential of farmers' cooperatives in his writings: "We shall not derive the full benefit of agriculture, until we take to cooperative farming. Does it not stand to reason that it is for better for a hundred families in a village to cultivate their lands collectively and divide the income therefrom than to divide the land anyhow into a hundred portions? If farmers, who have small land



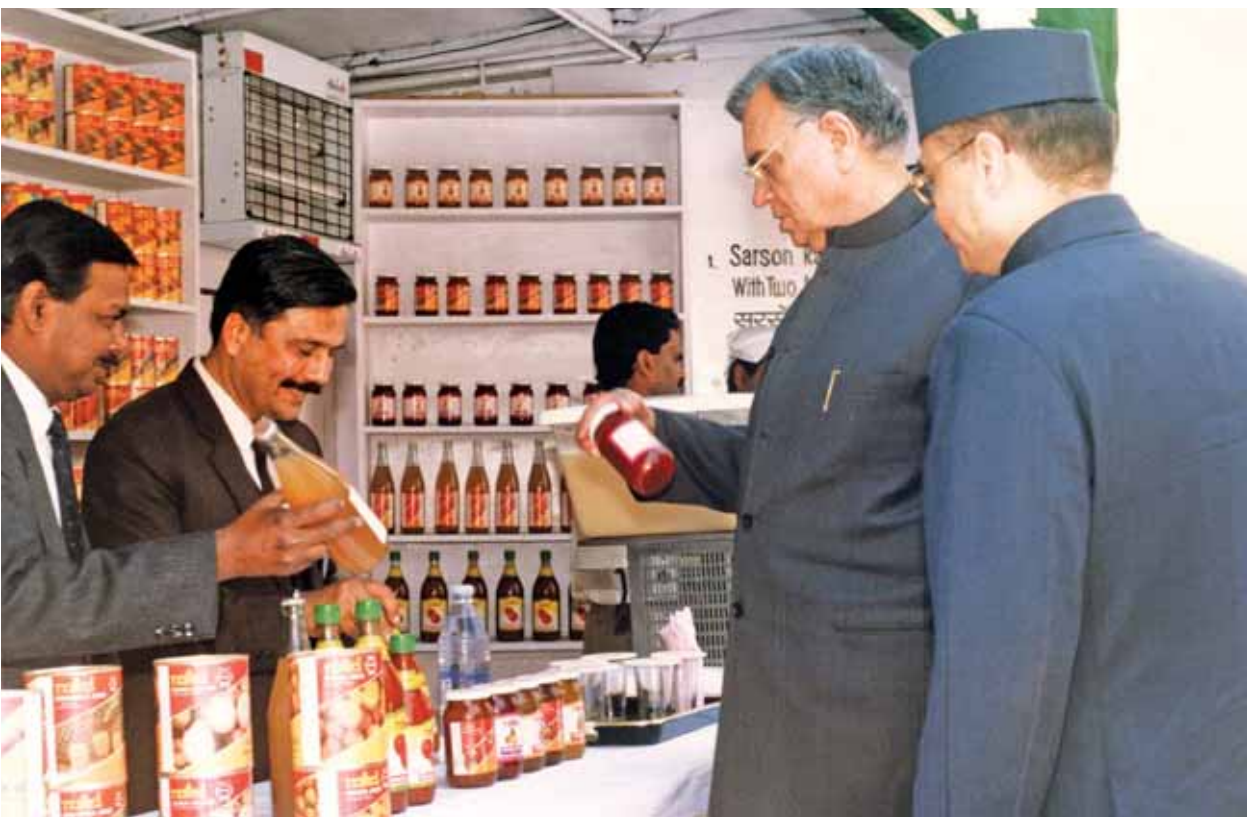


holdings but do not want to cultivate on the cooperative basis in spite of knowing this fact that these holdings cannot give sufficient income, then it is necessary that on the one hand their (small farmers) misunderstandings about cooperative farming may be removed and on the other hand, such programmes/ schemes for joint agriculture cooperative societies may be made so as to attract small farmers towards cooperative farming." Not only that, Gandhiji was sure that the application of science, technology and innovation in a customised manner would impact two of the nation's key sectors, healthcare and farming.

It is against this backdrop that the National Agricultural Cooperative Marketing Federation of India (NAFED), a multi-state federal cooperative society was established on October 2, 1958 Under Bombay Cooperative Societies Act 1925, at present deemed to be registered Under Multi-State Cooperative Societies Act 2002. In line with Gandhiji's vision, the objective of NAFED is to organise, promote and develop marketing, processing and storage of agricultural, horticultural and forest produce. It distributes agricultural machinery, implements and other inputs, undertakes inter-state trade and assists in disseminating technical advice in agricultural production. In other words, it is a coordinator for member-farmers, partners, associates and cooperative marketing, processing and supply societies in India. It acts on behalf of its member institutions and linkages to facilitate procurement, marketing and distribution besides channelising trade, both domestic and international. For this it has a network of branches/sub-offices and other infrastructure all across the country.

NAFED today is part of the International Cooperative Alliance (ICA), which was founded in London on August 19, 1895. It is the apex body representing cooperatives across the world, providing a global voice and forum for knowledge, expertise and coordinated action for and about cooperatives. The ICA works with global and regional governments and organisations to create the legislative environment that allows cooperatives to form and grow. It is also member of Network for the Development of Agricultural Cooperatives (NEDAC).

The job was certainly tough for the officers who took on the role of change-making in the formative years. They tell you how they would have to do several sittings with *sarpanches* and convince them of the efficacy of a cooperative module, often going back to them persistently. Once villagers agreed to organise these cooperatives, the second challenge was about guiding and educating them, particularly helping officers get the financial assistance under



Source: NAFED archives

*Balram Jakhar, former Union Minister for Agriculture, along with the then Chairman of NAFED inspect processed food items which were very popular among consumers*

the various schemes being implemented by the State Governments or secure loans from banks. The next challenge came in the form of sustenance, ensuring that the cooperatives thus organised remained significant after an early start and that they could be reinvented and reformed. But the toughest job was to work out a people connect, where gram panchayats, dedicated social workers, voluntary organisations and community screenings on successful joint agriculture cooperative societies helped convince farmers with small land holdings to cultivate on a cooperative basis.

However, in the end, it is the assurance of a remunerative and stable price environment for growers and farmers that is very important for increasing agricultural production and productivity. To this end, NAFED has been undertaking procurement of oilseeds, pulses, spices, food grains, horticultural and other agricultural produce of farmers all across the country.

With a target to make India self-sufficient in terms of pulses NAFED has undertaken an unprecedented record procurement of oilseeds and pulses under the Price Support Scheme (PSS) and the Price Stabilisation Fund (PSF) through buffer stocks.

These two schemes demonstrate how NAFED has set an example in social entrepreneurship. PSS is for farmers, which is implemented by the Ministry of Agriculture and Farmers' Welfare while the PSF is for consumers, monitored by the Ministry of Consumer Affairs. Under PSS, NAFED buys stocks from farmers at the Minimum Support Price (MSP) fixed by the government. There are 25 notified commodities for which the government has fixed the MSP and NAFED procures 16 of these.

In the backdrop of pulse crisis in 2015-2016 the decision to create buffer stock of pulses was approved. NAFED through its procurement ensured that the targets of buffer are adequately met. This has provided stability to retail prices of pulses in the country thereafter.

Today, in a digital India, the link between the small farmer and NAFED is seamless because an e-portal takes care of procurement, right from registration of farmers to the payment. And because registration follows strict guidelines, like making inclusion contingent upon land records, sowing capacity, soil tests and predicted yields, there is bona fide assessment of eligibility, quality and volumes.

The procurement follows a three tier system. While NAFED is at the head of the pyramid where it functions at the national level directing



Source: NAFED archives

NAFED products have always been kitchen favourites

operations as and when needed. Below them are the State level federations which in turn are fed by district level cooperatives which directly handle procurement from the farmers. The produce is passed on to the State federations and then to NAFED. Similarly while disbursing payment, the federation transfers the money to the State federations which make the payment to the district level federations which pay the farmers through electronic bank transfers. The three-tiered structure works in favour of the farmers as they do not have to travel long distances to sell their produce as the procurement centres are set up close to their villages.

During 2018-19 kharif season, 16.7 lakh million tonne (MT) of pulses and oilseeds valued at around ₹9,225.21 crore have been procured, benefitting around 6.22 lakh farmers. The presence of NAFED in the *mandis*, when the farmer brings his produce for sale, prevents his exploitation at the hands of private traders and middlemen, provides him a ready market and also has a positive psychological impact on the price behaviour in the *mandis*. The procured stocks are liquidated prudently in the market at prevailing rates or supplied to states for welfare schemes. NAFED is

also one of the Central seed production agencies nominated by the government and has been undertaking production of certified seeds and their distribution.

Given the social ramifications of its pivotal role in farm life, NAFED today acts as an insurance agent, transporter, a logistics manager and a buffer during crisis. It used to organise consultancies and helped in manufacture of agricultural machinery and implements, processing and packaging either directly or as joint venture partners.

Because of its three-tier structure, the federation has reached the remotest of places in all states and Union Territories through the apex/state level cooperative federations and primary cooperative marketing societies, who are its members. This vast reach and infrastructure are its main strengths apart from its expertise in procurement and marketing of agricultural commodities. Prime Minister Narendra Modi has announced doubling farm incomes by 2022, a goal pivoted largely around improved crop productivity and intensity, diversification towards high value crops and improvement in real prices received by farmers. Clearly, NAFED is well-placed to spearhead the next agricultural revolution in the country.



# THE 60-YEAR JOURNEY

## CHAPTER 1

The federation has gone through many ups and downs. However, due to its intrinsic strength and the perseverance of its employees, it managed to convert its darkest hour as an opportunity for creating value

Text: Rinku Ghosh and Saimi Sattar

Photo: Pankaj Kumar and NAFED archives





Source: <https://www.aib.edu.au/>

If ever any corporate lesson is to be learnt on turnarounds, of navigating the tides and holding tight through the troughs, then NAFED would be an apt guidebook on how to grow and sustain a business despite severe economic challenges. In a way, the story of NAFED mirrors the story of India, from early dreams and ambitions, aggressive growth plans, transiting the assurance of a protected and hand-held environment to matching the competitive edge of a globalised world, and then reclaiming and even reinventing its relevance. What makes the transformation even more unique is that when NAFED was established, it worked within the parameters of defined objectives and a socialist economy. So post-liberalisation, it was cast at the deep end of the ocean but survived simply by breaking moulds whose cracks it knew and evolving its own strategies, even while falling along the way.

### GOOD DAYS – MONOPOLY [1958-1991]

The sprightly man sits up ramrod straight. He looks frail but there is no mistaking the firm demeanour, his work ethics seared permanently in his being. BT Mooken is sitting in the office of the General Manager at NAFED's Ashram building and looking back on the more than three decades that he spent at the organisation. Fondly, in the glow of nostalgia. Objectively, as a true nurturer should. Hopefully, as he and the early pioneers have bequeathed a legacy that has transformed the agriculture sector in India. "This was the very office that I used to sit in but it is much nicer now, of course," he says with a laugh and then adds, "I joined as a clerk in 1969 when KK Verma was the MD, then rose through the ranks to become a general manager. I retired in 2004 and continued for two more years as a consultant."

His memory is sharp as ever. He can name the different offices that the organisation has had, down to their postal addresses. "We started out at Ajmeri Gate, which was registered on October 2, 1958. Then the office moved to West Patel Nagar, after which it went to E-11 Defence Colony, then D-44 South Ex Part II and shifted to the next lane at M11 in the same area. It got transferred once more to Sapna Cinema complex before finally having its permanent building at Ashram. I saw this place come up," he says with pride.

Mooken remembers that when he joined as a 22-year-old, his entry number was 95. "We had only six branches when I joined – Kolkata (then Calcutta) Chennai (then Madras), Mumbai (then Bombay), Delhi, Tuticorin and Navgaon. There are branches in



Source: NAFED archives



The various products that the federation has had over the years include juices, pickles, jams and more

every State now and even two in some like Kochi and Calicut in Kerala, Bhopal and Indore in Madhya Pradesh (MP), Nasik, Pune and Mumbai in Maharashtra. There were around 60-70 people throughout India when I joined. The number gradually increased to 1,100," he says.

However, some things remain the same. Even in its early years, NAFED had a chain of cooperatives. The procurement took place through primary level ones and was sent to the State-level federations. It also distributed seeds. "When I came in, there was something called the Pusa Sawani Bhindi seed and I wondered what it was. These were developed at the The Indian Agricultural Research Institute (IARI), Pusa and we distributed them to the farmers," says he. Up to 1966, there weren't too many exports, but from 1967-68 the federation started exporting *masoor* (lentils), *moong* (green gram) and *urad* (black gram lentils) to Sri Lanka, Mauritius, Malaysia, Singapore and some European countries. "There were Indians who were working there and that is why we started the operations." At about the same time, the export of onions also started.

The organisation often picked up seasonal work, like buying apples from Kashmir and Himachal Pradesh, spices from Kerala, Andhra Pradesh and Gujarat and selling them in the market. Mooken

recalls an officer called Sahib Singh Chandan, who looked after horticulture and brought about a major change in the lives of the apple farmers during 1970s. "In Azadpur *mandi*, there was a system called *hatha* for selling apples and other produce. The middleman and the trader would hold hands, cover them with a towel and settle the rates with their fingers. The farmers would not come to know what was happening or the rate at which their produce was being sold. Chandan and the management decided that this cartel had to be broken. So NAFED started open auctions as the avowed aim of the organisation is to work in the interest of the farmers. Then we established our selling centre in the *mandi*." Subsequently a cold storage was set up at Lawrence Road in 1973. "During season, there was a glut and the prices fell. So if the apples were stored and sold during off-season, they would fetch a better price," says Mooken. That's how a second cold storage was established in Vashi.

The Navgaon centre was established to buy jute in 1967. NAFED was a pioneer in procuring raw jute and supplying it to gunny bags manufacturers which helped the growers. The Navgaon branch was later transferred to Guwahati in 1970.

"In the 1960s, the Agriculture Machinery Division was started by

Assistant Manager, ML Ilwadia. He started small-scale import of tractors from German Democratic Republic or what was popularly called East Germany. The first consignment was of five tractors and then 250 the following year," says Mookan.

This was an era where NAFED was dealing with agencies to implement various schemes of the Government related to exports and Price Support Schemes (PSS). There was a fair bit of innovation too. Manager LK Batra, who had joined NAFED in 1982, says how through the 1980s, NAFED imported combine harvesters from Germany for 10-12 years to facilitate a seamless process chain for farmers. NAFED was the first organisation to import these tractors. "These were given to the farmers on custom cutting bases. During the harvesting season, our people would go and operate these. These can harvest and thresh simultaneously. Subsequently, these began to be made in India, especially in Punjab," says Mookan.

"Then we imported original parts for the machines that were already

in the country. I joined in 1982 when the first consignment of the combine harvesters from East Germany had reached us. We sold these to farmers. The machines were expensive, about a lakh, which in today's terms is about a crore. We also bought engines from Ashok Leyland, which became one of our main activities. About 50 per cent of the entire workforce of NAFED was engaged in this. This, along with tractors, became one of our major businesses. We did not set up a manufacturing unit for tractors. We were buying from HMT and supplied the tractors to institutions like Indian Agriculture Research Institute (IARI). These were bulk buys, where we sold 30 or 50 tractors at one go. This lasted till 1995. Then we stopped this business as it was no longer profitable and we were spending more than we were earning," says Batra.

In the 1970s, the government asked NAFED to transport and distribute foodgrains throughout the country. The Civil Supplies Corporation, State Departments and Food Corporation of India (FCI) were

*The export of niger seeds brought a windfall to the federation*

Source: kennedywildbirdfood.co.uk



**EVERYONE WAS DIVERTED FOR THE PROCUREMENT OF POTATOES FOR EXPORT TO GERMANY. THIS WAS THE SPECIALITY OF OUR ORGANISATION DURING THOSE DAYS. THERE WERE ONLY A FEW PEOPLE AND IRRESPECTIVE OF WHERE THEY WERE POSTED, THEY PITCHED IN. SO I WENT TO RAMPUR FOR THE PROCUREMENT'**

**— BT MOOKAN,  
EX GENERAL MANAGER**





*In 1975, potatoes were exported to Germany*

involved in the trade. “We had to supervise the movement of about seven lakh MT of stocks. It was a big job and we got service charge for it while the profits went to the FCI and State Civil Supply Agency. We would supervise at the time of delivery and loading to warehouse,” says Mooken.

A challenging assignment came up in 1975 when the potato harvest failed in Germany and it being a staple root vegetable in the country, it sought help for supplies from around the world. Self-motivated officials at NAFED convinced the Germans that they would send a quality consignment. They identified farmers and the matured crops of a potato, which was locally called Chandramukhi. Mooken says, “This particular potato was procured, graded, packed, AGMARK certified and rushed to Mumbai and from there it set sail in an AC vessel to Germany. In this special operation, about 50,000 MT of potato were exported. The operation was looked after by GK Sharma, who went to become MD of NAFED.

Mooken, who became the Branch Manager of Ahmedabad in 1990, was posted at the head office at that time in the oilseeds division. But he points out, “Everyone was diverted for the

procurement. This was the speciality of our organisation during those days. There were only a few people and irrespective of where they were posted, they pitched in. So I went to Rampur for the procurement.”

NAFED was involved in the export of niger seeds in 1978. When Mooken went to the Ministry of Civil Supplies, he met Assistant Director, Vinod Rai, who later became the Comptroller and Auditor General (CAG). “He handed me a letter and told me that this paper is gold and we should do this. I hadn’t heard the name niger seed till then. I researched on the commodity and came to know that it was a tribal produce mainly grown in Odisha, Bihar, Madhya Pradesh, Chhattisgarh and some parts of Andhra Pradesh. It is used as bird feed in Europe and America and fetches 150 per cent profit. That is when I understood what Rai was saying. We worked with the Tribal Development Corporations in the states which predated The Tribal Cooperative Marketing Development Federation of India (TRIFED). We sent 5,000 MT in the first year. This continued for a long time till private agencies stepped in after liberalisation of economy in 1990s,” says Mooken.

In the same year, NAFED exported hand-picked selected (HPS)



Source: <https://www.seriousseats.com/>

groundnut. The first consignment of 50,000 MT was sent to Europe, USSR and US. “We procured the yield from the farmers, processed and shelled them at private or cooperative mills and employed women to hand-pick and select the best. This operation started in 1978-79 and went on till 1984,” says Mookan. As for sesame seeds, he adds, “In 1978, we sent 50,000 MT, which sort of became a benchmark in the following years. But for two subsequent years, the harvest was bad and the prices shot up in the domestic market. The Ministry told us to hold the export. The lesson that we learnt from this was that we could not commit before the harvest as agricultural produce is subject to the vagaries of nature.”

In 1979-80, the reverse happened in the case of groundnut. NAFED had purchased 13,000 MT of groundnut and oil as buffer, which were to be released in the market whenever price went up for domestic consumers. “The market did not go up and the stock was lying with us. It could turn rancid any time. We convinced the government and got special sanction to export oil to Europe. Those were the days when the export of edible oil was not allowed,” says Mookan.

NAFED further helped farmers in another experimental crop in an

*(Above): In 1978 the organisation exported 50,000 MT of sesame seeds  
(Below): The oil extracted from groundnut was stored as buffer to be released in the market whenever prices rose*



Source: <https://commons.wikimedia.org/>

altogether different way. When kinnow started being grown in Punjab, Haryana and Rajasthan, it had a shelf life of 15 days. “NAFED was asked to establish a grading and waxing factory at Maujgarh, Punjab. The factory came up in 1992 and the post-harvest treatment of kinnows at this unit increased the shelf life of the fruit by up to two months. Other similar plants came up and the crop is now quite popular,” says Mooken. Kinnow was exported to the Gulf countries and Far East.

NAFED’s diversified role included working in cotton as part of a joint venture with MARKFED, HAFED, Gujarat State Agency and the Maharashtra Cotton Federation. It procured cotton from farmers, got the ginning done by private and cooperative mills and pressed it into bales. This was sold to cotton mills all over India. This operation took place from 1980 to the early 90s.

In the 1980s, NAFED started procuring spices, particularly black pepper, dry ginger and cardamom from Kerala and cumin and fennel from Gujarat. These were sold in the open market and also exported.

In 1988, the poultry industry in Tamil Nadu, Maharashtra and Andhra Pradesh was facing a problem in getting chicken feed. “We had a discussion with USA who gifted 5,00,000 MT of maize to India. We were told that we had to use US ships for transporting it. The maize was surplus for them. It was sold at cost and distributed throughout,” says Mooken.

Make in India may be a mantra now but back then NAFED had already experimented with innovations though all of them weren’t always economical. The Nafed Krishi Yantra Udyog in Bhiwadi became operational in 1984. It was an agricultural implements manufacturing unit and sold inputs like engines, tyres, tubes and disc harrow machinery. The manufactured parts were stored at NAFED’s complex at Lawrence Road in New Delhi.

During the 1980s, NAFED imported combined harvesters from Germany for 10-12 years



Source: <https://kvk.icar.gov.in/>

Since NAFED was formed with the avowed aim of supporting the farmers, one of its interventions was the Price Support Scheme (PSS). This was essential given nature's cyclical ways and the resultant good and bad years. Yet assurance of a remunerative and stable price environment for growers/farmers is very important for enhancing agricultural production and productivity. The market price for crops many times tends to be unstable and volatile, which may result in undue losses to the growers and discourage adoption of modern technology and required inputs. The Government's price policy for agricultural commodities seeks to ensure remunerative prices to growers and safeguard the interest of consumers by making supplies available at reasonable prices. The price policy also seeks to evolve a balanced and integrated price structure through an overall perspective of the economy.

The PSS operation, was launched in 1976-77 with procurement of groundnut and soyabean, the kharif crops and was followed up with mustard seed, a rabi crop. "In the first year of operations, the procurement was not much as the market rate and support price were almost at same level. However, with entry of NAFED in the market, the prices stabilised and even went up slightly without any physical procurement, thus helping the farmers," says Mooken. This was especially true of soyabean. The maiden production of soyabean in 1976-77, was one lakh MT which has now gone up to 114.832 lakh MT in 2018. "There were no takers for it in the first year and NAFED procured 70,000 MT soyabean. The seed has only 18 per cent oil content and is mainly used for meal purpose. Moreover, this was black soyabean which is difficult to dispose. We dehusked the black particles and then processed them in five mills in Madhya Pradesh."

Even after it was processed, it could not be sold for 18 months. Still NAFED did not relent. Its staff processed it, exported the meal and sold the oil in the domestic market to the *vanaspati* industry. "In that particular operation, we suffered a loss of ₹2.2 crore. NAFED was working under the Directorate of Vanaspati and Vegetable Oils. We submitted our records and wanted reimbursement. This particular dispute went on till 2003. I was a clerk when we began procurements and had become a manager by the time the dispute was settled. We won the case. But the important point here is that had we not procured it in the first year, what would have been the future of soyabean in the country? The farmers got a boost to grow this crop in Rajasthan, Maharashtra, Madhya Pradesh, Uttar Pradesh and Rajasthan," he says.

The PSS was started with groundnut, soyabean and sunflower seeds and was subsequently extended to mustard, sesame, niger seeds, safflower seeds and copra. Except for the non-edible oil seeds – castor and linseed – the rest were under PSS. Safflower was grown in Maharashtra, Gujarat and Karnataka.

There was a glut in Kerala in 1986 and under PSS, NAFED bought 1,00,000 MT of copra. "It is semi-perishable, gets rancid quickly and has to be sold immediately. But it yields 60-70 per cent of oil. We engaged 25 mills in Kerala and some in Tamil Nadu as well to extract oil," says Mooken. In 2000-2005, NAFED picked up 20 lakh MT of mustard seeds and engaged a large number of raw grade (*kachi ghani*)/expeller oil mills for processing of seeds. "A daily auction took place where the branches got the offer and forwarded it to the head office which decided the rate and conveyed it to the branches by noon," says Mooken.

The Government announces Minimum Support Prices (MSP) for 25 major agricultural commodities each year in both crop seasons after taking into account the recommendations of the Commission for Agricultural Costs

## PRICE SUPPORT SCHEME [1975]



There are 16 commodities that are procured under Price Support Scheme (PSS)



and Prices (CACP). Of these, 16, including *arhar*, *moong*, *urad*, groundnut, soyabean (yellow), sunflower seed, sesame, niger seed, cotton, gram, *masoor* (lentil), rapeseed/mustard seed, safflower, dehusked coconut, *toria* and *copra*, are procured by NAFED. A fair and remunerative price (FRP) is fixed for sugarcane.

The MSP is fixed after determining the cost of cultivation/production and includes all paid expenses like hiring human labour, bullock labour/machine labour, paying rent on land leases, spending on material inputs like seeds, fertilisers, manure and irrigation charges. Besides, cost of production also includes the wages of family labour and rent for owned land. The cost also covers depreciation of farm machinery and buildings, transportation and insurance charges. As such, the cost of production covers not only actual expenses in cash and kind but also the value of owned assets, land and family labour.

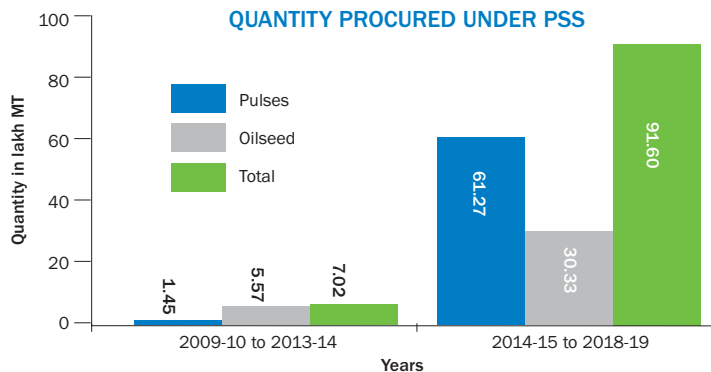
The core business of NAFED is procurement and marketing of agricultural commodities under the Price Support Scheme (PSS). Experience in implementing the PSS over the years has shown the necessity to prepare comprehensive guidelines for its effective implementation and ensure that the farmers are benefitted. It intends to formalise a system that can guarantee efficient marketing, development of non-traditional/new markets, processing of agricultural produce for value addition and sales through network of retail points.

Though in operation since 1975-76, PSS guidelines were formulated only in 2014. Explaining the need for laying them down, Additional Managing Director (AMD) Sunil Kumar Singh says, "Instances arose when during the non-harvest period, NAFED was expected to implement the PSS scheme. Further during 2010-11, the government had restricted the reimbursement of losses to 15 per cent of the procurement cost. NAFED found it difficult to operate the scheme since on many occasions the difference between the market price and MSP remained over 15 per cent, thereby guaranteeing a definite loss. As a result, the procurement did not happen for three crop seasons. Farmers suffered. Therefore, we continued to pursue with the Department of Agriculture to restore the full reimbursement of losses. Things were not moving till the then Agriculture secretary PK Basu, during one of the inter-state conferences on PSS held at NAFED head office, appreciated our reasons of request. We were directed to submit exhaustive details of the previous 15 to 20 years to further justify our request. We remained in office for three consecutive days to prepare our argument. Soon the restoration of full reimbursement of losses in PSS was approved and NAFED resumed procurement. Later on, the federation introduced the 90 days procurement window for PSS purchasers to ensure that its benefits were availed only by the genuine farmers."

Further improvements were introduced. He says, "PSS agreements were overhauled, quality checks of the procurement were introduced, tracking of the purchases through codes on the gunny bags was implemented and payment system was also attempted to be streamlined. The online disposal system was introduced."

In later years, the PSS procurement and disposal system was further strengthened. The sovereign guarantee was enhanced from ₹1,631 crore to ₹42,500 crore to support the record procurement of oilseeds and pulses. During the last five years (2014-2019) the benefit of PSS has reached 52.93 lakh farmers as NAFED has made voluminous procurement of around 91.60 lakh MT of oilseeds and pulses valuing around ₹43,000 crore under PSS.

QUANTITY PROCURED UNDER PSS



## POST LIBERALISATION CHALLENGES [1991-2003]

The scope of adventurism changed with globalisation, market liberalisation and the trade opening up post 1991. How did that affect the working of institutions like NAFED? Be it domestic or international trade, NAFED had to adjust itself to market forces while keeping the interests of farmers uppermost. The river was changing its course.

The nation faced a major crisis of onions in the year 1998. Till then, NAFED was the sole canalising agency for the export of onions. Post this

crisis, it was decentralised. This badly hit the income of NAFED from issuance of NOC for export of onions.

The federation was also the sole agency in India for export of niger seeds and safflower seeds. A considerable quantity of these commodities was exported to Europe and US as bird feed. NAFED had monopoly status as a government exporting agency for destinations like Sri Lanka and Mauritius. Pulses, horticulture produces, spices etc were exported to these countries as well as Gulf and Far East destinations. Post-economic liberalisation, NAFED faced major challenges from private exporters to maintain its monopoly.

*The federation is the procurement agency for export of spices and safflower seeds*

Source: <https://www.thebetterindia.com/>





Source: <https://shinkafa.com/>

The organisation started exploring alternative avenues of business. The PSS operations were purely dictated by market forces. The procurement took place only when market was recessive below MSP. The negative impact of changing policy of canalising of onion had hit it hard. Despite handsome procurement of soyabean under PSS in 2001, the financial statement of the organisation needed a boost. Then came a suggestion for NAFED's top brass to undertake the tie-up business. It was tom-tommed as the saviour of the organisation, citing parallels with the business being undertaken by Government of India undertakings like State

Trading Corporation (STC), Minerals and Metal Corporation (MMTC) and Projects and Equipment Corporation of India (PEC). Without understanding the nuances of the business, NAFED misadventured. New untested ideas were floated and experimented with. Systems and procedures for undertaking the business, even if formulated, were grossly violated. The due procedure for selection of business associates was not followed. The federation showed least resistance, unmonitored credits flowed in from banks and moved out to the doubtful business associates without collaterals. All in guise of the new "tie-up business as a saviour."



Source: <https://www.entrepreneur.com/>

## FINANCIAL CRISIS & REVIVAL [2003-2016]

The years between 2003 and 2005 saw a blossoming tie-up business. The banks continued heavy lending to NAFED. Sixty-two parties availed the unmonitored credits sanctioned to it. The business income projections were inflated. The organisation believed that the “good days” had arrived. However, the reality proved otherwise. Soon the organisation plunged into financial crisis, with tie-up parties defaulting on repayment schedule and banks seeking repayment of loan and servicing of interest. NAFED failed to honour its obligations to the banks, so the financial crisis.

