

## **STANDARD OPERATING PROCEDURE (SOP) IN PEG GODOWNS FOR PUNGRAIN OFFICIALS, INVESTORS (OPERATING ON LEASE WITH SERVICE) AND PMS AGENCY.**

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All the operations in godowns constructed under PEG-2008 Scheme comes basically under the purview of GOI instructions issued from time to time for launching this scheme. Most of the operating instructions are available and covered in Tender Terms and conditions laid down for these godowns taken under lease and lease with Services Agreements entered between FCI & Pungrain, Pungrain and Investor, Pungrain and PMS contractor etc. HQs have also issued various instructions from time to time and clarifications, which have also been covered in this SOP. It is the responsibility of all concerned to go through all such instructions and agreements thoroughly and ensure their implementation. Yet efforts have been made to pick up the relevant portion and bring the same in the shape of Standard Operating Procedure (SOP) for PEG godowns. While implementing these instructions, effort may be made to read the same with above documents so as to avoid any ambiguity in following and implementing the same. Further efforts have also been made to address each and every query ever raised by field officers from time to time thus **this SOP virtually will serve as a GUIDE to ones every operational problem.**

**2. Agreement between Pungrain and Investor:** An Agreement with Investor has to be done as per **Annexure-I** of relevant MTF (Model Tender Form) with the Investor which has **only leased** the godown. For Investors which has **Leased** the godown with **Service**, the Agreement is to be executed on **Annexure-II** of MTF. The contents of these Annexures are different for 7 and 10 year guarantee period and both types of MTF are available on [www.foodsuppb.nic.in](http://www.foodsuppb.nic.in) and [www.fciweb.nic.in](http://www.fciweb.nic.in) as such careful selection of Annexure has to be made for both guarantee period i.e. 7 and 10 years. It has been observed that various District Offices have entered in to agreement on wrong format which has caused legal complications in case of any dispute. Therefore, care has to be taken in choosing the right Annexure for right Investor and right guarantee period for executing correct format of agreement. Careful reading of these Agreement will provide full guidelines in dealing with both types of Investors who have leased their godowns for 7 and 10 year guarantee.

**3. Agreement of Guarantee between Pungrain and FCI:** Here also a care has to be taken that FCI places only right format before Pungrain for execution. For 7 year Guarantee period the only one common Format is available in MTF meant for both Investors which have only leased out their godowns and also for Investors which have leased out the godowns with services. These Formats can also be down loaded from the Food & Supplies' as well as FCI websites.

**3.1.** For 10 year guarantee scheme ( both for Lease only and Lease with service Investors), the same format as meant for 7 years were in use, but FCI has devised common Format last year for both types of Investors and both types of guarantee period and the same has also been circulated among field offices for its execution. Pungrain has disputed over some Clauses particularly about appointing Handling and Transport Contractors(HTC) by Pungrain in PEG depots for 2 years and also recovery of LAS (Loss Assessment Statement) from Pungrain in case any quality complaint is received from destination. Pungrain has partially resolved the issue of appointing only HLC(Handling Labour Contractor) without the element of transportation which will be carried out by FCI itself once the delivery of stocks at Weigh Bridge (WB) is given to FCI by Pungrain. But the issue of period (for 1 year or 2 years) of appointment remain unresolved. The second issue of LAS is still not resolved and Pungrain is contesting forcefully. However, all the field offices have been advised to enter in to the new agreement with FCI on the original Format as prescribed subject to ratification at the later stage. As soon as the issues of LAS and period of appointment of HLC is settled with FCI, we will circulate revised format for the purpose of executing Agreement with FCI.

**4. Execution of Performance Guarantee:**The successful Tenderer at the time of execution of lease shall also furnish a Performance Guarantee towards fulfilment of the contractual obligations under "lease" agreement @ **Rs. 50/MT** and under "lease and services" agreement @ **Rs. 100 /MT** for full storage capacity of the godown(s) in the form of irrevocable Bank Guarantee issued by any Nationalized Bank failing which the contract is be liable to be terminated without prejudice to such other remedies as may be available to the PUNGRAIN under the terms of the contract/law. The Bank Guarantee shall be in the prescribed Form (in MTF) as available in FCI and Food and Supplies' websites. The Bank Guarantee will remain valid till six months after the expiry of the lease period. It shall be the responsibility of the Tenderer to ensure that Bank Guarantee remains continuously valid during the currency of lease period and six months thereafter. Pungrain will independently verify from the issuing Bank the genuineness of Bank Guarantee as well as its extensions from time to time as furnished by the tenderer.

**5. Agreement with PMS Contractor:** Pungrain has centrally appointed one PMS contractor namely M/S Origo Commodity India Ltd and entered in to with them agreement for 2 contractor. First contract is for 16.97LMT capacity at the rate of Rs.1.89 per Qtl/month for a period of 3 years with the provision of extension. Second contract is for 10LMT capacity at the rate of Rs.2.13/Qtl/month. The copies of both these agreements are available in our department website. As per these contracts, M/S Origo is fully responsible for receipt, store, preserve and maintain both quality and quantity of the stocks and delivery to FCI. They are also responsible

for any downgradation in quality, safe custody/security of stocks, 100% insurance of stocks, abnormal storage loss/lesser Storage gain than the prescribed norms by FCI.

## **6. Duties and responsibilities of District Manager, Pungrain:**

**6.1.** DM, Pungrain must acquaint himself well about the existing PEG-2008 Scheme launched by GOI and Tender terms and Conditions for construction and operation of godowns under the scheme so that he is fully aware of all the important issues to be acted upon on day to day basis. The Tender Document contains the detailed tender terms and conditions along with different formats to be used for Agreement to be entered between Pungrain and Investor as Annexure-1(for Lease only) and Annexure-II(For Lease with Service), Bank Guarantee Performa-A (For supplementary Guarantee to be furnished with EMD), Model Form for Bank Guarantee applicable for lease period as Appendix-II, Salient features of Quality Control Manual as Appendix-1, Specifications proposed for construction of PEG godown as Schedule-1also containing schedule of periodical inspection of godown during construction by Pungrain and FCI.

**6.2.** DM, Pungrain must keep full information about the locations of all the PEG godowns under construction in his jurisdiction and nominate one officer from field or his office for each such godown separately to coordinate the timely and periodical inspection of the godown. The nominated officer is also supposed to visit the construction site allotted to him and keep DM, Pungrain fully informed about the status of construction.

**6.3.** As soon as the orders are received fromPungrain HQs. about joint periodical inspection, it is job of DM to coordinate and ensure timely inspection by FCI and XEN, PWD team.

**6.4. Taking over the Godown:** Once the godown is completed, final inspection carried out jointly and orders for taking over are received from Pungrain HQs, It is duty of the DM to immediately ensure that PMS and Handling contractor is positioned. Such arrangement, in fact is required to be made well in advance so that when the taking over orders is received, the godown can immediately be offered to FCI. He will execute Agreement with the Investor after all the arrangements are intact and Performance Guarantee is furnished by the Investor.

**6.4.1. Executing correct Agreement with Investor:** It is also to be ensured that only relevant Agreement format is used while executing Agreement with Investor. Instances have come to the notice of HQs where one of the DMs has executed Agreement meant for Lease and Services under 7 year Guarantee, where as he should have executed the Agreement meant for Lease only under 10year guarantee. Hence it is reiterated that Annexure-1(for Lease only) and Annexure-

II(For Lease with Service) under 10 year guarantee scheme as contained in the Tender Document should be executed

**6.4.2. Offering godown to FCI:** Then offer the godown to FCI in writing for taking it over. As per tender terms and conditions, FCI is bound to take over the godown within 1 month of its completion if the godown has been completed within 1 year by the Investor. In case, godown has been completed during extended period of 1 year, Pungrain has discretion to choose the date of taking over the godown within 3 months of completion. An Agreement is to be executed on the format already prescribed with FCI. The date of commencement of guarantee period will start from the date of executing Agreement with FCI by Pungrain.

**6.4.3. Verification of Bank guarantee:** DM is to ensure that the Bank Guarantee furnished for Performance Guarantee or for any other purpose is duly verified about its genuinty from the bank concerned and also ensure that its period of validity does not expire till the contract period is over plus 6 months thereafter. There are chances of furnishing Fake Bank Guarantees by the Investors or use of same BG at many sites, hence Pungrain is required to be extra careful in this regard.

**6.5.** DM, Pungrain, is the overall supervisory officer and is responsible for maintenance of both quality and quantity of food grains stored under central pool.

**6.6. Posting of staff and Officers:** He is responsible to post suitable staff in each PEG godowns and keep a watch on their activities involved in maintenance of food grains in the concerned godowns. Sufficient staff and officers are to be posted in the godowns where PMS work is with Pungrain itself. One AFSO ranked officer is posted in each depot to have better supervisory control. Further a cluster of PEG depots be also attached to a DFSO to have better coordination and administrative control and ensure periodical inspections and visit to the godown under his control.

