Memo No. RP-1 (30)-2018/ 3008
Dated, Chandigarh the 04/9/18


Please refer to the subject cited above.

A copy of "The Punjab Custom Milling of Paddy Policy (Kharif 2018-19)" is sent herewith for information and necessary action.

Enclosure- As above

Deputy Director (Rice) for Director, Food, Civil Supplies and Consumer Affairs, Punjab.

Endst. No. RP-1 (30)-2018/ 3009
Dated, Chandigarh the 04/9/18

A copy of the above along with the copies of "The Punjab Custom Milling of Paddy Policy (Kharif 2018-19)" 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.

Deputy Director (Rice) for Director, Food, Civil Supplies and Consumer Affairs, Punjab.

Endst. No. RP-1 (30)-2018/ 3010
Dated, Chandigarh the 04/9/18

A copy of the above along with the copies of "The Punjab Custom Milling of Paddy Policy (Kharif 2018-19)" is forwarded to the following for information and necessary action:-

1. Private Secretary/ Food Civil Supplies & Consumer Affairs Minister, Punjab.
2. Private Secretary/ Chief Secretary, Punjab.
3. Private Secretary/ Principal Secretary to Chief Minister, Punjab.
4. Private Secretary/ Principal Secretary, Government of Punjab, Food Civil Supplies & Consumer Affairs.
5. Personal Assistant/ Director, Food Civil Supplies & Consumer Affairs, Punjab.
6. Personal Assistant/ Secretary, Mandi Board, Punjab.
7. All Officers at Head Office, Chandigarh.
9. All Branch Assistants through Superintendent (Rice), Head Office.

Deputy Director (Rice) for Director, Food, Civil Supplies and Consumer Affairs, Punjab.
Government of Punjab

Department of Food, Civil Supplies and Consumer Affairs, Punjab.

The Punjab Custom Milling of Paddy Policy
(Kharif 2018-19)
## LIST OF ACRONYMS USED IN THIS POLICY DOCUMENT

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFSO</td>
<td>Assistant Food and Supplies Officer</td>
</tr>
<tr>
<td>BOD</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>BRL</td>
<td>Beyond Rejection Limit</td>
</tr>
<tr>
<td>CC/CCL</td>
<td>Cash Credit/Cash Credit Limit</td>
</tr>
<tr>
<td>CCTV</td>
<td>Closed Circuit Television</td>
</tr>
<tr>
<td>CIBIL</td>
<td>Credit Information Bureau (India) Limited</td>
</tr>
<tr>
<td>CMP</td>
<td>Custom Milling Policy</td>
</tr>
<tr>
<td>CMR</td>
<td>Custom Milled Rice</td>
</tr>
<tr>
<td>DAC</td>
<td>District Allotment Committee</td>
</tr>
<tr>
<td>DDF</td>
<td>Deputy Director (Field), Food Civil Supplies &amp; Consumer Affairs</td>
</tr>
<tr>
<td>DFS</td>
<td>Director, Food Civil Supplies &amp; Consumer Affairs, Punjab</td>
</tr>
<tr>
<td>DFSC</td>
<td>District Controller, Food Civil Supplies &amp; Consumer Affairs</td>
</tr>
<tr>
<td>DM</td>
<td>District Manager</td>
</tr>
<tr>
<td>FAQ</td>
<td>Fair Average Quality</td>
</tr>
<tr>
<td>FCI</td>
<td>Food Corporation of India</td>
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<td>FDR</td>
<td>Fixed Deposit Receipt</td>
</tr>
<tr>
<td>FSO</td>
<td>Food and Supplies Officer</td>
</tr>
<tr>
<td>GOI</td>
<td>Government of India</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and Services Tax</td>
</tr>
<tr>
<td>HDPE</td>
<td>High-Density Polyethylene</td>
</tr>
<tr>
<td>HUF</td>
<td>Hindu Undivided Family</td>
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<td>IP Address</td>
<td>Internet Protocol Address</td>
</tr>
<tr>
<td>ITR</td>
<td>Income Tax Return</td>
</tr>
<tr>
<td>KMS</td>
<td>Kharif Marketing Season</td>
</tr>
<tr>
<td>KYC</td>
<td>Know Your Customer</td>
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<tr>
<td>LLP</td>
<td>Limited Liability Partnership</td>
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<td>Managing Director</td>
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<td>Magnetic Ink Character Recognition</td>
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<td>MSP</td>
<td>Minimum Support Price</td>
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<tr>
<td>MT</td>
<td>Metric Tonne</td>
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<td>NOC</td>
<td>No Objection Certificate</td>
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<td>Non Performing Asset</td>
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<tr>
<td>OD</td>
<td>Over Draft</td>
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<tr>
<td>PAN</td>
<td>Permanent Account Number</td>
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<tr>
<td>PFA</td>
<td>Prevention of Food Adulteration</td>
</tr>
<tr>
<td>PP Bags</td>
<td>Polypropylene Bags</td>
</tr>
<tr>
<td>PPCB</td>
<td>Punjab Pollution Control Board</td>
</tr>
<tr>
<td>PR</td>
<td>Provincial Reserve</td>
</tr>
<tr>
<td>PSFS</td>
<td>Principal Secretary to Government of Punjab, Department of Food Civil Supplies &amp; Consumer Affairs</td>
</tr>
<tr>
<td>PSPCL</td>
<td>Punjab State Power Corporation Limited</td>
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<td>PV</td>
<td>Physical Verification</td>
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<td>RM</td>
<td>Regional Manager</td>
</tr>
<tr>
<td>RO</td>
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<td>SARFAESI Act</td>
<td>The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002</td>
</tr>
<tr>
<td>SBI</td>
<td>State Bank of India</td>
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INTRODUCTION

Punjab, the Food Basket of India, is primarily an agrarian state. Agriculture has an important role in the culture and economy of Punjab with two cereal crops, wheat and rice, grown in rotation during the year. Rice is the principal crop of the Kharif season while wheat is the principal crop of the Rabi season. Other than wheat and rice, some quantity of maize and barley is also grown. Despite possessing only 1.54% area of India, Punjab is the largest contributor of wheat and rice in the central pool of Food grains and has earned the title of Granary of India or Food Basket of India. If we consider the data of last few years, Punjab produces roughly 12% of the total cereals produced in India. The net sown area in Rice-Kharif in 2018-19 is 29.57 lakh hectares as compared to 28.65 lakh hectares in the year 2017-18. The procurement of paddy in the KMS 2018-19 is expected to be about 190 lakh Metric tonnes.

The Government of Punjab has created a benchmark for hassle-free handling of food grain stocks, right from the stage of receiving food-grains at the purchase centres, to its cleaning, drying, storage and transportation with a focus on minimum wastage. As far as the operation of converting paddy procured by Government of Punjab through its agencies into rice and its delivery to Food Corporation of India (FCI) in the Central Pool is concerned, the department of Food, Civil Supplies and Consumer Affairs, Punjab endeavours to maintain complete transparency and a sound co-ordination between the procuring agencies and the rice millers by formulating a comprehensive policy for milling of paddy and facilitating proper administrative and financial mechanism to achieve the goals of the Government. The present policy document is a step in this direction.

1. SHORT TITLE AND COMMENCEMENT:
   a. The Policy shall be named as "The Punjab Custom Milling of Paddy Policy (Kharif 2018-19)".
   b. It shall extend to the whole of the State of Punjab.
   c. It shall come into force with immediate effect and shall be applicable for the KMS 2018-19.
   d. It shall be followed by all the procuring agencies i.e. Pungrain, Markfed, Pursup, PSWC, PAFC, FCI, Rice Millers and their successors/legal heirs, and all other stake holders in the paddy procurement/milling process.
   e. Marketing Season commences from the 1st day of October each year or as per the dates notified by the Government of India. 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 until or unless duly allotted for the purpose. In case any miller refuses the custom milling work allotted to him by the concerned procuring agency or willfully refuses to lift 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 2018-19 by all concerned millers, and violation, if any, shall invite penal action as provided in ensuing provisions. For the purpose of custom milling of paddy, the State will be taken as a single unit.

2. DEFINITIONS: - Unless there be something repugnant in the subject or context, the terms defined in policy are used in the sense explained hereunder:
   a. "Acquisition Cost of paddy": means the cost incurred by the State procurement Agencies for procuring paddy (i.e. MSP, Market fee, RDF, DAMI, Statutory Mandi Labour Charges, un-loading charges at mill premises, transportation charges for transportation to the mill premises,
Custody & Maintenance Charges and other statutory or operating expenses incurred, if any, including interest paid/payable by Government on CCL.
b. "Business Entity" means an Organization established as a separate existence for the purposes of carrying the business of custom milling of paddy and it may be a Corporation, sole proprietorship, Partnership Firm, Limited Liability Company (Public/Private), a trust or any other type of common business entity including lessee firms.
c. "Custom Milling" means the activity of de-husking of paddy belonging to the State Procuring Agency(s) of Punjab by a rice miller to extract rice in a rice mill and deliver the same to FCI, for which he is entitled to milling charges at the rates determined by GOI from time to time.
d. "Center" means a particular place where space for the permanent storage of paddy/rice/milling of paddy, is available.
e. "Custom Milling Paddy": means the paddy purchased/procured by various procuring agencies, including FCI, and allocated to rice millers for the purpose of custom milling on agreed terms and conditions under the Custom Milling policy.
f. "Department" means the Department of Food, Civil Supplies and Consumer Affairs, Government of Punjab.
g. "Defaulter" means a miller who failed to supply the entire minimum rice due to him on account of paddy allotted/stored in his premises for custom milling by the due date (declared by Government of Punjab) of the previous years and/or who fails to settle his accounts with any of the procurement agency/agencies of the previous year(s) and/or is declared as a defaulter as such, under the relevant clauses of this policy.
h. "Director" means Director, Food, Civil Supplies and Consumer Affairs, Punjab.
i. "District Allotment Committee" means the District Level Committee formed in each district as per the relevant clauses of the policy, for allotment of various mills in the district to the Procurement Agencies and allocation of Custom milling paddy to rice millers as per this policy.
j. District Collector means an officer appointed by State Government, as District Collector/District Magistrate/Deputy Commissioner of a district and includes the Additional Deputy Commissioner or Assistant Commissioner or any other officer duly authorized by the Government or by the District Collector/District Magistrate/Deputy Commissioner to exercise the powers of a collector.
k. "Family" means a group of two or more persons living together and having a shared commitment to a domestic relationship or related through blood, marriage or legal adoption or unrelated persons who jointly occupy and have equal access to all areas of a dwelling unit and who function together as an integrated economic unit.
Provided that the onus on any person claiming himself/herself as not to be part of the family lies upon him to prove his separate residence and economic independence.
l. "Free paddy" means the paddy allocated by a procurement agency to a miller for custom milling from the linked mandis without obtaining any additional fee from the miller and which is transported at the expense of the procurement agency.
n. "Joint Custody" means the same in sense and spirit as is given in Department's letter no. RP-2-2016/41 dated 20.01.2016.
o. "Legal Dispute" means the institution, commencement or pendency, whether by way of a notice or proceedings, of any dispute arising out of or
in relation to allocation of paddy under this or any previous custom milling policy and includes any litigation, arbitration, criminal proceedings, etc. whether pending before a court, tribunal or other forum, between the miller and the state and/or the procurement agencies of the state.

