

No. 192(15)/2020-FC A/Cs(e.371690)

Government of India

Ministry of Consumer Affairs, Food &amp; Public Distribution

Deptt. of Food &amp; Public Distribution

Krishi Bhawan, New Delhi

Dated :16/06/2020

To,

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

Subject: Fixation of provisional economic cost of **wheat (FAQ)** procured by the Government of **Bihar** and its agencies for **Central Pool & decentralized procurement** during the **Rabi Marketing Season 2020-21**.

Sir,

I am directed to convey the approval of the Government of India for payment of the following provisional rates of economic cost to Government of Bihar and its agencies for procurement of wheat (FAQ) by them for **Central Pool & decentralized procurement** in 50 kg. **new gunny** bags only during Rabi Marketing Season 2020-21.

**For Central Pool**

Incidental Cost for the stock of wheat delivered to FCI (item wise details of the economic cost are enclosed at annexure I):-

(Rs./qtl)

<b>Commodity</b>		<b>For New Gunny Bags</b>
<b>Wheat</b>	CAP	2134.59

**For DCP Operations**

Economic cost for the stocks of wheat retained by the State Government for distribution under DCP (item wise details of the economic cost are enclosed at annexure II):-

(Rs./qtl)

<b>Commodity</b>		<b>For New Gunny Bags</b>
<b>Wheat</b>	CAP	2226.27
	COVERED	2258.42

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

Wheat from storage point to designated depots. For transportation of Wheat 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 State Govt. and its agencies will deliver the excess wheat left after distribution in DCP mode to Central Pool immediately after its procurement until and unless the FCI is unable to accept it for reasons to be conveyed in writing. Carryover charges beyond 30.6.2020 shall be payable only on such FCI refused quantity of wheat.
3. The above rates will be payable to the State Govt. and its agencies for delivery of wheat till 30<sup>th</sup> June 2020. Thereafter, Carryover charges will be payable at the prevailing rate of interest and pattern adopted by the Reserve Bank of India @ 9.61 % at present, calculated on MSP (+) Incidentals, along with the agreed storage charges of Rs. 2.40 per quintal per month for CAP storage and Rs.9.30 per quintal per month for covered storage. For the month of dispatch, carryover charges will be allowed at half the rate.
4. On the basis of Government of India letters No.176(2)/95-Py-I Vol. II dated 25.11.99 and No.176(2)/95-Py-I Vol. III dated 28.10.2003 moisture gain @1% for wheat stored in covered godowns and 0.7% for wheat stored under CAP shall also be adjustable from out of the incidentals payable to the State Government/agencies in Central Pool subject to the condition that no storage gain in wheat due to absorption of moisture would be taken on the stocks which would be stored/dispatched upto 30<sup>th</sup> June every year, and thereafter, one time storage gain would be realized irrespective of the period of storage.
5. If the State Government/Agencies has availed discount on railway freights in movement of gunny bags in terms of the Circular No. 70 of 2007 dated 29.06.2007 issued by the Ministry of Railways, the same may be taken into account before making payments by FCI.
6. The rate/ cost of Rabi Marketing Season 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 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.
7. The provisional rates /cost sheet are only for wheat procured by the State

agencies and not for any other party acting on behalf of such State agencies or for the FCI. These rates would not be benchmarked to fix rate for such parties.

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

9. This issues with the concurrence of Integrated Finance Division vide their file No. 192(15)/2020-FC A/Cs(e.371690) dated 12.06.20.

Dated : 16/06/2020

Yours faithfully,

Signature Not Verified  
Digitally signed by TAJINDER  
SINGH BAL  
Date: 2020.06.16 14:46:55 IST  
(Tajinder Singh Bal)

Under Secretary to the Govt. of India

Copy to:

1. The Executive Director (Procurement), FCI, New Delhi-1
2. The Executive Director (Finance), FCI, New Delhi-1.
3. The General Manager, FCI Regional Office, Bihar Region, Patna.
4. The Managing Director, Bihar State Food and Civil Supplies Corpn, Ltd Patna.
5. The Senior Regional Manager, FCI Regional Office- Bihar, Arunachal Building, Exhibition Road, patna-800 001.
6. The Principal Director of Commercial Audit & Ex-Officio Member Audit Board – IV, 10 Bahadur Shah Zaffar Marg, New Delhi – 110002.
7. 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
8. Adviser (Cost)/Director(FC A/cs)/Director (Finance)/US (Finance)/US(FC.A/Cs)/US(Py-I).
9. Guard File.

