

तार : 'फूडकोर्प'
Gram : 'FOODCORP'
फैक्स नं. : एचएफसीआई एनडी
००६९९९२३४९३२४९
००६९९९२३४९३९६२

भारतीय
खाद्य
निगम



FOOD
CORPORATION
OF INDIA

मुख्यालय
नई दिल्ली
Headquarters
New Delhi

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१६-२०, बाराखम्बा लेन, नई दिल्ली-११०००९, दूरभाष : ४३५२७६६७, ४३५२७६६८
16-20, BARAKHAMBA LANE, NEW DELHI-110001, PHONE : 43527697, 43527698

सं.3(3)/402nd/2021-बी.सी

दिनांक: 13.07.2021

बोर्ड के सभी निदेशकों को (नाम से)

महोदय/ महोदया,

भारतीय खाद्य निगम की निदेशक बोर्ड की दिनांक 08.07.2021 को भारतीय खाद्य निगम, मुख्यालय, नई दिल्ली में (विडियो कॉन्फ्रेंसिंग के माध्यम से) आयोजित 402वीं. बैठक के अध्यक्ष एवं प्रबंध निदेशक द्वारा विधिवत रूप से अनुमोदित कार्यवृत्त की प्रति संलग्न है। संशोधन हेतु यदि कोई सुझाव हो तो कृपया 23 जुलाई, 2021 तक संप्रेषित करने का कष्ट करें।

भवदीया,

संलग्न: यथोक्त

सीमा कक्कड़

(सीमा कक्कड़)

सचिव

प्रति:

1. सचिव महोदय के निजी सहायक
2. सभी कार्यकारी निदेशक, भा.खा.नि., मुख्यालय..... इस अनुरोध के साथ कि कृपया सभी मर्दों पर की गयी कार्रवाई की रिपोर्ट बोर्ड सेल को दिनांक 28 जुलाई, 2021 तक अवश्य उपलब्ध करा दें।

सीमा कक्कड़

सचिव

MINUTES OF THE 402nd MEETING OF THE BOARD OF DIRECTORS OF THE 01 FOOD CORPORATION OF INDIA HELD ON 08th July, 2021 AT FCI, HQRS., NEW DELHI.

P R E S E N T

Shri Atish Chandra	:	Chairman & Managing Director
Shri G. Srinivas	:	Director
Shri Vivek Aggarwal	:	Director
Shri Arun Kumar Shrivastava	:	Director
Shri Faiz Ahmed Kidwai	:	Director
Shri Kona Sasidhar	:	Director
Smt. Archana Ranjan	:	Director
Shri Madanlal Rathore	:	Director

I N A T T E N D A N C E

Ms. Seema Kakar	:	Secretary
Shri Bijay Kumar Singh	:	Executive Director (P)
Shri Rabindra Agarwal	:	Executive Director (T/S&C/Silo)
Shri Piush Kumar Gupta	:	Executive Director (Vig.)
Dr. C.L. Ram	:	Executive Director (IR-L/P&R/Stock)
Shri Ajay Kumar	:	Executive Director (IA)
Shri Sudeep Singh	:	Executive Director(QC)
Shri Jayanta Sharma	:	Executive Director(F)/IC

At the outset, Chairman on behalf of the Board of Directors expressed its extreme grief over the sudden demise of Shri Edwin Kulbushan Majhi, Additional Secretary(Policy & FCI), Ministry of Food, Consumer Affairs and Public Distribution and Prof. Dr. S.P.Saravanan:

"We would like to express deepest and heartfelt condolences to the families of the food warriors who have lost their near and dear ones during the Covid-19 Pandemic.

We have lost two of the Directors on Board, Shri Edwin Kulbushan Majhi, Additional Secretary(Policy & FCI), Ministry of Food, Consumer Affairs and Public Distribution and Prof. Dr. S.P.Saravanan to the Pandemic. We would remember forever with gratitude their commitment and contribution to FCI as a Director on Board.

Till date, 79 officers, staff and labourers of FCI family have lost their lives due to this Pandemic.

May their Souls Rest In Peace.

Our prayers are with their families and may God give them strength to overcome this insurmountable loss.

Om Shanti."