**6.7. Billing to FCI and release of payments:** DM is to regulate the monthly process of submission of rental, PMS and 15% Service Charges bills to FCI. For the purpose of monthly release of rent to the investor, he (Investor) will submit 12 pre-receipted monthly bills during the last week of March of every year to Pungrain. Further, Pungrain will submit these bills to FCI. FCI will release 100% rent in the case of godown taken over on 'Lease with Service' and 60% in the case of 'lease' only. The balance 40% payment will be released by FCI on furnishing monthly PMS certificated duly signed by FCI officers. FCI will deposit the monthly rent through RTGS in the bank Account of concerned Pungrain District Office.

**6.7.1.** The bills for PMS and Supervision charges will be submitted to FCI along with PMS certificate of each depot. HQs have already issued detailed instructions on the methodology to claim bills on the formats prescribed.

**6.8.** After receipt of payment from FCI in Pungrain Bank Account, Pungrain will leave instruction to concerned bank to transfer the rent to the Bank Account of the Investor.

**6.9. PMS Certificate:** It is the duty of PMS agency i.e. who so ever is responsible for preserving the stocks in PEG godowns, to prepare the PMS Certificate on FCI prescribed Format and get the authentication from by self and Pungrain Inspector by 2<sup>nd</sup> of each month, and then obtain the signature of Manager(D) and Manager(QC) of FCI posted in respective depot and send the same to Pungrain Do by 3<sup>rd</sup> of every month. DM, Pungrain will submit the same to AM, FCI along with PMS and Supervision Bill of each depot by 5<sup>th</sup> of the month without fail. It should be the joint endeavour of both PMS Agency and the Pungrain to ensure that FCI officers do not give any kind of adverse remarks on the PMS Certificates to avoid any type of recoveries by FCI from monthly bills. Such adverse remarks should be resisted by full force and if at all, the FCI officers insist for the same, the intervention of senior officers like AFSO/DFSO should be sought for.

**6.10. Accounting:** In District office, DM Pungrain ensures that the proper accounts are being maintained under appropriate Headsof revenues and expenditure pertaining to PEG Godowns. He is to keep proper liaison with FCI and ensure that the payments against monthly bills are received in time without any delay to save the interest element involved. The Accounts are to be maintained as guidelines already issued from time to time by HQs. Month wise, Investor wise, component wise details of amount claimed from FCI, payment received, withheld, recovered with reasons need to be submitted on formats already prescribed by HQs.

**6.10.1.** In case, FCI makes any recoveries on one account or the other, it is the responsibility of DM to take up the matter with FCI and extract the withheld payment. The reasons for the same are to be ascertained from FCI and plug the loopholes in future to avoid any such deductions by FCI.

**6.11.** He is also responsible for submission of timely returns to Pungrain's HQs on monthly basis or as may be prescribed by MD, Pungrain. Monthly KPI, Monthly Stock Account, Storage Loss trend and its regularisation by FCI, Payment of Service Tax status by the Investors, PMS contractors, HLCs etc.

**6.12.** He is also responsible for positioning Handling Contractor in each depot as per Labour Policy amended from time to time by HQs and ensures that all pre-requisites as per labour laws are maintained / implemented in each depot.

- 6.13.** He is also responsible to ensure that the Investor is paying all taxes as per law of land.
- 6.14.** DM, Pungrain should also ensure that FCI moves the stocks as per FIFO and the movement are not ignored from PEG godowns.
- 6.15.** DM, Pungrain is to ensure that the stocks and scheduled property remain insured at all times during the agreement period at Lessor's cost.
- 6.16.** In order to ensure security of the stocks stored in each PEG Depot, DM will ensure Annual/Quarterly PV of the stocks and take follow up action. This is very important since the central pool stocks worth Crores are in Private Investor's hands/custody and department shall not take any chance for any misappropriation of stocks.
- 6.17.** During the contract period, if any structural or instrumental deficiencies like non maintenance of roads, floors, leakage, boundary wall, office, water, electricity, non instalment/nonworking of Cameras, Weigh Bridge etc, DM will serve time bound notice on the Investor and incase the same is not repaired, he will get the repairs done at the risk and cost of the Investor and recover the same from his rental.
- 6.18.** DM is to enter in to AMC (Annual Maintenance Contract) beyond Guarantee period of weighbridge and recover the amount from the Investor. Similarly cost of installation of Broadband will be borne by the Investor and monthly bill will be paid by M/S Origo Commodity India ltd.
- 6.19.** In godowns taken over on 'Lease' repeat 'Lease' only, Pungrain is to pay monthly electricity and water Bill where as in 'Lease with Service' hired godowns, these charges are to be borne by the Investor concerned.
- 6.20.** DM, is to ensure that Investor, PMS contractor, HLC pay regular service tax as per instructions issued from time to time and get the reimbursement from FCI. He is to ensure that at no cost reimbursement is delayed by FCI to avoid financial loss to Pungrain on account of bank interest.

## **7. Duties and responsibilities of staff posted in PEG Depots:**

**7.1. Preservation of stocks:** The PMS agency is solely responsible for preservation of stocks in accordance with the Appedix-1 of the tender (MTF) terms and condition, under head '**Salient features of SWC Quality Control manual as inforce and as may be amended from time to time by the SWC which shall be a part & parcel of the terms and conditions of Preservation contract**'. It will be the duty of the Pungrain official posted in depot that the PMS

agency/Investor follow the above code of conduct for maintenance of quality of food grains and further to ensure that proper records are being maintained by the PMS agency.

#### **7.1.1. Depots where PMS is managed by Pungrain:**

Since overall responsibility of quality/quantity of foodgrains lies on Pungrain and to deliver the stocks so stored within prescribed specifications, as such it become imperative for the Pungrain official to satisfy himself both for quality as well as quantity of stocks being received in the depot. He is supposed to be the part of each and every operation whichever may take place in the depot, right from receipt, preservation and maintenance during storage till final issued and delivered to FCI at Weigh Bridge, as such Pungrain officials are to remain very vigilant about the quality standards prescribed by GOI from time to time and to ensure that only FAQ stocks are received in the depot. The Pungrain official is to associate himself for verification of these operations, maintenance and verification of depots records. It is his duty to report to DM, Pungrain in case of any deficiency is observed.

#### **7.1.2. Depots where PMS is managed by PMS Contractor i.e. M/S Origo Commodity India Ltd:**

In most of the depots, the PMS work has been allotted to M/S Origo who is responsible for carrying out all the operations like receipt, preservation and delivery to FCI at Weigh Bridge. They are responsible for maintenance of depot records also as prescribed by Pungrain. But as per tender terms and conditions entered with M/S Origo and GOI schemes, the Pungrain is the joint custodian under double lock and key system. Therefore, DM is to post suitable staff in each depot which will carry out each operation jointly and verify each entry in the depot records to be maintained by PMS contractor.

#### **7.1.3. Depots where PMS is managed by Investor itself along with Lease:**

As per tender terms and conditions and also instructions contained in the PEG-2008 scheme, here also Pungrain is the joint custodian under double lock and key system. Therefore, DM is to post suitable staff in each such depot managed by the private Investor, which will carry out each operation jointly and verify each entry in the depot records to be maintained by investor. Here there is a need to use extra care by Pungrain staff as the stocks worth crores of Rupees are in the hands of Private Company. Hence there is a need to keep a close vigil over the functioning of the Investor.

#### **7.2. Salient features of Pungrain quality control manual as inforce and as be amended from time to time by the Pungrain which shall be part & parcel of terms & conditions of preservation contract-Appendix-1 of MTF**

**7.2.1. Pre- storage steps:**A well-planned work is necessary in order to avoid haphazard handling of stocks and ensure proper accounting and preservation of stocks. Therefore, before fresh stocks are received in the godowns, the PMS Warehouse Manager / Inspector/Investor should be fully prepared to receive it. In this connection, the PMS Warehouse Manager/Inspector/Investor should attend to the following points.

- i. Check up the godowns to ensure that there is no leakage and drainage is in perfect condition.
- ii. Cleanliness and disinfestation of godowns.
- iii. Estimation of capacity.
- iv. Drawing up of stack plan
- v. Dunnage

**7.2.1.1 Check-up of godowns:**In order to avoid the possibility of damage to the stocks to be stored, the Warehouse Manager/Inspector/Investor should check up that there will be no leakage from roof or walls during monsoon and that godown floor does not suffer from seepage. The godowns should be in perfect condition. All cracks and crevices should be filled in and cement plastered. Other possible points of leakages in walls and roof should be checked up and got closed so that water in Monsoon does not enter the godowns through these leakages and damage the stocks. If there are any rat borrows, Al Phosphide should be introduced and holes plugged with clay (wet mud plastering). After 24 Hours the clay (wet mud plastering) should be removed and openings should be plugged with cement mixed with pieces of broken glass.

**7.2.1.2 Cleanliness and disinfestation of godowns:**The godown should be got thoroughly swept and cleaned. If there is any suspicion of infection, it should be disinfested with Al. Phosphide, Malathion or DDVP spray.

**7.2.1.3 Drawing up of stack plan:**The stack plan should be chalked out bearing in mind the following, three points:

- i. Maximum space is put to use for storage of stocks.
- ii. Proper alleyways are left for carrying out handling operation, inspection of stocks and their disinfestation treatment with ease and efficiency.
- iii. Maximum benefit of aeration and ventilation arrangements available in the godowns is drawn, as far as possible; the base area of all the stacks should be uniform as far as possible.

