

From,

Director
Food, Civil Supplies &
Consumer Affairs, Punjab

To,

1. Managing Director, PUNSUP, Sector 34 Chandigarh
2. Managing Director, MARKFED, Sector 35 Chandigarh
3. Managing Director, PAFC, Sector 28 Chandigarh
4. Managing Director, PSWC, Sector 17 Chandigarh
5. Managing Director, PUNGRAIN, Sector 39 Chandigarh
6. General Manager, FCI, Punjab Region, Sector 31 Chandigarh

Memo No: DFS-RICE01(1)/3/2023-(447099)/ 324

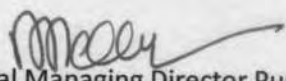
Dated, Chandigarh: 31/07/2023

Subject: The Punjab Custom Milling Policy for Kharif 2023-24.- Regarding.

Please refer to the subject cited above.

2. Please find attached the copy of "The Punjab Custom Milling Policy for Kharif 2023-24" along with this letter for information and necessary action.

Enclosed- As above.

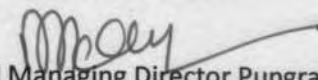

Additional Managing Director Pungrain
For: Director, Food, Civil Supplies &
Consumer Affairs, Punjab

Endst. No. DFS-RICE01(1)/3/2023-(447099)/ 325

Dated, Chandigarh: 31/07/2023

A copy of the above along with the copy of "The Punjab Custom Milling Policy for Kharif 2023-24" is forwarded to the following for compliance:-

1. All Deputy Directors (Field) Food, Civil Supplies and Consumer Affairs in the State of Punjab
2. All District Controllers, Food Civil Supplies and Consumer Affairs in the State of Punjab

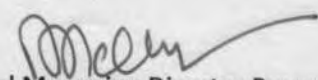

Additional Managing Director Pungrain
For: Director, Food, Civil Supplies &
Consumer Affairs, Punjab

Endst. No. DFS-RICE01(1)/3/2023-(447099)/ 326

Dated, Chandigarh: 31/07/2023

A copy of the above along with the copies of "The Punjab Custom Milling Policy for Kharif 2023-24" is forwarded to the following for information and necessary action:-

1. Private Secretary to Food Civil Supplies & Consumer Affairs Minister, Punjab
2. Private Secretary to Principal Secretary to Hon'ble Chief Minister, Punjab
3. Private Secretary to Chief Secretary, Punjab
4. Private Secretary to Secretary Government of Punjab, Food Civil Supplies & Consumer Affairs
5. Personal Assistant to Director, Food Civil Supplies & Consumer Affairs, Punjab
6. Personal Assistant to Secretary, Mandi Board Punjab
7. All Officers at Head Office, Chandigarh
8. Superintendent, Cabinet Affairs Branch, Government of Punjab w.r.t. their Inter Department letter no. 01/165/2023-1Cabinet/3599-3603 dated 29-07-2023
9. All Dealing Assistants, Rice Branch, Head Office.


Additional Managing Director Pungrain
For: Director, Food, Civil Supplies &
Consumer Affairs, Punjab



**THE PUNJAB CUSTOM MILLING POLICY
FOR KHARIF 2023-24**

Meen

GOVERNMENT OF PUNJAB
DEPARTMENT OF FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS

LIST OF ACRONYMS USED IN THIS POLICY DOCUMENT

AFSO	Assistant Food and Supplies Officer
AS	Administrative Secretary to Government of Punjab, Department of Food Civil Supplies & Consumer Affairs.
BOD	Board of Directors
BRL	Beyond Rejection Limit
CC/CCL	Cash Credit/Cash Credit Limit
CCTV	Closed Circuit Television.
CIBIL	Credit Information Bureau (India) Limited
CMP	Custom Milling Policy
CMR	Custom Milled Rice
DAC	District Allotment Committee
DDF	Deputy Director (Field), Department of Food Civil Supplies & Consumer Affairs.
DFS	Director, Food Civil Supplies & Consumer Affairs, Punjab Department of Food Civil Supplies & Consumer Affairs.
DFSC	District Controller, Department of Food Civil Supplies & Consumer Affairs.
DM	District Manager
DMO	District Mandi Officer
ECA	Essential Commodities Act
FAQ	Fair Average Quality
FCI	Food Corporation of India
FDR	Fixed Deposit Receipt
FR	Fortified Rice
FRK	Fortified Rice Kemels
FSO	Food and Supplies Officer
GOI	Government of India
GPA	General Power of Attorney
GPS	Global Positioning System
GST	Goods and Services Tax
HDPE	High-Density Polyethylene
HUF	Hindu Undivided Family
IP Address	Internet Protocol Address
ITR	Income Tax Return
KMS	Kharif Marketing Season
KYC	Know Your Customer
IPC	Indian Penal Code
LLP	Limited Liability Partnership
MARKFED	Punjab State Co-operative Supply & Marketing Federation Limited
MD	Managing Director
MICR	Magnetic Ink Character Recognition
MSP	Minimum Support Price
MT	Metric Tonne
NDC	No Dues Certificate
NFSA	National Food Security Act
NOC	No Objection Certificate
NPA	Non-Performing Asset
OD	Overdraft
PAFC	Punjab Agro Foodgrains Corporation
PA	Procurement Agency
PAN	Permanent Account Number
PDS	Public Distribution System
PFA	Prevention of Food Adulteration
PP Bags	Polypropylene Bags
PPCB	Punjab Pollution Control Board
PR	Provincial Reserve
PSAMB	Punjab State Agricultural Marketing Board
PSPCL	Punjab State Power Corporation Limited
PSWC	Punjab State Warehousing Corporation
PUNGRAIN	Punjab State Grains Procurement Corporation Limited

PUNSUP	The Punjab State Civil Supplies Corporation Limited
PV	Physical Verification
RDF	Rural Development Fund
RM	Regional Manager
RO	Release Order
SARFAESI Act	The Securitization & Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SBI	State Bank of India
SOP	Standard Operating Procedure
SPA	State Procurement Agency

INTRODUCTION

Punjab is primarily an agrarian state. Agriculture plays a significant role in the culture and economy of the state with two cereal crops, wheat, and paddy, grown in rotation during the year. Paddy is the principal crop of the Kharif season while wheat is the principal crop of the Rabi season. Though the state has only 1.54% area of India, yet it is the largest contributor of wheat and rice in the central pool of food grains and has therefore earned the sobriquet of Granary of India or Food Basket of India.

