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F.No.3(20)/2019-Py.I  
Government of India  
Ministry of Consumer Affairs, Food & Public Distribution  
Department of Food & Public Distribution  
(Policy –I Section)

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Krishi Bhawan, New Delhi  
Dated the 18/09/2019

To,

The Chairman and Managing Director,  
Food Corporation of India,  
16-20, Barakhamba Lane,  
New Delhi.

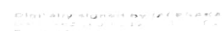
**Subject: Revised Tripartite MOU of FCI, Non-DCP State and Govt. of India, for procurement of Paddy and delivery of Custom milled rice**

Sir,

Please find enclosed herewith the revised template for the tripartite MoU to be signed by this department, FCI and State Governments for procurement operations in non-DCP states. The existing clauses in the tripartite MoU have been revised to incorporate the changes brought about the infusion of Information Technology in the MSP-based procurement operations, management of storage and movement of foodgrains, and the distribution of foodgrains under Public distribution System and Other welfare Schemes, and also to ensure better planning and monitoring of the procurement operations.

2. I am directed to request you to send a copy of the MOU to all the Executive Directors and General managers of the FCI concerned with a direction to have the MoUs signed by the General managers in-charge of the Non-DCP states and the State Food secretaries concerned **in triplicate and send the same** to this Department latest by 27th September, 2019 for counter signature of the Competent Authority in this Department.
3. This issues with the approval of Competent Authority.

Yours faithfully,



(Jai Prakash)

Under Secretary to the Govt. of India

Encl: As above.

Copy to: FD(Proc), FCI Hqrs, New Delhi

1. All the State Food secretaries of Non-DCP States with a request to sign the MoU and enforce its provisions in real earnest.
2. All the GMs of the Non-DCP States with a request to sign the MoU and enforce its provisions in real earnest.
3. ED(Proc), FCI Hqrs, New Delhi: for information and necessary action.

**Tripartite MOU of FCI, Non-DCP State and Govt. of India, for  
procurement of Paddy and delivery of Custom milled rice**

This MOU is signed on \_\_\_\_\_ at \_\_\_\_\_

The MOU will be applicable for the Kharif Marketing Season \_\_\_\_\_ onwards for procurement operations of paddy/rice.

**A. Planning and conducting procurement operations**

1. The State Government of \_\_\_\_\_ shall undertake procurement of paddy throughout the State on behalf of Government of India directly and /or through other agencies including State Agencies, for contribution of the resultant CMR to the Central Pool during the Kharif Marketing Seasons. The number and location of the Procurement Centres to be operated in a particular Marketing Season will be finalised by the State Govt. in consultation with FCI.
2. The procurement of paddy shall be done by FCI and/or State Govt./ its agencies either directly from the farmers or through co-operative societies /Self Help Groups/departmental staff/any other arrangement permissible as per the Principles for the Price Incidentals laid down by the Govt. of India for commission to societies.
3. Following should be ensured by State Government before procurement:-
  - i. The State Govt. shall notify its agency(ies) to be entrusted with the task of procurement only after consultation with FCI.
  - ii. Wherever the arhatiya system is not in practice for MSP operations, prior approval of GOI is necessary for the engagement of arhatiya.
4. Paddy shall be procured by the FCI/ State Govt./its agencies at MSP declared by Government of India from time to time. If the State Government announces bonus/ financial incentive, in direct or indirect form, over and above MSP, FCI will not take part in the procurement operations in the State concerned; and State Govt. will have to mobilize resources and take care of the entire procurement operations in the State on their own, including the arrangements to be made for the storage of procured foodgrains. With respect to such States, FCI in consultation with the Department of Food and Public Distribution, will decide the quantum of the rice and rate at which the stock to be taken from the concerned State in that Marketing Season and shall restrict the central pool procurement to that extent. The rest of the stock procured by the state shall have to be disposed off by the State Govt. concerned at its own risk and cost.
5. State Govt./its agencies will make necessary arrangements of fund for procurement of estimated quantity of foodgrains. Payment of acquisition cost on the basis of provisional cost sheet issued by Government of India will be made by FCI only after the CMR is delivered by State agencies for central pool, to FCI.
6. Procurement of paddy from the farmers will be done through the Online Procurement System developed/adopted by the FCI/State Govt. for this purpose.

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with the mandatory features of online registration of farmers and payment of MSP directly to them in the online mode, and other features mandated by the the Govt. of India.

7. The payment of MSP will be made directly to farmers' bank account online only through online procurement system preferably within 48 hours of purchase of paddy.

