

PROPOSED  
MEMORANDUM OF UNDERSTANDING  
YEAR 2008-09

Name of the Department of Government  
of Madhya Pradesh

Horticulture and Food Processing

And

Name of the Public Sector Undertaking

M.P. State Agro-Industries Development  
Corporation Limited  
Panchanan, 3<sup>rd</sup> Floor, Malviya Nagar, Bhopal

***Website : [www.mpstateagro.nic.in](http://www.mpstateagro.nic.in)***

e-mail : mpagro\_bpl@airtelmail.in

# PART-I

## (1) Vision of the Organisation :

- (i) To assist the agriculture & horticulture department of the State in increasing production through supply of high quality agricultural implement & Bio-fertilizer at reasonable prices.
- (ii) Promoting agro industrial development of the State.
- (iii) Employees and officers of the company may be given adequate training to update the knowledge so that they may serve better.

## (2) Mission

### Responsibility towards Customer

- 1. To provide good quality agriculture inputs and after sales service.
- 2. To produce good quality agricultural implements for small and marginal farmers at reasonable price and to control the price line.

### Responsibility towards Corporation

- 1. To maximize creation of wealth.
- 2. To create Brand value for Corporation's products.
- 3. To cultivate high standards of business ethics and quality management for Corporation identity & brand value.
- 4. To increase resources so that these could be leverages for institutional finance.
- 5. To liquidate accumulated losses.

### Responsibility towards employees

- 1. To foster a culture of participation and best environment provided for work.
- 2. To assist employees in career development through training and good human resource practices.

### Towards Government

- 1. To ensure that price line of various product is maintained & private sector is not able to charge exorbitant prices or supply poor quality products.
- 2. To progressive reduce and ultimately end dependence on Government for financial resources.
- 3. To give returns to Government in the form of dividend in course of time.

## **(1) Objectives of the Organisation (Long-term and Short-term)**

The long-term objectives as envisaged in the Memorandum and Articles of Association are as under :-

To promote, develop, establish, execute, operate and otherwise carry on projects schemes, industries, business and activities which in the opinion of company is likely to –

- (i) Accelerate and increase agriculture production.**
- (ii) Contribute to the production of subsidiary and supplementary food;**
- (iii) Increase the availability of supplies of food whether principal ancillary supplementary of substitute, in particular in the State of Madhya Pradesh.**
- (iv) Contribute to the agro-industrial development of Madhya Pradesh.**
- (v) Initiation of new and innovative activities in this sector.**
- (vi) Undertaking activities demanded by Consumers/farmers relating to Agro Industries.**

Out of the above long-term objectives of the Corporation short-term objectives of the Corporation has been chosen for implementation during the year 2008-09.

## **(2) Action Plan and Activities Undertaken by the Organisation to Achieve above Objectives.**

In the present economic environment, subsidy era is departing. Allocations and restrictions are becoming out of context. Therefore the new strategies being proposed are service and business oriented instead of being dependent on the State Government. The production policies are more and more demand driven. The Corporate linkage is the order of the day, making the inputs more and more competitive thereby reducing commercial margins. Thus the Corporation has to adopt the following strategies :-

- i) Commercial association with corporate Houses.**
- ii) Disinvesting non-performing assets.**
- iii) Expanding the base of rural business, making business more competitive at par with private operators.**
- iv) Executing programmes for setting up of food processing industries and AEZs as per directions of Government of Madhya Pradesh.**
- v) Basing its business growth on technology and quality.**

## PART-II TARGETS

(A) COMMERCIAL / FINANCIAL  
Weightage: 50

Total

Sl No		Actuals of 2007-08		Target of 2008-09 Rs. (in lakhs)		Corresponding Objective	Performance Weightage (%)
		Rs. (in lakhs)	Nos.	Rs. (in lakhs)	Nos.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Turnover	20444.69		28797.45		(i) to (v)	20
2	Profit Before Tax Profit After Tax (PAT)	78.25 51.65		71.88 47.44		(i) to (v) (i) to (v)	10
3	Disbursal of Loan Under Various Schemes (Please give separate targets for different schemes)	Nil		Nil		Nil	-
4	Recovery of Loan & Intt. Amount against loan disbursed by the organization.	NA		NA		NA	-
5	Repayment of Government Loan, if any.	Outstanding loan Rs.197.15 However, no payment has been made due to lack of resources		Outstanding loan Rs.197.15 However, no payment is proposed due to lack of resources.		Nil	-

