

No.8-10/2004-PY-IV  
Government of India  
Ministry of Consumer Affairs Food & Public Distribution  
Department of Food & Public Distribution

Krishi Bhavan, New Delhi-110001  
Dated the 8<sup>th</sup> July, 2014

To  
The Principal Secretary/Secretary of Food & Civil Supplies  
Department, All State /UT Governments.

Subject: Disposal of damaged foodgrains held by State / UT Government and its agencies-reg.

Sir,

I am directed to refer to this Department's OM of even number dated 22.05.2013 on the subject cited above and to say that a modified guidelines for disposal of damaged foodgrains held by State/UT Government and its agencies have been prepared by this Department in supersession of guidelines issued on 22.05.2013 and are forwarded herewith for guidance and compliance.

2 It is requested that disposal of damaged foodgrains held by State/UT Government and its agencies in Central Pool may be undertaken in future as per the enclosed modified guidelines.

Enclosure-as above.

Yours faithfully,



(N.K.Mouriya)  
Director (Movt.)  
Tel No. 23382709

Copy to -

1. CMD, FCI, New Delhi
2. PS to Union Minister of CA,F&PD
3. PS to Secretary, Food & PD
4. PS to JS(P&FCI)
5. Guard File

## Guidelines for disposal of damaged foodgrains held by State Govt. and its agencies

1. Whenever any stock of foodgrains of Central Pool lying in the custody of a State Agency is found to be non-issuable, by the concerned agency it will report the matter to the State Government and the GM, FCI concerned. On receiving such a report about upgradeable/damaged foodgrains, the State Government, shall immediately constitute a Joint Technical Committee at District level consisting of two representatives of FCI also for conducting categorization of such non-issuable stocks. The Area Manager, FCI concerned will nominate these two representatives, one Quality Control Personnel and an Accounts Officer in the District Level Technical Committee whenever a request is received for this purpose. Joint Technical Committee will get the quality of such stocks checked and if the stocks are found to be non-issuable will decide whether they are upgradable or damaged. In case, the stocks are found to be upgradable then State Agency concerned may extend the time month's time to upgrade the same. The GM of the region concerned may extend the time required for upgradation of stocks by one month on the basis of genuine justification given by State Agencies. If the State Agency does not upgrade such stocks within three months, the FCI will declare them as damaged. If the Joint technical committee finds that stocks are damaged and cannot be upgraded, the information about stocks found as damaged or declared as damaged by FCI will immediately be reported to the State Government concerned and FCI HQs.
2. On declaring any Central Pool stocks lying with a State Agency as non-issuable(damaged), the FCI on its part should report the matter to the FC Accounts Division of the Department of Food & Public Distribution, Government of India and the Department and FCI, as may be the case, shall not pay any carrying cost or other charges etc. to the State Agency for such foodgrains from the date of such declaration by FCI/State Government.
3. In case the Joint Technical Committee finds the stocks to be damaged, the appropriate number of samples of all such damaged stocks shall be jointly drawn and got analyzed by the above mentioned District Level Technical Committee in a District Laboratory of FCI or at any other suitable mutually agreed laboratory. The Technical Committee shall submit the analytical results on various concerned parameters of these samples and their recommendation on categorization of the stocks concerned to the State Government/State Government Agency with a copy to the GM(Region), FCI concerned.
4. On receipt of analytical report of the Joint Technical Committee on categorization, the State Government/ State Agencies concerned may examine and accept it and proceed ahead for disposal of the damaged stock accordingly or, if required, they may constitute a State level verification Committee of technical experts to randomly check 20% of categorization done by the District level Committee.
5. State Govt. and its Agencies shall dispose off damaged foodgrains at or above the reserve price fixed as per these guidelines through tender/auction to the bonafide manufacturer/consumer of feed, including the State Government and its Agencies having similar facilities, on the best commercial terms by following transparent procedure and in accordance with the procedure followed by the FCI for such disposal. A representative of FCI to be nominated by GM, (Region) concerned in the committee to be constituted for the evaluation of tender by the MD/Head of the concerned State Agency, so as to ensure a greater transparency, better discovery of market rates and sale of damaged foodgrains to the bonafide purchaser only. The eligible participants of tender will also be allowed to take samples of the lots of damaged foodgrains under auction to pre-check their suitability for animal consumption etc.

