

**MINUTES OF THE 399<sup>th</sup> MEETING OF THE BOARD OF DIRECTORS OF THE FOOD CORPORATION OF INDIA HELD ON 16<sup>th</sup> OCTOBER, 2020 AT NEW DELHI.**

**PRESENT**

<b>Shri D.V. Prasad</b>	<b>:</b>	<b>Chairman &amp; Managing Director</b>
<b>Shri Edwin Kulbhushan Majhi</b>	<b>:</b>	<b>Director</b>
<b>Shri G. Srinivas</b>	<b>:</b>	<b>Director</b>
<b>Shri Arun Kumar Shrivastava</b>	<b>:</b>	<b>Director</b>
<b>Shri Faiz Ahmed Kidwai</b>	<b>:</b>	<b>Director</b>
<b>Smt. Archana Ranjan</b>	<b>:</b>	<b>Director</b>
<b>Prof. Dr. S.P. Saravanan</b>	<b>:</b>	<b>Director</b>
<b>Shri Madanlal Rathore</b>	<b>:</b>	<b>Director</b>

**SPECIAL INVITEE**

<b>Shri K A P Sinha</b>	<b>:</b>	<b>Principal Secretary Food, Govt. of Punjab</b>
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**IN ATTENDANCE**

<b>Ms. Seema Kakar</b>	<b>:</b>	<b>Secretary</b>
<b>Shri Sanjiv Kumar</b>	<b>:</b>	<b>Executive Director (P/Proc.)</b>
<b>Shri Rabindra Agarwal</b>	<b>:</b>	<b>Executive Director (T/S&amp;C/Silo)</b>
<b>Shri Piush Kumar Gupta</b>	<b>:</b>	<b>Executive Director (Vig.)</b>
<b>Dr. C.L. Ram</b>	<b>:</b>	<b>Executive Director (IR-L/P&amp;R/Stock)</b>
<b>Shri Sudeep Singh</b>	<b>:</b>	<b>Executive Director (QC)</b>
<b>Shri Jayanta Sharma</b>	<b>:</b>	<b>Executive Director (F)/IC</b>

Leave of absence was granted to Shri Vivek Aggarwal, Director.

At the outset, the Board of Directors warmly welcomed Shri Faiz Ahmed Kidwai, IAS, Principal Secretary, Food, Civil Supplies and Consumer Protection, Govt. of Madhya Pradesh for being on the Board of Directors of Food Corporation of India.

The Board of Directors appreciated the contribution made by Shri Shiv Shekhar Shukla, IAS, Principal Secretary, Food, Civil Supplies and Consumer Protection, Govt. of Madhya Pradesh, the outgoing Director in the deliberations of the meetings of the Board of Directors and passed the following Resolution:

“The Board of Directors of FCI placed on record the contribution of Shri Shiv Shekhar Shukla, IAS, Principal Secretary, Food, Civil Supplies and Consumer Protection, Govt. of Madhya Pradesh, for the deliberations in the board from time to time with his positive and constructive approach to matters relating to FCI.”

The Board authorized the CMD to convey the above said Resolution to the outgoing Director.

The Board of Directors took up the Agenda Items for consideration.

**1. ITEM NO. 62/2020 (399th -BD)**

**Sub: Confirmation of Minutes of 398th meeting of the Board of Directors of Food Corporation of India held on 20.07.2020.**

**"RESOLVED THAT** the Minutes of the 398<sup>th</sup> meeting of the Board of Directors of Food Corporation of India held on 20.07.2020, as already circulated be and are hereby confirmed."

**2. ITEM NO. 63/2020 (399th -BD)**

**Sub: Confirmation of Minutes of 42nd meeting of the Audit Committee of Food Corporation of India held on 20.07.2020.**

**"RESOLVED THAT** the Minutes of the 42<sup>nd</sup> meeting of the Audit Committee of Food Corporation of India held on 20.07.2020, as already circulated be and are hereby confirmed."

