

No. 192(23)/2016-FC A/Cs
Government of India
Ministry of Consumer Affairs, Food and Public distribution
Department of Food and Public Distribution

Krishi Bhawan, New Delhi
Dated: 19th October, 2016.

To
The Secretary,
Food & Civil Supplies Department,
Government of Andhra Pradesh,
Hyderabad.

Subject: Fixation of the **Provisional** rates of **Custom Milled Rice (CMR) (FAQ)** and cost of new 50 kg. Gunny Bags used by the Government of **Andhra Pradesh** and its agencies for the procurement of Custom Milled Rice (FAQ) for the Central Pool and for DCP scheme during the Kharif Marketing Season **2016-17**.

Sir,

I am directed to convey the approval of the Government of India for payment of the following **provisional** rates of Custom Milled Rice (CMR) (FAQ) and the economic cost for the Central Pool and DCP scheme under the price support operation to the Government of **Andhra Pradesh** and its agencies during the Kharif Marketing Season **2016-17**.

For Central Pool Operations:

- (i) Incidentals for the stocks of CMR, which are handed over to the Food Corporation of India for the Central Pool (item wise details of procurement incidentals are enclosed at Annexure-I):

<u>Commodity</u>	<u>Common</u>	<u>(Rs./qtl)</u> <u>Grade 'A'</u>
Raw-rice	2675.67	2743.38
Par-boiled rice	2630.59	2696.72

(For central pool stocks for transportation of paddy from purchase centers/mandis to mills and for rice from mills to storage godowns, transportation charges beyond 8 kms. will be payable based on the rates fixed by the District Collectors of the State or FCI's rate whichever is lower.)

For DCP Operation

- (ii) Economic Cost for the stocks of CMR retained by the State Government for distribution under the scheme of decentralized procurement operation (Item wise details of the economic cost are enclosed at Annexure-II):

<u>Commodity</u>	<u>Common</u>	<u>(Rs./qtl.)</u> <u>Grade 'A'</u>
Raw-rice	2942.51	3013.47
Par-boiled rice	2894.31	2963.60

Note:

- (i) This costing is for new gunny bags only.
(ii) In this regard, it is stated that transportation charges allowed in the provisional cost sheet (Annexure-II) for distribution stage are only for transportation of rice from storage point to designated depots. For transportation of rice from designated depots to FPS, transportation charges will be regulated as per gazette notification dated 17.08.2015 regarding Central Assistance to States/UTs for meeting the expenditure on intra-State movement and handling of food grains and FPS dealers margin under Section 22(4)(d) of the NFSA Act, 2013.



2. The payment of commission to Societies will be subject to the conditions laid vide this Deptt.'s Order no. 192(4)/2003-FC A/Cs (Vol.II) dated 26.07.2013.

3. **Milling charges are allowed @ Rs. 15 per qtl. for raw rice and Rs. 25 per qtl. for par-boiled rice subject to condition that payment of transportation charges for paddy/rice will be made for the distances beyond 8 kms. onwards only as in this case, transportation charges upto 8 kms is included in the milling charges itself.**

4. The Custom Milled Rice would be delivered by the procuring agencies to FCI, in new 50 kg bags only, in its local godowns upto the scale point and the stacking in the FCI godown will be done by FCI.

5. The rate/cost of Custom Milled Rice (CMR) and other elements as indicated above are provisional. The State Government should send its claims for final incidentals along with accounts audited by the auditors appointed by the Comptroller and Auditor General and documentary proof, as well as detailed justification for each item at the earliest after the end of the season and in any case not later than 12 months from the end of the financial year in which the season has ended. As per this Department's letter no. 199(5)/2016- FC A/Cs dated 03.10.2016, for all the States who have not submitted audited accounts/ claims for finalization within four years of commencement of marketing season i.e. upto KMS 2012-13, only MSP, Statutory taxes and gunny charges have been given at prevailing rates. Rates of other incidentals have been frozen at the rates of provisional cost sheet of KMS 2015-16.

6. To ensure proper utilization of funds/subsidy being released by the Government of India, the FCI may insist on requisite certificates from the State Government and its agencies for previous financial year before release of incidentals on account of statutory charges i.e. Market Fee, RD Cess etc. as per past practice.

7. These provisional rates/cost sheets are only for paddy/CMR procured by the State agencies/FCI and not for any other party acting either on behalf of such State agency or the FCI. These rates would not be benchmarked to fix rate for such parties.

8. This issues with the approval of the Integrated Finance Division vide their Dy. No.P-331869/AS&FA/2016 dated:18.10.2016.

