

No. 192(29)/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: 18<sup>th</sup> October, 2016.

To,  
The Secretary,  
Food & Civil Supplies Department,  
Government of Tamilnadu,  
Chennai.

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 **Tamilnadu** 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 **Tamilnadu** 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):

		(Rs./qtl)
<u>Commodity</u>	<u>Common</u>	<u>Grade 'A'</u>
Raw-rice	2489.19	2552.31
Par-boiled rice	2446.71	2508.31

(For central pool stocks for transportation of paddy from purchase centres/mandis to mills and for rice from mills to storage godowns, transportation charges beyond 8 kilometers 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):

		(Rs./qtl.)
<u>Commodity</u>	<u>Common</u>	<u>Grade 'A'</u>
Raw-rice	2691.39	2758.45
Par-boiled Rice	2646.15	2711.62

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 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. In case of these districts where NFSA has been implemented.

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. Since Milling charges is allowed @ Rs.15.00 per qtl. for raw and Rs.25.00 per qtl. for par-boiled rice, transportation charges will be payable for the distance beyond 8 kms onwards only for paddy/rice as in this case, transportation charges upto 8 kms is inbuilt in milling charges itself.

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. **As per the Department letter dated 03.10.2016, 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 have been frozen on the basis of KMS 2015-16.**

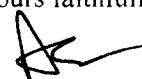
7. To ensure proper utilization of funds/subsidy being released by the Government of India, the FCI may insist on requisite certificates from the State Government and its agencies for previous financial year before release of incidentals on account of statutory charges i.e. Market Fee, RD Cess etc. as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

8. The 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. 331779/AS&FA/2016 dated

**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-Tamilnadu, 5/54, Greams Road, Chennai-6.
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, 2<sup>nd</sup> Floor, Khadya Sadan, 16-20, Barakhamba Lane, New Delhi-110001.
6. Adviser (Cost)/Director(FC A/cs)/Director (Finance)/US (Finance)/US(FC.A/Cs)
7. Guard File.
8. NIC



(Abhay Kumar)

Under Secretary to the Government of India

**No.192 (29)/2016-FC-A/cs**  
**Government of India**  
**Department of Food and Public Distribution**  
**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 Tamilnadu 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	1510	1470.00	1510.00
2.	Mandi Labour Charges	4.89	4.89	4.89	4.89
3.	Driage @1% of MSP	14.70	15.10	-	-
4.	Commission to Societies *	31.25	32.00	31.25	32.00
5.	Custody & Maintenance Charges @ 2.40/qtl per month for 2 months #	4.80	4.80	4.80	4.80
6.	Interest Charges for 2 months @11.01% p.a. on MSP, and Mandi labour charges.	27.06	27.80	27.06	27.80
7.	Milling Charges including transportation charges within a distance of 0- 8 kms from the mill on paddy as well as rice.	15.00	15.00	25.00	25.00
8.	Administrative charges @ 1% of MSP for central pool stocks only	14.70	15.10	14.70	15.10
9.	Cost of 1 qtl. of milled paddy	<b>1582.40</b>	<b>1624.69</b>	<b>1577.70</b>	<b>1619.59</b>
10.	Out turn ratio	67%	67%	68%	68%
11.	Sub-Total	<b>2361.79</b>	<b>2424.91</b>	<b>2320.15</b>	<b>2381.75</b>
12.	Cost of new gunny bags^^	95.88	95.88	95.88	95.88
13.	Gunny Depreciation for new gunnies\$	31.52	31.52	30.68	30.68
14.	Cost of 1 qtl. of rice	<b>2489.19</b>	<b>2552.31</b>	<b>2446.71</b>	<b>2508.31</b>


