

Dated 17.11.2021

No.: S&C/PQ/PWS/2019(2)/Stg.VI(217)/Part-III(284)

The Joint Secretary (Stg.)

Ministry of Consumer Affairs, Food & Public Distribution,  
 Department of Food & Public Distribution,  
 Krishi Bhawan, New Delhi.

Sub.: Review of old system and new instructions on hiring of CWC/SWC godowns-reg.

Madam,

Please refer to Ministry letter no. F.No. 9-2/2021-SG-I(374632) dated 21.09.2021. It was directed by Secretary (F&PD) that CMD, FCI may constitute a committee with representatives from Storage Division, CWC, Finance Division of the Department etc and the committee should submit its report and give recommendation on probable methods of hiring from CWC of storage capacities by FCI and fixation of storage charges considering a 360 Degree view of the present scenarios. The matter has been examined by a committee consisting of the members from the Ministry, FCI & CWC (copies of report enclosed at Annexure-I). As directed earlier FCI is attempting to hire storage space from CWCs/SWCs through tender on GeM. The challenges being faced by FCI due to simultaneous attempts of multiple initiatives i.e. Tendering on GeM, Pre-qualification of WDR Registration/applied for registration and Market discovery for deciding rates of CWC and SWC are summarized as under :

1. The latest positions of Tender floated by FCI is summarized as under:

Tenders were invited at 319 locations.

Bid received			Bid technically qualified			Financial bids open			Capacity hired		
Agencies	No. of locations	Capacity in MT	Agencies	No. of locations	Capacity in MT	Agencies	No. of locations	Capacity in MT	Agencies	No. of locations	Capacity in MT
CWC	29	256470	CWC	9	63525	CWC	9	63525	CWC	0	0
SWC	27	508648	SWC	0	0	SWC	0	0	SWC	0	0
Pvt.	78	915858	Pvt.	16	225036	Pvt.	10	100056	Pvt.	4	40000
<b>Total</b>	<b>134</b>	<b>1680976</b>	<b>Total</b>	<b>25</b>	<b>288561</b>	<b>Total</b>	<b>19</b>	<b>163581</b>	<b>Total</b>	<b>4</b>	<b>40000</b>

It can be seen that the success of tenders has been very poor.

2. Poor participation by SWCs:

Bid received			Bid technically qualified			Financial bids open			Capacity hired		
SWC	No. of locations	Capacity in MT	SWC	No. of locations	Capacity in MT	SWC	No. of locations	Capacity in MT	SWC	No. of locations	Capacity in MT
SWC	27	508648	SWC	0	0	SWC	0	0	SWC	0	0

Rajasthan, 12 location & capacity 229170 MT

Karnataka, 15 location & capacity 279478 MT

Others 17 SWCs have not participated in the tender.

3. SWCs are reluctant to register on WDR. The state-wise registration are given below:

List of SWC registered warehouses (As on 11.11.2021)

Sl.No.	Name of SWC	Registered
1	Andhra Pradesh SWC	35
2	Maharashtra SWC	3
3	Tamil Nadu Warehousing Corporation	58
4	UPSWC	53
	<b>Total</b>	<b>149</b>

Cont./P-2

Although, registrations of SWCs with WDRA have increased but 15 out of 19 SWCs are yet to register even a single godown on WDRA.

The rates quoted by CWCs are high citing longer duration of PWS tenders (2+1 years).

Regions	Centre	Capacity (In MT)	Rates/Qtl/Month
Odisha	1. Puri	3672	Rs. 14.40
	2. Jajpur	5412	Rs. 11.22
	3. Kendrapara	6264	Rs. 11.98
Jharkhand	4. Hazaribagh	3000	Rs. 13.20
Telangana	5. Suryapet	16704	Rs. 10.74
	6. Mehaboobnagar	6177	Rs. 14.33
Kerala	7. Kakanchery (Malapuram)	5346	Rs. 13.40
Karnataka	8. Tumkur	3950	Rs. 11.58
West Bengal	9. Midnapore	13000	Rs. 11.00

The Govt. approved rates for CWC for FY 2019-20 is Rs. 9.86/qtl/month.

4. Committee is of the opinion that all three initiatives i.e. registration with WDRA, tender on GeM and rate discovery for CWC & SWC are simultaneously attempted. So, the initiative is in transition phase, actual hiring through market discovery is very less.

5. The details of covered storage capacity are as under (as on 31.10.2021):

FCI Owned	Hired								Grand total
	State Govt.	CWC	SWC	PEG	PWS	Pvt. Party	Hired Silos	Total	
152.04	6.84	37.70	104.63	105.59	11.22	1.92	9.38	277.28	429.32

It can be seen that, there is huge dependence on CWCs/SWCs for storage space.