**3. ITEM NO. 64/2020 (399th -BD)**

**Sub: Confirmation of Result of Circulation Note No.6/2020 circulated vide file No. BC/4(6)/2020 to the Board of Directors of Food Corporation of India under Regulation 9 of the Food Corporations Regulations, 1965.**

**"RESOLVED THAT** the Result of Note No.6/2020 circulated vide file no. BC/4(6)/2020 regarding **"Extension of the Medical facility to the Direct Payment System (DPS) and No Work No Pay (NWNP) System workers of FCI for treatment of COVID-19 infection"** to the Board of Directors of Food Corporation of India under Regulation 9 of the Food Corporations Regulations, 1965 as already circulated, be and are hereby confirmed.

**4. ITEM NO. 65/2020 (399th -BD)**

**Sub: Confirmation of Result of Circulation Note No.7/2020 circulated vide file No.BC/4(7)/2020 to the Board of Directors of Food Corporation of India under Regulation 9 of the Food Corporations Regulations, 1965.**

**"RESOLVED THAT** the Result of Note No.7/2020 circulated vide file No. BC/4(7)/2020 regarding **"Extension of present monetary compensation scheme to cover the risk of life due to COVID-19"** to the Board of Directors of Food Corporation of India under Regulation 9 of the Food Corporations Regulations, 1965 as already circulated, be and are hereby confirmed.

**5. ITEM NO. 66/2020 (399th -BD)**

**Sub: Confirmation of Result of Circulation Note No.8/2020 circulated vide file No.BC/4(8)/2020 to the Board of Directors of Food Corporation of India under Regulation 9 of the Food Corporations Regulations, 1965.**

**"RESOLVED THAT** the Result of Note No.8/2020 circulated vide file No. BC/4(8)/2020 regarding **"Misconduct and criminal offence committed by Shri Abhishek Yadav, GM(Genl.), Z.O.(North), Noida"** to the Board of Directors of Food Corporation of India under Regulation 9 of the Food Corporations Regulations, 1965 as already circulated, be and are hereby confirmed.

**6. ITEM NO. 67/2020 (399th -BD)**

**Sub: Board of Directors – Report of Action Taken on the decisions taken in the 398th meeting held on 20.07.2020 and circulation note no.6,7 and 8.**

Noted.

**7. ITEM NO. 68/2020 (399th -BD)**

**Sub: Proposal for discontinuance of advance relating to purchase of conveyance i.e., Motor Car/Motor Cycle/ Scooter/ Moped/Bicycle.**

RESOLVED THAT the proposal as contained in Para 3 of the Agenda Note be and is hereby approved.

**8. ITEM NO. 69/2020 (399th -BD)**

**Sub: Proposal for extension of contractual appointment of Shri S.P. Kar, Executive Director (Retired) for a further period of six months w.e.f. 03.10.2020 on the existing terms & conditions.**

RESOLVED THAT the proposal as contained in Para 3 of the Agenda Note be and is hereby approved.

**9. ITEM NO. 70/2020 (399th -BD)**

**Sub: Extension of festival advance to 'NO WORK NO PAY' workmen.**

The Board of Directors while deliberating on the agenda pointed out that the departmental and DPS workmen are entitled for a festival advance of Rs. 10,000/- and Rs. 5,000/- respectively in a calendar year whereas festival advance for NWNP workers have been proposed as Rs. 6,000/- which is more than the DPS workers.

It was explained that the NWNP were paid Rs. 5,000/- during 2018 and 2019, therefore, it was felt appropriate to propose Rs. 6,000/- for the current year as they are lowest paid workmen. Further, the ceiling limit of festival advance for Departmental and DPS workers are due for revision which will be processed separately. .

Board of Directors after detailed deliberation resolved as under:-

"Payment of festival advance of Rs. 6,000/- recoverable in ten equal installment to NWNP system workmen for the year 2020 be and is hereby approved."

**10. ITEM NO.71/2020 (399th -BD)**

**Sub: Self- Performance Evaluation Report of MoU 2018-19 after finalization of Annual Account of FCI & Compliance of Criteria during 2018-19.**

The achievements of MOU 2018-19 was discussed by the Board of Directors and the proposal contained in Para 7 & 8 of the Agenda Note was approved. However, Board observed that the target in respect of some of the MOU parameters has not been achieved. The Board further directed that FCI should make all out efforts to achieve the same.