Of the crisis days and the struggle for revival, AMD, Sunil Kumar Singh recalls that the organisation had ventured into the new area of tie-up business against the backdrop of declining business incomes from PSS operations and NOC of onion export. This vertical was looked after by senior officers who were on deputation along with a few consultants specially engaged to handle this business. During 2003-05, the organisation went on a borrowing spree to provide funds to private parties for this new business. On the other hand, the banks, too, lent without much scrutiny while the parties borrowed without collateral security from NAFED. An impression gained ground within the

organisation that the new business would bring sufficient income for the federation.

However, the dream run hit the speed-breaker when during a news telecast on Doordarshan in 2005, serious aspersions were cast on the way the tie-up business was being conducted in the federation. This alerted both the organisation and the lender banks. A flurry of activity to turn things around followed. Review meetings were held and it emerged that many of the 62 parties who had borrowed from NAFED had not provided adequate collaterals. It was also observed that the business was conducted in gross violation of the procedures of the federation and also the Memorandum of Understanding (MoU) signed with the parties.

Following the news report and subsequent findings, the federation swung into action immediately to contain panic. It followed up with the borrowing parties for repayment and asked the defaulting ones to provide adequate securities against the borrowings made by them. The organisation succeeded in recovering a substantial part of the lending but 29 parties did not pay up. Enquiries followed and the federation initiated criminal and legal action against the parties as well as its own erring employees.



Not surprisingly, the tie-up business was gradually discontinued. Appropriate court orders attached the assets and securities of defaulting parties. But the fight did not end there as legal cases multiplied. So the organisation faced a dual challenge – that of recovering dues from the defaulting parties and of regularly paying the interest on borrowed amount to the lender banks. It was a tough phase but the federation survived in spite of its burgeoning interest liability. To cut down on its liabilities, severe austerity measures were implemented with Voluntary Retirement Scheme (VRS), no recruitment, promotion or pay increment. However, the employees stood by the federation, confident of its resurgence.

First, it was suggested that the disposal of the organisation's properties and settlement with the banks was the only option. Borrowing from banks was not possible anymore because there was mounting debt which had to be serviced and the bankers were aware of the irregularities which had happened in the organisation. Still, given NAFED's primacy, it could arrange to revolve the outstanding loans with accrued interest. Matters came to a head in 2011-12 when thinking minds decided that there was no saving the soul if the body decayed.

Therefore, the banks were categorically informed of the federation's inability to further service the interest. Now, it was open admission of the prevailing financial crunch. As expected, the lender banks initiated legal action against NAFED which continued fighting its cases in the Debt Recovery Tribunals and its Appellate Authority against the eight lender banks, who had released funds assuming a bubble of security around the federation. Recalling those days, Singh said, "We were on the edge of the precipice because of unmonitored credit lines."

The crisis deepened so much that it was contemplated whether it would be best to sell off the properties of NAFED to clear the bank dues. OSD to the Chairman, DK Gulati, who was also given the charge of Personnel and Administration Divisions of NAFED for a brief period, recalls that he was assigned the duty of showing the headquarters at Ashram to NBCC officers who had expressed their willingness to buy the same. He recalls, "Saturday being a holiday was considered the appropriate time for this. I did take this job as my routine official duty and reached NAFED House 15 minutes before the NBCC officials were supposed to arrive. Although I was doing my job, I became sentimental. The feeling of losing NAFED House, where all of us had worked together

Source: <https://www.thebalance.com/>



for so long, loomed large in my mind and brought tears to my eyes which I hid from the NBCC team with great difficulty. Even though the federation has emerged from the difficult times and is in the process of regaining its past glory, remembering that day still makes me sad.”

Meanwhile, officials continued their efforts with the government to rehabilitate NAFED. Singh, who was at the forefront of the negotiation, says, “The federation approached the Government for its financial bailout. Several proposals were submitted and parleys of meetings held at different levels. SBI Caps was hired to formulate the rehabilitation proposal which could not be agreed upon by the Government of India then. Efforts continued.”

A major decision was taken by the Department of Agriculture, Cooperation & Farmers’ Welfare (DAC&FW) on August 5, 2015, to constitute a committee under the Chairmanship of Additional Secretary & Financial Advisor, DAC&FW along with Joint Secretaries of Expenditure, Ministry of Finance, Banking, Department of Financial Services, Cooperation, DAC&FW and Managing Director, NAFED to explore the possibility of revival of the federation.

Says Singh, “The Committee had a series of meetings. An eventful one on September 15, 2015 was chaired by the then Finance

Minister, late Arun Jaitley, during which the proposal of financial revival of the federation was broadly agreed upon that gave a new positive direction to the revival proposal of federation. Efforts continued and hopes remained.”

On January 27, 2016, the constituted committee had a marathon discussion and negotiation with the representatives of the eight lender banks at Krishi Bhawan, New Delhi. Ultimately, it was decided that the banks would consider a one-time settlement where NAFED would pay ₹478 crore along with handing over the auction rights of one of the properties of a tie-up defaulter party in Mega Malls at Andheri, Mumbai, which the federation had got from the arbitration award of Justice (Retd.) B N Krishna on “as is where is” condition. NAFED forwarded this proposal to the lender banks immediately the same day.

The road ahead was still not completely smooth. As Singh says, “The management of the lender banks had to be convinced individually so we personally contacted the senior management and followed up regularly. We requested the DAC&FW to complete the formality of mortgaging NAFED’s properties and releasing the money to the lender banks. There were many obstacles in the interpretation of Multi State Cooperative Societies Act (MSCS) for providing Government financial

*The one-time settlement signed with the bank was the first step towards the turnaround of the federation*



support to NAFED which had been agreed upon in the January 2016 meeting. However, the federation and its employees were persistent in following up with the different departments. Ultimately, the Department of Legal Affairs, Ministry of Law & Justice, concurred with the views of then Solicitor General of India for providing financial support to NAFED as per the MSCS Act.”

Supported by the interpretation and decision of Ministry of Law & Justice, the DAC&FW made fresh efforts for an early release of ₹478 crore to the lender banks. A delegation led by the then Chairman, NAFED, and senior Directors called on the Prime Minister to apprise him about the financial revival proposal pending at DAC&FW and sought his intervention and support for the organisation.

The saying, “Lady luck smiles on the brave,” proved true for NAFED. Says Singh, “In the middle of 2015, the prices of pulses had started increasing.” Sensing a business opportunity for the federation and a chance to serve the nation, Singh made a proposal for creation of buffer stock of pulses for controlling the spiralling prices of pulses. It was forwarded to the Government. Initially the proposal was for creation of five lakh MT, later on raised to 20 lakh MT. This was a godsend opportunity for NAFED to prove its efficiency and also earn handsome administrative charges, which proved critical for one time settlement with the banks. The federation notched up record procurements of oilseeds and pulses under PSS that helped the federation as well the farmers. The Government appreciated the efforts of NAFED in providing remunerative prices to the farmers under PSS and for building the required buffer stock of pulses.

While talking of the core business activities of NAFED during the tough period of 2003-2016, Singh adds, “The federation sustained itself on the regular business income from PSS, outright purchases, seed and bio-fertilisers, procurement of food grains as a State agency, import of pulses and edible oil on behalf of Government of India, income

from issuance of NOC for onion, international trade and so on. Generally, the organisation could meet its administrative expenses from the business activities. However, due to an increasing huge annual interest liability on the borrowed loans for tie-up business, the organisation was reporting losses. It was the sheer grit, determination and hope of the employees and management that the federation maintained itself.”

During these difficult days also, the federation made record procurements of mustard seed, gram and cotton, which provided sustenance to the organisation and ensured that it remained relevant as the central nodal agency of the Government for PSS and all other business activities.

A meeting was held on December 27, 2017, at PMO to review the status of financial revival of NAFED. It was then that a concrete roadmap was drawn. It was decided that ₹220 crore would be paid by NAFED in phases to the lender banks while its property located at Lawrence Road Industrial Area, New Delhi, valued at ₹254 crore, would be transferred to the Central Bank of India on its behalf and that of the other lender banks. The shortfall of ₹4 crore was to be released by Government of India directly to the banks. This would satisfy the terms of the settlement made on January 27, 2016. The one time settlement was signed by Singh on March 27, 2018 with the lender banks in presence of NAFED’s Board of Directors.

On April 27, 2018, the federation organised a thanksgiving function at the Ambedkar International Centre, 15, Janpath, New Delhi, in honour of all who provided for unstinted support and guidance in making the OTS a reality, bringing a new dawn for the organisation.

A ray of fresh hope, energy and enthusiasm flowed through the organisation. Yet the battle-hardened officers took a solemn pledge not to repeat “what had happened.” And that alone will keep NAFED a part of the India story.



**‘THE EFFORTS OF FINANCIAL REVIVAL OF THE FEDERATION OVER THE YEARS CULMINATED WITH THE SIGNING OF OTS DOCUMENTS ON MARCH 27, 2018. THE LENDER BANKS, PMO, GOVERNMENT OF INDIA, NAFED’S BOARD OF DIRECTORS, MD & THE EMPLOYEES MADE IT POSSIBLE’**

**— SUNIL KUMAR SINGH,  
ADDITIONAL MANAGING  
DIRECTOR**



Source: <https://www.laleggepertutti.it/>

## CONSOLIDATION ERA [2016 ONWARDS]

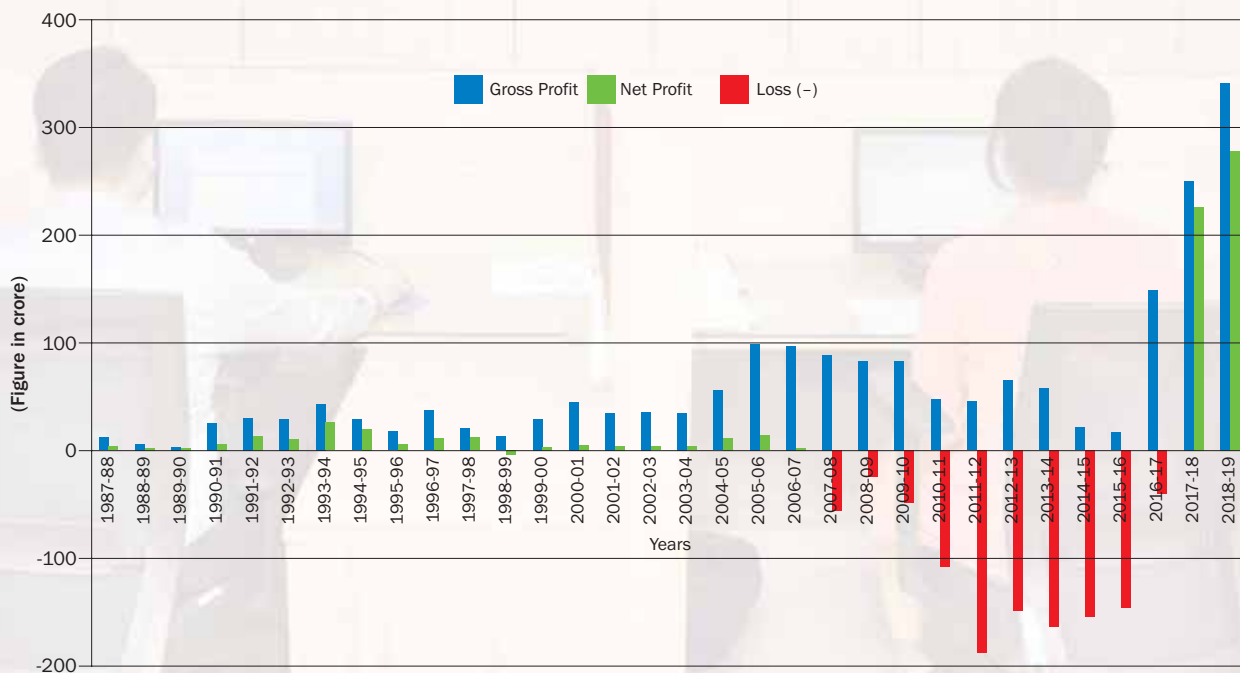
In 2016, NAFED got the responsibility of procurement of pulses, both for PSS and buffer stock. The federation laboured hard in the changed business environment but it did have the added support of the government. The prices of oilseeds were also prevailing below Minimum Support Price. The aim before NAFED was to achieve the targets set by the government for procurement, despite the hurdles and obstacles it was facing. The organisation rose to meet the challenge for making record procurements, both of oilseeds and pulses. With minimum staff strength, the organisation delivered the unthinkable. It emerged as the dominant agency, procuring almost 95 per cent volume of oilseeds and pulses on behalf of the government. This re-established NAFED's relevance. It reinforced its position as the apex cooperative marketing body for implementation of PSS/PSF.

Similarly, it is working on building a buffer of reserves across commodities under PSF. Besides pulses, the federation is maintaining buffer stock of onion as per the direction of the government for distribution to the states or release to the market to stabilise the retail rate, when required. Besides strengthening the existing business of seeds and bio fertilisers, procurement of foodgrains as state agency, international trade, consumer marketing, jute products, outright

purchases, warehousing and infrastructure development, horticulture and more, NAFED has new business verticals of organic farming, agri waste management, institutional supply of pulses, implementation of TOP scheme and National Animal Disease Control Programme (NADCP) and so on.

Exhibiting utmost trust on federation's efficiency, the government directed NAFED to plan the procurement of apples from the farmers of the Union Territory of Jammu and Kashmir in September 2019 at breakneck speed. Says Singh, "The MD returned from one of the high-level meetings and informed us that NAFED has been directed to plan the procurement of apple in Jammu and Kashmir. I was tasked to prepare the proposal within 24 hours for submission to the government. We hardly had any knowledge of apple procurement, a different subject from pulses, oilseeds and onions. However, I was able to draw the proposal by working late in the night and forwarding the proposal at 2.30 am. The Ministry was also burning the midnight oil. The approval came in the intervening night of September 9 and 10. I was on the first flight to Srinagar on September 10 itself to plan out the procurement and pricing. The inauguration of the scheme was made by the then Jammu and Kashmir Governor on September 12 and the purchases commenced from September 16 at four *mandis* of Jammu and Kashmir." This proves the tenacity and strength of the organisation.

## GROSS PROFIT AND NET PROFIT POSITION OF NAFED FROM 1987-88 TO 2018-19



The assignment for implementation of National Animal Disease control Programme (NADCP) is also a recognition of NAFED's abilities in changing times. The MD announced this assignment for which he had been working for long at one of the senior officers' meeting.

Now there is an independent vertical of organic food. The attempt is to play an active role for linking of small and marginal farmers growing organic food to the niche market. This linkage, without intermediaries, may fetch higher prices for the farmers, encouraging them to grow more organic food better for human health. In a way, the objective of doubling farmers' income in the shortest possible time will be fulfilled by such interventions by NAFED. To create additional market for its large number of organic products, sale through NAFED bazaars and online platforms like Amazon is being arranged.

Come winter, the news headlines in Delhi are all about the heightened pollution level and poor quality of air. People are seen wearing masks. After several discussions in-house and with organisations like TERI, NAFED decided to take up the responsibility of setting up plants to manage the problem of agri waste and stubble burning. It plans to convert

bio-waste into CNG, serving the dual purpose of managing the waste and increased earning for the farmer while helping the nation in keeping the promise made at the Paris climate negotiations for reduction of carbon footprint. Besides the agro waste, plants for managing municipal waste are being set up in Jammu, Ahmedabad and Cuttack.

Not only limited to business activities, many changes are being brought in for systemic improvement in the institution's day-to-day functioning. Tally package and online reporting, concurrent audit, regular officers and staff meetings, video conferences for business reviews with the branches, timely submission of accounts to the Ministry, and staff training have been introduced/strengthened to improve the working of the federation. Qualified and trained manpower has been recruited. The investments for purchase of office space for branches are being made. The headquarters and most of the branches have been renovated to have the best working environment for the workforce. Exposure to international seminars/conferences/trainings are being organised for staff and officers, irrespective of their seniority. The story of a Resurgent NAFED has begun...

# RISE OF THE PH



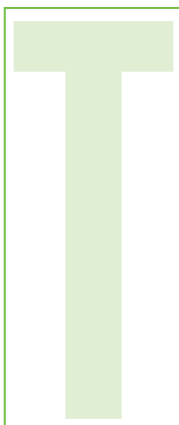
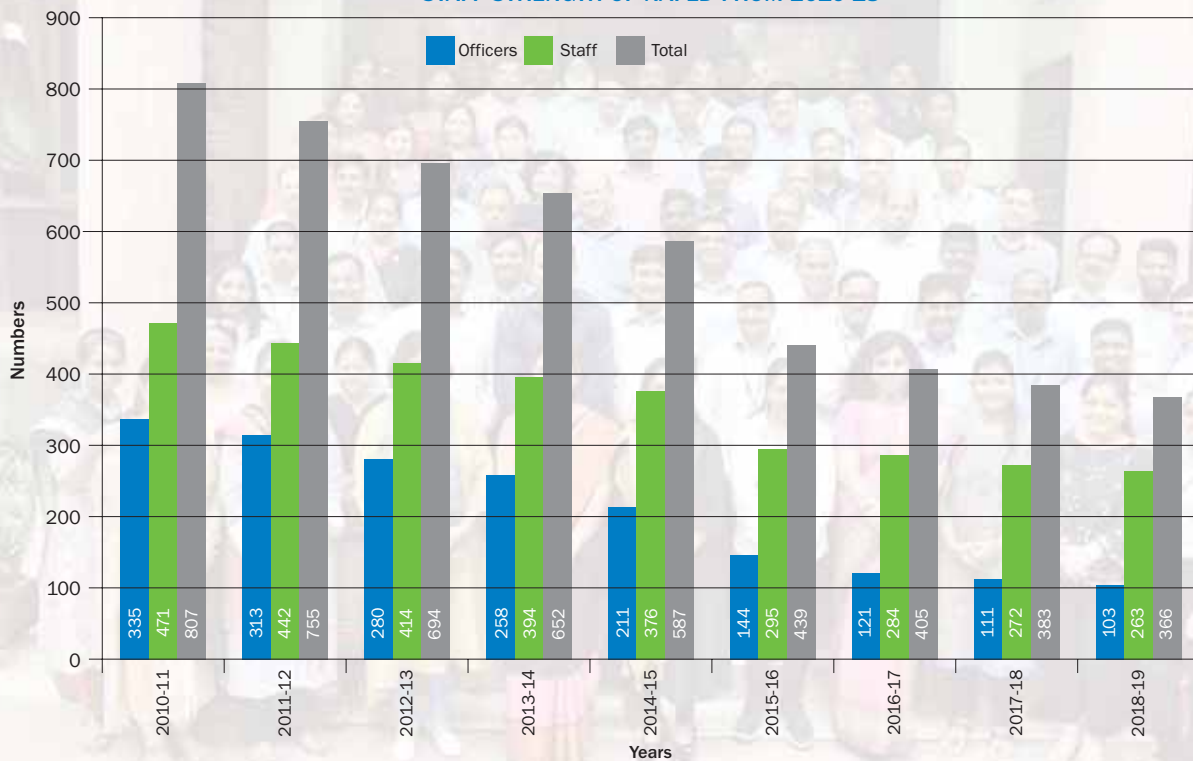


True leadership, building on core strengths, farsighted actions with a human touch and most importantly self-belief and positive thinking have made NAFED one of the greatest turnaround stories in India

Text: Rinku Ghosh and Saimi Sattar Photo: Pankaj Kumar



### STAFF STRENGTH OF NAFED FROM 2010-18



here are successful organisations, robust survivors and clutter-breaking start-ups in the Indian economy today. But rarely would you find an organisation that straddles all three categories, that too a public institution, and redefines corporate mantras. NAFED has done that and scripted its Mission Impossible story, primarily because it made its own people crusaders for saving the organisation and didn't disown its faults but considered them as opportunities to learn important lessons. Most importantly, it didn't let years of failure stop it but give it the jolt it needed to succeed.

Of course, there was a humane and bold leadership, one which helped the workforce believe in themselves. Sanjeev Kumar Chadha, an

Indian Forest Service Officer of the 1989 batch was appointed as Managing Director by the Government of India in June 2016. An able administrator, he was tasked with an unenviable goal of rescuing a sinking ship. "When I joined the organisation, I had not heard its name. When I was told of my posting here, I was working at the Defence Ministry where I asked my office staff to get the annual report of NAFED. They downloaded it and told me that it worked in the agricultural sector. Even during my previous posting, I had worked in the same sector, so I thought this wouldn't be that tough an assignment. When I joined, my predecessor told me that we don't have money to pay staff salaries," he says. The new Managing Director, on assuming office, was confronted with a mammoth net loss of about ₹156.67 crore in 2014-15. Even the biggest recovery specialists didn't want to burn their fingers on this project. But Chadha had determination and courtesy his previous stints, knew how to think out of the box. He had earlier worked





Senior officials of NAFED

on conservation and sustainable management of natural resources, introduced innovative practices, new crops, strengthened the agri-value chain and worked with small and marginalised farmers. "It was at this point that we got some money, around ₹10-15 crore, from the defaulting companies who owed us. With this, we could manage for three-four months," says Chadha. Like a man on a mission, he first tried to understand the ecosystem of NAFED, the reasons for its downfall before charting out the measures. In this effort, he did not just confine himself to NAFED but engaged in deep studies and understanding of the larger cooperative movement in India, its structure, functioning and aims. Perhaps, after years of the post being relegated to just another government assignment to be lived out, Chadha decided to own it and make a difference. NAFED is MD and Chairman-centric, so anybody leading it defines its personality and work ethics. "The MD is like an engine in the train while the rest of the people are bogies and will follow

the direction that he takes. So if the MD does not want to work, it affects the morale and working of the organisation. This MD is very liberal, focussed on work and has a vision to bring out improvements in NAFED," says Executive Director AK Rath about the turnaround and adds, "The MD understands that to achieve anything it is the human resources who have to do the work. He started motivating the employees who had forgotten to hope considering there had been no promotions in over a decade and their salaries and packages were not up to the mark. He began with financial incentives for performances and restored the promotion criteria of elevation after every five years. Slowly, he built a matrix of collective faith and a can-do spirit. For the first time, every employee felt he was like a stakeholder. Most MDs only interacted with heads of department. The current one reached out to everyone, built trust and inculcated such comradeship that each employee felt he/she could speak their mind.



Source: <https://www.nepal24hours.com/>

Since he was the super glue, when work was allocated by him directly, everybody gave it their best shot. In the process, the MD also identified all the people who had better potential to accomplish many of the goals. He also started interacting with everyone in the field offices, knowing that they were the first interface and brand ambassador of the organisation." Most importantly, he focussed on developing multiple skill sets for better operational flows.

"The PM announced that we have to work to create a buffer and that would bring us money but it was a challenge as our numbers were small compared to the task at hand," says Chadha. That's when he realised the need to pump up staff morale. "We motivated each and everyone. The staff was working on the Fourth Pay Scale so we shifted them to Seventh Pay Scale. They did not get promotions for the last 10-15 years. We saw to it that the deserving people were encouraged. As a result, people from top to bottom were promoted, beginning with drivers. We started restoring the perks of the employees also and kept motivating them. At the same time we added young blood because people were retiring. There was a skill gap which had to be bridged," adds Chadha.

What this sense of stakeholderhood did was to empower every employee to bring his/her ideas to the table. Earlier, juniors, though distressed, would not resist many decisions that were taken by the higher authorities which were responsible for the financial irregularities and mess. Yet many of them had grown with the organisation but could not speak up or stem the slide. Had there been a collective cry that the direction in which the organisation was moving was not right, the crisis could have been averted to some extent. The new

MD allowed them the space for honest feedback. "Also, earlier regimes kept the employees in fear, dangling the sword of vigilance if they overstepped their limits. The MD changed the system as he believes that people will work way better in a more liberal and free atmosphere," says Rath. Also, Chadha was able to not only build confidence but inspire that in government departments, too. As he liaised with all of them, he convinced them that NAFED, as an organisation, was worth prioritising.

Chadha also consolidated the strengths. No matter what was written about in the media or the perception in the corridors of power, he realised that the federation had a good brand image among the farmers and a widespread infrastructure. These positive aspects just had to be leveraged to pull the organisation out of the morass. Keeping its strengths and weaknesses in mind, NAFED submitted a revival package of ₹478 crore to Government of India in January 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 ₹478 crore. This loan would be used to pay off dues to various public sector banks as a one-time settlement and get rid of the "willful defaulter" tag with dues piled up at ₹1,705 crore. The package was examined at length by various government departments/ministries. However, no firm decision could be taken. The Government had sincere intent for reviving the federation and believed that no other organisation could render the kind of service NAFED did to farmers over the years, particularly with respect to procurement of oilseeds and pulses under the Price Support Scheme



**'EMPLOYEES WERE PROMOTED AND THEIR SALARIES WERE HIKED. THIS MADE EVERY EMPLOYEE FEEL THAT S/HE WAS A STAKEHOLDER. THEY GAVE IT THEIR BEST SHOT'**

— AK RATH,  
Executive Director



*The past and present: senior executives against a gallery of former Chairmen of the organisation*

(PSS). But question was would it sink more money in what seemed like an irretrievable situation? The only thing going for it was Chadha's reputation as a turnaround practitioner given the huge renewals in his previous postings. There was a demonstrable record of his sheer will power, hard work, positive approach and missionary zeal, apt foresight and well-worn experience to convert any challenge into an opportunity.

Immediately after taking charge, Chadha created a core team dedicated to revival. Among them was the dynamic, knowledgeable, loyal and competent Additional Managing Director Sunil Kumar Singh. The priority was to formulate a strategy to clear NAFED's dues with bankers and simultaneously generate businesses to earn income. The focus of the initiatives was to implement new zero risk business initiatives, maximise business turnover so as to generate the required profits to arrive at a break even position and thereafter generate more profits to pay back the liabilities to bank. Another crucial area of focus was to improve the work environment within the organisation so as to motivate the staff, bring about positivity and get the best out of them. In

the end, they relied on the organisation's history of past successes and reimagined them to rework them in the current context. "Over last two years, we owed around ₹1,700 crore to the bank. So with active coordination and help from the government, a one-time settlement was finalised. We were supposed to borrow ₹600 crore as a part of the settlement but we worked very hard. People did not leave the *mandis* for six months at a stretch. The scale of the massive procurement was unprecedented in the history of the county. The result was that we did not need to borrow from the government. In the third year, we posted a net profit of ₹279.32 crore in FY 2018-19 which is quite remarkable. The credit goes to the team and the help that we got from the government. Right from the top, everyone including, Ministers, secretaries, supported us. But most important was belief. The faith that the organisation is useful and we could play a role in the welfare of the farmers. That is why they also helped us. But at the end of the day, we had to work hard." And that paid off as the NAFED team evolved its own strategies and system-based initiatives for revival.



Source: <https://www.entrepreneur.com/>

### SETTLEMENT OF BANK DUES

The core team initiated intense efforts to work out a fresh plan to implement the one-time settlement reached on January 27, 2016. As per the settlement reached by the constituted committee of the Department of Agriculture, headed by the then Additional Secretary and the Financial Advisor, the Government was to release ₹478 crore against mortgage of 17 freehold properties of NAFED to pay the lender banks. The federation made repeated requests to the department for the early release. The recovery cases continued at the debt recovery tribunal. The banks put NAFED in the defaulter list but the money, promised by the Government to enable the organisation to honour the one-time settlement, did not seem to be coming easily. The writ petition filed by NAFED against the lender banks was kept alive, for any relief, if the financial help did not come from the Government. The officer in charge of this difficult assignment, AMD Sunil Kumar Singh says, “We made daily rounds of the Krishi Bhawan, Shastri Bhawan and North Block with the hope that might receive the Government’s approval for

releasing funds for payment to the banks. We kept on adding note sheets to the already voluminous files. Waiting for hours in the offices of concerned departments became a routine. New issues were raised by officers unwilling to be part of NAFED’s revival, dimming hope. Don’t know how I continued pursuing the departments.” A legal issue had cropped up on the eligibility of NAFED to receive the central financial grant/assistance as per the MSCS Act, 2002. Says Singh, “I must thank the then Secretary, Agriculture, SK Patnaik, who along with the then MD, NAFED, Ashok Dalwai and I visited the then Law Minister, Ravi Shankar Prasad, for interpretation of by Law Ministry of the MSCS Act. During the meeting with the Minister, it was decided to refer the interpretation to the then Solicitor-General of India, Ranjit Kumar, who said there was no legal hurdle as per the Act for providing financial assistance to NAFED. The matter did not end there as this opinion had to be officially communicated to the Department of Agriculture and Farmers’ Welfare. It was not an easy task, as I learnt later. The official at the Law Ministry

had his own interpretation. However, after elaborate explanations, he cleared the file for his superior to interpret. Luckily, I could explain the case and the opinion of the learned Solicitor-General to the Additional Secretary, Ramayana Yadav who recommended the file for approval to the Law Secretary and Law Minister. The file was immediately cleared by the Law Ministry. Jumping with joy, I rushed to the Krishi Bhawan where the MD was attending a meeting. He saw the approval with disbelief and joy on his face. Both of us looked at each other with misted eyes full of happiness. We rushed to inform the Secretary about the clearance of the file by the Law Ministry. We hoped that the required financial assistance would come very soon. The banks, who were also keeping tab on the progress of the proposal, were informed.”

However, the institution had a lot of miles to cover as fresh hurdles arose. It seemed that only providential help could make an impossible mission possible. Then, a delegation led by the then Chairman and

senior directors of NAFED’s board called on the Prime Minister to seek his help and intervention. Thereafter, the PMO sought a report on the status of NAFED’s financial revival from the Ministry. By then, the PMO had recognised the procurement efforts of NAFED for PSS and PSF. The MD was in regular touch with the Ministry and PMO on the progress of procurement and financial revival of the organisation. Singh recalls, “In the evening hours of June 23, 2017, I received a call from the MD, who was outstation at the time, that a briefing was to be made to the PMO on the issues regarding the financial revival of NAFED the next day at 11 am. I immediately started preparing the presentation, making bullet points on likely issues, collecting the supporting documents and a concise brief for the PMO. Many officers had left for the day. The Manager, Legal, had to be called back. It took several hours to prepare for the meeting. I stayed back in the office itself for the meeting next day. On the appointed day, we explained the

Source: <https://futurecfo.net/>



entire case to senior officials, who seemed satisfied with our proposal. Once out of the PMO, we immediately informed about the proceedings to the MD, who by then was also in touch with PMO officials. We shared our happy thoughts on the outcome of the meeting. This again proved crucial for future.” The proposal moved steadily thereafter to end with the meeting with the then Principal Secretary to the Prime Minister, Nirpendra Mishra, on December 27, 2017, when the modality of payment to the lender banks was decided. NAFED was to pay ₹220 crore in cash to the banks, transfer/assign the property located at Lawrence Road, New Delhi, valued at ₹254 crore to the lender banks and ₹4 crore was to be released by the government. NAFED complied with the decision by paying ₹220 crore and assigning the property to the Central Bank of India. The OTS agreement was discussed at length with the lender banks by Sunil Kumar Singh, who was assisted by Anurag Tiwari, Manager, Legal. On March 27, 2018, the OTS agreement was signed by Singh on behalf of NAFED with DGM, Central Bank of India, Srinivasan, representing the lender banks. Later on, even the ₹4 crore, originally to be released by the Government to the banks, was paid by NAFED. The status report of the settlement was thereafter filed with the Delhi High Court in the writ petition 3159/2016, finally closing the matter legally.