6	Payment of Intt. On Govt. Loan (if any).	Rs.505.55 However, no payment has been made due to lack of resources.		No payment is proposed due to lack of resources.		Nil	-
7	Refund/Repayment of Share Capital of GoMP.	Nil		Nil		Nil	-
8	Payment of Dividend to GoMP.	Nil		7.44 *		Nil	5
9	Payment of Guarantee fee to GoMP.	Nil		Nil		Nil	-
10	Utilizing spare capacities in Office building at Indrapuri, Bina Plant for Income generation.			This would be completed by March 2009.			5
11	Disposal of all the machineries & scrap			All such material shall be finally disposed off and cleared by December 2008.			5
12	Financial Ratio (i) Return on net-worth (ii) Debt equity Ratio (iii) Earning per share	26.06 % 0.60:1 15.67/share		17.79 % 0.60:1 14.40/per share			
13	Recovery Target			Current Year Recovery at the close of the year  Recovery of year 07-08 outstanding Rs. 2100.64 lac  Recovery upto 06-07 Rs. 1120.53 lac	90% of dues  90%  30%		5

\* First responsibility of the Corporation is to liquidate the losses accumulated in so many years, under the circumstances transferring Rs. 40 lakhs out of profit after tax towards liquidation of accumulated losses. However, in order to start the healthy practices Rs. 7.44 lac proposed to be paid as dividend 15.68 % of PAT.

Note:

1. PSUs may fix targets under those sub-heads which are relevant to their objectives. They may also add other appropriate targets relevant to their objectives.
2. Physical Target be also given where applicable.

(B) DEVELOPMENTAL/PROMOTIONAL.

Total Weightage 11

		Actuals of 2007-08		Target of 2008-09		Corresponding Objective	Performance Weightage (%)
		Rs. (in lakhs)	Nos	Rs. (in lakhs)	Nos		
1	To organize fairs /Exhibitions	48.00	48	55.00	55	(iv)	2
2	To Participate in fairs / Exhibitions	-	-	-	-	(iv)	-
3	Improve & upgrade products / designs based on work of ICAR system.	-	-	-	5	-	3
4	Documentation of Projects	01	01	-	-	(iii) & (iv)	-
5	Improvement in Internal Resources of PSU.	-	-	-	-	-	-
6	Addition of new lines of trading	-	-	-	5	-	3
7	Addition of new lines in manufacturing	-	-	-	5	-	3

Note :

1. PSUs may fix target under the sub-heads relevant to their objectives. They may also add any other appropriate targets relevant to their objectives.
2. Physical Target be also given where applicable.

\* Documentation of Horticulture Project at Babai will be completed during the year 2007-08.

(C) ADMINISTRATIVE

Total Weightage 30

S.No		Details of actuals for the 2007-08	Details of Quantifiable Targets for the Year 2008-09	Performance Weightage
1	Computerisation of Activities	Upgradation of Machines -10 Nos.	Upgradation of all remaining Machines	4
2	Automation /website/ E-Governance	-	(i) Computerization of personnel data. (ii) Farmers centric information in Hindi in the website. (iii) MOU recommended by task force to be shown in the website.	2
3	Training / Capacity Building of Employees	-	45 Accounts/Marketing/Administrative	2
4	Consumer Satisfaction Measures	Improvement made in culture packaging. -Improvement in quality purpose regular testing is made.	ü Improvement to be made in packaging. ü Improvement in quality of products. ü Improvement in after sales service.	2
5	Finalisation of Accounts			
	1. Provisional Accounts for the year	2005-06	2007-08	
	2. Completion of Statutory Audit for the year.	2005-06	2006-07	10
	3. Laying the Audited Accounts in Vidhan Sabha.	2004-05	2005-06 and 2006-07	

