From

Director, Food, Civil Supplies and Consumer Affairs, Punjab.

To

1. General Manager, Food Corporation of India, Punjab Region, Sector 31, Chandigarh.
3. Managing Director, Punjab State Warehousing Corporation, Sector 17, Chandigarh.
4. Managing Director, PUNGRAIN, Sector 39, Chandigarh.
5. Managing Director, PUNSUP, Sector 34, Chandigarh.
6. Managing Director, MARKFED, Sector 35, Chandigarh.

Memo No. RP-2 (Policy 2017-18)-2017/1878
Dated, Chandigarh the 4th September, 2017


Please refer to the subject cited above.

2. A copy of Custom Milling Policy of Kharif Marketing Season 2017-18 is sent herewith for information and necessary action.

Enclosure- As above

Additional Director (Rice)


A copy of the above along with the copies of Custom Milling Policy for Kharif Marketing Season 2017-18 is forwarded to the following for information and necessary action:
1. All Deputy Director (Field), Food, Civil Supplies and Consumer Affairs in the State of Punjab.
2. All District Controllers, Food, Civil Supplies and Consumer Affairs in the State of Punjab.

Additional Director (Rice)


A copy of the above along with the copies of Custom Milling Policy for Kharif Marketing Season 2017-18 is forwarded to the following for information and necessary action:
1. Principal Secretary to Chief Minister, Punjab.
2. Personal Assistant/Chairman, Pungrain.
3. Private Secretary/Principal Secretary, Food and Supplies, Punjab.
4. Personal Assistant/Director, Food and Civil Supplies, Punjab.
5. Personal Assistant/Secretary, Mandi Board, Punjab.
6. All Officers at Head Office, Chandigarh.
7. All Branch Assistants through Superintendent (Rice), Head Office.

Additional Director (Rice)
CUSTOM MILLING POLICY

INTRODUCTION:

Punjab is a major contributing state of rice in the central pool. The handling of food grain stocks is a major responsibility of the Punjab Government. The entire process right from receiving food-grains at the purchase centre to its cleaning, drying, storage, transportation with minimum wastage is the main concern of the department. In order to maintain transparency, proper co-ordination between the procuring agencies and millers, there is a need to frame a proper policy which can provide proper management, financial and administrative mechanism to reach explicit goals.

1. SCHEME FOR CUSTOM MILLING OF KHARIF 2017-18 PADDY STOCKS:

In order to ensure smooth operation of custom milling of Kharif 2017-18 paddy procured by the procuring agencies, the following scheme called “Scheme for custom milling of Kharif 2017-18 Paddy” shall be followed by all the procuring agencies i.e. Pungrain, Markfed, Punsup, Punjab State Warehousing Corporation, Punjab Agro Foodgrains Corporation, Food Corporation of India and the Rice Millers/their legal heirs. For the purpose of custom milling of paddy, the State will be taken as a single unit.

2. PADDY TO BE CUSTOM MILLED ON CONTRACTUAL BASIS:

Marketing Season commences from the 1st day of October each year or as per the dates notified by the Government. The paddy arriving in the mandis shall be procured by the government agencies as per the specifications laid down by the Government of India. Paddy so procured, shall be got milled from the rice millers of the State as per various clauses provided in the Punjab Rice Procurement (Levy) Order 1983. No rice miller shall undertake the work of custom milling of any agency under any circumstances unless or until duly allotted for the purpose. In case any miller refuses the custom milling work allotted to him by the concerned procuring agency, he shall invite penal
action. In case the miller who wilfully refuses to lift / accept the allotted paddy from the agency, his mill shall be blacklisted for a period of 3 years. The following terms and conditions shall be adhered to for the custom milling of paddy during Kharif Marketing Season 2017-18 by all concerned millers, and violation, if any, shall invite penal action as provided in ensuing provisions.

3. DEFINITIONS :-

In this policy, unless the context otherwise requires-

i) Department means the Department of Food, Civil Supplies and Consumer Affairs, Punjab.

ii) A "Permanent Milling Centre" means a permanent centre where there is a cluster of rice mills located, storage for food grains is available and where procurement staff of the agencies is permanently posted and at which the procurement/milling operations are monitored/controlled round the year.

iii) A "Temporary Purchase Centre" means the one which operates only during the procurement period and no permanent staff of the procurement agency is posted there round the year.

iv) A "Mandi" means a place at which the procurement staff of the agencies is posted during the procurement season and at which the procurement operations are carried out.

v) A "Permanent Storage Centre" means a place at which storage for food grains is available and procurement staff of the agencies is permanently posted round the year and at which the storage operations are carried out/monitored round the year.

vi) The word "Centre" means a particular place where there is availability of space for the permanent storage of paddy/milling of paddy/rice.

vii) Paddy against Release Orders (RO) means the paddy lifted by a rice miller as per RO scheme after making payment to PUNGRRAIN at the rates and norms as prescribed from time to time by the Government.

viii) Custom Milling Paddy means the paddy purchased/procured by the procuring agencies, including FCI and given to the rice mills for milling.

ix) "Lessee" means a miller who has taken a rice mill on lease for a minimum period of 11 months from the original owner by way of a deed duly registered under Registration Act, 1908 and duly incorporated in the revenue records.
and shall also include the miller who has after taking land on lease set up a rice mill thereupon.

x) "Miller" means the owner or any other person incharge of a rice mill and includes a person or authority which has the ultimate control over the affairs of such mill and when the said affairs are entrusted to a Manager, Managing Director or Managing Agent then such Manager, Managing Director or Managing Agent will act as a miller. It may be a Company, duly registered under the Companies Act, Partnership Firm, Proprietorship Firm, Individual or any other Legal Entity or Lessee as defined above.

xi) "Rice Mill" means the plant and machinery and the premises including the precincts thereof in which or in any part of which, rice milling operation is carried on.

xii) "Mill Premises" means a definite place having definite boundaries/limits on which a rice mill is established, paddy is stored in the area meant for storage and rice milling operations are carried on.

xiii) "Milling Season" means the time allowed by the Government to complete the procurement of paddy/its custom milling and delivery of rice to the FCI in a specific Kharif year.

xiv) "Family" means a group of people who share ties of blood, marriage or adoptions and other persons related with each other due to family ties, which includes the husband, the wife and dependent children, grand children, mother, father, brother, sister, grand-father and grand-mother."

Explanation: Any member of family claiming himself/herself not to be part of the family, being separate and independent, shall have to establish his or her financial independence.

xv) "Defaulter" means a mill/miller who is yet to clear the entire dues of rice and/or settle the accounts, of any procuring agency/agencies of the previous year(s) and as detailed in Clause 11."

