

No. 192(28)/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: 18th Oct 2016.

To,
The Secretary,
Food & Civil Supplies Department,
Government of Kerala,
Thiruvananthapuram

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 **Kerala** 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 **Kerala** 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>
Par-boiled rice	2646.75	2712.48

(For central pool stocks for transportation of paddy from purchase centres/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 decentralised 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>
Par-boiled Rice	2926.26	2996.08

Note:

1. This costing is for procurement of new gunnies only. In case procurement of paddy is done in once used gunnies, cost will be approved separately for such bags on receipt of a proposal from the State Govt.

2. 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 State/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.

3.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.

4.Milling charges have been allowed @ Rs.20.00 per qtl. for par-boiled rice, excuding Rs.5.00 per qtl. as transportation charges for distances from 0-8 kms from the mills on each side both for paddy as well as rice.

5.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.

6.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 alongwith accounts audited by the auditors appointed by the Comptroller and Auditor General and documentary proof and 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 failed to submit 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 have been frozen on the basis of KMS 2015-16.

7.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.

8.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.

9.This issues with the approval of the Integrated Finance Division vide their Dy. No. 331854/AS&FA/2016 dated 17.10.2016.

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-Kerala, Thiruvananthapuram
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. Adviser (Cost)/Director(FC A/cs)/DS (Finance)/US (Finance)/US(FC.A/Cs)
7. Guard File.
8. NIC



(Abhay Kumar)

Under Secretary to the Government of India

Provisional Economic cost of **Custom Milled Rice(FAQ)** retained for distribution under the decentralised procurement operations during the **Kharif Marketing Season 2016-17** in respect of Government of **Kerala** and its agencies

S. No.	Item of incidentals	Par-boiled Rice	
		Common	Grade A
1	Minimum Support Price (MSP)	1470.00	1510.00
2	Statutory Charges:		
	(i) Market Intervention Cess @7% of MSP	102.90	105.70
3	Handling Charges	79.20	79.20
4	Transportation Charges (for transportation of paddy from purchase centre/fields to temporary storage point and by cart, boat truck and for transportation of rice from mills to storage point from 0-8 Km)		
5	Custody & Maintenance for 2 Months		
6	Commission to Societies/Self help Groups *	31.25	32.00
7	Interest Charges for 2 months @11.01% p.a. on MSP, Statutory charges and Handling charges.	29.00	29.75
8	Milling Charges excluding transportation charges within a distance of 0-8 kms from the mill on paddy as well as rice	20.00	20.00
9	Administrative charges @ 1% of MSP	14.70	15.10
10	Cost of 1 qtl. of milled paddy	1747.05	1791.75
11	Out turn ratio	68%	68%
12	Sub-Total	2569.19	2634.93
13	Cost of new gunny bags ^	118.14	118.14
14	Gunny Depreciation for new gunnies\$	37.71	37.71
15	Acquisition Cost of 1 qtl. of packed rice	2725.04	2790.78

Commission to Societies is 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, 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. It will further be restricted to State Govt.'s claim.

^ 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 Depreciation is being allowed as per the practice followed by the state, subject to partial amendment in Principle as per the order issued by this Department vide letter No. 19(3)/2014-FC A/cs dated 18.12.2015.

Dated: 18.10.2016


(Abhay Kumar)

Under Secretary to the Government of India

Provisional Economic cost of **Custom Milled Rice (FAQ)** delivered to FCI for Central Pool during the **Kharif Marketing Season 2016-17** in respect of Government of **Kerala** and its agencies

S. No.	Item of incidentals	Par-boiled Rice	
		Common	Grade A
1	Minimum Support Price (MSP)	1470.00	1510.00
2	Statutory Charges:		
	(i) Market Intervention Cess @7% of MSP	102.90	105.70
3	Handling Charges	21.16	21.16
4	Commission to Societies/Self help Groups *	31.25	32.00
5	Custody & Maintenance Charges @ 2.40/qtl per month for 2 months #	4.80	4.80
6	Interest Charges for 2 months @11.01% p.a. on MSP, Statutory charges and Handling charges.	29.00	29.75
7	Milling Charges excluding transportation charges within a distance of 0-8 kms from the mill on paddy as well as rice	20.00	20.00
8	Administrative charges @ 1% of MSP	14.70	15.10
9	Cost of 1 qtl. of milled paddy	1693.81	1738.51
10	Out turn ratio	68%	68%
11	Sub-Total	2490.90	2556.63
12	Cost of new gunny bags (Jute bags)^	118.14	118.14
13	Gunny Depreciation (Jute bags)\$	37.71	37.71
14	Acquisition Cost of 1 qtl. of rice	2646.75	2712.48

* Commission to Societies is 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, 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. It will further be restricted to State Govt.'s claim.

^ 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 Depreciation is being allowed as per the practice followed by the state, subject to partial amendment in Principle as per the order issued by this Department vide letter No. 19(3)/2014-FC A/cs dated 18.12.2015. In case state proposes to use once used/old gunny bags, then they should submit separate proposal for fixation of rates for these gunnies.

Dated: 18.10.2016



(Abhay Kumar)

Under Secretary to the Government of India

No.192 (28)/2016-FC-A/cs

Government of India

Department of Food and Public Distribution

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

S. No.	Item of incidentals	Par-boiled Rice	
		Common	Grade A
1	Cost of CMR	2725.04	2790.78
1	Storage charges @ Rs.7.40/qtl per month for 4 months (covered)#	29.60	29.60
2	Handling & Transportation charges*	10.15	10.15
3	Interest Charges @11.01% p.a. for 4 months on acquisition cost minus interest	98.44	100.82
4	Transit and Storage loss @ 0.35% of acquisition cost excluding cost of gunnies, and gunny depreciation.	8.99	9.22
5	Administrative Charges @ 2.5% of MSP of paddy equivalent to one qtl of rice for the quantity retained by the State Government for distribution under PDS	54.04	55.51
6	Total distribution Cost	201.22	205.30
7	Acquisition cost +Distribution Cost (A+B)	2926.26	2996.08

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 Government 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 foodgrains 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: 18.10.2016



(Abhay Kumar)

Under Secretary to the Government of India