

APSCSCL. H.O.

31 DEC 2013

HYDERABAD

GOVERNMENT OF ANDHRA PRADESH

Office of the Commissioner of
Civil Supplies, AP, Hyderabad

00-809

CCS Ref.No. PI (1)/7193/2013

Dt:30.12.2013

From

Sri Sunil Sharma, I.A.S
Commissioner of Civil Supplies &
Ex.Officio Secretary to Govt.,
Consumer Affairs, Food &
Civil Supplies Department
Hyderabad.

To

✓ The VC & Managing Director
APSCSC Limited,
Hyderabad.

The Managing Director,
A.P.MARKFED
Hyderabad.

(Handwritten signature)

(Handwritten signature)

Sir,

MKTG

Sub: CS - Handbook of Guidelines for submission of Final Claims of Procurement Incidentals/Economics Cost by the State Governments - Reg.

Ref: Lr.No.192 (29)/2007-FC A/cs, Dated: 17.12.2013 received from the Joint Secretary to GOI, Ministry of CA, F&PD, Department of F&PD, GOI, New Delhi.

\$\$\$

I am herewith enclosing a copy of the reference, which is self explanatory for taking necessary action in the matter.

Encl: copy of reference.

Yours faithfully,

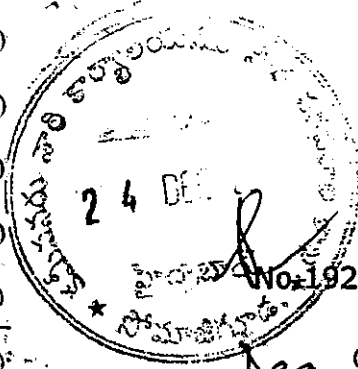
(Handwritten signature)
For COMMISSIONER OF CIVIL SUPPLIES

(Large handwritten signature)

Joint Secretary (Policy&FCI)
Ph. No.: 2338 2512
Fax No.: 2338 9358
Email: jspolicy.fpd@nic.in



उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्रालय
भारत सरकार
खाद्य और सार्वजनिक वितरण विभाग
कृषि भवन, नई दिल्ली - 110001
JOINT SECRETARY
GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS,
FOOD & PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION
KRISHI BHAWAN, NEW DELHI-110001
December 17, 2013



7193

No. 192(29)/2007-FC A/cs

Dear Shri Sharma,


I would like to inform that vide this Department's letter of even number dated 16.09.2010, a Handbook of Guidelines for submission of Final Claims of Procurement Incidentals/Economic Cost by the State Governments were circulated among some States. Along with the Handbook, a set of proforma for submission of proposals was also circulated. Till now, State Governments have been submitting their proposals in the aforesaid proforma. However, keeping in view the difficulties being faced by the some States in submitting their proposals and shortcomings observed by Procurement Incidental (PI) Cell in processing these claims, Department has undertaken an exercise to revise the proforma for submission of the claims. PI Cell of the Department has since devised a set of new proforma, a copy of which is enclosed herewith for your kind information along with a copy of the Handbook of Guidelines for submission of Final Claims of Procurement Incidentals/Economic Cost by the State Governments circulated vide 16.09.2010. It is requested that in future, proposals may be submitted in the revised proforma to facilitate expeditious processing of the claims by FCI and PI Cell.

2. The proposals not submitted in the revised proforma would not be entertained and will be returned to the State Government. I would, therefore, like to request you to please instruct the concerned officials of your State to submit the proposal in revised proforma for early examination and finalisation of the rate.

With regards,

Yours sincerely,

Encl: as above


(U.K.S. Chauhan)

Shri Sunil Sharma,
Commissioner of Civil Supplies,
Ex-Officio Secretary to Con.Aff, F&CS Deptt,
Civil Supplies Bhawan,
Eramanzil Colony, Somajiguda,
Hyderabad - 500082.