## BUSINESS

**FOCUS ON CORE AREA:** The PSS, the mainstay of the business of the organisation, got a boost with the sanction of additional sovereign guarantee. NAFED could borrow funds from banks to undertake the procurement of oilseeds and pulses from the farmers at MSP. The periodic increases of the sovereign guarantee from ₹1,631 crore to ₹42,500 crore enabled NAFED to draw sufficient funds for procurement.

The opportunity of procurement under PSS and PSF was fully utilised by the federation for the benefit of farmers as well as its income. This ensured that the farmers received remuneratory price for their pulses and oilseeds at a time when the market was unstable and volatile thereby requiring intervention under PSS.

As compared with NAFED, the procurement of 16 out of 25 notified agricultural commodities by other agencies designated by the Government remained too low to be noticed. The organisation maintained its predominant position as before, as the sole central nodal agency. Procurement and milling of ball and dehusked copra under PSS continues to be the sole responsibility of NAFED.

The State governments forward their proposal of intervention under PSS by the Central nodal agencies, defining the quantum of expected procurement, period of procurement and the eligibility conditions of the farmers including the average yield of the commodity district wise. The Department of Agriculture, Cooperation and Farmers' Welfare, after examining the proposal, issue sanction letters and advise the central nodal agencies to initiate the procurement while following the PSS guidelines and the terms of the sanction letter. The central nodal agencies are provided sovereign guarantees issued in the favour of lender banks to provide the credit for procurement operations.

NAFED follows the three-tier procurement structure, built over decades, under which the state-level supporters along with their agencies operate at *mandi*/warehouse/identified procurement locations to purchase the notified commodities of FAQ grade from eligible registered farmers. NAFED has, of late, introduced the e-Samridhi portal for registration of farmers in advance. This helps in arranging smooth procurement of commodities without crowding the *mandis*. The farmers are sent an SMS in advance indicating the date on which they are to bring their produce for sale under PSS. The procuring societies, after checking the eligibility details and quality of the produce, buy the stock from the farmers. The purchased stocks are packed in new gunny bags with stencilled remarks of the procurement centre, purchasing society, date of purchase, commodity, packing weight and the code identifying the farmer. The packed gunny bags are moved to the identified warehouse where NAFED's appointed surveyors draw the samples for confirmation of quality specifications as prescribed under PSS. The warehouse receipts (WHRs) of the accepted stocks are issued by the



**'EMPLOYEES IN THE BRANCHES AND FIELD STAFF WORKED OVERTIME, BRAVING HOSTILE WEATHER AND CAMPING ON-SITE DESPITE DIFFICULT AND STRESSFUL CONDITIONS TO MEET COLLECTION TARGETS. THEY GAVE UNQUALIFIED SUPPORT TO THE SENIOR OFFICERS AT THE CENTRAL OFFICE'**

**— SK VERMA,**  
*Executive Director*



*The organisation procures whole pulses which have to be milled before reaching the consumer*

warehousing agency, which along with the purchase bill of the society and the State Level Supporter (SLS) are submitted to NAFED branches for reimbursement of MSP paid to the farmers and the incidental expenses incurred for procurement. NAFED draws the funds from its banks against the WHRs issued in its favour. The money so drawn is released to the SLS for onward payment to the society. An almost similar process is followed for PSF purchases. The duration of PSF purchases are generally 90 days from the date of harvest.

This direct buying module from farmers, through its own cooperative network spread across the country, is NAFED's biggest strength. Chadha utilised this strength to maximise the procurement of

pulses under PSS and PSF to the advantage of everybody — the government, NAFED and the farmer.

Originally the PSF was set up in 2014-15 under the Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW) to help regulate price volatility of important agri-horticultural commodities like onion and potatoes. After the pulse crisis in 2015, this commodity too was added to the list. In 2016, the PSF scheme was transferred to the Department of Consumer Affairs (DoCA) for maintaining a strategic buffer of aforementioned commodities through direct purchase from farmers/farmers' association at farm gates/*mandi* for subsequent calibrated release to moderate price volatility and discourage hoarding

and unscrupulous speculation. Along with NAFED, the Food Corporation of India (FCI) and Small Farmers' Agribusiness Consortium (SFAC) were also designated for undertaking domestic procurement under the PSF scheme. The Metals and Minerals Corporation of India Ltd (MMTC) was the designated importing agency.

Says Singh, "During one of the review meetings held by the then secretary, DoCA, the allocation percentage for meeting the buffer target was being discussed in July 2016. Realising that the maximum allocation for NAFED is crucial for business income and also keeping the organisation's relevance, I pitched for allocation of 70 per cent of the target. When agreed by the Secretary, I told my colleagues that we need to achieve it anyhow, despite our previous low performance." The rest is history. NAFED made an unprecedented record procurement of oilseeds and pulses under the PSS and PSF during 2017-18 with a total quantity of 27.83 lakh MT of pulses and oilseeds valued at about ₹13,596.00 crore from different States, including 3.45 lakh MT of pulses worth ₹16.04 lakh for the buffer stock. It repeated its success in 2018-19 and made procurement of 58.10 lakh MT valued at ₹27,352.79 crore of oilseeds and pulses under PSS/PSF.

All this was possible only with the dedication, hard labour and consistent efforts of field staff working at branches who toiled in rough

weather conditions without any rest and holidays, under the dynamic leadership of the Managing Director.

In addition, the focus was on enhancing the procurement of food grains. Under this business vertical, NAFED acts as the State agency for procurement of wheat and paddy for FCI and State governments under the decentralised procurement scheme. The business had seen a declining trend as the organisation did not have sufficient funds to support the procurement as a State agency, since NAFED's own funds are required for investment initially. Positive results on this front were also reported with the procurement of paddy and wheat in the States of Uttar Pradesh, West Bengal, Rajasthan and Assam, which has now extended to Uttarakhand and Madhya Pradesh. During 2017-18, the quantity of 1,14,653 MT of paddy valued at ₹394 crore and 61,498.95 MT of wheat valued at ₹154 crore was procured in different states. The business vertical is on upswing.

The record procurement of foodgrains, pulses and oilseeds was made possible due to the efforts put in by the very sincere, focussed, hard-working and dedicated Divisional Head of the Procurement Division, Executive Director SK Verma. He fronted the employees in the branches and field staff, who worked overtime, braving hostile weather and camping on-site despite difficult and stressful conditions to meet collection targets. They gave unqualified support to the senior officers

Source: <https://administradores.com.br/>





at the Central office. This was a true baptism by fire as the entire organisational staff felt that if they could get this much moving, there was no way they could go down without a fight. They were filled with renewed energy and optimism. The monetary gains significantly contributed to a one-time settlement with lender banks and made NAFED a debt-free organisation.

**NEW BUSINESS INITIATIVES:** The core strength was supplemented by allied operations, like supplying pulses to the Army, Central Paramilitary Forces and State Governments. Considering these were not part of NAFED's brief and they had an existing template anyway, it took several rounds of discussions and constant follow-up at various levels to channelise supplies through the organisation. The right to supply pulses to the forces came as per a decision taken by the Cabinet. Several States also placed orders simply because NAFED was able to display a new-found confidence, credibility and performance. The supplies were executed in a truly professional manner which resulted in repeat orders. A full-fledged Institutional Supplies Division, headed by a senior officer, was created with a team of dedicated officers/staff. The entire process of supplies was digitised by installing an electronic portal which manages crucial tasks like empanelment of millers for processing stocks, assaying and mapping, deliveries, payments, logistics and so on.

While NAFED initially procured the grains at Minimum Support Price (MSP), the changing times meant that there was a need to bring about some modifications in the way that the organisation functioned. It faced the challenge of disposal of procured pulses in the open market. Naturally, when the massive stocks were released in the market, it entailed heavy losses as prices plummeted. This naturally negatively impacted the positives of the procurement operation under PSS of pulses and oilseeds.



**‘OUR ENDEAVOUR IS TO PROVIDE MAXIMUM BENEFITS TO AS MANY FARMERS AS POSSIBLE IN ALL AREAS OF AGRICULTURE, INCLUDING IN COMMODITIES, HORTICULTURE, ANIMAL HUSBANDRY AND FISHERY AND HENCE PLAY A SIGNIFICANT ROLE IN OUR PRIME MINISTER’S VISION OF DOUBLING OF FARMERS’ INCOME BY 2022’**

**— PANKAJ KUMAR PRASAD,  
ADDITIONAL MANAGING  
DIRECTOR**

This scheme was suggested to the Department of Agriculture, Cooperation & Farmers' Welfare, Ministry of Agriculture & Farmers' Welfare. It was approved as a one-time measure and since then has continued. It provides a subsidy of ₹15,000 per MT over the issue price, (the loose *mandi* rate) for distribution of holding stock of *chana*, *masur*, *arhar*, *urad* and *moong*. Altogether 13 States/UTs avail discounted pulses and use them under their various schemes, including Maharashtra, Tamil Nadu, Tripura, Himachal Pradesh, Karnataka, Andhra Pradesh, Gujarat, Kerala, Madhya Pradesh, Chhattisgarh, Nagaland, Uttar Pradesh and Daman. Till the closure of pilot, in September 2019, about 9.97 LMT of pulses were allocated to 14 States and one Union Territory.

This scheme ensures price stability of the pulses post-closure of the procurement operation since limited stocks would be available for disposal in open market. NAFED's buffer stocking and PSF may be a game-changer, achieving the dual objective of self-sufficiency in pulses and market stabilisation. Then there is the larger issue of maintaining nutritional sufficiency for India's underprivileged.

“The years 2016-17 and thereafter reported bumper production of pulses. NAFED, as the central nodal agency for PSS and PSF, procured record volumes of *arhar* (split pigeon peas), *urad*, *moong*, *gram* and *masur* during consecutive crop seasons to ensure that adequate stock is available in the national buffer. The massive procurement made by NAFED immensely helped farmers get the

MSP. Simultaneously, consumers also benefitted as sufficient stock in the national buffer helped contain the price level of pulses in the retail market. This enabled the states to distribute the pulses at almost half the retail prices to the targeted beneficiaries,” says Singh.



*Maize import operation in progress*

**EXPANDING INTERNATIONAL MARKET:** Exports had completely stopped at one time and Chadha saw merit in reviving what the organisation was already used to and could yield supplementary benefits. The International Trade Division was recast and assigned to another Divisional Head, who had grown with the organisation and felt invested in its future. That was Executive Director AK Rath, who pursued business opportunities in the international market. He immediately identified prospects in humanitarian and food aid operations, which the government engages in with different countries. NAFED experts held meetings with the concerned officials in the Ministry of External Affairs and other senior level authorities. The efforts proved fruitful and recognising NAFED's competence and capability, the Ministry of External Affairs entrusted NAFED with the task of arranging supply of various agri-commodities /household items to several countries as humanitarian aid. In the process, not only did the institution earn service charges but create a positive image of itself as a responsible and credible organisation capable of delivering results in time-bound manner.

As a result of the goodwill created, the Government was entrusted NAFED with the job of developing an e-portal for trading in agricultural commodities between India and East African Countries.

NAFED participates regularly in domestic and international events related to its business profile. The Global Pulse Confederation (GPC) invited the federation to Pulses 2019 Convention at Rio-de-Janerio, Brazil. Two senior officials, AMD, Sunil Kumar Singh and Executive Director, Santosh Kumar Verma along with senior officials from the Department of Consumer Affairs, Ministry of Food, Public Distribution & Consumer Affairs, Government of India participated in the four day Convention from June 10-13, 2019. The agenda of the convention was to provide strategic updates, innovative business insights and networking opportunity for the invitees and the delegates.

Sometimes ordinary visits provide golden opportunities. Talking of his experiences, Singh says, "It was NAFED's maiden participation in GPC Convention. India is the biggest producer and consumer of pulses, thus the epicentre. The recent changes in the impex policy of the Government in the backdrop of record domestic production of



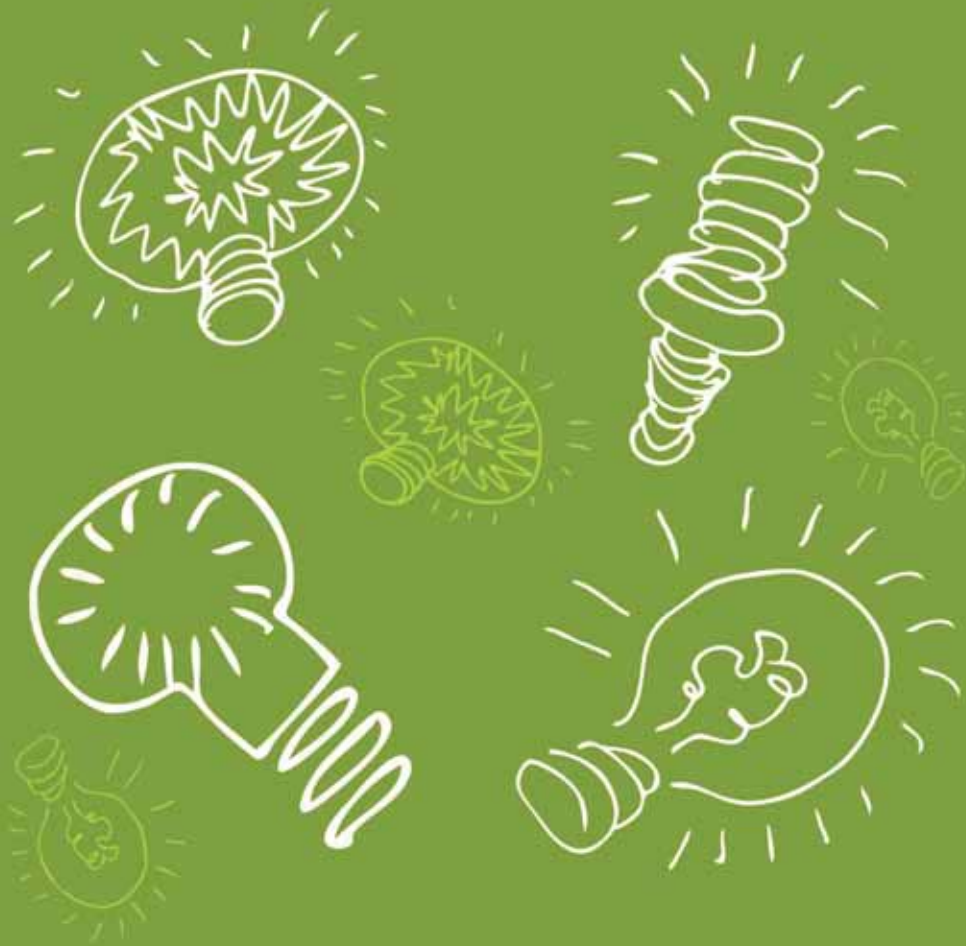
(Above): The Global Pulse Confederation delegation visited the federation and (below) the MoU signed at the Pulses 2019 Convention at Rio de Janeiro, Brazil



pulses had not gone down well amongst the pulse exporting nations. This was evident in the discussions I had with the delegates.” It was this impression that needed correction.

“I spoke with the GPC outgoing President, Huseyin Arslan and the incoming President, Cindy Brown about the need for proper understanding of India's stand on import of pulses. After detailed discussion, a Memorandum of Understanding was signed with GPC, outlining the areas of mutual cooperation among other things, provisions on sharing of knowledge and information as well as collaboration in the promotion of conferences, events and activities aimed at increasing pulse production and consumption.” This was an outstanding takeaway from Rio for NAFED.

Welcoming the signing of MoU, Arslan, said, “India is the world's top pulse consumer, producer and importer, and therefore a vital player in the global pulse



Source: <https://www.dreamstime.com>

trade. What happens in India drives prices and consequently affects planting decisions and pulse markets throughout the world.”

Brown too concurred. She said, “This MoU comes at a crucial time for the pulse industry as besides the challenges in the area of market access there are also unparalleled opportunities for growth as consumer interest in healthy and sustainable foods drives up demand for our products. At the same time, it is vital that we don’t take markets with high per capita rates of pulse consumption for granted. We have work to do on the consumption side in India, too, and I look forward to working with NAFED to build a fruitful future based on our mutual interests.”

As a step forward from this, the GPC delegation led by Brown visited NAFED on August 8 the same year. The visiting team

discussed a host of business-related issues with the federations’ team led by Chairman, Dr Bijender Singh and Managing Director, Sanjeev Kumar Chadha.

Since then the federation has been in regular touch with GPC on matters related to enhancement of pulse production and consumption in India, scope of introduction of technologies and investment for efficient processing and value addition potential and more. During Singh’s visit to Montreal for the Pulse and Special Crops Convention in August, 2019, it was decided to hold the World Pulse Day in India. This event is being celebrated by NAFED in association with GPC on February 10 at New Delhi.

Speaking about the event, Chadha says, “The 73rd session of the United Nations General Assembly on December 20, 2018,

designated February 10 each year beginning from 2019 as the World Pulse Day. The celebration provides an opportunity to raise awareness about the nutritional benefit of pulses as part of sustainable food production aimed towards food security and nutrition.”

Further adding to it Singh says, “The federation looks forward to the success of the celebration and aims to expand its international cooperation including trade in pulses, thereby achieving its objective of becoming ‘Pulse Arm of the Nation’,”

**BIO CNG:** India is the third largest primary consumer of energy in the world after the US and China and the growth of energy consumption in the country is projected to rise at four per cent over the next 25 years. To meet the increasing energy requirement in climate-challenged times and to provide energy security, the Government has laid emphasis on production of biofuels.

NAFED has been working closely with the farmers of the country for almost six decades now and has ready access and competence in procuring bio-mass/agricultural waste for developing alternative fuel. Being a socially responsible organisation and understanding the threats of burning of bio-mass/agri waste on both environment and human health, NAFED has planned to set up 100 bio-CNG plants across the country. The Indian Oil Corporation has committed to buy the fuel produced at these centres. This venture will not only help in creating a greener tomorrow but will also be a step towards creating

Swachch Bharat by efficiently using all kinds of bio waste, including those from sugar mills and coconut charcoal processing plants. The federation is expected to generate extra returns through this project, which will ensure the organisation’s long-term sustenance and make it socially responsible.

**BRAND DIVERSIFICATION AND RETAIL:** NAFED tea has been very popular among consumers for the last many years; its brands like CTC, Premium and Aroma Gold, have warmed the hearts of many a household. Looking at this popularity, the organisation decided to introduce nine new tea bags, namely Assam CTC, Green Tea, Green Tea (*Tulsi*), Green Tea (Lemon), Earl Grey, English Breakfast Tea, Masala Tea, Jasmine and Rose tea. While these are currently being sold through Mother Dairy outlets, NAFED is trying to make them available through 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 has been selling pulses under its brand name during the last few years, mainly in the Delhi market. This brand is now set for a relaunch with the process of appointment of super stockists and distributors so that it can amp up volume.

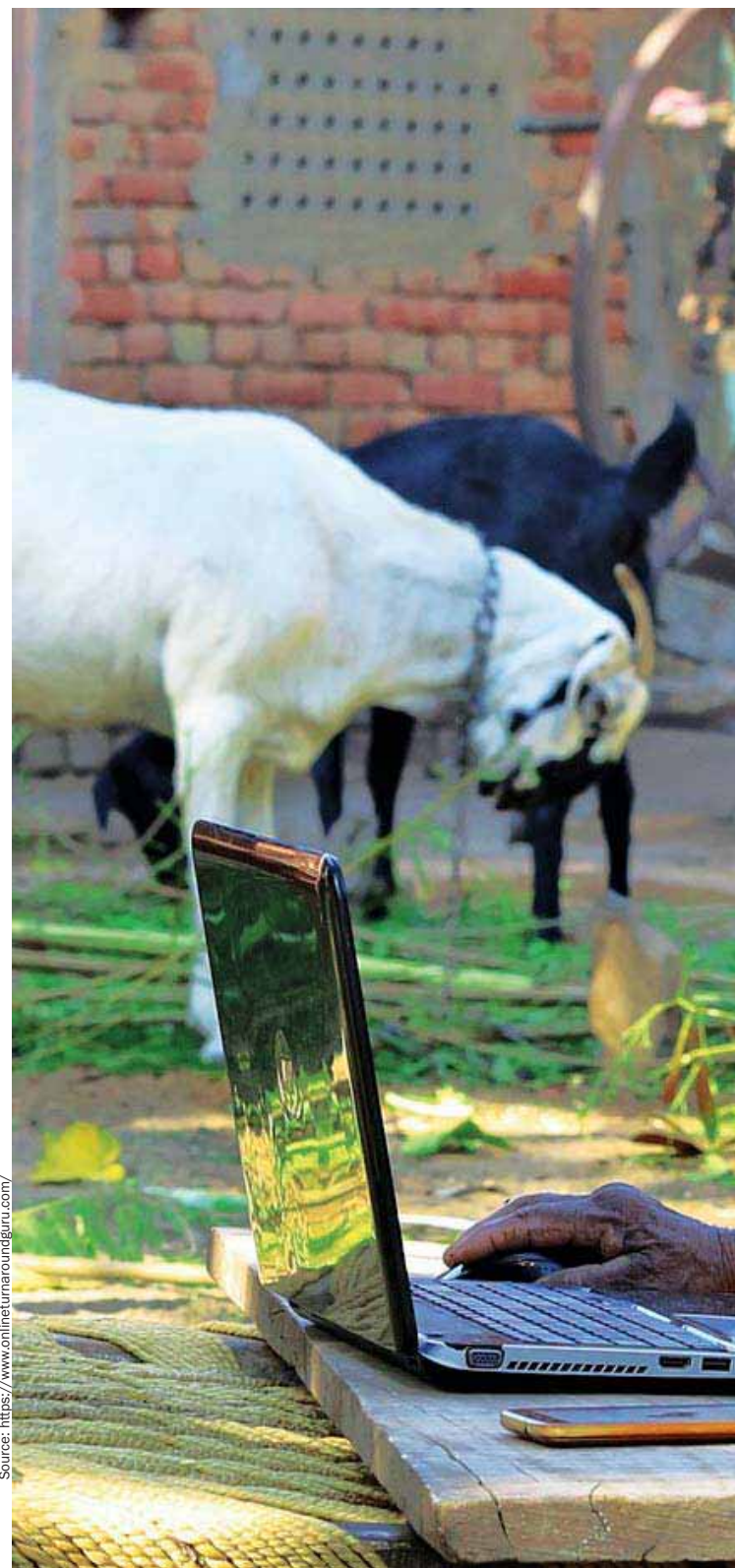
Recognising the huge potential of organic farming and the demand for branded organic products, NAFED is making use of its market linkages to promote organic cultivators in marketing seeds and food products.

Source: <https://janbosch.com/>



**DIGITISATION OF OPERATIONS:** There is no doubt that digitisation of the federation has brought about greater transparency, efficiency and accountability in functioning besides taking care of manpower shortages. Its e-Samridhi portal – an Aadhaar-enabled, robust, online e-procurement platform – provides end-to-end solution for procurement of all agricultural commodities from farm-gate till storage of procured stocks in warehouses. The system is available through web as well as mobile application and is 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. The entire supply chain, from procurement to disposal, is enabled with real-time information pertaining to the critical parameters of procurement like total number of lots procured, their availability in the warehouse, the validity or expiry of any lot at any given point of time and so on. The platform ensures transparent reporting of key information like quantity procured, total inventory at procurement centres and warehouses, dispatch status of stocks, farmer lot report, payment made to farmers and so on. This information can be captured for each procurement centre and displayed in a consolidated manner on a dashboard. Through this portal, NAFED has already installed a dashboard in the reception lobby of its head office, from which the complete statewide and overall procurement details can be assessed at a glance. A similar dashboard has also been installed in the office of the Prime Minister and Department of Agriculture, Cooperation and Farmers' Welfare.

*Technological advancements like the NAFED app, with details like the MSP, Kisan tips, weather and more, have improved the lot of the farmers*



Source: <https://www.onlineturmarouniguru.com/>



*Digitisation has exposed farmers to better methods of cultivation and given access to distant markets*

**NEW ACCOUNTING PACKAGE:** NAFED has taken its accounting package to a new level with the introduction of Tally ERP 9. Trained manpower has been recruited to manage it. This has relatively eased and automatised account keeping of the federation, more so when record business activities are taking place.

This is maintenance-free, easy to use and customised with built-in licences. Now the head office is connected to all branch offices and fund patterns can be ascertained at the click of a button.

In the end, Chadha and his team made a miraculous recovery but through it, they tested themselves as men and women of courage and panache. “A life spent making mistakes is not only more honourable but more useful than a life spent in doing nothing,” said George Bernard Shaw. Each and every staffer of NAFED has lived this mantra and stood like a family. The leadership of a company needs to connect with employees, customers, investors and countless others. It’s always important to connect but it is especially important in a crisis. Through all the ebb and tide, the federation’s members never lost the human touch.

“There were some great learnings along the way. If you reflect over the past whatever happened in NAFED and how we lost money by entering into bad contracts, the first learning was not to repeat those mistakes. We were investing without collateral and in non-core areas like mining, communication equipment and so on where we did not have expertise,” says Chadha.

He goes on to add, “We were facing litigation day in and day out in the courts including, in some, international ones. There are still some liabilities and whenever there is a court order, we keep paying because we are now comfortably placed financially. But then at the end of the day, there is the great learning that funds should be used appropriately and prudently. For instance, even though we are posting profits, we are travelling in economy class. We don’t waste money because money saved is money earned. Right now, we are observing austerity. And why should we be unnecessarily wasting money?”

# Credit





# Score



## CHAPTER 3

# THE PULSE OF BUSINESS

The production of pulses has been growing by leaps and bounds. The intervention by NAFED has encouraged and inspired the farming community and sent a strong message to the market

Text: Kumar Chellappan Photo: Pankaj Kumar

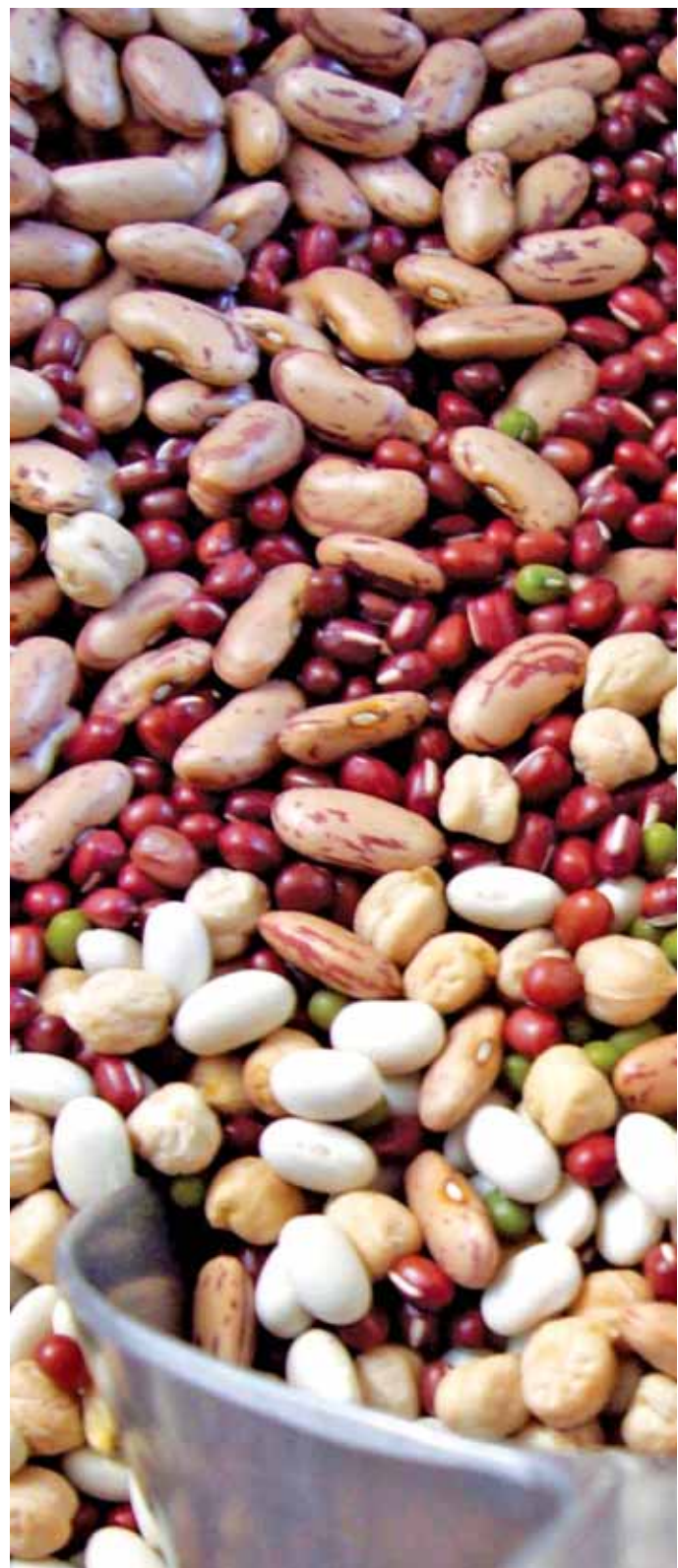


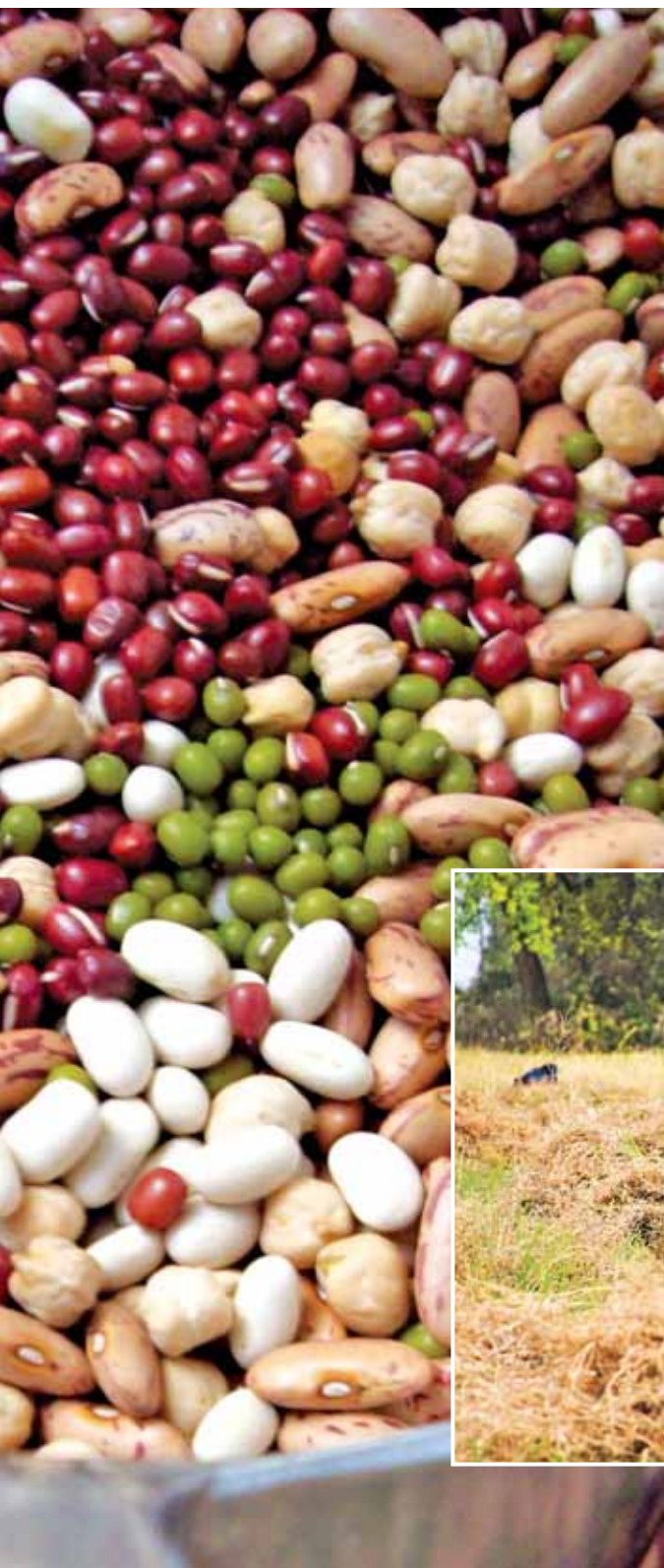
The plurality and diversity of India are interesting subjects of debates and discussion. Every event in this country is as diverse and different from each other and yet has primary and universal lessons for us. What happened in the national capital in 2017 for 150 days is still vivid in the minds of the people thanks to round-the-clock news channels which cover events that seem impactful in retrospect. A group of farmers from Tamil Nadu seized the main thoroughfares of New Delhi and staged a demonstration to highlight their sufferings because of various bottlenecks, ranging from lack of water for irrigation, non-availability of fertilisers, loans, seeds and marketing facilities.