**A Stack Plan:**The floor area may be divided into uniformly sized and serially numbered rectangular stack bases to build stacks. The stacks lines 2 inch broad drawn in white or black paint serves to mark the boundary of the proposed stack. While marking these stack bases care should be taken to leave 2ft. to 2.5 ft. wide alleyways between stack and walls or pillars for ventilation and operational purposes. The main alleyways for the haulage purpose may be 3ft.

**B Stack Size:**Actual size of the stacks in godowns should not exceed the size of 30 ft. x 20 ft. Normally a stack consists of 140MT, but FCI, HQs now has raised the size of the stack to 162MT due to acute shortage of storage space in the country. But as per FCI. HQs instructions, investors will not get any extra rent for use of capacity over and above the guarantee capacity nor PMS agency/Invstor will get PMS charges for the same. Nodal Agency will also not get Supervision charges for such over and above use of capacity.

**7.2.1.4 Dunnage:**Use of proper dunnage under the stacks is of fundamental importance to protect the stacks from moisture damage and there can be no deviation from this rule.

**Kind of Dunnage:**

- i) 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.
- ii) 40 Wooden crates of laid-down specification will be used as dunnage under each stack of size 30 ft. x 20 ft.

**7.3. Stack Cards:**Prescribed stack cards in Transparent natural coloured polythene with covering of proper size should be kept ready for display on each stack.

**7.4. Collection of Sweeping:**During and after storage the loose grain/sweeping will be collected, cleaned, filled in standard bags and got accounted for as per procedure in vogue.

**7.5. Stack wise Register:**After completion of storage, prescribed stack wise register will be maintained for inspection and disinfestations treatment. The format of such register has already been supplied to field staff.

**7.6. Care of grain during storage:**

- (i) **Cleanliness:**

The godown should be swept regularly at least twice in a week and kept in neat tidy and hygienic condition. All webs on the wall roof, alleyway & bags should be removed

regularly and bags should be properly brushed and cleaned. No loose grains should lie on naked floor.

(ii) **Provision of sample bags:**

Adequate number of sample bags should be provided in each godown. All the samples drawn from the stacks for the purpose of inspection should also be kept in these sample bags.

(iii) **Spraying:**

As soon as the stack is complete, it should be sprayed as per following norms:

Name of Insecticides	Nature of insecticides	Dosages	Remarks
Malathion 50 EC  (1:100)	Contact poison	Walls/alleyways bags surface 3 litres of prepared solution per 100 Sq. metre to control insects and avoid cross infestation.	Every fortnight
DDVP (1:150)	Semi fumigant and contact poison	On walls/ alleyways/ Empty space 3 litres of prepared solution per 100 Sq. metres (1000s.ft)	Once in two weeks
Deltamethrin 2.5%WP	Contact poison	3 litres of prepared solution per 100 Sq. metres (1000s.ft)	Once in 90 days

**REMARKS: Maintaining 80:20 ratio between Malathion and Deltamethrin:** Malathion is to be sprayed every fortnight where as Deltamethrin to be sprayed once in 3 Months. Thus it is necessary to maintain ratio of 80.20 between these two chemicals.

(iv) **Determination of Surface:**

The surface area of a stack should be calculated for its five sides by applying the formula  $2h(L + B) + (L \times B)$ . To this 10% should be added as an allowance for inter bag space.

(v) **Separate Storage for different Commodities:**

As far as possible each commodity should be stored in separate godown. This may not always be possible. But the important rule to remember is that hazardous goods and commodities requiring different storage and preservation methods are to be stored in separate godowns.

(vi) **Brushing of bags before Spraying / Fumigation:**

Before stocks are dusted or sprayed, bags should be brushed as this helps to remove the collected dust, webs, cocoons, eggs etc. that might be sticking to the bags. After fumigation the bags should also be brushed thoroughly to remove dead pest and residue of fumigant.

(vii) **Fortnightly Inspection:**

Godowns and stocks should be thoroughly inspected at least once a fortnight. During rains the inspection should be frequent. Inspection should consist of:-

Check up godown walls, roof and floor.

Check up peripheral, top and bottom layer bags in case of bag storage.

Check up of representative sample of each stack.

Check up of stocks of different depths/sides in case of bulk storage.

**7.7. During inspection it should be ascertained whereas:-**

- i. Proper standard of godown hygiene and cleanliness is being maintained.
- ii. There are any leakage/cracks and godown stand in need of any repairs.
- iii. There is any likely hood of damage to stocks due to godown leakage.
- iv. The floor is free from seepage or not, if not, whether the stocks are likely to get damaged due to seepage.
- v. There is any heating etc in the stocks.
- vi. The stocks require turn over owing to heating.
- vii. There is any cake formation along walls in case of bulk storage.

- viii. The grain of bottom layer bags and other bags is dry, if not whether there is any likelihood of damage to stocks on account of excessive moisture.
- ix. The stocks are free from infestation. If not, what is the kind and magnitude of infestation and whether spraying/fumigation of the stocks is warranted.
- x. There is any damage to stocks due to infestation and, if yes, to what extent.
- xi. There are any stocks warranting immediate disposal for reasons of deterioration.
- xii. The fumigation has been done in time.
- xiii. The stocks have been dusted on due dates.
- xiv. There is any rat trouble in the godowns.
- xv. There is any damage to stocks caused by rats.
- xvi. The observations made during inspection should be recorded in the stack wise inspection register and stack cards. Whatever action is required on above points as a result of inspection should be taken at once. A detailed report about the action taken and required to be taken should be sent to HO, Pungrain/RO, FCI.

**7.8 Fumigation :**In case of infestation, the stocks should be fumigated with Al. Phosphide under Gas Proof covers as per following norms:-

Dosage-3 tablets or 9 gms.per MT of stocks Exposure period: 5-7 days

Dosage	Remarks
Fumigation under Gas Proof cover 3 tablet or 9 gms per MT. of stocks	Immediately when the infestation of pests is noticed and pre-monsoon fumigation before the onset of monsoon.

After fumigation is carried out, it should be noticed if there are any crawling insects on the top of stacks or on sides, if fumigated, under gas proof cover it should be presumed that the fumigation operation has not been successful. The cause should be looked into and avoided for future operation & stocks should be fumigated again and after exposure period / after fumigation, the bags and the stacks should be cleaned and brushed thoroughly to remove ash and dead pest & stocks should be sprayed with Deltamethrine or with DDVP (in case of crawling infestation) to eliminate the chances of any living pest. The Agency/Contractor will also have to maintain the record of the insecticides consumed from time to time and also the

empty container/tubes, which will be disposed of with the prior approval of the Head Office and also in the presence of the Authorized Representative of the Regional Office, FCI.

#### **7.9 Brief description of work:**

- i. The agency/Contractor shall be responsible for quality cuts on account of weevilling and living infestation in the stocks.
- ii. The joint-locking system will be adopted i.e. one set of keys shall be held by the in-charge of the complex of godowns of a particular unit Warehouse Manager / Technical Assistant or any other Official(s) authorized on his behalf and the other set of keys shall be held by the Agency/contractor's authorized representative. The investor shall deploy its personnel to verify the correctness of the receipt/despatch of stocks by deploying his work force for this purpose and the authorized representative of investor will duly verify the entries of receipt and despatch and correctness of weight of stocks by putting his signatures along with the employee of the PUNGRAIN in the weight check memo Register / Weighment sheets and the daily Transaction register, in addition to deploying workers for preservation of stocks and Watch & ward thereof.
- iii. In case of any shortage or damage / loss etc. to goods for whatsoever reason and cause, while the same are in the custody of the contractors, the contractors shall be liable to make good to the PUNGRAIN the value of the goods including, penalties and fines as are leviable by the Managing Director for such shortage of damage or loss etc. In addition, if there is any reason for suspicion of collusion of the contractors or his employee in such losses or damage, the Local authorized representative of the PUNGRAIN at the Warehouse or any officer acting on his behalf at his discretion may levy a penalty as deemed fit. The action taken by the Managing Director, PUNGRAIN will be final and binding on the contractors.
- iv. The agency/contractor shall also ensure receipt/despatch of stocks strictly conforming to uniform specifications prescribed for the corresponding year. The liability of the agency / contractor for any default in this regard will be governed as per the instructions / procedure contained in the FCIHQrs. circular No. QC/5(22)/Proc.Qlty.Comp/2001 dated 3/4.6.02 with upto date amendments. It shall be the responsibility of the agency / contractor to keep themselves updated with the latest amendments / modifications in the above instructions.