**Proforma for Acquisition Cost of CMR- Raw Rice/Parboiled Rice -CP
(Rs/Qtl)**

S.No	Particulars	GOI PCS		State's claim		Remarks
		Common	Grade A	Common	Grade A	
1	MSP					
	Value cut (applicable for URS only)					
	Net MSP					
2	Incentive Bonus (If any)					
3	Special Drought Relief (If any)					
4	Statutory charges					
(a)	Market fees					
(b)	Nirashrit Shulk					
(c)	Commercial Tax					
(d)	Purchase Tax/VAT/Trade Tax					
(e)	Rural Development Cess					
(f)	Infrastructure Development Cess					
(g)	Others - specify, if any, applicable in the State					
5	Mandi labour charges/ Handling Charges					
6	Commission to Societies					
7	Driage/shortages (applicable for Raw Rice only)					
8	Custody & maintenance charges					
9	Interest Charges					
10	Transportation Charges					
11	Milling charges					
12	Administrative charges					
13	Cost of 1 Qtl of paddy					
14	Out turn ratio					
15	Sub total					
16	Cost of Gunny Bags					
17	Gunny depreciation					
18	Internal movement of gunny bags					
19	Cost of 1 Qtl of Rice					

Proforma for Acquisition cost of Wheat -CP

(Rs/Qt)

S.No	Particulars	GOI PCS	State's claim	Remarks
1	MSP			
	Value cut (applicable for URS only)			
	Net MSP			
2	Incentive Bonus (If any)			
3	Special Drought Relief (If any)			
4	Statutory charges			
(a)	Market fees			
(b)	Nirashrit Shulk			
(c)	Commercial Tax			
(d)	Purchase Tax/VAT/Trade Tax			
(e)	Rural Development Cess			
(f)	Infrastructure Development Cess			
(g)	Others - specify, if any, applicable in the State			
5	Mandi labour charges/ Handling Charges			
6	Commission to Societies			
7	Custody & maintenance charges			
8	Interest Charges			
9	Transportation Charges			
10	Administrative charges			
11	Cost of Gunny Bags			
12	Internal movement of gunny bags			
13	Acquisition Cost			
14	Less: Storage/Moisture Gain			
15	Net Acquisition Cost			

Proforma for Acquisition cost of Wheat (Mode-wise)

(Rs./Qtl.)

S. NO.	Items	GOI PCS		State's claim		Remarks
		CAP	COVERED	CAP	COVERED	
A	Expenses for stocks delivered to FCI at mandi & loaded into trucks/carts (Ex-Mandi Deliveries):-					
		CAP	COVERED	CAP	COVERED	
1	Cost of Wheat (MSP)					
	Value cut (applicable for URS only)					
	Net MSP					
2 (a)	Incentive Bonus (If any)					
(b)	Special Drought Relief (If any)					
3	Statutory Charges					
(a)	Market fees					
(b)	Nirashrit Shulk					
(c)	Commercial Tax					
(d)	Purchase Tax/VAT/Trade Tax					
(e)	Rural Development Cess					
(f)	Infrastructure Development Cess					
(g)	Others - specify, if any, applicable in the State					
	Non-Statutory Charges					
4	Dami/Arhatia commission					
5	Mandi labour Charges					
6	Administrative charges					
7	Gunny cost					
8	Guarantee fee					
9	Total for ex-mandi mode (sum 1 to 8)					
B	Expenses for deliveries from Mandi to FCI Local Godowns/Railhead:-					
10	Cost under (A) mode of delivery					
11	Handling Charges					
12	Transportation charges upto FCI local Godown/Railhead					
13	Total cost under this mode of delivery (sum 10 to 13)					
C	Expenses for stock utilised for Ex-Godwns of the State Govt. (Ex-Godowns Deliveries):-					
14	Cost incurred under (B) mode of delivery					
15	Handling Charges					
16	Custody & Maintenance charges					
17	Interest Charges					
18	Forwarding Charges					
19	Transportation Charges upto State Govt./ Agency Godown					
20	Total cost under this mode of delivery (sum 14 to 19)					
D	Expenses incurred for deliveries from agency godowns to FCI godowns (FOR) :-					
21	Cost incurred under (C) mode of delivery					
22	Handling Charges					
23	Transportation charges from State Govt./ agency godowns to FCI godowns					
E	Total Acquisition cost (sum 21 to 23)					
24	Storage/Moisture gain					
F	Net Acquisition cost (E-24)					

Year 2013-14

Season

KMS

Annexure - 1

State Name

Crop

Coarsegrain (Maize/Bajra/Jowar)

Stage

CP

Proforma for Acquisition cost of Coarsegrain-Maize/Bajra/Jowar

(Rs/QtI)

