

F.No.3(20)/2019-Py.I
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution
(Policy –I Section)

Krishi Bhawan, New Delhi

Dated the **18/09/2019**

To,

The Principal Secretary/ Secretary Food & Civil Supplies,
All DCP states.

Subject : Revised MoU for procurement of paddy and delivery of Custom Milled Rice (CMR) in DCP states from KMS 2019-20 onwards.

Sir/Madam,

Please find enclosed herewith the revised MOU to be signed by the State Government with the FCI in respect of the procurement of paddy and delivery of CMR in DCP states from KMS 2019-20 onwards. The MoU has been revised to incorporate the changes brought about in the procurement operation by the infusion of Information technology in the procurement, management of storage and movement and the distribution of foodgrains under Public Distribution System and Other Welfare Schemes and to ensure better planning and monitoring of the procurement operations.

2. I am directed to request you to sign the MoU and send a copy of it to this department after obtaining the signature of the General manager, FCI in-charge of the state. Please ensure that the signed copies sent to this department latest by 27th September, 2019.

4. This issues with the approval of Competent Authority.

Yours faithfully,

Digitally signed by JAI PRAKASH
Date: 2019.09.18 11:00:18 +05'30'
Reason: I signed it

(Jai Prakash)

Under Secretary to the Govt. of India

Encl: As above.

Copy to:

1. CMD, FCI, 16-20, Barakhamba Lane, New Delhi: He is requested to instruct all the Executive directors and General managers concerned to sign the MoU and take necessary steps for the enforcement of the provisions of the revised MoU.
2. All the EDs and GMs of FCI: For information and necessary action.

I/10401/2019

**MOU of Decentralised Procurement(DCP) State and
Govt. of India, for procurement of Paddy and delivery of
Custom milled rice**

1. The Government of _____ shall undertake procurement of Paddy/Custom Milled Rice (CMR) on behalf of the Government of India directly and/or through its Agencies, for contribution to the Central Pool during the Kharif Marketing Season _____ onwards. Before commencement of the Kharif Marketing Season, Government of _____ must declare the quantity they intend to retain as DCP stock for distribution out of Central Pool.

2. Paddy shall be procured by the Government of _____ or its agencies at Minimum Support Price (MSP) declared by Government of India, from time to time. Any bonus/financial incentive in direct or indirect form declared by the Government of _____, over and above the MSP declared by Government of India, shall be borne by the State Government.

3. In the situation of State giving any bonus/ financial incentive, in direct or indirect form, over and above MSP, if the overall procurement of the State is in excess of the total allocation of the State made by the Government of India under TPDS/ OWS, such excess quantity shall be treated to be outside the Central Pool.

4. The stocks of Paddy/ Rice to be procured/ delivered to the Central Pool shall strictly conform to the uniform specification (FAQ norms), as decided by Government of India from time to time and at the out-turn ratio declared by the Government of India from time to time subject to any relaxation approved by Government of India. Any stock not conforming to the uniform specifications and found to be non-issuable shall be treated to be outside the Central Pool.

5. The payment of MSP and bonus, if any, is to be made directly to farmers' bank accounts online only through online procurement system by the State Govt./its agencies preferably within 48 hours of purchase of paddy. The State agencies shall ensure the use of EAT module of PFMS while making the payment, as mandated by the Ministry of Finance, Government of India. The State Government may take action to integrate their online payment system with PFMS, wherever applicable. The Online Procurement System shall necessarily have the features of online registration of farmers and online payment to them; and all other features as mandated by the Government of India.

6. The CMR shall be packed/filled in new Type A or Type B (preferably Type A) B-twill gunny bags as per BIS standard and shall be appropriately stenciled and machine stitched as per prescribed norms.
7. The State Government shall hold with itself the stocks of CMR thus procured under proper scientific storage for distribution under TPDS and other Welfare Schemes as per allocations made by the Central Government at prices notified and effective on the date of issue of Release Orders. Government of the State shall not utilize stocks procured for Central Pool under the decentralized procurement scheme of Government of India for any other State level schemes.
8. State Government shall restrict availing credit facility from RBI for the estimated stocks of paddy to be procured for the Central Pool only.
9. The State Government shall verify the quantities distributed under TPDS and other Welfare Schemes against allocations made by the Government of India, and report the details of distribution on the Annavitran Portal; and raise the bills for subsidy on the Department of Food & Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, Government of India on the basis of the figures reported on the Annavitran Portal, and as per the guidelines of Government of India. The payment shall be released directly through e-mode in favour of the Government of _____.
10. The FCI or State Government will be duty bound to share the data relating to procurement operations on the National Procurement Portal for Foodgrains (NPPF) in the manner prescribed by the Government of India. All the claims of the payment against the procurement and delivery of foodgrains to FCI shall be based on the figures reported on the NPPF in respect of the stock procured and Depot Online System in respect of the stock delivered to FCI.
11. Details of foodgrains procured at procurement centre and the quantum of foodgrains moved from the procurement centres to the millers/ storage depots and from mills to storage depots shall be captured through the Online Procurement System and shared on the NPPF on daily basis, as mandated by the Government of India. Field verification of the reported figures should be done by the State Government from time to time.
12. At least two months ahead of the onset of the marketing season, the State Food Secretary shall convene a joint meeting with the concerned General Manager, FCI to discuss and finalise the plan of action for procurement. Minutes of the meeting should be shared with this Department and the FCI Headquarters.
13. The FCI will make joint teams with the State Government to oversee the conduct of procurement operations and to attend to specific complaints, problems, etc.
14. The State Government shall share the data on distribution of foodgrains under PDS and Other Welfare Schemes (OWS) for which subsidy is given by this Department on Annavitran Portal on daily basis, as mandated by the Govt. of India. The system generated monthly certificate, digitally signed or e-signed by



