

No. 192(11)/2014-FC A/Cs  
Government of India  
Ministry of Consumer Affairs, Food & Public Distribution  
Department of Food & Public Distribution

Krishi Bhawan, New Delhi  
Date: 15<sup>th</sup> July, 2014

To,

The Principal Secretary,  
Food & Supplies Department,  
Government of Gujarat,  
Gandhinagar.

Subject: Fixation of provisional incidentals of wheat (FAQ) to be procured by Government of Gujarat and its agencies for the Central Pool and economic cost thereof procured under the decentralised procurement scheme during the Rabi Marketing Season 2014-15 in new gunny bags.

Sir,

I am directed to convey the approval of the Government of India for payment of the following provisional rates of procurement incidentals to Government of Gujarat and its agencies for procurement of wheat by them for Central Pool in 50 kg. new gunny bags only during 2014-15 Rabi Marketing Season :-

S. No.	Item of incidental	Rate (Rs./qtl.)
1.	Cost of wheat (MSP)	1400.00
2.	Statutory Charges	
	(i) Market fee @1% of MSP subject to production of documentary proof and notification	14.00
3.	Mandi Labour Charges (for handling of wheat in mandi)	9.13
4.	Transportation and handling charges (for transporting wheat from mandi to storage point, loading at mandi and unloading at storage point)	19.96
5.	Commission to Societies (*)	27.00
6.	Storage & Interest charges (at mandi)	1.20
	(a) Storage Charges for 15 days @Rs.2.40 per qtl. per month for CAP storage.	
	(b) Interest Charges @ 11.79 % p.a. for 15 days on the sum of MSP, statutory charges and mandi labour charges	6.90
7.	Cost of new gunny bags	88.04
8.	Administrative Charges @2.5% of MSP	35.00
	Total	<b>1601.23</b>
	Less: Cost of the grain (MSP)	1400.00
	Net incidental	201.23

Note: (\*) Applicable wherever societies are entrusted with the task of procurement and subject to condition laid vide this Deptt.'s order no. 192(4)/2003-FC A/cs dated 26.7.2013.

2. Guarantee fee will be payable if it is actually paid and would be subject to the maximum of 1/8% of MSP worked out on the estimated quantity of wheat delivered to FCI procured under PSS for the central pool. No interest on delayed payment on this account will be payable.

3. The State Govt. and its agencies will deliver the wheat 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 30.6.2014 shall be payable only on such FCI refused quantity of wheat.

4. The above rates will be payable to the State Govt. and its agencies for delivery of wheat till 30<sup>th</sup> June 2014. Thereafter, Carryover charges will be payable at the prevailing rate of interest and pattern adopted by the Reserve Bank of India i.e. on monthly compounding basis @ 11.79 % as claimed by State Government, calculated on MSP (+) Incidentals (-) Administrative Charges, along with the agreed storage charges of Rs. 2.40 per quintal per month for CAP storage and Rs. 6.14 per quintal per month for covered storage. For the month of dispatch, carryover charges will be allowed at half the rate.

5. 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 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/discharged upto 30<sup>th</sup> June every year, and thereafter, one time storage gain would be realized irrespective of the period of storage.

6. 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 29.06.07 issued by the Ministry of Railways, the same may be taken into account before making payments by FCI.

7. The above rate will be applicable to only those quantities, which are handed over to the Food Corporation of India for the Central Pool.

8. For the stocks retained by the State Government for distribution under the scheme of decentralised procurement operation, the following economic cost of wheat (FAQ) will be payable to the State Government:

Economic Cost

S. No.	Item	(Rs./qtl.)	
<b>A. Acquisition Cost</b>		<b>1601.23</b>	<b>1601.23</b>
<b>B. Distribution cost</b>		<b>Covered</b>	<b>CAP</b>
1.	Storage Charges @Rs.2.40 per qtl. per month for CAP storage and @Rs.6.14 per qtl. per month for covered storage for 5.5 months	33.77	13.20
2.	Interest Charges @ 11.79 % for 5.5 months on acquisition cost less interest charges less administrative charges	84.64	84.64
3.	Handling & Transportation charges	49.45	49.45
4.	Administrative charges @ 1% on MSP	14.00	14.00
5.	Transit Loss @0.35% on sum of MSP, statutory charges, mandi labour charges and transportation & handling charges of acquisition cost (of Rs.1443.09)	5.05	5.05
Total Distribution Cost		186.91	166.34
<b>C. Economic Cost</b>		<b>1788.14</b>	<b>1767.57</b>
Storage Gain *		14.43	10.10
<b>D. Economic Cost after deducting storage gain</b>		<b>1773.71</b>	<b>1757.47</b>

\*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 & handling charges of acquisition cost (Rs.1443.09). 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 30<sup>th</sup> June every year, and thereafter, one time storage gain would be realized irrespective of the period of storage.

9. The rate/cost of RMS and other elements as indicated above are provisional in nature. The State Government should send its claim for final incidentals alongwith accounts audited by the auditors appointed by the Comptroller and Audit General and documentary proof and detailed justification for each item at the earliest after the end of the season. .

10. 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.

11. This issues with the concurrence of Integrated Finance Division vide their Dy. No.115/FA/2014 dated 30.6.2014.

Yours faithfully,

Dated: 15.07.2014

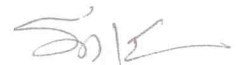


(Sanjay Kumar)

Under Secretary to the Govt. of India  
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Copy to:

1. The Executive Director (Procurement), FCI, New Delhi-110001.
2. The Executive Director (Finance), FCI, New Delhi-110001.
3. The Senior Regional Manager, FCI Regional Office, Gujarat region, Industry House, Ashram Road, Behind Natraj Cinema, Ahmedabad.
4. The Principal Director of Commercial Audit and Ex-Officio Member Audit Board-IV North Zone, 2<sup>nd</sup> Floor, Khadya Sadan, 16-20 Barakhamba Lane, New Delhi-110001.
5. The Principal Director of Commercial Audit and Ex-Officio Member Audit Board -IV, 10-Bahadur Shah Zafar Marg, New Delhi-110002.
6. Advisor (Cost)/Director (FC A/cs)/ DS (Finance)/ U.S (Finance-I)/ U.S.(Policy-I)
7. Guard File.



(Sanjay Kumar)

Under Secretary to the Govt. of India