

Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Food & Public Distribution)

Krishi Bhavan, New Delhi - 110001  
Dated 25th January, 2010

To

33-401/24/  
27-1-10

1. Chairman and Managing Director,  
Food Corporation of India,  
New Delhi
2. Chairman-cum-Managing Director,  
Central Warehousing Corporation,  
New Delhi
3. The Food Secretary  
All States/UTs
4. The Managing Director,  
All State Warehousing  
Corporations

Subject Modification in Scheme for construction of godowns for FCI - storage requirements through Private Entrepreneurs -2008 - Circular dated 28.7.2008 and letters dated 24.10.2008, 13.7.2009 and 13.8.2009

Sir,

I am directed to refer to this Department's letter of even number dated 28.7.2008 regarding 'Scheme for construction of godowns for FCI - Storage requirements through Private Entrepreneurs- 2008'. On the request of FCI, the Scheme of providing five year guarantee has been reviewed and it has been decided as under:

- (1) To adopt the CWC indexed rates which has been worked out as Rs. 4.78 per quintal per month after indexing the CWC rate upto September, 2009. This will now be the guiding rate for the Scheme.

Accordingly, Clause 10.1 and Clause 14 are amended as below:-

Clause	Existing provision	Amended provision
10.1	FCI will fix ceiling rates for proposed godowns on the basis of local conditions after due study and in consultation with the implementing agencies (decided vide para 6 above) before giving out advertisements for inviting offers for a particular godown. These rates will form only the upper ceiling of rates and will be either equal or less than the rates payable to CWC.	FCI will fix ceiling rates for proposed godowns on the basis of local conditions after due study and in consultation with the implementing agencies (decided vide para 6 above) before giving out advertisements for inviting offers for a particular godown. These rates will form only the upper ceiling of rates and will be either equal or less than the CWC indexed rate of Rs.4.78 per quintal per month for normal hiring under one year guarantee.
14	CWC and SWCs will be paid on the basis of payments made by them to the private party [A] + expenses on foodgrain preservation, security etc.[B] (to be pre-determined by FCI and specified in the agreement) + supervision charges (upto maximum limit of 15% of [A]) subject to the ceiling of CWC rates for FCI for normal hiring under one year guarantee.	CWC and SWCs will be paid on the basis of payments made by them to the private party [A] + expenses on foodgrain preservation, security etc.[B] (to be pre-determined by FCI and specified in the agreement) + supervision charges (upto maximum limit of 15% of [A]) subject to the ceiling of CWC indexed rate of Rs.4.78 per quintal per month for normal hiring under one year guarantee.

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To empower the HLC of FCI to accept rates higher than the indexed ceiling rate for CWC after recording the reasons in writing on a case to case basis.

Accordingly Clause 10.3 is amended as under:-

Clause	Existing provision	Amended provision
10.3	<p>In case offers for rentals are higher than suggested, a detailed analysis about:</p> <p>(i) Desirability of storage space in such area;</p> <p>(ii) Alternative storage space including storage arrangement being adopted uptill now may be analyzed;</p> <p>(iii) Economics of clubbing of storage requirements with nearby storage facility may be carried out.</p>	<p>In case offers for rentals are higher than indexed rates as mentioned in para 1 above, a detailed analysis about:</p> <p>(i) Desirability of creating storage space in such area may be reassessed;</p> <p>(ii) Alternative storage space including storage arrangement being adopted till now may be analyzed;</p> <p>(iii) Economics of clubbing of storage requirements with nearby storage facilities may be carried out.</p> <p>On the basis of above analysis by FCI, the High Level Committee will be empowered to accept rates higher than the ceiling rates for CWC mentioned in para 1 above. Reasons for accepting higher rates may be recorded by HLC.</p>

(3) To offer a seven year guarantee period, instead of five years.

Accordingly Clause 13 is amended as under:-

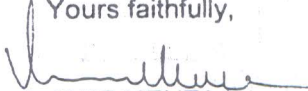
Clause	Existing provision	Amended provision
13	<p><u>Flexible guarantee period in case of high utilization locations</u></p> <p>13.1 In case at a particular location the percentage utilization in the past years has been high, say <u>more than 75%</u>, the bids can be invited for guaranteed period of more than 5 years. This is because if the percentage utilization has been high, the godowns would in any case be needed for a longer period of time and renewal period could be accordingly extended. Higher Guarantee period would ensure competitive bidding and lower rentals.</p>	<p><u>Fixed guarantee period for 7 years</u></p> <p>Under the Scheme, bids will be invited for a guarantee period of 7 years for creation of new storage facility only.</p>



<p>Therefore in case of high utilization capacity areas/godowns, the bids may be invited as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"><thead><tr><th>Guarantee period (years)</th><th></th></tr></thead><tbody><tr><td>5</td><td></td></tr><tr><td>6</td><td></td></tr><tr><td>7</td><td></td></tr><tr><td>8</td><td></td></tr><tr><td>9</td><td></td></tr><tr><td>10</td><td></td></tr></tbody></table> <p><b>13.2</b> The FCI will, however, be at liberty to release the godown after the minimum guarantee period of 5 years.</p>	Guarantee period (years)		5		6		7		8		9		10		<p style="text-align: center;">AMIT MEHTA DIRECTOR (FCI) Tel.No. 23385238</p> <p>Clause 13.2 of the Scheme stands deleted.</p>
Guarantee period (years)															
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(4) A new Clause 8.2 will be inserted in the Scheme as under :-

"8.2 For States where CWC/SWC are not present or due to some reasons CWC/SWC are not agreeable to be the implementing agency as envisaged in the Scheme, FCI will be the implementing agency and it may issue the tenders directly."

Yours faithfully,  
  
( AMIT MEHTA )  
DIRECTOR (FCI)  
Tel.No. 23385238