p. “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 incorporated in the revenue records.

q. "Mandi" or “Market” or “Purchase Centre” means a market established and regulated under The Punjab Agricultural Produce Market Act, 1961 (Punjab Act No. 23 of 1961) for the notified market area, and includes a market proper, a principal market yard, sub-market yard and Private Market Yard.

r. "Mill/Rice Mill" means the plant, machinery and the premises including the land & precincts thereof in which or in any part of which, operations of custom milling of paddy are carried out.

s. "Mill Premises": means a definite place registered with the Department and having well-defined boundaries/limits on which a rice mill is established and where paddy is stored and custom milling operations are carried out.

t. "Miller" means the person registered under clause 3 of this policy and includes the Owner(s)/Partner(s)/Manager(s)/Trustee(s) of a business entity who manage(s) and has an ultimate control over all the affairs of such 'business entity' and would include any person who is responsible for day to day affairs and/or operations of the mill/rice mill in question.

u. "Milling Season" means the time period allowed by GOI/State Government for carrying out all the operations for procurement of paddy (Kharif 2018-19) and its custom milling & delivery of rice to FCI.


w. "Paddy" means Paddy before threshing or rice in husk which is as per FAQ specifications for paddy Grade-A issued by GOI.

x. "Paddy against Release Orders" or "RO paddy" means Paddy issued to the miller in addition to the ‘free paddy’ allotted for custom milling, against a RO on prior deposit of an amount (at the rates prescribed by Government) on the agreed terms and conditions.

y. "Permanent Milling Center" means a location in/around the vicinity of a cluster of rice mills, where storage space for food grains is available, where procurement staff of the agencies is permanently posted and at or from which the procurement/milling operations are monitored/ controlled around the year.

z. "Permanent Storage Center" means a place at which storage capacity for food-grains is available and procurement staff of the procuring agencies is permanently posted and where operations of storage of food grains are carried out/monitored throughout the year.

aa. “Person” means a proprietorship/partnership firm/company (private or public limited), LLP, trust, society or HUF having a mill owned/leased by it.

bb. "Rice": means paddy de-husked and includes broken rice which is as per FAQ specifications for rice issued by GOI.

cc. "Specifications" means the specifications prescribed for paddy and rice by GOI from time to time.

dd. "State" means the State of Punjab.
3. **REGISTRATION:**

Any person desirous of custom milling of paddy under this policy shall be required to register their mill with the Department, failing which such mill will not be eligible for consideration of allotment of paddy and/or the carrying out of custom milling work of any procurement agency in the state. However, it is made clear that mere fact of Registration will not confer any right of allotment of any specific or definite volume of paddy for milling under this policy and no claim will be made or asserted against the state or any of the procuring agencies in this regard. The terms and conditions of such registration, the procedure and the fees in this regard are as under:-

**a) Terms and Conditions for Registration and De Novo Registration of already registered persons:**

i. The person seeking registration shall :-
   a. Ensure that the mill owned/leased is situated in the State of Punjab, comprising of a plot/land area duly owned/leased by it, having an electricity load and connection as well as the necessary plant & Machinery as required by the Department’s Notifications/letters issued from time to time and shall submit along with the application documentation in support thereof to the satisfaction of the Department.
   
   b. Ensure and undertake that there is no change to the name or title in which the person carries on operations or to the legal structure of the constitution of the person during the currency of custom milling season.

   Provided that in case of death of the owner/Partner/Director/Member of Society etc., the Director shall be competent to consider a request for such change of owner/partner/Director/ member of society/trustee etc.

   c. Ensure and undertake that there shall be no sale or transfer in any manner of the property or the right of use of the property of the mill premises or any pledge, hypothecation, use of the property as collateral or surety of any form or manner during the pendency of custom milling of paddy and its delivery to FCI.

   d. Declare and certify that it has not been blacklisted for custom milling during any previous years, due to any reason, unless such factum of blacklisting has been absolved by clearance of dues or rendering of the necessary performance required or the passing of any final judicial order in the matter, as the case may be.

   e. Comply with the conditions of eligibility for allocation to an agency set out in Clause 4 hereinafter.

   ii. A person shall be ineligible for consideration for registration where:

   a. Any of its members/partners/trustees/Directors etc. are below the age of 18 years as on the date of the application for registration;

   b. The character, conduct or behavior (in case of the individuals connected with such person seeking registration) and the conduct of the business affairs (in case of a legal entity seeking registration) has been declared as detrimental to the interest of any of State in India or any of its friendly countries.

   c. Is in breach /violation/ non-compliance of any of the conditions set out in Clause 4, 6 or 7 of this policy.

   iii. A person registered previously shall be required to re-apply for a de novo registration where:

   a. Such registered person now intends to conduct milling operations in terms of this policy from a new mill premise, whether owned or leased;
b. If there is a change in title or change of constitution in the legal structure of the registered person i.e. including but not limited to a change in any of the partner/member(s)/director(s)/trustee(s) of the registered person
c. There is a revision in the capacity of the mill from the time when the person last applied for registration.
iv. A New mill or Mill held on Lease has to get itself registered de-novo.
v. A mill which was blacklisted for custom milling during the previous years due to any reason shall have to be registered afresh after being declared a clear mill.

b) Procedure for Registration:

i. Any person seeking registration under this policy shall apply to the concerned DFSC no later than 10th September 2018 by providing all the required information as per Annexure-III/III to the policy.

ii. Applications for registration received after 10th of September, 2018 in the office of concerned DFSC shall not be entertained.

iii. The proformas duly filled and signed in Annexure III/III will be submitted to the DFSC, after due verification by the concerned Inspector, AFSO & FSO of the Department.

iv. The person shall be registered by the concerned DFSC with the prior approval of the DFS, for which purpose the DFSC shall send all the cases received, by 10th of September, 2018 to the office of Director by 11th of September, 2018 positively, for approval. In case there is any delay in sending the application on the part of the DFSC office, strict disciplinary action shall be taken against the concerned officer/officials.

v. The DFSC concerned shall maintain a register in Annexure-III, mentioning therein all the details provided in the application and process of registration.

vi. A separate Register shall be maintained in Annexure-III for registration of lease hold business entities in which all the KYC parameters of both lesser and lessee will be recorded.

vii. The record of registration of rice mills shall also be maintained on the website of the Department.

c) Registration Fee:

i. A non-refundable registration fee of Rs. 10,000/- (Rupees Ten thousand only) shall be charged from the miller for registration/re-registration of a single mill.

ii. Such fee shall be paid to the DFSC of the concerned District and shall be deposited with Government of Punjab under head Head-1456-Civil Supplies-806-other Receipts-05 Miscellaneous Receipts (Registration Fee).

4. ELIGIBILITY CONDITIONS FOR ALLOCATION TO AN AGENCY: A miller shall be considered as eligible for allocation to an agency under this policy, upon fulfilling of all of the following conditions to the satisfaction of the DAC. It is made explicitly clear that a mere fulfilment of these conditions does not entitle the miller any right to allocation to any agency nor the allocation of any quantum of paddy. The eligibility conditions for allocation are:
"The Punjab Custom Milling of Paddy Policy (Kharif 2018-19)"

1. Only millers who have a valid registration, as on the date of such allocation shall be considered for allocation to a procurement agency for custom milling of paddy for Kharif, 2018-19.

2. The miller should have completed 100% custom milling of paddy for the previous Kharif seasons, delivered all the due rice to FCI on or before last date of milling (as fixed by Government for each KMS) and also must have cleared the pending/outstanding dues of the concerned agency(ies) to the satisfaction of the Department and/or the procurement agency in question.

3. If the Miller had availed 1% driage in terms of quantity of rice during any previous KMS, he must have Milled and delivered the entire rice due on paddy after deducting 1% driage & must have deposited/cleared statutory charges payable on such paddy, as per instructions of the Government, in this regard.

4. If a Miller, who was allotted paddy for custom milling during Kharif 2017-18, failed to deliver entire due rice on Custom Milling Paddy/R.O., on or before 30.06.2018 & has deposited the acquisition cost of the balance paddy fixed vide letter No. RP-2(16)-2017/2156-2157, dated 25.07.2018 along with interest at prevailing SBI rates (CCL Rates), up to the date of such payment, he shall submit an NDC from the DM of the concerned agency in this regard prior to his being considered for allotment for Kharif 2018-19.

5. Each Rice Mill/Unit of Rice Mill must have an independent operational electricity connection in the name of the mill or its owner or proprietor on or before the date of its applying for allotment without which no allotment shall be made.

Provided that where common electricity connection for more than one unit is installed in the same premises (having a common boundary), such connection shall be considered for allotment of only that unit in which such connection is physically installed.