REGISTRATION OF A RICE MILL:
Each rice mill which is not registered previously with the Food Civil Supplies and Consumer Affairs Department or where there is a change in the Constitution of the Firm, Company, Lease Deed or any other Legal Entity shall have to be registered provisionally with the concerned District Controller, Food Civil Supplies and Consumer Affairs to be eligible for custom milling of the
agency's paddy. For this, such rice miller shall pay a fee of Rs.10,000/- (Rupees Ten thousand ·only) (Non-refundable) with the concerned District Controller, apart from supplying other relevant information as detailed in Annexure-'III'. The registration of rice mills shall be maintained on the website of the department. The registration of New/Lessee Rice Mills/Change of Ownership/ Partnership/ Constitution etc. for KMS 2017-18 shall be sent to the Head Office, Chandigarh by 8th September, 2017 and after that no such case shall be entertained.

5. LINKAGE OF MANDIS AND RICE MILLS :-
As far as possible, the purchase centers/mandis shall be linked with the nearest milling centre/storage centre keeping in view the availability of milling capacity at the milling/storage center(s) at which paddy is proposed to be stored/got milled. All the procuring agencies shall make necessary arrangements of linking the proposed purchase centers/mandis with the rice mills in such a way so as to incur bare minimum expenditure on transportation. This should be got done by the agencies at the time of allotment of rice mills.

All mandis are linked with the shellers within a particular milling centre where both mandi and sheller are situated. It is further clarified that where any sheller is situated in some adjoining milling centre (within the same district or in any other district) and the distance of mandi and such sheller is considerably lesser than the distance between mandi and the sheller within a particular milling centre then the mill within the particular milling centre shall be considered for linking with the mandi only if this mill agrees to bear the extra expenditure for transportation of paddy that has to be borne by the agency. The extra transportation expenditure is the expenditure incurred for transporting paddy from mandi to the sheller within the milling centre minus the expenditure for transporting from mandi to any other sheller which is situated with the adjoining milling centre (within the same or any other district) and whose distance from the mandi is considerably lesser viz. a viz. the sheller within the milling centre which is treated as a unit for linkage purposes. However, storage of paddy at a particular milling centre shall depend upon the number of clear mills available at that centre. A proforma (Annexure XXI) shall be submitted by every DFSC/DM, PUNGRAIN to head office about
linkages of mandis with rice mills in the district after linkage exercise is completed alongwith a soft copy to adfsriceho@gmail.com and directorfoodsupplies@gmail.com.

6. **STOCK ARTICLES**:
   For the storage of custom milling paddy of the agency/agencies, crates shall be arranged by the miller/millers and he/she shall be paid user charges for this @ Rs.15/- per tonne of the paddy stored by the concerned agency. Tarpaulins/Polythene covers/Nets etc. shall be supplied to the millers by the concerned agency.

7. **SHIFTING OF PADDY**:
   a) **WITHIN THE DISTRICT**:
      Surplus paddy, if any, at a milling centre shall be shifted against the release orders under the Release Order (RO) Scheme for its storage to other mills within the milling centre/same district where the transportation cost is minimum. The ROs of paddy to be shifted for all the agencies within the same milling centre/district mills shall be issued by the District Controller, Food, Civil Supplies and Consumer Affairs (DFSC) concerned upon the decision of the Committee headed by Deputy Commissioner of the District and consisting of all the District Managers of all agencies concerned including FCI. A copy of such ROs shall be sent to Deputy Director (Field) concerned, all the MDs and to the Director, Food, Civil Supplies and Consumer Affairs, Punjab.
   
   b) **OUTSIDE THE DISTRICT**:
      Surplus paddy, if any, available with any procuring agency in a district shall be shifted only as per the plan approved by the Director, Food, Civil Supplies & Consumer Affairs, Punjab and against the submission of non-refundable fee as defined in RO Scheme by the millers of the district, where the paddy is proposed to be shifted. Provided that, keeping in view the specific problem of the districts and the exigencies of the situation, the paddy of any procurement agency can be shifted from one district to another district irrespective of the fact whether the paddy in that district is surplus or not. However, the decision in such cases will be taken at the level of Director, Food, Civil Supplies and Consumer Affairs, Punjab and will be final. A copy of these ROs will be
sent to all the Managing Directors of procuring agencies for their information and record. As far as possible the local millers within the centre or within the district or millers having sheller nearest to the storage point shall be given the preference for allotment of paddy against Release Orders. However, the decision of Director Food and Supplies, Punjab shall be final who shall take the decision after considering all the pros and cons of each case.

c) It should be ensured that paddy is shifted directly from the purchase centre/mandi to the storage points/mill premises and no criss-cross movement of paddy stocks takes place. In case any criss-cross movement of paddy stocks is detected, the concerned District Controller (DFSC)/District Manager of the concerned agency and Deputy Director/Equivalent Official of the concerned agency shall be held personally responsible and disciplinary action shall be initiated against him/her.

d) Paddy from capacity deficit milling centres can be shifted to the interested millers of other milling centres/districts. The cost as to transportation either within or outside the district shall be as specified under the RO Scheme as mentioned in Clause 7(f).

e) SECOND SHIFTING OF STORED PADDY:

In case of second shifting of paddy i.e. paddy already shifted and stored at any particular place/mill, the procuring agency shall shift paddy to the rice mills already allotted to them after getting approval from the Director, Food, Civil Supplies & Consumer Affairs, Punjab who shall give such approvals keeping in view the availability of space and other factors needed for the smooth delivery of rice by the stipulated period in the central pool.

In case the paddy stored in any rice mill is not being milled as per schedule defined in the policy for one reason or the other, then the agency reserves the right to get the paddy shifted to any other rice mill at the risk and cost of the original allottee. However, it is explained that till the time, whole of the rice is delivered by the transferee miller, both the transferor and the transferee miller shall be liable to the same extent for any act or omission under the policy and agreement. In case
of any default neither of the millers shall be considered for allotment until they have obtained an NOC from the concerned agency.

**Explanation:** In case of embezzlement of paddy or deficiency of stocks after the transfer of the paddy, the responsibility will be of the transferee, if the transferor has the final receipt of the quantity of paddy so transferred.

The paddy shall be shifted to only those rice mills which have completed 100% of its original allotment and that too subject to Physical Verification/Certification by the District Controller of the district concerned. Specific reasons for allowing/disallowing the proposal have to be recorded. Provided, however that, under certain exceptional circumstances, paddy from such mills which are declared defaulters on account of their having delivered BRL rice and/or are not delivering rice as per the stipulated schedule during mid-season as laid down in the policy, or have become non-functional due to any other reasons whatsoever, can be shifted to other allotted mills even though such mills might not have completed their 100% milling. In such cases, the decision of Director, Food Civil Supplies and Consumer Affairs, Punjab shall be final.

Physical Verification shall be conducted before shifting of paddy from any mill to ensure genuineness of transaction and availability of paddy in said mill.

Physical Verification shall also be conducted at the mill that has received such transferred paddy immediately on arrival of paddy in the mill.

