

560

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

भारतीय
खाद्य
निगम



FOOD
CORPORATION
OF INDIA

मुख्यालय
नई दिल्ली
Headquarters
New Delhi

FAX NO. : HFCI ND

00911123413241

00911123413162

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

संख्या: एस. एण्ड सी./क्य.पी./06/3/2013/भण्डा.-VII/1092 to 1126

दिनांक: 20.03.2018

कार्यकारी निदेशक (अंचल)

भारतीय खाद्य निगम,

आंचलिक कार्यालय(उत्तर/पूर्व/दक्षिण/पश्चिम/पूर्वोत्तर)

नोएडा (उत्तर प्रदेश)/ कलकत्ता (पश्चिम बंगाल)/

तमिलनाडु (चैन्नई)/ मुम्बई (महाराष्ट्र)/ गुवाहाटी(असम)

महाप्रबन्धक (क्षेत्र)

भारतीय खाद्य निगम,

क्षेत्रीय कार्यालय (पंजाब/हरियाणा/दिल्ली/उत्तराखण्ड/जम्मू/ उ.प्र./

राजस्थान/ हिमाचल प्रदेश/कर्नाटक/तमिलनाडु/ केरल/ आंध्र प्रदेश/

म.प्र./महाराष्ट्र/गुजरात/उड़ीसा/ पश्चिम बंगाल/ छत्तीसगढ़/ बिहार/

झारखण्ड/दिमापुर/ असम/इम्फाल/शिलांग/ अरुणाचल प्रदेश।

विषय: Delay in settlement of outstanding dues by FCI – regarding.

संदर्भ: 1. Minutes (Item no. 10) of 350th BoD meeting held on 27.09.2012

2. Ministry's letter No. F.No.6-1/2008-S&I dated 20/21.11.2012

3. FCI Hqrs letter No. STK/RL/Misc/NZ/11/Vol.III/581 dated 12.12.2012

4. FCI Hqrs letter No. E-4(51)/Stg.-IV/PEG-09/Odisha/Vol.III dated 17.01.2018

Sir,

Kind attention is invited towards the above references. It has come to the notice to Hqrs. that 309.97 Crore is outstanding against FCI as on 30.06.2017 excluding the bills raised during the month of June on account of the various issues pointed out by CWC vide letter no. CWC/FD-Rec/FCI/Outstanding/17-18 dated 16.08.2017.

The matter has been examined at Hqrs. level and it is decided that following instructions should be followed by field offices strictly:

S.No.	Issues raised by CWC	Instructions
(i)	Recoveries towards storage losses by FCI (Rs. 94.34 crore)	Instructions issued by FCI Hqrs. vide circular no. STK/RL/Misc/NZ/11/Vol.III/581 dated 12.12.2012. This should be followed strictly.
(a)	Recoveries without following the storage loss norms prescribed by Ministry vide circular no. STK/RL/Misc/NZ/11/Vol.III/581 dated 12.12.12	
(b)	Recovery towards 1% mandatory gain on wheat from the storage charges of CWC despite the instructions that the 1% mandatory gain is not applicable to CWC.	Instructions issued by Ministry vide letter no. F.No.6-1/2008-S&I dated 20/21.11.2012 along with Annexure-I, enclosing therewith a copy of gist of norms for storage gain/loss in Wheat

		and Rice for central pool stocks should be followed strictly.
(c)	Recoveries of storage losses at economic cost instead of average acquisition cost.	In this regard instructions issued vide letter dated 06.04.2010 may be referred.
(ii)	Recoveries on account of transit loss and other charges (Rs. 55.93 crore)	Field offices of FCI are advised to recover only unjustified losses after the same have been examined by the competent authority as per instructions circulated by Hqrs.
(iii)	Joint Certificate of Moisture at the time of receipt & issue.	Matter is being taken up with QC Division separately.
(iv)	Undue delay in payment of storage charges for PEG godowns and recoveries therefrom (Rs. 57.09 crore)	GM(R), FCI, Odisha was advised during the MPR held on 29.03.2017 by Hon'ble CMD to release the payment of CWC as CWC is not a procuring agency, responsibility of non-optimum utilization of the capacity does not lie with CWC. GM(R), FCI, Odisha is also advised to release the payment of CWC as already advised by FCI, Hqrs letter no. E-4(51)/ Stg.-IV/PEG-09/Odisha/Vol.III dated 08.09.2017. This should be followed strictly.
(v)	Recovery of storage losses at economic cost instead of average acquisition cost in case of PEG godowns.	Clause no. 4.4 in case of non-DCP state and Clause No. 3.2 in case of DCP state of the Agreement between FCI and Nodal agency provides that Nodal agency shall be fully responsible for any loss caused to the stocks of State Government/Central Pool Stocks while in their custody on account of pilferage, theft or misappropriation for which recoveries will be made from them at Economic Costs of the relevant year in which such misappropriation/theft takes place. So, it is requested to take action accordingly.
(vi)	Utilisation of CAP storage by state procuring agencies.	As per recommendation of HLC headed by Sh. Shanta Kumar, FCI has been advised to phase out CAP capacity Hence, FCI is not hiring any such capacity for keeping the stocks.n

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Non-adherence of these instructions will be viewed seriously and any laxity in this regard may invite disciplinary action against defaulters.

संलग्न: यथा उपरोक्त।

o/c

भवदीय
20/3/18

उप महाप्रबन्धक (भण्डा. एवं अनु.)
कृते: कार्यकारी निदेशक (भण्डारण)

N.O.O.