Provided further that where more than one unit are situated within same complex having well marked boundaries and entries, under the same Management, each such unit shall be treated as an independent mill for the purpose of allotment. This would be subject to the condition that all such units shall have a separate operational electricity connection, separate consent letters issued by Punjab Pollution Control Board and separate licences issued by Punjab Mandi Board. However, they shall be allotted to a single procurement agency.

6. The rice mill should not be defaulter of any of the state procuring agency including FCI, during the previous year(s).

Provided that, if a defaulter mill had cleared all such previous dues of the government and procuring agencies for the previous year(s), to the full satisfaction of the Government/agency(ies), it may be considered as eligible for allotment, subject to the condition of producing an NDC from such procurement agency (ies).

7. A miller has to maintain a CIBIL score of 600 and above and a CIBIL Micro Small and Medium Enterprises (MSME) Rank (CMR) score of 6 and below.

8. The mill premises and the miller should be free from litigation or legal disputes which attaches to the title, ownership or possession of the mill premises of the miller.

9. The Miller shall not be in breach /violation/ non-compliance of the conditions set out in Clause 3, 5, 6 or 7 of this policy.

10. The mill premises must have suitable and working Fire-fighting equipment and CCTV arrangements in the premises, covering the area where paddy stocks are stored and milled. The Miller shall also keep the video footage of at least three months of these CCTV cameras and shall provide such video footages to the DM of the concerned agency as and when required.
xi. The miller should have the following minimum area of land actually available for storage of paddy in the Rice Mill, before storage of paddy is carried out in KMS 2018-19:

<table>
<thead>
<tr>
<th>Paddy Allocation (in MTs)</th>
<th>Minimum area of land that should be available for storage of Paddy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2500 MT</td>
<td>1.5 Acre</td>
</tr>
<tr>
<td>3500 MT</td>
<td>2.0 Acre</td>
</tr>
<tr>
<td>4500 MT</td>
<td>3.0 Acre</td>
</tr>
<tr>
<td>5500 MT</td>
<td>3.5 Acre</td>
</tr>
<tr>
<td>6500 MT</td>
<td>4.0 Acre</td>
</tr>
<tr>
<td>7500 MT</td>
<td>4.75 Acre</td>
</tr>
<tr>
<td>8500 MT</td>
<td>5.5 Acre</td>
</tr>
<tr>
<td>9500 MT</td>
<td>6.25 Acre</td>
</tr>
<tr>
<td>10500 MT</td>
<td>7.0 Acre</td>
</tr>
<tr>
<td>11500 MT</td>
<td>7.75 Acre</td>
</tr>
<tr>
<td>12000 MT and above</td>
<td>8.0 Acre</td>
</tr>
</tbody>
</table>

Provided that all those mills which do not have sufficient land to store paddy as per the above condition shall have to provide additional required land adjoining the rice mill before the paddy is stored at his premises, which shall be certified by the DM of the concerned agency after entering the particulars of the same in his own records.

5. PROCEDURE FOR ALLOCATION TO AN AGENCY:
   a. Composition of the District Allotment Committee: -The DAC shall comprise of DMs of all the State Procuring Agencies and FCI in each district, under the chairmanship of the concerned DDF.
   b. Schedule for Allocation: The DAC shall strictly adhere to the following schedule of time for this purpose. In case of non-compliance to this schedule, the DAC shall be held responsible:-

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date by which to be completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration of rice millers</td>
<td>12th September, 2018;</td>
</tr>
<tr>
<td>Preparation of list of eligible and defaulter rice millers</td>
<td>14th September, 2018</td>
</tr>
<tr>
<td>Scrutiny of the list(s)</td>
<td>17th September, 2018.</td>
</tr>
<tr>
<td>Issuance of list of millers allocated for custom milling</td>
<td>18th September, 2018</td>
</tr>
<tr>
<td>Signing of agreement and deposit of security(ies) as per provisions of this policy.</td>
<td>25th September, 2018</td>
</tr>
</tbody>
</table>

Provided that DFS has the powers to extend the date of allocation up to 30th September, 2018 by a general or special order.

Provided further that under no circumstances, allocation of a mill shall be admissible after the date so extended by DFS.
**Guidelines for Evaluation:**

i. All the district heads/DMs of the procuring agencies including FCI shall prepare an authenticated list of defaulters and eligible rice millers as set out in Annexure I and II to this policy, giving therein the nature of default and submit the same to the DFSC of the concerned District by 13th September, 2018.

ii. DFSC concerned shall consolidate the lists received from DMs, include the defaulters of Pungrain and submit it to DDF -cum-Chairman, DAC with a copy of the same to the office of Director by the 14\textsuperscript{th} of September, 2018. The copy of such list shall also be pasted on the notice board in the office of DFSC.

iii. Each Miller shall be allotted to a single agency only.

iv. The allotment of millers to various agencies shall, as far as possible, be done on the basis of consensus among all the committee members. In case of any dispute or difference of opinion among the committee members, the decision of the Chairman, DAC shall be final and binding.

v. The DAC will ensure that, as far as possible, millers are allotted to all the procuring agencies on the basis of share of paddy to be procured by each agency so as to avoid any disproportionate allotment.

vi. In case an agency completes its milling of paddy stored with a particular miller and is not desirous of getting any more paddy milled from that miller, then the same miller may be re-allocated to any other agency by the DAC, in consultation with the DMs of the concerned agencies.

vii. Where two or more rice mills/units owned by or under the control of the same miller or the same management/ ownership/ family of a miller are situated within a single boundary wall/complex and do not have separate/distinct boundaries from each other within the complex, all these mills together will be considered as one unit and all such millers as one miller and shall be allocated to any one of the agencies only.

viii. Where more than one unit (rice mills) owned by or under the control of the same miller or the same management/ ownership/ family of a miller are situated within a single boundary wall/complex but having separate/distinct well-defined boundaries, in such case, each separate unit owned by such miller shall be treated as separate mill/miller for the purpose of allocation, all of which shall be allocated to any one of the agencies only.

ix. While rejecting the allotment of a mill on the basis of its being defaulter or otherwise, DAC shall pass a detailed speaking orders, mentioning therein the reasons for such rejection/non-allotment.

x. However, the affected party shall have the right to appeal, against any such orders of DAC, before the Director, within seven (working) days, from the date of passing of such orders. The Decision of the Director in such appeals shall be final and binding.

xi. An allocation once made shall not be ordinarily changed. However, where such change is required, prior approval of DFS would be sought by the DAC, explaining the reasons and circumstances leading to such change.

xii. If any of the agencies finds some discrepancy in allotment, capacity fixation, or violation of any clause(s) of this policy, the matter should be brought to the notice of Director immediately and the decision of the Director in this case shall be final and binding on all the agencies.

xiii. DAC shall adhere strictly to the guidelines for calculation of allocation of paddy to a miller as given in the relevant clauses of the policy.

xiv. The miller should have sufficient and storage worthy space for storage of custom milled paddy allocated to it, which shall be verified and certified by the DM of the concerned agency before actual storage of paddy. Actual
allotment of paddy may also vary on the basis of infrastructure, land, machinery, load of electricity connection etc.

xv. The miller shall have to submit a bank guarantee (as specified in Annexure XXII) equal to the value of 5% of Acquisition Cost of paddy stored in his/her/their mill premises to the concerned agency, before the date of actual storage of paddy in his/her premises.

xvi. The title/ownership of the mill must be free from any dispute/litigation and also there should be no dispute between the management of the business entity.

xvii. If any of the millers, after its allotment fails/refuses to accept/lift the paddy of the concerned procuring agency, such a miller is liable to be black listed by the DAC for a period of three years.

xviii. DAC will get in writing from the miller that he/she shall not avail any limit/CCL/Loan etc., by pledging any stocks of the procuring agency, lying in the premises of the mill or allocated to the mill.

xix. DAC and the concerned DM of the procuring agency will ensure that all copies of identity proofs of the Owner/Partners/Directors/ Members/ Trustees, etc. including AADHAAR Card, Photographs, PAN Card, ITR of the last one year (three years in new mills), copies of PPCB consent, Punjab Mandi Board licenses, business entity establishment papers, etc are duly received and verified by the concerned DM before starting the storage of paddy in the mill premises. The above documents shall be compared and tallied with their originals by all the concerned field/district office officials of the procurement agencies. However, the latest electricity bills and their receipts shall be got deposited in original from all the millers before allotment and storage of paddy.

Note 1: Proceedings of the DAC meetings shall be prepared in a well drafted manner citing the reasons for rejection of a mill(s) if any, in respect of each list of allotment issued by DAC. The Proceedings of DAC meeting(s) shall be signed by all the members and Chairman of the Committee.

Note 2: Copy of the each such proceedings/list of allotted/rejected mills shall be sent to the office of DFS.

Note 3: All the members of DAC shall be equally and collectively responsible for any wrong/illegal allotment of mill and for violation of policy instruction.

6. ALLOCATION OF A MILLER OF A LEASED MILL: - In addition to the application of Clause 4 and 5 above, a miller who is operating from a leased mill shall only qualify for allocation to an agency provided that:

a. The lease has been executed for a minimum period of 11 months as on the date of allocation to an agency, has been duly registered under the Registration Act, 1908 and has been entered in the Revenue records, with proof of the same furnished by the miller to the DAC.

b. The Lessee (the Miller) and Lessor shall agree and shall furnish a joint undertaking that:

i. if the Lessee (the Miller) fails to complete the milling before the expiry of lease, the lease shall be deemed to stand automatically extended till the date of completion of milling process and delivery of due rice to FCI and this requirement under this policy shall act as a novation of the lease deed between the parties without the need for any further formal documentation.

ii. The mill premises shall remain under lien of the concerned procuring agency(ies) till the liabilities of the lessee (the Miller) are fully discharged. The DM of the concerned agency shall create a lien on the rice mill of the owner-guarantor of such mills through the DC of the district. The lessee
and lessor shall provide the necessary documents for creation of such lien in time to the concerned DM.

iii. If a leased rice mill is already hypothecated with any bank / financial institution/Government agency etc., the lessor / owner guarantor shall mortgage some other collateral security, of encumbrance free property of the value equivalent to the value of the mill, in substitution of the mill premises, with the concerned procurement agency. The concerned DM will fully satisfy himself about the market price of such property and the facts about the title of the property/ its freehold-ship and free from encumbrance, prior to storing paddy in the mill.

c. The Lessee (the Miller) shall furnish the guarantee of the owner of the rice mill (lesser) and guarantee of two other owner rice mills eligible for custom milling, on a stamp paper of Rs.300/- (Rupees Three hundred) as per proforma attached with the policy (Annexure IV).

d. The owners of the leased premises /other rice mills who furnish the guarantee, as above on behalf of the lessee (the Miller) must be duly authorized by a legally valid document to furnish the same i.e. in case of Company, there must be a resolution of the Company, in case of Partnership Firm, a resolution by all the partners and in case of any other Business Entity, by a valid legal document[s]

e. The major responsibility to satisfy itself about the bonafides of the lessee mill and creation of lien on properties in the name of the agency will be that of the concerned DM.