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the State Food Secretary, shall be taken as the official report on distribution and form the basis for the consideration of the food subsidy claims of the State. In case, a Fair Price Shop of the State is not provided with e-POS or e-POS device is not functional in that Fair Price shop, distribution figures for that shall be reported on Annavitran Portal on monthly basis, as mandated by the Govt. of India.

15. The State Government shall ensure that the total offtake/distribution of rice is within the total allocations made by the Central Government and within norms.

16. The State Government will facilitate periodical inspections planned by FCI Officials of the concerned Region to assess the effectiveness of procurement operations, Quality Control measures, milling arrangements, process of stock verification, etc. so that the Government of India could closely monitor the implementation of the DCP Scheme in the State.

17. Issue of rice shall be made only from such base godowns/designated depots as are approved by the Central Government.

18. If the stocks of the Rice procured by the State Government exceeds its allocation under TPDS and other Welfare Schemes, such excess stocks shall be handed over to the FCI by the State Government. However, the FCI shall have the option to specify whether such excess rice that would be handed over to FCI for Central Pool by the State shall be in the form of raw rice or parboiled rice to meet the overall consumption requirement of the country under TPDS, OWS and type of rice milled in the State. In the event of the total quantity of CMR falling short of the total allocation made by the Central Government for meeting the requirement of TPDS and other welfare schemes, the Central Government through FCI will meet deficit as per the existing arrangements.

19. The cost of conversion of paddy into rice through custom milling operation, as well as the conversion ratio for the State for both raw and parboiled rice, shall be as per norms laid down by the Government of India from time to time.

20. FCI shall receive and process all the claims/ Bills for payment relating to Central pool operations through online payment module of the DOS and ensure that all the payments are made in online mode through the payment module of DOS. Payment module of DOS of FCI shall share the data relating to claims and settlement of bills on the DOS dashboard as per the instructions of the Government of India.

21. The State Government will make special efforts to extend procurement operations to poor, remote and backward districts of the State. If the State Government is not in a position to extend procurement operations in all the poor, remote and backward districts of the State, the FCI or agencies engaged by FCI, shall on the specific request of the State Government intervene and open procurement centres in poor, remote and backward districts of the State after mutual consultation. However, the State Government would take necessary measures to take over full responsibility of procurement in the State within a time bound period.

22. The economic cost of CMR will be fixed by the Central Government on provisional basis subject to final adjustment on the submission of audited annual accounts by the State Government. Claims for final settlement shall be submitted to Government of India, within twelve months of the closure of the financial year in which the concerned Kharif Marketing Season ends.

23. The State Government/designated agencies shall be paid quarterly provisional subsidy for decentralized procurement and distribution after adjusting the sale realization at CIP on 100% basis for fixed incidentals such as MSP, Central Bonus, taxes including VAT, Milling Charges, Drriage (for raw rice only) etc. and at the rate of 95% on balance incidentals, which are variable. If the bill is raised on the basis of actual distribution and is accompanied by utilization certificates. Utilization certificates will be submitted by the State Government after ensuring that the rice meant for the AAY/BPL/APL population and Welfare Schemes have actually reached the beneficiaries. Advance subsidy will be released at the rate of 90% of the admissible claim on a quarterly basis in the first month of every quarter. This advance will be based on the anticipated level of distribution of foodgrains in that quarter. The advance will be released only on production of the utilization certificates for the previous quarter. For example, advance subsidy for the quarter ending June will be released only when utilization certificate for the quarter ending March is furnished.

24. After end of respective financial year, State Govt./designated agencies shall submit provisional subsidy bill for the whole year. The Department of Food & PD will examine the proposal and release the balance provisional subsidy, which, on adding the sales realization at CIP, will not exceed 100% of fixed incidentals such as MSP, Central Bonus, taxes including VAT, Milling Charges, Drriage (for raw rice only) and 95% of balance incidentals which are variable of the admissible subsidy claim for the year. 5% of balance incidentals will be released based on the final audited accounts and other supporting documents and determination of the final economic cost. The State Government will ensure, without fail, that the information as at para 4 is submitted to the Central Government within stipulated time.

25. If any stock procured for distribution under TPDS remains undistributed after end of any particular year, then stock will be valued at the rates applicable for the year and added to the stocks procured during the next year. In case of balance stock of previous years distributed during the subsequent year, the economic cost of the Marketing Season in which stock was procured will be taken into account for the same while calculating the economic cost of the balance stock.

26. In the event of any discrepancy arising out of the operation of this scheme or interpretation of the terms of the MOU, the decision of the Central Government shall be final.

27. This MOU will be applicable for the Kharif Marketing Season 2019-20 for procurement through decentralized procurement.

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(Signature)
Principal Secretary,
Food & Civil Supplies Deptt.
Government of _____

(Signature)
Joint Secretary (P&FCI)
DFPD, Govt. of India