The Government of Punjab is steadfast in hassle-free procurement of food-grains, from the stage of their arrival at the purchase centers, to their cleaning, drying, storage and transportation with a focus on minimum wastage. The government of Punjab through its agencies procures paddy and gets it milled into rice for its delivery to Food Corporation of India (FCI) in the Central Pool. The Department of Food, Civil Supplies and Consumer Affairs, Punjab through this policy lays down guidelines to ensure complete transparency in registration and allocation of rice mills, a sound co-ordination amongst its procurement agencies and the rice millers and necessary checks on defaulting rice mills.

1. SHORT TITLE AND COMMENCEMENT:

- a. The Policy shall be named as "The Punjab Custom Milling Policy for Kharif 2023-24".
- 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 KMS 2023-24.
- d. It shall be followed by all the procurement agencies i.e., Pungrain, Markfed, Punsup, PSWC & FCI and the rice millers and their successors/legal heirs, and all other stakeholders in the paddy procurement/milling process.
- e. Kharif 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 mandies shall be procured by the procurement 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 this policy. The state shall be taken as a single unit for the purpose of milling of paddy and delivery of rice.

2. DEFINITIONS: - Unless there be something repugnant in the subject or context, the terms defined in policy shall mean as follows:

- 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, interest, cost of bags, administrative charges, driage expenses, Custody & Maintenance Charges and other statutory/non- statutory or operating expenses incurred, if any, including interest paid/payable by Government on CCL.
- b. "Agency/Procurement Agency" means FCI and all State Procurement Agencies i.e., "Pungrain, Punsup, Markfed & PSWC".
- c. "Business Entity" means an organization established as a separate entity for the purposes of carrying out the business of custom milling of paddy and it may be a Corporation, Sole proprietorship, Partnership Firm, Limited Liability Partnership, Company

(Public/Private), a Trust or any other type of common business entity including lessee firms.

- d. "Custom Milling" means the activity of de-husking and other operations including polishing, sorting, grading, fortification etc. of paddy procured by the procurement agency(ies), by a rice miller to extract rice in a rice mill and delivering the same to FCI, for which he shall be entitled to milling charges at the rates determined by GOI from time to time.
- e. "Custom Milling Paddy": means the paddy purchased/procured by various procurement agencies and allocated to rice millers for the purpose of custom milling under this policy.
- f. "Custom Milled Rice": means paddy de-husked and includes broken rice which is as per specifications.
- g. "De Novo" means starting from the beginning.
- h. "Department" means the Department of Food, Civil Supplies and Consumer Affairs, Government of Punjab.
- i. "Defaulter" means a miller who has failed to deliver the entire minimum rice due on account of paddy allocated/stored in his premises for custom milling by the stipulated date (declared by Government of Punjab) of the previous years and/or who fails to settle his accounts with any of the procurement agencies and PAFC of the previous year(s), and/or is declared as a defaulter as such, under the relevant clauses of this policy.
- j. "Director Food Supplies (DFS)" means Director, Department of Food, Civil Supplies and Consumer Affairs, Punjab.
- k. "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 as also allocation of paddy for custom milling to rice millers as per this policy.
- l. "District Collector" means the Deputy Commissioner of the district and includes the Additional Deputy Commissioner or the Assistant Commissioner.
- m. "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/ her to prove his/her separate residence and economic independence.
- Provided further that spouse(s) of the above person(s) would be included in the family unless legally separated by way of divorce duly registered with the competent authority.
- n. **"Fortification of Rice" shall have same meaning as defined in SOP circulated vide GOI letter no. 36-5/2018-QCC(Part), dated: 15.03.2022 and any other instructions /amendments issued by GoI from time to time.**
- o. "Free paddy" means the paddy allocated by the DAC to a miller for custom milling from the linked mandies without obtaining any additional fee from the miller and which is transported at the expense of the procurement agency.
- p. "Government" means Government of Punjab in the Department of Food, Civil Supplies and Consumer Affairs.
- q. "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.
- r. "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 custom milling 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 and PAFC.
- s. "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 the Registration Act, 1908 and

incorporated in the revenue records.

- t. "Mandi" or "Market" or "Purchase Centre" means a market established and regulated under The Punjab Agricultural Produce Markets 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.
- u. "Mill/Rice Mill" means the plant, machinery and the premises including the land & precincts thereof in which or in any part of which, custom milling is carried out.
- v. "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 is carried out.
- w. "Miller" means the person registered under Clause 3 of this policy and includes the Owner(s) /Partner(s) /Manager(s) /Trustee(s) /Lessor(s) /Lessee(s) of a business entity and includes any person who manage(s) and has an ultimate control over all the affairs of such 'business entity' and/ or is responsible for day-to-day affairs / operations of the mill/rice mill in question.
- x. "Milling Centre" means a definite area within a district for the purpose of linking of the mandies with mills under this policy, and where procurement/storage/milling operations are carried out and the staff of the procurement agencies is posted.
- y. "Milling Season" means the time period allowed by GOI/ State Government for carrying out all the operations for procurement of paddy (Kharif 2023-24) and its custom milling & delivery of rice to FCI.
- z. "Minimum Rice" means the quantity of rice as per the minimum out-turn ratio fixed by Government of India.
- aa. "Minimum Support Price of Paddy" means the Minimum Support Price fixed by the Government of India for purchase of paddy for concerned Marketing season.
- bb. "Paddy" means Paddy before threshing or rice in husk which is as per the specifications.
- cc. "Paddy against Release Orders" or "RO paddy" means paddy issued to the miller in addition to the 'free paddy' allotted for custom milling, against an RO on prior deposit of a prescribed fee as per provisions of the policy.
- dd. "Permanent Milling Centre" 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.
- ee. "Person" means a proprietorship /partnership firm /company (private or public limited), LLP, trust, society or HUF or any other legal person having a mill owned/leased by it.
- ff. "Private Storage" means any storage of paddy/ rice other than that allotted by the department during the milling season.
- gg. **"PSAMB" means Punjab State Agricultural Marketing Board.**
- hh. "Specifications" means the specifications prescribed for paddy and rice by GOI from time to time.
- ii. "State" means the State of Punjab.

