

BY FAX/POST

GOVERNMENT OF ODISHA
FOOD SUPPLIES & CONSUMER WELFARE DEPARTMENT

No. 20285 / Bhubaneswar dated the 19-10-16
09611800412016

From

Shri Bijay Kumar Prusty, O.A.S. Gr 'A' (SB)
Deputy Secretary to Govt.

To

The General Manager, FCI, Bhubaneswar
The Managing Director, OSCSC Ltd., Bhubaneswar
The Registrar, Co-operative Societies, Odisha, Bhubaneswar
The Managing Director, MARKFED, Bhubaneswar
The Managing Director, TDCC, Bhubaneswar
The Branch Manager, NAFED, Bhubaneswar
The State Manager, NACOF, Bhubaneswar

Sub: Amendment in the principles for fixation of Mandi Labour Charges (MLC) in the Provisional Cost Sheet (PCS) of Custom Milled Rice (CMR) for Central Pool applicable for DCP and non-DCP States.

Sir,

I am directed to send herewith copy of letter No. 192(12)/2016-FC A/Cs dated 21-9-2016 of Director, Ministry of Consumer Affairs, Food and Public Distribution, Department of Food and Public Distribution, Krishi Bhawan, New Delhi on the above subject for your kind information and necessary action.

Yours faithfully,


19.10.16
Deputy Secretary to Govt.
Memo No. 20286 Dated 19-10-16.

Copy forwarded to Registrar, Co-operative Societies, Odisha for information and necessary action.


19.10.16
Deputy Secretary to Govt.



No. 192(12)/2016-FC A/Cs

Government of India

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

DS (192)

Krishi Bhavan, New Delhi

Dated the 21st September, 2016

To,

1. The Principal Secretary/ Secretary,
Department of Food and Civil Supplies,
Government of Andhra Pradesh, Assam, Bihar, Chhattisgarh, Gujarat,
Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra,
Odisha, Punjab, Rajasthan, Telangana, Tamil Nadu, Uttarakhand, Uttar
Pradesh and West Bengal
2. CMD, FCI, New Delhi

Subject: Amendment in the principles for fixation of Mandi Labour Charges (MLC) in the Provisional Cost Sheet (PCS) of Custom Milled Rice (CMR) for Central Pool applicable for DCP and non-DCP States

Madam/Sir,

I am directed to say that in the existing 'Principles of Procurement Incidentals' (PPI) issued vide this Department's letter of even number dated 16.7.2003, 03.11.2004 and 14.3.2005, there is a provision for fixation of Mandi Labour Charges (MLC) in the Provisional Cost Sheet (PCS) of Custom Milled Rice (CMR) for central pool (at Sl. No. 3 of Table-2). The same is applicable for DCP and non-DCP States.

2. Based on proposals from the State Governments, Department issues PCS to the States indicating various incidentals of the procurement expenses as per PPI. One of the incidentals allowed through PCS is MLC, which is fixed by way of indexation method as per existing principles. While forwarding their proposal for fixation of PCS in a particular Kharif Marketing Season (KMS), some States propose MLC based on their notification at State level under Agricultural Produce Marketing Committee (APMC) Act and some States propose MLC based on actual expenditure in this head in the previous year. However, MLC rates are fixed in PCS as per existing PPI by way of indexing of last available final/provisional rate and there is no differentiation between the States which notify MLC rate under APMC Act and States which do not do so.

3. Some States have raised the issue of less MLC allowed in PCS than the notified MLC rate by the State Government through APMC Act. Further, actual reimbursement of procurement incidentals including MLC is done after finalisation of the cost sheet rates for each incidental based on submission of audited accounts with supporting documents by States as per PPI, which is done a few years after the marketing season. With a view to do away with anomaly of lesser rate in PCS compared with final rates and facilitate State Governments with reimbursement of near to actual expenditure on MLC at the provisional stage itself, it has been decided to partially modify the existing Principles regarding fixation of Mandi Labour Charges

P 72


(MLC) in the Provisional Cost Sheet (PCS) of Custom Milled Rice (CMR) for central pool applicable for DCP and non-DCP States as under:

S. No.	Item	Proposed amendment in Deciding Principle
3 (i)	Mandi Labour Charges for States not notifying activity-wise MLC	<p>The rates will be indexed by the Consumer Price Index (CPI) (of State, where available or of the country) to the last final rate. For first time State, the last final rate of a nearby state will be used. For other States, the last provisional rate will be used. The formula used will be:</p> $\frac{R \times \text{Avg of CPI of the Current Year}}{\text{Avg. of the CPI of the year rates were last finalized}}$ <p>Where 'R' is the last final rate.</p>
3 (ii)	Mandi Labour Charges for States notifying activity-wise MLC uniformly across the State and not District/Mandi-wise	<p>(a) The provisional rate for fixed components of MLC will be allowed as per the latest notified rates of <u>fixed component of MLC</u> of the State without any indexation only for following activities:</p> <ul style="list-style-type: none"> (i) Filling and placing the unit on the platform balance (ii) Weighing (iii) Unloading from balance (iv) Stitching <p>Note: The State is required to provide the scope of work covered under MLC and scope of work related to Arhatia/Societies (wherever applicable) to avoid duplication of payment.</p> <p>(b) The provisional rates for <u>variable components of MLC</u> towards remaining activities at Mandi labour will be calculated as per the indexation method i.e. the rates for <u>variable components of MLC</u> will be indexed by the consumer price index (of the State where available, else of the country) to the last final rates of the <u>variable component of MLC</u> of the State. For first time State, the last final rate of a nearby State will be used. The formula for indexation will be:</p> $= \frac{R \times \text{Average of the CPI of the current year}}{\text{Average of the CPI of the year rates were last finalized}}$ <p>Where 'R' is the last finalized rate for <u>variable components of MLC</u>.</p> <p>(c) The MLC allowed in provisional cost sheet will be sum of the fixed component of MLC and variable component of MLC.</p>

4. The above amendments are subject following conditions:

- (a) State Governments/agencies are required to furnish certified details with necessary proof regarding notifications issued under APMC Act for activity-wise MLC rates applicable in the entire State.
- (b) The above provisional payments will be subject to the final rates of the procurement incidentals and final settlement of the claims. In case of any excess payment made at provisional stage, the same will be recovered from the State Government by Government of India.
- (c) In case of non-DCP States delivering CMR to FCI, FCI will ring-fence the reimbursement towards MLC to concerned CCL account/loan account of the State Government for that particular KMS provided State is availing CCL/loan facility.
- (d) In case of DCP States distributing CMR within the States/delivering excess CMR to FCI, State will ensure ring-fence the reimbursement towards MLC to concerned CCL account/loan account of the State Government for that particular KMS provided State is availing CCL/loan facility.
5. This amendment will be applicable for both DCP and non-DCP States from KMS 2016-17 onwards.
6. In regard to reimbursement of MLC and admissible interest component on MLC, there is no change in existing principles. The existing procedure for finalization of the incidental rates will remain unchanged.
7. The "Principles" conveyed earlier vide this Department's D.O. letter No.192(4)/2003-FC.A/Cs. dated 16th July, 2003 and modified vide letters No.192(4)/2003-FC.A/Cs. dated 3rd November, 2004, 14th March, 2005, 13th October 2006, 27th April 2007, 10th October, 2007 5th December, 2007, 5th November, 2008, 4th September, 2009, 23rd March, 2010 and dated 18th October, 2011 accordingly stand amended in so far as Mandi Labour Charges payable through provisional cost sheet at Acquisition Stage for delivery of rice to FCI for Central Pool and for the States under decentralized procurement is concerned. All other terms and conditions of the "Principles" remain the same.
8. This issues with the approval of the competent authority.

Yours faithfully,


(Manoj K. Gupta)
Director

Tel. No.011-2338 9436

Copy to:

1. Sr.PPS to Secy(F&PD)/PS to AS&FA/PPS to JS(P&FCI)
2. Pr. Advisor (Cost)/Advisor (Cost)/Dir(Policy)/Dir(FCI)/Dir(Finance)/US (Policy-I)/US (Policy-III)
3. Policy-I Section/Policy-III Section/Guard File.