S.No		Details of actuals for the 2007-08	Details of Quantifiable Targets for the Year 2008-09	Performance Weightage
6	Ratio of Establishment Expenditure vis a vis Total Expenditure (total Expenditure will exclude purchase of Goods/Services for resale)	82.38%	83.34 % Energy audit and other cost reduction measures would be undertaken	2
7	Ratio of Establishment Expenditure vis a vis Turnover	5.49%	4.51%	1
8	Settlement of Government Guarantees	Nil	Nil	-
9	DPCs	DPC due by 2006 is pending.	All DPCs due till 31.3.2008 shall be completed.	2
10	ACR Completion	Completed upto 2005-06	All ACR's due upto the year 2007-08 shall be Completed.	2
11	Departmental Enquiries	Pending 10 Nos.	All departmental enquiries ordered before 31 <sup>st</sup> March , 2008 shall be completed.	1
12	Staff Rationalization	-	Steps would be taken to optimize output per employee and use of right staff for the right job shall be taken and specifically indicated.	2

(D)

CORPORATE GOVERNANCE

Total Weightage 9%

		Details of actuals for the year 2007-08	Details of Quantifiable targets for the year 2008-09	Performance Weightage
1	No. of Board Meetings in the year	2	4	1
2	Annual General Meeting	30/9/2007	30/9/2008	1
3	Filing of Annual Return (In case of Companies)	Timely	30/10/08	-
4	Filing of Yearly Annual Income Tax Return	31/10/2007	30/9/2008	1
5	Conduct of Audit Committee Meeting (if applicable)	N.A.	N.A.	-
6	Filing of Yearly Professional Tax Return for 2007-08	30 <sup>th</sup> April	30 <sup>th</sup> April	-
7	Filing of Yearly Provident Fund Return.	30 <sup>th</sup> April	30 <sup>th</sup> April '08	1
8	Filing of half yearly Service Tax Return for 2008-09	N.A.	N.A.	-
9	Filing of Quarterly VAT Return for 2008-09	31/7/2007 30/10/2007 30/1/2008 & 30/4/2008	30/4/2008 31/7/2008- 30/10/2008 & 30/1/2009	1
10	Filing of Statutory Returns with ROC	Timely	Timely	-

		Details of actuals for the year 2007-08	Details of Quantifiable targets for the year 2008-09	Performance Weightage
11	Transparency initiatives	-	Upgradation of Website & monthly updating.	2
12	Formulation of Citizen Charters & its monitoring.  Procedure for Redressal of complaints  (i) employees (ii) Customer	Timely	Upgradation of the charter by including rate list, Tel.Nos. etc. and disposal of applications received till 28.2.2009	1
13	Guaranteeing Right to Information through Enactment and providing access to the PSU Records	48 Applications received and 48 disposed off.	Disposal of all applications received till 28.2.2009	1
14	Preparation of Road map for 2008-09 to 2010-11 including physical & financial targets.			

Note :- PSUs may add other appropriate targets relevant to their working.

## **PART – III**

### **EXPECTATIONS FROM GOVERNMENT**

**Our expectations from the Government are as under:-**

**(1)** Mechanized Agriculture Farm, Babai is incurring loss every year and upto year 2007-08 the cumulative loss is Rs. 916.54 lakh. Corporation has made several attempts for disposal of Babai Farm but could not succeed due to lack of attractive offers. Proposal for revival of MAF Babai, meeting was held on 24/01/08 under the Chairmanship of Vice Chairman, State Planning Board and decision being taken that annual expenses incurred on maintenance and supervision of Babai Farm, Corporation may be paid annual grant. The same may be released for 2007-08 & 2008-09 before end of financial year.