3. REGISTRATION: -

- a. Any person desirous of custom milling of paddy under this policy be required to register his 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 under Clause 4, 5 and 6 of the policy and/ or allocation of any specific or definite volume of paddy for custom milling under this policy and no claim will be made or asserted against the state or any of the procurement agencies in this regard. All mills registered with the department shall reflect on the <https://anaajkharid.in> portal. The GPS coordinates of the same shall be uploaded on the portal.

The millers buying land using color coded stamp paper (under Ease of Doing Business) shall also have to register with the department in order to be considered for allotment to an agency, and allocation of paddy for custom milling under the policy. However, the exemption available under the scheme shall be applicable to them.

- b. The miller should have a plot/ land area and plant & machinery and electricity connection/ load as required by Punjab Government, Department of Food, Civil Supplies and Consumer Affairs (Rice Branch) notifications/ communications issued from time to time at the time of the establishment of the mill. Reference may be made to notifications/communications issued vide number 1734 dated 12.08.03, No. 2823-2824 Dated 10.09.07, No 2871-2872 Dated 17.09.2007, No. 2843 Dated 20.08.2010, No. 2770-71 Dated 01.08.2013, No. 2909- 2910 Dated 13.08.13 and No. 3262 Dated 30.08.13 and other notifications/ communications issued by the department time to time.
- c. Terms and Conditions for registration and De Novo registration of already registered persons.

i. The person seeking registration shall:

A. Be a citizen of India and above 18 years of age.

B. 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 /communications issued from time to time and shall upload the requisite documents along with the application on <https://anaajkharid.in> portal.

The land obtained on lease by millers from the Government /Improvement Trust would be treated at par with free-hold land and the mills so established on this land, would also be treated as owner mills provided the lease deed in the above cases should be valid and is certified by the District Level Officer of the concerned Department of Punjab government. A copy of such a lease deed, in this case, shall also be uploaded on <https://anaajkharid.in> portal by the miller while seeking registration.

The lessee mills, which have already been registered with the department on leased land before 13.08.2013 (reference letter no. RP-2-2013/2910 Dated 13.08.2013), are allowed to extend such lease with the same lessee and lessor, subject to the condition that they would be treated at par with lessee mills and shall be allotted after completing all the formalities as per Clause 5 of the CMP. It is also stipulated that such a lease should be registered with the Revenue Department Punjab and should be entered in the revenue records, which shall also be uploaded on <https://anaajkharid.in> portal by all such millers while seeking such extension in the registration or otherwise.

In case of Food Parks / Agro Processing Clusters approved by the Ministry of Food Processing Industries, Government of India, it shall suffice if the Rice Mill has been set up on land allotted on long term lease basis within the Food Park/ Agro Processing Cluster, provided that the entity managing the Food Park/ Agro Processing Cluster conveys in writing that land within the Food Park/ Agro Processing Cluster is only allotted on long term lease basis and outright sale of plots is not permitted.

- C. 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 before the settlement of account of custom milling.

Provided that in case of death of any of the owner /partner /director/ member of society/ trustee etc. before the settlement of account of custom milling, the DFS shall be competent to consider a request for such change of owner /partner

/director /member of society /trustee etc.

- D. 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.

Provided that exemption is given to those mills whose working capital/credit(loop) limit is not more than as fixed in the following table:

Capacity	Estimated Working Capital Requirement (in Lacs)
1 Tonne	30
1.5 Tonne	30
2 Tonne & above but less than 3 Tonne	40
3 Tonne & above but less than 4 Tonne	50
4 Tonne & above but less than 5 Tonne	60
5 Tonne & above but less than 6 Tonne	70
6 Tonne & above but less than 7 Tonne	90
7 Tonne & above but less than 8 Tonne	100
8 Tonne & above but less than 9 Tonne	110
9 Tonne & above	120

The rice mills having the working capital/credit(loop) of more than the limit mentioned in above table for which the property of the mil premises is hypothecated /mortgaged /pledged shall provide:

Guarantee of 2 mills having no loan /lien /credit limit against mortgaged/hypothecated/collateral property of the mill premises.

OR

Bank Guarantee equal to 20% of the average paddy allocation to the mill during previous year based on their tonne capacity and calculated as follows:

Capacity	Bank Guarantee required @20% (in lacs)
1 Tonne	140
1.5 Tonne	150
2 Tonne & above but less than 3 Tonne	175
3 Tonne & above but less than 4 Tonne	240
4 Tonne & above but less than 5 Tonne	300
5 Tonne & above but less than 6 Tonne	340
6 Tonne & above but less than 7 Tonne	425
7 Tonne & above but less than 8 Tonne	460
8 Tonne & above but less than 9 Tonne	530
9 Tonne & above	600

OR

Insurance cover equivalent to cost of the maximum paddy allocation to the mill in the name of the Department to indemnify the Department in case of any loss to the paddy including default /defalcation by the Miller.

Provided that exemption is also given to the millers who have availed term loan in order to establish mills and take benefit of the subsidy under Government schemes (For the amount equal to that term loan only).

None of these exemptions/ relaxations shall be applicable to leased mills as the leased mills are covered under Clause 5 of the policy.

- E. Declare and certify that it has not been blacklisted for custom milling during any previous years and that if he has been blacklisted the currency of blacklisting is over and also attach supporting documents to prove the same.
 - F. Ensure that Dryer and Sortex is compulsorily installed in case of a newly established rice mill and/or in case of capacity enhancement of rice mill so that the problem of high moisture content in CMR can be tackled.
 - G. Those millers who have installed the Sortex will get an additional 5% free paddy within the overall limit of maximum allocable paddy.**
 - H. Ensure that blending equipment as per standards prescribed by the GOI is installed in the mill.
 - I. Should inform about FRK manufacturing equipment, if there, in premises and should have valid FSSAI and PSAMB (Punjab Mandi Board) license.
 - J. Comply with the conditions of eligibility for allotment to a procurement agency set out in Clause 4 hereinafter.
- ii. A person shall be ineligible for consideration for registration where:
- A. The owner of a sole proprietorship firm is below the age of 18 years as on the date of application for registration.

OR

Any of members /partners /trustees /directors etc. of the mill who are below the age of 18 years and are not working under guardianship of some other members /partners /trustees/ directors etc. (who are above 18 years of age) as on the date of application for registration.

For such purpose, all the millers shall enter their Date of Birth on <https://anaajkharid.in> portal while seeking such registration or extension in the same or otherwise.