1. Sh. Vishwa Ranjan Gupta, Director (Finance), CWC, 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi – 110016 --- with reference to his letter no. CWC/FD-Rec/FCI/Outstanding/17-18 dated 16.08.2017, it is intimated that the matter regarding non-payment of Storage Charges for over & above utilization of PEG godown will be discussed during the next HLC and the matter regarding non-providing of wooden crates in PEG godowns has been referred to Ministry by FCI. Further, in respect of Point No. (iv), it is intimated that FCI RO Odisha vide letter No. S&C/PEG-09/Genl.Corresp/2015-16 dated 17.10.2017 informed that FCI RO Odisha is releasing 100% payment of PEG godowns constructed by CWC irrespective of utilisation upto 31.07.2017.
2. Joint Secretary (Storage), Ministry of CA,F&PD, Deptt. of Food & Public Distribution, Krishi Bhawan, New Delhi – 110001 – for information please.
3. General Manager (Stocks), FCI, Hqrs. - for information and further necessary action on CWC's letter no. CWC/FD-Rec/FCI/Outstanding/17-18 dated 16.08.2017 at Point No. (i)(a) and (ii) [Copy enclosed].
4. General Manager (QC), FCI, Hqrs. – for information and further necessary action on CWC's letter no. CWC/FD-Rec/FCI/Outstanding/17-18 dated 16.08.2017 at Point no. (iii) [Copy enclosed].

उपरोक्त
20/3

o/c

20/3/18

कृते: कार्यकारी निदेशक (भण्डारण)

20/09/18

MINUTES OF THE 350TH MEETING OF THE BOARD OF DIRECTORS OF THE FOOD CORPORATION OF INDIA HELD ON 27TH SEPTEMBER, 2012 AT NEW DELHI

PRESENT

Dr. Amar Singh	:	Chairman & Managing Director
Shri T.S. Randhawa	:	Director
Shri Naveen Prakash	:	Director
Shri D.S. Grewal	:	Director

SPECIAL INVITEE

Dr. D.K. Bhalla	:	Joint Secretary (Impex), M/o CAF&PD
Dr. B.C. Joshi	:	Deputy Commissioner (S&R), M/o CAF&PD
Shri A.K. Kapoor	:	Advisor (Cost), Integrated Finance Division, M/o CAF&PD
Shri Amit Mehta	:	Director (FCI), M/o CAF&PD

ABSENT

Shri B.B. Pattanaik	:	Director
Shri Mukesh Khullar	:	Director

IN ATTENDANCE

Shri A.K. Bhattacharya	:	Executive Director (Coord.) & Secretary
Shri Dinesh Kumar	:	Executive Director (T)
Shri Surinder Singh	:	Executive Director (Proc.)
Shri S.S. Bhatoa	:	Executive Director (Sales)
Shri B.S. Mohapatra	:	Executive Director (P&F)
Shri Sushil Nagpal	:	Executive Director (I&E)
Shri S.P. Kar	:	Executive Director (IA)

Leave of absence was granted to S/Shri B.B. Pattanaik and Mukesh Khullar, Directors.

SUB: PROPOSAL FOR ENGAGEMENT OF SHRI SURESH KAPOOR, DGM(HQRS.) RETIRED ON 31.08.2012 AS A CONSULTANT FOR A PERIOD OF SIX (6) MONTHS.

The Board considered the proposal and resolved that approval be and is hereby accorded for the appointment of ShriSuresh Kapoor, DGM(Hqrs.) retired on 31.08.2012, on contract basis in FCI as Consultant for a period of six months on fixed remuneration of Rs.40,000/- per month as contained in Para 5 of the note.

10.ITEM NO. 122/2012 (350TH-BD)

SUB: FIXATION OF NORMS/LIMITS FOR STORAGE LOSSES.

The Board went through the agenda placed before it and deliberated the issue at length.

2. ED[Stocks] made a brief Power Point Presentation highlighting the findings of the Sub-Committee constituted for the purpose of making recommendations on Storage Loss Norms.
3. The Board was informed that there was a general consensus among all the members of the Sub-Committee for the proposed **norms for Rice**. The following proposed storage loss norms for Rice were approved by the Board:-
 - (a) Full allowance for weight loss for driage of moisture between 15% and 14%.
 - (b) 0.7% weight loss for driage of 1% moisture and in proportion thereof below 14%.
 - (c) Maximum 0.2% operational loss for storage period of 365 days on proportionate basis.

Total storage loss= (a)+(b)+(c)

4. As far as the norms for Wheat are concerned, the Board was apprised about the reasoning adopted by the Sub-Committee for recommending different sets of norms for different agencies / periods. The Board noted that MD, CWC has made certain observations in the Report of the Sub-Committee for proposed norms in respect of storage loss/ storage gain of wheat. The matter was discussed at length. The

Board noted that the norms proposed in the report by other members of Sub-Committee were quite logical and based on proper reasoning.

5. After detailed discussions, the following norms in respect of wheat were approved:-

Procuring Regions			Consuming Regions**			
	Covd.	CAP	Stocks Recd.	Stocks Issued	Covd.	CAP
Current crop stocks dispatched upto 31 st July	No Loss	No Loss	Upto June	Upto July	No Loss*	No Loss*
			Upto July	Upto 15 th Aug.		
			Upto June	After 31 st July	0.7% gain for every 1% increase in moisture	
			In July	After 15 th Aug.		
Current Crop Stocks dispatched after 31 st July or stock of wheat procured in earlier procurement season being issued in any month :- a) State procuring agencies	1.0% gain	0.70% gain	Issued within 1 month of receipt.		No Loss*	No Loss*
			Issued after 1 month of receipt. i) For stg. period upto 1 year ii) For stg. period more than 1 year		0.20% Loss 0.40% Loss	0.25% Loss 0.45% Loss
b) FCI, CWC, SWC and Pvt. godowns / PEG godowns/hired godowns	0.7% gain for every 1% increase in moisture					

*In case of any storage loss, the same would be examined separately on merit of the case.

**In consuming regions, wherever there is increase in moisture content in wheat due to climatic conditions, the weight gain @ 0.7% gain for every 1% increase in moisture content shall be accounted for.