The Board of Directors took up the Agenda Items for consideration.

1. ITEM NO. 41/2021 (402nd -BD)

Sub: Confirmation of Minutes of 401st meeting of the Board of Directors of Food Corporation of India held on 05.04.2021.

RESOLVED THAT the Minutes of the 401st meeting of the Board of Directors of Food Corporation of India held on 05.04.2021, as already circulated be and are hereby confirmed.

2. ITEM NO. 42/2021 (402nd -BD)

Sub: Board of Directors – Report of Action Taken on the decisions taken in the 401st meeting held on 05.04.2021 and decision of circulation Note No.6/2021.

Noted.

3. ITEM NO. 43/2021 (402nd -BD)

Sub: Confirmation of Result of Circulation Note No.6/2021 circulated vide file No.BC/4(6)/2021 to the Board of directors of Food Corporation of India under Regulation 9 of the Food Corporations Regulations, 1965.

RESOLVED THAT the Result of Note No.6/2021 circulated vide file no. BC/4(6)/2021 regarding "**Extension of the period of the scheme of Medical facility to the Direct Payment System (DPS) and No Work No Pay (NWNP) System workers of FCI for treatment of COVID-19 infection from 24.03.2021 to 23.09.2021.**" to the Board of Directors of Food Corporation of India under Regulation 9 of the Food Corporations Regulations, 1965 as already circulated, be and are hereby confirmed.

4. ITEM NO. 44/2021 (402nd -BD)

Sub: FCI Post-Retirement Medical Scheme (PRMS) – Amendments to various provisions of the scheme.

RESOLVED THAT the proposal as contained at Para 3.4 and 4 of the Agenda Note be and is hereby approved.

5. ITEM NO. 45/2021 (402nd -BD)

Sub: Amendment to Regulation 18 of the FCI (Staff) Regulations, 1971 regarding Deputation of Corporation employees to other Govt. departments/ PSUs.

RESOLVED THAT the proposal as contained at Para 3 of the Agenda Note be and is hereby approved.

6. ITEM NO. 46/2021 (402nd -BD)

Sub: Reorganization of FCI Maharashtra Region.

Noted.

7. ITEM NO. 47/2021 (402nd -BD)

Sub: Restructuring of FCI Divisional Office Vijayawada in Andhra Pradesh Region by merging FCI Divisional Office Guntur therein.

Deferred.

8. ITEM NO. 48/2021 (402nd -BD)

Sub: Statement of Complaints of Investors under Regulation 13 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, the status of the quarter ending on 30th June, 2021 with NIL complaints was also apprised.

Noted.

9. ITEM NO. 49/2021 (402nd -BD)

Sub: Issue of Government of India Guaranteed Bonds of Rs.8000 Crore By FCI during 2021-22

It was apprised to the Board that FCI is planning to issue Rs 8,000 Crore GOI Guaranteed Bonds during 2021-22. AS&FA advised FCI to complete the bond issue on priority as market conditions are favorable at the moment and FCI will be able to raise bonds at competitive rates.

Board deliberated the proposal and passed following resolutions:-

1. **RESOLVED THAT** the Food Corporation of India may issue Government of India Guaranteed Redeemable Non-Convertible Bonds in the nature of Debentures (hereinafter referred to as "Bonds") aggregating upto Rs. 8,000 crore, in one or multiple tranche(s) in the financial year 2021-22 on private placement basis.
2. **FURTHER RESOLVED THAT** the Chairman & Managing Director of the Corporation be and is hereby authorized: -
 - i. To raise the funds by way of proposed bond issue and appointment of various agencies.

- ii. Finalize terms for issue of bonds such as tenure, rate of interest etc. keeping in view prevailing market conditions and applicable laws.
- iii. Inform his decision for items at (ii) above to Board and Central Govt.