Yours faithfully,

(Abhay Kumar)

Under Secretary to the Government of India

Tele: (011) 23073798

Copy to:

1. The Executive Director (Procurement), FCI, 16-20, Barakhamba Lane, New Delhi-110001
2. The Executive Director (Finance), FCI,16-20, Barakhamba Lane, New Delhi-110001.
3. The Senior Regional Manager, FCI Regional Office- Andhra Pradesh, IIIrd Floor, HACA Bhavan, Appo. Public Gardens, Hyderabad-500004.
4. The Director of Commercial Audit & Ex-Officio Member Audit Board – IV, 10 Bahadur Shah Zaffar Marg, New Delhi – 110002.
5. The Principal Director of Commercial Audit & Ex-Officio Member Audit Board – IV, North Zone, 2nd Floor, Khadya Sadan, 16-20, Barakhamba Lane, New Delhi-110001
6. PS to Principal Adviser (Cost)/Director (Fc A/Cs) /Director (Cost)/US (Finance-I)
7. PS to JS(P&FCI)
8. Guard File.

Department of Food and Public Distribution

Provisional Rates of Custom Milled Rice procured under (FAQ) delivered to the Central Pool during the Kharif Marketing Season 2016-17 in respect of Government of Andhra Pradesh and its agencies

S. No.	Item of incidentals	(Rs./qtl)			
		Raw Rice		Par-boiled Rice	
		Common	Grade A	Common	Grade A
1	Minimum Support Price (MSP)	1470.00	1510.00	1470.00	1510.00
2	Statutory charges				
	(i) Market Fee 1% of MSP	14.70	15.10	14.70	15.10
	(ii) RD Cess 5% of MSP	73.5	75.5	73.5	75.5
	(iii) VAT !	*	*	*	*
3	Mandi Labour Charges (Handling Charges)	2.27	2.27	2.27	2.27
4	Driage @1% of MSP	14.70	15.10	--	--
5	Commission to Societies (subject to the condition that the job of Arhatiya are performed by the Societies) \$	31.25	32.00	31.25	32.00
6	Custody & Maintenance Charges ^ #	--	--	--	--
7	Interest Charges for 2 months @ 11.01% p.a. on MSP, Statutory Charges including notional VAT and Mandi labour charges ^ ##	29.98	30.80	29.98	30.80
8	Milling Charges including transportation charges upto 8 kms on each side from mills for paddy as well as rice.	15.00	15.00	25.00	25.00
9	Administration charges @ 2.5% of MSP for central pool stocks only	36.75	37.75	36.75	37.75
10	Cost of 1 qtl. of milled paddy	1688.15	1733.52	1683.45	1728.42
11	Out turn ratio	67%	67%	68%	68%
12	Sub-Total	2519.63	2587.34	2475.66	2541.79
13	Cost of new gunny bags \$\$	117.44	117.44	117.44	117.44
14	Gunny Depreciation for new gunnies **	38.60	38.60	37.49	37.49
15	Cost of 1 qtl. Of rice	2675.67	2743.38	2630.59	2696.72

! VAT as applicable at every stage will be payable as per the relevant legal provisions

\$ Commission to Societies is payable subject to the conditions laid down vide letter no 192(4)/2003-FC a/cs Vol- 2 dated 26.07.2013.

^ Custody and Maintenance charges and interest charges are payable subject to the conditions laid down vide letter no 192(4)/2003-FC a/cs Vol- 3 dated 05.11.2015 and 12.01.2015.


#Payment of Custody and maintenance charges would be regulated as per order issued by this Department vide letters dated 21.11.2014, 26.12.2014 and 04.09.2015 in regard to joint custody of paddy with millers.

Interest is allowed provisionally taking notional VAT on 5% of MSP

\$\$ Includes branding charges, safety stitch, cess, education cess, CST, inspection charges, development charges, terminal charge and railway freight.

**Gunny Depreciation is for procurement of Paddy in new gunnies. In case of any claim for Internal Transportation of gunnies by State, it will be subject to prior approval of GOI.

Dated: 19.10.2016.


(Abhay Kumar)
Under Secretary to the Government of India

Provisional Rates of Custom Milled Rice procured under (FAQ) specification retained for distribution under the decentralised procurement operations during the Kharif Marketing Season 2016-17 in respect of Government of Andhra Pradesh and its agencies

(Rs./qtl)