**11. ITEM NO. 72/2020 (399th -BD)**

**Sub: Amendment in Significant Accounting Policy of FCI.**

A proposal to make amendments in the following Significant Accounting Policy of FCI was placed before the Board for deliberation and guidance.

- (A) SAP 2 on "Inventories"
- (B) SAP 7 on "Investment"
- (C) SAP 16 on "Writing off of Bad & Doubtful Debts/Claims/Loans & Advance"
- (D) SAP 17 on "Write back of Liabilities/Trade payables"

It was also apprised to the BOD that an Agenda on above subject was also placed before the Audit committee in its meeting held on 15.10.2020. The Board after deliberation, accepted the recommendations of the Audit Committee and passed the following resolution:-

1. Resolution

- i) "Resolved that the Significant Accounting Policy no 2 of the Corporation on inventories be and hereby modified for preparation of financial statements of FCI for the FY 2019-20 and onwards, as under: -

- (a) "Inventories other than Pulses and Oilseeds are valued at lower of the cost, determined on weighted average acquisition cost basis or estimated realizable value. The costs considered for valuation of inventories includes cost of purchase, cost of conversion and other cost incurred in bringing the inventories up to the first point of storage. The differential amount payable to / recoverable from the State Government Agencies on account of revision in procurement incidentals are also accounted for as a cost of procurement of the year in which the Government of India finalize the Procurement and Distribution Cost Sheet of the concerned State Government. Accordingly,

while valuing closing stock of Foodgrain, differential payment / recoveries relating to earlier years are also taken into consideration as procurement cost.

(b) Inventory of Pulses and Oilseeds are valued at weighted average acquisition cost basis, being held on behalf of other party. The cost includes cost of purchase, cost of conversion and other cost incurred in bringing the inventories up to the first point of storage."

ii) "Further resolved that the Significant Accounting Policy no 7 of the Corporation on "Investment" be and hereby modified for preparation of financial statements of FCI for the FY 2019-20 and onwards, as under: -

"The carrying amount for current investments is the lower of cost and fair value. Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognize the decline."

iii) "Further resolved that Significant Accounting Policy no 16 on "Writing off of Bad & Doubtful Debts/Claims/Loans & Advance be and hereby modified for preparation of financial statements of FCI for the FY 2020-21 and onwards, as under:

(a) In respect of debts / claims of the Corporation against the Railways, Central Government, Central Public Sector Enterprises (CPSEs), State Governments, State Govt Agencies (SGAs) and State PSEs, the debt / claims are carried in the books of accounts of the Corporation for consecutive 10 (Ten) financial years from the year of its origin and in the 11th year, these claims/loans and advances/debts are written off as bad in the books of accounts, after following due procedure. Any future recoveries in these accounts are considered as income in the year of receipt. The claims of the Corporation for missing wagons/containers, against Railways/CONCOR are carried in the books till settlement/adjustment of claims.

(b) Debts / claims of the Corporation, which are sub-judice i.e. pending before any arbitrator or any Court of law, are retained in the books of accounts till final outcome of the Court/Arbitration case.

(c) The claims/loans and advances/debts of the Corporation, except at (a) & (b) above, are carried in the books of accounts of the Corporation for consecutive 5 (five) financial years from the year of its origin and in the 6th year, these claims/loans and advances/debts are written off as bad in the books of accounts, after following due procedure. Any future recoveries in these accounts are considered as income in the year of receipt."

iv) "Further resolved that the Significant Accounting Policy no 17 of the Corporation on Write back of Liabilities/Trade payables be and hereby modified for preparation of financial statements of FCI for the FY 2020-21 and onwards, as under: -

(a) In respect Railways, Central Government, Central Public Sector Enterprises (CPSEs), State Governments, State Govt Agencies (SGAs) and State PSEs, the liabilities are carried in the books of accounts for 5 years and in the 6th year, these are written back to income. Actual payment arising against above liabilities in future date are booked as expenditure in the year of payment. The liability of the Corporation for unconnected wagons/containers, against Railways/CONCOR are carried in the books till payment/adjustment of liability.

(b) In other disputed court related cases where judgement of the Arbitrator / the Court of Law is awaited, the liabilities are retained till final outcome of the Court/Arbitration Case."