6. The projected stock position is 1037 LMT as on 01.07.2022 and the covered space is 800 LMT. So FCI/State Agencies have to hire at least 237 LMT of Covered space to phase out CAP completely from next season onwards. In peak season FCI/State Agencies use approx. 150 LMT of CAP, so huge capacity need to be hired if the system of open storage is to be completely discarded. In this background, system of hiring of space has to be strengthened to avoid storage crisis in wheat season from April 2022 onwards.

The committee has brought out the challenges being faced by FCI and has finally furnished the following recommendations during the current transit phase:

1. Hiring of CWC/SWC godowns on Govt. approved rates is in line with Warehousing Act, so following options may be explored in transition phase:
  - i) As decided earlier the old capacities hired by FCI from CWC/SWC may continue to be extended on Govt. approved rates.
  - ii) In the locations where there is only one godown that too of CWC/SWC (other than godown already hired by FCI) the hiring from CWC/SWC at Govt. approved rates may continue for new hiring. (Since, no other godown is available, so there is no point in spending time and energy on tendering).



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- iii) In the locations, where multiple options (other than godown already hired by FCI) w.r.t. availability of CWC, SWC, Private godowns are available the PWS tenders may be floated to hire new capacities even for CWC/SWC. (This is ideal situation for tender, as we may get lesser rate even from CWCs/SWCs, as multiple options are available).
- iv) In case of emergent hiring, owing to open ended system of procurement, hiring from CWC/SWC on Govt. approved rates may be resorted to for short duration (Less than one year) on case to case basis. However, decision that the requirement of hiring is urgent, which necessitates hiring from CWCs/ SWCs on Govt. approved rate shall be taken by next higher authority i.e. ED (Zone).

The recommendations of the committee along with challenges are enclosed herewith for approval, please.

Encl.: As above.

Yours faithfully,



(R C Naval)

Dy. General Manager (S&C)

## FINAL COMMITTEE REPORT

**Dated: 11.11.2021**

In continuation of the committee report dated 05.10.2021 and 18.10.2021, a presentation was made to C&MD on 05.11.2021, the challenges faced, are deliberated again for availing warehousing services through GeM:

1. The latest positions of Tender floated by FCI is summarized as under:

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4. The rates quoted by CWCs are high citing longer duration of PWS tenders (2+1 years).

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5. Committee is of the opinion that all three initiatives i.e. registration with WDRA, tender on GeM and rate discovery for CWC & SWC are simultaneously attempted. So, the initiative is in transition phase, actual hiring through market discovery is very less.
6. The details of covered storage capacity are as under (as on 31.10.2021):

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It can be seen that, there is huge dependence on CWCs/SWCs for storage space.

7. The projected stock position is 1037 LMT as on 01.07.2022 and the covered space is 800 LMT. So FCI/State Agencies have to hire at least 237 LMT of Covered space to phase out CAP completely from next season onwards. In peak season FCI/State Agencies use approx. 150 LMT of CAP, so huge capacity need to be hired if the system of open storage is to be completely discarded. In this background, system of hiring of space has to be strengthened to avoid storage crisis in wheat season from April 2022 onwards.

### FINAL RECOMMENDATION:

The transition phase of reforms in warehousing/hiring of space may be dealt as per recommendations of committee dated 18.10.2021.

1. As recommended by committee for hiring of CWC/SWC godowns on Govt. approved rates is in line with warehousing act, so following options may be explored in transition phase:

- I. As decided earlier the old capacities hired by FCI from CWC/SWC may continue to be extended on Govt. approved rates.
- II. In the locations where there is only one godown that too of CWC/SWC (other than godown already hired by FCI) the hiring from CWC/SWC at Govt. approved rates may continue for new hiring. (Since, no other godown is available, so there is no point in spending time and energy on tendering.)
- III. In the locations, where multiple options (other than godown already hired by FCI) w.r.t. availability of CWC, SWC, Private godowns are available, the PWS tenders may be floated to hire new capacities even for CWC/SWC. (This is ideal situation for tender, as we may get lesser rate even from CWCs/SWCs, as multiple options are available.)
- IV. In case of emergent hiring, owing to open ended system of procurement, hiring from CWC/SWC on Govt. approved rates, may be resorted to for short duration (Less than one year) on case to case basis. However, decision that the requirement of hiring is urgent, which necessitates hiring from CWCs/SWCs on Govt. approved rate shall be taken by next higher authority i.e. ED (Zone).

The recommendations along with challenges may be forwarded to DFPD for approval.




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**(A S Arunachalam)**  
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**Submitted to:**

Executive Director (S&C),  
FCI, Hqrs., New Delhi.