6. The Board resolved that the above would be subject to the following:-

i] that the norms proposed above are purely adhoc and interim and the scientific storage loss norms shall be fixed after receipt of the study report of ICAR to whom the work has already been awarded by FCI.

ii] the proposed storage loss norms are only upper limits. All the cases of storage loss must be carefully and exhaustively examined by the concerned authority.

iii] normative practices for recording the correct moisture content of foodgrains at the time of receipt, during storage and at the time of issue should be strictly followed by all the technical personnel engaged in storage and preservation of foodgrains. In order to minimise operational losses in godowns/ warehouses, scientific code of storage practice of foodgrains should be followed by all the technical and quality control staff of the depots.

iv] the above shall be applicable to all agencies including the godowns managed under PEG scheme.

v] the proposed norms are subject to the approval of the Govt. of India.

7. The Board put on record the appreciation for efforts made by the Sub-Committee for suggesting the Norms for storage loss / gain.

11. ITEM NO. 123/2012 (350TH-BD)

SUB: PROPOSAL FOR MODIFICATION OF BENBEVELENT FUND CUM WELFARE SCHEME AND INTRODUCTION OF EMPLOYEE FUNDED CONTRIBUTORY SOCIAL SECURITY SCHEME.

After deliberations the Board approved the proposal as contained in Para 4 of the Agenda Note and noted that the proposed enhancement in benefits under existing Benevolent Fund cum Welfare Scheme is purely based on increase in employees' contribution from Rs. 10 to Rs. 30 and does not involve increase in Contribution by the Corporation. Similarly the Contribution Social Security Scheme is purely employees' funded scheme and involves no contribution from the Corporation. Both these schemes are welfare schemes which provide for financial assistance to the dependents of members in case of death and to the members in case of premature retirement on medical grounds/permanent disability. The Board also noted that in para 4.3.1 (i) there is overlapping of age in the consecutive age brackets. Therefore, the age bracket shall be 18 to 30, 31 to 45 and so on instead of the proposed age bracket of 18 to 30 and 30 to 45 as it involves age of 30 in both the brackets.

S.No. 4(I)

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MOST IMMEDIATE

F. No. 6-1/2008-S&I
 Government of India
 Ministry of Consumer Affairs, Food & PD
 (Department of Food & Public Distribution)

Krishi Bhavan, New Delhi
 Dated: 20th November, 2012
 21

To :

The Chairman and Managing Director,
 Food Corporation of India
 16-20, Barakhamba Lane, Connaught Place,
 New Delhi-110001.

Subject: Fixation of storage loss/gain norms in wheat and rice regarding.

Sir,

I am directed to refer to letter No.STKS/RL/Misc/NZ/11/Vol.-III dated 9th October, 2012 regarding fixation of norms for storage loss/gain in wheat and rice and to state that the recommendation of the sub-committee constituted by FCI for fixing the norms for storage loss/gain in wheat and rice accepted by the Board of Directors of FCI in its 350th meeting held on 27.9.2012 has been approved except to the extent that the cut of date for realisation of storage gain in wheat has been retained at 30th June in procuring regions instead of 31st July (as recommended by the sub-committee). As such, the recommendation of the sub-committee accepted by the Board of Directors of FCI, except the change of cut-off date and attendant changes has been approved by the Government. Gist of norms for storage gain/ loss in wheat and rice for central pool stocks as approved is enclosed.

2. The norms approved are purely ad hoc and interim and the scientific storage loss norms shall be fixed after receipt of the study report of ICAR to whom the work has been awarded by FCI.
3. The approved storage loss norms are only upper limits. All the cases of storage loss must be carefully and exhaustively examined by the concerned authority.
4. Normative practices for recording the correct moisture content of foodgrains at the time receipt, during storage and at the time of issue should be strictly followed by all the technical personnel engaged in storage and preservation of foodgrain. In order to minimize operational losses in godowns /warehouses, scientific code of storage practice of foodgrains should be followed by all the technical and quality control staff of the depots.
5. The approved norms shall be applicable to all agencies including the godowns managed under PEG scheme.

Enclosure: As above

Yours faithfully,

(Signature)
 (B.C. Joshi)
 Dy. Commissioner (S&R)
 Tele:23070474

Copy to :

1. Managing Director, Central Warehousing Corporation, 4/1, Siri Institutional Area, Hauz Khas, New Delhi-16.
2. Director (Policy)/Director(FCI)/ Director(Finance), Department of Food & PD, Krishi Bhawan, New Delhi.
3. FC A/C Section in the Department of Food & PD, Krishi Bhawan, New Delhi.

Copy for information to:

PPS to AS&FA/ PS to JS(Storage)/ PS to JS(P& FCI)/ PS to JS(Impex & SRA)

ISSUED

(Signature)
 21-11-12

Norms for storage gain/loss in wheat /rice for central pool stocks

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Annexure - I

Prm. M/A/2011

Wheat		Consuming Region	
Procuring Region	Gain/loss norms	Consuming Region	Gain/loss norms
For stock of current procurement wheat issued upto 30 th June every year. For both State procuring agencies and FCI	Covered Storage-No loss CAP storage-No loss	Issued in the consuming region upto the month of June in case of stocks received upto May and in case of stocks received in June issued upto 15 th July. For stock issued after 30 th June in case of receipt upto May and for stocks issued after 15 th July in case of stocks received in June.	Covered Storage-No loss CAP storage-No loss In case of any storage loss, it should be examined separately on merit of the case. Covered Storage and CAP Storage- 0.7% gain for every 1% increase in moisture content
For stock of current procurement wheat issued after 30 th June or stock of wheat procured in earlier seasons issued in any month.	Covered-1% gain CAP-0.7% gain Covered Storage and CAP Storage- 0.7% gain for every 1% increase in moisture content. In case of any storage loss, it should be examined separately on merit of the case.	For wheat procured in current season and dispatched by procuring States after 30 th June or stock of wheat procured in earlier seasons issued in any month by procuring State. a) Issued in the consuming region within one month of receipt. b) Issued in the consuming region after one month of receipt of such stocks.	Covered Storage-No loss CAP storage-No loss Covered Storage-0.2% loss for storage period upto one year and 0.40% loss for storage period above one year. CAP storage-0.25% loss for storage period upto one year and 0.45% loss for storage period above one year.