**SHIFTING OF PADDY UNDER RELEASE ORDER (RO) SCHEME:**

While shifting paddy under Release Order Scheme, the following instructions must be kept in view:

i) Only the allotted rice mill shall be allowed to lift paddy under this Scheme. Since the transfer of paddy under this Scheme is on the basis of PR to PR, all applications for lifting of such paddy should have the recommendation of the concerned DFSC who shall certify that the concerned rice mill is an allotted rice mill
and is in a position to mill the lifted paddy on the basis of the rice mill's past performance.

ii) Surplus paddy, if any, available with any procuring agency within or outside district shall be shifted against the release orders after the miller deposits required amount of non-refundable fee for Release Order with the District Manager, PUNGRAIN of the concerned district, irrespective of the fact that the paddy belongs to any other agency. The deposit of non-refundable fee against Release Orders shall be Rs.25/- per MT of paddy. However, in order to incentivize the lifting of paddy from "Paddy Surplus and Milling Capacity Deficit Districts" namely Amritsar, Fazilka, Ferozepur, Gurdaspur, Pathankot and Tarn Taran the non-refundable fee for ROs shall be Rs.15/- per MT. The release orders will be issued on priority from above mentioned "Paddy Surplus and Milling Capacity Deficit Districts" to which millers shall not have any objection.

iii) Paddy to be allotted under RO Scheme shall be allotted in multiples of 100 MTs. In case fraction of 100 MT is balance left in the stocks at the end, the entire quantity shall be included in the last allotment.

iv) The transportation cost payable by the agency for movement of paddy against RO shall be as per the notified rates by the Director, Food Civil Supplies and Consumer Affairs, Punjab, from time to time. This shall, however, be within the maximum ceiling of FCI rates permissible for such movement. Any amount incurred on RO paddy transportation which is not refundable by FCI will be borne by the miller himself/herself. The transportation bill shall be paid from mandi to rice mill/storage point as per rates notified.

v) The payment of transportation charges for paddy shifted against ROs shall be made by the recipient district. This payment shall be made only when the shifted paddy actually reaches the recipient mill and the quantity is verified through physical
verification by the Staff of the recipient district and entry of the same is made in the portal.

vi) No additional security amount shall be got deposited from the millers for the paddy allotted to them under the Release Order Scheme. No supplementary agreement shall be signed by the millers and the concerned agency and acceptance of this paddy shall be deemed to be the part of the original agreement signed between the miller and the agency concerned.

vii) A miller shall be allowed to lift paddy against Release Order Scheme of same agency to which he is allotted for custom milling as far as possible.

viii) To deposit the non-refundable fee either by cash or by draft for lifting paddy against the Release Orders, the rice millers shall collect Pre-Printed Fee Deposit Slips from the concerned District Manager, PUNGRAIN. Duly filled in slips shall be got checked and signed from the District Manager, PUNGRAIN before depositing it with any branch of the designated Bank, even if the paddy belongs to any procuring agency.

ix) The miller shall lift the paddy against RO within ten days from the issuance of Release Order for the additional paddy, failing which the next eligible rice miller shall be considered for allotment of additional paddy. However, in case of advance ROs for lifting paddy from the excessively surplus districts, the validity shall be the date notified by the Director, Food, Civil Supplies & Consumer Affairs, Punjab.

8. **STORAGE OF PADDY STOCKS:**

   a. Paddy shall be stored at the storage point/rice mill by the miller at its own expenses after the completion of the agreement with the concerned agency. Subsequent operations like de-stacking/loading of paddy from storage point/transportation/unloading at hauddi/drying/re-stacking etc., till the delivery of rice in FCI godowns shall be handled by the miller concerned at his/her own expenses.

   b. Paddy procured by the agencies shall be stored separately in the premises of the allotted mills by the concerned miller. Paddy so stored
shall be in joint custody of the agency and the miller till its milling is completed and rice delivered to Food Corporation of India. (The definition of Joint Custody shall be as per Department's letter No. RP-2-2016/41, dated 20.01.2016).

c. The responsibility for quantity and quality of the paddy stored shall be of the concerned miller. The miller shall ensure the storage of the paddy stocks of the agencies separately from that of his own purchased paddy stocks by erecting a physical barrier such as a boundary wall or a proper and durable fencing. These stocks shall be open to Physical Verification/Inspection by the concerned agencies as per the contract and the miller shall facilitate it.

d. Immediately on receipt of entire paddy, each miller shall prepare in triplicate a pictorial chart/sketch depicting the positioning of the stacks, stack number, with the number of bags in each stack. He shall retain a copy of the above at his mill premises while the second copy shall be available with the inspector in-charge of the concerned agency and the third copy shall be kept in the district office of the procuring agency.

e. The paddy stored over and above the stipulated norm in a mill shall be shifted at the risk and cost of the concerned Inspector/AFSO/DFSO/DFSC or equivalent ranks of the concerned agencies.

f. The paddy shall be stored only at storage points duly approved by the concerned procuring agency. These storage points can be adjoining the rice mills. No paddy shall be stored at any unauthorized/unapproved and far off places, under any circumstances and such storage places should be intimated to the concerned agency by the miller where paddy is being stored.

g. The concerned Inspector/Staff of the procuring agency shall reconcile and submit complete details/receipt of the paddy stocks stored with the millers within 7 days of completion of storage to the district office.

9. STORAGE OF PADDY IN OWN CUSTODY:
Bare minimum paddy shall be stored in own (Agencies’) custody and that too under exceptional circumstances only with the prior approval of the Managing Director (MD) of the concerned procuring agency. The paddy to be stored in own custody shall be stored preferably within 8 kilo-meters of the rice mills
allotted to the procuring agencies. Such paddy stocks are to be got milled from the mills allotted to the agencies at the earliest possible so that agencies do not incur any undue financial expenditure. The responsibility for quality and quantity for the paddy stored under own custody shall be of the concerned staff of the agency.

10. **PHYSICAL VERIFICATION (PV) OF PADDY:**

The staff of agencies shall conduct physical verifications of the paddy stocks on a fortnightly basis. Copies of PV reports shall have to be submitted regularly by the concerned staff to the district offices. The reports, besides indicating physical availability of stocks and their quality, shall clearly give the quantity delivered and available with the miller.

Initial storage of paddy with a rice mill shall be video graphed. The first physical verification should be carried out within 10 days of completion of storage of paddy. After that, Physical verifications should be video graphed once every two months. A proper record of these checkings shall be maintained. The following will be the **FORTNIGHTLY NORMS** for carrying out the Physical Verifications:

1. **Inspector or Equivalent Official** of each procuring agency 100%
2. **AFSO or Equivalent Officer** of each procuring agency 50%

Each AFSO shall be bound to carry out PVs of 100% mills in one month, meaning thereby he/she shall carry out PVs of mills on rotational basis every fortnight. The Physical Verification of rice mills where the storage is 10,000 MTs and above shall be carried out jointly by the officials mentioned at Sr. No. 1 and 2.