S. No.	Item of incidentals	Raw Rice		Par-boiled Rice	
		Common	Grade A	Common	Grade A
1	Minimum Support Price (MSP)				
2	Statutory charges	1470.00	1510.00	1470.00	1510.00
	(i) Market Fee 1% of MSP				
	(ii) RD Cess 5% of MSP	14.70	15.10	14.70	15.10
	(ii) VAT @5%	73.5	75.5	73.5	75.5
		*	*	*	*
3	Mandi Labour Charges (Handling Charges)	2.27	2.27	2.27	2.27
4	Transportation charges for transportation of paddy from purchase centre to temporary storage point to mills beyond 8 kms.	45.62	45.62	45.62	45.62
5	Driage @1% of MSP	14.70	15.10	--	--
6	Commission to Societies (subject to the condition that the job of Arhatiya are performed by the Societies) \$	31.25	32.00	31.25	32.00
7	Custody & Maintenance Charges ^ #	--	--	--	--
8.	Interest Charges for 2 months @ 11.01% p.a. on MSP, Statutory Charges including notional VAT and Mandi labour charges ^ ##	29.98	30.80	29.98	30.80
9	Milling Charges including transportation charges upto 8 kms on each side from mills for paddy as well as rice.	15.00	15.00	25.00	25.00
10	Administration charges @ 1% of MSP !!	14.70	15.10	14.70	15.10
11	Cost of 1 qtl. of milled paddy	1711.72	1756.49	1707.02	1751.39
12	Out turn ratio	67%	67%	68%	68%
13	Sub-Total	2554.80	2621.63	2510.32	2575.57
14	Cost of new gunny bags \$\$	117.44	117.44	117.44	117.44
15	Gunny Depreciation for new gunnies **	38.60	38.60	37.49	37.49
16	Acquisition Cost of 1 qtl. Of rice	2710.84	2777.67	2665.25	2730.50

! VAT as applicable at every stage will be payable as per the relevant legal provisions

\$ Commission to Societies is payable subject to the conditions laid down vide letter no 192(4)/2003-FC a/cs Vol- 2 dated 26.07.2013.

^ Custody and Maintenance charges and interest charges are payable subject to the conditions laid down vide letter no 192(4)/2003-FC a/cs Vol- 3 dated 05.11.2015 and 12.01.2015.

Payment of Custody and maintenance charges would be regulated as per order issued by this Department vide letters dated 21.11.2014, 26.12.2014 and 04.09.2015 in regard to joint custody of paddy with millers.

Interest is allowed provisionally taking notional VAT on 5% of MSP

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**Gunny Depreciation is for procurement of Paddy in new gunnies. In case of any claim for Internal Transportation of gunnies by State, it will be subject to prior approval of GOI.

Dated: 19.10.2016.

(Abhay Kumar)

Under Secretary to the Government of India

Provisional Rates of Custom Milled Rice procured under (FAQ) specification retained for distribution under the decentralised procurement operations during the Kharif Marketing Season 2016-17 in respect of Government of Andhra Pradesh and its agencies

S. No.	Item of incidentals	(Rs./qtl)			
		Raw Rice		Par-boiled Rice	
		Common	Grade A	Common	Grade A
A. ACQUISITION COST					
1	Cost of CMR	2710.84	2777.67	2665.25	2730.50
B. DISTRIBUTION COST					
2	Storage charges @ Rs.7.40 per qtl. per month for 4 months (covered)	29.60	29.60	29.60	29.60
3	Transportation and Handling charges *	40.43	40.43	40.43	40.43
4	Interest Charges @ 11.01% p.a. for 4 months on acquisition cost minus interest.	97.85	100.25	96.20	98.55
5	Transit and Storage loss @ 0.35% of acquisition cost excluding cost of gunny bags and gunny depreciation.	8.94	9.18	8.79	9.01
6	Administrative charges @ 2.5% of MSP of paddy equivalent to 1 qtl. of rice or actuals whichever is less for the quantity retained by the State Government for distribution under PDS.	54.85	56.34	54.04	55.51
7	Total Distribution Cost	231.67	235.80	229.06	233.10
C ECONOMIC COST OF CMR					
8	Acquisition cost + Distribution cost (A+B)	2942.51	3013.47	2894.31	2963.60

Note: The Food Secretary of the State is required to give a certificate that the CMR has been kept under covered storage.

Custody and Maintenance charges would be released on production of a certificate by the State Govt. that these charges have been incurred by it.

*The transportation charges at distribution stage is being allowed only for transportation of rice upto the designated depots. Payment of transportation charges for transportation of rice from designated depots to FPS will be regulated as per gazette notification dated 17.08.2015 regarding Central Assistance to States/UTs for meeting the expenditure on intra-State movement and handling of food grains and FPS dealers margin under Section 22(4)(d) of the NFSA Act, 2013. It is also clarified that designated depots means depots to be specified from time to time by Govt. of India for the purpose of distribution of food grains under NFSA. While submitting its claim for sanction of advance/provisional/ final subsidy state Govt. should certify that transportation charges for transportation of rice from designated depot to FPS are not claimed under food subsidy as same is being separately claimed under Central Assistance for NFSA.

Dated: 19.10.2016.

(Abhay Kumar)
Under Secretary to the Government of India