3. **FURTHER RESOLVED THAT** the Chairman & Managing Director and/or Executive Director (Finance) and/or Chief General Manager (Funds) and/or General Manager (Funds) of the Corporation be and are hereby jointly and severally authorized to take all further actions, do all necessary acts/ deeds, sign all necessary documents/ contracts/ agreements/ deeds incidental thereto. Amongst other things, Chairman & Managing Director and/or Executive Director (Finance) and/or Chief General Manager (Fund) and/or General Manager (Funds) of the Corporation shall be authorized to do the following:

- i. draw-up, finalize and sign the Disclosure Document for the bonds issue and execute all other necessary documents/ agreements/ contracts/ deeds related to the issue(s) of bonds.
- ii. accept the application money received as subscription for the bonds and decide upon the basis of allotment, approve allotment of bonds and other functions incidental thereto for the proposed issue(s) of bonds.
- iii. apply and follow-up to seek all required approvals from the concerned authorities/ regulatory bodies/ agencies such as seeking unconditional and irrevocable guarantee from Ministry of Finance, Government of India, execute Listing Application and Listing Agreement with the stock exchange(s) i.e. Bombay Stock Exchange(BSE) Limited and/or National Stock Exchange(NSE) of India Limited for registration on EBP and listing of the bonds, invite bids on EBP of BSE and / or NSE, execute Agreement(s) with the Registrar, National Securities Depository Ltd. ("NSDL") and Central Depository Services (India) Ltd. ("CDSL") for dematerialization of bonds and execute other necessary document(s)/ agreement(s) on behalf of the Corporation in relation to the issue(s) of bonds.
- iv. execute Trusteeship Agreement and Trust Deed and other document with the Bond Trustee .
- v. designate and appoint one or more Collecting Banker(s) for collection of application monies against subscription for the bonds.
- vi. prepare, sign, file and execute the Master Creation Form, Corporate Action Form and other necessary documents/ agreements with National Securities Depository Ltd. ("NSDL") and Central Depository Services (India) Ltd. ("CDSL") and the Registrars for dematerialization of bonds.
- vii. designate a compliance officer for compliance with related regulatory/ statutory issues and for redressal of any pre-issue/ post-issue investor problems such as non-credit of letters of allotment/ bond certificates in the demat account, non-receipt of refund orders, interest warrants etc.

- viii. affix the common seal of the Corporation as may be required for the proposed issue(s) of bonds, dematerialization and listing thereof.
- ix. delegate all or some of the powers vested in them by the Board to any executive of the Corporation as may be deemed necessary.
- x. take decision on any other matter(s) relating to and incidental to the proposed issue(s) of bonds”.

10.ITEM NO. 50/2021 (402nd -BD)

Confidential (attached Separately)

11. ITEM NO. 51/2021 (402nd -BD)

Confidential (attached Separately)

12. ITEM NO. 52/2021 (402nd -BD)

Sub: Quarterly Statutory Compliance Report for the Quarter Ending 31st December, 2020 –Review of Compliance of All Laws Applicable to the Corporation.

Noted.

13. ITEM NO. 53/2021 (402nd -BD)

Sub : Amendment in Significant Accounting Policy No.3(B) and 11 for revision in rate of depreciation to be adopted by FCI on purely temporary erection, intangible assets and computer software from F.Y. 2021-22 & onwards.

The Board was apprised that this agenda item has been deliberated by the Audit Committee in its meeting held on 08.07.2021 and Audit committee has recommended for its approval. The Board of Directors after deliberation passed the following resolution.

- (i) **RESOLVED THAT**, proposed changes in depreciation method & rate as stated at para 3.1 of the Agenda, is and hereby approved.
- (ii) **FURTHER, RESOLVED THAT** the proposal to amend the Significant Accounting policy no.3(b) on Fixed assets and Significant Accounting policy no.11 on Intangible Assets, as stated at para 3.2 of the Agenda, is and hereby approved.

14. ITEM NO. 54/2021 (402nd -BD)

Sub : Approval of the replies to the final Audit Report of the Comptroller & Auditor General of India on the accounts of the Food Corporation of India for the year ended 31st March, 2020.

The Board was apprised that this agenda item has been deliberated by the Audit Committee in its meeting held on 08.07.2021 and Audit committee has recommended for its approval. The Board of Directors after deliberation passed the following resolution.

RESOLVED THAT the replies to the Final Audit Report of the Comptroller & Auditor General of India on the Accounts of the Corporation for the year 2019-20, be and are hereby approved.