- iii. *Mean*
- 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, 5 or 7 of this policy.
 - A person registered previously shall be required to re-apply on <https://anaajkharid.in> portal 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.
 - D. A New mill or a Lessee Mill (after the expiry of its lease period) has to get itself registered de- novo on <https://anaajkharid.in> portal.

In case of registration of lessee rice mills where the owner party, lessee party and mill premises are the same, but the lease period has expired, such registration may be renewed at DFSC level only.
 - E. 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 by the DFS.
 - F. A mill which was not allotted during the KMS 2022-23 or/and did not undertake milling of paddy during the KMS 2022-23.
 - G. Mill purchased/bought under SARFAESI Act, whose registration is allowed by DFS.

H. For mills to be registered under afore-mentioned Clause E, F & G, the registration shall be a single step process i.e., they shall apply only for final registration.

d. **Procedure for Registration:**

- i. The registration shall be a **two-part process**: Provisional registration and Final registration.

Provisional Registration: Miller shall apply through his login id on <https://anaajkharid.in> portal to DFSC by uploading prescribed documents and providing required information by 22.07.2023. DFSC, after scrutiny and verification of documents as per prescribed procedure will forward the application along with his recommendation to the office of DFS for appropriate decision by 03.08.2023. The decision so taken shall be auto-formulated in the login id of the miller and the concerned DFSC.

Final Registration: Any person granted provisional registration and seeking final registration under this policy for custom milling for Kharif 2023-24 shall apply to the concerned DFSC through <https://anaajkharid.in> portal not later than 21.08.2023 by 05.00 PM by providing all the required information as per Annexure- I/IA to the policy.

Mean

- A. After the submission of registration application inspector of the department will be randomly assigned from <https://anaajkharid.in> portal to verify all the documents/ information required for final registration and visible on <https://anaajkharid.in> portal on the date assigned to him by the portal itself.
- B. An independent inspection shall also be conducted by DFSO/ AFSSO randomly assigned by the portal on such a date as assigned by the portal.
- C. The inspector/ AFSSO/DFSO as the case may be shall submit his online report on the same day from the mill premises itself.
- D. The miller shall be required to be present in the mill along with the original documents required for final registration at the time of inspection. No request for re-scheduling of the inspection date shall be entertained.
- E. The DFSC shall send all the cases received with his recommendation to the office of DFS online through the portal by 31 August 2022 by 05.00.PM, for appropriate decision.
- ii. No manual applications shall be entertained in any manner. No application shall be entertained for both provisional and final registration w.e.f. 21.08.2023; 5:00 PM till 01.01.2024 and the portal shall remain closed accordingly. Any application received on or after 01.01.2024 shall not be considered for allotment during KMS 2023-24.
- iii. The DFSC concerned shall maintain a register in Annexure I/ I-A generated from <https://anaajkharid.in> portal, mentioning therein all the details provided in the application and process of registration.
- The DFSC concerned shall also maintain the hard copy of the registration record generated from <https://anaajkharid.in> portal in his office.
- iv. All mills granted provisional registration but have failed to apply for final registration by 21.08.2023 or have been denied final registration shall not be considered for allotment during KMS 2023-24.
- v. The record of registration of rice mills shall also be maintained on <https://anaajkharid.in> portal.
- e. The department, on a date to be notified by the department, shall display all the information with respect to registration of the mills. Any person aggrieved by the said information can file an appeal within a period of 10 days before the DFS.

f. Registration Fee:

- i. A non-refundable registration fee of Rs. 50,000/- (Fifty Thousand Rupees only) shall be charged from the miller while applying 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-800-other Receipts-05 Miscellaneous Receipts (Registration Fee)'.
- g. Mere application for provisional/ final registration shall not grant any right to a miller to claim provisional/ final registration, as the case may be.

4. CRITERIA FOR ALLOTMENT TO A STATE PROCUREMENT AGENCY:

a. Eligibility Criteria

- i. A miller shall be considered eligible for allotment to a state procurement agency under this policy, upon fulfilling all the following conditions. It is made explicitly clear that a mere fulfilment of these conditions does not entitle the miller to any right to allotment to any particular state procurement agency nor the allocation of any quantum of custom milling paddy. The eligibility conditions for allotment are:
- ii. Only millers who have a valid registration, shall be considered for allotment to a procurement agency for custom milling of paddy for KMS 2023-24.
- iii. The miller should have cleared all the pending/ outstanding dues of all the procurement agencies and PAFC.
- iv. At the time of settlement of accounts, the miller must submit the electricity consumption bill showing the commensurate consumption of electricity with quantity of rice delivered by the miller.
- v. The rice mill should not be a defaulter of any of the procurement agencies including PAFC, during the previous year(s).

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

- vi. 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 deduction of 1% driage and must have deposited/ cleared statutory charges payable on such paddy, as per instructions of the Government, in this regard.
- vii. Each registered person 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 a 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 and separate electricity connection under the same management, each such unit needs to be registered separately for being treated as an independent mill for the purpose of allotment. However, they shall be allotted to a single procurement agency.

- viii. The business entity i.e., the mill as well as its owner /partners /directors /members/ trustees, etc. have to maintain a CIBIL Micro Small and Medium Enterprises (MSME) Rank score of 6 and below and a CIBIL score of 600 and above respectively. **No other credit rating shall be accepted. There shall be a tripartite agreement between the miller, the department and the credit rating agency to auto-copulate the CIBIL score.** In case the millers' individual or

mill's CIBIL Score/CIBIL MSME Rank has been reported to be low due to some past irregular financial transaction and they have now cleared the irregularity with the concerned Bank or have made an arrangement with the concerned Bank for clearance of the said irregularity but the same is not being reflected in their CIBIL Score, it is clarified that the Millers, who have cleared their irregularities with the Bank, may be considered for allotment subject to the submission of "Irregularity Clearance Certificate/NOC" from all the bank/ leader of the consortium of the banks of the miller in which he maintains the account and the concerned Bank will have to certify that they would not have any lien on the paddy allotted/stored with the miller by the Procurement Agencies.

In the case of lessee mills, the lessee, lessor as well as the other guarantors of the lessee have to satisfy the aforementioned criteria.