While these events unfolded in New Delhi, a dozen officials at the NAFED office in Chennai's Poonamallee High Road went through their routine chores with military precision. Their brief was to procure cash crops like coconut, copra and turmeric from the farmers in the State and avoid the crisis from spiralling out of hand. Used to stabilising volatile scenarios and protecting farmers from the cartel of middlemen across the country, their operations during an agricultural crisis would remind you of the Army guarding our borders without sleep or rest. While the soldiers ensure the safety and security of the nation, the NAFED staff keep track of price movements of agricultural commodities, especially pulses, cereals and oil seeds, to make sure that there is no adverse impact on either supply and demand graphs of what comprises basic necessities of life. Their brief is to protect the farmers from all kinds of crashes that may occur in the markets.

India faces big competition from global players producing large volumes of pulses and cereals. Ships laden with agricultural produce have been anchored in ports at Singapore and Colombo waiting for distress signals from India. "We are the world's largest consumer of pulses and cereals," said Shunchonngam Jatak Chiru, the IAS officer who is the commissioner of Agricultural Marketing and Agri Business, Government of Tamil Nadu. He is the Tamil Nadu government's pointsman interacting with NAFED on a daily basis to safeguard the interests of the farmers as well as the consumers or the common man.

"We used to cultivate pulses, especially *urad*, *moong* and *arhar* as seasonal crops. This happened during the break between the *kuruvai* (short-term crop) and *samba* (long-term crop) cultivation of paddy and we were forced to sell the same at whatever prices offered by the traders," said Kattumannarkoil Kannan, a farmer belonging to Cuddalore district along the Cauvery Delta region of Tamil Nadu. The





prices received by the farmers were much lower than the market rates. The decision of NAFED to procure pulses transformed the lives of farmers like Kannan. “We procured 1,700 MT of *arhar dal* in 2017 while it went up to 2,400 MT in 2018. More than 2,000 farmers have benefitted because of the procurement operations carried out by NAFED,” said Prakash Rao, the federation’s Tamil Nadu head. He disclosed that the intervention has resulted in a win-win situation for all stakeholders in the State. “The farmers get competitive prices and the quantities of pulses cultivated in the State have shot up,” said he. The pulses, which the consumers in the State receive from fair price shops against their ration cards, come from NAFED, pointed out Rao.

M Murugan, Managing Director, Tamil Nadu Co-operative Marketing Federation Ltd (TANFED), said the market stabilisation in the State was made possible to a great extent because of the presence of NAFED. “We received 2,00,000 MT of pulses from it which was distributed through public distribution shops at a subsidy of ₹15 per kg,” he added.

*A mix of pulses, the heart of the Indian kitchen and  
(inset) farmers harvesting pulses*



Source: <https://www.flickr.com/>





(Left) Farmers participating in varietal selection trial.  
(Above): NAFED procures lentils from different parts of the country



Source: <https://resinindia.org/>

The work schedule of Rao and his colleagues are something to be seen to be believed. Surveyors and quality inspectors along with third party surveyors are deputed at 28 procurement centres spread across the State as farmers bring in their commodities ranging from coconut, copra, pulses and turmeric. “Warehouses and procurement centres have been set up in such a way that farmers need not travel more than 30 km from their farms and sheds to sell the commodities to us. Our agents go in search of the farmers,” said Pushpa, accounts officer at the Chennai office of NAFED. She said since its operations are as per the quality specifications prescribed by the Government of India for each commodity, the procurement and other activities are all transparent. “The third party surveyors ensure the quality of commodities at the time of procurement itself. Till date we have not come across any complaints,” said Pushpa. This means that even as ‘farmers’ staging demonstrations were hailed across the globe as victims of antipathy by government agencies, thousands of real farmers in Tamil Nadu were getting fair price.

It is only when we visit the 1,000 sq ft NAFED office in Chennai that we understand the magnitude of the work being done by the agency and that too silently. “It has distributed 1,92,929 MT pulses to Tamil Nadu Government for supply under the Pradhan Mantri Annadata Aay Samrakshan Abhiyan (PM-AASHA) since October 2018 to May 2019,” explained Rao. These pulses were procured from all over the country by NAFED and were distributed to 18 States, including Tamil Nadu, at subsidised rates. Yet very few know about this hugely successful operation.







“The supplies under the scheme give a major boost to the pro-farmer initiatives of the Government of India and is in keeping with the Government’s commitment and dedication for Annadata. It will help protect farmers’ income, which is expected to go a long way towards the welfare of farmers. The Government has already increased the Minimum Support Price of kharif crops by following the principle of 1.5 times the cost of production. It is expected that the increase in MSP will be translated as a rise in farmers’ income by way of robust procurement mechanism in coordination with the State Governments,” said the Union Government in its announcement about the ambitious PM-AASHA scheme.

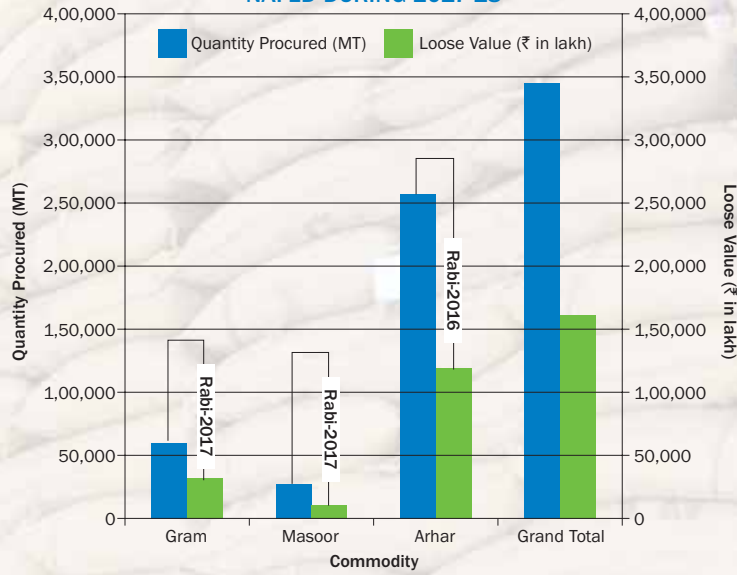
Rao said though NAFED’s visibility in the public domain is minimal, its operations have made it a ubiquitous presence. “Our indirect effect has endeared us to the farmers. The fact that the number of pulse growers has gone up in Tamil Nadu is an indication that the strategy of NAFED has paid off,” said Rao.

The Tamil Nadu activities of NAFED go beyond procurement of pulses, copra and coconut. The department of Food in the State owes

a lot to it because of its missions in other States. “We in TANFED purchase onions from NAFED which the latter procures from *mandis* across India. What we have seen is that prices of all commodities go up the moment NAFED enters the *mandi*. This benefits the farmers in a big way. We are grateful to them for their operations in places like Erode, Namakkal and Thoothukudirom where they procure commodities like turmeric, chillies and maize respectively,” added Murugan, who likened the relation between NAFED and TANFED as that of *Anna* and *Thambi* (Tamil for elder and younger sibling).

According to Chiru, though the NAFED operation in Tamil Nadu may seem small in nature, its impact is wide and felt all over the State. “In the past India has been short of five to seven MT of pulses annually for various reasons. Our pulses output is somewhere between 16 to 17 MT. The intervention by NAFED has encouraged and inspired the farming community. It has sent a strong message to the market. The private players were having a free run in the market before the arrival of NAFED. Not any more. The ordinary farmer comes in search of the federation’s procurement centres as he/she is confident of the good

### BUFFER STOCK OF RABI PULSES CREATED BY NAFED DURING 2017-18





(Left to right): Farmers stock up pulses in the warehouse and pulses being loaded for transport

prices offered by the agency. I will always remember the sight of an old woman in Vellore who travelled more than 30 km to bring her crop of 20 kg of sesame seeds to the NAFED centre,” said Chiru.

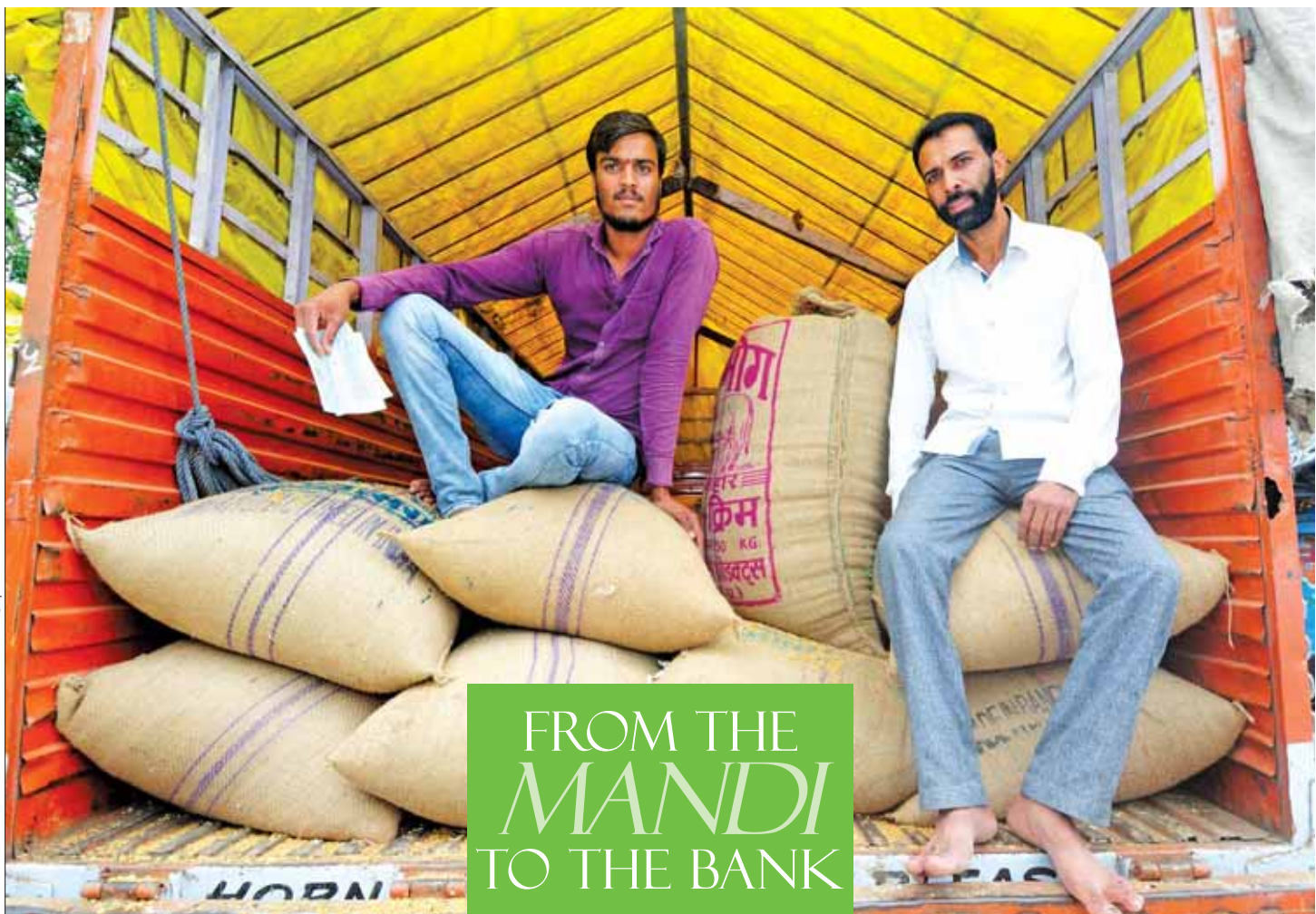
Familiar with the complexities of world trade, especially that of agricultural commodities, he is worried about the quantity of pulses cultivated in India. “Propagation of pulse seeds is a real problem. We do not have good cultivars and the Green Revolution did not touch the pulses. Do you know that there are countries like the USA, Canada and Australia that cultivate pulses exclusively for the Indian market?” he asked us.

He also expressed his apprehension over the possibilities of pulses becoming a political issue like that of onion. “Do you remember the Delhi Assembly election which was fought on the price of onion? We don’t want such things to happen again and NAFED can play a major role in this,” he said. How the prices of commodities vary with the arrival of NAFED was explained by Rao with regard to the procurement of copra and coconut from Tamil Nadu. “The State’s annual production is 471 crore coconuts cultivated in 4.35 lakh hectares. Price of milling copra went down to ₹75 per kg, creating anguish and agony among coconut farmers. The State Government’s request to the Centre to increase the

price to ₹105 per kg under the Price Support Scheme (PSS) necessitated the intervention of NAFED. The procurement for 2019 started in right earnest at a price of ₹95.21 per kg, which is a substantial hike that has made the farmers happy,” said Rao.

This year will also see NAFED procuring more than 58,000 MT of black gram (*urad dal*) from the State, a development which could reassure farmers. This then would be one of the largest ever procurements of the commodity being undertaken by the NAFED in Tamil Nadu.

As the demand for cereals, pulses and other crops is growing in the country, NAFED is in the process of reorienting and rediscovering itself as it crosses the 60th year. Farmers, too, have dreams about it and the kind of operations undertaken by it. “We should have NAFED’s containers at our doorsteps for procuring the produce so that the entire operation can be faster, seamless and safe. We are all willing to wait for a few weeks for the money to reach our accounts,” said RV Giri, president, Consortium of Indian Farmers’ Associations (CIFA), an umbrella organisation of farmers across the country. Well, an establishment which shares its birth anniversary with that of the Father of the Nation is spirited about why farmers matter to our national life.



## FROM THE MANDI TO THE BANK

**Not for nothing is NAFED considered a change-maker. A walk with the farmers in MP villages shows how sharing benefits can be a win-win economic formula**

**S**hiv Narayan, a farmer from Gokalpur village in the Jabalpur district of Madhya Pradesh, eagerly waits for the ping on his cellphone. And hurries himself into action when an SMS displays the time and place he should get the soyabean that he grows in his field. On the appointed day, he reaches the collection centre, which lies within the precincts of his village, deposits the oilseeds, gets a receipt and returns home. Three days later another SMS informs him that the money has reached his bank account.

Now, flashback to some years ago. The same farmer would have landed at the *mandi* along with the produce, travelling a distance of

40 km. By the time he reached, the centre would be choc-a-bloc with other farmers, who would have got there ahead of him. Much before his turn came, the centre would have shut down, forcing him to stay overnight at a local inn. Even if he was successful in selling the produce the next day it could already be late evening, leaving him with two choices – travel back at night and that too with cash or stay over in town for another day. The amping up of collection centres from four to 54 by NAFED around Indore itself has ensured that he saved both on time as well as on fuel and money. Besides, the SMS alerts and an e-channelising of farmers' lists have meant that the farmer shows up only on the day of sale and is not left scurrying around needlessly.



(Left) Farmers bring their produce to the Laxminagar mandi and (right) a stock of soyabean in the yard

Direct Bank Transfers have further eased the operations for both the farmers as well as the procurement centres.

Abhishek Kumar, branch manager, Indore, says, "Anything that works in favour of the farmers is what works for us. NAFED was formed with the primary aim of supporting the farmers and any measure, including the setting up of centres, which is beneficial for them can be said to be beneficial for us."

Setting up centres is the second step towards procuring pulses and oilseeds at a Minimum Support Price (MSP) which is fixed by the government. "We buy pulses under Price Support Scheme (PSS). When the market price is less than MSP, we step in to support the farmers. About five years ago, the prices spiked. Following that for four years, the prices dipped and NAFED bought the pulses to help the

farmers out of distress. Last year, the price of *chana* (Bengal gram ) in the open market hovered around ₹4,400 while the MSP was ₹4,620. This helped the registered farmers get a better price."

While on one hand, NAFED supported the farmers, on the other, it helped build self-sufficiency in pulses to tide over the crisis that was witnessed during the consecutive drought years of 2014-15 and 2015-16. The production volumes went down from 19.26 MT to 16.32 MT, which sent the retail prices spiralling. There was wide-scale hoarding as hardly any stock arrived when the Government floated tenders.

As part of corrective measures to ensure that such a situation does not arise again, a proposal to create buffer stocks of pulses was approved by the Government. As part of this, 20 lakh tonnes of pulses

would be stored. Following this, 12 lakh MT of buffer was created by record procurement under PSS. Not surprisingly, retail prices dropped by almost 50 per cent. Thus, both the farmers and also the consumers benefitted. This, in turn, stabilised the market. The Government allocated ₹11,000 crore to the Price Stabilisation Fund (PSF) to achieve its goal.

This impacted the different aspects of the agricultural economy. It meant that there was capacity-building of the procurement mechanism, which in turn, made the farmers confident about consistency in their produce being bought either in the open market or by NAFED at remunerative prices. The stable pulse price, thanks to the reserves, also benefitted consumers. While there was a flow of funds to the rural economy, foreign exchange did not flow out as the dependence on imports reduced.

Kumar emphasises that in India, the maximum procurement of pulses takes place from Madhya Pradesh. “Last year we did a procurement of ₹10,000 crore,” he says, letting that sink in before adding, “The overall quantity was 18-19 lakh MT. So during the same season, the prices of pulses improved and farmers sold it in the open market as they got a better rate. Our dual objectives were achieved.” The manner in which the procurement is done has also become more detailed. A three-tier system, where NAFED is placed at the top and the primary cooperative marketing societies at the bottom of the pyramid with State-level federations like the MP State Cooperative Marketing Federation Limited (MARKFED) in between, is in place.

Ramesh Parmar, the inspector at the Laxminagar *mandi*, says, “A committee is formed, which includes the food controller acting on behalf of the Collector, Deputy Director of Agriculture, Deputy Director of Cooperative, MARKFED and the bank’s general manager. This committee decides the division of areas and which society should get how many centres.”

Post-harvest, the Government gives a target and date to NAFED for the procurement. Therein starts the process which has to be completed within 90 days of the harvest as the farmers cannot hold on to their produce for too long. It is here that people like Shakkhar Singh Yadav, who heads the Devalaya Marketing Society, come in. The primary level society is the first link in the procurement chain. He says,





An aerial view of the mandi where the auctions are in full swing



*Stock of pulses in transit from the warehouse to the distribution centres*

“The process begins much before harvesting when the farmer comes and applies for registration. He fills a form, which contains details like his Aadhar card, bank account number, its IFSC code, the number of members in his family, the size of his plot and what he has sowed on it.” This is uploaded on the website and cross-checked by the collector’s office which also has an idea about the approximate yield depending on the size of the field.

Post-harvest, an SMS is sent out to the registered farmers to bring their crop to the closest of the 700 designated centres in Madhya Pradesh. At the centre, they do not encounter crowds and neither are they forced to wait as only a fixed number is called on any given day. Of course, the question arises whether the grains thus procured meet prescribed quality parameters (FAQ) or even whether the grains of superior and inferior quality are being paid the same price? Yadav explains that once any produce is brought, it is checked to ensure that it meets certain standards. “If it does not, then we ask them to get the grading done. A committee is called which decides whether it is up to the mark or not. Its decision is final,” he says.

At the procurement centre, the produce is weighed, a receipt issued and a bill raised against it. A copy of the same is given to the farmer while the original is retained by the society. The farmer gets the payment directly in his bank account within three-four working days. “It takes an entire day to buy the produce from the farmers and the details

are then uploaded the next day. After adding all the payments that have to be made to all the farmers, we make a cheque of the total amount and deposit it in our banks from where it goes to the farmer via NEFT,” says Yadav, who receives the money from NAFED.

Earlier, the farmers got cheques which had to be deposited by them. “The farmers have benefitted and so have we. It means our workload has reduced as we no longer need to make cheques manually for which I had to employ more people,” adds Yadav, who has about 10-15 villages under his society which adds up to about 1,000 to 1,500 farmers.

The work of these local agencies doesn’t end here. Often they are asked by the farmers to check with the bank if a payment has not been realised. In addition to the records of the farmers, the societies maintain registers which show the quantities that were bought on different dates and the payments that they have received. A separate register for the warehouse, where the produce is stored, and the number of the truck that transports it is also kept. “How do we search if there is a complaint?” asks Yadav and goes on to answer the question himself. “These records contain every bit of information regarding the purchase and we refer to them,” he explains.

From the procurement centres, the produce is transferred to warehouses for storage. “It is transported by us while the government bears the cost,” says Parmar.





Stocks are stamped with the year of purchase, product and the name of the cooperative that procured it

During 2018-19, 15.84 lakh MT of *chana*, 2.28 lakh MT *masoor* and 1.19 lakh MT mustard were procured by NAFED in the state. For the kharif crop, the quantities were 2.98 MT *urad*, 28,000 MT groundnut, 2,600 *moong* and 3,000 tonnes of *arhar*. At a warehouse near the Laxminagar *mandi*, out of the 21,000 quintals of *chana* stored, 7,500 belong to NAFED. This is kept covered, fumigated and inspected regularly to make sure that it does not get infested. These are inspected every 15 days. NAFED too makes sure that the reserves are kept safe. "All the storage centres are divided into clusters which are monitored by the quality surveyors," says Abhishek Kumar.

However, when the MSP is lower than the market price, farmers, in the hope of better profits, make a beeline to the open *mandi*, confident in the knowledge that if they can't sell the produce there, NAFED will pick it up. At the Laxminagar *mandi*, Uma Shankar Purohit, who hails from Basandhara village, 25 km away from Indore, has brought 30 quintals of soyabean, which he hopes to sell at a good price. He says, "Direct transfer is better as one can use it as one wishes. When we were given cash, we were returning borrowed loans even before we stepped out of the *mandi*. Now the money is in the account and can be used as per requirement."

At the *mandi*, the main crops that come in during kharif are soyabean, *moong* and *urad*. During rabi, wheat, five varieties of *chana* and *arhar* are auctioned here. Parmar says, "During season, we do business worth ₹7 crore."

The *mandi*, which came up in 1959, has become larger over the years. "Earlier the farmers came in bullock carts and they brought about five quintals of any produce. The spread of irrigation and the use of machines have meant that the area under cultivation has expanded and the quantities have grown to 40-50 quintals for every farmer. At that time, 3,000-4,000 quintals of produce were weighed everyday. During the season, on any given day, the Laxminagar *mandi* sees transactions of about 10-15,000 quintals. The 40-50-year-olds who came to the *mandi* have been replaced by younger farmers, their children or grandchildren, who can drive tractors and carry the sacks," says Yadav who recalls that it was in 1978 that the government bought soyabean for the first time at ₹175 per quintal. "This time, two lakh quintals of soyabean were purchased by NAFED," he adds. The organisation's member societies also procure pulses and oilseeds at auctions at the *mandi*. This operation is undertaken beyond PSS when there is a need to build buffer stocks. Moreover, BPL cardholders are benefitting in another manner, too, as ₹15 is being given as a subsidy. "Often BPL families suffered from protein deficiency as they did not consume *dals*. With a subsidy, this health issue of poor families will be resolved," says Kumar.

While sufficiency in pulses has been achieved, it is oilseeds that NAFED is now focussed on and intends to transform the lives of cultivators in that sector, too.

# CHAPTER 4

# THE NEW OIL RUSH

The gradual commercialisation and extension of oilseeds as an important farm produce have meant that lakhs of farmers from Karnataka, Telangana, Andhra Pradesh, Gujarat, Haryana, Rajasthan, Madhya Pradesh, Uttar Pradesh, West Bengal, Odisha and Uttar Pradesh have benefitted from MSP

Text: Saimi Sattar and Mayuri Dave

Photo: Pankaj Kumar and Deven Amarella





*Mustard plants in full bloom and (inset) a farmer looks blissfully at his abundant crop*

**A**round June, a group of farmers sat dejected in a corner at the local market as their heaps of sunflower seeds fetched just about ₹3,500-3,600 per quintal. That hardly covered their expenses. But then there were others who had registered themselves with the federation and could avail the Minimum Support Price, which was ₹5,500 per quintal – a neat benefit of ₹2,000 per quintal. If that was not enough, as soon as the MSP was announced and NAFED entered the market, the rate there, too, moved up by about ₹200 to ₹300 per quintal. So not just the farmers in Punjab who had registered but even those who hadn't done so benefitted from the intervention of the nodal procurement agency. But then the organisation has been formed with the avowed aim of

supporting the farmers and prioritising them so that they are not forced to make distress sales, which it is fulfilling. Explaining the altruism with economics, Jaipur branch manager Vinay Kumar says, “NAFED functions in close coordination with State federations and takes the help of cooperative marketing societies, covering all-important primary and secondary markets.”

The organisation procures oilseeds from across India like sunflower (Haryana, Punjab, Karnataka, Odisha and Telangana), mustard (Madhya Pradesh, Uttar Pradesh, Punjab, Rajasthan, Haryana and Bihar), sesame (Bengal) and groundnut (Gujarat, Rajasthan and parts of Madhya Pradesh). The numbers have been growing and how. In 2013-14, the quantity of oilseeds procured was 3,79,402.17 MT, which has swollen to 10,84,690.57 MT in 2018-19, almost three times

Source: <https://trends.agriexpo.online/>



in five years. While this is indicative of the increase in the area of cultivation and better yields, it also shows how an increasing number of farmers has found in NAFED an organisation that not just supports their dreams of a better life but empowers them to do so.

NAFED manager Amit Kumar Taneja details the way that the system works. "The Commission for Agricultural Costs and Prices recommends the price for MSP and the Government, acting on the recommendations, declares it for each of the crops for the kharif and rabi season. This is then conveyed to the nodal agency for the implementation of Price Support Schemes (PSS)," he says. On the other side, the State Governments get busy in drafting agreements and action plans. While the working of the system varies slightly in each state, this is the way it functions broadly. A three-tier system, with NAFED at the top, working as a national agency, a state level agency like HAFED in Haryana and primary cooperative marketing societies at the grassroot level, handles the procurement.

The oilseeds, unlike pulses, do attract a GST but like foodgrains as well as the pulses, these, too, have to be purchased within 90 days of the harvest. "NAFED has to procure 25 per cent of the total production. So if the production is 1,00,000 MT, we will pick up 25,000 MT as per PSS guidelines," says Taneja.

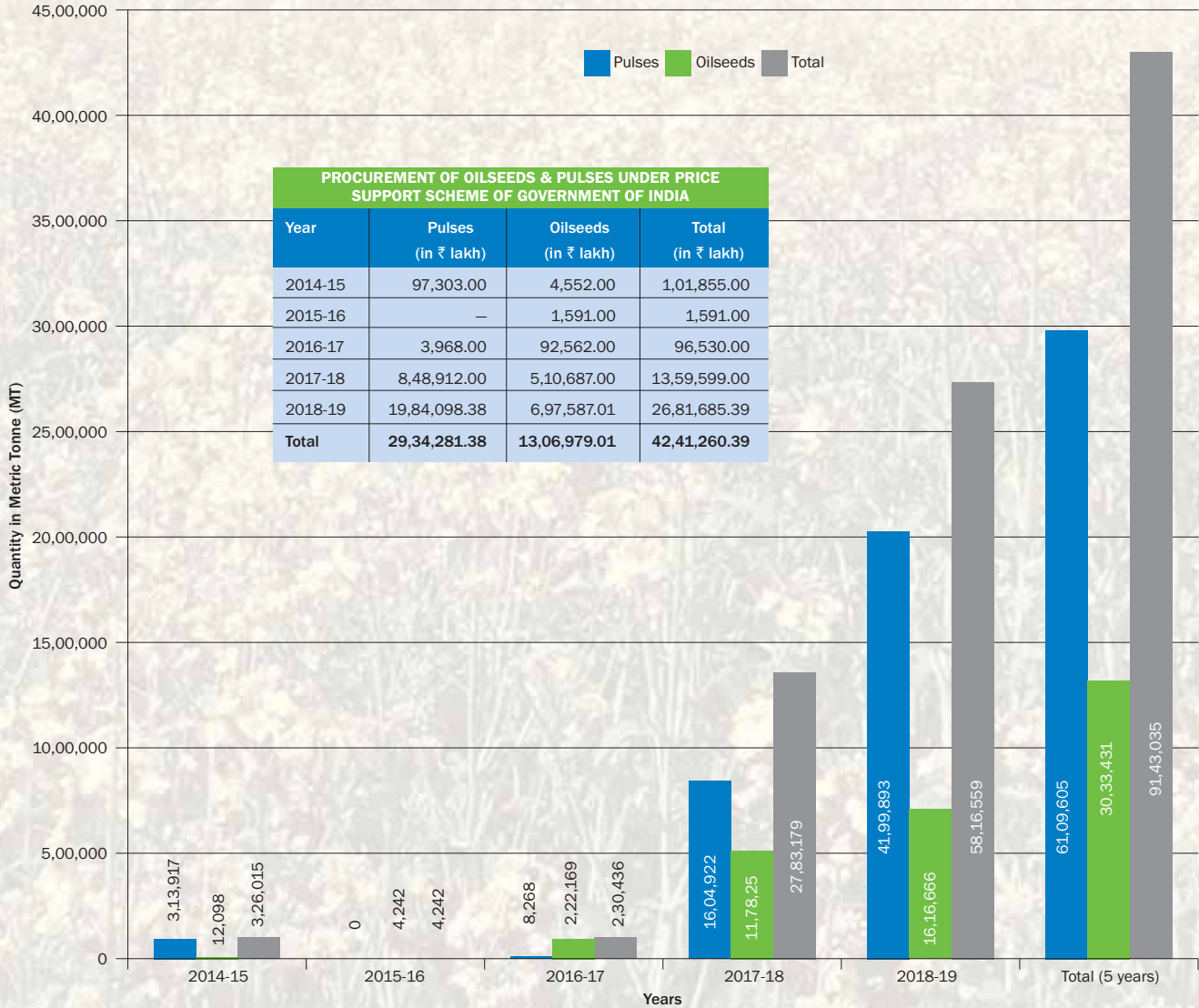
Haryana branch manager Rakesh Pahwa points out how in his state, "Twenty-five per cent meant that we picked up 2,50,985 MT of mustard from 1,21,221 farmers and 2,375 MT of sunflower seeds. The MSP of mustard was ₹4,200 and the market rate was ₹3,700-3,800. Naturally, most of the farmers that had registered with us, sold the produce to NAFED."