(c) The liabilities of the Corporation, except at (a) & (b) above, are carried in the books of accounts of the Corporation for consecutive 3 years from the date of its origin and in the 4th year, these liabilities / trade payables are written back in the books of accounts and credited to Income after following the due procedure. Actual payment arising against above liabilities in future date are booked as expenditure in the year of payment.

**12.ITEM NO. 73/2020 (399th -BD)**

**Sub: Financial position of FCI.**

The financial position of FCI was deliberated in detail by Board of Directors. It was noted that the borrowings of FCI are increasing largely due to the arrears in the subsidy payment. The Board directed FCI to pursue all issues relating to the finances of the corporation with Government of India on a regular basis.

**13.ITEM NO. 74/2020 (399th -BD)**

**Sub: Action Taken Report on the C&AG's office observation contained in its Management letter on the Accounts of the FCI for the year 2018-19.**

It was apprised to the BOD that an Agenda on above subject was also placed before the Audit committee in its meeting held on 15.10.2020.

After deliberation and considering Audit Committee's recommendation, the Board approved the replies of the FCI Management to the CAG observations in the Management letter.

**14.ITEM NO. 75/2020 (399th -BD)**

Confidential (attached separately)

**15.ITEM NO. 76/2020 (399th -BD)**

Confidential (attached separately)

**16.ITEM NO. 77/2020 (399th -BD)**

Confidential (attached separately)

**17.ITEM NO. 78/2019 (399th -BD)**

**Sub: Status of Storage & Transit losses, Occurrence, Regularization and Pendency.**

The Board of Directors discussed in detail the trend of storage and transit losses. The Principal Secretary (Food), Government of Punjab mentioned during the discussion that FCI is recovering amounts towards operational losses in PEG godowns unilaterally whereas the instructions exist that before any recovery takes place, the unjustified storage and transit loss cases be discussed with the agency before taking any final view. The Board advised that the instructions may be reiterated to the Regions / Zones that unilateral recovery should be avoided.

**18.ITEM NO. 79/2020 (399th -BD)**

**Sub: Payment of Ex-gratia in lieu of Bonus to the eligible DPS & NWNP System labourers for the financial year 2019-20.**

The Board of Directors after detailed discussion and deliberation resolved as under:

"That Ex-gratia in lieu of Bonus @ 8.33% to the eligible Direct Payment System and No Work No Pay System labourers may be paid as per provisions of the Payment of Bonus (Amendment) Act 2015 for the financial year 2019-20."

**19.ITEM NO. 80/2020 (399th -BD)**

**Sub: Claims of CWC toward Storage Charges for 'over & above' storage capacity utilization in CWC godowns.**

"Board deliberated the matter and advised Additional Secretary (Policy), DoF&PD, Govt. of India to coordinate & finalize the report of the Committee."

**20.ITEM NO. 81/2020 (399th -BD)**

**Sub: Release of Final Productivity Linked Incentive (PLI) for the year 2018-19 after adjustment and release of advance against Productivity Linked Incentive for the year 2019-20 to all the employees below Board level and the Departmental and DPS labourers.**

RESOLVED THAT the proposal as contained in Para 3 of the Agenda Note be and is hereby approved.

**21.ITEM NO. 82/2020 (399th -BD)**

**Sub: Extension of the period of the scheme of Medical facility to the Direct Payment System (DPS) and No Work No Pay (NWNP) System workers of FCI for treatment of COVID-19 infection from 23.09.2020 to 23.03.2021.**

"RESOLVED THAT the proposal contained in Para 6 be and is hereby approved."

**22.ITEM NO. 83/2020 (399th -BD)**

**Sub: Compliance of order dated 8.3.2001 of Hon'ble Calcutta High Court in pith and substance as directed by Hon'ble Supreme Court vide order dated 22.10.2019 in the Contempt Petition (C) No. 809 of 2018 – Regularisation of Contract workers at Siliguri under appropriate system.**

The Board noted the compliance of order dated 8.3.2001 of Hon'ble Calcutta High Court.

**23.ITEM NO. 84/2020 (399th -BD)**

**Sub: Revision in FCI Defined Contribution Pension Scheme (DCPS) for introduction of National Pension Scheme (NPS) in FCI.**

RESOLVED THAT the proposal as contained in Para 7 of the Agenda Note be and is hereby approved.