3. **DFSO or Equivalent Officer** of each procuring agency 25%
4. **DFSC/DM or Equivalent Officer** of each procuring agency 10%

For Sr. No. 3 and 4 it will be mandatory to conduct PVs of such mills which have the lowest milling percentage and are lagging behind the milling schedule prescribed in the Policy.

5. **DDF/RM or Equivalent Officer** of each procuring agency: 10 rice mills with atleast 2 mills from each district per fortnight and the mills which are at the lowest milling percentage. The miller/his or her authorized representative shall be associated in the PV operations and his/her signatures shall be taken on PV report. In case the miller or his/her authorized representative refuses to
associate/sign himself/herself to the PV then the PV conducted by concerned agency without miller or its authorized representative shall remain valid.

11. ALLOTMENT OF RICE MILLS:-

A. Allotment of rice mills shall be made by a district level committee comprising of district heads of all the procuring agencies headed by the Deputy Director (Field) of the concerned division. District Managers of procuring agencies shall be equally responsible in case of any wrong allotment. If any agency finds any discrepancy in allotment, capacity fixation or any violation of the policy, they shall bring these facts to the notice of the Director, Food, Civil Supplies & Consumer Affairs, Punjab immediately for necessary action and Director's decision in this regard shall be final.

B. The rice mills which have completed 100% milling of paddy stocks of Kharif 2016-17 by 31.03.2017/last date of milling allowed by the Government of India are to be considered as eligible for allotment of paddy during Kharif marketing season 2017-18. But those millers who have not cleared the entire milling by 31.05.2017, however if deposit the acquisition cost of the balance paddy i.e., MSP+ Dami+ taxes + cost of bag + labour and transportation charges + Custody and maintenance charges + Administrative Charges + interest @ 13% and incidental charges as allowed by the Government of India to be charged from 01.11.2016 shall also be considered eligible for the allotment for KMS 2017-18.

C. All the allotments of rice mills shall be completed before 15.9.2017. After this date, the allotment cases shall be sent to Director, Food, Civil Supplies & Consumer Affairs, Punjab for approval. Allotment once made, shall not be changed. Wherever any necessary change is required, it shall be done at the level of Director, Food, Civil Supplies & Consumer Affairs, Punjab and the same shall become final.

D. If a defaulter mill clears the government/agencies dues of the previous year(s) including KMS 2015-16 and 2016-17 to the full satisfaction of the Government, as mentioned in clause 11(B) above, it can be considered as eligible for allotment from the date all the dues are cleared. However, the rice mill shall have to obtain a No Objection/Dues Certificate from all the procurement agencies.
E. The rice mills are to be allotted to all the State Procuring Agencies in proportion to the paddy to be procured by them. In case one agency completes its milling of paddy stored with a mill and does not want to get any more paddy milled from it, then the same mill can be formally allotted to any other agency at the level of Director, Food and Supplies, Punjab after assessing the factual position from the concerned agency.

F. All the district heads of procuring agencies including F.C.I. shall prepare an authenticated list of defaulter and eligible rice mills by 8th September, 2017 giving the nature of default and submit the same to the concerned District Controller, Food, Civil Supplies & Consumer Affairs. The list shall be consolidated by the concerned District Controller, Food, Civil Supplies & Consumer Affairs & he/she shall submit the same to concerned Deputy Director (Field) cum- Chairman of the allotment committee immediately. A copy of the Proforma in which this information is to be furnished, is enclosed as Proforma-I & II (Annexure I & II). A copy of the consolidated list will also be sent to Head Office by District Controllers, Food Civil Supplies and Consumer Affairs in the State of Punjab.

Each allotted miller shall enter into and execute an agreement with the concerned agency as per the format given hereinafter along with all the Annexures-I to XXI attached therewith, which shall be made available in the shape of brochure. This agreement shall be on a stamp paper of Rs.2000/- (Two Thousand Rupees). Each page of the agreement shall be signed by the District Manager and the Miller concerned.

The following schedule will be adhered to by the District Allotment Committee:-

i. Preparation of list of eligible rice mills by 8th September, 2017;

ii. Scrutiny of the list by 11th September, 2017;


iv. Signing of agreement and deposit of security etc. by the allotted millers by 20th September, 2017.

The Chairman of the Allotment Committee -cum- Deputy Director (Field) shall pass a speaking order in respect of a defaulter rice mill, clearly stating the reasons for not allotting the mill at his level. These orders shall be appealable.
before the Director, Food, Civil Supplies and Consumer Affairs, Punjab within seven days from the date of order refusing allotment. These speaking orders shall be passed in respect of each list of allotment issued by the District Level Allotment Committee. A detailed list of such cases where the Allotment Committee has not made the allotment shall be submitted to the Head Office by 15-09-2017.

G. Single Mill/Single Agency – Each Rice Mill shall be allotted to a single agency only even if two rice mills are situated in any district within the same boundary wall.

H. No defaulter rice mill shall be considered for allotment/ provisional registration. The default may be on the following counts:

   a. If a rice mill has to deliver custom milled rice of any agency pertaining to the previous years including 2016-17.

   b. Any rice miller who has not completed 100% custom milling of paddy allotted to him in KMS 2016-17 by any procuring agency, would be declared as ineligible for allotment for KMS 2017-18.

   c. If the owner/partner/director of a lessee/owner rice mill becomes partner/Director of a new/lessee/owner rice mill, or if the transfer of a rice mill either through sale or through lease is found to be sham or financial relation is established between the new and old rice mill, which was defaulter on any count then the said mill and the mill premises in question shall also be declared as defaulter. Besides, in case of family member of a defaulter rice miller, proof of separate residence/ separate family shall not itself be sufficient to prove that his/her project is not being financed/ promoted by his/her defaulter family members/blood relations. The Director, Food Civil Supplies & Consumer Affairs, Punjab shall examine such cases and Director's decision in this regard shall be final and binding on all concerned.

   d. The rice miller(s) who stood guarantor(s) for any other miller against whom a court case/police case is registered or arbitration proceedings are initiated on account of embezzlement and/or on account of non-delivery of rice relating to custom milling pertaining to any crop year, shall not be considered for allotment until such miller for whom guarantee was furnished, clears the default of the concerned agency.
along with penal interest at the rates for the relevant year(s) as decided by the Government from time to time.

e. If the agency reports any case of misappropriation of paddy by a Miller of the previous years.

f. If a police/court case/arbitration case is pending against the Miller on account of embezzlement and/or on account of non-delivery of rice. However, if the Miller clears the default of the concerned agency along with penal interest at the rates for the relevant year(s), as decided by the Government from time to time, he may be considered for allotment without prejudice to the outcome of the FIR/Court Case/Arbitration Case pending against him.