7. EVENTS OF DEFAULT - No mill/miller shall be considered for provisional registration/final registration/ allocation to an agency or for allocation of paddy under this policy, if it has been declared as a defaulter in any of the previous years and/or is in breach /violation/ non-compliance of the following: -

a) Any of the conditions set out in Clause 3 to 6 above;

b) If the miller in question has not milled the allotted paddy and/or has not delivered 100% rice due, on behalf of any of the procuring agency in previous year(s) and/or not deposited the acquisition cost of balance paddy/rice due with interest to the concerned agency, such a mill/miller shall be treated as defaulter.

c) The miller shall also be considered as defaulter, if its owner or any of its partner/Member is also an owner/partner/member/lessee/lessor of another defaulter Miller.

d) If a mill owned, leased or operated by a previously declared defaulter miller is transferred either through sale/lease or any other mode to any other person/miller, then such other person/miller shall also be considered to be defaulter until all the dues of the agency of which such miller was defaulter, are cleared or the default cured and the concerned agency issues an NOC in favour of such defaulter miller and such premises.

e) If a family member (s) of the owner/partner(s)/trustee(s)/member(s) of a mill is/are defaulter of any of the agencies in the previous year(s), such miller shall also be treated as a defaulter miller. Provided that if such a family member is not jointly occupying and is not having equal access to all areas of a dwelling unit and is functioning as an independent economic unit, such a member shall not be treated as family member. The onus of proof in this regard, to the satisfaction of the DFS (whose decision shall be final), will lie on the family member (s) of the owner/partner(s)/trustee(s)/member(s) of defaulter mill in question as well as the miller seeking allocation of agency.
f) The miller shall be considered as a defaulter if a police case/court case/arbitration case is pending against the miller on account of embezzlement and/or on account of non-delivery of rice and/or on account of non-clearance of any dues whatsoever, of any State Procurement Agency. However, if the miller clears the default of the concerned agency alongwith 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 out-come of the FIR/Court Case/Arbitration Case pending against him.

g) A Miller(s) who stood guarantor(s) to another Miller which has subsequently defaulted and with whom a legal dispute has arisen on account of embezzlement of paddy or non-delivery of custom milled rice or pendency of any other due amount in any of the previous crop year(s) shall also be considered defaulter until the final decision is arrived at in such case/cases. However, if a miller, against whom a legal dispute is pending on account of non-delivery of rice or embezzlement of custom milling paddy or pendency of any other due amount, clears the amount of default along with 100% of such due interest, such a miller may be considered for allocation. Such an allocation shall be without any prejudice to outcome of the pending legal dispute.

h) The Miller against whom an arbitration award has been passed but has failed to deposit the amount awarded against him, shall be treated as defaulter, until he deposits the entire awarded amount with the concerned agency.

i) If the premises of a defaulter miller is sold by a Bank/financial institution by way of open auction, or otherwise disposed of by such Bank/financial institution, either by adoption of proceedings under the SARFAESI Act or other applicable law, the purchaser of such premises and the premises itself shall be treated as defaulter unless it is proved that there is neither any sham/clandestine transaction nor any other financial/family relationship between the buyer and the original owner of the mill. (Ref: CWP No. 20535 of 2017-M/s Rajesh Trading Co. vs. State of Punjab and others).

Note: - In order to ensure the interests of the procuring agency(s) the DM of the concerned agency will ensure that all the properties of a defaulter miller(s) are attached in the name of the state agency(ies) prior to such auction by the financial institutions/banks etc.

j) The miller who has been banned by FCI for all business activities on account of delivery of rice "beyond rejection limits" (BRL) and/or beyond PFA specifications and/or mixed stock in the previous year(s) shall also be treated as defaulter miller.

k) If any agency reports any case of misappropriation of paddy of the previous year(s) by the miller.
8. SIGNING OF THE AGREEMENT BETWEEN THE AGENCY & THE MILLER

a) Every miller allocated to an agency shall execute an agreement with the agency to which it is allocated, within three working days from the date of allocation, in the given format along with the Annexures I to XXIII attached herewith, (which shall be made available in the shape of a brochure) on the stamp papers of Rs. 2000/- (Two Thousand Rupees). The same shall be duly registered with notary public.

b) In case of sole proprietorship millers, the agreement shall be signed necessarily by the owner/proprietor. In case of partnership firms, companies, Trusts, Societies, agreement shall be signed by all the Partners/Directors (in case of companies)/Members (in case of Trust or Society), as the case may be, or any one of them duly authorized by all partners/directors/members in the partnership deed. Both the miller and DM of the concerned agency will sign on each page of the agreement. No GPA shall be entertained for signing the agreement.

c) Agreement must contain full signatures of the sureties and witnesses along with full particulars & address.

d) No paddy shall be stored in the mill premises unless the agreement mentioned above has been executed.

e) Three copies of the Agreement executed shall be prepared. First copy is to be retained by the DM concerned, second copy shall be sent to the MD of the concerned Agency and the third shall be handed over to the miller.

f) In case a mill is run by an Attorney holder, the original owners shall also be responsible for all the obligations/ liabilities under this agreement. 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 DM of the concerned agency shall ensure the same.

g) At the time of executing an agreement for custom milling of paddy, the miller shall mandatorily disclose the details of all the properties owned by him/her and his/her the family members, along with the present status of property (free/mortgaged).

9. EVENTS OF BLACKLISTING REGARDING ALLOCATION OF PADDY:

a) The following act, actions and/or events are prohibited and shall constitute a reason for blacklisting, for a period of three years, of a miller who has already been allocated paddy or is under consideration for allocation of paddy. The event of blacklisting shall be accompanied by removal of the balance paddy stocks lying in his premises which shall be lifted from his premises at his risk and cost and penalty of 15% shall be imposed on such expenses and legal action shall be taken against such miller and/or other millers who may also be involved. These are:

i. No miller selected for allocation of paddy shall engage in the unauthorized custom milling of paddy i.e. paddy on behalf of other miller or paddy belonging to an agency other than the agency allotted to him.

ii. There is a complete ban on use of genset while milling custom milling paddy and the use of a genset found on the premises of miller at any stage, shall invite an action of blacklisting.

iii. No eligible miller to whom custom milling paddy is being allotted shall get his paddy milled from any other miller/defaulter millers.

b) The miller who has neither delivered levy rice nor paid levy penalty for the years 2007-08, 2008-09, 2009-10, 2010-11, shall give an undertaking that in case, the decision of the Court/Government of Punjab/FCI is in favour of the department, they shall pay entire amount along with interest @ 12% p.a.

10. ALLOCATION OF PADDY TO ELIGIBLE RICE MILL(S)

I. General:
i. Allocation of a mill and Allocation of paddy is at the sole discretion of DAC, a miller cannot claim this as a matter of right.

ii. As paddy is to be allocated 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.

II. For New Mills

i. For the purpose of this policy, a Mill/Miller is a new rice mill if:
   a. It is established/registered with the office of DFSC after KMS 2017-18 and/or whose performance data for KMS 2017-18 is not available;
   OR
   b. It was engaged in the activity of custom milling in the year 2017-18, but has undergone a substantial change (above 50%) in its constitution/ownership/partnership outside the family after 30th April, 2018;
   Provided that if such a substantial change is within the family on account of death of family member or otherwise (by division of property among family members) it will not be treated a 'new mill' for the purpose of allocation, subject to the condition that none of the family member of such miller should have been a defaulter to any of the procuring agency in previous year(s).
   OR
   c. In case a rice mill was operated on lease last year and the same mill is to be operated by the owner party or any other lessor in KMS 2018-19, the rice mill shall be treated as a new rice mill.

ii. A new rice mill shall be, as far as may be possible (without this vesting any right in this regard), allocated 2500 MT of paddy for the Kharif 2018-19, under this policy for 1 tonne capacity. Subsequently, the new mills shall be as far as may be possible (without this vesting any right in this regard), allocated 500 MT of paddy for the Kharif, 2018-19 for every additional tonne of capacity, subject to maximum allocation, as far as may be possible (without this vesting any right in this regard), allocated of 4000 MTs. It is made clear that no new mill shall have any legal right to claim extra paddy on the ground that its installed capacity is higher than any other rice mill, or for any other reason whatsoever.

iii. So far as registration and allocation of paddy to new rice mills being set up in paddy deficit areas is concerned, it shall be subject to the following further terms and conditions:
a. 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.

b. If the Department considers to link any mandi(s) with a particular miller, the miller will abide by the directions of the DFSC concerned and shall lift at least 20% of their Maximum Permissible Allocable paddy, if any, for Custom Milling from any other district. In such cases, the mills will be paid transportation charges as defined in Custom Milling Policy for 2018-19 for transporting paddy against Release orders.

c. Such millers shall not have any right to claim paddy from the local milling centre/any other place.