**(2)** Corporation has submitted a revised plan for Kharif 2008 for Rs. 2,02,00,000/- for development of Babai Farm under Rashtriya Krishi Vikas Yojna (RKVY) to Agriculture Department, Govt. of M.P. Proposing amount may be released immediately so that proposed activities could be undertaken.

**(3)** Corporation vide letter No. 2870 dated 8/7/08 allotted 518.49 acre land at Babai Farm of Unit No.4 to Director Veterinary Services, Bhopal for carrying departmental activities related with Veterinary. In this regard, necessary directions to be given to Director Veterinary Services for take up of envisaged activity.

**(4)** An agreement has been executed with Commissioner, Mahila & Bal Vikas Department on 4/6/08 for supply of Panjiri till end of 11th Fifth Year Plan and we expect regular supply order from Mahila Bal Vikas Department. Corporation may be given timely payment of Panjiri within 30 days of supply.

**(5)** Share Capital : Corporation is not in a position to repay the loan and interest due to lack of resource hence it may be converted into equity within 2008-2009.

**Managing Director,  
M.P. State Agro-Ind. Dev.Corpn.Ltd.,  
Bhopal.**

**Secretary,  
Horticulture & Food Processing,  
Govt. of M.P., Mantralaya, Bhopal**

**PART –IV**

**PERFORMANCE OF PSU IN THE LAST THREE YEARS**

Figures in Rs.lac.

Sr.No.	Targets	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007- 08
(A)	<b>COMMERCIAL /FINANCIAL PROFIT BEFORE TAX</b>	14949.00  Loss 343.24	20877.99  Profit 6.34	34746.00  Profit 171.43 lac	20444.69  Profit 78.25 lakh
	<b>Return on Networth</b>	Nil	6.76 %	-	26.06 %
	<b>Debt equity Ratio</b>	0.60:1	0.60:1	-	0.60:1
	<b>Earning per share</b>	Nil	1.88 per share	-	15.67 per share
(B)	<b>DEVELOPMENTAL / PROMOTIONAL</b>	Detail enclosed	Detail enclosed	Detail enclosed	
(C)	<b>ADMINISTRATIVE</b>	Detail enclosed	Detail enclosed	Detail enclosed	
(D)	<b>CORPORATE GOVERNANCE</b>	Detail enclosed	Detail enclosed	Detail enclosed	

**Note : Kindly give figures / details wherever possible for all the sub-heads under which targets have been proposed under various head i.e. (A) Commercial / Financial (B) Development / Promotional (C) Administrative and (D) Corporate Governance, in Part II of the MOU.**

**DEVELOPMENTAL / PROMOTIONAL**

		Year 2005-06		Year 2006-07		Year 2007-08		
		Nos.	Rs. (in lakh)	Nos.	Rs. (in lakh)	Nos.	Rs. (in lakh)	
1	To organize fairs /Exhibitions	01	6.68	01	Nil	48	48.00	
2	To Participate in fairs/Exhibitions	06	1.00	12	2.40	-	-	
3	To Train weavers / Craftsmen/Other	-	-	-	-	-	-	
4	To Improve and Upgrade Products /Designs	-	-	-	-	-	-	
5	Project Implementation (with time limits)	Yes	yes -	yes -	yes -	yes -	yes -	
6	Documentation of Successful Projects	-	-	-	-	-	-	
7	Research & Development	-	-	-	-	-	-	
8	Improvement in Internal Resources of PSU to reduce the Burden on State Budget (Developing Mechanism for self-Reliance)	Culture sold directly to farmers for Rs.144.02 lakhs in the year 2005-06, Rs. 133.68 Lakhs in the year 2006-07 & Rs. 161.41 lakhs in the year 2007-08.						