g. The Miller against whom an arbitration award has been passed and has failed to deposit the amount of award shall be considered as defaulter and shall not be considered for allotment, till he has deposited the awarded amount.

h. Premises of a defaulter Miller auctioned by a financial institution/commercial bank shall not be considered for allotment during KMS 2017-18, if there is any objectionable relation between the buyer and the previous owner as far as allotment of paddy is concerned for Custom Milling purposes. Further, if the Agency's dues could not be cleared out of the sale proceeds of rice mill/other properties of defaulter Miller, in that case also the buyer of this auctioned Mill will not be eligible for allotment of paddy during Kharif 2017-18.

i. The Millers with whom FCI has banned its business dealings on account of delivery of rice "Beyond Rejection Limit" (BRL) and beyond PFA during the previous years.

j. If a rice Miller does unauthorized milling of an agency other than the one allotted to him, he shall be blacklisted and the paddy stocks shall be lifted from his premises at his risk and cost.

k. A rice mill running on a generator set or diesel engine shall not be considered for allotment.

l. Any Miller who is defaulter for non-delivery of levy rice or non-payment of levy penalty for the years 2007-08, 2008-09, 2009-10, 2010-11, in order to become eligible for allotment of paddy during KMS 2017-18,
shall have to give cheques of the like amount along with an undertaking that he shall be bound by the State Policy/the final decision of FCI taken in this regard.

m. No defaulter rice mill shall be permitted to do custom milling for and on behalf of an eligible miller i.e., an eligible rice mill shall not get his paddy milled from a defaulter rice mill. In case he does so, the eligible miller shall be blacklisted.

n. No defaulter miller shall be allowed to operate the mill (which includes the land on which it is situated) or to transfer it to any other party by way of gift/lease or sale unless and until he clears all dues of all procurement agencies and obtains NOCs from concerned agency/agencies.

o. In cases where the miller is also running a Commission Agent's shop then in such a case his rice mill shall not be allotted to the agency for which he is working as a Commission Agent.

p. No miller shall mortgage, gift, sell or transfer the mill by any means to any other person till the dues of Custom Milled Rice are cleared of the procurement agency (Affidavit from the miller should be taken in this regard in advance).

In case of a lessee firm being allotted to an agency, it shall be the duty of the concerned agency to fully satisfy itself about the bonafides of the Lessee Firm to ensure that the firm takes special care of paddy stocks stored in such mills.

The authenticity of documents and identity of Owners/ Partners/Directors, including Photographs, AADHAAR number, PAN Card, Last three years Income Tax returns etc. shall be verified by the DM of the concerned agency before storing paddy in all mills.

The electricity connection shall be available in the rice mill on or before the date of the allotment without which no allotment shall be made.

Each allotted rice miller (whether owner or lessee) shall submit a guarantee by way of two signed undated payee's account MICR cheques in favour of Managing Director of the concerned agency as per his eligibility for allotment of paddy as detailed in Clause 14(b) of the policy. First cheque of 50% value of total paddy to be stored shall
be given by the miller before the storage of paddy and the second cheque of the remaining 50% value shall be given after the completion of storage of paddy. These cheques can be got encashed after giving notice to the miller in case of shortage of paddy/rice, if required. These two cheques taken from the miller equivalent to cost of paddy entrusted for milling shall have no limitation of money endorsed on them for withdrawal purposes.

The rice miller shall enter the data of paddy storage at the website of the department and after verification of the same by the concerned District Controller, Food Civil Supplies & Consumer Affairs, miller shall get the contract numbers automatically through web portal. He shall abide by the instructions given by the department regarding the release of contract numbers from time to time. The rice miller shall give his IP Address to the Department.

Any rice mill found guilty of tampering with the official data or any other such mal-practice in this regard shall be declared defaulter by a reasoned order to be passed by Director, Food, Civil Supplies and Consumer Affairs, Punjab.

In case of Sole Proprietorship, Partnership Firm, Private Limited Company, Limited Company and Societies, there shall be a complete ban on change of Proprietor, Partners, Directors or Members of Societies once an agreement has been entered into for Custom Milling of Paddy or a mill is allotted for Custom Milling or the Paddy is stored in the mill for Custom Milling till the entire Custom Milled Rice due is delivered to FCI and account is settled with concerned Procurement Agency. However in case of death of any Sole Proprietor/Partner/ Director/Member of Society, then Director, Food Civil Supplies & Consumer Affairs, Punjab can consider such request for change of management/ownership on merit of the case.

12. **ALLOTMENT TO LESSEE RICE MILLS:**

a. The allotment to lessee rice mill shall only be made if he/she is a lessee for a minimum period of 11 months from the date of allotment and the lease must be duly registered under Registration Act, 1908 and this entry
must be incorporated in the Revenue Record in the name of lessee. Proof in this regard shall be furnished by the miller to the concerned agency.

b. Each lessee rice miller shall furnish a guarantee of the owner of the rice mill taken on a lease by him (lessee) and a guarantee of the owners of two other rice mills on a stamp paper of minimum of Rs.300/- (Rupees Three hundred) as per proforma attached with the policy (Annexure IV). District Managers of the concerned agencies shall create a lien on the property of owner-guarantor of such mills through the Deputy Commissioner office of the district.

c. The owners/rice millers who furnish the guarantee on behalf of lessee must be duly authorized by a legally valid document i.e in case it is a Company then there must be by a resolution of the Company, in case of Partnership Firm, by all the partners and in case of any other Legal Entity, then by valid legal document[s].

d. The property of the owner who stood guarantee on behalf of the lessee shall remain under lien of the concerned procuring agency[ies] till the liabilities of the lessee are fully discharged.

e. In case a lessee rice mill fails to complete the milling operations before the expiry of his lease period, he shall be required to extend the lease period of his mill till the completion of milling operations.

13. **VOLUME OF WORK:-**

**A)** The Government/agency does not guarantee any definite volume of work relating to shelling of paddy at any time during the period of contract. The mere mention of any type of work in this policy shall not by itself confer a right on the miller to demand that work relating to shelling of paddy at a particular centre/mandi should necessarily or exclusively be entrusted to him.

As paddy is to be allotted to the miller subject to its availability with the procurement agencies at that particular milling centre, the shortfall, if any, will not be arranged from other milling centres or districts and this portion shall be deemed to have lapsed and the miller shall have no claim against it, neither the Rice Mill owner shall have any such rights on registration to get definite volume of paddy stored for milling by him only.
B) As far as registration and allotment of paddy to new rice mills being set up in paddy deficit areas is concerned, it shall be subject to the following terms and conditions:-

1. Setting up of sheller is individual decision of sheller owner and Department is not bound to allocate paddy for custom milling. Registration of mills does not entitle an assured quantity of paddy for Custom Milling purposes, neither it makes it entitled for linkage with Mandis for Custom Milling purposes.

