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GOVERNMENT OF ANDHRA PRADESH

Office of the Commissioner of
Civil Supplies, A.P., Hyderabad.

Dated: 23.10.2015

CCS Ref.No. Proc.5/371/2015

From
Smt. G. Jaya Lakshmi, I.A.S.,
Commissioner of Civil Supplies,
A.P., Hyderabad.

To
The VC & Managing Director,
A.P.S.C.S.C.L.,
Hyderabad.

The General Manager,
Food Corporation of India,
A.P., Hyderabad.

Sir,

Sub: CS- Execution of MOU with Government of Andhra Pradesh, for
undertaking Decentralized Procurement of Paddy/Rice for KMS
2015-16 onwards - Reg.

Ref: GOI Lr. No. 3(4)/2015-Py.I, Dt: 13.10.2015 of the Director (Movt.),
M/o CA, F & PD, D/o F & PD, Krishi Bhavan, New Delhi.

I am forwarding a copy of the reference cited for taking necessary
action in the matter.

Encl: As above.

Yours faithfully,

Smt. G. Jaya Lakshmi
for Commissioner of Civil Supplies, 23/10/15



74040

No. 3(4)/2015-Py.I
Government of India

Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution

Krishi Bhawan, New Delhi.
Dated the October, 2015

To

The Commissioner of Consumer Affairs
Food & Civil Supplies Department,
Civil Supplies Bhavan,
Government of Andhra Pradesh,
Eramanzil Colony, Somajiguda,
Hyderabad-500 082.

Subject: Execution of MOU with Government of Andhra Pradesh for undertaking
Decentralized Procurement of Paddy/Rice for KMS 2015-16 onwards –
regarding.

Sir,

I am directed to refer to Government of Andhra Pradesh's Letter No. CCS
Ref.No.Proc.5/371/2015 dated 02-10-2015 on the above subject and to enclose a copy
of MOU duly signed by Shri U.K.S. Chauhan, Joint Secretary on behalf of this
Department for necessary action.

Encl : As Above

Yours faithfully,


13-10-15
(R.K. Singh)

Director (Movt.)
Tel. No. 23382709

1-D (per-)
Exec (per-)
21/10/15
DD (per-)
PROC

**Memorandum of Understanding for Decentralised
Procurement of paddy / Rice in KMS 2015-16 onwards**

1. The Government of *Andhra Pradesh* 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 **2015-16** onwards. Before commencement of the Kharif Marketing Season, Government of *Andhra Pradesh* must declare the quantity they intend to retain as DCP stock for distribution out of Central Pool. Paddy shall be procured by the Government of *Andhra Pradesh* or its agencies at Minimum Support Price (MSP) and bonus, if any, declared by Government of India, from time to time. Any incentive bonus declared by the Government of *Andhra Pradesh* over and above the MSP and bonus declared by Government of India, shall be borne by the State Government, however, in the situation of State giving any bonus over and above MSP (including central bonus, if any), 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. 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.
2. 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.
3. 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 allocation made by the Central Government at prices notified and effective on the date of issue of Release Orders by the Central Government. 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. State Government shall restrict availing credit facility from RBI for the estimated stocks of paddy to be procured for the Central Pool only. The State Government shall verify the quantities distributed under TPDS and other Welfare Schemes against allocations made by the Government of India and raise the bills for subsidy on the Department of Food & Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, Government of India, as per guidelines of Government of India. The payment shall be released directly through e-mode in favour of the Government of *Andhra Pradesh*.



4. The State Government shall furnish on daily basis, the Revenue district-wise details regarding procurement of paddy/rice during previous day to the concerned District & Regional office of the Food Corporation of India (FCI) for making entries in Online Procurement Monitoring System (OPMS). State Government / Agencies will provide details of paddy stored in miller's premises (miller-wise), if any on weekly basis which will be verified on test check basis by FCI and GOI as per need. 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. The state Government shall also ensure feeding of data in DISFM, besides providing certified statements to the Central Government and FCI, by the 10th of every month about the details of quantity of rice distributed under TPDS, scheme-wise, such as Antyodaya Anna Yojana, BPL and APL and other Welfare Schemes during the previous month and the stocks left with the State Government on the last day of the previous month. 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. In case rice is lifted from FCI also for distribution, details of the same shall also be submitted. Any other information deemed necessary by the Central Government shall also be furnished by the State Government from time to time. In addition, 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.

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

6. 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.

7. 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.



8. 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.

9. 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.

10. 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, Driage (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.

11. After end of respective financial year, State Government/ 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, Driage (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.

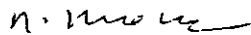


12. If any stock procured for distribution under TPDS remains undistributed after end of any particular year, then stock will be valued at the rates applicable for the year and added to the stock procured during the next year. In case of balance stock of previous years, distributed during the subsequent years, 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.

13. In case of any dispute arising out of the operation of the scheme or interpretation of the terms of the MOU, the decision of the Central Government taken, shall be final.

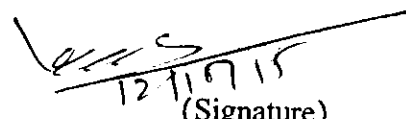
14. The MOU will be applicable for the Kharif Marketing Season 2015-16 onwards for procurement operations of paddy/Rice.

(Signature)



Principal Secretary,
Government of Andhra Pradesh
Consumer Affairs, Food & Civil Supplies Department

Commissioner of Civil Supplies Department &
Ex. Officio Secretary to Government
Consumer Affairs, Food & Civil Supplies,
Andhra Pradesh, Hyderabad.



(Signature)

Joint Secretary (Policy & FCI)
Department of Food and Public Distribution
Government of India
New Delhi