#### **7.10 Providing of necessary infrastructure for proper up keep of health of foodgrain stocks in godowns by the investors at warehouses:**

The following items are required to be provided by the investor in the godowns 10,000 MT capacity as a unit:

Sl No	Name of the item/article	Specifications	Approximate Quantity Required
1.	Wooden Crates	As per specifications enclosed of each crate of 5' x 3' in size	40 wooden crates per stack i.e. 2880 crates for 10,000 MT capacity
2.	Bamboo Mats	For one layer on the Crate	2880 mats each of 5'x3' in size.
3.	Godrej Navtal Locks	7 levers with 2 keys	2 locks for each shutter and the required quantity for other building
4.	Beam Scales for Weighment	With weights, pans, chains and tripod stand approved by Weight and Measures Dept.	2 sets
5.	Foot Sprayers		2 Nos
6.	Moisture meter	Model No.6005-SL	1 No
7.	LDPE Polythene Cover	Size 32'x21'x17' Average Thickness 1200 gauge Weight 60-64 kg.	24 Nos
8.	Sand Snakes	Length 40' with dia of 7"	1600 Nos
9.	Pokers(iron ake)		4
10.	White Enamel Plates		4
11.	Sieve set		1
12.	Thermometer		1
13	Ladder		1
14.	Bucket	20 Litres Capacity	2
15.	Mug	1 Litre capacity	2
16.	Measuring Glass	100 ml capacity	2
17.	Aluminum Phosphide	Each tablet of 3 grms (for fumigation purpose)	90 Kgs per fumigation for 10,000 MT (maximum 4 rounds of fumigation in a year) i.e. 360 Kgs per year.
18	DDVP (Di Methyl Dichlorovinyl Phosphate) (1:150)	3 litres of prepared solution per 100 Sq. metres (1000s.ft)	Once in 15 days (Spraying)
19	Malathion 50EC (1:100)	3 litres of prepared solution per 100 Sq. metres (1000s.ft)	Once in 90 days
20	Magnifying Lens	For physical analysis of foodgrains	1
21.	Deltamethrin (2.5 % WP)	Once in 3 months or after fumigation (for spraying)	5 Kg per month
		40 gms /litre 3 litre of prepared solution per 100 sq. meter.	Once in 90 days.

**8. Receipt of rice and wheat:** Rice stocks are to be accepted as per specifications prescribed by GOI. At each step of process of acceptance of rice by FCI and PMS agency, the association of Pungrain official is must as the Nodal Agency is fully answerable to the quality/quantity of rice to be delivered back to FCI as per standing instructions. Right from 100% weighment on WB, dumping on platform, inspection, checking moisture content, sampling, 10% weighment to check standard bags quality of gunnies, stitching, stencilling and finally stacking, the role of Pungrain official is very crucial. He is supposed to sign all the relevant documents i.e. weight bridge register, sample slip. Analysis Note, weight Check Memo, daily rice acceptance register, Dumping register, Non- acceptance, register work slip for handling and stacking of accepted stocks etc.

**8.1. Calculating and recording MCR (Moisture Content at the time of Receipt) and MCI (Moisture Content at the time of Issue):**

Instances have come to notice where MCR(Moisture Content at the time of Receipt) is though calculated by the Pungrain/Origo/Investor right at the time of sampling but the same is not jointly recorded with FCI official and the signed Acceptance Note of rice consignments are without recording MCR are handed over to FCI and FCI later on record the MCR at its level. Thus the role of Pungrain/Origo/Investor in ensuring recording correct MCR calculated on the spot only is negligible and it is being left on the discretion of FCI only. It may be noted that Pungrain/Origo/Investor are only answerable to abnormal Storage Losses, not the FCI, therefore, Pungrain/Origo/Investor should sign the Acceptance documents only when the MCR as calculated on the spot is recorded. The MCR is to be calculated jointly with FCI officials on the Moisture meter available in the depot which has been provided by Origo/Pungrain/ Investor and FCI should accept the same.

**8.2.** Pungrain and PMS agency are free to either to associate TA, FCI or if they are not satisfied, may take separate sample and calculate the MC at their level. In case of any variation, FCI official be informed in writing about the discrepancy and DM, Pungrain should also be informed. It is generally seen that Millers bring 2 to 3` Dara having different level of MC. In some bags, MC may exceed even 15% but overall the consignment may have less than 15% of RL (Rejection Limit). The consignment with different `daras`, at the first instance is not acceptable and in case any particular portion/lot of consignment register MC more than 15 %, the same should be declared as non-acceptable. Thus utmost care has to be given on MC at the time of acceptance of rice stocks. For calculating the MCR of stack, the average of MCR of all the consignments stored in the concerned stack is to be calculated and taken as MCR of the stack.

**8.3.** Similarly the MCR in the case of wheat & paddy is also to be tested truck wise jointly and average arrived at thereof is to be recorded for each Stack.

**8.4.** As per provisions in the Agreement entered in to with FCI by Pungrain, if FCI official is not present at the time of receipt and issue for calculating the MCR and MCI(Moisture Content at the time of Issue) jointly, Pungrain Inspector will send email/letter in writing on daily basis informing there in to Area Manager, FCI concerned that FCI official in not available. In such cases, the MCR/MCI calculated independently by Pungrain will be treated as final. Hence, Pungrain staff must keep the record of each such email/letter sent to AM, FCI to enable them to contest the dispute if any, on MCR/MCI.

**8.5.** It may also be noted that it the basic responsibility of Pungrain/PMS contractor/Investor to maintain quality and quantity of stocks during preservation as such it imperative to satisfy themselves fully about the MCI and MCR and the quality/quantity both at the time of receipt and issue. These agencies have full powers to refuse the receipt or issue of stocks in case proper procedure for such operations is not being followed. It should be ensured the Acceptance Notes for quality and quantity are fully filled and duly signed by FCI, Pungrain and the PMS contractor/Investor before the stocks are allowed to be stacked. No consignment of rice will be stacked inside the godowns till all its documents are properly filled in including MCR/MCI to the satisfaction of acceptance agency i.e. Pungrain/PMS Contractor/Investor. If these agencies make any compromise on this issue, apparently they will be solely responsible for SL or lesser SG.

**8.6.** Any pressure from millers/FCI in this regard should be well resisted and the higher up should be kept fully informed.

**8.7.** At the same time, it is duty of Pungrain/Origo/Investor to ensure that Moisture Meter is regularly calibrated to avoid any dispute.

## **9. Receipt of Wheat and Paddy:**

In wheat, Pungrain is bound to give storage gain as per norms fixed by GOI. The Storage gain is derived by the MCR and MCI. Hence correct recording of MC is the most crucial issue for the Pungrain and the PMS Contractor/Investor as for lesser Storage gain than the normal as per MCR/MCI, they are responsible for the losses.

**9.1.** In Paddy, the stocks are issued on “As is, where is” basis and a fixed % of driage is entitled to Pungrain. Thus in this case also, it is very important to record correct MC at the time of receipt and issue.

**9.2.** Because of untimely rains, the stocks are get drenched in Mandi and likely to be containing more MC at the time of receipt thus may register storage loss instead of Storage gain in case of wheat and abnormal shortage in such paddy. Thus, in such cases, the stocks are dumped inside the godown and put under complaint and is taken on record as accepted only after proper aeration and bring down the MC at the required level.

#### **10. Issue of stocks:**

It is equally more important to calculate and register correct MC at the time of issue of stocks. Proper procedure should be followed in taking sample of a stack at the time of issue. In general MC is calculated by drawing sample peripherally, which is a faulty procedure. MC at peripheral of stack is generally very less during summer as compare to that of in the inner layers of a stack. Thus it is necessary to draw representative sample from a stack by poking peripheral, top, inner layer after dismantling at the time of issue to arrive at correct MC. The sample so taken from all the sides, must be mixed thoroughly to calculate the correct MCI

**10.1** The Storage loss/ Gain are mainly derived by the driage or gain in MC during storage period of stock. MCR (moisture Content at the time of Receipt) and MCI( Moisture Content at the time of Issue), thus play a very crucial role in SL/SG. Therefore, it is very important to be very careful while working on these two types of MCs.

#### **10.2 Correct 100% Weighment:**

Correct weighment at the time of issue and receipt is another important factor contributing SL/SG. Thus it is also the most important issue where the attention of Pungrain staff is all mostly required. To ensure it, the association of staff with PMScontractor, Investor along with FCI representative at WB is must. The correct working of WB is another factor. Its timely stamping and calibration is to be ensured. Staff would check the correctness of the weighment in case of any doubt with Pro-weight available at the WB. Supply of Pro-weight is the responsibility of Investor. Frequent checking of weight with pro weights can ensure obtaining of correct weight as because of daily usage by trucks the weigh bridge system can get defective as such it's checking can ensure that weight recording is accurate.

**11. Weigh Bridge:** Weighbridge operations would be carried out by the Lessee (Pungrain) Annual Maintenance Contract (AMC) would be done beyond Guarantee period by the Lessee with the company and the charges for the same would be deducted from the Storage charges bill of the Lesser (Investor). AMC will take care of maintenance as well as certification of the weigh bridge from Weights & Measure department. During the Guarantee period, the Lessor will be

responsible for its maintenance and consequential losses to Pungrain on account of faulty working. In case, the WB is giving repeated trouble and going out of order despite repeated repairs by the concerned AMC contractor, DM may serve time bound notice on the Investor and advise him to take up the major repairs at his cost failing the consequential losses on account of delay in weighing of trucks during loading of rakes etc. and demurrages be recovered from his rentals.

**11.1.** One representative of PMS Agency and FCI will associate in weighing both at the time of receipt and issue of the stocks. They will jointly authenticate the truck wise entries along with Daily Summary on Weigh Bridge receipt and issue registers.