III. For existing mills:

i) For the purpose of this policy, a mill shall be treated as an existing mill if it has performed the job of custom milling in the previous years including KMS-2017-18 and is not a 'new mill' under clause 10 of this policy.

ii) The maximum permissible allocable quantity of free paddy to all such existing rice millers shall be decided solely on the basis of their performance of milling of Paddy during Kharif Marketing Season 2017-18. In order to decide the date of completion of milling by a miller, the date of uploading of Acceptance Note for the last delivery of rice to FCI, on the e-portal of the department shall be considered as the date of completion of milling.

iii) Whereas the quantity of paddy shifted through second shifting shall be deducted from the quantity of paddy to be allotted to the mill from where paddy was shifted by the millers/agency in KMS 2017-18, the quantity of paddy shifted through second shifting at the recipient mill shall be excluded while calculating the performance of that particular mill.

iv) The millers who have completed entire milling of their stored custom milling paddy of KMS 2017-18 including R.O. paddy and delivered resultant rice to FCI by 31-01-2018 will be eligible for an additional paddy allocation of 15% of free paddy milled in 2017-18 which shall be over and above the entitlement of paddy as in 2017-18.

v) The millers who have completed entire milling of their stored custom milling paddy of KMS 2017-18 including R.O. paddy and delivered resultant rice to FCI by 28-2-2018 will be eligible for an additional paddy allocation of 10% of free paddy milled in 2017-18 which shall be over and above entitlement of paddy as in 2017-18.

vi) The millers who have completed entire milling of their stored custom milling paddy of KMS 2017-18 including R.O. paddy and delivered resultant rice to FCI by 31-03-2018 will be eligible for an additional paddy allocation of 5% of free paddy milled in 2017-18 which shall be over and above entitlement of paddy as in 2017-18.

vii) The millers who have completed entire milling of their stored custom milling paddy of KMS 2017-18 including R.O. paddy and delivered resultant rice to FCI by 30-04-2018 will be eligible for a maximum permissible allocation of paddy which shall be equal to their entitlement as in 2017-18.

viii) The millers who have completed entire milling of their stored custom milling paddy of KMS 2017-18 including R.O. paddy and delivered resultant rice to FCI after 30-04-2018 but by 31-05-2018, their maximum permissible allocation of paddy would be decided after deducting 5% of free paddy milled in 2017-18 from the entitlement of paddy as in 2017-18.
ix) The millers who have completed entire milling of their stored custom milling paddy of KMS 2017-18 including R.O. paddy and delivered due resultant rice to FCI after 31-05-2018 but by 30-06-2018, their maximum permissible allocation of paddy would be decided after deducting 10% of free paddy milled in 2017-18 from the entitlement of paddy as in 2017-18.

x) The millers who had not completed their entire custom milling of 2017-18 by 30-06-2018 but cleared their dues by depositing the acquisition cost of paddy/rice, their maximum permissible allocation of paddy would be decided after deducting 15% of free paddy milled in 2017-18 from the entitlement of paddy as in 2017-18.

xi) All those millers which could not complete the milling of paddy in time during KMS 2017-18 and from which paddy had to be shifted to other mills, would be allocated a maximum permissible amount of paddy as per entitlement during KMS 2017-18 after deducting the quantity of paddy which had to be shifted out of the mill during KMS 2017-18. Provided that all such millers shall not be entitled to any additional paddy entitlement, irrespective of the date of completion of their milling. However, a cut would be imposed for completion of milling and delivery of rice after 30.04.2018 as provided in the above sub clauses, as the case may be.

xii) The Mills/millers which have dryers and sortexes installed in their mill premises would get 5% additional allocation of paddy on account of each i.e. 5% additional allocation on account of dryers and 5% additional allocation on account of sortex.

xiii) The millers which received extra free paddy/RO paddy during KMS 2017-18 either by suppressing the material facts or by misleading the authorities to arrive at such a decision, shall get the allocation of paddy after deduction of allocable amount by the same extra quantity.

IV. No vested/legal right: It is made categorically clear that in applying the mechanism of allocation of paddy under this Clause:

i. The quantity of paddy that may be allocated to a given miller represents the maximum permissible allocable quantity of paddy to such miller. The above Clauses are merely an arithmetical aid to such determination of such maximum permissible allocable quantity of paddy, to such miller, and do not confer any right to a miller for allocation of such or any other quantity of paddy.

ii. Such maximum permissible allocable quantity of paddy, not being a vested and/or other legal right in the miller, may be decreased on pro-rata basis if the arrival of paddy at the concerned milling centre is not sufficient. The paddy shall be allocated to all the eligible rice mills in a milling centre in proportion to the availability of paddy at the milling centre concerned and proportionate cut, if any, will be imposed on the maximum permissible allocable quantity of paddy, on all the rice mills in that paddy deficit milling centre.

iii. In no case, paddy in excess of maximum permissible allocable quantity of paddy, (as per above clauses) shall be allocated to any of the mill, even if there is an excess arrival of paddy at that milling centre.

iv. No miller can claim allocation of paddy from any particular mandi. It is the prerogative of DAC to decide as to which mandi is to be linked with a mill, keeping in view the equitable distribution and to minimization of transportation cost.

Illustration 1. Let’s assume that a mill having maximum permissible allocable quantity of paddy of 4500 M.T. was actually allocated 3000 M.T. paddy in KMS
2017-18 and had milled and delivered the entire paddy (Including RO) by 28th February, 2018. The mill also has the facility of dryer only in the premises.

The maximum permissible allocable quantity of paddy (If no shifting is carried out from such mill during KMS 2017-18) in this case shall be = (4500 + 3000 × (10% + 5%)) = 4950 M.T.

Illustration 2. Let's assume that a mill having maximum permissible allocable quantity of paddy of 3500 M.T. was actually allocated 3000 M.T. paddy in KMS 2017-18 and it had milled and delivered the entire paddy (Including RO) by 31st May, 2018. The mill also has the facility of dryer and Sortex (both) in the premises.

The maximum permissible allocable quantity of paddy (If no shifting is carried out from such mill during KMS 2017-18) in this case shall be = (3500 + 3000 × (−5% + 5% + 5%)) = 3650 M.T.

Illustration 3. Let's assume that a mill having maximum permissible allocable quantity of paddy of 4000 M.T. was allocated 3000 M.T. paddy in KMS 2017-18, 1000 MT of paddy had to be shifted out of that mill during KMS 2017-18 and it delivered rice of remaining 2000 MT paddy on or before 30.04.2018

The maximum permissible allocable quantity of paddy in this case shall be = (4000 − 1000) = 3000 M.T.

11. LINKING OF MANDI(S) AND RICE MILLS

i) Linking should be got done by the agencies at the time of allocation of rice mills.

ii) The DAC shall make all efforts while linking rice mills and mandis in such a way so as reduce the expenditure on transportation of paddy to a bare minimum. Centers/mandis shall be linked with the nearest milling center/storage center keeping in view the availability of milling capacity at the milling/storage center(s) at which paddy is proposed to be stored/milled.

iii) Mandis should preferably be linked with the rice mills situated within the same milling center.

   Provided that, where a rice mill is situated in any adjoining milling center (either in the same district or in any other district) and the distance of mandi and such mill is considerably lesser than the distance between mandi and the mill within the same milling center, such a mill shall be linked with nearest mandi unless the miller(s) at the same center are ready to pay (by way of an undertaking in this regard) the extra cost of transportation. DDF shall prepare a list of such Mandis and mills mentioning therein both short and long distances.

   Provided further that while linking of mandis and millers in such cases, as far as possible, priority should be given to equitable distribution of paddy to the mills. Provided that if a dispute so arises between millers and the exigency of the situation so demands, DDF may take an appropriate decision, which shall be final and binding.

iv) DAC should allot mandis in such a manner so as to ensure 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. If any crisscross movement is detected at a later stage DAC shall collectively be held responsible and liable for disciplinary action, in addition to recovery of extra expenditure incurred in such crisscross movement, from the responsible member(s) of DAC.

v) After linking all the mandis and mills, information in proforma (Annexure XXI) shall be submitted by every DFSC to the office of Director. A soft copy of final linking of all the mandis and mills shall also be sent to the office of Director by and e-mail at adfsriceho90@gmail.com and directorfoodsupplies@gmail.com.
12. STORAGE OF PADDY AT THE PREMISES OF THE MILL(S)

i) Each allocated rice miller shall submit a Custom Milling Security amount of Rs. 100/- (Rupees One Hundred only) for every MT of paddy or part thereof allotted to his mill in the form of a demand draft in favour of Managing Director of the concerned agency. It must reach the Head Office of the respective agency by 20.09.2018. No paddy shall be stored in a rice mill/ a miller’s premises which do not deposit the requisite security amount.

ii) The paddy in all the rice mills/millers at the milling center will be stored proportionately, in rounds of 20% each of the millers’ actual allocation. The next round of paddy storage shall start only after 20% of paddy storage of the previous round 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.

iii) The concerned Inspector/AFSO/FSO/DFSC or equivalent rank officials/ officers of the concerned agencies shall be responsible for storage of paddy in excess of the allocation to a miller. If paddy is stored over and above allocated limit, it shall be shifted at the risk and cost of the responsible Inspector/AFSO/DFSO/DFSC or equivalent rank officials/ officers of the other procuring agencies.

iv) Paddy procured and stored in various rice mills/millers, by the agencies shall be in joint custody of the Miller and the Agency till its custom milling is completed and rice is delivered to FCI.

v) The miller shall not mix any other paddy with Custom milling paddy lying in his premises. The custom milling stocks must be kept separate by well-defined partitions/boundaries/fencings etc. All such paddy stocks shall be subject to Physical Verification/Inspection by the officials/officers of the concerned agencies, at any time. The miller shall provide suitable access to the entire paddy stock at the time of PV/Inspection. If such an access is not given by the miller, he shall be blacklisted for three years and the paddy stored at his mill premises shall be shifted at his risk and cost, after giving him due written notice of the proposed action.

vi) The Miller shall be responsible for the safe custody of quantity and quality of the paddy stored in his mill premises.