S.No	Particulars	GOI PCS	State's claim	Remarks
1	MSP			
2	Incentive Bonus (If any)			
3	Special Drought Relief (If any)			
4	Statutory charges			
(a)	Market fees			
(b)	Nirashrit Shulk			
(c)	Commercial Tax			
(d)	Purchase Tax/VAT/Trade Tax			
(e)	Rural Development Cess			
(f)	Infrastructure Development Cess			
(g)	Others - specify, if any, applicable in the State			
5	Mandi labour charges/ Handling Charges			
6	Commission to Societies			
7	Driage/Shortages			
8	Custody & maintenance charges			
9	Interest Charges			
10	Transportation Charges			
11	Administrative charges			
12	Cost of Gunny Bags			
13	Internal movement of gunny bags			
14	Storage/Transit loss			
15	Acquisition Cost			

Proforma for Economic Cost of CMR- Raw Rice/Parboiled Rice -DCP

(Rs/Qtl)

S.No	Particulars	GOI PCS		State's claim		Remarks
		Common	Grade A	Common	Grade A	
A.	Acquisition Cost					
1	MSP					
	Value cut (applicable for URS only)					
	Net MSP					
2	Incentive Bonus (If any)					
3	Special Drought Relief (If any)					
4	Statutory charges					
(a)	Market fees					
(b)	Nirashrit Shulk					
(c)	Commercial Tax					
(d)	Purchase Tax/VAT/Trade Tax					
(e)	Rural Development Cess					
(f)	Infrastructure Development Cess					
(g)	Others - specify, if any, applicable in the State					
5	Mandi labour charges/Handling Charges					
6	Commission to Societies					
7	Driage/shortages (applicable for Raw Rice only)					
8	Custody & maintenance charges					
9	Interest Charges					
10	Transportation Charges					
11	Milling charges					
12	Administrative charges					
13	Cost of 1 Qtl of paddy					
14	Out turn ratio					
15	Sub total					
16	Cost of Gunny Bags					
17	Gunny depreciation					
18	Internal movement of gunny bags					
19	Acquisition Cost of 1 Qtl of Rice					
B.	Distribution Cost					
20	Storage Charges					
21	Handling Charges					
22	Transportation charges					
23	Interest charges					
24	Transit and Storage loss					
25	Administrative charges on quantity retained by the State Govt. for distribution under PDS					
26	Total distribution cost					
27	ECONOMIC COST (A+B)					

Proforma for Economic cost of Wheat - DCP

S. NO.	Item	GOI PCS	State's claim	Remarks
A	Acquisition Cost :-			
1	MSP			
	Value cut (applicable for URS only)			
	Net MSP			
2	Incentive Bonus (If any)			
3	Special Drought Relief (If any)			
4	Statutory charges			
(a)	Market fees			
(b)	Nirashrit Shulk			
(c)	Commercial Tax			
(d)	Purchase Tax/VAT			
(e)	Rural Development Cess			
(f)	Infrastructure Development Cess			
(g)	Others - specify, if any, applicable in the State			
5	Mandi labour charges/Handling Charges			
6	Commission to Societies			
7	Custody & maintenance charges			
8	Interest Charges			
9	Transportation Charges			
10	Administrative charges			
11	Cost of Gunny Bags			
12	Total Acquisition cost			
B	Distribution Cost			
13	Storage Charges			
	CAP			
	Covered			
14	Interest Charges			
15	Handling and Transportation Charges			
16	Transit & Storage Loss			
17	Total Distribution Cost - CAP			
	Total Distribution Cost - Covered			
18	Total Economic Cost- (12+17)-CAP/ Covered			
19	Less: Storage Gains			
20	Net Economic Cost (18-19)-CAP/ Covered			

Year 2013-14
State Name

Season KMS Stage
Crop Levy Rice

CP Annexure-VI

Proforma for Economic cost of Levy Rice

S.no.	Particulars	GOI PCS		State's claim		Remarks
	Items	Common	Grade'A'	Common	Grade'A'	
A	Acquisition cost / Notified rate of levy rice					
B.	Distribution cost					
1	Storage Charges					
2	Handling charges					
3	Transportation charges					
4	Interest charges					
5	Transit and Storage loss					
6	Administrative charges on equivalent to 1 qtl of Rice					
7	Total distribution cost					
C	ECONOMIC COST (A+B)					

Year 2013-14
State Name

Season KMS/RMS
Crop CMR/Wheat/Coarsegrain

Schedule

Proforma for Mandi Labour charges

The Options of Mandi Labour charges calculations may vary from State to State and case to case.