**11.2.** Frequent reports are being received about raising the objection by FCI about faulty working of weighbridge midway loading of rakes where as Pungrain/Origo maintains that the WB in question is perfectly in working order even then FCI officials insist to weigh the stocks at their owned WB or nearby private. The matter was taken up with FCI and it was mutually decided that a joint committee of officers i.e. Manager(D) of FCI and AFSSO of Pungrain along with representative of Origo may conduct test check with Pro-weight and decide further course of action. The joint committee consisting of Manager (D) of FCI, AFSSO, Pungrain and one representative from M/s. Origo/Investor may first conduct the weighing with pro weight. In case any difference in weight between pro weight and PEG weighbridge is noticed, then one truck load may also be weighed from nearby private / FCI weighbridge. Keeping in view the weighing conducted on all the three methods, the following action may be taken for conducting final weighing for loading of rakes:

- (i). If the weight taken with pro weight and at PEG weighbridge is same, PEG weighbridge will be used for loading of rakes.
- (ii) If it happens that the weight of FCI weighbridge and the PEG weighbridge is the same, the weighbridge installed at PEG godown is to be used for loading of rakes.
- (iii) In case, the weight taken with the pro weight and FCI / private weighbridge is the same, the weighbridge of FCI / private weighbridge may be used.

**12. Maintenance of depot record:** The Agency responsible for PMS is to maintain depot records/accounts at par with FCI records i.e. Pungrain staff is responsible in case of Pungrain managed PEG Depots, M/S Origo where they have taken PMS contract and Investor himself where he has the contract with Pungrain both for Lease & Service HQs have already issued detailed instructions for maintenance of record at par with FCI. DM, Pungrain is to provide the sample records, register, formats after collecting the same from FCI, get the same printed and supply to only Pungrain managed depots. In other two cases, i.e. PMS Contractor and Investor

themselves are responsible for getting the records printed at their own cost as per formats/sample supplied by DM, Pungrain. The salient register which are required to be maintained are Gate Inward/outward register, weighbridge register, daily receipt issue register, stack wise register, Shed wise register, Stock Ledger, Gunny register, Rice receipt register, Rice Analysis register, Joint verification Moisture register, Dead stocks Articles Register, Labour bill register, Depot inspection cum visitor register, Stack cards, fortnightly inspection register, chemical consumption register etc.

**12.1.** All the daily entries in these registers are to be authenticated by Pungrain staff in association with representative of PMS Agency/Investor. The records are basically are to be maintained by the PMS maintaining agencies.

**13. Storage Loss Norms:** GOI has revised the SL/SG norms recently, which are as under, which have already been circulated among the field offices. The SL/SG norms are tabulated below:

**13.1. Norms for storage gain/loss in wheat/rice for central pool stocks:**

**13.1.1. Storage Loss/Gain Norms for Wheat:**

<b>Procuring Region</b>	<b>Gain/Loss norms</b>	<b>Consuming Region</b>	<b>Gain/Loss norms</b>
For stock of current procurement wheat issued up to 30 <sup>th</sup> June every year. For both, state procuring agencies and FCI	Covered Storage-No Loss CAP storage –No Loss	Issued in the consuming region up to the month of June in case of stocks received up to May and in case of stocks received in June issued up to 15 <sup>th</sup> July  For stock issued after 30 <sup>th</sup> June in case of receipt up to May and for stocks issued after 15 <sup>th</sup> July in case of stocks received in June	Covered Storage-No Loss CAP storage-No Loss In case of any storage loss, it should be examined separately on merit of the case.  Covered Storage and CAP Storage 0.7% gain for every 1% increase in moisture content.
For stock of current procurement wheat issued after 30 <sup>th</sup> June or stock of wheat procured in earlier seasons issued in any month.  a) In case of stocks with State procuring agencies. b) In case of stocks with FCI and wheat stored in godowns of CWC, SWC and	Covered-1% gain CAP- 0.7% gain Covered Storage and CAP Storage 0.7% gain for every 1% increase in moisture	For wheat procured in current season and dispatched by procuring States after 30 <sup>th</sup> June or stock of wheat procured in earlier seasons issued in any month by procuring State. a) Issued in the consuming region within one month of receipt. b) Issued in the consuming region after	Covered Storage-No loss CAP storage-No loss  Covered Storage-0.2%loss for storage period up to one year and 0.40% loss for storage

godowns hired by FCI including PEG godowns.	content. In case of any storage loss, it should be examined separately on merit of the case.	one month of receipt of such stocks.	period above one year. CAP storage 0.25% loss or storage period up to one year and 0.45% loss for storage period above one year.
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**Remarks:** The above storage Gain/Loss will be applicable for Wheat stored in Jute bags as well as PP/HDPE Bags.

### 13.1.2. Storage Loss Norms for Rice:

Since rice is accepted in the godowns by technical personals based on detailed laboratory Analysis including moisture content and at every stage of transactions, moisture content is invariably taken, as such storage loss can also be linked with decrease with Moisture Content. In almost all the studies conducted by IGMRI, storage loss has been observed in case of rice but no exact co-relation of weight loss with decrease in moisture content of rice during storage could be established. The moisture content of rice stocks are taken by drawing samples from rice bags of stacks generally from peripheral layers. But the moisture content may vary from peripheral layers of bags to inner core bags in the stack and it may also vary from stack to stack depending upon location of the stack etc. In case of driage of moisture, higher driage is expected from peripheral layers than core bags. Thus moisture content in peripheral layers of rice bags may be less as compare to moisture content in core bags of the stacks. As per uniform specifications rice is accepted up to 14% moisture content without any value cut and rice with moisture content above 14% up to 15% with full value cut from the rice millers.

**Based on the above explanation following norms are proposed:**

Storage loss norms for all regions (procuring and non-procuring)

- a. Full allowance for weight loss for driage of moisture between 15% and 14%
- b. 0.7% weight loss for driage of 1% moisture and in proportion there of below 14%
- c. 0.2% for storage period of 365 days on proportionate basis.

**Total Storage Loss= (a)+(b)+(c)**

**13.1.3. Storage Loss writing off:** Detailed instructions for preparation of depot wise, month wise and commodity wise storage loss/gain statements and its write off proposal was circulated vide this office letter no.PEG-Storage Loss/2013/417 dated 13.12.2013-Circular No. 4/2013. Alongwith the said instructions, a format no. 29.10 annexure – A was also enclosed therein. Now, FCI has made some modifications in the said format which has been circulated among the field staff vide this office letter no. PEG-Storage Loss/897 dated 09.09.2014. The said format is in excel form and the basic values only need to be filled in the format which will automatically calculate the justified/unjustified Storage losses and value thereon. Therefore, the earlier instructions on preparation of the data on 29.10-annexure “A” are stand withdrawn with immediate effect. The data for SL is to be prepared as per revised instructions w.e.f. August 2014. It is the duties of DM Pungrain to ensure that depot wise, month wise, commodity wise Storage Loss/ Gain statements are prepared on the revised prescribed Format being used by FCI and submit to Area Manager, FCI concerned for writing it off. The SL/SG statement is to be signed jointly by PMS agency, Manager (QC)/D) & Technical Assistant, FCI and officials of Pungrain. Pendency of losses will, otherwise block huge amount of Pungrain causing heavy loss of interest. Hence Pungrain officials posted in the godowns are to ensure that the PMS Agency/Investor/Pungrain do the needful and the statements are submitted to DO Pungrain for further submitting the same to FCI for write off as per norms and delegation of powers. Proper records for all such statements are to be maintained in the concerned depot by the PMS agency/Pungrain/Investor and further to be verified by the Pungrain officials posted in the depot. This writing off storage loss is necessary for maintaining Annual Account and claiming the cost from FCI/GOI.

**13.1.4.** The elaborated instructions as to how to investigate the genuineness of the SL/SG prescribing format and duly illustrated with examples were circulated vide letter No.PEG/Storage Loss/2013/417 dated 13.12.2013(Circular No.4/2013) among the field office. The examples cited for “District Office Committee Report on Storage Loss-Format 1” has now been revised due to revision of the 29.10-Annexure “A” by the FCI. Accordingly fresh examples on format “1” have been enclosed now with the revised instructions issued vide this office letter no. PEG-Storage Loss/2014/897 dated 09.09.2014. Format 2 earlier circulated meant to investigate the losses by the District Committee will remains the same and the investigation will continue on the same format. FCI after examining the proposal submitted with investigation report may recover the amount involved towards abnormal losses, over and above the prescribed norms. Under such circumstances, based upon the investigation already conducted, DM,

Pungrain will fix the responsibility and recover the amount so deducted by FCI from the defaulting agency.

**13.1.5. Who is to prepare Monthly Storage Loss Statements(SLS):**The PMS agency i.e. M/S Origo/Investor/, who so ever is preserving the stocks are responsible for preparation of SLS on monthly basis in association with Pungrain staff. In Pungrain PMS managed depots, it is the Pungrain itself which is supposed to prepare the SLS. All the relevant entries including MCR & MCI in SLC format are to be properly filled as per stack wise data already existing with PMS agency. The same should be first duly signed by PMS agency, Pungrain Inspector/AFSO and then obtain the signature of Manager (D/QC) of FCI. In case FCI does not cooperate, DM, Pungrain must be informed immediately. Under no circumstances SLS with partially filled in data with any blank columns are to be handed over to FCI. Pungrain is the accepting as well as the preserving authority and answerable to quality and quantity during storage and finally handing over to FCI, as such the data in SLS must be filled based on the available record and should not depend upon FCI for MCR, MCI and Issue Weight of stacks etc.