The above storage gain/loss will be applicable for wheat stored in jute bags as well as PP/HDPE bags

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RICE

Since rice is accepted in the godowns by technical personnels based on detailed laboratory Analysis including moisture content and at every stage of transactions, moisture content is invariably taken, as such storage loss can also be linked with decrease with moisture content. In almost all the studies conducted by IGMRI, storage loss has been observed in case of rice but no exact co-relation of weight loss with decrease in moisture content of rice during storage could be established. The moisture content of rice stocks are taken by drawing samples from rice bags of stacks generally from peripheral layers. But the moisture content may vary from peripheral layers of bags to inner core bags in the stack and it may also vary from stack to stack depending upon location of the stack etc. In case of drirage of moisture, higher drirage is expected from peripheral layers than core bags. Thus moisture content in peripheral layers of rice bags may be less as compare to moisture content in core bags of the stacks. As per uniform specifications rice is accepted upto 14% moisture content without any value cut and rice with moisture content above 14% upto 15% with full value cut from the rice millers.

Based on the above explanation following norms are proposed:

Storage loss norms for all regions (procuring and non-procuring)

- (a) Full allowance for weight loss for drirage of moisture between 15% and 14%
 (b) 0.7% weight loss for drirage of 1% moisture and in proportion thereof below 14%
 (c) 0.2% for storage period of 365 days on proportionate basis

Total storage loss = (a) + (b) + (c)

THE FOOD CORPORATION OF INDIA
HEADQUARTERS: NEW DELHI

No. STK/RL/Misc./NZ/11/Vol.III/521

Dated: 12.12.12

C I R C U L A R

Sub: Norms for Storage Loss/ Gain in wheat and rice for central pool stocks

- Ref: (i) Ministry of CAF & PD letter F.No. 6-1/2008-S&I dated 24.11.2011
(ii) FCI, Hqrs' letter No. QC.6(1)/2003/761 dated 25.11 / 4.12.2003
(iii) Ministry of CAF & PD letter No. 176(2)/95-PY.I (Vol.III) dated 28.10.2003
(iv) Ministry of CAF & PD letter No. 176(1)/ 2002-PY.I dated 25.08.2003
(v) Ministry of CAF & PD letter No. 176(2)/ 95-PY.I (Vol. II) dated 25.11.1999
(vi) FCI ,Hqrs' letter No. E.12(5)/82-Stg.VII / CWC / Vol. III dated 12.09.1990

Kind attention is invited to the above references.

2. The matter regarding fixation of norms for Storage Gain/ Loss in Wheat and Rice for the Central Pool Stocks held by FCI, State Agencies, CWC, SWCs and in Godowns under PEG Scheme, has been attracting the attention of the Management for quite some time. The matter was placed before the Board of Directors in its 350th meeting held on 27.09.2012 proposing certain set of norms for Storage Gain/Loss in wheat and rice. Based on the directions of the Board of Directors, the matter was referred to Govt. of India.

3. The Govt. of India has approved the Tentative / Adhoc norms for Storage Loss/ Gain in wheat and rice as conveyed vide its letter F.No. 6-1/2008- S&I dated 20/21.11.2012 [copy enclosed]. In supersession of all previous instructions, the norms as approved by Govt. of India may be followed by field functionaries.

4. It should be noted that norms are purely adhoc and interim. In the same context, FCI has already entrusted a study to ICAR for determining the Storage Loss/ Gain in wheat and rice. Till such time the report of ICAR is received, the Storage Loss/ Gain norms as mentioned in GOI's communication dated 20/21.11.2012 may be followed by the Field functionaries. It should be noted that the storage loss norms are only upper limits. It should also be the constant endeavour of all concerned that the losses are contained at the lowest possible level.
5. Further, normative practices for recording the correct moisture content of foodgrains at the time of receipt, during storage and at the time of issue, should be strictly followed by all the Technical and depot personnel engaged in storage and preservation of foodgrains. In order to minimize operational losses in godowns / warehouses, scientific code of storage practices of foodgrains should invariably be followed by all the Technical and depot staff posted at the depots.
6. It would be observed that full allowance for weight loss for drilage of moisture between 15% and 14% has been provided in the Storage Loss Norms for rice. For subsequent drilage i.e. from 14% moisture level to below, the allowance @ 0.7% for every 1% drilage has been allowed. It may be noted that these norms are to be applied only after conducting a thorough investigation /analysis of the storage loss occurrence.
7. It has also been decided that while communicating the monthly trend of storage loss in rice, the procuring regions shall additionally indicate the net storage loss as well as its percentage after making adjustment of the quantity for which the full value cut has been realised in respect of the quantity of rice procured with moisture content above 14% upto 15%. In other words, the quantity equivalent to the amount of full value cut realised on account of moisture in a stack (taking the per Quintal rate of rice as per cost sheet of the

respective crop year into consideration) may be deducted from the gross/total quantity of storage loss in that stock in order to arrive at net loss. The benefit of full value cut may also be extended while fixing the responsibility for abnormal storage shortages.

8. These norms shall be applicable to all agencies including the godowns managed under PEG Scheme.

9. These instructions shall become applicable from the date of issue of this circular and shall not have any retrospective effect.

Encl: as above

hew

[Daljit Singh]
General Manager [Stocks]

Distribution:

- 1. All Executive Director (Zone)
- 2. All General Manager (Region)

Copy to:

- 1. All EDs/ CGMs/Head of Division, FCI, Hqrs., New Delhi. *ED IRL* *DDSS 13/12*
- 2. PS to C& MD. *R...* *13/12/12*
- 3. MD, CWC, New Delhi. *13/12*

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तार : 'फूडकोर्प'
Gram : 'FOODCORP'
फैक्स नं.: एचएफसीआई एन डी
Fax No.: HFCI ND

भारतीय
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FOOD
CORPORATION
OF INDIA

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मुख्यालय
नई दिल्ली
Head Quarters
New Delhi

00911123413241

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16-20, बाराखम्बा लेन, नई दिल्ली-110001, दूरभाष: 011-43527697, 43527698
16-20, BARAKHAMBA LANE, NEW DELHI - 110001, PHONE: 011-43527697, 43527698

क्रमांक: ई-4(51)/अ.-4/पी.ई.जी.-09/ओडीशा/वाँल-III /957096

दिनांक: 17.01.2018

General Manager (Region)
Food Corporation of India
Regional Office
Odisha

Subject: Settlement of godown rent constructed under PEG-2009 Scheme.