Option-I As per GOI PCS

Option-II As per State's claim

(a) As per APMC Rates

S.No	Activities as per Mandi Board	For 50 Kg/bag (Rs.) *	Rs./Qtl
1	2	3	4=(3*2Bags)
1	Filling & Placing the unit on the platform balance		
2	Weighing		
3	Unloading from the Balance		
4	Mannual/Machine Stitching		
5	Sutri charges		
6	Marka (Labelling) & Loading of bags		
7	Temporary stacking/destacking		
8	Total Mandi Labour Charges per Qtl		

*If State Govt. filled 35 kg paddy in 50 Kg bag, then, APMC mandi labour charges will be allowed accordingly.

(b) As per Annual Accounts

Year 2013-14 Season KMS/RMS Stage DCP
 Name Crop CMR/Wheat/Coarsegrain

Proforma for Transportation and Handling charges at distribution stage

Options of Transportation charges calculations may vary from State to State and case to case.

Option-I As per GOI PCS

Option-II As per State's claim

Based on the Slab Rates			
S.No	Particular	Unit	Total
A	Transportation charges		
	Average Distance		
1(a)	From Rice Mills to SWC/CWC godowns	kms	
1(b)	From Storage godowns to base (district godowns) for disposal to block godown	kms	
2	Average Rate/qty for average distance from Rice mills to SWC godown *	Rs/qty	
3	Average Rate/qty for average distance from SWC godown to block godown**	Rs/qty	
4	Transportation rate/qty (S.No 2+3)	Rs/qty	
B	Handling charges		
5	Unloading at SWC/CWC godown	Rs/qty	
6	Loading at Block godown	Rs/qty	
7	Unloading at block godown	Rs/qty	
8	Total	Rs/qty	
C	Total Transportation and Handling Charges (A+B)	Rs/qty	

Transportation Slab Rates

S.NO	Distance Slabs	Rates Slabs p.km.p.q.
1	1-10	
2	11-50	
3	51-100	

* Rice Mills to SWC/CWC godowns

S.No.	Particulars	Rate p.km.p.q. for Avg. Distance#
1	Rate of distance covered from 1-10	
2	Rate for distance covered under the range of 11-50	
3	Rate for distance covered under the range of 51-100	
4	Total	

** From SWC godowns to base (district godowns) for disposal to block godown for distribution

S.No.	Particulars	Rate (Rs/km/qty)
1	Rate of distance covered from 1-10 kms	
2	Rate for distance covered under the range of 11-50	
3	Rate for distance covered under the range of 51-100	
4	Total	

(b) As per Annual Accounts

Note:

1)	The Slab rates may vary from year to year and State to State.
2)	In the case of Paddy/CMR Acquisition stage, average distance will be considered from procurement centres to Storage centre and from Storage centres to Miller's place.
3)	In the case of wheat distance from procurement centre to storage godowns at acquisition stage and distance from storage godown to block level godowns will be considered.

Year: 2013-14
State Name:

Season: KMS/RMS Stage: DCP
Crop: CMR/Wheat

Proforma for Cash Flow Statement*

Months	Opening Balance including Interest (Rs./Lac)	Procurement as per stock statement (Qty. in Qtl)	Cash Outflow (Rs./Lac)	Total Qty Distributed (in Qtl)	Quantity distributed under BPL	Quantity distributed under AAY	Sales Realisation under BPL @Rs./qtl (Rs./Lac)	Sales Realisation under AAY @Rs./qtl (Rs./Lac)	Total Sales Realisation (Rs./Lac)	Subsidy received (Rs./Lac)	Net Cash Outflow (Rs./Lac)	No. of Days	Interest Rate	Interest (Rs./Lac)	Closing Balance including interest (Rs./Lac)
1	2	3	4=3*Cost per qtl	5=6+7	6	7	8	9	10=8+9	11	12=2-4-10-11	13	14	15=(12*13*14)/365 days	16=12+
Total															

*May or may not be considered depends upon the actual facts & figures

Total Distribution Quantity (In Qtl) (as per col.5)
Total Interest (as per Col 15)
Interest Cost Per Qtl.