2. If the Department considers to establish linkage of any mandi(s) with a particular miller, the same will abide by the directions of District Controller, Food and Civil Supplies of the concerned District or Director, Food and Supplies Punjab, wherever issued, to lift at least 10% of their entitled paddy, if any, for Custom Milling purposes from District Tarntaran or any other place as directed. The mills will be paid transportation charges as defined in Custom Milling Policy for 2017-18 for transporting paddy against such Release orders.

3. Such millers will not claim paddy from the local milling centre/any other place and would also not file any Court Case against the Department to lay claim on paddy for custom milling purposes from any place in the State of Punjab and would submit an undertaking to abide by all the terms as referred above.

14. ALLOTMENT OF PADDY:

a) A minimum of 150 M.Ts. of paddy is required to be purchased by the miller in his own account or miller shall deposit a security of Rs.5.00 lac (Rupees Five Lac only) in the shape of a demand draft favouring Managing Director, PUNGRAIN with OM, PUNGRAIN even if the paddy belongs to any other procuring agency.

However, this clause is not applicable in the case of Markfed, where it stores paddy in their own Modern Rice Mills located at different places.

Henceforth, a miller shall be permitted to convert any quantity of paddy into rice provided he submits bank guarantee or FDR of the matching value of paddy to the concerned agency and gets prior permission for it.
b) **PADDY ENTITLEMENT** -

Allotment of paddy shall be on the basis of last year's i.e., KMS 2016-17 milling performance and installed capacity of the miller. 50% weightage shall be given to both the parameters.

i) The capacitywise entitlement shall be as under:-

<table>
<thead>
<tr>
<th>Capacity (in Tonnes)</th>
<th>Paddy Allocation (in MTs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Tonne</td>
<td>3500 MT</td>
</tr>
<tr>
<td>1.5 Tonne</td>
<td>4000 MT</td>
</tr>
<tr>
<td>2 Tonne</td>
<td>4500 MT</td>
</tr>
<tr>
<td>2.5 Tonne</td>
<td>5000 MT</td>
</tr>
<tr>
<td>3 Tonne</td>
<td>5500 MT</td>
</tr>
<tr>
<td>4 Tonne</td>
<td>6000 MT</td>
</tr>
<tr>
<td>5 Tonne</td>
<td>6500 MT</td>
</tr>
<tr>
<td>6 Tonne</td>
<td>7500 MT</td>
</tr>
<tr>
<td>7 Tonne</td>
<td>8500 MT</td>
</tr>
<tr>
<td>8 Tonne</td>
<td>9500 MT</td>
</tr>
<tr>
<td>9 Tonne</td>
<td>10500 MT</td>
</tr>
<tr>
<td>10 Tonne and above</td>
<td>11500 MT</td>
</tr>
</tbody>
</table>

**NOTE:** The quantity mentioned against the tonnage capacity of rice mills does not include RO paddy under the heading Paddy Allocation (in MTs) as mentioned in above table.

**ILLUSTRATION:** The criteria for allotment of paddy during KMS 2017-18 shall be as under:-

Suppose a miller mills 2000 MT paddy by 30-04-2017 and his installed milling capacity is 2 Tonne during KMS 2016-17. But this miller was allocated 2500 MT paddy (including RO Paddy) which was stored in his mill. He cleared his mill by depositing the amount of balance 500 MT after 30th April, 2017 or delivered balance rice after 30th April, 2017 but within the time allowed by Government of India. This way the miller milled only 80% of paddy allocated for milling including RO Paddy. In this case, his paddy entitlement for KMS 2017-18 on the basis of KMS 2016-17 milling performance and installed capacity shall be as under:-
Milling Capacity & Performance during KMS 2016-17 | Entitlement for Paddy
---|---
a) Installed Capacity of mill - 2 Tonne | 2250 MT (50% of 4500 MT)
b) Milling undertaken during KMS 2016-17 - 2000 MT (i.e., 80% against allocation of 2500 MT) | 1800 MT (60% of 2250 MT)
Total entitlement of paddy for KMS 2017-18 becomes | 4050 MT (2250 + 1800)

iii) Entitlement for new rice mills and for the mills which were not allocated any paddy during KMS 2016-17 despite fulfilling the eligibility conditions:

These mills will get 90% of the entitlement as per installed capacity of such mills.

iv) Border District Mills: The mills situated in border districts shall have an option to lift additional quantity (40% more than the entitlement calculated as per weighted average formula) of paddy in case they wish to mill the additional paddy over and above their entitlement.

Further every rice mill who is doing the job of Custom Milling of Paddy of any Procurement Agency shall bring and mill the paddy from Tarntaran District or any other district as directed by DFSC of the concerned District/Director, Food, Civil Supplies and Consumer Affairs, Punjab as per the following norms:

<table>
<thead>
<tr>
<th>Milling Capacity</th>
<th>Paddy to be lifted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Tonne</td>
<td>300 MT</td>
</tr>
<tr>
<td>3 Tonne</td>
<td>400 MT</td>
</tr>
<tr>
<td>4 Tonne</td>
<td>500 MT</td>
</tr>
<tr>
<td>5 Tonne and above</td>
<td>750 MT</td>
</tr>
</tbody>
</table>

Or as per any other directions issued by Director, Food, Civil Supplies and Consumer Affairs, Punjab from time to time.

v) QUANTUM OF RO PADDY - Generally the quantity of paddy to be issued against Release Orders shall not be more than the entitlement of rice mill. However, this quantity can be increased by Director, Food, Civil
Supplies and Consumer Affairs, Punjab depending upon case to case and the performance of the miller about of quantum of paddy milled and delivered in the Central Pool.

vi) The paddy in rice mills at a milling centre should be stored proportionately in rounds of 20% each (of the millers allocation). The next round of paddy storage should start only after 20% of paddy storage of the previous is completed in each eligible rice mill. The paddy shall be allotted to all the eligible rice mills in a milling centre subject to the availability of paddy at the milling centre concerned and cut, if any, will be imposed on the quantum of allotment in ratio and proportion on all the mills at that particular milling centre.

c) The miller who had not completed his milling even by the extended period of milling i.e. 31.05.2017 but cleared his milling dues up to 30.06.2017 by depositing the acquisition cost of balance paddy of 2016-17 (MSP + Dami + taxes + cost of bag + labour and transportation charges + Custody and Maintenance charges+ Administrative charges + interest @ 13% and incidental charges as allowed by Government of India to be charged from 01.11.2016) will be eligible for allocation of paddy as per Clause 11(b) above.

d) The date of uploading of last Acceptance Note on the portal by the concerned miller shall be deemed to be the last date of completion of milling by that mill.

e) Each allotted miller shall also submit MICR cheque drawn in favour of MD of the agency concerned @Rs.38 lakh for every 2000 MT of paddy or part thereof stored in his mill.

f) The paddy purchased by the commission agent shall not be stored in his own rice mill, if he operates a rice mill also.

g) The allotted rice mills shall enter into an agreement with the concerned agency by 20-09-2017, the format of the which has been attached with the policy along with the Annexures - I to XXI which shall be supplied in the shape of a brochure and complete all other formalities in this regard, failing which the allotment shall be liable to be cancelled. Signatory to the agreement must be authorized by the Owners/Partners/Directors, as the case may be, through a legally executed document in his/her favour.
However, the overall responsibility shall still rest with the owner rice miller. No paddy shall be stored with the miller till he executes an agreement and signs the necessary documents. A complete set of documents shall be sent by the concerned District Manager to his Head Office.