vii) On receipt of the entire paddy, each miller shall prepare in triplicate a pictorial chart/sketch depicting the position of the stacks, stack number and the number of bags in each stack. He shall retain the first copy in his mill premises, 2nd copy shall be provided to the inspector in-charge of the concerned agency and the third copy shall sent to the office of the DM of the concerned procuring agency, with whom joint custody is to be maintained.

viii) The miller is bound to store the paddy only at the storage points in the mill or its adjoining places for which approval is given by the concerned agency in advance. No paddy shall be allowed to be stored, under any circumstances, at a place not authorized/approved by the DM of the concerned agency.

ix) The entire stock stored at the mill premises shall be reconciled by the Inspector in-charge of the concerned procuring agency and a detailed report of the same shall be submitted to DM of the district, within 7 days of completion of storage.

x) In case a miller or a member of his family is engaged in the business of commission agent/Arhtiya, custom milling shall not be allocated to the agency for which he is working as commission agent. Further, the paddy purchased by the commission agent shall not be stored in his own rice mill or his family members’ rice mill, if the commission agent shop and rice mill are operated
by members of same family. In case of any violation of this provision, the concerned miller as well as the staff of the concerned agency shall be squarely responsible for any loss to the agency/FCI. In addition to recovery of such loss from the responsible persons suitable administrative/legal action shall also be initiated against the responsible persons/commission agent/miller.

xi) If a miller, who has been allocated paddy by DAC, refuses to lift the paddy on one pretext or another and/or on flimsy grounds, the DM of the concerned agency, after giving a notice for at-least 48 hours, of being heard, can recommend to DAC for an equivalent (to the quantum of paddy un-lifted) cut in allocation of paddy to such mill. The DAC shall pass appropriate orders regarding reduction in allocation after considering the report of the concerned DM.

13. STORAGE OF PADDY IN OWN CUSTODY OF THE AGENCY.

i) As far as possible, all custom milling paddy must be stored in joint custody. However, DM of the concerned agency may store bare minimum paddy in the custody of the procuring agency only in case of compelling circumstances and that too, with the prior approval of MD.

ii) Such own custody paddy must be stored at a place not more than 8 K.M.s distance from the mills allotted to such agency and best efforts should be made to get this paddy milled at an earliest in order to avoid financial loss to the agency.

iii) The responsibility for quality and quantity of the paddy stored under own custody, shall remain with the concerned staff of the agency.

14. PADDY ALLOCATION UNDER RELEASE ORDER (RO) SCHEME:

i) **Quantum of RO Paddy** – The maximum allocable quantum of paddy under RO scheme (both Inter District and Intra District) for custom milling shall ordinarily be determined be as under:

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<thead>
<tr>
<th>Allocable during KMS 2017-18</th>
<th>Maximum permissible allocable quantity to be issued (intra district and inter district together) through Release Orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 3000 M.T.</td>
<td>1500 M.T.</td>
</tr>
<tr>
<td>Above 3000 M.T. but less than equal to 4000 M.T.</td>
<td>2000 M.T.</td>
</tr>
<tr>
<td>Above 4000 M.T. but less than equal to 5000 M.T.</td>
<td>3000 M.T.</td>
</tr>
<tr>
<td>Above 5000 M.T. but less than equal to 6000 M.T.</td>
<td>4000 M.T.</td>
</tr>
<tr>
<td>Above 6000 M.T.</td>
<td>5000 M.T.</td>
</tr>
</tbody>
</table>

Provided that the quantum of the maximum permissible allocable quantity of paddy under RO scheme (both Inter District and Intra District) can be increased by the DFS through a written speaking order, a copy of which shall be sent to the office of PSFS.

**Note:** The DM of the concerned agency at the time of recommendation regarding RO shall certify that sufficient space inside and/or adjoining the rice mill where paddy is to be stored, is available and the space adjoining the mill is duly recorded in the record of the concerned agency.

ii) **General:** While shifting the paddy under R.O. Scheme the following points shall be kept in mind:

a) No procuring agency can issue the paddy under R.O. Scheme, except with the prior approval of DFS.
b) Only the allocated rice mills are allowed to lift the paddy under this Scheme.
c) Since the transfer of paddy under this Scheme is on the basis of PR to PR, all applications for lifting of such paddy should bear the recommendations of the concerned DFSC, who shall ensure and certify that the concerned rice mill is an allotted rice mill and is in a position to mill the paddy so lifted, keeping in view the past performance of the mill under consideration.
d) In case of procuring agencies, other than PUNGRAIN, the recommendations of the concerned DM of the procuring agency will also be forwarded to head office by DFSC along with his recommendation.
e) If any Surplus paddy is available with any procuring agency, either within or outside the district, it shall be shifted against the R.O. Scheme, only after the depositing of a non-refundable R.O. Fee @ Rs. 25/- per M.T. to the District Manager, Pungrain of the concerned district. Provided that in case of shifting of paddy from a Paddy Surplus or Milling Capacity Deficit Districts, (such as Amritsar, Fazilka, Ferozepur, Gurdaspur, Pathankot and Tarn Taran) the non-refundable R.O. Fee shall be charged @ Rs. 15/- per M.T., and the release order will be issued on priority from above mentioned "Paddy Surplus and Milling Capacity Deficit Districts" to which millers shall not have any objection.
f) Payment of non-refundable fee for ROs does not confer any right to the miller/or bound the "Department" to issue RO to the miller. It will out-rightly be subject to the availability of paddy.
g) DFS has the discretion to increase or decrease the quantity recommended by the DFSC without explaining any reasons.
h) Paddy allotted under RO Scheme shall be in multiples of 100 M.Ts. In case, fraction of 100 MT is balance left in the mandi at the end, the entire quantity shall be included in the last RO.
i) Transportation charges on movement of RO paddy would be paid by the procuring agencies at the rates notified by the Department or at the rates refundable by FCI, whichever is less. Difference if any, shall be borne by the miller concerned.
j) Payment of the transportation charges shall be made by the recipient district, only after the actual arrival of paddy at the mill and after due verification of stock physically by the concerned staff of the agency and further after its entry in the PR record and portal of the recipient district.
k) No additional security or supplementary agreement is required from the miller(s) against allotment of paddy under RO scheme. Acceptance of paddy under this scheme shall be the part of the original agreement signed between the miller and the agency concerned.
l) No Miller shall be allowed to lift paddy of an agency other than the agency, to which his mill is allotted for custom milling.
m) Non-refundable RO fee may be deposited either cash or by way of draft in the designated bank for lifting paddy against the Release Orders for which the rice millers shall collect Pre-Printed Fee Deposit Slips from the concerned DM Pungrain. All such slips shall be got checked and signed from the DM Pungrain before depositing the same into the concerned Bank.
n) The shifting of paddy against RO is on the basis of PR to PR, the dispatching inspector must take two hard copies of the Receipt of Paddy from the recipient Inspector. A copy should be submitted to the district office and other copy should be kept in the custody of the concerned Inspector of dispatching center.
o) The RO fee shall be non-refundable in all cases, expect the case where no RO is issued by the Competent Authority.
p) 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 till the date notified by the Director, Food, Civil Supplies & Consumer Affairs, Punjab.

iii) **Within District (Intra-District):**
   
   a) Surplus paddy, if any, at a milling center shall be shifted under the Release Order (RO) Scheme for its storage in other mills falling within the milling center/district in such a way that transportation cost may be kept to the bare minimum.

   b) The ROs of paddy to be shifted for all the agencies within the same milling center/ district mills will be issued by the concerned DFSC, as per decision of the Committee headed by Deputy Commissioner of the District and consisting of all the DMs of the procurement agencies.

   c) A copy of such ROs shall be endorsed to the concerned Deputy Director (Field), MDs of the concerned agencies and to the DFS.

   d) DFSCs in the paddy surplus districts will send information to head office through Deputy Commissioner about the expected surplus paddy (after allocation of free paddy to rice mills as per their maximum permissible allocation of paddy) in the district and quantity of paddy they plan to issue within-district through ROs well in advance, so that the remaining surplus paddy may be issued on Inter District ROs. The above information shall reach the head office by 23rd September, 2018 by all means.

   e) However, if the actual arrival during the Kharif Marketing Season is less or more than the above conveyed information, the DFSC concerned shall intimate the same also to Head Office from time to time so that ROs can be issued on the basis of actual arrivals in the mandis.

   f) As far as possible, the local millers within the center or within the district or millers having mill nearest to the mandis should be given preference for allotment of paddy against Release Orders.

iv) **Outside the District (Inter-District)**

   a) Surplus paddy, if any, available with any procuring agency in a district shall be shifted only as per the plan approved by the DFS 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.

   b) The decision in such cases will be taken at the level of DFS and will be final.

   c) A copy of these ROs will be sent to all the Managing Directors of procuring agencies for their information and record.

   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 in the relevant clauses under the RO Scheme.

15. **SECOND SHIFTING OF STORED PADDY:**

   i) In case the paddy stored a Rice mill is not being milled as per schedule on account of one reason or the other, the concerned agency reserves the right to get the paddy
shifted to any other rice mill at the risk and cost of the original allocated miller.

ii) 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 DFS.

iii) Recommendations of the DMs of concerned agencies of both the recipient and dispatching districts must be sent along with the proposal for such cases of second shifting by the DFSCs concerned. In case of PUNGRAIN paddy, DFSCs / DMs PUNGRAIN of both the districts shall send their recommendations.

iv) The DFSCs and DMs of the concerned agencies before recommending such shifting to the office of DFS, shall ensure availability of space and other factors needed for the smooth delivery of rice by the stipulated period in the central pool.

v) Until, whole of the rice is transferred by the transferee miller, both, the transferor and the transferee miller shall be liable for the entire quantity of paddy shifted for milling in second shifting. In case of any default, neither of the millers shall be considered for allotment in the current/ensuing years, until they have obtained an NOC from the concerned agency.