But would that not also mean that the bigger farmers would benefit as they simply have more quantities to sell? To avert such a situation, some checks and balances are in place. As Pahwa points out, "In a day, a farmer can only give 25 quintal of the produce and no more." Even before the crop is harvested, farmers register on the

Source: <http://boostcafe.org/>



## THE COMPARATIVE PROCUREMENT OF OILSEEDS AND PULSES BY NAFED UNDER PSS DURING LAST FIVE YEARS



portal, specifying details like the crop that they have sown and the size of the field. They can qualify to do so after linking their bank account as well as Aadhar card details. This time around, the system worked a little differently in Haryana where the State Government used its own portal, Meri Fasal Mera Byora, to register farmers. All over Haryana, 40-47 centres were set up to collect the oilseeds which were stored in 70 warehouses.

These details of the registered farmers are verified by the land revenue department. After the harvest, these farmers receive an SMS indicating that they have to deliver their oilseeds on the appointed day at a particular centre. Once that is done, the payment reaches their bank within three days. "The oilseeds are packed in gunny bags and sent to the nearest warehouse for storage, where a receipt (WHR) is issued. This contains the details



Source: <https://www.alibaba.com/>

of the MSP and the quantity so that the farmers can check the amount that they receive. The gunny bags are stencilled with the year and names of the cooperative society and the purchase centre,” says Taneja.

What is interesting is that even the size of the gunny bags has been specified for each of the produce. So there are different sizes for different oilseeds. Groundnut is packed in the 35 kg one while the mustard is in a gunny bag, which weighs 50 kg. “Before the 50 kg weight limit set by the International Labour Organisation (ILO), it was packed in bags of 85 kg,” clarifies Taneja.

It is here that the three-tier structure swings into action. The cooperative society gives the oilseeds to MARKFED or the state-level

society, which puts a covering letter and sends it to NAFED. “On the basis of the warehouse slip, NAFED releases 100 per cent payment. The incidental expenses, like transport, are paid as per guidelines. When the bill is submitted, we pay 50 per cent and the remaining after the settlement of the account. Once we get the receipt, we release the payment to state-level agencies which pass it on to the district agencies which in turn distribute it among farmers,” adds Taneja.

However, the work of NAFED is not considered done as it has to be engaged at several different levels. At the warehouse, a surveyor appointed by the organisation checks to ensure that the stock is the same as the one which was sent out. “The inspector conducts arduous checks before giving the green signal. The lot is then deposited in the





The three stages — flower to seed to oil  
Source: <https://blog.puravedaorganics.com/>

A verdant soyabean field

warehouse which issues a receipt carrying details of the commodity, moisture percentage, value and name,” says Taneja.

In Rajasthan, 6,08,571.47 MT of mustard seeds were procured from 249 centres across the State which benefitted 2,86,895 farmers for rabi 2019-20. For groundnut pods, the quantity was 2,32,482.14 MT in 62 centres which impacted 99,571 farmers. The State also notched up 2,957.80 MT in soyabean in 29 centres guaranteeing healthy earnings to 1,533 farmers for kharif 2018-19.

Unlike pulses, oilseeds cannot be consumed raw. These are sold in the open market as was done recently when the Gujarat Civil Supply picked up 26,000 MT of produce from NAFED. But the usual practice is to auction it through the online portals, MSTC and NeML. “The buyers, too, have to register themselves and submit requisite documents like the Pan card and GST number. It is essential to deposit five per cent of the worth of the stock that they want to purchase. This change was introduced recently to eliminate people who join, spoil the rates and then disappear. So we decided that we would forfeit the five per cent if they do so,” says Taneja.

Once the oilseeds are sold in the open market, the buyers have to deposit the complete payment within seven working days. “If it doesn’t happen, then we take 12 per cent interest and give them an extension of seven days. If they still fail to do so, the interest rate is hiked to 14

per cent, which has to be paid within seven days. The last extension that they get is of nine days when the interest rate goes as high as 18 per cent. At no cost are they given more than a month from the date of sale confirmation,” says Taneja.

Till the time the oilseeds are stored, the purchasers have to pay the rent of the warehouse, which varies depending on the agency, state and even the commodity. “The latter, because some produce might take more space and need more care than the others. Seeds which are prone to damage due to insects need frequent fumigation, which means higher input costs,” says Taneja. Not more than a two-month hold is allowed to the buyers from the date of purchase.

Taneja points out that the gradual commercialisation and extension of oilseeds as an important farm produce have meant that lakhs of farmers from Karnataka, Telangana, Andhra Pradesh, Gujarat, Haryana, Rajasthan, Madhya Pradesh, Uttar Pradesh, West Bengal, Odisha and Uttar Pradesh have benefitted from the MSP. Pahwa believes that everyone — the Centre, State and NAFED — has been able to bring about a revolution acting in tandem. “While the Central Government outlines the policies, the State government sets up the mechanisms and NAFED does the procurement and hands out the payment,” he says. A farm economy model that can be a template for many developing economies.



# PUNCH IN A NUTSHELL





NAFED's groundnut procurement policies over the past three years have not only yielded huge benefits for farmers but have strengthened the crop's value chain across the State

Source: <https://commons.wikimedia.org/>



Just two years ago, Haresh Vagadia, a farmer from Choki village in Gujarat's Junagadh district, had to trudge to the *mandi* to sell his groundnuts and would hardly get ₹600 to ₹700 per 20 kg. Now he gets nearly ₹1,000 for selling the same quantity to NAFED. Another farmer, Jayesh Akbari, has sown groundnut in 17 of the 35 *bighas* he owns on the assurance of just prices. Last year, he had planted groundnut in six *bighas* only.

Peasants from Kathrota village of Rajkot district, too, are preferring groundnut over cotton this year in anticipation of higher prices. Haresh Chovatia grew cotton, *urad* and *arhar* in his 25 *bigha* farm but this year has apportioned half that area to groundnuts. Suresh Kotadia from Vadal village owns only six *bighas* but the enterprising farmer has taken 45 *bighas* near his village on lease this year to grow the produce in anticipation of encouraging price support from NAFED.

NAFED's groundnut procurement policies over the past three years have not only yielded huge benefits for farmers but have strengthened the crop's value chain across the State. As per the figure shared by the Ahmedabad branch of NAFED, a quantum of 4.5 lakh MT of groundnut pods has been purchased by the federation during the current year. This mammoth effort has benefited around 2.2 lakh groundnut growers across Gujarat. Besides groundnut, NAFED is successfully procuring other important crops, including *urad*, *arhar*, mustard seeds and grams under the Price Support Scheme (PSS), which is helping farmers get adequate prices and assurance of selling their produce.



“The operations of NAFED have set a benchmark in the market with regard to the quality of the agro commodities procured. Moreover, the entire exercise is providing transparency while disposing the commodities at competitive market rates through e-auctions,” says SS Srivastava, Ahmedabad branch head of NAFED.

The national level cooperative has not only achieved huge profit in recent years but has also catered to the agricultural marketing needs of the farmers. It has successfully procured lakhs of tonne of commodities at Minimum Support Price (MSP) to fetch better market rates and reach out to farmers at the farthest corners. At the same time, the jeopardy of the consumers has been addressed, where NAFED has played an active role to buffer the stock and stabilise the market rate whenever a price hike has been forecast.

According to Srivastava, the Ahmedabad branch is in the process of supplying milled pulses and groundnut oil to civil supplies departments of various States to meet the needs of welfare schemes, which include the Mid-day Meal and Integrated Child Development

Services through its empanelled millers, including those of Gujarat. Also, in the previous years, milled pulses have been supplied to armed forces, he added.

Apart from groundnut, NAFED is highly active in supporting onion growers. This rabi season, the branch has procured around 9,000 MT of onion from small and marginal farmers across Mahuva, Bhavnagar areas of Saurashtra region under the Price Stabilisation Fund (PSF). Several farmers and other stakeholders have benefitted through the procurement operations and the buffer stock of onion is expected to be a blessing to meet consumer needs and reining in onion prices across the nation.

“Farmers in Gujarat are all set to take up groundnut primarily because of the good prices they have seen last year. Prices are ruling a little above MSP and there is a strong indication of a further increase next year too. With rains in Saurashtra and north Gujarat, robust groundnut sowing is taking place all-over because of increased preference of farmers,” said Sameer Shah, president of Saurashtra Oil



*Gujarat has witnessed bumper groundnut crops for the past two seasons, resulting in massive procurement activity by State and Central agencies. (Inset): Groundnut oil and derivatives like peanut butter, groundnut seeds and protein powder can augment demand*

Millers Association (SOMA). At present, the MSP for groundnut is fixed at ₹4,890 a quintal. The State government's bonus of ₹110 per quintal made the effective procurement price at ₹5,000 a quintal. The market price for groundnut hovered around ₹5,000-5,220 a quintal at *mandis* in Gujarat.

The total area under groundnut cultivation in Gujarat last year was nearly 16 lakh hectares. This year, there is a sizeable increase in groundnut sowing as NAFED's intervention ensured good prices last season. Gujarat is India's largest groundnut grower with about one-third of country's total groundnut production coming from the State. As per the estimates, India produces about 65 lakh MT of groundnut, of which the state produces about a third, around 20 lakh MT. According to trade sources, groundnut cultivation will rise in Gujarat this time as compared to last year as farmers see better prospects for the crop.

The state has witnessed bumper groundnut crops for the past two seasons, resulting in massive procurement activity by State and Central agencies to protect farmers from losses. Even the Met department has predicted good rainfall in coming days in the areas under groundnut cultivation, including the districts of Saurashtra, namely Amreli, Bhavnagar, Gir Somnath, Diu, Junagadh and North Gujarat.

Not only farmers, groundnut oil extractors are bullish as the State



**HAREESH CHOVIATIA**  
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**SURESH KOTADIA**  
FROM VADAL VILLAGE  
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**JAYESH AKBARI**  
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**JUST TWO YEARS AGO,**  
**HAREESH VAGADIA,**  
A FARMER FROM CHOKI  
VILLAGE IN GUJARAT'S  
JUNAGADH DISTRICT  
HAD TO TRUDGE TO THE  
MANDI TO SELL HIS  
GROUNDNUTS AND  
WOULD HARDLY GET  
₹600 TO ₹700 PER  
20 KG. NOW HE GETS  
NEARLY ₹1,000 FOR  
SELLING THE SAME  
QUANTITY TO NAFED

Government and NAFED are doing joint exercises to revive over 140 closed groundnut oil mills in the State. Already a high level meeting for the revival of closed oil mills was held at the state capital Gandhinagar in which representatives of NAFED and SOMA were present apart from senior State Government officials.

As NAFED is storing huge quantities of groundnut in warehouses across the state, oil millers want uninterrupted supply of raw material from the federation at competitive rates. Dilip Sanghani, chairman of Gujarat State Cooperative Marketing Federation Ltd (GUJCOMASOL), said that groundnut oil extracted by millers would be purchased for the Government-run Mid-Day Meal scheme as well as selling groundnut oil through fair price shops across the state.

"It would be win-win situation for farmers, oil millers and the State Government. Farmers would get a good price for their produce and oil millers would get ready buyers. The State Government would get good quality edible oil extracted from locally grown crops, that too under the supervision of reputed organisations like NAFED and GUJCOMASOL," he said.

There are nearly 350 groundnut oil mills in Gujarat. Of these, half are closed, mainly due to short supply of raw materials. Most groundnut oil extractors are in Saurashtra region. Against the demand of 250 lakh MT of edible oil, India produces near eight-10 lakh MT of groundnut oil. In such a situation, NAFED would contribute in its own way to reducing import bills of edible oil indirectly.

With increasing sowing areas of groundnut due to NAFED's efforts, SOMA has decided to create awareness among people about the benefit of consuming groundnut oil and ground nut derivatives like peanut butter, groundnut seeds and protein powder to augment demands.

Not only farmers, traders of groundnut seeds are also bullish on NAFED's procurement mechanism. Ashok Unadkat, a trader and exporter of groundnut seed, says that compared to previous year's 90,000 bags, he had purchased 1.40 lakh bags of groundnut from NAFED to export processed groundnut seeds in the domestic as well as the overseas market. Unadkat is exporting groundnut seeds to Gulf countries, Philippines, Vietnam and Ukraine. He plans to expand his export business to other European countries.

Oil millers, too, are happy despite slightly higher prices of groundnut. Rajkot-based oil millers Mahendra Nathwani and Pankaj Nathwani say that NAFED has taken warehouses across the state on rent which ensures continuous supply throughout the year.

Due to demand from NAFED and GUJCOMASOL, a new business of renting out warehouses has flourished in the region. Rich farmers like Chandubhai Vaghasia have plunged into warehousing business and through it he and many others are earning handsomely. Vaghasia has constructed three state-of-the-art warehouses in Rajkot and Junagadh districts with weighbridge facilities and rented the properties to store NAFED procurements.



## REVIVE THE KALPAVRIKSHA

According to the Indian system of knowledge, the coconut tree was known as the *Kalpavriksha* (a wish-fulfilling divine tree). There are no other trees or plants in Indian culture which are so closely associated with the life cycle of a human being. When a child is born in this world, its arrival is greeted and celebrated by breaking a coconut. When a person breathes his last, a coconut is broken into two and each piece is kept on the head and feet of the departed soul with lighted wicks.

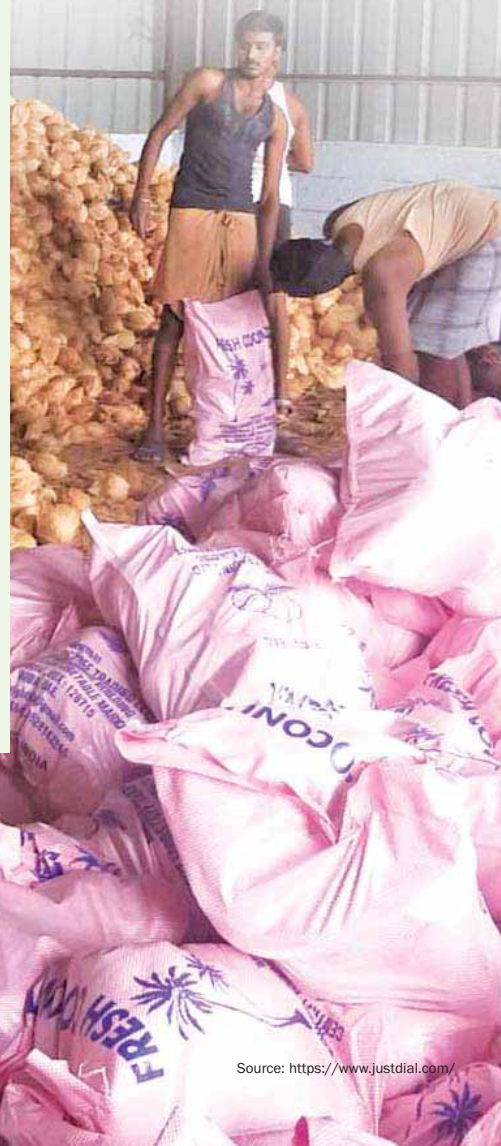
The economy of the farming sector in Kerala and Tamil Nadu depends on the price commanded by coconuts in the market. If the cultivators get a reasonable price for the coconuts, the farming community is happy. Old timers like Sundaram of Cuddalore in Tamil Nadu would regale you with anecdotes about the State's economy during the days when coconuts commanded premium prices in the market.

But the *kalpavriksha*, which literally states that the tree which blesses us with whatever we ask for, has become a burden for the cultivators. The prosperity associated with coconut is linked nowadays only to *pujas* and *homams* where the fresh bunch of flowers as well as the nuts are essential ingredients. The symbol of prosperity has turned out to be a bag of never-ending woes. RV Chinnadurai Naicker, who has a coconut plantation extending to 50 acres at Udhumalpet in south west Tamil Nadu, says sustaining the volumes and business is a tough act. "If we cannot get a fraction of what we spend as cost of cultivation, what is the point in continuing as a coconut farmer? There was a time when we used to buy brand new Ambassador cars with the profit generated from each crop," he recalls.

He is not in the habit of exaggerating facts. "What we are getting right now is ₹96 per kilogram of copra, which just about takes care of our costs," he argues. It is here that NAFED has been able to rescue him by holding off a cartel of private operators and middlemen who manipulate prices and ensuring the yield is cost-effective and market-ready. Prakash Rao, the branch head at NAFED's Chennai office, says his organisation is bound by procedures framed by the Government of India for procuring copra. "The price fixed by the Centre for copra is ₹96 per kg while that of ball copra is ₹99/kg," he adds. That works for farmers in a bad year and stabilises wild fluctuations in the open market.

The water scarcity in Tamil Nadu has taken a heavy toll on farming operations, forcing NAFED to work out a new template. "We are dependent on monsoon rains and any failure in rain would cause severe damage to the crop," says another farmer. Owner of a 12-acre plantation in Udhumalpet, Velayudham says the cost input has increased sharply because of digging borewells. "A borewell of 1,400 ft costs ₹8 lakh to dig and it may last for two years. Every two years, we have to pump in an additional ₹4 lakh for drawing water. This is in addition to replacing the motor pumps."

The signing of Free Trade Agreement with countries having coconut cultivation, too, has made things difficult for the coconut farmers, points out Naicker. "We have to chalk out strategies to bring down the cost of production so that our prices and products become competitive vis-a-vis imported coconuts," he says. NAFED's new test is not just sustaining the market but looking beyond to help them diversify and improve yields.



## CHAPTER 5

# THE LIVING EARTH

By culturing seeds and making bio-fertilisers, NAFED has not only set up an allied business but also laid the template of sustainable agriculture

Text: Saimi Sattar Photo: Pankaj Kumar



*Ajay Jat stands in a field of soyabean, which is being grown to provide breeder seeds to other farmers*



**T**here's row upon row of soyabean plants, the stalks nodding together, heaving up a swell to the horizon, the green leaves rustling in the breeze. The young Ajay Jat, son of Ramji Lal from Shyana village, just outside Indore, has sowed the breeder seed of the crop this year in one hectare. "The yield last year was low. So this year we bought seeds that came with a guarantee of producing 25-30 quintals from one hectare," he says.

While the city-bred might assume that each year farmers save some of their harvest to plant for the next season as happened traditionally, the process has become a lot more scientific, precise and refined with help from the National Horticulture Research and Development Foundation (NHRDF), a sister concern of NAFED. The

allied seed business made a whopping profit of ₹144 crore in the current financial year (2018-19).

The reason for switching from the traditional method, which though is cheaper, is primarily the fact that productivity of the old seeds keeps reducing and its character changes within three years. AK Pandey, Assistant Director, NHRDF, says, "We need to see the viability of a seed in becoming a plant. The seeds have to be of a particular kind, which have a specific colour, shape, taste, oil content or the number of days that it can be stored. Even the time at which it is harvested is important. If the seed is not mature, it affects the productivity. While the ones for consumption can be harvested even if they are immature or have a slightly higher water content, the standards and norms are fixed."





The onion seeds are sifted, the sorted ones are packed and stored in a well-ventilated place to ensure that these do not go bad

Ajay elaborates on the process for culturing seeds. “Mixed seeds are not allowed. We sowed the breeder seeds and kept them in isolation to maintain quality. After about four months, an inspection is conducted to ensure uniform quality and grant a certification. If there are plants of a different varietal, these are removed. The seed purity has to be maintained as unlike consumption, these are meant for further propagation,” he says. Once the seeds reach the centre, these are cleaned and sorted, where the undersized ones are removed. The result of such meticulous processes and grading has been a 70 per cent yield for soyabean and 85 per cent for *moong* and *urad*.

Pandey says that there is an established manner in which the unit functions. “Breeder and foundation seeds are created here. We distribute these to farmers and train them on how to sow and harvest them. These are procured by us at set rates, then processed at our plant, packed and supplied to different centres or even directly to the

farmer. The seeds are monitored and inspected before packing and those that do not make the cut are systematically eliminated.

The NHRDF has several centres spread across the country, specialising in not just soyabean but also onion and garlic seeds. The onion seeds are grown in Maharashtra, Madhya Pradesh, Gujarat, Rajasthan and in parts of the southern States where weather conditions are not foggy. The seeds are then sent to Maharashtra, Gujarat, Uttar Pradesh, Haryana, Punjab and Odisha. Similarly, the seeds for soyabean are grown in Madhya Pradesh, sesame in Rajasthan, black gram and groundnut in Andhra Pradesh and Gujarat.

As farmers become more aware about the possibilities of technology and research in improving outputs, they have realised the potential of breeder seeds. The better product, which can be stored longer, has now become popular due to word of mouth publicity.

However, it is not just the seeds that have resulted in the good



The men of the Seeds and Biofertiliser Division are raring to go dressed in their NAFED T-shirts

# भारतीय राष्ट्रीय कृषि सहकारी विपणन संघ मर्यादित (नेफेड) National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) (बीज एवं जैव उर्वरक प्रभाग) (Seed And Biofertilizer Division)

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yield of Ajay's soyabean crop but also bio-fertilisers manufactured by NAFED. These are made at a special plant which came up in an industrial area in Indore in 1984. Says Sanjay Kumar Rathi, branch manager, NAFED Bio Fertiliser, "This was started following a government directive to cut down on chemical fertilisers. Even organisations known for making chemical fertilisers, like Indian Farmers Fertiliser Cooperative (IFFCO), Krishak Bharati Cooperative (KRIBHKO) and National Fertilizers Limited (NFL), had to make bio fertilisers." As a result of this diversification and re-orientation, the NBF unit did business of ₹6,580.99 lakh with a gross profit of 461.88 lakh 2018-19 in bio-fertiliser.

The second bio-fertiliser unit was set up in 2000-01 at Bharatpur



(Above): The sample of the mother culture is placed in a synthetic liquid medium where the rhizobium will be growing in a sterilised flask and (below): The mother culture is tested because NAFED officials want to be confident that the bacteria are working properly



in Rajasthan. These two units, in terms of capacity utilisation, quality control and extension and promotion of this noble bio-technology, have been duly recognised by the National Productivity Council. NAFED has won the Best Performance Award 11 times.

Climate change challenges have meant that farmers are dependent on bio fertilisers as they are chemical-free, eco-friendly, organic and improve soil fertility. Rathi points out that any organism, be it living or latent, can be used as a fertiliser for enriching the soil. Bio fertilisers are microbial inoculants consisting of living cells of micro-organisms like bacteria, algae and fungi, alone or in combination, which may help in increasing crop productivity. Biological

activities are markedly enhanced by microbial interactions in the rhizosphere of plants.

At the unit, about 11 employees are involved in making the rhizobium fertilisers, which contain living organisms that fix the atmospheric nitrogen. When added to the soil, they lead to the formation of nodules in the plant roots, which go on to become micro nitrogen factories. However, it is not a one-size-fits all formula. There are crop-specific fertilisers. While *Rhizobium* is used for leguminous crops, *Azoto bacteria* is made for cereals, millets, vegetables and other horticultural crops and *Azospirillum* is sprinkled in fields where maize, *bajra*, potato, etc are grown. For the sweet sugarcane and sugarbeet,





The flasks are placed on mixer tables where shaking, aeration and blending take place



it is *Acetobacter* which comes into use while P.S.B. comes into use for all the crops. *Trichoderma Viride* biofungicides can be used for all the crops. They also use composting culture for decomposition of organic waste.

The other micro-organism is called *Azito bacteria*, which encourages plant root hair so that it can carry phosphates and minerals. In normal circumstances, a plant can just absorb only 20-30 per cent of nutrients and minerals from its surroundings.

NAFED started the business of bio-fertilisers in coordination with research bodies like Indian Agricultural Research Institute (IARI), Council of Scientific and Industrial Research (CSRI) and others. Says Rathi, "They start from the soil and isolate bacteria, which are efficient at fixing nitrogen to the earth. They check whether nodule formation is taking place or not. How much is the nitrogen fixation and what are the conditions that the bacteria can tolerate?" It is important to check if the mother culture works in a variety of weather conditions so that it can tolerate the variables which the fertiliser would face when it is sent to different places. Moreover, fields do not have the controlled conditions of a laboratory and soil texture and water salinity could vary.

However, the testing is not restricted to the different institutes but is also done at the seed and biofertiliser unit of NAFED. "After procuring the mother culture, we test it because when we supply it to the farmers we should be confident that the bacteria are working properly." The sample is placed in a synthetic liquid medium where the rhizobium will be growing in a sterilised flask. Rathi says, "In order to maintain the sterilised conditions, it is put in a chamber with a UV light where the Laminar airflow is also operational. This device takes in air, sterilises it and then throws it out. A flame is also placed at the mouth of the flask to ensure a bacteria-free zone. The combination of the three ensures that except for the bacteria that we need, no other contaminant enters the flask."

These flasks are then placed on what look like tables but once it starts revolving, one realises these are actually mixers. Shaking, aeration and mixing are required for the bacteria to grow and they reach their potential within three days. The sample is checked under a microscope and then allowed to multiply in bigger flasks. So from two litres, you go up to five until the flasks can be placed in fermenters which have a capacity of 1,200 litres. "Things become compact in the fermenter. So shaking, mixing and cooling everything happens there. The fermenters demonstrate growth within 24 hours. Lignite powder, a type of charcoal, is used as a carrier. This increases growth and its calorific value is high. In this mixture, there is 30-40 percent of the liquid with rhizobium and the rest is carrier. "The lignite has a pH of less than 4.5. In order to make it 7, we add calcium carbonate," says Rathi. Packets are thereafter made according to requirement and given to farmers.

These are packed in corrugated boxes as aeration is needed and stored at a temperature of 28°C. These have a seven-ply virgin paper cover while the middle layers are semi-virgin, so even if the temperature rises or falls dramatically, these are insulated. The bio fertilisers last for six months. But no matter how short their efficacy, they have shown that sustainable practices will always keep us connected to Mother Earth.



The 1,200-litre fermenters are cleaned and sterilised before introducing the liquid



There are different bio-fertilisers for crops depending on their requirements



# PLANTING THE SEEDS OF CHANGE

Be it rejuvenating traditional crops, changing cultivation patterns and generating new markets for applied products, NAFED has revolutionised the agricultural sector in India as evident from its experiments with rubber, tea and groundnuts

Text: Kumar Chellappan and Anup Sharma Photo: Kumar Chellappan and Anup Sharma





*Tapping into the rubber tree to draw the sap*

Source: <https://rubberasia.com/>

# M

onippalli, situated in Kerala's Main Central Road and connecting Angamali and Thiruvananthapuram, is a typical Christian village dotted with churches, convents and seminaries. Yet what makes it distinct is its opulence and prosperity. Though the village may be small, the population has made it a global rubber trading centre thanks to its high quality plantations.

The life in the village starts at 3 am with the planters and tappers streaming to the plantations to attend to their rubber trees and saplings. Their unwavering discipline is because they are indebted to Joseph Monippalli, a rubber farmer who fought against the vagaries of price fluctuations and uncertainties associated with the procurement of rubber in the 1960s and 1970s. "It was Joseph who brought NAFED operations to Kerala in a big way during the period of uncertainty," said Viswantha Kaimal, a rubber planter in nearby Karakuzha village. He united all the rubber farmers in the region and made the Centre depute the representatives of NAFED for intervention in the highly volatile rubber market of those days, recalls KP Alias, rubber planter from Muvattipuzha.