A District Level Scrutiny Committee under the chairmanship of the Deputy Commissioner with the Lead Bank Manager of the District Level Bankers Committee (DLBC), DMs of the procurement agencies as members and with DFSC as convenor shall examine the irregularity clearance certificates/ NOCs submitted by the millers in order to verify the

- (1) The genuineness of the irregularity clearance certificate/ NOC.
- (2) The genuineness of all Bank guarantees
- (3) The hypothecation of rice mill, including leased mill.
- (4) The hypothecation of properties disclosed by the miller.
- (5) Signature verification certificate issued by the Bank.

This committee shall send its report to the DAC. The District Level Scrutiny Committee, where a miller is repeatedly submitting the "Irregularity Clearance Certificate/ NOC", should exercise due caution with respect to genuineness of the certificate/ NOC by cross-checking with the concerned bank/ leader of the consortium of the banks issuing such a certificate and should also try to analyze, from sources, as deemed fit, the nature and reasons of repeated irregularity by the loanee-miller.

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- ix. The mill premises and the miller should be free from litigation which attaches to the title, ownership, or possession of the mill premises of the miller.
- x. 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.
- xi. The mill premises must have suitable and working fire-fighting equipment and blending equipment for blending FRK (Fortified Rice Kernels) as per standards prescribed in SOP circulated vide GOI letter no. 36-5/2018-QCC(Part), dated 15.03.2022, **Operational Guidelines circulated vide GOI letter no. 36-5/2018-QCC (Part) dated 13.12.2022 and amendment issued from time to time in this regard.**
- xii. The mill premises must have CCTV arrangements in the premises, covering the area where paddy stocks are stored and milled. CCTVs shall cover all entry/exit points of the mill. The miller shall also keep the video footage of at least three months of these CCTV cameras and shall provide such video footage to the DM of the concerned agency as and when required. If the above equipment is not found present and working during any of the PVs of the Rice Mill, such Rice Mills shall face immediate special allocation cut of 20% in the present purchase/milling season and it shall face cancellation of registration from the next season for misrepresentation of the facts. The Managing Director/District Manager of the concerned agency shall be mandatorily provided the Live Feed of CCTV of the concerned Rice Mill, regarding which the arrangement for linking the same to the <https://anaajkharid.in> portal of this department i.e., by providing continuous high speed web access shall be made by the rice miller in consultation with the concerned SPA. The live feed shall always be available on <https://anaajkharid.in>

portal of this department and alerts regarding any disruption in the live feed shall be made available to the District Manager who shall investigate into the matter within 24 hours and who shall act against the rice mill in consultation with the DAC. The live feed shall be made available by the miller from the date of provisional allotment of the mill to the DFSC. The CCTVs shall mandatorily be run on generator or UPS or inverter till the completion of milling.

- b. The Rice Millers which are allotted to a SPA shall ensure that the instructions issued by the various departments /corporations /boards /regulatory authorities of State of Punjab are followed in letter and spirit.
- c. All the documents and/or reports required and issued in respect of any miller for its registration and/or allotment shall be scanned and uploaded by the concerned miller on <https://anaajkharid.in> portal.
- d. Verification of the uploaded documents shall be carried out in the manner as prescribed by the DFS from time to time.

5. ALLOTMENT OF A MILLER OF A LEASED MILL:

In addition to the application of Clause 4, a miller who is operating from a leased mill shall only qualify for allotment to an agency provided that:

- a. The lease has been executed for a minimum period of 11 months as on the date of allotment to an agency and 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) shall furnish the guarantee of the owner of the Rice Mill (Lessor) and guarantee of two other owners of rice mills eligible for custom milling, as per proforma attached with the policy and duly registered under the Registration Act, 1908. The lessee or the lessor shall not be owner/ partner/director/member/lessee of the two other rice mills offering guarantee of a leased mill.
- c. The owners of the leased premises/other rice millers 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].
- d. 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 properties of the Owners (Lessors) who stood as guarantee/guarantor on behalf of the lessee shall remain under charge of the concerned procurement agency(ies) till the liabilities of the lessee are fully discharged.
 - iii. A leased rice mill already hypothecated/ mortgaged with any bank/ financial institution/ Government agency etc., shall henceforth not be considered for registration and allotment.
- e. Any owner rice mill can furnish guarantee of only one lessee mill at a time.
- f. The major responsibility to satisfy itself about the bona fides of the lessee mill and creation of lien on properties in the name of the agency will be that of the concerned DM.
- g. Defaulter mill cannot be taken on lease and any miller who takes and/ or has taken in past and continues to take defaulter mill on lease the registration of any such mill in which he is an owner /partner /director /member /trustee /lessee /lessor shall be cancelled.

6. PROCEDURE FOR ALLOTMENT TO AN AGENCY:

Allotment shall be a 2-stage process, namely Stage I allotment, and Stage II allotment.

a. Stage-I allotment

- i. All millers who have been allotted to an agency during KMS 2022-23 and allotment has not been cancelled subsequently and have settled their account with the concerned procurement agency shall be granted stage-I allotment for KMS 2023-24 on <https://anaajkharid.in> portal.
- ii. The millers registered with the department who did not apply for allotment or could not be allotted during KMS 2022-23 shall be granted stage-I allotment for the KMS 2023-24, provided such miller is not a defaulter of any procurement agency and/ or PAFC where default/ blacklisting has not been settled.
- iii. The millers registered with the department prior to 30.11.2023 but who did not apply for allotment during KMS 2023-24, can apply separately for allotment on <https://anaajkharid.in> by the date prescribed in this policy, provided such miller is not a defaulter of any procurement agency and/ or PAFC where default/ blacklisting has not been settled.
- iv. The stage I allotment is on the basis of the documents already uploaded on <https://anaajkharid.in> portal. However, millers shall carefully check the uploaded documents of stage-I and upload a new/renewed document, wherever required.
- v. The checklist of documents required for allotment shall be displayed on the <https://anaajkharid.in> portal and shall be as per Annexure-IX of the policy. **There shall be no demand for hard copies of documents for the purpose of allotment by DAC.**