8. The State Govt. shall ensure the use of EAT module of PFMS while making the payment, as mandated by the Ministry of Finance, Government of India; and the State Government may integrate their online payment system with PFMS, wherever applicable.

9. The State Govt. will put in place a robust mechanism in place for the identification of the farmers at the Procurement Centres to ensure that the benefits of the MSP operations accrue to the intended beneficiaries only. Installation of e-Pos devices and biometric authentication may be considered in this regard.

10. The stocks of Paddy/ Rice to be procured/ delivered to the Central Pool shall strictly conform to the uniform specification (FAQ norms), as decided by Government of India from time to time, subject to any relaxation approved by Government of India and at the out-turn ratio declared by the Government of India from time to time. Any stock not conforming to the uniform specifications and found to be non-issuable shall be treated to be outside the Central Pool.

11. The FCI or State Government will be duty bound to share the data relating to procurement operations on the National Procurement Portal for Foodgrains (NPPF) in the manner prescribed by the Government of India. All the claims of the payment against the procurement and delivery of foodgrains to FCI shall be based on the figures reported on the NPPF in respect of the stock procured and Depot Online System in respect of the stock delivered to FCI.

12. The FCI will make joint teams with the State Government to oversee the conduct of procurement operations and to attend to specific complaints, problems, etc. Any other information deemed necessary by the Central Government shall also be furnished by the State Government from time to time. In addition, the State Government will facilitate periodical inspections planned by FCI Officials of the concerned Region to assess the effectiveness of procurement operations, Quality Control measures, milling arrangements, process of stock verification, etc.

13. The CMR shall be packed/filled only in new gunny bags as per latest BIS standards prescribed by Jute Commissioner of India, and shall be appropriately stenciled and machine stitched as per FCI norms. Arrangement of gunnies will be made by State Govt./its agencies for the estimated quantity, as approved by Govt. In case, the State Govt. wants to use old gunny bags for the packaging of CMR due to shortage of new gunny bags, prior approval of the Govt. of India will have to be obtained.

14. The State Government shall verify the quantities distributed under PFMS.

and other Welfare Schemes against allocations made by the Government of India, and report the details of distribution on the Annavitran Portal on real time basis. It shall be the responsibility of the State Govt. to ensure that correct and complete data on distribution of wheat, as mandated by the Govt. of India is reported on the Annavitran Portal.

15. The system generated monthly certificate, digitally signed or e-signed by the State Food Secretary, shall be taken as the official report on distribution and form the basis for the examination of the admissible claims of the State. In case, a Fair Price Shop of the State is not provided with e-POS or e-POS device is not functional in that Fair Price shop, distribution figures for that shall be reported on Annavitran Portal on monthly basis, as mandated by the Govt. of India.

16. Government of the State shall not utilize the stocks procured for central pool for any other State level schemes.

17. On submission of proposal from State Government, Provisional Cost Sheet (PCS) will be issued by Government of India as per Principles of Procurement Incidentals (PPI) for each marketing season.

18. The State Govt. will submit their claims for finalization of the cost of incidentals incurred by them in the procurement operations within the period prescribed by GoI. The finalization of cost of incidentals will be done on the basis of the PPIs applicable to the financial year concerned.

#### **B. Handing over of stock to FCI and reimbursement of incidentals for non-DCP operation**

1. FCI in consultation with the State will finalise a programme for the delivery of custom milled rice (CMR), and the State Government/ its agency (ies) shall make necessary arrangement within the State for milling of paddy procured by them and delivery of resultant CMR to FCI at the designated depots as per the programme within the time limit fixed by Government of India for the delivery of the stock pertaining to a marketing Season. The State Government/ its agency (ies) will furnish miller wise list of CMR due to FCI.

2. State Government/ agency (ies) shall make prompt arrangement for the lifting of consignment(s) of CMR which are found beyond rejection limits (BRL), within 24 hours of issue of rejection slip by FCI. Any delay in lifting of rejected consignments will attract penal storage charges as decided by FCI.

3. FCI will ensure that the consignments for delivery are accepted and rejection slip, if any, issued, within the time limits indicated in the Programme for delivery agreed upon by the FCI and State Government and every case of deviation from that must be reported to the General Manager of the region concerned.

4. State Government/agency (ies) will also ensure replacement of BRL stocks (within specified period as decided by GoI) detected during super checks by FCI from the date of intimation in this regard. FCI may dispose of such BRL stocks at the risk and cost of the State govt./agency on their failure to replace such stocks.

5. The State Govt./its agency shall deliver CMR to the Central Pool either in the form of raw rice or parboiled Rice as specified by FCI, keeping in view the overall consumption/requirement in the country under NFSA and OWS.