Joseph, who subsequently rose to become the director of NAFED, helped the farming community by getting them reasonably good prices from the market with some help from the agricultural ministry. Not anymore though as the farmers have acquired business wisdom from their NAFED experience and are using it to get a good bargain in open markets. "We don't have much to do in Kerala as the procurement of rubber as well as other commodities

# THE RUBBER RUBRIC

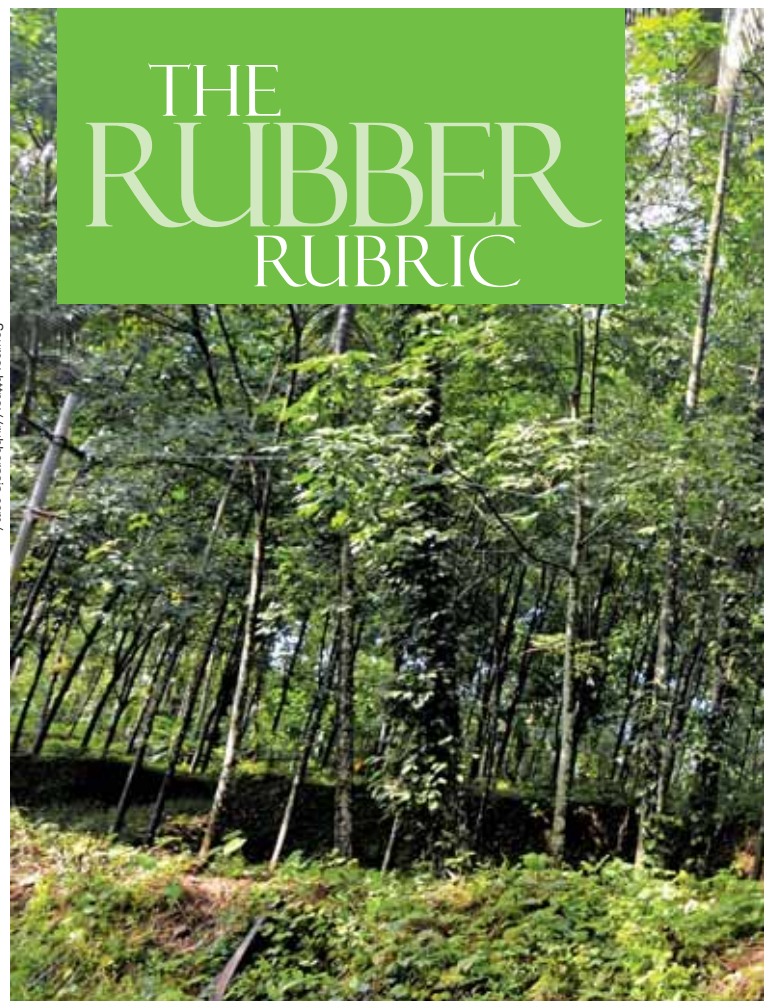




Photo source: <https://www.werite.org/project/rubbers-3/>



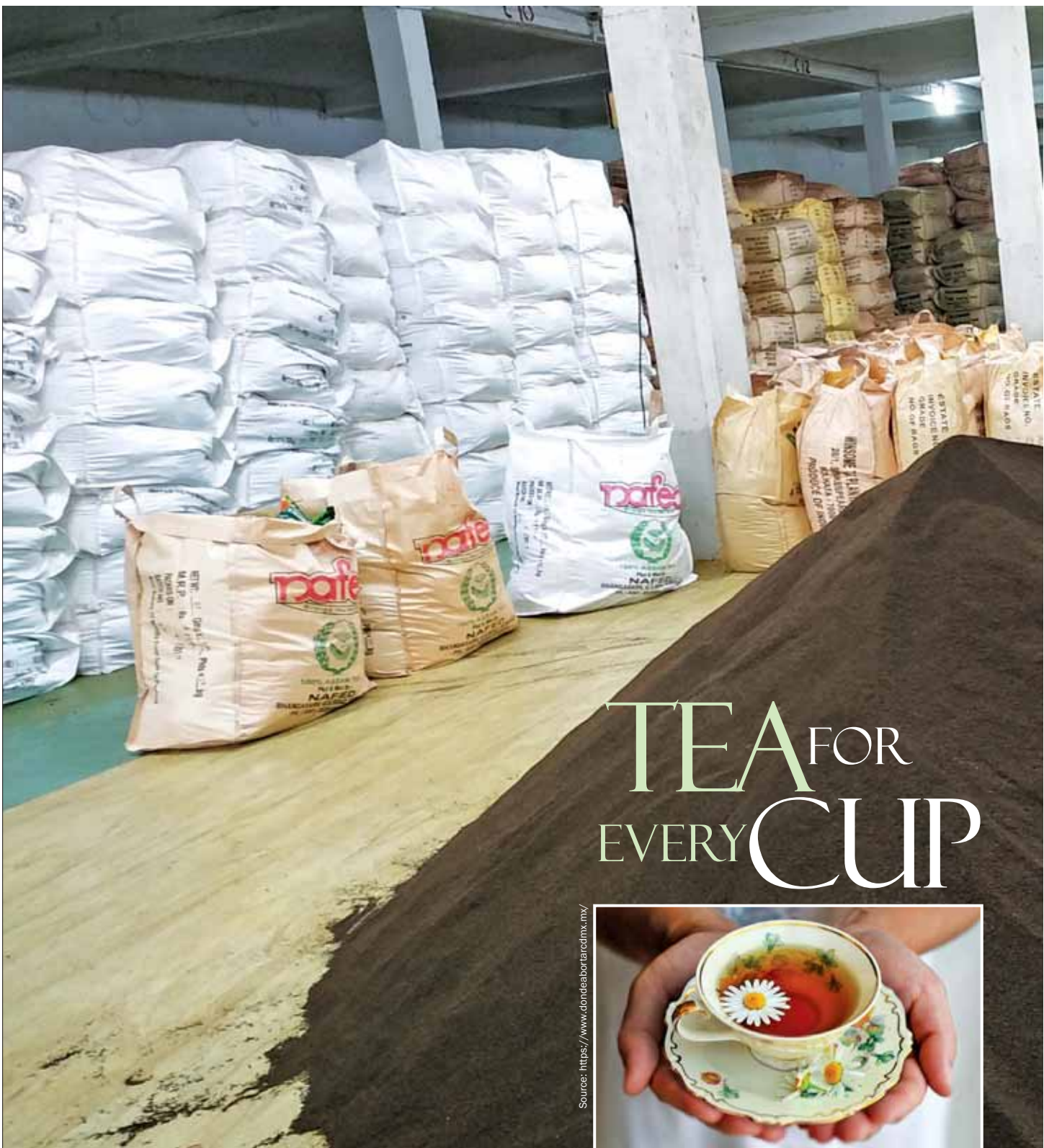
*Rubber has changed the lives of the farmers*



is done by market forces,” said Abinesh Bose, branch manager, Kochi office. But he pointed out that the opening up of the markets following India signing the World Trade Organisation (WTO) agreement has meant that the farmers have become more competitive about price and quality. “Spices, for which Kerala was famous since time immemorial, have lost their monopoly as high quality crops are available from other countries in Asia and Africa at lower prices. Pepper and cardamom are imported from Indonesia and Sri Lanka at prices much lower than what is offered by Indian spice traders,” said Bose. Even Ayurvedic pharmaceutical manufacturers prefer the cheaper varieties of spices from abroad than what is offered by the Kerala cultivars, said Bose.

Siby Monippalli, the son of Joseph, has taken up the chair vacated by his late father in NAFED and is now re-orienting NAFED’s priorities to rejuvenate plantation crops of Kerala. “The mission of NAFED is now to reorient itself by switching over to organic farming and encouraging farmers to cultivate eco-friendly crops. This will give us a new sales pitch,” said Siby Monippalli.

The interesting bit about NAFED in Kerala is that old timers like Kaimal, Alias and Prof P G Haridas of Thodupuzha and even newer farmers always acknowledge their allegiance to it. “NAFED sustained plantation crops for decades. Yes, there are open markets but that does not make it irrelevant and it can now focus on quality,” said Prof Haridas, who is more active as a farmer after quitting his job as professor of history at the Mahatma Gandhi University.



# TEA FOR EVERY CUP

Source: <https://www.dondeaborlaredmx.mx/>







*Tea is procured through the Guwahati Tea Auction Centre (GTAC) after which it is processed and packaged at NAFED's facility*



*In 2017-18, the tea procurement by  
NAFED was 2,113.80 quintals*

**B**iju Munda (45) has been plucking the green leaves of tea for generations in one of the over 850 tea gardens of Assam. A resident of Assam's Sivsagar district, Biju's forefathers had been brought to the plantations by the then British rulers more than a century ago. He and many like him, who have only known the bushes as the book of life, toil hard every day to ensure that the aroma of Assam tea remains the same.

That focus on the unique nature of the Assam brew happens because Biju doesn't have to worry about selling it. NAFED procures the tea produced by the gardens of Assam and takes it to homes across the country to ensure that the Assam tea industry, that produces over 650 MT of quality tea, sustains.

Besides procuring the tea and packaging it for commercial distribution across the country, NAFED blends the tea as per the drinking habits and flavour profiles of different regions of India. "We have been operating in Assam for a long time. We procure tea through the Guwahati Tea Auction Centre (GTAC), process and package it at our facility in the city and then sell it through our units in different parts of the country," said NAFED branch manager in Guwahati, Jayanta Kumar Maiti.

Giving statistics about the procurement, he said that it has been increasing over the years. "We have procured 2,246.21 quintals of tea in 2018-19 fiscal year through competitive bidding system at the Guwahati Tea Auction Centre. In 2017-18, the tea procurement was 2,113.80 quintal," he said, adding that the NAFED unit hopes to increase the procurement gradually from Assam as the demand has been increasing.

The procurement of tea, which is in bulk, not only ensures the sustainability of the industry in Assam but also guarantees that every kilo gets a competitive price and that none of the tea growers suffers a loss due to different impacts on the industry. The bulk procurement by a government agency through the transparent bidding process at the tea auction centre also ensures a fair price realisation by tea growers. "The Assam tea industry is suffering due to different reasons at present. However, for NAFED, it is mandatory to procure it through auction. This process is transparent and ensures better returns for the growers," said tea taster and blender Yuvraj Baruah, who has been working with the federation for the last 13 years.

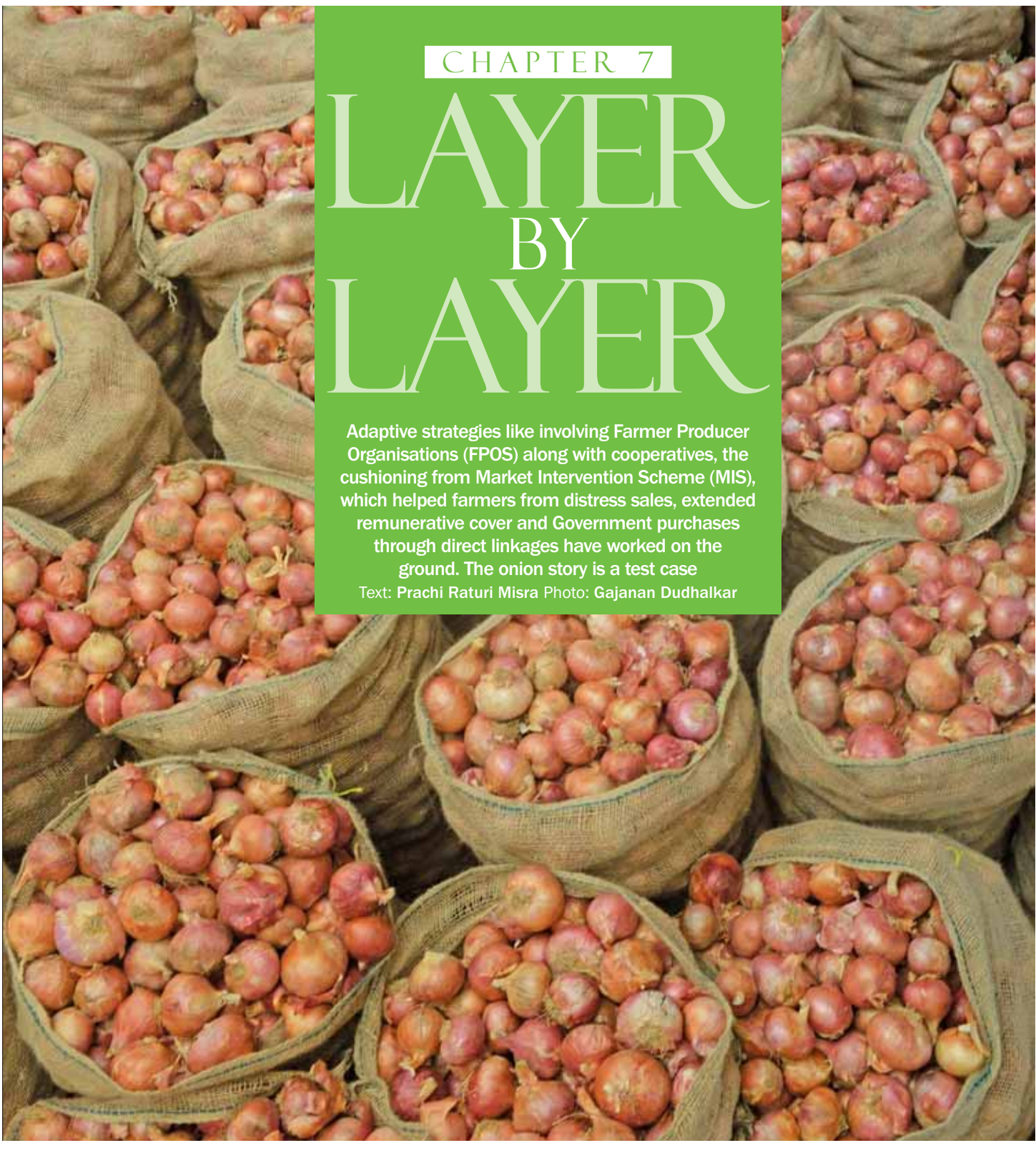
Once procured, the tea is blended at NAFED's facility before commercial distribution. "Tea-drinking habits are different in different parts of the country. We cannot sell the same variety to every region. For example, people in Punjab have mostly milk tea, so we have to make it a golden reddish brew as the consumers want better colour. Similarly we send bright yellow tea to Gujarat which is enjoyed by the locals. Kerala loves dust tea," said Baruah.

CHAPTER 7

# LAYER BY LAYER

Adaptive strategies like involving Farmer Producer Organisations (FPOs) along with cooperatives, the cushioning from Market Intervention Scheme (MIS), which helped farmers from distress sales, extended remunerative cover and Government purchases through direct linkages have worked on the ground. The onion story is a test case

Text: Prachi Raturi Misra Photo: Gajanan Dudhalkar





Prashant Devere from Parmer village in Satana Taluka of Nasik is just one of the many farmers who has benefitted from the turnaround in the onion story of the region

**H**ands, wearing signs of his hard life, and with a few lines too early on his 32-year-old face, Prashant Devere still manages to look happy. “This is a special year for our family of eight. We plan to buy an extra set of clothes for the children than we usually do. My parents, brother, my wife, brother’s wife and children are all very happy,” he smiles.

Devere, a farmer from Parmer village in Satana Taluka of Nasik, is just one of the many farmers who have benefitted from the turnaround in the onion story of the region.

And if numbers are anything to go by, the going certainly looks good. Take for example the simple fact that while 2018 saw a procurement of 13,200 MT of onions by NAFED, in 2019 the number has risen to 56,100 MT. Interestingly while 47,600 MT of this is from Nasik, a new entry is the sourcing from Bhavnagar, Gujarat which was a healthy 8,500 MT. The added tonnes have undeniably given an impetus to the growth story of thousands of farmers like Devere.

Walk a little further from Devere’s home and you meet Harish Chandra Ananda Khernar. His relaxed demeanour tells you all is well. “But that was not the case a few years ago”, he volunteers to share

## OPERATION GREENS

**T**omato, onion and potato are three vegetables which are central to the Indian diet. Frequent fluctuations in their prices mean that the farmers suffer when there is a glut and the consumers are at the receiving end when the prices skyrocket. It is to avert both these scenarios by streamlining the supply of tomato, onion and potato (TOP) crops and ensuring their availability throughout the country round the year without price volatility that “Operation Greens” was announced in the Union Budget of 2018-19. To attain its objectives, the Ministry of Food Processing Industries (MoFPI), approved a strategy, which included integrated value development projects for long-term and price stabilisation measures for short-term measures. NAFED has been appointed as the nodal agency for implementing short-term measures for price stabilisation. During a glut situation, when the prices fall below preceding three years’ average market price at the time of harvest, eligible entities under the scheme will evacuate TOP crops from production surplus areas and store them in hired warehouses/cold storage near production or consumption centres. These entities would be reimbursed 50 per cent of the transportation cost and that of hiring appropriate storage facilities for the crops. After discussing the operational and other arrangements for implementation of the scheme with senior officials from Ministry of Food Processing Industry, Horticulture Department of States and State level Co-operative Marketing Federations, NAFED floated an expression of interest for appointment of dedicated agencies for development and operationalising a Marketing Intelligence & Early Warning System (MIEWS) for the three crops.





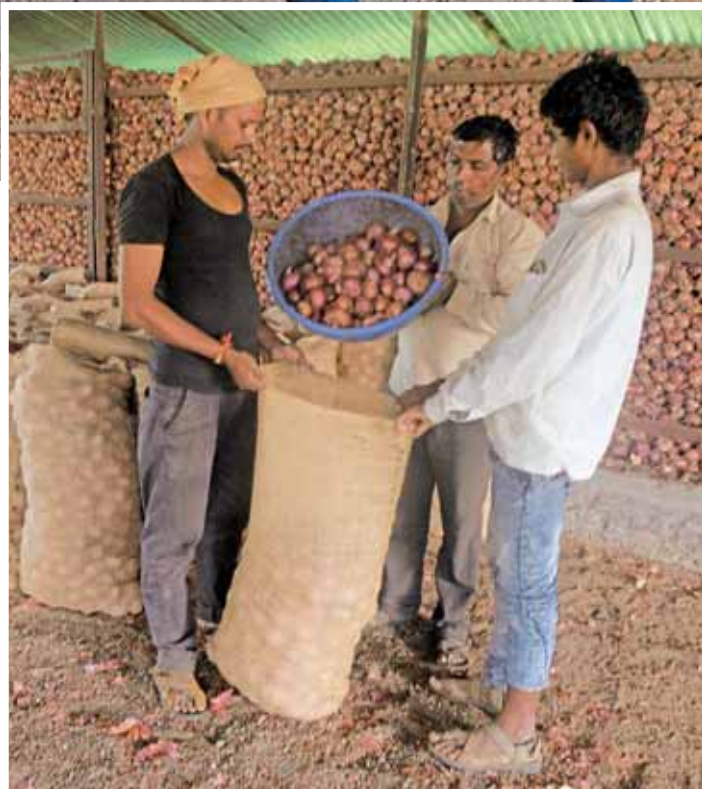
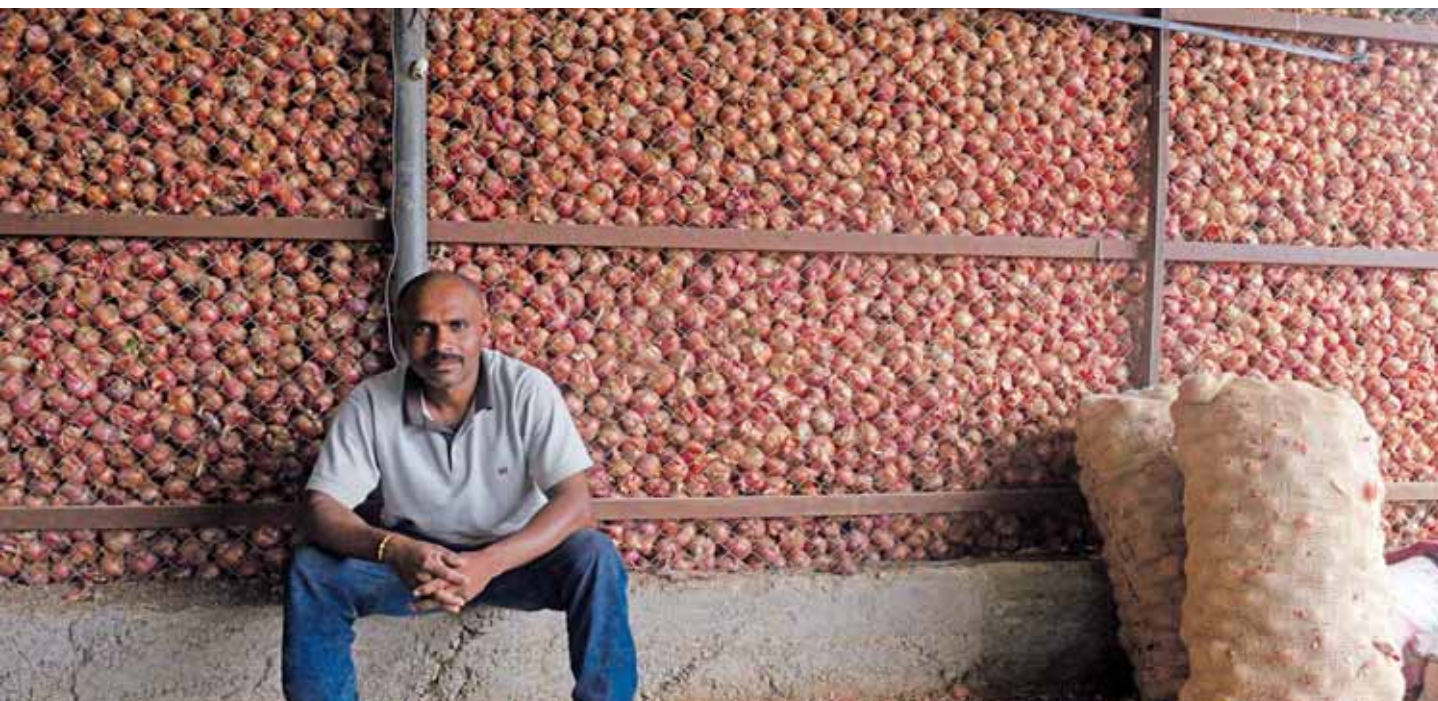
(Above): NAFED's unique ventilated structures for storing onions at Pimpalgaon, Nasik. (Below): Chawls are multi-level structures made from bamboo and secured with iron net

when several farmers, including him, would either suffer losses at the hand of nature or middlemen. "Even in 2018, for example, the harvest was not great. To make matters worse there was rain and low prices. We all suffered huge losses," he shares.

Prabhakar Shankar Panwar, a 52-year-old farmer from Nitara village in Nasik, sums it up for most farmers in the area when he says how the steady hand-holding by NAFED had led them to safe and higher ground. "Take, for example, the fact that we got ₹2,000 to ₹2,200 per quintal. There have been years when we have had to sell our onion crop for ₹1,000 or even less."

So what has led to the turnaround? To begin with, there are two modes by which onions are being purchased under the Price Stabilisation Fund (PSF) scheme launched by the Government in 2015. Other conduits are *mandis* in Lasalgaon and Pimpalgaon or FPOs (Farmer Producer Organisations) in areas like Usmanabad, Sholapu and Pune, shares Veena Kumari, General Manager, NAFED.

The initial support came from the National Horticultural Research and Development Foundation (NHRDF) experts who helped with understanding onion quality as well as pricing. But soon NAFED was leading the onion growth story on its own, thanks to the experience its



*Onion is a perishable item with a limited shelf life, so the tricky part is to strike a balance between buying at the right time, sorting, grading, storing well and giving a fair price to the farmers*

officials gained first-hand over the last so many years. When NAFED participates in auctions at *mandis*, it appoints a primary agricultural society, which has experience in onion handling. “It helps us in settling farmer accounts, transport, storage and so on,” shares Kumari.

FPOs, on the other hand, open collection centres and declare daily prices for member farmers. Technology steps in to streamline operations. With most member farmers being on a WhatsApp group, daily prices are shared that help them decide if they would like to sell their stocks or not on any given day. More often than not, it is a yes, thanks to the competitive pricing.

That said, it was not at all a cakewalk. Like Puneet Singh, branch manager, NAFED, Mumbai, explains, “Initially, there was a lack of initiative from farmers. But gradually they understood that we were there to help them and that is when the narrative changed. Today they see us as someone who helps them get fair prices for their produce. With digitalisation, their trust in us has been further strengthened. Now they



Farmers, who had to go to mandis earlier and wait for auctions, apprehensive about how the rates would be that particular day, now walk into NAFED centres confidently

log on to the e-Samridhi system. With a direct interface with the government, there is this transparency and security that add to their confidence. The farmers themselves are a part of their changing story.”

Interestingly, the changes that helped shape the turnaround, as MS Rawat, Manager, Horticulture, puts it, “are the small but potent cogs in the growth wheel.” Onion is a perishable item with a limited shelf life. So the tricky part, says Rawat, is to strike a balance between buying in at the right time, sorting, grading, storing well and giving a fair price to the farmers.

“This year the complete emphasis was on paying attention to the

minutest details to make the most of the limited window we have for procuring and storage. Be it publicity or field level work, all were looked at with great detail”, explains Rawat.

What is important besides the hand-holding from top management and the eye on minute details is flexibility at the ground level, adds Rawat. Take, for example, the fact that the *mandis* in Nasik only work on cash. So despite the emphasis on the digitalisation bit, this little tweak was added. “The idea is to be in touch with ground reality,” he emphasises.

The ground reality bit is something that Sushil Kumar, branch



manager, Nasik, NAFED swears by. For it is this ground reality that helped the federation get the whopping numbers. The grassroots work began in November 2018 for sourcing the late rabi crop of onions, which is procured between April and July. While the early rabi is good for quick consumption and has little shelf life, the late rabi crop of onion is the variety that can be stored longer. That said, the challenge still remained. “One of our biggest challenges in procuring more has been storage. Till last year, we had our own storage capacity of only 5,000 MT. So on a trial basis, we rented 7,500 MT of storage in Ahmednagar, Pune and Rahuri from local farmers. We ended up with a stock of 13,200 MT. That wasn’t a great number but we had seen the way ahead”, shares Kumar.

This year, NAFED had its task cut out. And its renting of the indigenous storage facilities (*chawl*) became a huge game-changer. *Chawls* are multi-level structures made from bamboo and secured with an iron net. The stock is periodically rotated to save it from rotting.

For the farmers, it has been a win-win. Ask Netaji Anand Nikam, a 42-year-old from Parmer village, Satana, who tells us, “From getting very low rates to now getting a good price for our produce and making money from our *chawl*, it has been a win-win situation. NAFED has come as a boon when the lives of poor farmers like us looked bleak.”

Encouraged by the *chawl* experiment of 2018, NAFED made a leap of faith by diving into hereby unexplored areas of Malegaon, Satana, Tarabad, and Kalvan Devla in 2019. This meant not just more onions but also being able to rent a handsome 11,000 MT of *chawl* storage in these areas. The federation also went on to add another 2,000 MT to its own storage capacity this year. It is this added storage that helped it with the brilliant leap in numbers.

“The diktat,” says Kumar, was clear. “We were targetting the entire Maharashtra, trying to establish more and more touch points. So instead of picking more from *mandis* where farmers had to come and wait for auctions, we looked at going to them and buying from their fields. We set up several field gates. Because we had rented *chawls* from various farmers, not only did we get access to more storage but also the farmers were saved an extra trip to the *mandis*. Since the pricing is competitive, they were happy to sell to us.”

While the success story in Mumbai and some parts of Maharashtra is based on pulses (mostly *arhar*, *urad* and *gram*) and oil seeds, the underlying focus on technology has been a driving force here too.

Ask Bhavya Anand, Manager, marketing, Mumbai, who shares some heart-warming stories of seeing farmers come into their own

slowly, adapting to technology. “We have set up over 200 centres at various locations in Mumbai and Maharashtra when it was time for procurement of pulses and oil seeds. Interestingly farmers, who had to earlier go to *mandis* and wait for auctions, apprehensive about how the rates would be that particular day, now walk into our centres confidently. They log into e-Samridhhi portal, register themselves and after their goods have been verified, are assured that their money would soon reach their bank accounts through RTGS. It is beautiful to see them not so hassled,” she smiles.

Of course, it was not so easy in the beginning in 2017 when digitalisation came in. Adds she, “They sometimes got confused between “o” and zero and didn’t have any clue of what an IFSC code of a bank meant. But two years have seen them slowly come into their own. They are now assured that the process is transparent and has their best interest in mind.” As Devere puts it, “We know someone is watching out for us now.” Nothing could be a better assurance for the farmer.

*Instead of buying onions from mandis where farmers had to come and wait for auctions, NAFED now goes to them and buys from their fields*





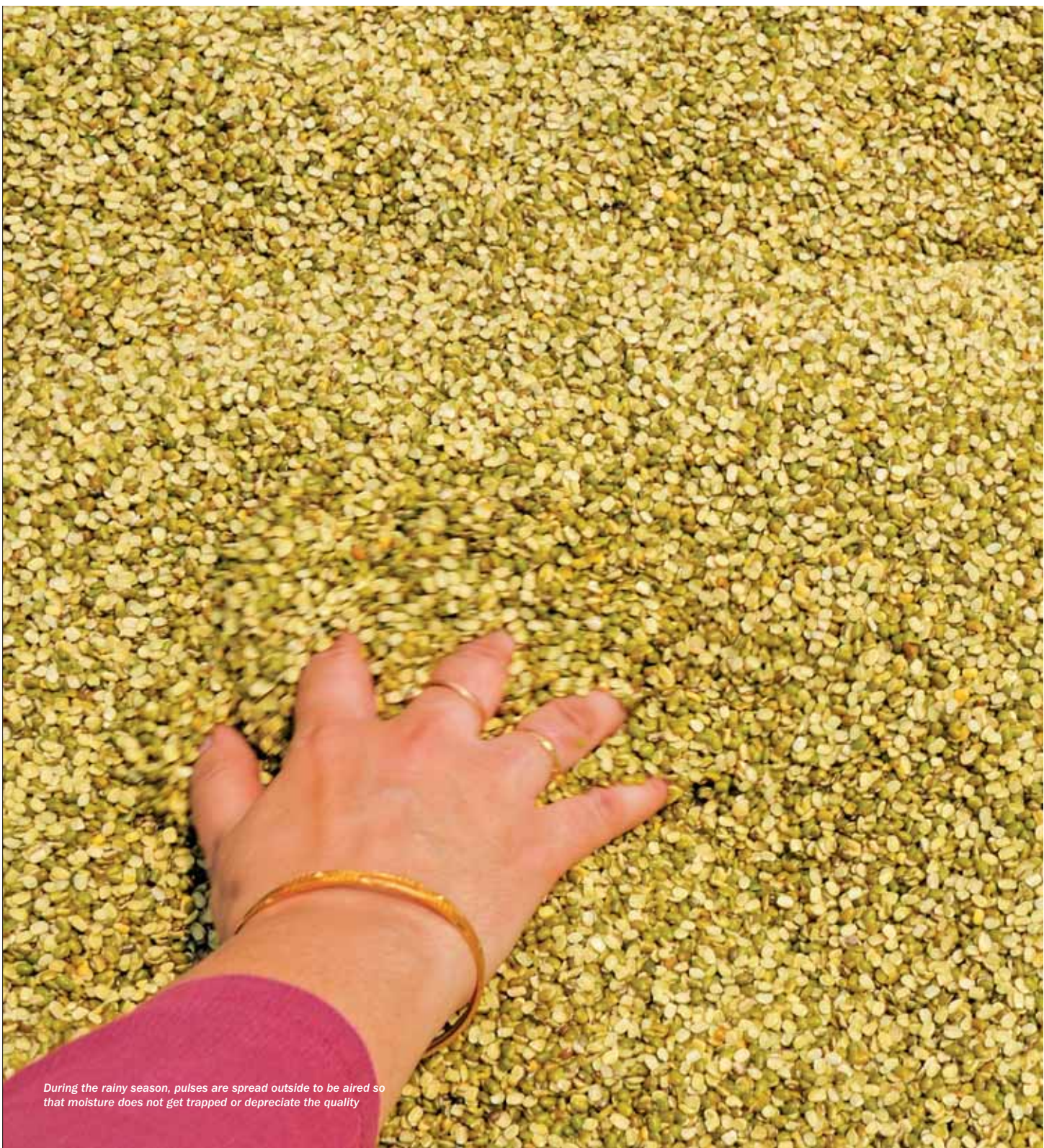
# CHAPTER 8

# SERVING EVERY KITCHEN

Next time you have your breakfast, remember there is a backstory of an efficient army of people engaged in procurement, storage, quality control and packing, working quietly in a warehouse on New Delhi's Lawrence Road

Text: Saimi Sattar Photo: Pankaj Kumar





*During the rainy season, pulses are spread outside to be aired so that moisture does not get trapped or depreciate the quality*

**P**ushpa Devi is sitting in a chair while two of her helpers, Jyoti and Sheela, sit on a mat spread out on the floor surrounded by *chiwda* or beaten rice flakes. One adroitly runs it through a sieve repeatedly to remove the slightest trace of dust and then overturns it on a mound. Another swiftly spoons the *chiwda* into a trough, then scoops it into a packet on calibrated scales to ensure a uniform weight of 500 gm before sealing it. Their hair is neatly tucked inside a cap so that not a strand escapes it and they are wearing gloves to ensure that they do not touch any of the products while packing it. NAFED's popular breakfast cereal is ready.