b. Stage-II allotment

- i. The miller shall complete all the necessary formalities and upload the required documents for stage II allotment on <https://anaajkharid.in>. The miller shall thereafter submit his allotment application on <https://anaajkharid.in>.
 - ii. After the submission of allotment application inspector of the department will be randomly assigned from <https://anaajkharid.in> portal to verify all the fields of stage II allotment visible on <https://anaajkharid.in> portal on the date assigned to him by the portal itself.
 - iii. An independent inspection shall also be conducted by DFSO/ AFSO randomly assigned by the portal on such a date as assigned by the portal.
 - iv. The inspector/ AFSO/DFSO, as the case may be, shall submit his online report on the same day from the mill premises itself. He shall also verify that the miller has sufficient and storage worthy space for storage of custom milling paddy allocated to him.
 - v. The miller shall be required to be present in the mill along with the original documents required for stage-II allotment at the time of inspection. No request for re-scheduling of the inspection date shall be entertained.
 - vi. The miller desirous of undertaking custom milling shall declare all private storage of paddy/ rice/ broken rice/ nakku in the mill premises by 16.08.2023. Any miller who has undeclared private storage of paddy/ rice/ broken rice/ nakku after the stipulated date till 31.12.2023 shall be termed as defaulter miller and the said mills shall be blacklisted and the registration of his mill shall be cancelled.
- c. Any irregular allocation of any year discovered subsequently, shall not entitle the miller to any relief beyond the provision of CMP 2023-24.
 - d. Composition of the District Allotment Committee: -The DAC shall comprise of DMs of all the State Procurement Agencies and Divisional Managers of FCI in each district and the District Mandi Officer (DMO) of the Punjab Mandi Board (PSAMB) in the District, under the chairmanship of the concerned DDF.

e. Schedule for Allotment:

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: -

Activity	Date
Last date for application for Provisional Registration	22-07-2023
Last date of randomized inspection by Inspectors/ AFSOs and real time uploading of reports for Provisional Registration	31-07-2023
Last date for evaluation and forwarding of applications for Provisional Registration by DFSCs to DFS office	03-08-2023
Last Date of grant of Provisional Registration to rice mills for KMS 2023-24 by DFS	11-08-2023.
Last date for application by the miller for final registration	21-08-2023
Recommendation of DFSC to the DFS for final registration	28-08-2023
Last date of randomized inspection by Inspectors/ AFSOs and real time uploading of reports for Final Registration	28-08-2023
Last date for preparation and uploading of lists of eligible and defaulter millers	30-08-2023
Last date of issuance of Stage - I Allotment of Newly registered Rice Mills Existing Rice Mills	01-09-2023 01-08-2023
Last date for applying for Stage - II Allotment by Newly registered Rice Mills Existing Rice Mills	11-09-2023 14-08-2023
Last date of assignment of Inspectors /AFSOs for randomized inspection for Stage II Allotment for: Newly registered Rice Mills Existing Rice Mills	13-09-2023 16-08-2023
Last date of randomized inspection by Inspectors / AFSOs for Stage II Allotment and real time uploading of reports for: Newly registered Rice Mills Existing Rice Mills	15-09-2023 07-09-2023
Last date of scrutiny for Stage II Allotment by District Scrutiny Committee for: Newly registered Rice Mills Existing Rice Mills	17-09-2023 10-09-2023
Last date for Stage II Allotment of millers by DAC	19-09-2023
Last date of Signing of agreement and deposit of securities/ Bank	22-09-2023
Last date of scrutiny of Bank Guarantees by District Scrutiny Committee	24-09-2023
Last Date of Linkage of Mandies with Rice Mills	25-09-2023
Any miller who is not able to apply for allotment but is allotted subsequently as per policy due to any reason whatsoever, by the last date as mentioned in the schedule shall not be entitled to any free paddy. However, he shall be allowed to lift paddy against RO with overall limit of maximum allocable paddy, subject to its availability.	

f. Guidelines for Evaluation: -

- All the district heads/DMs of the procurement agencies and Divisional Manager, FCI shall authenticate list of defaulters and eligible rice millers on <https://anaajkharid.in> portal as per schedule.
- The consolidated list of defaulters and eligible rice mills shall be available on <https://anaajkharid.in> portal and notice board of all SPAs.
- Each Miller shall be allotted to a single agency only.
- 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.
- The DAC will ensure that, as far as possible, millers are allotted to all the procurement agencies on the basis of the share of paddy to be procured by each agency so as to avoid any disproportionate allotment.

- vi. 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.
- vii. 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 allotment provided it is separately registered and all such unit shall be allotted to any one of the agencies only.
- viii. While rejecting the allotment of a mill on the basis of its being defaulter or otherwise, DAC shall pass a detailed speaking order, mentioning therein the reasons for such rejection/non- allotment.
- ix. An allotment once made shall not be ordinarily changed. However, where such a change is required, prior approval of DFS would be sought by the DAC, explaining the reasons and circumstances leading to such change.
- x. If any of the concerned agencies finds some discrepancy in allotment of a rice mill subsequent to allotment of such rice mill, it shall make a reference immediately to DAC for its consideration on <https://anaajkharid.in> portal. The DAC shall, within a period of 3 days, decide such reference by passing a detailed speaking order. In case the DAC fails to consider review of its order the reference will be automatically raised to the level of office of DFS on <https://anaajkharid.in>. In case the agency is not satisfied with the review orders of DAC, it can make a reference to the office of DFS.

In case the DAC declines the review of its orders, the state level allotment committee in the office of DFS shall examine the reasons for such decline.

- xi. The constitution of SLAC shall be as defined by DFS from time to time.
- xii. 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.
- xiii. In no case, the miller shall store/shift the paddy allocated to him to any other rice mill even for drying of paddy or any other purposes, except by taking prior permission from the concerned DM.
- xiv. The miller shall have to submit a bank guarantee (as specified in Annexure XIV) to the concerned agency, as stipulated in the policy, equal to the value of 5% (Five Percent) of Acquisition Cost of allocable free paddy above 5000 (Five Thousand) MT as per the linkage plan of the concerned milling center. The bank guarantee shall be released on delivery of 100% due rice to FCI or in case 100% due rice is not delivered by the miller, on settlement of the milling bill of the concerned rice mill.

Illustration: If a mill has an allocable free paddy of 5300 MT, he will have to submit a bank guarantee equal to the value of 5% of the Acquisition Cost of 300 MT.

Millers who fail to submit the bank guarantee within the stipulated time shall neither be permitted to submit bank guarantee nor be eligible for RO paddy.

Those millers who refuse to mill more than 5000 MT of paddy to avoid submission of Bank Guarantee as per the provisions of CMP 2023-24, their maximum permissible allocable paddy shall be freezed at 5000 MT and they shall also not be entitled for any release orders.