*** Working for calculating interest at distribution stage**

Particulars	Amount	
	Raw Rice	PB Rice
Acq Cost per quintal	-	-
Less: Interest at Acq. Stage	-	-
Net P. Cost per quintal	-	-
Avg. Acq. Cost per quintal	-	-

#	Date of sanction	Amount in Lacs	Date of Receipt	Sanction Order No.
Total				

Total Subsidy released

(A)
(B)
(A)/(B)

S.No	particulars	Unit	FY 2013-14	FY 2014-15	Total/Weighted Average
1	2	3	4	5	
1	As per Annual Report/Audited Accounts				
1	Administrative expenses				
1.1	Employees cost	Rs. Lakhs			
1.2	Other administrative expenses	Rs. Lakhs			
2	Total administrative expenses of Orgn.	Rs. Lakhs			
3	Total Purchases of the Orgn. *	Rs. Lakhs			
4	Total Purchases under MSP (CMR+Levy+Wheat+Coarsegrain) #2	Rs. Lakhs			
5	Proportionate Administration charges (S.No. 2/3*4)	Rs. Lakhs			
6	Administrative expenses already allowed in RMS 2013-14 (Rs. ---/qtl*--- qtl) (Ref. Report no.-- /RFF/PIC (R))	Quintals			
7	Proportionate Administration expenses to be allowed for KMS 2013-14 (S.No.5-6)	Rs./Qtl			
8	Rice Distributed during KMS 2013-14 (As per stock flow statement-Schedule--)	Quintals			
9	Administrative charges per qtl for Rice (S.No.7/8)	Rs./Qtl			
10	Administrative charges % of MSP (i.e. Rs.--- /qtl)	%			
11	Administrative charges as per policy	%			
12	Recommended	%			
13	MSP	Rs./Qtl			
14	Recommended	Rs./Qtl			

Note:-

- 1) The above format is for KMS Marketing season where two financial years are involved. In the case of RMS, only col. 1 to 3 will be prepared.
- 2) The Revised Methodology mainly apply to the State Governments which involved in the procurement & distribution of more than one crop. In case the State Govt involved in the procurement & distribution of only one crop, the working note 2 given below will not be required.

Workings:-

S.No.	Food & Supply Department	FY 2013-14	FY 2014-15
1	Salaries (head 2408)		
2	Salaries (head 4408)		
3	Subtotal		
	Less:- Recoveries		
	From Contractor/Staff		
	U/M 2408		
	Subtotal		
4	Net Salaries		
5	Other administrative expenses		
	i) Other Miscellaneous Charges		
	ii) SPS Consumed		
	iii) Pensionary Charges		
	iv) Stationary		
	v) Audit charges		
	vi) P.O.J		
	vii) Bank Commission		
	Total		
	Less:- Recoveries		
	Tender Fee		
6	Net		

	FY 2013-14	FY 2014-15
Total Purchases *		
Grain		
Sugar		
Paddy		
Gunnies		
Millers/Pvt.		
Bags from other agencies		
CMR		
Grains recd. from other regions		
Bags recd. from other regions		
Total		

Particulars	Units	Agency	Rate	Am't (Rs./qtl)	Amount (Rs./Lakhs)	Ag. Coefficient/Aacc
CMR	Qtl					
Levy	Qtl					
Coarsegrain	Qtl					
Wheat (F.No. ---/2013/FC A/c) & ---/2014-FC A/c)	Qtl					
Total (Paddy+Levy+Wheat+Coarsegrain)	Qtl					

Year 2013-14
State Name

Season
Crop CMR/Wheat/Coarsegrain

15

Proforma for Shortages

The Options of Shortages calculations may vary from State to State and case to case.

Option-I As per GOI PCS

Option-II As per State's claim

As per the Annual Accounts of the State Government

S.No.	Particulars	Unit	FY 2013-14	FY 2014-15	Average
	1	2	3	4	$5 = \frac{3+4}{2}$
1	Sales/issues	Unit			
2	Shortages	Unit			
3	%age shortages	%age			
4	Acquisition Cost	Rs./qtl			
5	Driage/Shortage (S.No.3*4)	Rs./qtl			

Note(s):-

1	In the case of shortages at acquisition stage, Procurement will be considered in place of Sales/issue and MSP will be considered in place of Acquisition cost for shortages.
2	The above format is for KMS Marketing season where two financial years are involved. In the case of RMS, only col. 1 to 3 will be prepared.