(Tajinder Singh Bal)

Under Secretary to the Govt. of India

Annexure- I

No. 192(15)/2020-FC A/Cs(e.371690)  
Government of India

## Deptt. of Food &amp; Public Distribution

Provisional Acquisition cost of **Wheat (FAQ)** for delivered under **Central Pool** during **RMS 2020-21** in respect of Govt. of Bihar and its agencies

	Name of Incidental	per qtl
1	Cost of wheat (MSP)	1925.00
2	Commission to Societies <sup>^</sup>	27.00
3	Handling Charges/ Mandi Labour Charges*	7.95
4	Transportation charges**	
5	Storage Charges for 1 month @Rs.2.40 per qtl. per month for CAP storage.	2.40
6	Interest Charges @ 9.61% p.a. for 1 month on the sum of MSP, commission to societies, handling charges.	15.70
7	Cost of new gunny bags	106.74
8	Internal Transportation of gunny bags	1.68
9	Administrative Charges	48.13
10	Total	2134.59

**Note:-**

<sup>^</sup> State Government will make payments to the concerns for Commission to Societies as per the revised principles issued vide letter no. 191(1)/2019-FC A/Cs(Pt1) dated 24.02.20.

\*Includes activities such as labour charges at mandi, loading from mandi & unloading at state godown & is exclusive of activities borne by farmers.

\*\*Transportation charges to be payable as per policy issued vide letter no. 192(14)/2018-FC A/Cs dated 06.05.2019

Dated :- 16.06.2020

(Tajinder Singh Bal)  
Under Secretary to the Govt. of India

Annexure- II

No. 192(15)/2020-FC A/Cs(e.371690)  
Government of India  
Deptt. of Food & Public Distribution

Provisional Economic cost of **Wheat (FAQ)** for distribution under **decentralized procurement** operations during **RMS 2020-21** in respect of Govt. of Bihar and its agencies

	Procurement Incidental	CAP	Covered
1	Cost of Wheat (MSP)	1925.00	1925.00
2	Statutory Charges	0.00	0.00
3	Commission to societies*	27.00	27.00
4	Handling/Mandi Labour Charges**	7.95	7.95
5	Transportation Charges***		
6	Storage Charges for 15 days@ Rs.2.40 per qtl. Per month CAP storage	1.20	1.20
7	Interest Charges @ 9.61% p.a. for 15 days on the sum of MSP, commission to societies, handling charges.	7.74	7.74
8	Administrative Expenses/Charges @2.5% of MSP	48.13	48.13
9	Cost of New Gunny bags	106.74	106.74
10	Transportation cost of gunny bags	1.68	1.68
11	Total Acquisition Cost in respect of gunny bags	2125.44	2125.44
12	Distribution Cost		
13	Storage charges @Rs.2.40/ctl/month for CAP & @Rs9.3/ctl/month for Covered storage for 5.5 months	13.20	51.15
14	Interest Charges @ 9.61% for 5.5 months on acquisition cost less interest charges at acquisition	93.28	93.28
15	Transportation Charges^		
16	Handling Charges^^	1.12	1.12
17	Transit Loss @ 0.35% on sum of MSP, statutory charges, mandi labour charges and transportation charges on acquisition cost	6.77	6.77
18	Total Distribution Cost in respect of gunny bags	114.36	152.31

19	Total Economic Cost in respect of gunny bags	2239.80	2277.75
20	Storage Gain\$	13.53	19.33
21	Net Economic Cost after deduction of Storage Gain	2226.27	2258.42

\*State Government will make payments to the concerns for Commission to Societies as per the revised principles issued vide letter no. 191(1)/2019-FC A/Cs(Pt1) dated 24.02.20.

\*\*Includes activities such as labour charges at mandi, loading from mandi & unloading at state godown & is exclusive of activities borne by farmers.

\*\*\*Transportation charges to be payable as per policy issued vide letter no. 192(14)/2018-FC A/Cs dated 06.05.2019

^ Transportation charges to be payable as per policy issued vide letter no. 192(14)/2018-FC A/Cs dated 06.05.2019. The transportation charges at distribution stage is being allowed only for transportation of wheat upto the designated depots. Payment of transportation charges for transportation of wheat 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 clarify 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 wheat from designated depot to FPS are not claimed under food subsidy as same is being separately claimed under Central Assistance for NFSA

^^Includes de-stacking from state gododwn & loading into vehicle for the purpose of delivery to designated depot.

\$ Storage Gain is calculated @1% for wheat stored in Covered Godowns and @ 0.7% for wheat stored under CAP on sum of MSP, statutory charges, Mandi labour charges and transportation charges of acquisition cost. It is subject to the condition that no storage gain in wheat due to absorption of moisture would be taken on the stocks which would be stored/dispatched upto 30th June every year, and thereafter, one time storage gain would be realized irrespective of the period of storage.

Dated :- 16.06.2020

(Tajinder Singh Bal)  
Under Secretary to the Govt. of India