- xv. The Title/ownership of the mill must be free from any litigation and there should be no dispute between the management of the business entity.
- xvi. The miller shall undertake that he/she shall not avail any limit/CCL/Loan etc., by pledging any stocks of the procurement agency, lying in the premises of the mill, or allocated to the mill.
- xvii. Registration and/or allotment of a miller to any SPA, in contravention of the relevant policy in the past years, shall not constitute any right to the miller to claim registration/ or allotment under the present policy and all such mills shall not be

considered for registration and/or allotment unless they satisfy the requirements of this policy.

Provided that where such a miller was not Owner /Partner /Trustee /Member /Director /Lessee /Lessor of the defaulter mill at the time of the said default or at the time of any subsequent default associated with such a defaulter mill, he shall not be considered a defaulter in case he ceases to be the Owner /Partner /Trustee/ Member/ Director /Lessee /Lessor in such a defaulter mill on or before 31.07.2023.

- xviii. DAC should carefully scrutinize all the requisite documents uploaded by the miller and the inspection reports, of the filed staff, at the time of considering allotment of the mills.

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 & uploaded on <https://anaajkharid.in> portal.

Note 2: All the members of DAC shall be severally and jointly responsible for any wrong/illegal allotment of mill and for violation of policy instruction.

- xix. Any person whose allotment has been declined by the DAC can file the appeal within a period of 10 days before the DFS.
- xx. If the appellant is not satisfied with the decision of DFS, he may file a second appeal to the Administrative Secretary, Department of Food, Civil Supplies & Consumer Affairs, Punjab within 10 days of the order passed by the DFS.

7. EVENTS OF DEFAULT –

- a. No mill/miller shall be considered for provisional registration/final registration/ allotment 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:
- Any of the conditions set out in Clause 3 to 6.
 - If the miller in question has not milled the allocated paddy and/or has not delivered 100% rice due, on behalf of the procurement agency in previous year(s) and/or nor deposited the acquisition cost of balance paddy/rice due with interest to the concerned agency, such a mill/miller shall be treated as defaulter.

iii. **In case of following**

A. **The recovery of interest for KMS 2012-13 and 2013-14** (where procurement agencies have already received the interest from FCI for the disputed period regarding late delivery of rice to FCI) **recovery of differential cost** of retained Bardana for KMS 2006-07 to 2013-14 (Final Cost sheet) and 2014-15 to 2017-18 (Provisional Cost sheet).

B. **Recovery of transportation charges** of paddy @ Rs3/- per quintal for KMS 2003-04 to 2014-15.

C. **Recovery of driage for KMS 2013-14 & KMS 2014-15.**

the cases of which are pending in the Hon'ble Punjab & Haryana High Court and the court has granted stay on recovery and there is no other recovery/default in respect of mills, such mills can be considered for allocated of paddy with the condition that recovery of interest/ cost of Bardana/driage/transportation charges shall be subject to the finality of decision of the Hon'ble Punjab and Haryana High court.

- iv. The miller shall be considered as defaulter miller if he has neither delivered levy rice nor paid levy penalty for the years 2007-08, 2008-09, 2009-10, 2010-11 unless he gives an undertaking that in case, the decision of the Court/Government of Punjab/FCI is in favor of the department, they shall pay entire amount along with interest @12% per annum.
- v. The mill shall also be considered as defaulter if it's Owner /Partner /Director /Member/ Lessee /Lessor /Trustee is also an Owner /Partner /Director /Member

/Lessee /Lessor /Trustee of another defaulter Mill.

- vi. 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 favor of such defaulter miller and such premises.
- vii. If a family member(s) of the Owner /Partner(s) /Trustee(s) /Member(s) /Director /Lessor /Lessee of a mill is/are defaulters 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.
- viii. 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 of any Procurement Agency including PAFC and/or declared blacklisted by the Department/FCI. However, if the miller clears the default of the concerned agency along with interest at the rates for the relevant year (s), as decided by the Government from time to time and there is no pending recovery towards miller, he may be considered for allotment without prejudice to the out- come of the Criminal Case/FIR/Court Case/Arbitration Case pending against him. Provided that such defaulter mills would also furnish a NOC from all Procurement Agencies and PAFC, before registration and allotment. Further provided that those mills which are under the currency of blacklisting shall not be considered eligible for registration/allotment.
- ix. 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 allotment. Such an allotment shall be without any prejudice to the outcome of the pending legal dispute.
- x. 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.
- xii. 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 after the date of issue of this policy, 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). In all such cases, the registration shall be done after passing of a speaking order by DFS.

Note: - In order to ensure the interests of the procurement 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 procurement agency(ies) prior to such auction by the financial institutions/banks etc.

- xii. 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.
- xiii. If any procurement agency reports any case of misappropriation of paddy of the previous year(s) by the miller.
- xiv. If a miller is an owner/partner of more than one mill & it comes to notice at any stage, that only one mill is used to mill paddy and deliver rice on behalf of his other mills, it would be considered as an infringement of policy and accordingly all such mills shall be liable to be blacklisted.
- xv. In case a miller has been found /detected committing a fraudulent act by showing in official documents running of a mill under some name without having its separate independent premises or machinery or electricity connection there under the same name just to get extra paddy allocation in any Kharif season in the past, regardless of delivery of rice against the same paddy allocation, the miller shall be termed defaulter for all mills for which he /she has been either a partner or proprietor.

8. SIGNING OF THE AGREEMENT BETWEEN THE AGENCY & THE MILLER:

- a. Every miller allotted to an agency shall execute an agreement with the agency to which it is allotted, within three working days from the date of allotment, in the given format along with the **Annexures I to XV** attached herewith, (which shall be made available in the shape of a brochure) on the stamp papers of Rs. 4000/- (Four Thousand Rupees). The same shall be duly registered with the notary public. The agreement so executed along with the Annexures I to XV and all the concerned documents shall be also scanned and uploaded on the <https://anaajkharid.in> portal by the DM of the concerned SPA.
- b. In the case of sole proprietorship mills, 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/Trustees. Both the miller and DM of the concerned agency will sign on each page of the agreement in the manner prescribed by law. The signature of all the owners/proprietors/Partners/ Directors/Members/Trustees (as the case may be) of all the rice mills shall be got verified from his banker by the concerned DM. The concerned DM shall ensure that the signature put on the agreement matches with the signature verified by the banker.
- c. The agreement must contain full signatures of the sureties and witnesses along with full particulars & address. The sureties and witnesses of the agreement shall not be made by members of the family of the concerned miller(s).
- d. No paddy shall be stored on the mill premises unless the agreement mentioned above has been executed.
- e. Three copies of the Agreement executed shall be prepared. The 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 and cancellation of allotment. The DM of the concerned agency shall ensure the same. No GPA shall be entertained for signing the agreement.
- 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 family members, along with the present status of property (free/mortgaged).