**ADMINISTRATIVE :**

(Rs. in lakh)

		Year 2005-06		Year 2006-07		Year 2007-08	
		No.	Financial	No.	Financial	No.	Financial
1	Computerisation of Activities	-	-	28	9.54	10	4.65
2	Automation / E-Governance	-	-	-	-	-	
3	Training/ Capacity Building of Employees	-	-	03	0.06	-	-
4	Consumer Satisfaction Measures	-	-	-	-	-	
5	Finalisation of Accounts	-	-	-	-	-	
	1. Provisional Accounts for the year	-	05-06		06-07 (under preparation)		06-07
	2. Completion of Statutory Audit for the year	-	02-03 completed on 24.10.05		03-04 completed on 8.05.06		04-05 & 05-06
	3. Laying the Audited Accounts in Vidhan Sabha .	-	tabled on 23.3.06		tabled on 21.3.07		04-05 tabled on 28-11-07
6	Ratio of Establishment Expenditure vis a vis Total Expenditure (total Expenditure will exclude purchase of Goods/Services for resale)	-	81.71%	-	78.40%		82.38%

(Rs. in lakh)

		Year 2005-06		Year 2006-07		Year 2007-08	
		No.	Financial	No.	Financial	No.	Financial
7	Ratio of Establishment Expenditure vis a vis Turnover	-	5.71%	-	4.87%	-	5.49%
8	Settlement of Government Guarantees	-	Nil	-	Nil	-	Nil
9	DPCs	-	Nil	-	Nil		Nil
10	ACR Completion		Completed		Under process		Under process
11	Departmental Enquiries		06	-	06	-	4 completed
12	Staff Rationalization	-	-	-	-	-	

**CORPORATE GOVERNANCE**

		<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
<b>1</b>	<b>No. of Board Meetings in the year</b>	<b>06</b>	<b>-</b>	<b>01</b>
<b>2</b>	<b>Annual General Meeting (by date...)</b>	<b>30/09/06</b>	<b>30/09/07</b>	<b>30.10.08 (probable date)</b>
<b>3</b>	<b>Filing of Annual Return (In case of Companies)</b>	<b>03/06/06</b>	<b>-</b>	<b>Timely</b>
<b>4</b>	<b>Filing of Yearly Annual Income Tax Return (by date...)</b>	<b>31/10/06</b>	<b>31/10/07</b>	<b>30.09.08</b>
<b>5</b>	<b>Conduct of Audit Committee Meeting (if applicable)</b>	<b>N.A.</b>	<b>N.A</b>	<b>N.A</b>
<b>6</b>	<b>Filing of Yearly Professional Tax Return (Employees)</b>	<b>02/05/06</b>	<b>02/05/07</b>	<b>2.5.08</b>
<b>7</b>	<b>Filing of Yearly Professional Tax Return (Company)</b>	<b>02/05/06</b>	<b>02/05/07</b>	<b>2.5.08</b>
<b>8</b>	<b>Filing of half yearly Service Tax Return (by date...)</b>	<b>N.A.</b>	<b>NA</b>	<b>N.A</b>
<b>9</b>	<b>Filing of Quarterly VAT Return (by date...)</b>	<b>Timely</b>	<b>Timely</b>	<b>Timely</b>
<b>10</b>	<b>Filing of Statutory Returns with ROC</b>	<b>Timely</b>	<b>Timely</b>	<b>Late filed</b>
<b>11</b>	<b>Transparency initiatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12</b>	<b>Formulation of Citizen Charters &amp; its monitoring</b>	<b>Timely</b>	<b>Timely</b>	<b>Timely</b>
<b>13</b>	<b>Guaranteeing Right to Information through Enactment and providing access to the PSU Records</b>	<b>NA</b>	<b>NA</b>	<b>Yes</b>

**Self Assessment Sheet of M.P. State Agro-Industries Development Corporation Limited for 2007-08**

<b>Activity</b>	<b>Total Marks</b>	<b>Self Assessed Marks</b>
<b>(A) Commercial/Financial</b>	<b>55</b>	<b>22</b>
<b>(B) Developmental/Promotional</b>	<b>11</b>	<b>04</b>
<b>( C) Administrative</b>	<b>25</b>	<b>10</b>
<b>(D) Corporate Governance</b>	<b>09</b>	<b>02</b>
<b>Total</b>	<b>100</b>	<b>38</b>