FURTHER RESOLVED THAT, the replies to the Final Audit Report of the Comptroller & Auditor General of India on the Accounts of the Corporation for the year 2019-20 be incorporated in the Annual Report of the Corporation for the 2019-20 and forwarded to the Ministry of Consumer Affairs, Food & Public Distribution, Govt. of India to lay the same before both Houses of the Parliament.

15. ITEM NO. 55/2021 (402nd -BD)

Sub : Implementation of Risk Management Policy of FCI-reg.

Noted.

16. ITEM NO. 56/2021 (402nd -BD)

Sub : Revised policy on usage of dunnage material for storage of foodgrains in FCI godowns.

RESOLVED THAT the proposal as contained in para 3 of Agenda Note be and is hereby approved.

17. ITEM NO. 57/2021 (402nd -BD)

Sub : Setting up of Modern Labs under Zonal Offices – reg.

RESOLVED THAT the proposal as contained in para 2 of Agenda Note be and is hereby noted.

18. ITEM NO. 58/2021 (402nd -BD)

Sub : Claim toward Storage Charges for 'over & above' storage capacity utilization in CWC godowns.

9. Proposal:

To allow PMS charge of Rs.1 per quintal per month for 'Over and Above' Capacity utilization for the year 2018-19. The cases of 'Over and Above' utilization of storage capacity decided prior to 2018-19 may not be reopened. The Principle as recommended at point no. 8 above may be followed while deciding the PMS charges for the period till 2020-21. Since the warehouses are being hired as per reassessed capacity from 2021-22, the issue of payment of "Over and Above" charges shall not arise from 2021-22.

Resolution:-

The Board deliberated the Agenda. The observations of MD CWC are as under:

- "Storage charges payable by FCI to CWC is calculated on the basis of audited account of CWC and approved by the Ministry after the due examination of facts & figures, in terms of an agreement dated 03.09.1998, jointly signed by MD, CWC, MD, FCI and AS&FA, Ministry. FCI is paying since then, as per the Ministry approved rates, for example, @ Rs. 5.39 per bag per month (F.No. 6-21/2019-SG-I dated 22.10.2020).
(Authority: Ministry's OM FN 6-59/97-SG dated 11.09.1998).
- There is dual rate mechanism between CWC & FCI, i.e., Ministry approved rates are applicable for cases where FCI agrees to keep stocks for guaranteed storage, for a minimum period of one year. For Non-guaranteed charges, FCI pays as per CWC published storage tariff. FCI is paying accordingly in terms of Ministry's OMs.
(Authority: Ministry OM FN 6-1/2018-SG-I dated 31.07.2018).
- Over & above storage falls under the category of non-guaranteed charges, because this type of storage is for lesser than one year and stored as & when demanded by the FCI. Therefore, the published storage tariff of CWC is applicable. However, FCI and CWC officials, jointly decided during the year 2009-10 and thereafter that CWC will accommodate 20% extra stocks in guaranteed storage capacity and FCI will pay at guaranteed rate beyond 100% and upto 120% in the same floor area.
(Authority: FCI letters dated dated 15.07.2009, 14.06.2010, 29.01.2018).
- FCI has been paying accordingly but during the year 2019, FCI unilaterally issued instruction that it will not pay over and above capacity utilization in

gross violations of aforesaid Ministry's OMs and also by dishonouring, a mutually agreed arrangement between the MDs of FCI & CWC. This is nothing but undermining the very authority of another PSU, which is a commercial organization (Warehousing Service Provider) and wherein Govt. share is only 55.02%. CWC Board is represented by SBI, Cooperatives, Insurance, other Bank Institutions and Govt. of India.

- FCI alone cannot change commercial terms & condition, being a depositor (customer), that too after availing the storage services. However, FCI is always free to decide whether they want to avail CWC services or not. But they cannot dictate commercials of other entity (Govt. or Private or contractor), on post facto basis.
- Moreover, FCI management has never taken approval of BoDs in aforesaid matters in the past. Therefore, proposed Agenda No. 58 of the 402nd BoD of FCI is uncalled for.
- In view of above, I am of the opinion that the BoD of FCI is not authorised to decide storage charges to be paid by FCI to CWC."