The Power Of Attorney to run a rice mill can be given only to the shareholder or partner of a rice mill and not to any other person. Transfer of Power Of Attorney to any person other than shareholder or partner shall tantamount to fraud and shall invite penal action as per Law. The agreement to be executed by the rice millers shall be made in three copies (One original and two attested copies). The District Manager shall retain the original copy of the agreement and one copy each shall be retained by the Managing Director of the concerned agency and the miller. Signatory to the agreement shall be authorized by the partners/directors in the partnership deed or otherwise all partners shall sign the agreement. No GPA shall be entertained for signing the agreement.

h) Each allotted rice miller shall submit a Custom Milling Security amount of Rs. 1,00,000/- (Rupees One Lac only) in the form of a demand draft in favour of Managing Director of the concerned agency for every 1000 MT of paddy or part thereof allotted to his mill. It must reach Head Office of the respective agency by 20.09.2017. No paddy shall be stored in a rice mill which does not deposit the requisite security amount.

i) For the purpose of milling of paddy, stocks shall be issued against advance rice by the staff of procuring agencies in lots of 200 tonnes (two stacks) each through a release order and that paddy issued/received without a proper release order shall be treated as a serious lapse. The next lot of paddy for milling shall be issued only after the resultant rice of previous lot has been delivered to FCI, and the acceptance note and weight check memo have been received and uploaded on the website as required. The agency shall keep a proper record of issuance of release orders of paddy.

j) In case the miller lifts the paddy without R.O. or un-authorisedly converts it into rice, it shall tantamount to defalcation and the department may take any punitive action against the miller. The miller shall be liable to pay the
interest @ prevalent SBI rates of Cash Credit Limit per annum for the value of paddy for the duration of defalcation.

k) It shall be the responsibility of the millers to ensure that the "Acceptance Note", Weight Check Memo and all other relevant documents are uploaded by FCI on the Department Portal for claiming payment from FCI, failing which the release order for due quantity of paddy shall not be issued.

l) Each rice mill shall maintain the Stock Registers which shall be duly authenticated/verified by the concerned staff (Inspector/AFSO).

15. Payment of milling charges:-

A. The rice millers shall be paid milling charges for custom milling of paddy as fixed by the Government of India. All by-products viz. broken rice, rice kani (rice husk and rice bran etc.) shall be the property of the rice miller. All the taxes pertaining to by-products, if any, shall be borne by the miller and the State procuring agencies are not responsible for this. Milling charges and other charges payable to millers would be inclusive of all taxes.

But in case of any defalcation, these by-products lying in the mill from part paddy milled will automatically belong to agency and not to the miller.

B. The miller shall settle all accounts with the concerned agency within 15 days from the date of hundred percent delivery of custom milled rice.

16. Out-turn ratio:- The out-turn ratio fixed by the Government of India as applicable shall be as follows:

a) 67% for raw rice.

b) 68% for par-boiled rice.

c) Benefit of Driage @1% of MSP shall be given to only those rice millers who have completed 100% milling i.e., 87% raw rice delivered to FCI within the stipulated period as per the norms and policies of Government of India. No benefit of driage will be given to those millers who would not complete their milling within the stipulated time and deposit the amount of balance rice with the concerned agency. However, par-boiled rice mills are not eligible for driage benefit.
17. (A) Services to be provided by the miller:-

a) Loading of paddy from storage point, transportation and unloading of paddy for milling at haudi/drying.
b) De-stacking of paddy.
c) Drying of paddy stocks.
d) Katai of paddy bags before de husking.
e) Re-stacking of paddy stocks.
f) De-husking of paddy stocks.
g) Filling up of bags of rice prior to dara making.
h) Dara making of rice bags and filling/sewing of bags with double line machine Stitching.
i) Transportation of rice to FCI depot.
j) Delivery of acceptance notes, weight-check memos and other relevant documents for claiming payment from the Food Corporation of India and uploading them on website as directed by the Government from time to time.
k) Miller shall stitch a rexine slip/canvas slip with each bag, bearing name of the mill/Centre/District/ category of rice/ net weight/ contract no / crop year on the bags.
l) The miller shall be responsible for maintaining the quality and quantity of the paddy/rice stocks till the delivery of rice to FCI under the supervision, control and assistance of the agency officials.
m) The miller shall not misappropriate the agency’s paddy stored with him for delivery of advance rice in the FCI account under any circumstances.

n) It will be mandatory for the miller to whom the job of Custom Milling of Paddy is awarded/ entrusted to himself/herself arrange the jute bags for filling of paddy to be transported to his/her mill for Custom Milling purposes. The miller shall be paid usage charges for this service as decided by Government of India/State Government. No paddy shall be allocated to any miller who refuses to arrange proof of having custody of required number of jute bags for filling and storing of paddy as per policy of Government of India regarding usage charges payable to millers.
The paddy stocks shall be shifted from mandis to the linked rice mills/ storage points by the transporter as per terms and conditions of the Agreement entered into with the agency. In case, where transporters do not provide truck for transporting paddy from mandi to rice mills/storage points, then the agency can get this work done from Anthiyas or millers at the risk and cost of transport contractor. This Clause will remain applicable for other jobs of transportation also other than transportation of paddy like transportation of jute/PP/HDPE bales, stock articles, wheat or any other product falling within the ambit of agreement.

18. DELIVERY OF RICE:-

A) FCI shall intimate the latest status about the vacant space to the concerned agency on the first of every month and the delivery of custom milled rice shall be routed through the concerned agency. However, responsibility for the quality of rice shall be that of the concerned miller.