\* 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

No.192 (29)/2016-FC-A/cs

Government of India

Department of Food and Public Distribution

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 **Tamilnadu** 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	<b>Minimum Support Price (MSP)</b>	1470.00	1510.00	1470.00	1510.00
2	<b>Mandi Labour Charges (Handling Charges)</b>	4.89	4.89	4.89	4.89
3	<b>Transportation Charges</b> for transportation of paddy from purchase centres to temporary storage point to mill beyond 8 km..	14.86	14.86	14.86	14.86
4	<b>Driage @1% of MSP</b>	14.70	15.10	-	-
5	<b>Commission to Societies *</b>	31.25	32.00	31.25	32.00
6	<b>Custody &amp; Maintenance Charges @ 2.40/qtl per month for 4months #</b>	9.60	9.60	9.60	9.60
7	<b>Interest Charges for 4 months @11.01% p.a. on MSP, and Mandi labour charges.</b>	54.13	55.60	54.13	55.60
8	<b>Milling Charges including transportation charges upto 8 kms on each side from mills on paddy as well as rice.</b>	15.00	15.00	25.00	25.00
9	<b>Administrative charges @ 1% of MSP for central pool stocks only</b>	14.70	15.10	14.70	15.10
10	<b>Cost of 1 qtl. of milled paddy</b>	<b>1629.13</b>	<b>1672.15</b>	<b>1624.42</b>	<b>1667.05</b>
11	<b>Out turn ratio</b>	67%	67%	68%	68%
12	<b>Sub-Total</b>	<b>2431.54</b>	<b>2495.74</b>	<b>2388.87</b>	<b>2451.54</b>
13	Transportation charges of rice beyond 8 kms from millers godown to storage point-	3.08	3.08	3.08	3.08
14	Cost of new gunny bags ^^	95.88	95.88	95.88	95.88
15	Gunny Depreciation for new gunnies\$	31.52	31.52	30.68	30.68
16	<b>Acquisition Cost of 1 qtl. of packed rice</b>	<b>2562.02</b>	<b>2626.22</b>	<b>2518.51</b>	<b>2581.18</b>

\* 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.

- Transportation charges of rice beyond 8 kms from millers godown to storage point would be released on production of certificate by the State Govt. that transportation is beyond 8 kms.

Dated: 18.10.2016

(Abhay Kumar)

Under Secretary to the Government of India

**AnnexureII (Contd.)**

No.192(29)/2016-FC.A/Cs

Government of India

Department of Food and Public Distribution

**Provisional Rates of Custom Milled Rice (FAQ)** retained for distribution under decentralized procurement (DCP) operations during the Kharif Marketing Season 2016-17 in respect of Government of **Tamil Nadu** 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</b>	<b>ACQUISITION COST</b>	<b>2562.02</b>	<b>2626.22</b>	<b>2518.51</b>	<b>2581.18</b>
1	Cost of CMR				
<b>B</b>	<b>DISTRIBUTION COST</b>				
2	<b>Storage charges @ Rs. 7.28/qtl per month for 2 months</b>	14.56	14.56	14.56	14.56
3	<b>Handling charges</b>	5.91	5.91	5.91	5.91
4	<b>Interest charges @ 11.01% p.a. for 2 months on acquisition cost minus interest</b>	45.53	46.67	44.75	45.86
5	<b>Transit and Storage loss @ 0.35% of acquisition cost excluding cost of gunny bags, gunny transportation and gunny depreciation</b>	8.52	8.75	8.37	8.59
6	<b>Administrative charges @ 2.5% of MSP of paddy equivalent to 1 qtl of rice or actual which ever is less for the quantity retained by the State Government for distribution under PDS</b>	54.85	56.34	54.04	55.51
7	<b>Total Distribution cost</b>	<b>129.37</b>	<b>132.23</b>	<b>127.64</b>	<b>130.44</b>
<b>C</b>	<b>ECONOMIC COST OF CMR</b>				
8	<b>Acquisition cost + distribution cost (A+B)</b>	<b>2691.39</b>	<b>2758.45</b>	<b>2646.15</b>	<b>2711.62</b>

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.

\*In case of implementation of NFSA, the transportation charges at distribution stage will be 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 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: 18.10.2016 .**

(Abhay Kumar)

Under Secretary to the Government of India