



D.O.No.E.4(222)/Stg.IV/PEG Status/2016 13398
Dated : 16.8.2016

Dear Sir Nageem,

I would like to invite your attention towards continuous de-hiring of storage capacity by different regions after capacity being taken over under PEG scheme. As per information received from different regions, the hired capacity with FCI was upto 169 LMT in 2011-12 which has been reduced to 104 LMT as on 31.05.2016 i.e. 65 LMT already had been de-hired by FCI only. Apart from this, many State Governments especially in DCP States are continuously de-hiring the storage capacity after taking over PEG capacity. The total PEG capacity taken over till date is 127 LMT.

It is highlighted that the PEG capacity was sanctioned and constructed to augment the storage capacity on all India basis to avoid storing of foodgrains in open/CAP storage leading to deterioration/damage etc. However, in contrast, FCI as well as State Governments (in DCP States) are continuously de-hiring the hired capacity on taking over of PEG capacity leading to a position that in spite of construction of sufficient PEG capacity, foodgrains are lying in open/CAP storage in some States especially in Punjab and Haryana.

Further, it has been seen that in one way the hired capacity are being de-hired on taking over of PEG capacity and taken over PEG capacity are also not being utilized fully and also not maintained properly as per the PEG agreement but FCI is releasing the payment without examining the utilization aspect and also the agreement clauses of storage, maintenance by the PEG owner/nodal agencies.

Being ED (Zone), you must be either the Chair or a member of the PEG scheme for the States under your administrative control. While calculating the storage gap and recommending for sanction of the same to HLC, you must have taken the available storage capacity of FCI/State Government and others in the State and based on the requirement, you must have recommended for sanction. However, the continuous de-hiring on construction of PEG godown, it can be inferred that your assessment was not proper causing avoidable expenditure to the Corporation as well as national exchequer.

Also, in many regions though godowns are being used on AUB for long periods, no action has been initiated to take them under guarantee. I would expect as ED(Zone) that you should be able to verify the reasons behind each such godown. If any cost saving calculation/surrender is required, that should be done at the earliest.

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I would request you to personally look into these aspects and analyse the hiring - de-hiring of godowns including PEG during last 2 years as well as avoidable rent paid for non-utilization/less utilization of PEG godown.

Further, you may depute GM level officers from Zonal Office to inspect some of the PEG godown physically for both under-utilization of FCI and State Government (in DCP States) and all aspects of construction, storage & maintenance of godown and grains etc. may be checked to avoid future complications and audit objections etc.

Action taken by you would be reviewed in the next MPR.

With best wishes,

Yours sincerely,


(Yogendra Tripathi)

Shri R.D.Nazeem,
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Chennai

3/18/16