Sir,

Please refer to RO Orissa's letter no. S&C/PEG-09/Genl.Corresp./2015-16 dated 20.06.2017 on the subject captioned above.

In this regard, it is requested to do needful as per directions issued during the MPR meeting held on 29.03.2017 in case of PEG godowns pertaining to CWC only, which are reproduced as under:

"Non-payment of rent on the ground of below 80% utilization of CWC depots constructed under PEG by CWC, was discussed in the meeting and after detailed deliberation, it was observed that, Since CWC is not a procuring agency, responsibility of non optimum utilization of the capacity does not lie with CWC. Hence, it will not be prudent to penalize CWC for underutilization of PEG godown. GMs (Region) were advised that bills of CWC may be cleared accordingly".

This is for your information and further necessary action.

Yours faithfully,

olc

(K.S.Meena)

Deputy General Manager (S&C)

For Executive Director (S&C)

Copy to:-

Executive Director, FCI, Zonal Office (East).....for necessary action

For General Manager (S&C)

Executive Director



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)
Central Warehousing Corporation
(A Government of India Undertaking)

No. CWC/FD-Rec/FCI/Outstanding/17-18

16th August 2017

The Joint Secretary (Storage)

Ministry of CA, Food & Public Distribution

Deptt. of Food & Public Distribution

Krishi Bhawan, New Delhi - 110 001

Subject: Delay in settlement of outstanding dues by FCI.

Sir,

Reference is made to the minutes of the 40th meeting of Board Level Standing Committee on Finance held on 23rd June 2017 wherein it was desired that a reference on the issues to be taken up with FCI regarding outstanding dues of CWC may be made to the Ministry so that the same could be taken up with FCI.

2. Rs. 309.97 crore is outstanding against FCI as on 30.06.2017 excluding the bills raised during the month of June 2017 (Rs. 115.76 Crore) on account of the following issues:

(i) Recoveries towards storage losses by FCI - (Rs. 94.34 Crore).

The FCI Offices at Area Office level make recovery towards storage losses in contravention of the instructions of FCI Headquarters and the Ministry of CAF & PD and without intimation to CWC. The recoveries are made by the area managers of FCI without following the procedure for regularisation of losses. The major outstanding on the above account is due to following reasons: -

- (a) Recoveries without following the storage loss norms prescribed by Ministry vide circular No. No.STK/RL/Misc./NZ/11/Vol.III/581 dated 12.12.2012.
- (b) Recovery towards 1% mandatory gain on wheat from the storage charges of CWC despite the instructions that the 1% mandatory gain is not applicable to CWC.
- (c) Recoveries of storage losses at economic cost instead of average acquisition cost.

The area managers of FCI usually makes the recoveries of full storage losses without going into the detailed justifications and release the amount after regularisation

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of losses. The FCI may be advised to direct the Area Managers that no recoveries towards storage losses shall be made at the Area Office level until the storage losses for the particulars month is regularised and the recoveries for abnormal losses are ordered by the General Manager (Region), FCI in consultation with the Regional Manager, CWC by following due process of storage loss regularisation within six months of the month in which the losses have occurred.

(ii) Recoveries on account of transit loss and other charges - (Rs. 55.93 Crore).

The CWC is only a storage agency and the responsibility of the CWC towards the stocks starts after taking over the stocks on first weightment basis. Hence there cannot be any responsibility of CWC for transit losses up to the point of first weightment unless the consignor and consignee for the same stock is CWC.

The area office of FCI are making arbitrary recoveries on account of transit losses and other charges like demurrage charges, excess freight charged by railways etc. even after 3-4 years. Such recoveries often lead to legal disputes/arbitration for CWC by the contractors which have become difficult to defend in the absence of details. Further complete transit loss for the despatch point to receipt print is booked on CWC while the control of CWC exists only on the movement from the Rail Head to the Warehouse and CWC has no control either at the loading end or rail transit.

Therefore, FCI may be advised that recoveries for any transit loss and other charges shall be made only after the same are ordered by the General Manager (Region), FCI in consultation with the Regional Manager of CWC after following due process of transit loss regularisation within six months of the month in which the losses have occurred.

(iii) Joint Certificate of Moisture at the time of receipt & issue.

As per norms for storage losses fixed by Ministry vide circular No. No.STK/RL/Misc./NZ/11/Vol.III/581 dated 12.12.2012, the loss of moisture plays a vital role in the storage losses. FCI offices frequently disputes the moisture content recorded by the CWC at the time of storage loss regularisation and makes recoveries for storage losses even though the storage losses recoveries are justified as per norms.

Though some of the FCI Offices are jointly certifying the moisture content at the time of receipt and issue but most of the offices are not certifying moisture content at the time of receipt and at the time of issues.

FCI may be advised to issue instructions to their field office that the moisture contents shall be jointly certified by FCI & CWC at the time of receipt and issue and

wherever the same is not done the moisture contents recorded by CWC shall be accepted by FCI for regularisation of storage losses.

(iv) Undue delay in payment of storage charges for PEG Godowns and recoveries therefrom - (Rs. 57.09 Crore).

There is inordinate delay in payment of storage charges of PEG Godowns by the area offices of FCI and at times the storage charges are withheld/recovered by Area offices on arbitrary grounds. The GM (Region) Odisha has not paid the storage charges amounting to Rs. 24.00 crore despite the instructions from FCI Headquarters.

Odisha
W/O

Since the PEG scheme already provides the mechanism of State Level Committee (SLC) and High Level Committee (HLC) any recovery shall be made with the approval of SLC & HLC only. Further the storage charges for PEG Godowns shall be released in advance as already decided in the 33rd meeting of HLC for godowns hired from private investor.