**24.ITEM NO. 85/2020 (399th -BD)**

**Sub: Implementation of Risk Management Policy of FCI – reg.**

Noted.

**25.ITEM NO. 86/2019 (399th -BD)**

**Sub: Quarterly Statutory Compliance Report for the quarter ending 31st March, 2020 and 30th June, 2020 – Review of Compliance of all Laws applicable to the Corporation**

Noted.

**26.ITEM NO. 87/2020 (399th -BD)**

**Sub: Amendment in Regulation 54 Major penalty of the FCI (Staff) Regulations, 1971.**

RESOLVED THAT the proposal as contained in Para 2.1 and 2.2 of the Agenda Note be and is hereby approved.

**27.ITEM NO. 88/2020 (399th -BD)**

**Sub: Progress report of cases and action taken to recover losses from millers who delivered BRL/BPFA rice to FCI during KMS 2004-05 in Punjab Region.**

The Board discussed and deliberated the matter threadbare and noted the progress made in various cases, their status, efforts made and action taken to recover the losses from the defaulting millers through out of court settlement.

**28.ITEM NO. 89/2020 (399th -BD)**

**Sub: Amendment in Clause 1 and 7 of Regulation 58 (Procedure for Imposing Major Penalties) of the FCI, staff Regulation 1971.**

RESOLVED THAT the proposal as contained in Para 2.1 and 2.2 of the Agenda Note be and is hereby approved.

**29.ITEM NO. 90/2020 (399th -BD)**

**Sub: Statement of complaints of investors under Regulation 13 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Noted

**30.ITEM NO. 91/2020 (399th -BD)**

**Sub: Amendment in Regulation 22 (2) of FCI (Staff) Regulations, 1971 regarding Periodical Review for ensuring probity and efficacy among employees of FCI.**

RESOLVED THAT the proposal as contained in Para 4 of the Agenda Note be and is hereby approved.

**31.ITEM NO. 92/2020 (399th -BD)**

**Sub: Proposal for extension of contractual appointment of Shri B.S. Mohapatra, Executive Director (Retired) for a further period of six months w.e.f. 01.12.2020 on the existing terms & conditions.**

RESOLVED THAT the proposal as contained in Para 3 of the Agenda Note be and is hereby approved.

**32.ITEM NO. 93/2020 (399th -BD)**

**Sub: Execution of Sale Agreement & Supplementary Agreement between FCI & M/s AALL for operationalization of Bandel silo complex alongwith Railway siding.**

“RESOLVED THAT the proposal contained in Para 28(a) & 28(b) of Agenda Note be and is hereby approved”.

**33.ITEM NO. 94/2020 (399th -BD)**

**Sub: Use of Specialized Wagons acquired by the Developer cum operator, M/s AALL as part of circuit based silo project, for bulk movement of foodgrains from railway siding silos in procuring regions to Consuming regions silos.**

The process followed by FCI so far in arriving at the proposal and the rationale behind the proposal to use specialized wagon of circuit based project in the absence of any alternative to these wagons was apprised to the Board.

Already constructed rail siding silos at Kotkapura, Barnala, Patiala and Sangrur having capacity of 2.25 LMT and soon to be completed silos in consuming area in Ahmedabad and Katihar having capacity of 1 LMT require that bulk movement of foodgrains takes place between these silo, because of the following reasons :

- (i) Liquidation of stocks in keeping with requirement of Quality Control.
- (ii) Avoiding idling of capacity and consequent infructuous expenditure in terms of hiring charges for silos in consuming area which are likely to be completed by Dec, 2020.
- (iii) To leverage the possible gain in procurement of foodgrains by moving out old stocks from 4 silos in procuring area.

These aspects were also apprised to the Board.

BoD was of the view that these aspects including the action taken in the tender floated for selection of service provider with Specialized Wagons and the financial implication involved in complete operation also need to be included in the Agenda. The Board, therefore deliberated and directed that the above observations be incorporated in the agenda and circulated for deliberation and decision.

**34.ITEM NO. 95/2019 (399th -BD)**

**Confidential (attached separately)**

**NEXT MEETING**

A suitable date will be fixed in due course.