After detailed discussion, Board **RESOLVED THAT** the proposal as contained in Para 9 of the Agenda Note be and is hereby recommended to the Department of Food and Public Distribution, Government of India for approval.

19.ITEM NO. 59/2021 (402nd -BD)

Sub : Appointment of Financial Consultant & Transaction Advisor for monetization & modernization of warehousing infrastructure of FCI & CWC.

RESOLVED THAT the proposal contained in para 11 a) & b) of the Agenda Note is hereby approved.

Board also advised that on appointment of Transaction Advisor, the development regarding process and progress of monetization and modernization may be apprised to Board from time to time.

20.ITEM NO. 60/2021 (402nd -BD)

Sub : Execution of Sale Agreement & Supplementary Agreement between FCI & M/s AALL for operationalization of Bandel silo complex alongwith Railway siding.

It was submitted that BOD in its meeting dated 16.10.2020 has given in-principle approval on the proposal with observation that on receipt of reply from Railways, BOD will be apprised accordingly.

Railways vide letter dated 22.12.2020 has requested to include following Clause in the Sale Agreement:

"In case of any dispute regarding handing over or taking over of the assets presently or in future, the parties will resolve the dispute amicably and Railways will not be responsible at all for the same."

BOD observed that:

M/s AALL should have taken land on lease from Railways for 20 years. If Railways allowed land lease initially for 4 years then why it did not extend it, even if there was change in Railway policy, as subsisting lease as per earlier policy should have continued.

Board was apprised that as per proposed Supplementary Agreement "the license/lease charges payable to Eastern Railway by FCI towards the lease/license of the said land shall be reimbursed by M/s AALL at actual to FCI whereby FCI shall be at liberty to deduct the said amount from the charges payable by FCI to M/s AALL".

Board was also apprised that Railway has proposed that "Railway land can be given on lease to FCI provided the issue of encumbrance created by M/s AALL is settled by FCI, so that FCI becomes the owner of all encumbrances.

Board of Directors after detailed deliberation resolved as under:

RESOLVED THAT the proposal contained in para 29 a), 29 b) & 29 c) above is hereby approved and be forwarded to GoI for approval.

21.ITEM NO. 61/2021 (402nd -BD)

Sub : Use of Specialized Wagons acquired by the Developer cum operator, M/s AALL as part of circuit based silo project, for bulk movement of foodgrains from railway siding silos in procuring regions to Consuming regions silos.

Board was apprised that matter was earlier placed before BOD through circulation on 11.11.2020 after incorporating the observation made by BOD in its meeting held on 16.10.2020. However, on circulated Agenda, consensus was not reached amongst the BOD Members. Since Govt. nominee directors did not approve the agenda, it was decided to refer the matter for appropriate directions to Ministry. This issue was reviewed in the meeting Chaired by Secretary (Food) on 02.07.2021 wherein a presentation was made before Secretary (Food) explaining the advantages in using specialized wagons of circuit based silos. The said presentation is part of the Agenda. In the said meeting, it was decided that the proposal of FCI is logical and advised that the matter may again be placed in the Board of FCI for deliberation and decision by majority on priority to prevent loss to Govt.

During deliberation, AS&FA was of the view that he had already communicated his observations on circulated agenda that the proposal does not have his approval because of following:

- (i) FCI is already under Agreement with M/s AALL, specialized wagon being the part of the Circuit model of silos, for which FCI is paying storage-cum-handling charges, a part of the wagon cost has already been built into rentals being paid. Using these wagons by the Concessionaires is not as per Concessionaire Agreement.
- (ii) The wagon cost has already been built into rentals being paid. Further, payment of 70% rate of Railway will lead to extra payment of same set of wagons. Moreover, entry into direct negotiation with the Concessionaire who is already under Agreement with FCI would be against the principles of General Financial Rules/CVC guidelines.

AS&FA expressed that Board can take a view in the matter considering the financial benefit & operational requirement.

Board of Directors after detailed deliberation decided that since the only Govt. nominee Director is not in agreement with the proposal, the matter may be deferred and placed before the Board with detailed calculation and point to point reply on the observations of AS&FA.

NEXT MEETING

A suitable date will be fixed in due course.