Year 2013-14
State Name

Season MS/RW/S
Crop MR/Wheat/Coarsegrain

16

Proforma for Gunny Cost

The Options of Gunny Cost calculations may vary from State to State and case to case.

Option-I As per GOI PCS

Option-II As per State's claim

(a) As per DGS&D

S.No.	Gunny cost	Unit	Rs. Per Hundred bag
	Qty (Bags) Purchased	100 Bags	
1	Basic price	100 Bags	
2	Branding Charges	100 Bags	
3	Cess/Duty	100 Bags	
4	CST @ 4% on (1 to 3)	100 Bags	
5	Railway Freight	100 Bags	
6	Deptt. charges @ 1/2% on (1 to 4)	100 Bags	
7	Inspection Fee @1/2% on (1 to 4)	Per Bag	
8	Total Cost	Per Qtl	
9	Total Cost	100 Bags	
10	Total Cost	Per Bag	
11	Interest on S.No. (1 to 4, 7&8) for 5 months	Per Qtl	
12	Interest Cost	Per Qtl	
13	Gunny Cost		

(b) As per Annual Accounts

(5)

No. 192(29)/2007-FC A/cs (Part)
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution

Krishi Bhavan, New Delhi
Dated: 16th September, 2010

To,
The Principal Secretary,
Food & Civil Supplies Department,
Government of Chhattisgarh, Gujarat, Haryana, Kerala, Madhya Pradesh,
Orissa, Punjab, Tamil Nadu, Utrakhand and West Bengal.

Subject: Guidelines for State Governments/Agencies for submission of incidentals claims for finalization.

Madam/Sir,

I am directed to inform that the matter regarding finalization of procurement incidentals/economic cost of wheat, rice and coarsegrains has recently been reviewed in this Deptt. and to streamline the process of finalization of incidentals a draft handbook containing broad guidelines for the State Governments and its agencies for furnishing the claim for finalization of incidentals has been prepared. The handbook is inter-alia intended to curtail the time taken in submission of claim and its finalization. A copy of draft handbook is enclosed.

2. You are requested to send comments of your State Govt. on the draft handbook positively by 24.09.2010. To discuss and finalize the proposals contained in the draft handbook, a meeting with major procuring States is scheduled to be held in the Committee Room (R.N. 41) at 11:00 AM on 28.09.2010, Krishi Bhavan, New Delhi under the Chairmanship of JS(P&FCI).

3. You are requested to make it convenient to attend the said meeting so that the handbook may be finalized by this Deptt. for compliance of all-concerned.

Encl: as above.

Yours faithfully

(Anurag Sharma)

Under Secretary to the Government of India
Tel: 23073798

Copy with a copy of draft handbook to ED (Proc), FCI, New Delhi with the request to send the comments of FCI by 24.09.2010 and attend the meeting on 28.09.2010.

Copy with a copy of draft handbook to:

1. AS &FA
2. CMD, FCI
3. JS (P&FCI)

Copy with a copy of draft handbook with the request to attend the meeting to:

1. Adviser(Cost)

2. Director (Policy)/Director (Finance)/JD(M)/US(Fin.i)

Copy with a copy of draft handbook to:

PS to Secretary (F&PD)

लिफ्ट के साथ
लिफ्ट परेड करा जाये
एड एफ एफ
16/9/10

Guidelines for State Governments/Agencies

For

**Submission
of
Incidental claims**

September 2010

**Procurement Incidentals Cell
Department of Food & Public Distribution
Ministry of Consumer Affairs, Food and Public Distribution,
Krishi Bhawan, New Delhi**

INDEX

Particulars	Pg. No
Preface	03
Chapter-I	04
Introduction	04
1. Food Grain Policy	04
2. Coarse Grain Policy	04
3. Reimbursement of subsidy	05
4. Provisional Cost Sheet	05
5. Provisional Subsidy	05
6. Finalization of cost sheet	05
6.1 Provisional Finding	05
6.2 Comments on provisional finding	06
6.3 Meeting with State Govt.	06
6.4 Final Finding	07
7. Final Subsidy	07
Chapter-II	07
A. General Information	08
B. Guidelines for claiming different incidentals	08-09
1. MSP & Incentive Bonus by GOI/State	09
2. Statutory Charges/Cess	10
3. Arthia Commission/Dami	10
4. Mandi Labour Charges	11
5. Commission paid to Societies	11
6. Custody & Maintenance Charges	13
7. Shortage/Draige	13
8. Storage Gain	13-14
9. Interest Cost	15
10. Transportation & Handling Charges	16
11. Administrative Charges	16-17
12. Packing Cost (Gunny Cost)	18
Check List	
Annexure	I
Quantitative Details	II-A
Cost Sheet of-CMR/Paddy/Rice	II-B
Cost Sheet of-Wheat/Coarse Grain (Maize/Bajra/Lower)	III
Stock Flow Statement	IV
Cash Flow Statement	V
Reconciliation Statement of income & expense of P&L Account	VI
Allocation of Expense as per Marketing season wise	