**13.1.6. Recovery of abnormal Storage Loss/less storage Gain:**There can be only 4 agencies responsible of abnormal losses i.e. PMS contractor, Investor, HLC and Pungrain staff. The SL can be due to fault of PMS contractor/ Investor(operating on Lease with Services (L&S) for not preserving the stocks properly, Investor because of whose negligence like leakages etc. the stocks were affected, HLC for not rectifying the collapsed/tilted stacks because of which the treatment could not be carried out and finally the Pungrain staff who is doing PMS work in the PEG Godowns. While investigating, the Pungrain team must specify as to whether any of the above agencies is responsible for Storage Losses over and above the natural losses and in what way and if so the name of the agency has to be mentioned in the investigation report so that in case of any recoveries by FCI, the financial losses could be made good from the same agency.

**13.1.7.** It has been observed that the team constituted by DM, Pungrain for investigation of losses does not properly go through the available records and do not highlight the name of agency held responsible for abnormal SL in rice/lesser gain in wheat. It may be noted that without pinpointing the name of agency, the very basic purpose of investigation is forfeited. In the absence of this, it has become a practice to pinpoint the name of PMS contractor i.e. Origo for every kind of abnormal losses without establishing the same as per the records.

**13.1.8.** It is also worthwhile to mention that if Pungrain want to recover the financial Losses from any agency, a proper procedure for the same has to be followed. A time bound notice must be served upon the agency based on the facts as per Investigation report and specifying as to how and in what way, the agency is responsible and he will have to be supplied with supporting documents like copy of SLC, observations of FCI based upon which the recovery has been fixed including the Investigation report. If defaulting agency fails to convince about its innocence, Pungrain may go for recovery of losses. Thus a great stress has to be laid in the investigation and pinpointing the name of the defaulting Agency

**13.1.9.** It has also been observed that DMs, Pungrain are simply sending the communication to HQs for recovering the losses from M/S Origo without supplying the supporting documents i.e. monthly Storage Loss statement, Investigation report holding Origo responsible for the losses, the observations of FCI based upon which the FCI has made recoveries from Pungrain bill. At HQs level, the procedure as explained at **Para 13.1.6** has to be followed, which is not possible in the absence of documentary proof. Hence all the DMs must note carefully that supporting documents are the basic key papers which are required to be supplied to the defaulting agency by giving them a proper opportunity to defend their interest.

**14. Volume of work:** As per tender terms and conditions, where Investor has given the Godowns on lease with Service, the volume of foodgrains in storage is likely to fluctuate(increase or decrease) and no claim for the fluctuation in the volume of work to be handled during the currency of the contract will be entertained. The matter of over utilization of capacity beyond guaranteed capacity (godowns with Lease and services) was taken up with FCI and FCI HQs have maintained that no rent, PMS or supervision charges are payable for capacity over and above the guaranteed capacity.

**15. Attendance Register:**

In order to ensure proper work culture, an Attendance Register will be maintained in each PEG depot and all the Pungrain staff will ensure their attendance on daily basis. Senior officers visiting the depot will check the register and record his observations for follow up action by DM, Pungrain.

**15.1.** Similarly the PMS contractor/Investor(L&S) will also maintain an Attendance Register in the depot, which will be produced to the Pungrain officers on demand for verification of manpower deployed.

## **16. Aeration of Stocks:**

Aeration is an important tool in the hands of preservation staff for maintaining the health of the stocks stored in the godowns. Since Pungrain is the joint custodian of the stocks with PMS agency and one key of the godown is with the Pungrain officials as such it is essential that godowns are regularly opened for the purpose of the aeration, irrespective of the fact that there are no operations in the godown on the day. They will also ensure that regular aeration of covered godown is undertaken by PMS Agency except during the rainy days.

## **17. Handling Contractor/ labour:**

As per PEG-2008 Scheme, it is the responsibility of Pungrain to position Handling labour Contractor (HLC) in PEG depot. As per existing Labour policy, Pungrain is appointing HLC for a period of 1 year by calling separate Tender Enquiry and the rates are recommended by the District Committee (DC) under the chairmanship of Dy. Director (Field) concerned. The rates beyond the powers of DC, are recommended to Pungrain HQs for the approval of MD, Pungrain. Proper record has to be maintained for the work done by the HLC on daily basis in a Daily work Done Register and also separate register of preferring Bill to FCI for the claim lodged need to be maintained.

**17.1.** Correct stacking in the depot is the responsibility of PMS agency but the Pungrain officer is also to ensure proper countable stacking of bags at the time of receipt. In case the stacks are collapsed/tilted, it is the responsibility of the HLC to rectify the same immediately.

**17.2.** Instances have come to notice, where HLC labour is leaving the lower layers of the stack and they refuse to collect the loose grain, refilling /restitching the slack bags, repair the gunnies, weigh the same and stack. This results in accumulation of heavy loose grain and slack bags scattered all around the godown which remains lying as such for weeks together in the depot. Non collection of loose grain and refilling the same and non-accounting these bags against a particular stacks tantamount to abnormal storage losses. As per Mandi Schedule rate i.e PR-66, HLC is fully responsible for this operations for which contractor will get the required remunerations as per rate prescribed in the PR-66. In case HLC do not perform its duties, he must be served with proper time bound notice failing the work may be done at its risk and cost as per Tender terms and conditions and recover the same from HLC next bill.

**17.3.** It has also been observed that many DMs are holding PMS contractor i.e. M/S Origo as responsible for collection of loose grain/ slack bags, refilling and reweighing and stacking the same including removal of PADs where as it is the responsibility of HLC only as such action

should be taken against HLC as per tender terms and condition and consequential losses may be recovered from HLC.

#### **18. Gunny Record:**

Proper receipt/ issue gunny record is to be maintained in depot in Gunny register. The gunnies issued to PMS agency as Palla bags or replacement has to be properly accounted for. Separate account is to be maintained for BTA New gunnies/Bales 'B' Class, 'Once used' repairable as well as 'unserviceable'. Since Gunny bales cannot be given in the custody of PMS Agency as such it's account has to be maintained by Pungrain only. Pungrain has fixed maximum limit of 0.5% of gunnies to be used for Palla Bags, replacement etc. in such PEG depots where PMS is arranged by Pungrain itself or by PMS contractor. The cost of gunnies used over and above the prescribed limit, is to be recovered from the monthly bill of the Investor. The PEG godowns which have been rented on Lease with services, gunnies for Palla bags and replacement etc are to be arranged by the Investor itself at its own cost. Therefore, no gunny is to be issued to such depots.

#### **19. Transit Loss:**

Once the stocks have been handed over to FCI at PEG WB and the quality as well as quantity has been accepted by FCI, the responsibility of Pungrain is over. Transportation of stocks to Railway Good Shed, after weighing at PEG godown is made, is the responsibility of FCI and as such FCI only is responsible for Transit Loss

#### **20. Quality Complaint from Recipient/Destination-LAS(Loss Assessment Statement):**

As in the case of Transit Losses, the FCI is also responsible for any Quality complaint/LAS, once the delivery of stock has been taken by FCI on PEG Weigh bridge without any adverse remarks on quality and quantity. It is the sole duty of Pungrain as Nodal Agency to deliver the stocks in good quality and in insect free condition.

#### **21. Super Inspection of Depots by Senior Officers:**

Since the basic responsibility of maintenance of stocks in the PEG depot lies with Pungrain, thus it is imperative on the part of senior officers from Pungrain HQs as well field office to visit these depots frequently, guide and help the staff to ensure proper storage, Preservation and maintenance of stocks. The senior officers will also ensure to inspect the working of PMS agency and guide them in case of any deficiency observed in their functioning. Pungrain HQs have prescribed Schedule of periodical inspection to be carried out vide this office letter - No.ਸ.ਖ.ਸ.ਅ (ਕੁਆਲਟੀਕੰਟਰੋਲ)-2014/6327 Dated: 19-02-2013. Such inspections are to be carried out right from AFSSO to Managing Director, Pungrain. The schedule of inspection is as under:

**Schedule of inspection by senior officers during calendar year**

<b>Inspecting Officer</b>	<b>Type of Inspection</b>	<b>Periodicity</b>	<b>Area of Operation to be selected</b>	<b>Report to be sent to</b>
Managing Director	One Section of HQs	Quarterly	Any branch of Headquarter	Food Secretary
	4 District offices	Quarterly	Any branch of District office chosen randomly	--do--
	One Depot/Godown	Quarterly	Any Depot/Godown of District	-do-
Additional Director	One Section of HQs	Quarterly	Any branch of HQs	MD
	4 Districts Offices	Quarterly	Any branch of District Office chosen randomly	MD
	2 Depot/Godowns/CAP	Quarterly	Any District/Godown of any District	MD
Joint Director	One Depot /Godown/CAP	Monthly	Any Depot/Godown of any District	MD
	One branch in HQs under the charge of other Joint Director	Quarterly		MD
Dy. Director Field	One branch of District office under his jurisdiction	Quarterly	Two Depots per month	MD
	1 Depot/godown/CAP per month	Monthly		MD
Dy. Director HQs	6 Depot/Godowns/CAP	Quarterly	Inspected District Should not be repeated in the year	MD
DFSC/DM	All Depots	Quarterly		MD
	One branch of District office	Quarterly	Inspected branch should not be repeated	MD
DFSO	All Depots/Godowns/CAP	Quarterly		DFSC/DM
AFSO	All Depots/Godowns/CAP	Monthly	Already circulated for submission of Monthly Inspection report	DFSC/DM

DM, Pungrain will monitor and scrutinise the inspection conducted by AFSO and DFSO and HQs for all other officers right from Dy. Director (Field) to MD, Pungrain.