6. The cost of conversion of paddy into rice through the custom milling operations (acquisition cost), as well as the conversion ratio shall be as per GOI instructions. The bills in respect of CMR delivered to FCI will be submitted to FCI's designated office within 2 days of issue of acceptance note (A-note), Weight check memo to the State Govt./its agencies. The payment of provisional acquisition cost fixed by GOI, shall be made by FCI, which shall be subject to final adjustment on the submission of audited annual accounts by the State Govt.

7. FCI shall receive and process all the claims/Bills for payment relating to procurement operations through online payment module of the DOS and ensure that all the payments are made in online mode through the payment module of DOS. Payment module of DOS of FCI shall share the data relating to claims and settlement of bills on the DOS dashboard as per the instructions of the Government of India.

8. Claims for final settlement shall be submitted by State Govt./its agencies to the FCI/GOI, not later than four months after accounts of the relevant Kharif Marketing Season are audited by their statutory auditors.

9. In case the State Govt. /its agencies procure paddy after the expiry of procurement period or unable to deliver the entire quantity of CMR due to FCI, within the period fixed by Govt. of India without prior approval of Govt. for the extension of the procurement period or milling/delivery of CMR period, such stock will be treated outside the Central Pool stock. The responsibility for disposal of such stocks shall remain solely with the State Govt.

### **C. Functions and Responsibilities of FCI**

1. At least two months ahead of the onset of the marketing season, the General Manager, FCI regional office shall convene a joint meeting with the Principal Secretary of the concerned State to discuss and finalise the plan of action for procurement. Minutes of the meeting should be shared with this Department and State Government.

2. FCI will make necessary arrangements for procurement of paddy at the centres allotted after mutual consultation with the State Govt. If the State Government is not in a position to extend procurement operations in all the poor and backward districts of the State, the FCI or agencies engaged by FCI, shall, on the specific request of the State Government, intervene and open procurement centres in those poor and backward districts of the State.

3. FCI will make necessary arrangements for smooth acceptance/takeover of CMR according to requirements of the State. The CMR consignments offered as per advance programme shall be inspected within 24 hours of the arrival at the designated depot.

4. The tagging of mills with the storage points of FCI will be promptly done by concerned FCI office on least cost basis and operational convenience in view.

5. The acceptance note (A-note), Weight Check Memo (WCM) or the rejection slip, as the case may be, will be issued within 24 hours of the inspection of the consignments by FCI.
6. FCI will release payment against the CMR delivered by the State Govt./agency within 3 working days of receipt of complete bills with all prescribed supporting documents as per provisional cost sheet issued by GOI.
7. FCI will release the admissible transportation charges to the State govt/agencies based on prevailing instructions, within one month from the date of receipt of complete bill, with all supporting documents.
8. FCI shall receive and process all the claims/ Bills for payment relating to procurement operations through online payment module of the DOS and ensure that all the payments are made in online mode through the payment module of DOS. Payment module of DOS of FCI shall share the data relating to claims and settlement of bills on the DOS dashboard as per the instructions of the Government of India.
9. FCI will forward, along with appropriate comments, the request of State Govt. for extension of milling period, within two working days to GOI.
10. GM (Region), FCI will furnish comments on the proposal of State govt. for fixation of final incidentals within 15 days of receipt of such proposal complete in all respect. In case, incomplete proposal is received from State Govt., the same will be returned within 7 days.

**D. Functioning and responsibilities of Government of India :**

1. Government of India will issue Provisional Cost Sheet within one month from receipt of proposal from State Govt.
2. Government of India will finalise final cost sheet within six months from receipt of proposal of State Govt. complete in all respect and comments of GM(R) FCI thereon. However, this will be subject to the prevailing guidelines at the time of finalization.
3. Normally, State is required to complete all the related operations within the approved period decided by GOI. In case of exigencies only, GOI may consider request of State within reasonable period after receipt of request for extension of procurement/milling period from State Govt. and comments of GM(R) FCI.
4. Any change in the policy of Government of India in regard to procurement of foodgrains shall have overriding effect on the provisions of this MOU.
5. In case of any dispute arising out of the operation of the scheme or interpretation of the terms of the MOU, the decision taken by GOI shall be final.

(Signature)

(Signature)

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General Manager (Region)  
Food Corporation of India  
Regional Office, \_\_\_\_\_

Principal Secretary,  
Food & Civil Supplies Deptt.  
Government of \_\_\_\_\_

Joint Secretary (P&FCI)  
DFPD, Govt. of India