Preface

Government of India (GOI) procures food grains wheat, rice and coarse grains through Food Corporation of India (FCI) and State Agencies at Minimum Support Price (MSP). In order to maximize procurement of wheat and rice and to ensure that benefits of Minimum Support Price (MSP) reaches the farmers, the Government started the scheme of Decentralized Procurement (DCP) of food grains in the year 1997-98 under which the States undertake the responsibility of not only procuring food grains from within the State but also distributing the same to the targeted population under TPDS and other welfare schemes.

2. The Central Government undertakes to meet the entire expenditure incurred by the State Government Agencies on the procurement operations undertaken on behalf of it. In this regard for each marketing season provisional cost sheets for procurement/distribution incidentals for each State are issued. These rates are finalized on the basis of Audited Accounts/Claims of the States.

3. There are long delays in submitting the procurement incidental claims by some of the States. Some of the claims submitted are not audited or are submitted without requisite supporting documents. As per law, audited accounts of State undertakings are required to be placed before the State Assemblies within 9 month of completion of a financial year, hence State Governments should normally have no difficulty in submitting final claims alongwith audited accounts, within 1 year of close of procurement in RMS and in case of KMS, within 1 ½ years. Proposals received after a delay of many years and that too bunched up and often without relevant supporting documents results in further delay in settling the final subsidy claims of the State Government. Moreover, number of deficiencies are found in the States' initially submitted claims. To streamline the process of finalization of incidentals, this document has been prepared to provide broad guidelines for the State Governments and its agencies to prepare and furnish the claim so that the finalization of incidentals does not take much time and cross-references may be avoided to a great extent.

4. The Handbook has been structured into two chapters. The first chapter briefly indicates the policy and procedure in finalization of the incidentals. The second chapter includes the general guidelines to be followed for submitting the claims and also the details required for each type of incidentals. Certain illustrative proformae are also enclosed which can be suitably amended keeping in view the accounting system in vogue and specific characteristic of a claim for the particular commodity and/or marketing season involved. A check list has also been enclosed so that the State Governments/Agencies may ensure that the vital information are included in their claim(s).

5. This is first initiative by the Department in bringing out the guidelines in a consolidated manner. Though adequate care has been taken to frame these broad guidelines in a simple manner and to cover the different types of situations, Users are requested to offer their comments and suggestions to enable the Department to improve upon the guidelines.

Secretary
Department of Food & Public Distribution
Government of India
New Delhi.
September, 2010.

Chapter I: Introduction

1. Foodgrain Policy

1.1 The foodgrains procurement policy of the Government of India (GoI) has the following objectives:-

- a) To ensure that farmers get remunerative prices for their produce:
- b) To meet the requirement of Targeted Public Distribution System and other welfare schemes of the Government, so that the subsidized foodgrains are supplied to the poorer and needy; and
- d) To build up buffer stocks of foodgrains to ensure food security.

1.2. To meet the above objectives, the Government procures wheat and rice every year through Food Corporation of India (FCI) and State Govts./Agencies at Minimum Support Prices (MSP). Wheat procurement is done by FCI and State Agencies directly from the farmers or through Arthias/Cooperative Societies. In case of rice, however, apart from procuring paddy directly from the farmers and getting it custom milled, a substantial quantity is procured through rice millers in the form of levy. Rice millers procure paddy from the farmers, convert it into rice and deliver the same to FCI and State Governments / Agencies.

1.3 In order to maximize procurement of wheat and rice and to ensure that benefits of Minimum Support Price (MSP) reaches the farmers, the Government started the scheme of Decentralized Procurement (DCP) of foodgrains in the year 1997-98 under which the States undertake the responsibility of not only procuring foodgrains from within the State but also distributing the same to the targeted population under TPDS and other welfare schemes.

