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Gram : 'FOODCORP'  
फैक्स नं. : एचएफसीआई एनडी  
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FAX NO. : HFCI ND

भारतीय  
खाद्य  
निगम



FOOD  
CORPORATION  
OF INDIA

मुख्यालय  
नई दिल्ली  
Headquarters  
New Delhi

00911123413241 १६-२०, बाराखम्बा लेन, नई दिल्ली-११००१, दूरभाष-४३५२७६६७, ४३५२७६६६  
00911123413162 16-20, BARAKHAMBA LANE, NEW DELHI-110001, PHONE : 43527697, 43527698

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३९८९-१०३९९०

दिनांक: 02.09.2014

कार्यकारी निदेशक (अंचल),

भारतीय खाद्य निगम,

आंचलिक कार्यालय,

मुंबई

विषय: Various issues regarding construction and taking over of godowns under PEG scheme.

Sir,

A meeting was held with MD, MSWC and various private investors of Maharashtra state under PEG scheme with regard MSWC's letter dated 11.07.2014 (copy enclosed). During the deliberations a number of issues came to light which showed lack of clarifications regarding provisions of MTF and guidelines issued under PEG scheme. The issues raised and discussed are as under:

**1. Payment of storage charges for godowns constructed under PEG scheme:**

MD, MSWC and investors informed that though the godowns have been completed in all respects storage charges are being paid on actual stock basis citing lack of proper dunnage materials as mentioned in PEG guidelines/MTF.

In this regard reference of Clause 31 of the MTF may be taken as under:

"SWC, after satisfying itself that the godown has been completed as per specifications and terms & conditions of this contract will take over the godown within one month of completion of the godown in all respects and the guarantee period will start from the date of taking over of the godown. In case, the godown is completed in the extended stipulated time, SWC will have the discretion to choose the date of taking over the godown within 3 months of completion. In case of delay beyond one year, the agreement is liable to be cancelled."

Provision of proper dunnage material as mentioned in Appendix-I of the MTF is one of the inseparable part of the MTF for safe storage of foodgrains and must be ensured before taking over of the godowns. It is requested to inform nodal agencies and investors accordingly. Moreover, takeover of the godowns on guarantee should be ensured as per timeline provided in the above mentioned clause.

2. **Kind of dunnage:** MD, MSWC and private investors contended that as per Clause no. 35 of the Model Agreement of Guarantee to be signed between nodal agency and private investors for godowns constructed with lease and services, either of wooden crates or bamboo mats may be used as dunnage material. It appears that there is lack of clarity among nodal agency and investors regarding the kind of dunnage material to be used in PEG godowns.

In this regard it is to be noted that Item no. 8 (Kind of Dunnage) of **Appendix-I** provided in the MTF clearly states that *“Wooden crate is an ideal dunnage as it keeps the stacks about 5 inch high from the floor and provides constant circulation of air under the bags. 40 Wooden crates of laid-down specification will be used as dunnage under each stack of size 30 ft. x 20 ft.”* Further, in point no. 1 & 2 of **“Providing of Necessary Infrastructure for Proper up keep of Health of foodgrain stocks in godowns by the investors at Warehouses”** manner in which dunnage material is to be used has been clearly laid down i.e. bamboo mats are to be used one layer of wooden crates. Thus, Clause no. 35 of the Model Agreement of Guarantee to be signed between nodal agency and private investors for godowns constructed with lease and services should not be read in isolation.

Moreover, henceforth Clause no. 35 of the Model Agreement of Guarantee to be signed between nodal agency and private investors for godowns constructed with lease and services should be read as under:

“The lessor shall provide all infrastructure required i.e., Dunnage Wooden Crates & Bamboo mats, LDPE Covers, Nets, Tarpaulins, Insecticides fumigation and spraying equipments required for application of insecticides and other chemicals, locks, weighing scales and all other equipments as may be required for proper upkeep of health of stocks etc., in accordance with the advice of the Technical Assistant of the Lessee and in compliance to Appendix.”

3. **Writing off the storage losses and RTL case in time:** It has been submitted by MSWC that godown owners are submitting the storage losses and Railway Transit Losses (RTL) case to FCI but these cases have not been written off in time and amount is being withheld or recovered from storage charge bills.

