

No. 192(30)/2016-FC.A/Cs  
Government of India  
Ministry of Consumer Affairs, Food and Public distribution  
Department of Food and Public Distribution

Krishi Bhavan, New Delhi  
Dated: 2<sup>nd</sup> November, 2016.

To,  
The Secretary,  
Food & Civil Supplies Department,  
Government of Bihar,  
Patna.

**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 Bihar 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 Bihar 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	2543.91	2607.95
Par-boiled rice	2501.78	2564.29

(For central pool stocks for transportation of paddy from purchase centers/mandis to mills and for rice from mills to storage godowns, transportation charges from 0 Km onwards will be payable based on the rates fixed by the District Collectors of the State or FCI's rate whichever is lower.)

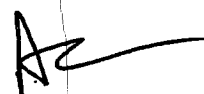
**For DCP Operation**

(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	2789.25	2856.38
Par-boiled rice	2744.26	2809.79

**Note:**

- (i) This costing is for procurement of paddy in 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. 10 per qtl. for raw and Rs. 20 per qtl. for par-boiled rice along with payment of transportation charges from 0 km onwards for transportation of paddy/rice and from purchase center to mill and from mill to FCI godowns.**

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. The States who have not submitted finalization claims within four years of commencement of marketing season, only MSP, Statutory taxes, gunny charge will be given at prevailing rates. Indexation of other incidentals as per principle has been frozen on the basis 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.-331930 /AS&FA/2016 dated:31.10.2016

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 Managing Director, Bihar State Food and Civil Supplies Corpn, Ltd Patna.
4. The Senior Regional Manager, FCI Regional Office- Bihar, Arunachal Building, Exhibition Road, Patna-800 001.
5. The Principal Director of Commercial Audit & Ex-Officio Member Audit Board – IV, 10 Bahadur Shah Zaffar Marg, New Delhi – 110002.
6. The Principal Director of Commercial Audit & Ex-Officio Member Audit Board – IV, North Zone, 2<sup>nd</sup> Floor, Khadya Sadan, 16-20, Barakhamba Lane, New Delhi-110001
7. Adviser (Cost)/Director(FC A/cs)/Director (Finance)/US (Finance)/US(FC.A/Cs)/US(Py).

(Abhay Kumar)

Under Secretary to the Government of India

Government of India

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 Bihar and its agencies

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(Rs./qtl)

S. No.	Item of incidentals	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				
	VAT @4% of MSP!	*	*	*	*
3	Mandi Labour Charges (Handling Charges)	8.84	8.84	8.84	8.84
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 @Rs.2.40 per qtl. per month for 2 months #	4.80	4.80	4.80	4.80
7	Interest Charges for 2 months @ 11.01% p.a. on MSP, notional VAT and Mandi labour charges ##	28.22	28.98	28.22	28.98
8	Milling Charges excluding Rs. 5.00 per qtl. as transportation charges upto 8 kms on each side from mills for paddy as well as rice.	10.00	10.00	20.00	20.00
9	Administration charges @ 2.5% of MSP	36.75	37.75	36.75	37.75
10	Cost of 1 qtl. of milled paddy	1604.56	1647.47	1599.86	1642.37
11	Out turn ratio	67%	67%	68%	68%
12	Sub-Total	2394.87	2458.91	2352.74	2415.25
13	Cost of new gunny bags \$\$	108.00	108.00	108.00	108.00
14	Gunny Depreciation for new gunnies **	41.04	41.04	41.04	41.04
15	Cost of 1 qtl. Of rice	2543.91	2607.95	2501.78	2564.29

! 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 would be released on production of a certificate by the State Government provided these charges have been incurred by it. It will further be restricted to State Govt.'s claim, subject to the partial amendment in Principle as per the order issued by this Department vide letter no.192(4)/2003-FC A/Cs (Vol.III) dated 05.11.2015 and 12.11.2015.

## Interest is allowed provisionally taking notional VAT on 4% of MSP, subject to the partial amendment in Principle as per the order issued by this Department vide letter no.192(4)/2003-FC A/Cs (Vol.III) dated 05.11.2015 and 12.11.2015.