Sitting across them is another male worker, who is filling packets with sugar that "is pure M30 quality," informs Manoj Kumar Sharma, Assistant Manager, Consumer Marketing Division, Lawrence Road, New Delhi. He goes on to add, "Often, the other stores sell you sugar, which while being packaged, is sub-standard and left over from last year. But the consumer can't tell. We ensure that the stocks are fresh."

The large godown is just one of the three which are spread over an acre of the two-acre property. This place is significant because it is one of those which has been handed over to the banks as part of a One-Time Settlement (OTS) of dues, an arrangement that helped NAFED pull itself out of the trough. The building, which came up in the 1970s, keeps to the functional architecture of the time but step inside and you would be in a



The pulses are machine-packed hygienically



**'WE ARE RETAILING TEA AT ₹190-210 WHILE THE SAME QUALITY FROM OTHER BRANDS IS AVAILABLE AT ₹280. IT IS ESPECIALLY POPULAR IN HARYANA WHERE EVEN SMALL CENTRES SELL OUR TEA'**

— MANOJ KUMAR SHARMA, Assistant Manager,  
Consumer Marketing Division, Lawrence Road, New Delhi



(Left) The staff maintain hygiene standards while packing sugar. (Above) NAFED's green tea collection. (Below) The packets come in differing sizes ranging from one to 30 kg according to requirements



whirl of action, the proof of which can be seen in the gunny bags ballooned up all around, full of pulses, rice, dry fruits, mustard oil and spices. Men and women with coats, caps and gloves move around with the efficiency of an industrial kitchen. It is a veritable pantry of sorts. As Sharma says, "Anything that you need in your kitchen is handled by NAFED. However, some of the packages are massive. While there are packs of 500 gram and a kg, many of the bags are as heavy as 10 and 30 kg. These are certainly not meant for the home kitchen. He explains that a large part of the supplies are sent to 35-40 premier institutions in Delhi like the All India Institute of Medical Sciences (AIIMS), Safdarjung hospital, India Tourism Development Corporation (ITDC), ITC hotels, Janpath hotel, Indian Institute of Technology and more.

This particular godown is on a slight elevation. There is one more in the basement which is connected to the one on top with an incline. Heading to the lower level brings one face to face with workers filling sacks







*(Left to right): A worker calibrates the automated packing machine which can make packets of two sizes depending on the input data; the pulses are slipped through the hole, enter the machine and emerge neatly packed*

with pulses packets. But what catches the eye here is a machine, not too large, extending all the way to a hole in the ceiling with a steel conduit holding it up. Vishal, the worker manning it, says, "I have been operating it since the machine was installed one and a half years ago. The pulses are slipped through the hole, enter the machine and emerge neatly packed." Sharma points out that this is an indigenous innovation to improve the loading logistics further. "There were plans to install a conveyor belt which would transport the pulses. But the office will be shifting to Mohan Cooperative soon. So it was decided to carry out the remaining automation there itself. That place would be better for sure though it is smaller as compared to the two-acre space here. But there is optimum utilisation of the area." His voice is full of hope. Sharma has spent most of his working years, 31 to be precise, at NAFED, ensuring that supplies and buffer stocks never keep us hungry.

As of now, the worker calibrates the automated packing machine which can







make packets of two sizes depending on the input data. “Also, the appropriately-sized packets need to be placed on the roll,” he says. The machine is capable of producing 10-14 packets per minute. “The quantity is obviously much more than what could be achieved manually,” adds Sharma. And it varies depending on the weight of the pulses. Lighter ones like *arhar*, *urad*, *masoor* and *moong* flow in faster while the large-grained *rajma* (kidney beans) and *chana* take a little longer.

As the machine starts, one can hear a loud rumble as spherical *chanas* race their way to the packets placed below. At any given time, only one kind of pulses can be packed. If they have to switch, the machine is given a thorough cleaning. “The quantities that are churned out in one day depend on the demand,” says the worker.

NAFED is the biggest procurement agency for pulses. It buys raw pulses at MSP and gives them to millers who give back milled pulses. “We cannot ensure that the same pulses come back to us. But what we can make sure of is that the quality is good,” says Sharma.

The procurement of the different items takes place from the organisation’s own centres as well as from the open market. “The only criterion that we ensure is that the quality is good and the price is reasonable,” says Sharma. He waxes eloquent about the CTC tea that NAFED sells. “We are retailing it at ₹190-210 while the same quality of tea from other brands is available at ₹280. It is especially popular in Haryana where even small centres sell our tea.” While the tea comes from Assam, the spices are sourced from Kochi (Kerala) and Jaipur (Rajasthan) and the sugar is from a mill in Hapur (Uttar Pradesh).

The godowns maintain reserves of about 45 days on an average. “We know what the demand is likely to be during a particular season or month,” says Sharma. But to ensure that the reserves are maintained in perfect condition, these are fumigated every now and then. This may seem like a routine operation but utmost care is taken to ensure that the fumigants are not harmful for human consumption. Also, during the rainy season, pulses are often spread outside to be aired so that moisture does not get

*The NAFED Bazaars provide consumers with quality products at reasonable prices*





*The food items are supplied not just to NAFED Bazaars but also to hospitals, hotels and educational institutions*

trapped or depreciate the quality as is being done with a batch of green moong.

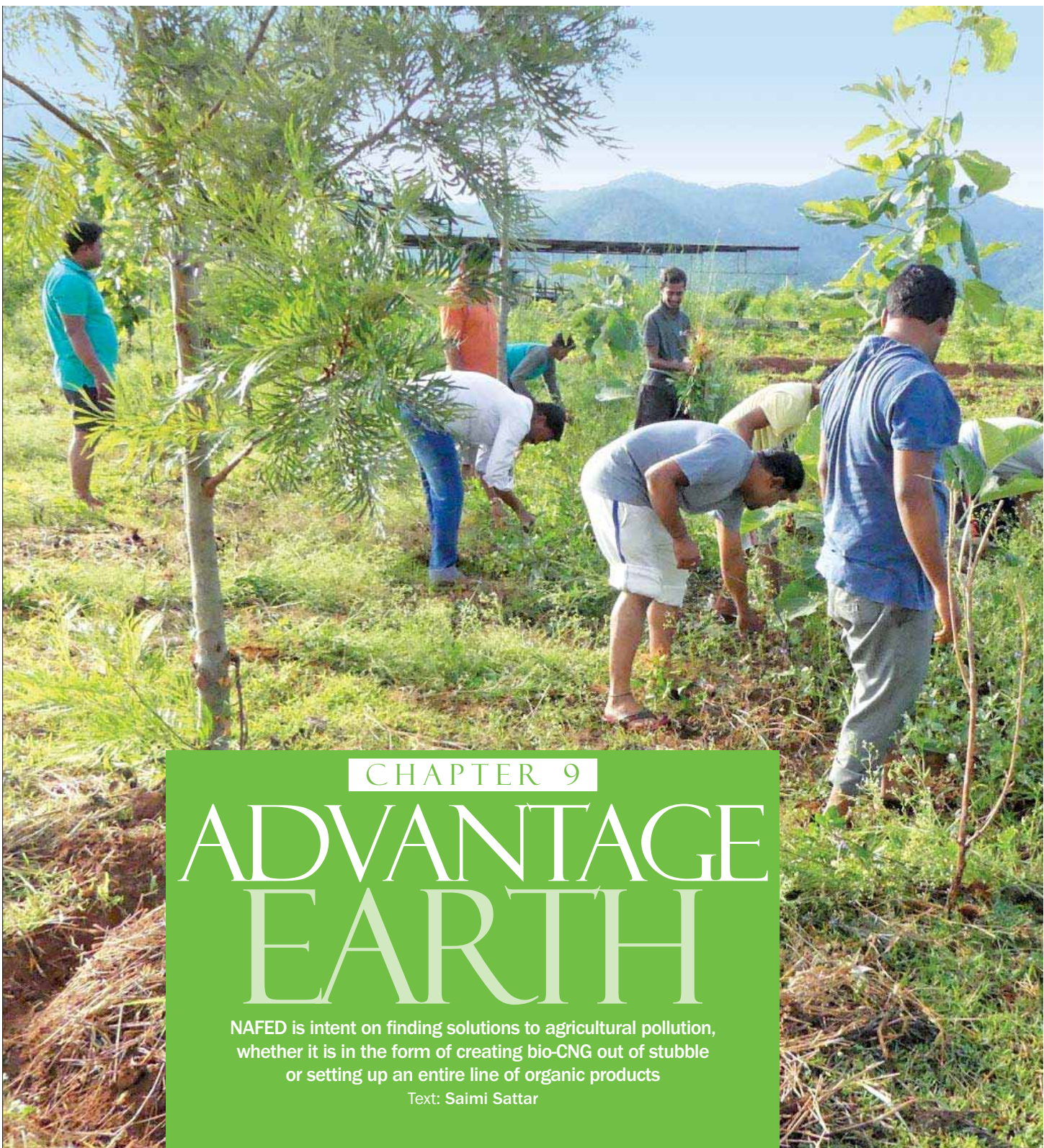
Once packed, the items are dispatched in the five vans owned by the unit. "Depending on the quantities to be sent out, the vans are pressed into service. Sometimes two or three vans might have to transport the items to one institution and at other times just one is pressed into service for two places," says Sharma. The demand from the institutions can come in weekly, fortnightly or monthly. However, the NAFED bazaars have to be serviced every alternate day.

The sales have been going up every year. In 2014-15, the quantity of pulses was 2,78,204 kg, which has risen to 6,83,708 kg. Efforts were made to introduce new variants of CTC tea to suit the local taste and preferences. During the year 2018-19, sale of 224.62 MT of tea valuing ₹349.69 lakh were made by generating a profit of ₹19.02 lakh. The demand for sugar has increased from 1,25,316 kg to 2,43,226 kg

during the same period. During the year 2018-19, the total turnover reported from sale of grocery was ₹18.56 crore, including ₹199.82 lakh from sale of eggs.

NAFED is selling branded stocks of daily needs through its three retail outlets, seven franchisee stores in Delhi, two retail outlets in Shimla and one in Kolkata under the name of "NAFED Bazaar." Efforts are being made to expand the retail footprints across India by appointing distributors for sale. During the digital era, it has started the sale of its products on various digital platforms.

Sharma says the sales of the CMD unit touched ₹30 crore in the last financial year which translates into a whopping ₹2.5 crore per month. "This is certainly the best time that the organisation has witnessed since it was set up. There was a time when we wondered if it would survive or not but now we wonder, what is it that the organisation is not capable of?" he asks, his voice full of hope.



## CHAPTER 9

# ADVANTAGE EARTH

NAFED is intent on finding solutions to agricultural pollution, whether it is in the form of creating bio-CNG out of stubble or setting up an entire line of organic products

Text: Saimi Sattar



Source: <https://viciampesha.org/>

Farming practices and processes can create havoc with the environment and add to the carbon footprint. The use of pesticides not just deteriorates the quality of the soil but can have disastrous effects on a person's health. On the other hand, year after year, the burning of farm stubble leads to days that are shrouded in smoke and smog, especially during winter. Switching to an organic mode of farming and using farm waste for bio-CNG is the way NAFED intends to conserve the environment.

Source: <https://ien.kverneland.com/>





The organisation retails a wide variety of organic products through the NAFED Bazaars and online portals



## THE ORGANIC ROUTE

The world over, including in India, there is a move towards organic food products. And not too soon. For the growing instances of asthma, autism, learning disabilities, birth defects, reproductive dysfunction, diabetes, Parkinson's and Alzheimer's diseases as well as several types of cancer are linked to increased use of pesticides and chemical fertilisers. In the organic food and beverages segment

alone, India has witnessed a market growth of ₹4,000 crore in 2016-17 from ₹675 crore in 2009-10, with an annual growth rate of 25 per cent.

It was in such a scenario that NAFED decided to step in to offer a reliable organic brand, which is competitively priced. The products portfolio, with about 90 items, includes organic flour, rice, pulses, legumes, spices, teas, honey, cereals, seeds like flax, chia and so on, which are clubbed under the brand name of "Organic Soul".

The challenge in organic farming is that while the brands command premium prices, the profits do not trickle down to the farmers who grow these products. To bridge the gap between the growers and the market, NAFED identified farmer co-operatives and organisations who get the products certified and sourced these products directly from them. This translates into a two-way benefit. While the consumers get organic food, which they can rely on at a relatively lower price, the farmers are paid at least 20 per cent more for their products. This matches the Prime Minister's vision of doubling the farmers' income by 2022 and keeping the country healthy.

As the domestic organic food market of India is registering a compound annual growth rate of over 25 per cent over the last six to seven years, small farmers are increasingly taking to organic farming under the Paramparagat Krishi Vikas Yojna (PKVY) and Mission Organic Value Chain Development for North Eastern Region (MOVCDNER) schemes aimed at supporting the production and marketing of organic produce in the country to reduce their costs and prices. NAFED is giving the necessary boost to small farmers to go for natural farming. While Sikkim is India's first fully organic state, Uttarakhand, Himachal Pradesh, Maharashtra and Madhya Pradesh are also emerging players.

The Paramparagat Krishi Vikas Yojana (PKVY), MOVCDNER and the National Programme of Organic Production (NPOP) cover 23.02 lakh hectares across the country. The PKVY is a component of the Soil Health Management (SHM), a major project of the National Mission of Sustainable Agriculture (NMSA) which entails promoting organic farming through adoption of villages by cluster approach and certification. The Government has allocated 50 clusters in Uttarakhand (Nainital) and 50 in Bihar (Champan) to NAFED under PKVY.

While the procurement side is taken care of, at the sales end, NAFED has partnered with e-commerce platforms like Grofers and Amazon to popularise these products in physical markets in the States by making use of their distribution channel.





*NAFED is actively encouraging organic farming in Bihar and Uttarakhand*





Source: <http://www.setuadvertising.com/>



Source: <https://dir.indiamart.com/>



Source: <https://www.nbcl1news.com/>

*NAFED, along with its technology partners, has taken up the initiative to set up bio-CNG plants across the country that will utilise municipal, agricultural, industrial and other wastes to produce effective, efficient and greener energy*

### BIO-CNG

Healthy eating can only go so far but creating a cleaner environment is the next step towards leading a life that is more holistic and healthier. Recognising the threats of mass-burning of biomass, agricultural waste on both environment and human health, NAFED, along with its technology partners, has taken up the initiative to set up bio-CNG plants across the country. These will utilise municipal, agricultural, industrial and other wastes to produce effective, efficient and greener energy not only to ensure a better tomorrow but also to help farmers

utilise their agricultural waste efficiently. The organisation is doing its own bit to reduce the carbon footprint by empanelling global companies who have green technology.

The challenge in this sector till now was completing the chain from the supply of raw materials to the final product. "The Ministry of Petroleum came out with a policy to promote bio CNG in the country. The challenge in this sector till now was that the chain from the supply of raw materials to the final product was not getting completed. Thus, NAFED has taken up the role of the facilitator and we will be supplying

the raw materials in the form of agri-waste from sugar mills, municipal waste and stubble from farmer's fields. We have tied up with the municipalities in Ahmedabad and Jammu to provide us with segregated waste for the plants. We will also apply for all the statutory clearances for these CNG projects and have tied up with technology and funding partners. To make the projects financially viable, the government has offered us a very good off take rate of ₹48 per kg for 10 years, following which, we have already signed an offtake agreement with Indian Oil Corporation. The business model is independent of government subsidy. As of now, we have already applied for 12 such projects and actual work on these projects will begin soon. We will lay the foundation stone for one such project in western UP in the coming week. With the available green funds, NAFED is bringing the best technology. We are introducing a process under which farm residue will be collected by farmers and the organisation will pay ₹1 per kg based on the moisture content. The waste will be converted into coal and bio-CNG," says Sanjeev Kumar Chadha, IFS and managing director, NAFED. The green coal thus produced will have no sulphur content and will have a

calorific value of 5,000 kg. Similarly, 1,000 MT of municipal waste is generated every day which will be converted into bio-CNG.

Chadha adds, "India needs at least 5,000-6,000 such plants and for this to happen it is important that the funding source is not dependent on banks. Thus, we are looking at green bonds, UN funds and maybe even consider collaborating with Indian Oil to jointly create a bond structure for these projects."

The technology for bio-CNG was developed by a young IITian from Kharagpur who has worked with the US government. Each plant costs around ₹50 crore. The plan is to set up 500 coal-making plants and 50 gas plants within six months. The amount of methane determines the quality of CNG. The aim is to manufacture CNG with 99.9 per cent pure methane. This would reduce the carbon footprint in a big way besides reducing the pollutants.

The expected income likely to be generated from each unit will depend upon the size of the project and the quality of raw material. For example, a 60 TPD plant may generate about ₹5 crore whereas a 100 TPD plant may generate ₹70 crore.

*Farm residue will be collected and converted into green coal*

Source: <https://www.linkedin.com/in/igorvangemert>



# BEYOND BORDERS





Be it rushing relief supplies to Africa or meeting emergency requirements at home, the foot soldiers at NAFED are ensuring that social responsibility is never a hurdle for multi-operational efficiency or meeting targets

Text: Saugar Sengupta

Photo: Sushanta Mondal, Pankaj Kumar and Ranjan Dimri



**R**ice farmers like Kanti Malik or Sheikh Khuddus have scarcely heard of Mwalundunga or Ndumbu as they live seas and deserts apart. Yet for the Namibian villagers, they are friends indeed. For the rice from the lush green bowl of Bengal has saved them and their families in a drought-hit year from certain starvation and migration. Such stories humanise the National Agricultural Cooperative Marketing Federation of India Ltd (NAFED), usually associated with the role of procurement and marketing of agricultural produce, as a social entrepreneur. Yet it is this humanist role in alleviating distress during unprecedented circumstances — be they natural disasters, conflict issues and emergencies — that is seldom celebrated as organisational achievement and increasingly becomes attached to

performance graphs. In this case, the agency is even engaging in “soft diplomacy” and playing a significant role in bolstering India-Namibia friendship ties.

The organisation quickly galvanised itself to action in July when news reports confirmed that about five lakh people were hit by a severe drought in the African country. The Government directed NAFED to arrange for about 1,000 MT of rice to be shipped there. That’s how Malik and Khuddus, farmers in Burdwan district of Bengal, came into the picture. Their local rice would be loaded on to containers as part of the consignment headed for relief in Namibia. For NAFED’s Kolkata branch officer Munish Jha, such scale of logistics and transportation are not new. “Last year, we had sent 40 containers of rice from Bengal to Madagascar,” he said, adding the agency is likely to send similar consignments to Zimbabwe. It had earlier shipped relief materials from



Mumbai to Iran, Ethiopia, Swaziland and even neighbouring Bangladesh. With these operations, NAFED has clearly emerged as India's bridge to the world. During 2018-19, NAFED supplied humanitarian aid worth ₹43.38 crore to various countries, including Madagascar, Bangladesh, Swaziland, Mozambique and Republic of Guinea Bissau.

But gathering stockpiles is quite the arduous process. The federation representatives stay put at rice mills, usually located in interior villages, for days on end to assess volumes and allocating them for overseas consignments. Jha himself criss-crossed deep inside Burdwan to supervise loading of rice bags in huge containers, which in turn are ferried to Kolkata port almost 75 miles away. In Kolkata the containers are stacked for shipping on a designated date. Gigantic cranes, as big as pre-historic dinosaurs, with two hooked arms and a rotational manoeuvrability, hover around the dock area constantly. On programmed instructions, they lift the containers and load them on to ships. The awe-inspiring sight of containers getting hooked, lifted with ease and then carried hundreds of yards away, is no less than a precise engineering marvel. "You have to be very careful when transporting the huge containers suspended from thin air ... you have to ensure that there is no one around before gradually keeping the containers down," says one of the workers inside the dockyard.

The story doesn't end here. The NAFED containers are bound for Singapore in the first instance before they are loaded on to

*NAFED purchases gunny bags from jute mills scattered across Bengal and eastern States for its clients, thereby enabling the jute industry to sustain itself*



#### SUPPLY OF HUMANITARIAN AID/RELIEF MATERIAL

Sl. No.	Country	Commodity	Quantity	Period	Value (in ₹ lakh)
1	Madagascar	Swarna Raw Rice	1,000 MT	Apr, 2018	383.35
2	Guinea Bissau	Parboiled Rice	1,000 MT	May, 2018	393.80
3	Bangladesh	Relief Material	—	May, 2018	1,140.00
4	Swaziland	Rice + Rajma	1,000 MT	Aug, 2018	620.35
5	Bangladesh	Blankets	2,25,000 Pcs	Dec, 2018	1,718.75
		Sweaters (Adults)	1,00,000 Pcs	Dec, 2018	
		Sweaters (Children)	10,00,000 Pcs	Dec, 2018	
6	Mozambique	Indian White Rice	250 MT	Mar, 2019	82.13
<b>Total</b>					<b>4,338.38</b>









*The federation has been involved in humanitarian efforts and sends consignments as a part of the government's relief efforts*



another ship bound for Namibia. Larger ships cannot make their way to a river port like Kolkata but that is the closest access point to the rice fields of Bengal.

Jha says that such consignments are “just the tip of the iceberg as NAFED has been involved in multifarious economic and humanitarian activities, both within the country and beyond.” As a member of multi-state cooperative societies, it also purchases gunny bags in thousands or “perhaps in lakhs” from the jute mills scattered across Bengal and eastern States for its clients, thereby enabling the jute industry to sustain itself in a high-tech atmosphere where, otherwise, the eco-friendly and sturdier packing material is considered a “sunset industry.”

In 2017-18, the agency purchased jute worth ₹217 crore and in 2018-19 its jute purchase went up to ₹421 crore, adds Jha, reminding us how NAFED's role in the jute market has an expansive impact not only on job creation by helping a highly labour-intensive jute industry sustain itself in a stiffly competitive market but also in reviving our traditional industries.

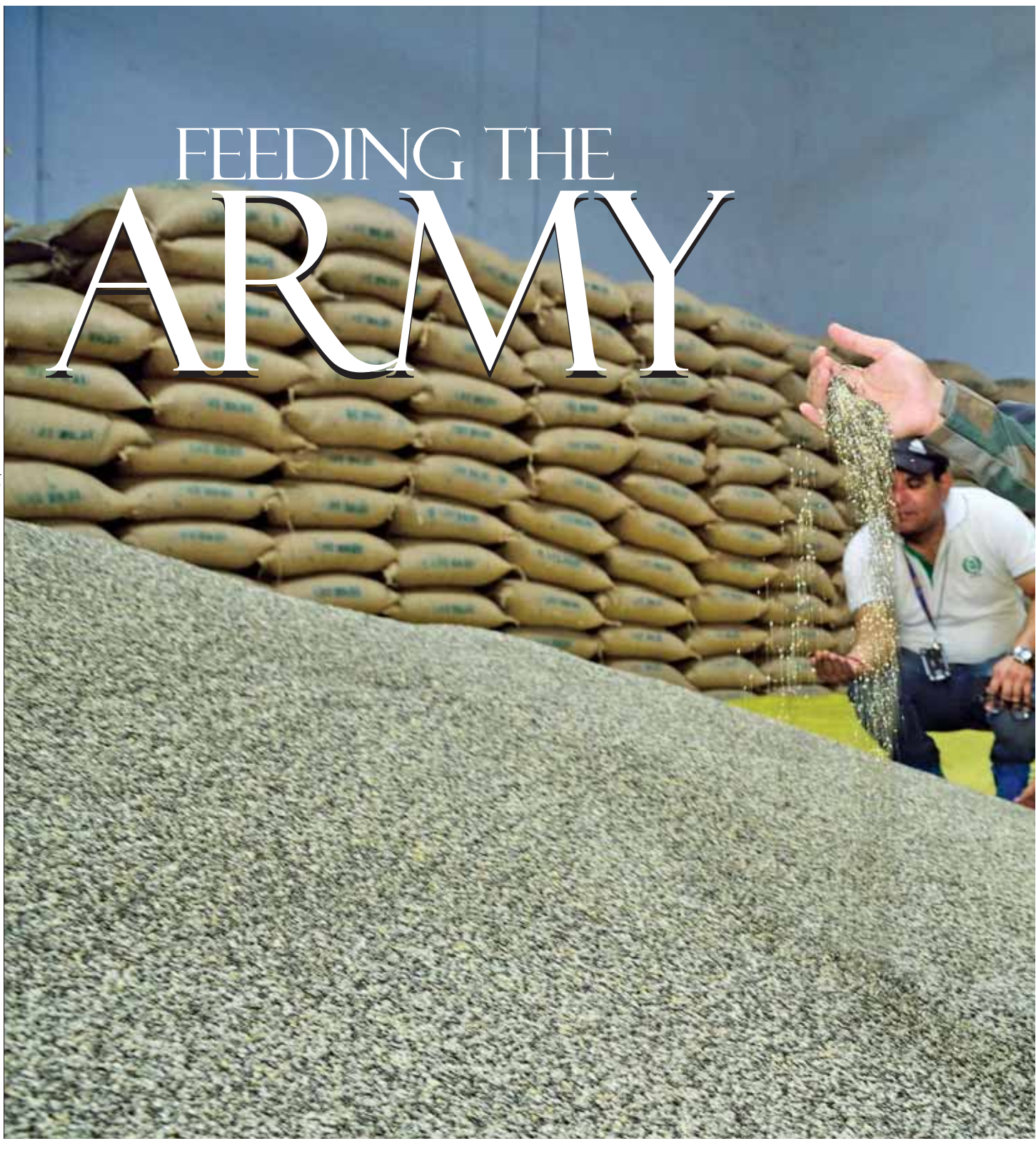
“We have about 800 workers but in many jute mills there are several thousands of them. Our survival remains on order procurement and NAFED has played a big role in guaranteeing orders for supplies,” said a senior official at a jute mill at Dasnagar in Howrah. “Apart from everything else, in these climate-challenged times, the jute's environment-friendliness is undeniable. In that respect ensuring survival and sustenance of jute is a primary duty. NAFED is helping us change that perspective,” he adds.

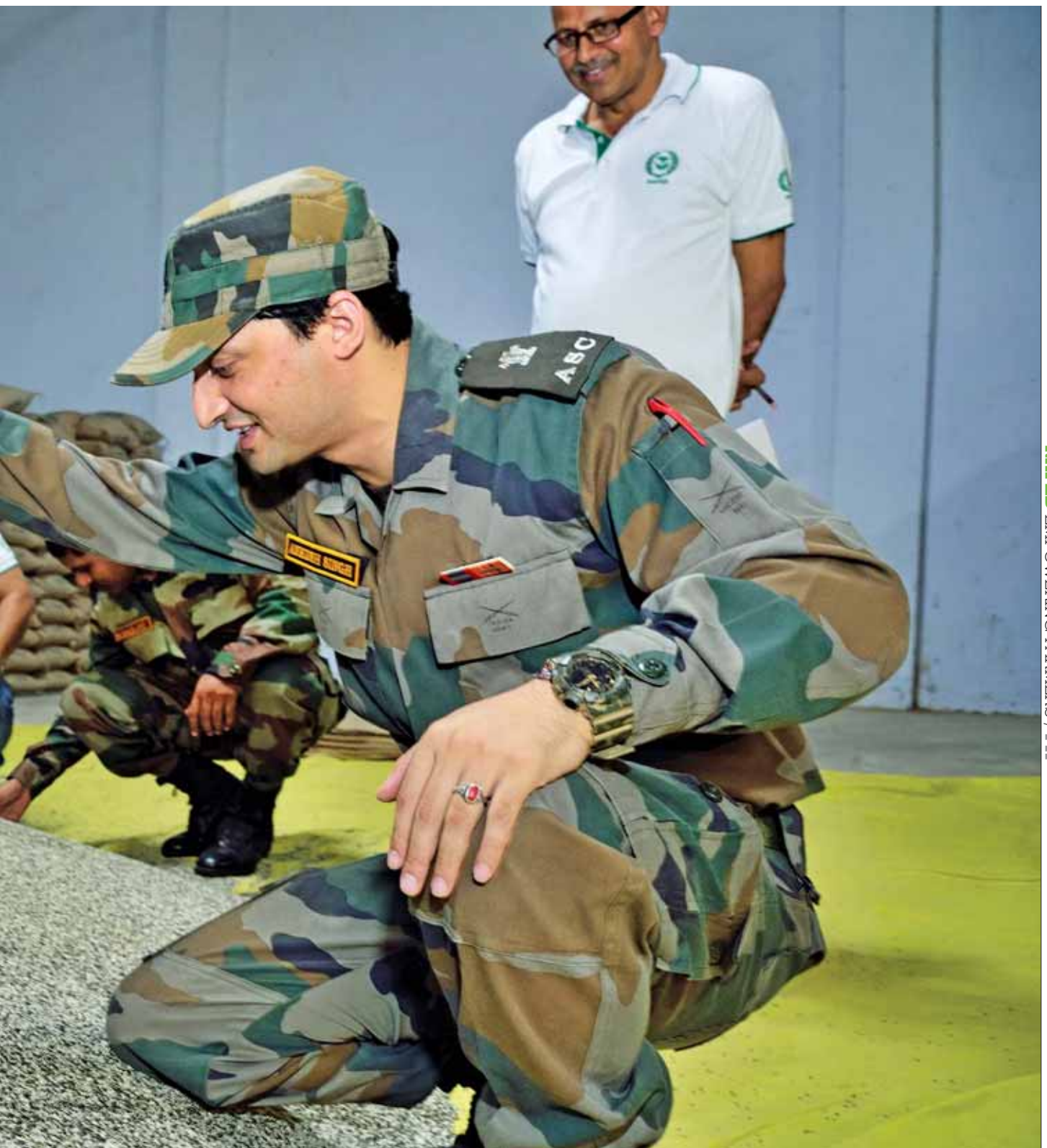
The rice it collects also goes to the Bengal Good and Civil Supplies Department, which in turn helps the State Government get subsidised rice for popular consumption. “Definitely this function of NAFED helps the rural poor and the farmers,” says Jha. As we said, as a public organisation, the agency is a textbook case for organisational efficiency that challenges existing stereotypes.