Explanation: In case of embezzlement of paddy or deterioration of quality of stocks after the transfer of the paddy in second shifting, the responsibility will be of the transferee miller, if the transferor has the final receipt of the quantity / quality of paddy so transferred.

vi) The paddy shall be shifted to only those rice mills, which have completed 100% custom milling of its original allotment and that too subject to Physical Verification / Certification by DFSC.

vii) Specific reasons are to be recorded in writing, for allowing/ disallowing a proposal. 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 DFS shall be final.

viii) 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.

ix) Both the above PVs shall also be video graphed by the concerned officials/officers of the agencies and their record shall be maintained with the concerned agency’s DM.

x) The concerned DFSC/DM will scrutinize these PV Reports and video-graphy and if any discrepancy is observed by him, it shall immediately be brought to the notice of DFS.

xi) Paddy so shifted must be reflected on portal & PR records of both the districts (transferee & transferor).
16. **PHYSICAL VERIFICATION (PV) OF PADDY**

   a. Initial storage of paddy within a rice mill shall be video graphed. The same shall also be video graphed, when the entire storage of paddy is completed. After that, physical verification shall be video graphed once in every two months. The Custodian Inspector or equivalent official of the concerned agency shall ensure that the above exercise is carried out from time to time. A proper record of these video-graphed recordings shall be maintained and kept in the office of DM concerned.

   b. First physical verification of stock will be carried out within 10 days of start of storage of paddy to prevent bogus billing and storing crates etc. in paddy stacks.

   c. Subsequent PVs shall be carried out by the staff of the concerned procurement agency at-least once, in a fortnight. Copies of such PV reports shall invariably be submitted to the DM of the respective agency. The PV reports must contain all the details of paddy stored, paddy milled and rice delivered and balance paddy lying in the premises. Besides reporting the position of stock quantitatively, its' qualitative position should also be reported in the PV.

   d. The following norms shall strictly be followed at the time of FORTNIGHTLY Physical Verifications:

      i. The responsibility of physical verification by the field staff and officers, its quantum of fortnightly PV shall be:

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Designation of field staff/officers by whom PV is to be carried out</th>
<th>Minimum Quantum of mills to be physically verified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inspector or Equivalent Official of each procuring agency</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>AFSO or Equivalent Officer of each procuring agency</td>
<td>50% of stocks</td>
</tr>
</tbody>
</table>

   Note 1: Every AFSO will carry out PVs on rotational basis every fortnight in such a way so as to cover all (100%) mills every month.

   Note 2: Physical Verification of a rice mill, where 10,000 MTs and above paddy is stored, shall be carried out jointly by the Inspector and AFSO. (i.e. Sr. No. 1 & 2.)

   ii. Officers given at Sr. No. 3 & 4 shall, necessarily, conduct the PVs of mills having lowest milling percentage and lagging behind the prescribed schedule of milling in the policy.

   iii. DDF/RM or Equivalent Officer of each procuring agency shall carry out the PV of 10 rice mills every fortnight, selecting two rice mills from each district having lowest milling percentage.

   iv. PV of the rice mills, where 15000 MTs or more (local linkage + paddy issued against R.O.) paddy is stored, must be carried out by DFSC/ DM of concerned agency personally every month.
v. The miller/his or her authorized representative shall be associated in all the PV operations and he/she will sign the PV report(s) so prepared. Provided that if the miller or his/her authorized representative refuses to witness the PV or Sign the PV report, the inspecting officer/official shall record the facts regarding the same on the PV report and such a PV report shall be valid and final.

vi. The record of the PVs carried out according to the above clauses shall be maintained in the office of the DM of the concerned agency who shall also ensure that timely action is taken in all such cases, where any type of lapse(s) is reported in the PV.

17. MILLING OPERATIONS

i. A Miller shall purchase a minimum quantity of 150 M.Ts. of paddy in his own account or he shall deposit an amount of Rs. 5.00 lakh (Five Lakh only) with DM PUNGRAIN in the shape of a demand draft, in favour of Managing Director, PUNGRAIN, irrespective of the fact that such a mill has been allotted to another procuring agency to be eligible for starting custom milling operations.

Provided that above clause is not applicable in case of Markfed, where paddy is stored in their own modern rice mills.

ii. Stocks of paddy for milling shall be issued by the staff of procuring agencies in lots of 200 M.T. (two stacks) each through a release order issued by the concerned inspector/official in-charge against delivery of advance rice to FCI. Paddy issued/received without a proper release order shall be treated as a serious lapse. Subsequent lot of paddy for milling shall be issued only after the delivery of entire rice due on previous lot to FCI and after receipt and uploading of acceptance note and weight check memo on the concerned website.

iii. A record of all the release orders issued by an agency shall be kept in the district office, by all the agencies.

iv. If a miller lifts the paddy without any release order and threshes the paddy to rice, it shall be treated as defalcation of stocks and concerned agency/department may initiate punitive action against the miller. The miller shall be liable to pay the interest @ 12% per annum for the value of paddy and for the duration of such defalcation.

v. The miller shall not be permitted to convert any quantity of paddy into rice until he submits bank guarantee or FDR of the equal value of paddy defalcated to the concerned agency and obtains permission for milling.

vi. Each miller shall maintain the Stock Registers, the number of pages of which shall be duly authenticated and verified by the concerned field staff (Inspector/AFSO).

vii. Payment of milling charges:

a. The miller shall be paid milling charges for custom milling of paddy, at the rates fixed by Government of India.

b. Milling and other charges payable to millers would be inclusive of all applicable taxes.

c. Rice extracted over and above the Minimum permissible limit out of the paddy issued for custom milling as per the relevant clauses of this policy shall be the property of the procuring agency and miller shall deliver the same to FCI on behalf of the procuring agency, without any extra claim.

d. The by-products such as broken rice, rice kani (rice husk and rice bran etc.) shall be retained by the miller. All the applicable taxes pertaining to by-products, if any, shall be borne by the miller.

e. Where any defalcation of paddy is noticed, all the by-products lying in the mill premises from the part paddy milled shall automatically be treated as
belonging to agency.

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

18. OUT-TURN RATIO

The Minimum out-turn ratio (Fixed by GOI) of custom milled paddy shall be as follows:

i. Minimum 67% for raw rice.

ii. Minimum 68% for par-boiled rice.

iii. Benefit of Driage shall be given only in monetary terms to the rice millers at the rate prescribed by Government of India for driage allowance, on actual delivered quantity of rice to FCI, which would be subject to the condition that miller has delivered 100% due rice to FCI or the miller has deposited acquisition cost of balance rice with the concerned agency.

iv. However, par-boiled rice mills are not eligible for driage benefit.

19. SERVICES TO BE PROVIDED BY THE MILLER

a) Every rice miller is bound to have a Static IP Address in the mill premises and shall give this IP Address to the Department/agencies.

b) The miller who has been allocated paddy for custom milling shall provide following services at his own expense:

i. After the paddy is unloaded and stacked at the rice mill/storage point by Labour Contractor appointed by the Agency, paddy shall be stored at the rice mill/approved storage point by the miller at its own expenses after completion of agreement with the concerned agency.

ii. Subsequent operations like Loading of paddy from storage point, its transportation & unloading for milling at haudi/drying.

iii. De-stacking of paddy.

iv. Drying of paddy stocks.

v. Katai of paddy bags before de-husking.

vi. Re-stacking of paddy stocks.

vii. De-husking of paddy stocks.

viii. Filling up of bags of rice prior to dara making.

ix. Dara making of rice bags and filling/sewing of bags with double line machine Stitching.

x. Transportation of rice to FCI depot.

xi. Delivery of acceptance notes, weight-check memos and other relevant documents from FCI for claiming payment and uploading the same at official website as per directions of the Government from time to time.

xii. Miller shall stitch a rexine slip/canvas slip with each bag, bearing name of the mill/Center/District/agency/category of rice/net weight/ contract no./crop year on the bags.

xiii. 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.

xiv. Under no circumstances, miller shall use the agency's paddy stored with him for the purpose of delivery of advance rice to FCI for securing FCI paddy.

xv. Miller shall arrange such a number of jute bags as are determined by GOI vide its letter dated 18.05.2017 for filling and storing and transporting paddy to his mill premises, subject to any change in the above instructions by GOI. He shall be paid usage charges for this service @ rate fixed by
GOI, from time to time.

Provided that, if a miller refuses to make such arrangement he shall be disqualified for allotment any quantity of custom milling paddy.

c) He shall abide by the instructions given by the department regarding the release of contract numbers from time to time. The miller shall 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 shall not be issued. 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 DFSC miller will automatically get the contract numbers. The entry of data of paddy stored in the mill shall be deemed as acceptance of the quantity and quality of the same to the satisfaction of the miller.

d) Each allotted miller shall also submit MICR cheque drawn in favour of MD of the agency concerned @ Rs. 45 lakh for every 2000 MT of paddy or part thereof stored in his mill.

e) If a rice miller is found guilty of tampering with the official data/record or adopts mal-practice in this regard, he shall be declared defaulter by DAC by passing a well-reasoned order, and such orders are appealable before DFS.