\$\$ As claimed by the State Govt. 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, subject to partial amendment in Principle as per the order issued by this Department vide letter no. 192(3)/2014-FC A/Cs dated 18.12.2015. In case of any claim for Internal Transportation of gunnies, by State it will be subject to prior approval of GOI.

Dated:02.11.2016

(Abhay Kumar)

Under Secretary to the Government of India

Government of India

Department of Food and Public Distribution

**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 Bihar and its agencies**

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(Rs./qtl)

S. No.	Item of incidentals	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				
	VAT @4% of MSP!	*	*	*	*
3	Mandi Labour Charges (Handling Charges)	8.84	8.84	8.84	8.84
4	Transportation charges for transportation of paddy and rice from purchase centre to temporary storage point to mills from 0 kms.	38.51	38.51	38.51	38.51
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 @Rs.2.40 per qtl. per month for 2 months #	4.80	4.80	4.80	4.80
8.	Interest Charges for 2 months @ 11.01% p.a. on MSP, notional VAT and Mandi labour charges ##	28.22	28.98	28.22	28.98
9	Milling Charges excluding Rs. 5.00 per qtl. as transportation charges for 0-8 kms on each side from mills for paddy as well as rice.	10.00	10.00	20.00	20.00
10	Administration charges @ 1% of MSP	14.70	15.10	14.70	15.10
11	Cost of 1 qtl. of milled paddy	1621.02	1663.33	1616.32	1658.23
12	Out turn ratio	67%	67%	68%	68%
13	Sub-Total	2419.43	2482.58	2376.94	2438.57
14	Cost of new gunny bags \$\$	108.00	108.00	108.00	108.00
15	Gunny Depreciation for new gunnies **	41.04	41.04	41.04	41.04
16	Acquisition Cost of 1 qtl. of rice	2568.47	2631.62	2525.98	2587.61

! 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 would be released on production of a certificate by the State Government provided these charges have been incurred by it. It will further be restricted to State Govt.'s claim. It is subjected to the partial amendment in Principle as per the order issued by this Department vide letter no.192(4)/2003-FC A/Cs (Vol.III) dated 05.11.2015 and 12.11.2015.

## Interest is allowed provisionally taking notional VAT on 4% of MSP, subject to the partial amendment in Principle as per the order issued by this Department vide letter no.192(4)/2003-FC A/Cs (Vol.III) dated 05.11.2015 and 12.11.2015.

\$\$ As claimed by the State Govt. 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, subject to partial amendment in Principle as per the order issued by this Department vide letter no. 192(3)/2014-FC A/Cs dated 18.12.2015. In case of any claim for Internal Transportation of gunnies, by State it will be subject to prior approval of GOI

Dated: 02.11.2016

(Abhay Kumar)

Under Secretary to the Government of India

**Annexure-II (Contd.)**

No.192 (30)/2016-FC.A/Cs.

Government of India

Department of Food and Public Distribution

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 Bihar and its agencies

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(Rs./qtl)

S. No.	Item of incidentals	Raw Rice		Par-boiled Rice	
		Common	Grade A	Common	Grade A
<b>A. ACQUISITION COST</b>					
1	Cost of CMR	2568.47	2631.62	2525.98	2587.61
<b>B. DISTRIBUTION COST</b>					
2	Storage charges @ Rs.6.76 per qtl. per month for 4 months (covered) ##	27.04	27.04	27.04	27.04
3	Transportation and Handling charges *	37.70	37.70	37.70	37.70
4	Interest Charges @ 11.01% p.a. for 4 months on acquisition cost minus interest.	92.72	94.99	91.18	93.40
5	Transit and Storage loss @ 0.35% of acquisition cost excluding cost of gunny bags and gunny depreciation.	8.47	8.69	8.32	8.53
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	<b>Total Distribution Cost</b>	<b>220.78</b>	<b>224.76</b>	<b>218.28</b>	<b>222.18</b>
<b>C ECONOMIC COST OF CMR</b>					
8	Acquisition cost + Distribution cost (A+B)	2789.25	2856.38	2744.26	2809.79


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.

## As claimed by the State Govt.

\*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 certified 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:02.11.2016


(Abhay Kumar)  
Under Secretary to the Government of India