2. Coarsegrain Policy

In order to ensure that there is no distress sales by the farmers below MSP, whenever the market prices are below the MSP, the Government of India has been advising the coarse grains procuring State Government /Agencies to procure the coarse grains at MSP on behalf of FCI/ Govt. of India and retain the quantity procured to the extent of their requirement for PDS and balance be disposed of by FCI for which difference between the economic cost and disposal price is paid as subsidy to the State Govt.

3. Reimbursement of Subsidy

The Central Government undertakes to reimburse the entire expenditure incurred by the State Governments/Agencies on the procurement operations undertaken on behalf of it. Following stages are involved in this regard:-

- (i) Issue of provisional cost sheet
- (ii) Reimbursement of provisional cost to non-DCP States by FCI on delivery of foodgrains to Central Pool.
- (iii) Release of provisional and advance subsidy directly to DCP States by the Department
- (iv) Finalization of the cost sheet on the basis of Audited Accounts/Claims of the States.
- (v) Release of balance final cost/subsidy.

4. Provisional Cost Sheet

Since the details of actual expenditure incurred by the State Governments Central Pool (CP) and DCP operations are available only after such operations are over for a particular marketing season's viz. Rabi and Kharif Marketing seasons, GOI issues provisional cost sheets (PCS), separately for Central Pool (CP) & DCP operations, before the beginning of the every market season for each State. The incidentals for provisional costs sheet are decided/ issued on the basis of proposal submitted by the State Govt. and standard "principles" fixed by the Department in July 2003 and revised from time to time on the request of State Governments. Various elements of cost normally indicated are enclosed in annexure

5. Provisional Subsidy

On the basis of PCS, State Governments doing only CP operations claim provisional payments from FCI for the quantity of food grain delivered to FCI whereas the DCP states submit quarterly claim to the Department based on PCS and the quantity distributed in the quarter under TPDS/OWS. 95% of such provisional subsidy is paid to the State Governments. In addition, 90% of the estimated subsidy based on estimated distribution of food grains for the next quarter is also paid as Advance Subsidy. Such advance subsidy is adjusted from the claim of the States made during the subsequent quarter.

6. Finalization of the Cost sheet

Provisional cost sheet issued for each marketing season is finalized by the Department on the basis of details of audited accounts of the commodity involved and other information/documents submitted by the State Governments. The procedure in brief is as under:-

Time limit for submission of audited accounts is mentioned in the provisional cost sheet and also in the MoU signed between the State and Central Government.

Claims submitted by the State Governments are examined and finalized in the Department as per the following procedure: -

i) **Provisional Finding** – The claim and other documents submitted by the State Governments are examined an interim report known as "Provisional Findings" is prepared by the Department based on the available information. Alongwith proposed rates for final incidentals, such findings contain the details of deficiencies and anomalies observed during examination of the claim, supporting documents not submitted by the States.

ii) **Comments on provisional findings** – A copy of the Provisional Findings is sent to the State Governments with a request to send their comments, if any, within 30 days. State Governments are also given the option to indicate whether they want further discussion in the matter. In case the comments/views of the State Government are not received within a period of 30 days from the date of the receipt of the provisional findings, the

procurement incidentals are to be finalized on the basis of provisional findings and other information available.

iii) **Meeting with State Governments** – After receipt of States' comments, if State Governments want, a meeting in the Department is convened to discuss the issues under dispute. If required States are given further time to submit any other additional information/documents.

iv) **Final Finding/ Final Cost sheet** – Based on the comments/information received from the State and discussions held in the meeting, final finding is prepared and a final cost sheet for the particular commodity/marketing season is issued.

7. Final subsidy

Claims for final subsidy are to be prepared by the States based on the Final Cost sheet and are to be submitted for reimbursement to FCI for central pool and to the Department of Food & Public Distribution for DCP operations. *The distributions out of stock of previous years are to be evaluated on the basis of cost of respective marketing season so that subsidy claim is based on the concept of "Pooled Cost". For DCP operations, due care is to be taken to claim for the quantities which are distributed within the authorized allocation of GOI i.e. actual off-take of authorized allocation after excluding the off-take out of quantities lifted from FCI. From the final claim, provisional subsidy, advance subsidy, other payments/advance paid to the State Government are appropriately adjusted before making the final due amount.*