# FEEDING THE ARMY

NAFED EMPOWERING FARMERS / 140







(Above): In Bakoli, the pulses are loaded by workers. (Below): The bags are weighed to ensure standardisation





**N**AFED is the first choice for the Indian Army when it comes to picking up bulk supplies. Understandably, there is a detailed security protocol that has to be adhered to. Army inspectors first select random samples for testing and once collected, the stocks from which these are taken are sealed in a tamper-proof manner. These samples are taken to the defence laboratory as they have to meet norms that are a step-up from even the ISI mark. The foodgrains need to withstand temperatures ranging from a high of 52°C to extreme lows of -40°C since the Army is posted all over the country. Once the inspectors are satisfied about a consignment's nutritional standards despite transit and storage, the Army personnel approve the lot and go back to the depot to pick up the stock. These are again checked to see that they match the sample, re-sealed and then transported as per requirements.

In 2017-18, the PMO directed that the armed forces should procure pulses from NAFED. Colonel (Retd.) RK Verma, who earlier worked for for the Army Purchase Organisation under the Ministry of Defence, says, "We have empanelled more than 300 millers and entered into contracts with them. In Bakoli village, there is a set of two godowns with four chambers which have a capacity of 1,500 MT. The millers send milled pulses to NAFED. There is no interface between them and the Army. When the pulses reach the godown, we intimate our inspectors. The Army has two composite food laboratories, one in Mumbai and the other in Delhi. Bulk Inspecting Officers (BIO) collect samples and take it to these laboratories. These samples as well as the lots are sealed in our presence. In the lab, the samples are tested to see if they conform to Defence Food Specifications. Once the samples pass the test, the Army informs us and their headquarters. Dispatch instructions are given out. The Army personnel break the seal and load it on the vehicle. The pulses are sent to the Army with a receipt voucher. It is received by the Army and we generate a bill."

*The samples tested by the Army laboratories are matched with the supplies. The bags are loaded on trucks. The supplies are sealed and sent to the different distribution centres of the Army*

# CHAPTER II PEOPLE FIRST

Old faces, new enthusiasm.  
The all-new NAFED is about vibrant faces,  
who are brand ambassadors of a unique  
socio-psychological project and  
behavioural science

Text: Rinku Ghosh Photo: Pankaj Kumar







Team NAFED at head office, New Delhi

*We are what we repeatedly do.  
Excellence then, is not an act,  
but a habit — Aristotle*



Team NAFED is ready to take the organisation to new heights

**E**xcellence is also about trusting people and making them believe that they can write their destinies. It is what makes the NAFED headquarters a vibrant and warm place where the staff remind you why it is an organisation of the people, by the people and for the people. Excel sheets, LED screens and graphs make you wonder if you have hit the stock

exchange. But India's biggest food exchange platform has an urgency and efficiency that primarily comes from a hard won fight, from the threat of extinction to survival. That could be primal and brutal but in rebuilding a doomed organisation, every employee held the other's hand to pull each other up. The desire to excel was born of a determination not to fall back to the lows they had clambered out of.





*Colleagues at Mumbai office*

The spirit reflects in the environs, which have come alive with state-of-the-art upgrades in the boardroom and consultation chambers.

Its MD Sanjeev Chadha, considered a turnaround specialist in the industry, was expected to push up the dipping graphs. But unexpectedly, his benign leadership, that valued every worker down the line as a human being than just a capital asset, makes for a lesson in human resource management. It also makes for a great behavioural lesson in motivational therapy, where the staff learnt not only to hope but believe that it would never ever leave the building. There was a time in the not too distant past, when the organisation was teetering over the edge, that the morale of the employees hit rock bottom. Many of them opted for a Voluntary Retirement Scheme or resigned 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 organisation, including the head office building at a prime location in Delhi.

Between 2010 and 2019, the manpower strength fell by 69 per cent in case of officers and 44 per cent in case of staff. The manpower

strength declined sharply from 807 in 2010 to mere 366 in 2018-19, a fall of almost 55 per cent. About 111 employees opted for voluntary retirement and there were 48 resignations during this 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 that time. Not only employees, even the outsiders believed that the organisation was a sinking ship and would wind up any moment. The chief executives joining NAFED came with a baggage and negative image about the organisation and became over cautious in their working, not comfortable to take any risks. Predictably, the decision-making process was crippled, the staff became stale and did not want to challenge their limits or get out of their individual comfort zones. The largest number of employees opted for voluntary retirement in 2014-15, fearing closure of the organisation.

Chadha got down to the onerous task of harnessing individual potential in his collective workforce. That's how he found out that may be the data entry person had skills in other areas, such as product design or technical applications. Often times, an unhappy employee is

simply a bored one, stuck in an unchallenging and unfulfilling post. Maybe a certain employee doesn't have outside skills but has such a mastery of his/her job that he/she can be given the responsibility of training new hires. Or maybe they have outside skills that can be pursued in their free time. For example, search giant Google used to require that its programmers set aside 20 per cent of their time on personal pet projects in an effort to foster creativity. You can even rotate employees between positions to ensure that everyone understands the different jobs at your company, so they can substitute each others' jobs, if need be. Once Chadha tried out various methods to assess their capabilities, he further classified them as natural leaders, followers or innovators. He did find many cogs, such as irreparably disgruntled employees, and managed to mainstream some of them with a new sense of mission while letting go of



**'I SEE IMMENSE POTENTIAL IN THE ORGANISATION TO LEVERAGE YOUR SKILLS AND CONTRIBUTE TOWARDS SOCIAL AND ECONOMIC WELFARE OF FARMERS. TRUE TO WORD, THE TOP LEADERSHIP ALSO STANDS BY YOU TO SEE THAT YOU STRIVE HARD AND GIVE YOUR BEST TO ACHIEVE YOUR GOALS'**  
**— SARABPREET S BEDI,**  
*Executive Director*

the others. Like a *pater familias*, he conveyed some simple tenets. NAFED was a giant Indian family, its members knowing and understanding each other so well that only they knew what best to do to not break it up and, in fact, make the house viable and liveable.

Employees who believe that the management is concerned about them as a whole person — not just an employee — are more productive, more satisfied, more fulfilled. One of the most important tasks in creating a high-performance culture is taking care of employees' needs. When employees' needs are met, and they feel aligned with the mission, vision and values of the organisation, 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 organisation in its worst moments.

Once the mind was won, the management

*Members of the Mumbai team assemble for a meeting*





Direct and open interaction among the staff fosters a feeling of a family; a new office and a library are conducive to creating a better work atmosphere



'ADVANCEMENT IN TECHNOLOGY BRINGS ABOUT ACTIVE CHANGE IN THE ORGANISATION. BUT REAL GROWTH REQUIRES TRANSFORMATION, NOT JUST CHANGE, IN THE VISION AND ATTITUDE OF PEOPLE THAT FORM THE ORGANISATION. NAFED HAS BEEN GOING THROUGH SUCH TRANSFORMATION AND REINVENTING ITSELF'  
— ABHINAV RAWAT,  
Executive Director





*The young brigade looks forward to a bright future with the organisation*

moved to the body. Old staff was paid, new ones were recruited. In order to meet the growing requirement of manpower, management trainees from reputed management institutes were recruited and a manager (Audit) was recruited on regular pay scale to strengthen the F&A division. The services of 16 casual employees were regularised. More recruitments at the assistant manager and manager level are in progress and efforts are being made to attract the best talent by deputing teams of senior officers to reputed management institutes, including IIMs.

The salaries of NAFED employees had not been revised for a very long time. In order 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. Promotions were given to employees at all levels. Twenty five employees were promoted through DPC in January 2018.

The best move though was allowing employees to speak easy and air their genuine grievances and frustrations, a strategy that helped the management stitch together a matrix of trust and self-reliance. And

once they were ready to believe, Chadha got in professional trainers to upgrade their skill sets and prepare them for open market competition. Most importantly, he kept the channel of communication open with everybody. ED Abhinav Rawat says, "Advancement in technology brings about an active change in the organisation. But real growth requires transformation, not just change, in the vision and attitude of people that form the organisation. NAFED has been going through such transformation and reinventing itself." This has bred such camaraderie in the organisation that employees eat together, share their lives, have casual Friday dressing and team recreational pursuits. "I've joined NAFED recently and here I see immense potential to leverage your skills and contribute towards social and economic welfare of farmers. True to word, the top leadership also stands by you to see that you strive hard and give your best to achieve your goals," says ED Sarabpreet Singh Bedi. It is almost like they are a self-contained community that have made their life rules from their lived experience. And that is difficult to replicate.





## CHAPTER 12

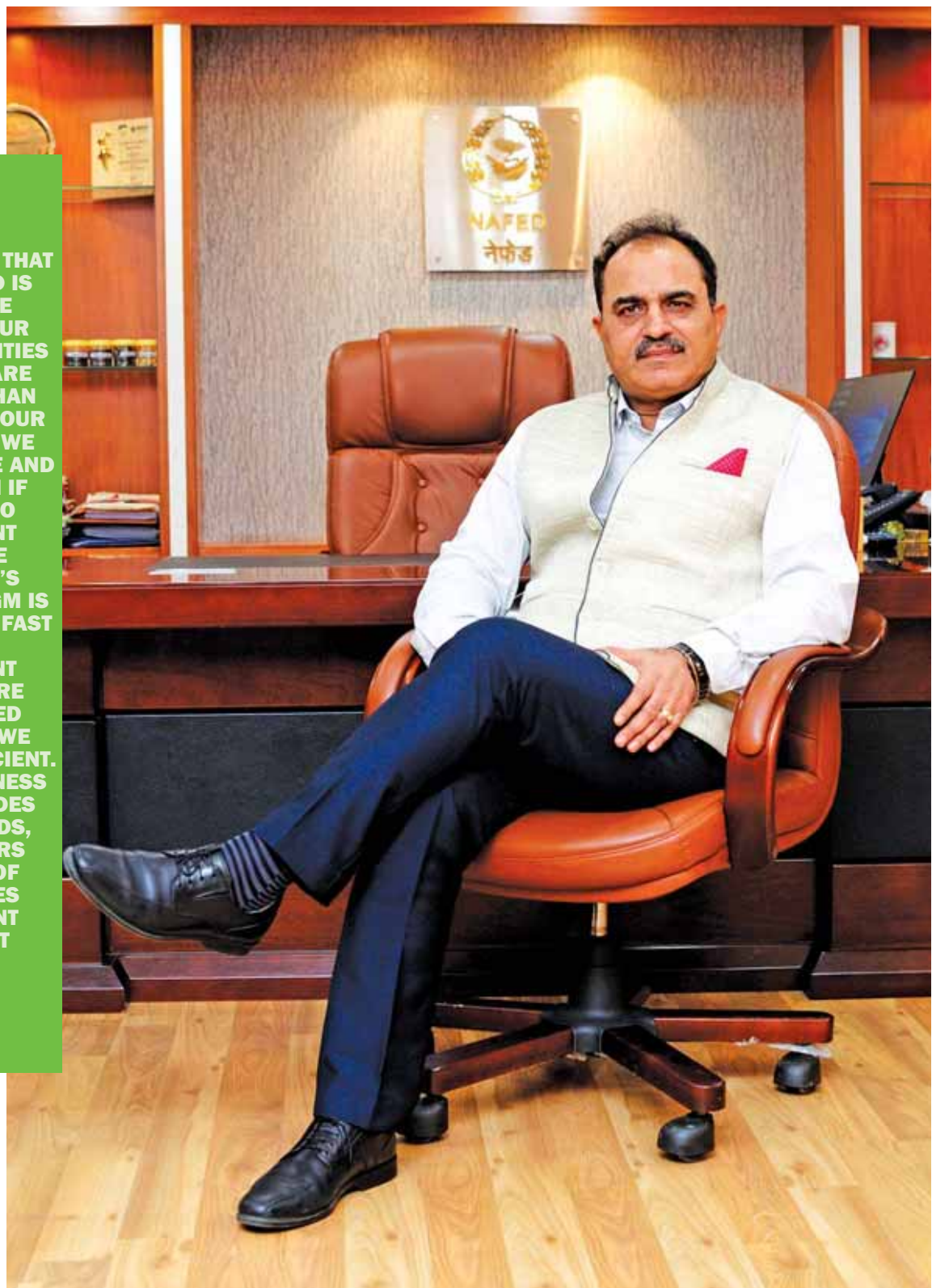
# A NEW STORY FOR 2024

Through all the troughs that NAFED has plunged into, its core team has now realised that you cannot put all your eggs in one basket and depend on procurement alone.

**MD SANJEEV KUMAR CHADHA** and his team have made sure that they can sustain during any kind of crisis by diversifying their knowledge base and practical abilities

Text: Rinku Ghosh Photo: Pankaj Kumar

“  
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FOR DIFFERENT  
GOVERNMENT  
SCHEMES  
”



**T**he India story on food self-sufficiency is one of paradox. On the face of it, the volumes of agricultural produce have been going up, fattening up our export basket. Yet distribution challenges and seasonal crisis like droughts within the country have meant that there has not been enough for domestic consumption, a gap which has been met by imports.

According to Agriculture Ministry data, India exported 20.4 MT of agricultural produce in 2015-16, and 22.3 MT in 2017-18. It imported 8.1 MT in 2015-16 and 9.4 MT in 2017-18. Agri imports indicate how we still need some standby option though we have attained self-sufficiency in staple food production. There has been large-scale import of edible oil and pulses, too, in the past two decades. It is this territory between keeping India's tag as a net exporting country and feeding the nation's hungry people that NAFED is attempting to bridge. The Economic Survey 2018 states that the net availability of foodgrains is 487 grams per person per day. The net availability did increase to 510 grams per person per day in 1991 but pushing that number up has been a challenge.

NAFED's efforts in meeting India's consumption demand is evident from the fact that we have almost become self-sufficient in pulses. As its MD Sanjeev Kumar Chadha says, "What NAFED has been doing is procuring a large part of the pulses in the country. What we aim at doing is to become the single point of contact, the

arm of the government as it were, so that whenever there is any issue related to pulses, they should only look at NAFED. We can channelise supplies better."

These days, with the Non-Performing Assets (NPA) status lifted off its back, NAFED is even importing maize to meet the shortfall at home. And now that he has just about steered the ship on course, Chadha is looking ahead at smart linkages to connect every farmer to the organisation like a pyramid. Says he, "We need to pay attention to and play an active role in linking small and marginal farmers groups to the market. Though we have been working on it, much work needs to be done here. The vision of doubling farmers' income can only be achieved by maximising the returns of small and marginal farmers. Some of them are growing quality organic products for the market. With an aggressive push to this endeavour, ultimately both the small farmers and the consumer will benefit. There is a huge difference between what the farmer is getting and what the consumer pays. That needs to be bridged and it is here that NAFED can play an active role. We are willing to put money in farmer-producer companies. The small growers are unable to access the Delhi market which is the biggest in India and perhaps, even in Asia. So what we are doing, through our branch in Azadpur, is linking a large number of farmers and cooperatives to farmer-producer organisations (FPOs). We are providing information on rates. If they want to sell their produce, they send it to us along with their representatives. We

*NAFED has set its eyes on the future with the aim of improving the lot of farmers and making the country self-sufficient*





It has diversified into procuring brooms from tribals in Odisha

Source: <https://www.thebetterindia.com/>

auction it and whatever money realisation is there, we transfer it to the farmers or farmer groups. This will reduce the role of the middlemen.”

And learning from the past, Chadha has also made sure that onions never ever give us tears or become a national issue. “We have entered into an agreement with 40 FPOs for procurement of onions in and around eight districts of Nasik. We are investing 1/4th of the money, FPOs are investing 1/4th and 50 per cent is coming from the government. We are building state-of-the-art onion storage facilities where sorting, grading, weighing and storage of 1,000 MT per cluster will take place. There are 25 clusters being built for this. We have already signed an agreement for this and we are operationalising it now. Farmers who are members of FPO can sell their produce near their doorstep and do not need to travel to Nashik or Lasil or Pimpal to sell their produce. If they go there, they have to incur extra costs for handling charges and face the negative environment in the market where traders are roaming free and trying to undercut their prices. Often they get cheated. The farmer knows the prevailing price and what we give them is same price or at least better minus the charges that they would have incurred if they had travelled to the *mandi*. This is an important intervention even though small as we have touched the lives of 10,000 farmers.”

Through all the troughs that NAFED has plunged into, its core team has now realised that you cannot put all your eggs in one basket and depend on procurement alone. “The good thing that has happened is that we have diversified our business activities and now we are doing more than procurement. We are not dependent on that. Our vision is that we should survive and do well even if there is zero procurement because the government’s policy paradigm is changing very fast and new procurement strategies are being adopted world over. We have to be efficient. Now, our business stream includes certified seeds, bio fertilisers and supply of milled pulses for different government schemes,” says Chadha.

Soon NAFED will be converting bio-waste into CNG with the involvement of other stakeholders. And in climate-challenged times, NAFED is supplying gunny bags across the country. Each and every activity is generating revenue. Even the simplest broom that we use at home has potential. Made by tribal groups, the end consumer may be paying ₹200 for them but the tribals get ₹40 only. Through NAFED, which is attempting a sweeping revolution by streamlining procurement from Odisha tribals, it is a win-win for both the user and the maker.

And in climate-challenged times, NAFED is helping farmers convert 15-20 tonnes of agri-waste into CNG so that India can keep the promise it made at the Paris climate negotiations that we will reduce



A futuristic warehouse

Source: <https://www.indiamart.com/>

our carbon footprint and not exceed a temperature increase beyond 1.5°C. It is not possible for a developing country like India to meet those commitments if everybody does not chip in. “Waste management is a huge carbon footprint area. We are not covered under CSR and so we thought that as a national organisation, we should also play a role towards society. We brought different stakeholders together and have signed an MoU with Indian Oil for offtake of CNG. We assure the technology and investors. We will aggregate wherever required and get the raw material from the farmers because we are a farmer-oriented federation. The banks, too, have come forward and given financial help to the farmers. Already 18 projects have been approved which is a very positive step. The real work will be done by technology. We went to Germany, identified the technology for methane purification and that is the one which will be used here. We started with sugar mills first as it is a low-hanging fruit and there is assured supply of waste. We have also started collecting municipal waste in Jammu, Ahmedabad and Cuttack,” says Chadha.

NAFED is considering setting up at least 50 rural warehouses in deficit areas in association with State-level supporters, the primary cooperative marketing societies, respective State Governments, NCDC, NABARD and the Central Government. This would also provide rural youth an opportunity to skill themselves to handle warehouses for

maintenance of stock besides helping farmers to conduct their business with ease. The rural warehouse/procurement centres can further be developed as *gramin haats*. And if the demand so arises, the federation may set up five oilseed processing units. This network, if indeed it takes off by 2024 in a manner that it has been conceived, will see rapid use of technology for maintenance and monitoring purposes. The RFID or “radio frequency identification” technology is expected to be coopted for inventory management, badging, asset and personnel tracking. Geo-tagging will help the federation in mapping stocks and analyse various costs like transportation. Top officials are also relying on technology to ensure faster payment to farmers so that by August 15, 2022, they will get their hard-earned money within three days.

The government has recently nominated NAFED as the procuring agency for apples grown in Kashmir. “Though we have so far not been involved in perishables, this is a great opportunity for us to serve the nation and live up to people’s trust. It is also an opportunity to re-orient and adapt to the changing policy and eco system,” reasons Chadha. India is the third largest producer of apples but since they are grown and harvested during a particular period, they need to be stored for year-round availability. NAFED can partner with government agencies and the private sector to build more Controlled Atmosphere (CA) storages in different parts of the country where apples can be kept



fresh for four to five months and command a better price in the market. Thinking ahead, such availability would also help the food processing industry beside the farmers. "If we buy apples from farmers' groups, we can pay for ₹5 more per kg which is a big thing for small farmers," assures Chadha. There are seven lakh apple farmers who produce 22 lakh MT of apple in Jammu and Kashmir. NAFED is working on a scheme to help them by announcing a scheme where the MSP (minimum support price) will be ₹10 more than the market price. NAFED will also purchase apple worth ₹5,500 crore from here which will be more than 50 per cent of the total production.

Says AMD Sunil Kumar Singh, "To trace and track the procurement of apples as per the variety and grade, its transport, sale or storage, an attempt has been made to introduce the Quick Response code (QR Code). May be by next season, the entire supply chain can be digitalised to monitor the procurement, transport, storage and sale of apples at different levels."

Executive Director Kamendra Srivastava is sitting in his office and busy giving out instructions to his juniors, who are spread across the

*NAFED has been entrusted with the task of procuring apples from Kashmir for the first time*



Source: <https://www.gettyimages.in/>

Source: NAFED archive





different areas of the apple-growing regions in the Union Territory of Jammu and Kashmir. He does not bat an eyelid as he assigns different tasks that they have to focus on. But then, the federation is known to step in and act with great precision in times of a crisis. And that is exactly what they are trying to do. Srivastava says, "Till the second week of January, we procured 10.50 lakh boxes of apples which is about 15,600 MT. Each box approximately weighs 16 kg depending upon the size of the fruit. This is valued at about ₹70 crore." However, as the apple procurement season is spread over three months, he is hopeful that he might just be able to meet the target. "We started procurement from September 16 and we have a deadline till March 31, 2020. But it is during the remaining two months that peak procurement takes place."

NAFED is the Central nodal agency from the Government of India and at the local level there is a nodal agency — J&K Horticulture Planning and Marketing Department supported by J&K Horticulture Produce Marketing and Processing Corporation (JKHPMC) and J&K Horticulture Department — which are managing the procurement. "The farmers are supposed to bring their stock to these five *mandis* which is then procured by these field nodal agencies. They check the quality and grade the apples. The prices are fixed according to the

quality, grade and variety of the apples," explains Srivastava. The maximum procurement of about 80-85 per cent is taking place at Anantnag. "We expect that it will pick up at Shopian and maybe at Kulgam, which is a new centre, as gradually arrival is improving at both these sites," he says.

There are three varieties — Delicious, American and *Maharaji* — which are grown in the region. These three varieties are further graded into A,B and C categories and within each, there are three different ways to pack them. There is tray pack, wooden-box pack and cardboard box. "So three varieties sorted into three grades and three modes of packaging mean there are 27 variants. The highest rate that we are paying is ₹70 for export quality grade and it is ₹60 for general variety," says Srivastava.

The farmers receive the payments through Direct Bank Transfers (DBT) in their accounts. "We are releasing the payment to the nodal agency who in turn is paying the farmers," he says. Once procured, the apples are then transported in trucks, sent to different places across the country and distributed through the large network.

Chadha is also helping organic farmers get the value of certification, something which they cannot leverage in an open market where big brands and middlemen nudge them out. As he argues, "If we



link the farmers to the market by directly procuring from them, we can give them 10 per cent more. Moreover, since there are no middlemen, the benefit can be passed on to the consumer as well. We have around 80-90 organic products, which are cheaper than the ones in the market and for which the farmers are also getting better money. We have to work harder to ensure that the farmers' returns get better. Though we are not advertising, we are trying to spread the word through social media and selling on online platforms like Amazon. We are expanding and have already entered into tie-ups with Kolkata, Bengaluru and Mumbai. We want to play a role in organic produce not to earn money but to help farmers. Ultimately what you will earn would be around ₹1 or 2 crore whereas our total turnover is ₹25,000 crore. We will also be doing it for medicinal plants which tribal farmers grow." In the pipeline are identification of niche global markets for organic



**'NAFED, AS AN ORGANISATION DEDICATED TO THE SERVICE OF THE FARMERS, IS WORKING FOR A NOBLE CAUSE. CONSIDERING THE TURNAROUND THE ORGANISATION HAS SEEN IN THE LAST TWO YEARS, IT HAS IMMENSE POTENTIAL TO GROW'**

**— KAMLENDRA SRIVASTAVA**  
*Executive Director*

products and state-of-the-art laboratory and ancillary facilities for certification of organic produce.

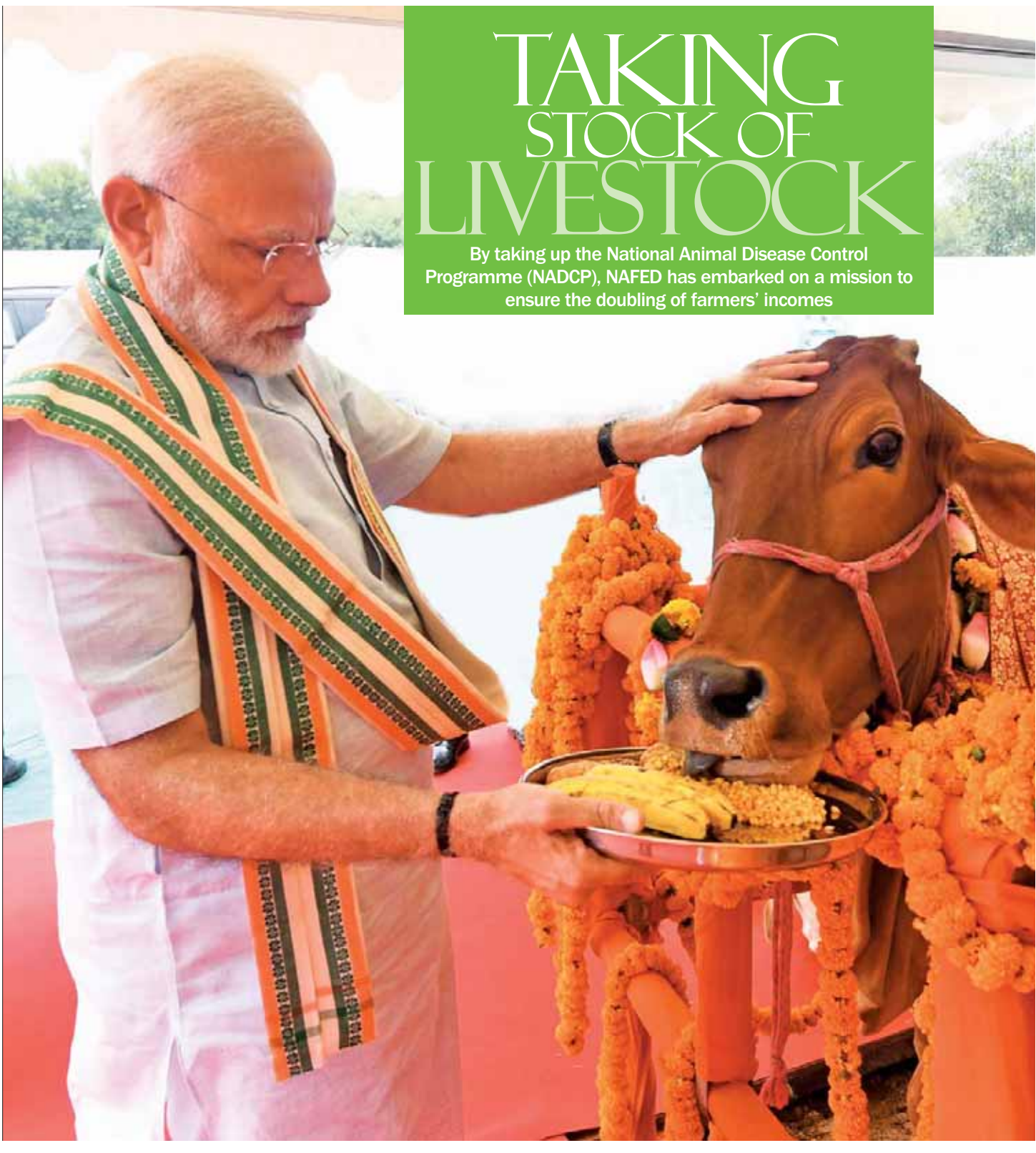
For a procurement agency to expand its footprint would not have been possible if it wasn't challenged the way NAFED has been through the years and forced its office-bearers to think out of the box. In a country such as ours, it is very easy to crib and complain about public service efficiencies. Yet it is public service institutions here that work with a massive logistics footprint and acquire wisdom on the ground. Had the crisis not hit NAFED, it would not have been forced to reinvent or develop a deep market knowledge in the agricultural sector and trade. This expertise can be used in forming a consultancy service for various government organisations, private firms and start-ups. In fact, it can even become a knowledge hub for strategic planning. As George Bernard Shaw said, "Life isn't about finding yourself. Life is about creating yourself."

Source: NAFED archive



# TAKING STOCK OF LIVESTOCK

By taking up the National Animal Disease Control Programme (NADCP), NAFED has embarked on a mission to ensure the doubling of farmers' incomes





Source: <https://www.happytimesinfo.com/>



**N**AFED is no longer confined to crops and plant-based initiatives and is branching out into animal husbandry as well. This is in line with the Prime Minister Narendra Modi's vision of enabling farmers to double their income. Two of the most debilitating infections that plague livestock are Foot and Mouth Disease (FMD) and Brucellosis, which are a bane for farmers. It becomes imperative to treat these diseases as highly infectious as they severely weaken the animals and result in a drastically reduced production of milk, meat and allied products. In India, direct annual loss due to FMD is estimated to be over ₹20,000 crore. Indirect losses such as working capacity, growth and so on are much more and have resulted in serious economic losses to the country due to the ban on export of livestock products to other countries and reduced productivity of diseased animals.

In order to eradicate these, a National Animal Disease Control Programme (NADCP) was launched on September 11 from Mathura, Uttar Pradesh. The programme, which will be funded by the Central Government at a cost of ₹12,652 crore for five years till 2024, aims at vaccinating over 500 million livestock, including cattle, buffalo, sheep, goats and pigs against the FMD. It also aims at vaccinating 36 million female bovine calves annually in its fight against Brucellosis.

MD Sanjeev Kumar Chadha has signed the agreement for engaging NAFED as Programme Logistics Agency (PLA) on October 31 for the National Animal Disease Control Programme (NADCP). NAFED will be working with the Ministry of Animal Husbandry and Dairy to facilitate the realisation of the mission to eradicate these diseases by the year 2030.

Since this is a completely new area of work, NAFED has created a new division headed by AMD Pankaj Kumar Prasad. The NADCP programme will take up this mission and ensure its smooth logistics and monitoring for the next five years. Two animal husbandry advisors have been hired to assist in the programme.

As part of the programme, the federation will help in the procurement of FMD and Brucellosis vaccines as well as ear-tags and ensure that these reach each and every district of India in good condition. A major challenge in the programme is the maintenance of proper cold chain for the vaccines and this will be addressed by monitoring the entire process from the factory to the district headquarters. NAFED will be procuring 900 million vaccines every year. The procurement process for the vaccines and the related equipment will be tender-based and bids will be invited from various companies for the same. The distribution till the district level, too, will be done by the federation, beyond which, local organisations will take over.

Source: PTI

# OUR MILESTONES

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## ACKNOWLEDGEMENT

NAFED acknowledges the contribution of Indian farmers, Government of India, State Governments, our member State federations and cooperative societies for making our journey so wonderful.

PR Division, NAFED