(v) Recovery of storage losses at economic cost instead of average acquisition cost in case of PEG Godowns.

The field offices of FCI are making recoveries of storage losses in respect of PEG godowns at economic cost on the pretext that the PEG Agreements provides for recovery at economic cost. Since the stocks stored in PEG godowns are insured at the declared value i.e. average acquisition cost, the recoveries on account of storage losses in PEG godowns shall also be regulated at average acquisition cost.

Agreement

FCI may be advised to issue appropriate instructions in this regard.

(vi) Non-payment of Storage charges for over and above utilisation of PEG Godowns - (Rs. 3.19 Crore).

The payment of Storage charges for over and above utilisation of PEG godowns is not being paid by FCI. The storage charges for PEG godowns are governed at par with storage charges of godowns on reservation basis hence the over and above utilisation charges shall be paid in respect of PEG godowns also by FCI. It is to be appreciated that the costs are incurred not only on construction of the godowns but on the preservation of the stocks as well. Higher stocks will result in higher costs.

Agreement

(vii) Deduction for non-providing of wooden crates in PEG Godowns.

FCI has been making the deductions from the storage charges in respect of PEG Godowns where the Wooden crates could not be provided.

Ministry

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The Ministry of CA, F & PD vide letter No. 36-12/2015-S&I dated 29 October 2015 had directed that the wooden crates are to be procured from the forest department only. Though significant efforts were made to procure the wooden crates from forest departments and 1,60,000 Wooden crates have been ordered but the wooden crate requirement could not be met by the forest departments. A reference has been made to allow procurement of wooden crate & other dunnage material from alternate sources. CWC has no control on the issue of wooden crates unless permission is given by the Ministry to source wooden crates from alternate source.

In view of the above, wooden crates could not be provided at some PEG Godowns and the deductions have been made by FCI although alternate dunnage was provided while storing the stocks and there was no quality compliant/damage on the above accounts.

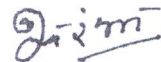
Therefore, CWC may be allowed to use alternate dunnage in PEG godowns where the wooden crates could not be provided. Moreover, the storage charges of PEG Godowns are at par with the godowns on reservation where no such condition is mandatory, hence there is not financial implication on FCI for the same.

Storage (viii) **Utilisation of CAP storage by state procuring agencies.**

The State procuring agencies are storing wheat in CAP at the time of procurement though sufficient covered space is available with CWC and SWCs. The storage of wheat in CAP leads to losses and public criticism whereas the covered capacity of CWC and SWC remains idle.

The state procuring agencies may be advised to not to store wheat in CAP and the covered capacity of CWC & SWCs should be used.

Yours sincerely,



(V R Gupta)
Director (Fin)

Copy to:

The Chairman & Managing Director
Food Corporation of India,
16-20, Barakhamba Lane,
New-Delhi-110001

With a request to issue appropriate instruction to the field offices of FCI on the above issues

नाम: फूड कॉर्पोरेशन
 Group: FOODCORP
 फोन नं.: ०११२३४१३२४१
 ००१११२३४१३१००
 Fax No.: IFCI ND
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 00911123413103



१६-२०, बाराखम्बा लेन, नई दिल्ली-११००११, फोन: २३४१३२४१, २३४१३१००
 १६-२०, BARAKHIMBA LANE, NEW DELHI-110001, PHONE: 23413241-23413100

NO.S&C/QP/06/13/05/STG.VII

MARCH 31, 2010

6-4-10

✓ All Executive Director (Zone)
 All Genl. Manager (Region)
 Food Corporation of India

Sub: Rate of recovery to be made from CWC/SWC towards losses sustained to FCI stocks while in the custody of CWC/SWC.

Sir,

Please refer to this office letter/circular of even number dated 29/31.10.08 wherein average acquisition cost for 2008-09 was issued for the purpose of recoveries from CWC/SWC.

The RE of acquisition cost of wheat and rice for the year 2009-10 as per performance budget have been fixed as under:-

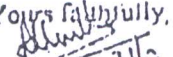
Year	Wheat	Rice
2009-10	1241.24 (Rupees one thousand two hundred forty one and paise twenty four only)	1665.18 (Rupees one thousand six hundred sixty five and paise eighteen only)

These rates are applicable for the purpose of declaring the value of the stocks with CWC/SWC. The acquisition costs of wheat and rice include gunny cost also.

These rates may please be apprised to the CWC/SWC and other storage agencies.

This has been issued with the concurrence of Finance.

Yours faithfully,


 (M.S. Bhullar)

Dy. Genl. Manager (S&C)

Copy to:

1. The ED (Fin), FCI, Hqrs. New Delhi.
2. The MD, CWC, 4/1 Siri Institutional Area, Hauz Khns, New Delhi.
3. The Genl. Manager (Cost), FCI, Hqrs. New Delhi...w.r.to his U.O No. BC&F (SI. Budget)/2009-10/34 dated 26.2.2010.
4. All Area Managers, FCI,

Dy. Genl. Manager (S&C)

13/03/10
 8/5
 5/10/10
 15/11/10

Minutes of MPR Meeting held on 29.03.2017

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Storage & Contract

Capacity Utilization

• Region-wise effective covered capacity utilization was discussed. All GMs (Regions) / EDs (Zones) were advised to ensure minimum 80% utilization of all the depots especially the hired / PEG depots. The GMs of consuming regions particularly NE zone were advised to accept the stocks which are inducted. The continuous low utilization in procuring states of MP, AP and Telangana is a matter of concern and they were directed to ensure maximum utilization by procurement, else, the capacities hired should be de-hired and owned capacities to be handed over to State Govt. CMD mentioned that the utilization shown is effective utilization, there are some owned capacities which are not being utilized, it was directed to review the same. If these capacities are unstorageworthy, the proposal to delete the same may be sent in prescribed checklist by Zonal Offices or else the capacities be got repaired within next three months.