20. SCHEDULE FOR DELIVERY OF RICE

i) After linking of mandis and rice mills by the DAC, Concerned Area Manager (FCI) shall intimate the DAC & Millers about the linking plan of miller and storage depots of FCI, where the millers have to deliver CMR. Area Manager, FCI shall also intimate the latest status of the vacant space, to the concerned agency on the first of every month.

ii) Miller shall run the mill to its optimum capacity, so as to achieve the target for milling of paddy as fixed according to the scheduled time frame as per policy.

iii) Miller is exempted from delivery of any levy rice on his privately purchased paddy.

iv) Delivery of custom milled rice to FCI will commence immediately from the start of KMS 2018-19.

v) Scheduled time for delivery of custom milled rice shall be as under:

<table>
<thead>
<tr>
<th>Month</th>
<th>Progressive %age of CMR to be delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 31st December 2018</td>
<td>35%</td>
</tr>
<tr>
<td>Up to 31st January 2019</td>
<td>60%</td>
</tr>
<tr>
<td>Up to 28th February 2019</td>
<td>80%</td>
</tr>
<tr>
<td>Up to 31st March 2019</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: - The progress of milling shall invariably be monitored by the concerned agency as per time schedule. Mills lagging behind the time schedule are liable to shift their paddy at their risk and cost along with charging the interest @ 12% on the acquisition cost of such paddy from the date of its storage to the date of shifting.

vi) While milling paddy, miller shall ensure that rice extracted out of paddy is as per norms and specifications fixed by GOI and shall deliver the rice at the storage depot of FCI as linked by its Area Manager.

vii) The miller shall be paid cost of transportation and other incidental charges at the rates approved/reimbursed by GOI/FCI and any extra cost if any shall be borne by the miller.

viii) Any quality cut imposed by FCI on the rice delivered to it by the miller, shall be the liability of the miller and shall be charged from the miller at 12% interest from the date such deduction is made by FCI to the date of its final adjustment/payment by the miller, in the accounts of the agency.

ix) Miller is bound to deliver the entire rice, due to FCI, in a pack of 50 Kg. B-Twill,
A-class gunny bags as per FCI specifications.

x) The delivery of rice by the miller shall be deemed to have been completed at the FCI godown, only after the issuance of Acceptance Note and Weight Check Memo by the FCI. The miller shall ensure that the “Acceptance note”, Weight Check Memo and all other relevant documents are uploaded by FCI on the e-Portal of the Department, for claiming payment from FCI. If the miller fails to do so he shall not be entitled to issue of further release order for custom milling of paddy.

xi) Miller shall be responsible for payment of GST and other taxes applicable on the amounts/costs recoverable from him.

21. SECURING THE LOSS OF STOCKS.

i) The paddy and its containers (gunny bags) supplied by the state procuring agency is the property of the State Government until the entire due rice is delivered to FCI, and being the custodian of such stock, miller shall be responsible for its safe custody and making appropriate arrangements for the protection of stock.

Provided further that: -

a) The miller shall not pledge such paddy/rice with any bank/financial institution or otherwise to avail cash credit limit/loan for his business or any other purpose.

b) If a miller is found responsible for pledging the government stock/article etc., at any stage he shall be liable for punitive action by the concerned agency for recovery of the stocks and the paddy/rice lying in his possession on such date shall be lifted from the premises at his risk and cost and in addition he shall be charged with an interest @ 12% of the cost of acquisition of the paddy so shifted and also the cost of acquisition of paddy along with 12% interest on any shortfall or paddy in possession of such bank/financial institution, which the procuring agency was not allowed to lift by such bank/financial institution/court etc.

c) It shall be the responsibility of the miller to submit a list of banks/lead banks with which he has business relations/interests.

d) On receipt of such list the DM of the concerned agency will consolidate a list of all the mills along with paddy allotted and stored in them and forward copy of such list to the lead banks/banks (of the millers) directing them to not to approve/release any Limit/loan against such agency stocks.

e) No miller shall sell/transfer/mortgage/gift the property of his mill, its premises, land, machinery erected over it, till he clears the pending dues of Custom milled rice or on any other account to the concerned procurement agency. The concerned procurement agency shall have the first charge over such mill premises/land/machinery if such a premises, mill/machinery and building are sold/disposed off without clearing the dues.

f) The property of a defaulter mill, its premises, land, machinery erected over it, shall not be sold/ transferred/mortgaged/gifted without the prior approval of the DFS. Before granting such permission, DFS shall get a report from the concerned agency, regarding pending dues, nature of default, value of stocks lying with the miller, etc. The concerned procurement agency shall have the first charge over such mill premises/land/machinery if such a premises, mill/machinery and building are sold/disposed off without the prior permission of DFS.

g) Each allotted rice miller shall submit two signed undated payee’s account MICR cheques in favour of Managing Director of the concerned agency in token of security of stocks. The first cheque equal
to the 50% of the acquisition cost of paddy intended to be stored in his premises shall be submitted prior to the starting of storage of paddy. The other cheque for remaining 50% shall be submitted immediately after the completion of storage entire allocated quantity of paddy.

h) 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.

i) In case of any default by the miller and to recover the amount due to miller along with interest, MD of the concerned agency is free to liquidate the entire amount of cheque(s), irrespective of the amount due to such miller.

j) Acquisition cost of paddy along with interest paid/payable by Government on CCL shall be charged (from 01.11.2018 onwards till date of actual payment) on the stock of paddy for which miller fails to deliver the rice to FCI by 31st March 2019 unless the Government decides to extend the last date of milling and delivery of rice to FCI in view of shortage of space with FCI or any other administrative exigencies. However, the miller shall not be paid any milling charges on the paddy for such un-delivered rice left even after the extended date of milling.

k) The last date for clearing all the payments with the agency(s) and government is 31st May, 2019 or the date notified by the department, failing which a penal interest @ 3% shall be charged over and above the interest payable as per the above sub clause.

Provided further that such a miller shall not be considered for allocation/allotment of paddy for the year 2019-20, until he clears all the dues.

ii) If a miller clears all the dues (Cost of acquisition of paddy along with interest and penal interest) of balance un-milled paddy, such balance un-milled paddy and by-products shall become property of the rice miller. DM of the concerned agency will issue an invoice to sale and release order for the same, after confirming the clearance of all the dues of the miller.

iii) If the miller fails to clear the amount due (Cost of acquisition of paddy + interest + penal interest) on account of un milled paddy by 31-05-2019 or the date notified by the department, the concerned agency shall initiate action against such miller within 15 days of the last date for such settlement of account. Any stock and by-products lying in the premises of the miller shall be auctioned by the concerned agency at the risk and cost of the miller(s) to recover the amount in full or a part thereof.

iv) Action taken by the agency for lifting/auction of un-milled paddy shall not be construed in any manner to be trespassing on the mill premises. The miller will ensure that DM or an officer appointed by him shall not be obstructed access to the stock lying in the mill premises for the purposes of lifting or auction. The defaulter miller cannot participate in the auction process/proceedings.

v) The miller shall be responsible for any loss to stock by way of misappropriation/fire/theft etc., or if he fails to deliver rice according to the specifications or fails to deliver the rice by the due date, he shall be charged with the cost of acquisition of paddy + interest @ 12% + administrative charges + incidental charges + carryover charges etc., along with applicable GST.

vi) 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. It shall be the responsibility of the concerned procurement agency to recover the cost of allotted paddy from the concerned/defaulters and deposit the same in CCL account.
vii) For black listing a rice miller under various clauses of this policy, he shall be duly given a written notice of the proposed action and an opportunity of personal hearing before proceeding against him.

22. STOCK ARTICLES
i. Miller shall arrange suitable number of crates for storage of custom Milling paddy in his mill premises, for which he shall be paid user-charges @ Rs. 15/- per tonne of the paddy stored by the concerned agency.

ii. The required quantity of polythene Sheets /Tarpaulins/ Nets etc., shall be provide by the procuring agency on returnable basis and miller shall be responsible for its safe custody and maintenance. If a miller fails to return the stock articles supplied by the agency after the completion of miling or in case of damage to the stock articles, the value of such stock articles along with 18% simple interest per annum shall be recovered or adjusted in his milling bills.

23. TRANSPORTATION OF PADDY
i) The responsibility of transporting free paddy stocks from mandi yard to the mill premises lies with the Transport contractor of such agency.

ii) However, if a transport contractor fails to provide appropriate number of trucks or does not provide tracks at all, the concerned agency is free to get such work of transportation done by the rice millers at the risk and cost of the transport contractor, at the cartage/transportation rates, as the case may be, duly approved by the District Tender Allotment Committee under The Policy for Transportation of Food grains for the year 2018-19. This provision shall also be applicable for other jobs like transportation of jute/PP/HDPE bales, stock articles, etc.

iii) It shall be the responsibility of the miller to make appropriate arrangements of transportation for lifting of paddy and stock articles etc., from mandi or storage points if such a situation arises at any time.

24. ORDERS PASSED UNDER THIS POLICY AND ALTERNATIVE DISPUTE RESOLUTION MECHANISM
i) All orders passed under any of the provisions of this Policy shall be passed after the Miller has been given a written notice of the proposed action and an opportunity of personal hearing before proceeding against him. Given the short timelines of the crop season, a notice of 2 days shall be issued to the Miller and at the highest one adjournment for personal hearing.

ii) A first appeal from orders passed by the DAC shall lie to the DFS and a second appeal therefrom to the PSFS.

iii) All the disputes and differences arising out of or in any manner touching or concerning the agreement, including all such orders passed under sub clause (i) and (ii) above whatsoever shall be referred to an Arbitral Panel of three Arbitrators with the parties respectively choosing one Arbitrator and such two Arbitrators selecting by consensus a third arbitrator. The Arbitration shall be conducted at Chandigarh under the provisions of the Arbitration & Conciliation Act 1996.

iv) 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 shall be 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.

v) The award of such arbitrator shall be final and binding on all the parties to the contract. The award of such arbitrator shall be final and binding on all the parties to the contract. In the event of death of an Arbitrator or his 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 the stage where it was left by his predecessor.

vi) Subject as aforesaid, the Arbitration and Conciliation Act 1996, the Arbitration and Conciliation (Amendment) Act 2015 or any statutory re-enactment or modifications thereof shall apply to the arbitration provided under this clause. However, the cases of fraud, theft, 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.

vii) In cases where documents of agreements are lost during arbitration/civil proceedings and the miller has delivered even a single consignment of custom-milled rice to FCI, it shall be presumed that the Agreement containing the Arbitration Clause did actually exist but has been deliberately lost by some vested interests. This Clause shall be acceptable to all the stakeholders.

25. POWERS TO RELAX/AMEND/INTERPRET/ADD/DELETE: If a question arises with regard to the relaxation/amendment/interpretation of the provisions of this policy, DFS shall be competent to amend/relax and interpret any of the provisions of this policy. The DFS also reserves the right to delete or add any provision in the Custom Milling Policy 2018-19 at any time in view of any exigency and/or keeping in view the financial interest of the State Exchequer and/or in public interest.

Director, Food Civil Supplies & Consumer Affairs, Punjab.