6. The entire exercise of disposal of damaged foodgrains should be time-bound and it shall be completed within a maximum period of six months from the date of declaration of stocks as 'damaged' by FCI as stated in Para 1 of these guidelines. The GM of the region concerned may extend the period by 2 months if proper justification is furnished by the concerned State Agency.
7. Whenever any stock is detected as damaged, the State Government/State Agency concerned should invariably enquire into it parallelly to find out the reasons for the stocks getting damaged/becoming non-issuable. Factors like the age of the stocks vis-à-vis their prescribed shelf-life, the reasons for storage beyond prescribed shelf-life, the type of storage (covered/CAP/Unscientific CAP) etc. should be looked into and in all such cases responsibility for any lapses, malpractices, negligence etc. should be fixed and action should be taken for recovery of losses against the depot manager & other responsible officers/officials, as per findings of enquiry.
8. At every instance of accrual 1000 MT or more of damaged foodgrains of Central Pool in the State pertaining to any individual State Agency or as part of combined stock of various State Agencies, the State Government shall immediately depute a Vigilance Squad to check the reasons for such accrual, suggest necessary action to punish the guilty, if any, and to suggest measures to prevent any occurrence of such damage to the stocks in future.
9. As provided in the guidelines laid down for disposal of such stocks by FCI, the State Government/State agencies should try to have rate running contract to dispose off less than 500 MT of damaged stocks. This rate running contract should be finalized by them in line with the procedure being followed by FCI.
10. Reserve price for tender sale of all damaged foodgrains may; be fixed as under:

a	Feed - I	60% of MSP of the crop year for wheat 60% of derived MSP of the crop year for rice
b	Feed - II	50% of MSP of the crop year for wheat 50% of derived MSP of the crop year for rice
c	Feed - III	40% of MSP of the crop year for wheat 40% of derived MSP of the crop year for rice
d	Industrial Use	30% of MSP of the crop year for wheat 30% of derived MSP of the crop year for rice
e	Manure	10% of MSP of the crop year for wheat 10% of derived MSP of the crop year for rice

Details of Feed etc. are at Annexure-I.

11. Participation of FCI in the categorization and disposal of damaged foodgrains held by the State Government and its agencies for Central pool shall in no way mean that FCI/GOI has agreed to compensate any losses or claims either of the State Government or any of its agencies. Since the stocks are damaged while in the custody of the State Agencies they should be responsible for bearing the losses and the Government of India will not be reimbursing the losses in such cases, as the safe custody/preservation of procured foodgrains is the responsibility of State Agencies.
12. FCI should periodically monitor the progress of disposal of damaged foodgrains stocks lying with the State Agencies and should send a State wise monthly report on disposal of such stocks and pendency thereon alongwith the period of such pendency to the Department of Food & Public Distribution, Government of India.
13. These guidelines shall be applicable only for the disposal of non-issuable (damaged) stocks of foodgrains procured by State Governments/State Agencies on behalf of Government of India towards central pool and lying in their custody on behalf of Government of India including the foodgrains procured under DCP mode.

Annexure - I

Damaged Wheat/Rice Categorization

Sl.No.	Particulars of wheat/rice	Percentage of sound grains other than foreign and damaged foodgrains
1	Feed - I	(i) Sound grains 85% to less than 95% in case of rice and 94% in case of wheat. (ii) Weevilled grains alone exceeding 10% by count. (iii) Uric acid content alone found exceeding 100 mg. per kg.
2	Feed - II	Sound grains 70% to less than 85%
3	Feed- III	Sound grains 55% to less than 70%
4	Industrial use	(i) Sound grains 30% to less than 55% (ii) Contaminated with poisonous chemicals and fertilizers
5	Manure use	Sound grains 10% to less than 30%