Discussion held in respect of hired depots of Consuming Regions showing less than 50% utilization :

1. Rajasthan - The number of depots with less than 50% utilization, has increased to 26 in Feb' 17. GM informed that most of the depots are in Sri Ganganagar which is procurement surplus area. GM Region was advised to ensure that hired depots are gainfully utilized.
2. Jharkhand - GM (Jharkhand) was advised that the PEG godown should be utilized on priority as the rent is being paid on gurantee basis .
3. Karnataka - GM (Karnataka) region informed that low utilization was due to zero PV in two depots and in one PEG godown the operation has been cancelled as owner was not ready to continue the same. GM region was advised to take action as per PEG MTF.
4. Bihar - GM (Bihar) was advised that the hiring of PEG and other hired godowns should be properly monitored/ planned as Bihar is a DCP State.
5. Odisha - GM (Odisha) informed that utilization in three out of six depots has crossed 50% in March' 17 and in Behrampur depot the utilization is less than 50% due to ICAR study .
6. U.P region- GM (U.P) has informed that in the coming RMS 17-18, the utilization of depots will increase due to procurement of wheat.

Some of GMs informed that either the depots shown have been dehiored or the capacity has been reduced. GMs (R) were informed that the utilization data is prepared on the basis of IRRS figures. Therefore, IRRS data should be regularly monitored and updated by Regions.

- Capacity utilization of PEG godowns

The capacity utilization of PEG godowns of West Bengal, Telangana, Bihar, Odisha, Jharkhand, Gujarat, UP, MP, Haryana AP and Karnataka were less than 80%. All concerned GMs (Region) were advised to utilize the PEG capacity on priority and increase the utilization to maximum.

PEG Scheme:

GMs (UP/ Assam/ Meghalaya/ J&K/ Himachal Pradesh) were advised to expedite the tendering process in PEG scheme.

CWC outstanding:

- All GMs(Region) / EDs(Zone) were informed that FCI HQ has released an adhoc advance of Rs. 50.00 Crores to CWC against the outstanding dues of the field offices, for which, a communication has already been sent to them by HQ indicating the advance released to Regions.
- All GMs of concerned (Region) were advised to ascertain / adjust the same from the past pending bills **within next three months** as per the instruction in vogue and furnish an ATR. They were further advised that all out efforts be made to reconcile the outstandings of CWC and amount paid as advance be adjusted accordingly. If no amount on account of pending claims of CWC is found payable after reconciliation or joint meeting, only then, advance should be adjusted against the current bills
- Non-payment of rent on the ground of below 80% utilization of CWC depots constructed under PEG by CWC, was discussed in the meeting and after detailed deliberation, it was observed that since CWC is not a procuring agency, responsibility of non-optimum utilization of the capacity does not lie with CWC. Hence, it will not be prudent to penalise CWC for underutilization of PEG godowns. GMs (Region) were advised that bills of CWC may be cleared accordingly.

- It was informed in the meeting that field offices are deducting the rental of CWC godowns as they are not showing 1% gain in wheat. Further, storage losses are deducted based on MOU target of FCI. All field offices were advised to treat CWC at par with FCI and scrupulously follow the instruction contained in Circular 12.12.2012 in this context.
- CWC has also reported that 8% supervision charge on H&T bills for own land PEG godowns is not being paid in some regions. It was clarified that in 43rd HLC meeting of PEG held on 25-05-2015, it was decided that 8% supervision charge on H&T bills may be paid in case of CWC/SWC PEG godowns constructed on their own land where 15% supervision charge is not being paid.

Contract:

- While discussing legal cases which FCI lost in NEF Region, it emerged that due to absence of specific provision in MTF regarding recovery of Demurrage, the orders went against FCI. It was decided that matter to be examined in consultation with Legal Division and, if required, MTF should be suitably amended. All GMs (Region) were advised not to alter the provision of MTF as it may lead to complications. In case of any material change, which may have serious repercussions, the same may be referred to EDs (Zone)/ HQ after giving proper justification.

Implementation of cashless payment of Toll Gate fee for vehicle plying on National Highways

- GMs (Haryana/ Punjab/ Rajasthan/ J&K/ Assam/ Jharkhand/ Chhattisgarh/ West Bengal/ MP/ Odisha) were advised to ensure that trucks plying on National Highway should make the payment of Toll Gate fee through cashless mode as per the direction of the Govt. of India. They were advised to achieve the targets of getting the cashless tags fixed on trucks by 31st March'17.

CAG Paras:

ED(NE)/GM(Arunachal Pradesh) were directed to furnish the updated recovery position and action taken against the delinquents in respect of following CAG Paras:

- Draft Audit Para titled "Fraudulent payment of Rs.71.75 crores to Handling Contractor by FCI at Banderdewa" - Deficient internal controls and non-adherence to the provisions of standing instructions/manual regarding payment to handling contractor, led to serious financial irregularities of fraud/undue payment of Rs.71.75 crore to a contractor with interest loss of Rs.13.39 crore .

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- Draft Audit Para titled "Irregular payment of Rs.52.62 lakh to contractors at Banderdewa by FCI" - Fraudulent excess payment of Rs.52.62 lakh was made by Area Office, Banderdewa of Food Corporation of India (FCI) to road transport contractors by irregular acts of passing road transportation bills for longer distance at higher rate than the actual.

4.4 In addition, it is stipulated that CORPORATION shall be fully responsible for any loss caused to the stocks of FCI while in their custody on account of pilferage, theft or misappropriation for which recoveries will be made from them at Economic Costs of the relevant year in which such misappropriation/theft taken place.

4.5 The stocks stored on account of FCI shall be subject to monthly /periodical inspections by FCI. Inspecting Officer of the FCI shall give Notice in writing with full particulars of Loss or Damage/ Down gradation/Deterioration, if any, caused to the foodgrains, to the Warehouse Manager.