In this regard Clause no. 23 “Storage Losses” of the Model Agreement of Guarantee to be signed between nodal agency and private investors for godowns constructed with lease and services may be referred as under:

“The Lessor will be responsible for abnormal storage losses at the time of dispatch of the stocks, if on an investigation by the Lessee the same are found to be because of the fault of the Lessor. The storage losses acceptable to FCI will be allowed and the value of unacceptable losses in storage will be recovered in the same manner as FCI deals with the storage losses/gains applicable to the stocks of FCI.”

It is requested to take action as per above clause and Delegation of Power of FCI.

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4. **Non-compliance of circulars issued by FCI for mechanism of payment of storage charges:**

Investors are complaining that RO, Mumbai is not complying with mechanism of payment of storage charges circulated vide this office letter dated 20.05.2013. In this regard, RO, Mumbai may forward comments on the matter.

5. **Supply of empty gunnies by Food Corporation of India:** MD, MSWC has expressed his disagreement over Clause No. 2.4 of the Model Agreement of Guarantee to be signed between FCI and CWC/SWC for construction of godowns on their own land regarding replacement of gunny bags due to normal wear and tear during handling operations. In this regard it is informed that above provision is incorporated after consultation with Finance Division and due deliberation in 35<sup>th</sup> HLC meeting held on 24.07.2013.

Moreover, as per GoI letter dated 13.07.2009 (copy enclosed), for godowns constructed by CWC/SWC on their own land, FCI has to pay hire charges at the rates recommended by CAB/Tariff Commission for the relevant year. Thus, it will better if MSWC approaches CAB/ Tariff Commission to consider guuny replacement as a component while deciding the tariff CWC rates. Same was also agreed upon by MD, MSWC during meeting held on 15.07.2014.

Thus, it is not possible for FCI to re-visit the document at this juncture.

6. **Entering into agreement (MoU) between MSWC & FCI:**

In this regard it is informed that an agreement between FCI and CWC is under finalization. As soon as it is finalized an agreement may be executed on similar lines.

7. **Down gradation case & H&T bill amount withheld from FCI i.e. ₹ 82,03,146/- (Ratnagiri):**

RO is requested to examine the same and take appropriate action in a time bound manner.

8. **Disposal of admixed stock of wheat in storage at Aurangabad:**

RO is requested to examine the same and take appropriate action in a time bound manner.

9. **Disposal of damaged wheat stock lying at Chandrapur and release of withheld amount of ₹ 53 lakhs against it:**

RO is requested to examine the same and take appropriate action in a time bound manner.

10. **Releasing withheld amount towards supervision charges:**

RO is requested to examine the same and take appropriate action in a time bound manner.

**11. Unilateral deduction and withholding of huge amount by Pune, Manmad and Nagpur FCI office:**

RO is requested to examine the same and take appropriate action in a time bound manner.

**12. Difference payment of ₹ 2,44,946/- Chandrapur Warehouse August, 2008 to September, 2008 towards H&T bills (SOR):**

RO is requested to examine the same and take appropriate action in a time bound manner.

**13. To release demurrage warfage charges for ₹ 10,77,719 at Nagpur:**

RO is requested to examine the same and take appropriate action in a time bound manner.

**14. Deduction of ₹ 7,37,965 against H&T bills at Lonand:**

RO is requested to examine the same and take appropriate action in a time bound manner.

**15. Deduction of ₹ 18,14,837 as rebooking charges at Dhule:**

RO is requested to examine the same and take appropriate action in a time bound manner.

**16. Release of ₹ 42,94,714/- towards H&T bills of Aurangabad:**

RO is requested to examine the same and take appropriate action in a time bound manner.

**17. De-hiring the regular reservation of MSWC:**

RO is requested to provide detailed report on the matter along with its comments.

**18. Consideration of RTL/STL case of different warehouse of MSWC:**

RO is requested to take appropriate action at its own level.

**19. Outstanding storage and H&T bills as on June, 2014:**

RO is requested to examine the same and take appropriate action in a time bound manner.

भवदीय,

*(संदीप देवरा)*

0/c उप महाप्रबंधक (भंडारण एवं अनुबंध)

प्रतिलिपि:

1. प्रबंध निदेशक, MSWC, पुणे।
2. महाप्रबंधक (क्षेत्र), भा.खा.नि, क्षेत्रीय कार्यालय, मुंबई ।

*(संदीप देवरा)*

0/c उप महाप्रबंधक (भंडारण एवं अनुबंध)

Issued  
03-09-14

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