**21.1. Depot Inspection Register:**

A Depot Inspection Register will be maintained in each depot, in which all the senior visiting officers will record their first hand observations, irregularities, suggestions to improve the

operations and remedial measures to be taken. He will also look in to the inspection report of the earlier visiting officers and records in his inspection note as to whether any follow up action has been taken or not. The work of the visiting officer is not only fault finding but he should rather be helpful to the staff in addressing their operational grievances by taking up the matter on phone/Email etc. with the higher officers on the spot before leaving the place.

**22. Overall supervision of PMS agency: Dual Lock and Key System:**

The Pungrain official posted in depot is the joint custodian of the stocks under dual lock and key system. He is equally responsible for all kind of shortcomings, if observed, in the working of PMS agency. It is his responsibility to ensure that PMS agency work properly as per contract terms and conditions and in case the same are violated, it is the responsibility of the officer to inform DM, concerned in writing immediately. In case the depot official prefers to be silent on the short comings of PMS agency, he is equally answerable to all the losses what so ever that may incur on account of irregularities because of the fault of PMS agency.

**23. Positioning of sufficient chemicals/ fumigation coves/ ALP/ other QC equipment:**

Though it is the responsibility of PMS agency/Investor to position sufficient chemicals/ fumigants and other allied material for proper maintenance of stocks in store, yet Pungrain officer posted in the depot is to ensure that there is no lacking on the part of PMS agency/Investor. In Pungrain PMS managed PEG depots, the sole responsibility for arranging sufficient fumigants and chemical is that of Pungrain itself. DM, Pungrain will submit 6 months advance requirement to Pungrain HQs so that the same can be arranged well in time. Pungrain staff posted in depot is to keep PMS agency/Investor on alert and keep DM, Pungrain concerned fully informed about any irregularity on the part of PMS agency. He is also to ensure that proper treatment as per schedule is being given by the PMS agency and stocks are free from infestation all the time. It will also be ensured by the Pungrain officer that only insect free stocks are being issued for rakes to avoid any infestation complaint from the destination. The stocks are to be liquidated on FIFO basis and after due inspection of stacks by FCI officers before issue of such stocks for despatches.

**24. Disposal of Non-issuable (damaged) foodgrains:** The stocks stored in PEG godown is central pool stocks and belong to FCI/GOI. Therefore, the guidelines as prescribed by FCI for disposal of their own stocks will also be applicable for the stocks stored in PEG godowns. Though Pungrain has already circulated the instruction to all the DMs, yet the copy of the same is also available in [www.foodsuppb.nic.in](http://www.foodsuppb.nic.in) as well as in [www.fciweb.nic.in](http://www.fciweb.nic.in) and the same can be down loaded from these websites.

**24.1.** It has been observed that DMs are referring the matter to HQs for disposal of non-issuable foodgrains whereas they should immediately take up the matter with Area Manager, FCI and request him to nominate officers in association with Pungrain officers as the members of DCC (District Categorisation Committee) for carrying out categorisation of such stocks. DM Pungrain will supply the stack wise details and locations of the stock to AM, FCI. If any lot size of damaged foodgrains contains 5MT and above, simultaneously, Pungrain HQs should also be informed so that FCI, RO, Chandigarh be also requested to depute officers as members of RCC (Regional Categorisation Committee) in association of officers of Pungrain to be nominated by MD, Pungrain. The RCC shall not wait for the report of DCC but can simultaneously conduct the categorisation to avoid wastage of time. Similarly, for the lot size of 50MT and above, ZCC (Zonal categorisation Committee) will conduct categorisation independently simultaneously along with DCC and RCC. Therefore, it is very important to inform the lot wise details of the stocks both to FCI as well as to Pungrain HQs so that immediate action could be taken to request FCI, RO as well as Zonal Office to depute their members keeping in view the size of lots of non-issuable foodgrains. Non-issuable foodgrains are categorised as fit for Cattle Feed-1, Cattle Feed-II, Cattle Feed-III, Industrial Use and Manure Use.

**24.2.** After the stocks are categorised, FCI, Regional Office will float the Tender Enquiry for disposal of such categorised stocks. The differential cost between Economic Cost of relevant year and the disposal price is recovered by FCI from Pungrain. Therefore, it is very imperative for the Pungrain to take immediate steps to categorise the stock so that its quality should not further deteriorate in storage once the same has been declared as non-issuable. This way Pungrain can save huge amount toward differential recoveries by FCI.

**25. Maintenance of Proper QC records:**

The PMS agency is responsible for maintenance of all QC records like stack wise categorisation register, Chemical consumption register, damaged food grain register, salvaging/segregation register, various monthly, fortnightly returns, priority register, rice acceptance register, Moisture register etc. Pungrain official is to ensure that PMS agency maintains all relevant QC record at par with FCI and he is to verify the same. The Format of all such registers/records already made available with Field officers.

**26. Labour Payment and Bill Account:**

Handling Labour Contractor (HLC) is being appointed by Pungrain to carry out the handling work within the depot. Pungrain official posted in depot is responsible for maintaining proper attendance register, bill preferred to FCI and payment received and disbursed to the HLC

labourers. It is the duty of Pungrain staff that the payment to the HLC is made in time and all the statutory obligations are met with as per Labour laws

**27. Dead Stock Article (DSA) Account:**

PMS agency is responsible for maintaining proper DSA (Unserviceable wooden crates, Polythene covers, sand snakes, containers of fumigants and chemicals) account, upkeep and their timely disposal. Pungrain official is to ensure that Agency is not allowed to accumulation of huge DSA and disposes off the same from time to time. In Godowns which are managed by Pungrain for PMS, the responsibility for periodical disposal of DSA lies with Pungrain only.

**28. Security of stocks:**

**28.1. Fire Fighting Equipment:** It is the responsibility of owner of godowns (under 7 year guarantee) for installation of proper fire fighting equipment in the depot. Though there is no such provision in the godowns hired under 10 year guarantee, yet under Fire Safety Act, it is the responsibility of the Investor to ensure installation of Fire Fighting Equipment for which HQs have already issued instructions to all DMs to advised the Investors accordingly. Pungrain officer posted in depot is to ensure that these equipment's are in working condition and the same may be checked from time to time. It is also the duty of Investor to replenish/refill the equipment well before the expiry date.

**28.2. Depot Visitors Register:** In order to ensure maintaining the identity of each visitor, a Depot Visitor Register will be maintained at the main gate of each depot. In the said register, each person including officials of PMS agency, Pungrain, Labours posted and working there will record his particulars before entry in to the depot.

**28.3. Security Cameras:** Each depot is provided with two CCTV cameras installed at each weigh bridge of PEG depot. These cameras are connected to the computer installed in WB and the photo of the vehicle/truck and its Number Plate is printed on the Weighment Chit as matter of identity of the vehicle subjected to weighment. These cameras are installed and maintained by Investor. It will be the personal responsibility of AFSO/Depot In-charge to ensure that these cameras are in working condition. In case, any camera is out of order. The Investor may immediately be advised repair the same. Pungrain is free to get the same repaired at the risk and cost of the investor and recover the cost out of monthly rent.

**29. Proper drainage and cleanliness during rainy season:**

Pungrain officer to ensure that the drainage system in the godowns is in order to avoid accumulation of rain water during rainy season. He may take up the matter with the owner of the

godown from time to time to keep the drainage system in order and keep gullies clear/ free from any blockage.

**30. Repairs of the godowns and un-storageworthy space:**

In case the godown or any part thereof becomes unstorageworthy, PUNGRAIN shall notify the same to the tenderer and the tenderer shall carry out the necessary repairs immediately at his cost to make the premises storageworthy. No rent is payable in respect of the godown or such part thereof which was rendered unstorageworthy for the period the premises remained unstorageworthy. In case the tenderer delays or fails to carry out the repairs as above, PUNGRAIN will be at liberty to undertake the work and the expenses will be deducted from the rent payable/Security Deposit. PUNGRAIN reserves the right to terminate the agreement and exit out of the guarantee/agreement without any liability/compensation, if the godown is rendered permanently unstorageworthy.

**31. Feeding daily transaction data in FCI –IISFM software:**

It is the responsibility of PMS agency to feed data on daily basis as prescribed and also maintain stock account through the IISFM software and transmit the same to the Central Server through the internet. Pungrain official to ensure that PMS agency feed the data on daily basis to the satisfaction of FCI officials. In case the data is not feed by the PMS agency, there is a provision of deduction of 2% PMS charges, for which PMS agency be given notice from time to time and Pungrain officials shall keep in touch with FCI staff for regular updates regarding data feeding .