4.6 While handling the stocks at Railhead/Sidings and transportation of stocks to/from depots for unloading/loading the Rakes, proper care would be taken by the Corporation/its H&T contractor to prevent the avoidable losses. **Transit Losses up to 0.5% can** be regularized by the Competent Authority of FCI in case it is considered that losses are justifiable and not attributable to the negligence or otherwise on the part of the Corporation/its H&T Contractor and do not warrant investigation considering the circumstances and facts of such cases. However, any unworkman like act or negligence leading to occurrence of Transit Losses would lead to fixation of responsibility on the Corporation to the extent attributable for such act.

5. DELIVERY OF GOODS

5.1 Instructions for delivery or transfer of goods shall be in writing and signed by the Authorized Representative of FCI.

5.2 In case delivery is to be given to any other person, he shall be duly authorized and his signatures attested by the Authorized Representative of FCI.

5.3 The delivery shall be given as per demand/priority given in writing to the Warehouse Manager of the CORPORATION by the Authorized Representative of FCI.

5.4 The weight of the stocks, moisture contents as well as condition of the stock at the time of delivery/issue shall be jointly recorded by CORPORATION and FCI staff and duly authenticated in records. In the Warehouses, where no FCI staff is posted for such authentication, the weight, moisture content etc. recorded by the CORPORATION staff shall be final and binding on both CORPORATION and FCI. However, the same shall be intimated to concerned Representative of FCI, on day to day basis.

5.5 The condition of stocks at the time of delivery shall be examined by FCI Representative, who shall give Notice in writing with full particulars of Loss or Damage/ Down gradation/Deterioration, if any, caused to the goods to the Warehouse Manager forthwith for his inspection of goods. Similar Notice for Claim of Damage will be given to the Warehouse Manager by FCI Representative in case he comes to know of the Loss/Damage/ Deterioration/ Down gradation while the goods are in the Warehouse/ stacked.

6. HANDLING & TRANSPORTATION

6.1 The Handling and Transportation (H&T) arrangements in the Depot shall be arranged by CORPORATION itself. FCI shall reimburse the actual charges for different

3. STORAGE & TRANSIT LOSS/ GAIN

3.1 Storage & Transit losses/gains would be governed as per **Government of India's** instructions and as per the procedure in vogue for Decentralized Procurement (DCP) States.

3.2 In addition, it is stipulated that CORPORATION shall be fully responsible for any loss caused to the stocks of **State Government** while in their custody on account of pilferage, theft or misappropriation for which recoveries will be made from them at Economic Costs of the relevant year in which such misappropriation/theft takes place. ✓

3.3 The stocks stored on account of **State Government** shall be subject to monthly /periodical Inspections. Inspecting Officer shall give Notice in writing with full particulars of Loss or Damage/ Downgradation/Deterioration, if any, caused to the foodgrains, to the Warehouse Manager.

4. DELIVERY OF GOODS

The condition of stocks at the time of delivery shall be examined by Representative of State Government and only such stocks will be accepted which shall conform to set quality specifications.

5. HANDLING & TRANSPORTATION

The payments of Handling and Transportation (H&T) works would be governed as per Government of India's instructions and as per the procedure in vogue for **Decentralized Procurement (DCP) States**.

6. INSURANCE

6.1 The CORPORATION shall undertake to exercise reasonable care and diligence as is expected from a Storing Agency under the law for safe keeping the stocks of State Government. The stocks stored in the Warehouses shall be insured/indemnified against the risk of fire, flood, theft/house breaking and burglary or for those risks which have been included by Govt. of India in fixing the CORPORATION storage rates and the whole charges on this account will be borne by CORPORATION.

6.2 In case any additional risk is required to be covered by State Government or any additional risk cover is felt necessary by the CORPORATION due to some unforeseen contingencies e.g. strikes, civil commotion etc., the necessary Insurance Cover shall be arranged by the CORPORATION.

6.3 The Insurance of stocks in favour of State Government will continue to be undertaken by CORPORATION at the Economic Cost of the relevant commodity and crop year as finalized from time to time.

6.4 The CORPORATION shall get the claim settled from the Insurance Co. at the earliest and pass on the compensation so received from the Insurance Company to State Government. The CORPORATION will settle the claim with State Government on the declared value after occurrence of the incident.

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FOOD
CORPORATION
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15, 20, BARAKHAMBA LANE, NEW DELHI 110001, PHONE : 43527697, 43527698

संख्या:ई-4(5)/अण्डा.IV/पी.ई.जी.-09/डी.सी.पी.(ओडिशा)/2010/वॉल.-II

दिनांक: 08.09.17

महाप्रबन्धक(सेवा)
भारतीय खाद्य निगम
क्षेत्रीय कार्यालय
भुवनेश्वर

विषय: Hhnp, of PEG godown in Odisha - Reg.
मार्गदर्श

Please refer to RO Orissa's letter No. S&C/PEG-09/Genl.Corresp./2015-16 dated 20/06/2017 on the subject captioned above requesting therein to guide for settlement of the claim of CWC/OSWC in respect of the godowns constructed under PEG scheme.

In this regard, you are requested to do needful as per directions issued during the MPR meeting held on 29/03/2017 and also advised by ZO(E) vide letter dated 29/05/2017.

Further it is also requested to furnish reasons for non-adherence of the same alongwith comment on the roles & responsibilities of State Govt of Odisha(DCP state) for not utilizing the capacities above 80%.

का. 542

अवधीय,
[Signature]

प्रबंधक (अडारण)
कृते कार्यकारी निदेशक (अण्डा.)

प्रतिलिपि

- 1. कार्यकारी निदेशक (अंचल), भारतीय खाद्य निगम आंचलिक कार्यालय, कोलकाता (पश्चिम बंगाल) - for necessary action
- 2. प्रबंध निदेशक, केंद्रीय भंडारण निगम, 4/1, सिरी इन्स्टीटुसनल एरिया, हौज खास, नई दिल्ली -110016 - With reference to your DO letter No. CWC/FD Rec/FCI Outstanding/16-17 dated 16/08/2017 for information, please.

[Signature]
कृते कार्यकारी निदेशक (अण्डा.)