B) The miller shall utilize the milling capacity strictly on the basis of paddy stocks stored by the Government agency and paddy purchased by the miller in his account.

a) During KMS 2017-18, the millers are exempted from delivery of levy rice on their private purchase.

b) Delivery of custom milled rice shall start immediately i.e. from the commencement of Kharif Marketing Season 2017-18.

c) Time schedule for the delivery of custom milled rice shall be as under:

<table>
<thead>
<tr>
<th>Month</th>
<th>Percentage of delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 31st December, 2017</td>
<td>33%</td>
</tr>
<tr>
<td>Upto 15th February, 2018</td>
<td>66%</td>
</tr>
<tr>
<td>Upto 31st March, 2018</td>
<td>100%</td>
</tr>
</tbody>
</table>

The pace of milling shall be monitored by the agencies as per the above schedule and shortfalls, if any, shall invite penal action such as shifting of paddy to other mills at the risk and cost of the concerned rice miller.

d) If the miller fails to complete his milling by 31-03-2018, he shall be required to pay the acquisition cost of balance paddy i.e., MSP + Dami + taxes + cost of bag + labour and transportation charges + Custody...
and Maintenance charges + Administrative charges + incidental charges as allowed by Government of India + interest @ prevalent SBI rates of Cash Credit Limit to be charged from 01-11-2017 till the time he clears the dues. He shall not be paid any milling charges for the undelivered stocks. The last date of payment of these dues by a miller shall be as notified by the Govt. of India/State Government failing which he shall not be considered for allotment in KMS 2018-19. The balance un-milled stocks shall become the property of the rice miller after deposit of economic cost of paddy and a proper release order/invoice shall be issued to him/her after the deposit of the due amount.

If the miller fails to pay the cost of un-milled paddy by notified date, action shall be initiated against the miller by the concerned agency as per the contract/agreement. The balance of un-milled paddy/rice lying with the miller shall be auctioned by the concerned agency at the risk and cost of the miller(s).

The agency shall have full right to access to the mill where the agency’s paddy has been stored for lifting the same for auction purposes. It is also made clear that un-milled paddy shall be lifted only from the premises or the separate enclosure provided for the storage of paddy delivered by the agency. The action of lifting the un-milled paddy for auction shall not be construed in any manner to trespass on the premises of the miller.

The auction amount shall be adjusted against the amount recoverable from the miller. In case any recoverable amount is still left, then action shall be launched to recover the amount as per the contract entered into with the miller. The defaulter miller shall not be allowed to participate in the auction proceedings.

In case a miller causes any loss to the stored paddy stocks because of misappropriation, theft etc. or if the rice manufactured by him/her does not conform to the specifications, or if he fails to deliver the rice by the due date, he shall be liable to make good the entire loss @ the acquisition cost of balance paddy i.e., MSP + Dami + taxes + cost of bag + labour and transportation charges + Custody and Maintenance charges + Administrative charges + incidental charges as allowed by
Government of India + interest @ prevalent SBI rates of Cash Credit
Limit to be charged from date notified till the time he clears the dues.
Goods Service Tax (GST) would be charged at the rate applicable.

f) The rice miller shall be required to manufacture rice as per
specifications laid down by the Govt. of India and deliver the same to
FCI at its depots. The transportation/incidental charges, if any, shall be
paid in accordance with the instructions issued by the Govt. of India
from time to time.

g) The liability of quality cuts on rice, if any, shall be that of the miller.

h) The rice miller shall deliver rice to FCI in 50 KG bags (B-twill gunny
bags) as per Government specifications. The cost of surplus gunny
bags retained by the millers used for packing of paddy would be
realized from the millers at the rates fixed by the Govt. of India/State
Govt. or under the instructions issued from time to time.

i) In case a rice miller fails to deliver the custom milled rice of Kharif 2017-
18 season to the agency as per the stipulated schedule and the agency
has to shift the paddy stocks, it shall be done at the risk and cost of the
miller concerned after giving him due notice for this purpose.

j) That the material (tarpaulins etc.) which shall be supplied by the
procurement agencies to the Rice Mills for proper storage of paddy
must be returned to the agency concerned after the completion of
process of paddy and in case the miller fails to return the same, then the
procuring agency is bound to claim its costs along with simple interest
@ 18% per annum.

k) The delivery of rice shall be deemed to have been completed by the
miller on delivery of rice into the Godowns of Food Corporation of India
and issuance of Acceptance Note and Weight Check Memo by the FCI.
It shall be the responsibility of the miller to ensure that the "Acceptance
note", Weight Check Memo and all other relevant documents are
uploaded by FCI on the Department Portal for claiming payment from
FCI, failing which the release order for due quantity of paddy shall not
be issued.

l) GST would be payable by millers at applicable rate on all types of
amount recoverable from millers.
19. All the disputes and differences arising out of or in any manner touching or concerning the agreement whatsoever shall be referred to the sole arbitration of the Managing Director of the concerned agency or any person appointed by him/her in this behalf. There will be no objection to any such appointment that the person appointed is or was an employee of the Food and Supplies Department, Punjab or the concerned agency or that he had to deal with the matter to which the contract relates and that in the course of his duties such an employee of the Food and Supplies Department, Punjab or the concerned agency had expressed views on all or any of the matter in dispute or difference. The award of such arbitration shall be final and binding on the parties to this contract. It is a term of this contract that in the event of the Arbitrator being transferred or vacating his office or being unable to act for any reason, the Managing Director concerned at the time of such transfer, vacation of office, death or inability shall appoint another person to act as Arbitrator or himself/herself act as Arbitrator. Such a person shall be entitled to proceed with reference from and the stage where it was left by his predecessor.

Provided that any demand for arbitration in respect of any claim(s)/dispute between both the parties, under the contract shall be in writing and made within one year of the date of completion or expiry of the period of contract. If the demand is not made within the period, the claim(s) of the Miller shall be deemed to have been waived off and the agency shall be released of all liabilities under the contract in respect of these claims. The cost for and in connection with arbitration shall be the discretion of the Arbitrator who may make suitable orders in his award.

Subject as aforesaid, the Arbitration and Conciliation Act, 1996 or any statutory re-enactment or modifications thereof shall apply to the arbitration provided under this clause. However, the cases of fraud, theft or misappropriation etc. on the part of the miller are not covered under this clause and in such cases legal proceedings as deemed fit shall be initiated by the agency against the miller as well as against the sureties.

The Arbitrator shall be paid a fee of Rs.20,000/- to be borne equally by procurement agency and the miller.
20. In case of any embezzlement/loss of paddy/rice etc. the State agency shall be at liberty to launch criminal prosecution against the concerned miller besides availing other legal remedies in accordance with law.

21. No rice miller shall pledge the paddy/rice belonging to the State procuring agencies with the banks for availing cash credit limit for his business transactions. A consolidated list of rice mills along with allotted and stored paddy would be supplied to the lead banks. If any miller indulges in this malpractice, he shall be immediately black listed and the stocks of paddy/rice shall be lifted from his/her mill to other mills at his/her risk and cost.

22. In order to secure the re-payment of outstanding dues against a miller, the procurement agency concerned shall have first charge over the land as well as the machinery erected over there and the miller concerned shall not alienate the same by way of sale, lease, gift, mortgage, except without prior permission of the Director Food Civil Supplies and Consumer Affairs, Punjab who shall grant such permission after taking reports from the State Procuring Agencies regarding any dues outstanding against such a miller.

23. The Government reserves the right to add/delete/amend any clause of this policy at any time in view of any exigency.

Director, Food Civil Supplies and Consumer Affairs, Punjab.