**32. Annual/Quarterly Physical Verification:**

**32.1.** In order to ensure security of stocks which are in the custody of PMS Agency or with the Investors who have leased out their godowns along with service or even where Pungrain is the custodian and also maintaining PMS, 3 quarterly PV for the quarters ending June, September and December of every year along with annual PV plus weight as in 30<sup>th</sup> March of every year is compulsory. Each DM Pungrain will constitute PV Teams consisting of three officials headed by AFSO selecting them from any other depot, who will complete the PV with a week time and submit the report along with irregularities, if any to the concerned DM, Pungrain. Cross depot deployment of staff and officers is not allowed at all. The same will be scrutinized by the DM, Pungrain by 15<sup>th</sup> of the same month and take appropriate action under intimation to MD,

Pungrain. It will be the sole responsibility of the DM, Pungrain to ensure that all the PV reports are acted upon and action against the defaulting officials/Agency/Investor is taken.

**32.2.** In the cases of serious shortages, DM may file FIR, investigate the case and fix responsibility in a time bound manner and lodge claim with the concerned Insurance Company.

**32.3.** The officers/Squads on tour to any PEG Depot should also check the stacks at random and report to DM, Pungrain and MD, Pungrain. DM, whenever visiting these depots should also conduct similar random checking.

**32.4.** The recovery of losses/shortage of stocks detected during QPV/Routine PV, will be made at Economic rate fixed by FCI for respective crop year of each commodity.

**33. Monthly Stock Account:** Instructions for submission of Monthly Stock Account have been issued vide Circular no. 3 of 2014 (Memo no. PEG-MSA/2014/505 dated 28.04.2014). Monthly Stock Account(MSA) is a depot wise month-wise commodity wise statement which indicates the opening balance as on the 1<sup>st</sup> of the month, stocks received during month, stocks issued/dispatched during month, storage loss incurred, storage gain incurred and the closing balance at the end of the given month. MSA is helpful as it gives details of quantitative transactions taken place during the month, historical availability of all the above data at any given point of time thus helps in planning out procurements, movements, storage and advance arrangements of infrastructure required for operations. It helps GOI in taking decisions for fixing the norms for buffer stocks. It helps in further planning of dispatches and receipt during the next month keeping in view the vacant storage space in any depot/district or state as a whole. Stock account is a true mirror correlated with financial angle/ to know the cost of the stocks held, issued and received. It helps to know the trend of storage loss/gain and to take further steps to reduce the abnormal SL.

**33.1** The revised format on which MSA is to be prepared was also sent vide letter no. PEG-MSA/2014/742 dated 27.06.2014 to calculate the Monthly Stock Account. The MS Excel Workbook is prepared for each district. The PEG depot wise sheets are prepared separately in the MS Excel Workbook. District offices are required to enter the depot wise stock account data in the sheets and the district wise total will be calculated itself. District Offices are required to send these MS Excel Workbooks duly completed in all respects by 10<sup>th</sup> of the following month followed by the signed copy of district wise data.

**34. Refund of Security Money:** The security deposit will be refunded without interest to the tenderers on completion and taking over of possession of the godown by Pungrain and submission of clear "No demand Certificates" (NDC) by the Pungrain subject to such deductions from the security as may be necessary for making up the Pungrain's claim against tenderers.

DM, Pungrain will issue such NDC and send the proposal to Pungrain, HQs for seeking approval of Managing Director, Pungrain.

### **35. Service Tax:**

**35.1. Service Tax on Rent:** Service tax is payable by Investors which have rented their godowns under both 7 year and 10 year guarantee scheme. As per policy, the Investors who have rented their godowns under 7 year guarantee will pay the Service tax but the same is not reimbursable by FCI/Pungrain as this element is included in the monthly rent payable to the Investor. The Investor, who have rented out their capacities under 10 year guarantee, will pay the service tax and get the reimbursement from FCI through Pungrain by producing the Invoice as proof having paid the service tax. Against the element of rent, the Investor will continue paying the tax.

### **35.2. Service Tax on PMS:**

**35.2.1.** The Investors who have leased their godowns with services are liable to pay the service tax from 01.07.2012 to 16.02.2014 on storage of rice and get the reimbursement from FCI through Pungrain by submission of Invoice as a proof for having paid the service tax.

**35.2.2.** In PEG depots where the PMS is managed by Pungrain itself by engaging its own staff as in 5 depots of Ferozepur and Fazilka, Pungrain is liable to pay the service tax from 01.07.2012 to 16.02.2014 on storage of rice and get the reimbursement from FCI.

**35.2.3.** In PEG depots, the PMS of which is being managed through PMS Contractor i.e. M/S Origo Commodity India Ltd, the Contractor is liable to pay the service tax from 01.07.2012 to 16.02.2014 on storage of rice and get the reimbursement from FCI through Pungrain by submission of Invoice as a proof for having paid the service tax.

**35.3. Service Tax on Handling Labour Contractor (HLC):** All HLCs appointed in PEG depots are liable to pay the service tax from 01.07.2012 to 16.02.2014 on storage of rice and get the reimbursement from FCI through Pungrain by submission of Invoice as a proof for having paid the service tax.

**35.4. Service Tax on Supervision Charges:** Pungrain is liable to pay the Service Tax on Supervision Charges from 01.07.2012 to 16.02.2014 on storage of rice and get the reimbursement from FCI by submission of Invoice as a proof for having paid the Service Tax.

**36. Recoveries by FCI: Fixing responsibility for recoveries made by and to make up the losses caused to Pungrain:**

FCI is making recoveries out of rent, PMS and Supervision Charges monthly bills of Pungrain. As per agreed terms with FCI and also resolution passed by SLC, FCI is bound to issue prior notice on Pungrain before making any recovery. DMs are therefore, advised to attend to any such notice immediately and send the suitable and convincing replies with documentary proof. Routine, casual and replies in general may not help Pungrain to stop recoveries by FCI. Consistent follow up action through person intervention, telecoms and meeting with Area Manager, FCI can be very effective in the financial interest of the organisation.

**36.1.** We have tried our best to compile all the reasons/ operational deficiencies based upon which, FCI makes the recoveries or withhold the payments from Pungrain bills. Following table will guide and help DM Pungrain to take decision as to which agency is responsible for which type of deficiency.

**Operational Deficiency in PEG Depots and Agency Responsible for the same**

Sr No	Deficiency	PMS by Origo	PMS by Pungrain	PMS by Investors
1	Non Fumigation/late fumigation	Origo	Pungrain	Investor
2	Non – Spray/Late spray	Origo	Pungrain	Investor
3	Sweeping of Heaps of Grains after cleaning	Origo	Pungrain	Investor
4	Non Entry on Stack Card	Origo	Pungrain	Investor
5	Non- maintenance of Depot record	Origo	Pungrain	Investor
6	Non feeding of data	Origo	Pungrain	Investor
7	Any Civil Structural deficiency like road, street, Boundary, Floors& leakage etc.	Investor	Investor	Investor
8	Non- arrangement of drinking water	Investor	Investor	Investor
9	Non- arrangement of sitting/non supply of furniture	Investor	Investor	Investor
10	Non- working of WB during guarantee period	Investor	Investor	Investor
11	Non- working of WB after guarantee period(AMC by Pungrain)	Pungrain	Pungrain	Investor
12	Non-Instalment of Cameras	Investor	Investor	Investor
13	Non-working of cameras	Pungrain	Pungrain	Investor

14	Replacement of non-repairable cameras	Investor	Investor	Investor
15	Non-Working of Computer/Printer	Investor	Investor	Investor
16	Non- Instalment of Broad Band, initial cost of installation to be borne by Investor	Investor	Investor	Investor
17	Non- working of Broad Band due to repair	Pungrain	Pungrain	Pungrain
18	Non-working of Broad Band due to non-payment of Broad Band Bill	Origo	Pungrain	Investor
19	Shortage of staff	Origo	Pungrain	Investor
20	Infestation of stocks	Origo	Pungrain	Investor
21	Recoveries due to non-reply of Notice of FCI by DFSC	Pungrain	Pungrain	Investor
22	Backup Power	Investor	Investor	Investor
23	Non- instalment of Fire Fighting equipment	Investor	Investor	Investor
24	Damage to the stock due Leakage of roof	Investor	Investor	Investor
25	Damage to the stock due PMS deficiency	Origo	Pungrain	Investor
26	Non appointment of HLC	Pungrain	Pungrain	Pungrain
27	Non Supply of labour by HLC in depot	Pungrain Contractor	Pungrain Contractor	Pungrain Contract or
28	Non- fumigation due to collapsed Stack	Pungrain Contractor	Pungrain Contractor	Pungrain Contract or
29	Non- Payment of Electricity Bill	Pungrain	Pungrain	Investor
30	Non- Payment of water bill	Pungrain	Pungrain	Investor
31	Demurrage due to Slow loading of trucks by HLC labour in PEG depot	Pungrain Contractor	Pungrain Contractor	Pungrain Contractor

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