9. EVENTS OF BLACKLISTING:

- a. The following act, actions and/or events are prohibited and the commission/ omission of such act, as the case may be, by a miller shall constitute a reason for blacklisting, for a period of three years of such miller. These are:
 - i. Unauthorized custom milling of paddy i.e.,
 - A. Milling of paddy from or on behalf of another miller.
 - B. Milling of paddy from or on behalf of agency other than allotted to him.
 - ii. Use of generator set for milling of the custom milling paddy.
 - iii. This list shall be deemed to include the causes of blacklisting mentioned in the clauses 6(b)(vi), 7(a)(xiv), 13(e), 13(k)(v), 17(b) of this policy.
 - iv. Any action that causes a financial loss to the State Exchequer or to the SPAs.
 - v. Undeclared storage of paddy/ rice/ broken rice/ nakku etc. in the mill premises.
 - vi. False declaration of storage of paddy rice/ broken rice/ nakku etc.
 - vii. 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 procurement agency or willfully refuses to lift /accept the allotted paddy from the agency, his allotment if any, may be cancelled and his mill shall be blacklisted for a period of 3 years.
 - viii. Any malpractices resorted to by the miller may result in blacklisting.
 - ix. The millers who received extra free paddy/RO paddy during KMS 2022-23 either by suppressing the material facts or by misleading the authorities to arrive at such a decision, shall be blacklisted.
 - x. **Any submission of any fake information/document(s) for the purpose of registration of mill, allotment of the mill or allocation of paddy.**
 - xi. 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 if any at his risk and cost and penalty of 15% shall be imposed on incurred on shifting expenses and legal action shall be taken against such miller and/or other millers who may also be involved.

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

a. General

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- i. Allotment 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 center, the shortfall, if any, will not be arranged from other milling centers or districts as a matter of right and this portion shall be deemed to have lapsed and the miller shall have no claim against it.
 - iii. While calculating the eligibility of rice mills, the figures of actual purchase of paddy during KMS 2022-23 shall be considered. Any increase or decrease in the arrivals in the listed mandies is an Act of God.
 - iv. The entitlement of a mill for custom milling of the entitlement of paddy shall accrue only from the date of Stage II allotment of the mill or the start of procurement in the linked mandies of the concerned milling center, whichever is later and shall only be till the closure of procurement in the linked mandi of the concerned milling center. There shall be no right with the miller to claim allocation of paddy after the closure of procurement in the linked mandies of the concerned milling center where the mill is located or to claim the paddy to be reserved at any stage it being a perishable commodity.
 - v. **A miller shall be allowed to lift any part or whole of his free paddy allocation in the form of RO on payment of applicable non-refundable RO fee/fees within the overall limit of maximum Paddy allocable to his mill. Separate instructions regarding the procedure to be followed shall be issued by the department in this regard. Any leftover free paddy which remains in the mandi due to conversion**

of free paddy entitlement into RO paddy by any miller shall also be issued only through RO's to interested millers.

b. For New Mills

- i. For the purpose of allocation of paddy, a Mill/Miller is a new rice mill if:
 - A. It is established/registered with the Department after KMS 2022-23 and/or whose performance data for KMS 2022-23 is not available.
 - B. If there is more than 50% change in ownership/partnership it will be considered as a new mill only for the sake of registration and there will be no reduction in entitlement of maximum allocable paddy, provided all the conditions for setting up of new mill are fulfilled as per prevailing policy.
 - 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 lessee in KMS 2023-24, the rice mill shall be treated as a new rice mill. Conversely, in case a mill has been operated by the owner last year and the same mill is to be operated by a lessee in KMS 2023-24, the rice mill shall be treated as a new rice mill.
- ii. A new rice mill shall be, as far as possible (without this vesting any right in this regard), allocated quantity of paddy for the Kharif 2023-24 as per the following table:

Capacity	Maximum Free Paddy	Maximum Paddy Allocation including R.O. paddy (in MTs)
1 Tonne	2500 MT	3000 MT
2 Tonne	3000 MT	4000 MT
3 Tonne	3500 MT	5000 MT
4 Tonne	4000 MT	5500 MT
5 Tonne	4500 MT	6000 MT
6 Tonne	5000 MT	6500 MT
7 Tonne	5000 MT	7500 MT
8 Tonne and above	5000 MT	8000 MT

It is again reiterated that no new mill shall have any legal right to claim extra paddy on the grounds that its installed capacity is higher than any other rice mill, or for any other reason whatsoever. The cut in the maximum allocable paddy shall be made as per the relevant provisions of CMP 2023-24.

- 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 a rice mill is an individual decision of the mill owner and the Department is not bound to allocate paddy for custom milling. Registration of a mill does not entitle an assured quantity of paddy for Custom Milling purposes; neither does it make it entitled for linkage with Mandies for Custom Milling purposes.
 - B. If the Department decides 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 as decided by the department. In such cases, the mills will be paid transportation charges as defined in Custom Milling Policy for 2023-24 for transporting paddy against Release orders.
 - C. Such millers shall not have any right to claim paddy from the local milling center/any other place.

c. For existing mills

- i. For the purpose of this policy, a mill shall be treated as an existing mill if it has performed custom milling in the previous years including KMS-2022-23 and is not a 'New mill' under clause 10(b) of this policy.

- ii. 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 consignment to FCI, on the <https://anaajkharid.in> portal shall be considered as the date of completion of milling.
- iii. In case of second shifting, double the quantity of paddy shifted through second shifting shall be deducted from the quantity of paddy to be allocated to the mill whose paddy was shifted by the department/agency in KMS 2022-23. The quantity of paddy shifted through second shifting shall also be excluded while calculating the performance of the recipient mill. The date of completion of milling for the paddy shifted through second shifting shall also not be accounted for, while calculating the performance of the recipient mill.
- iv. The millers who have completed entire milling of their stored custom milling paddy of KMS 2022-23 including R.O. paddy and delivered due resultant rice to FCI by 30.06.2023 will be eligible for a maximum permissible allocation of paddy be as per the table below in sub-clause 10.c(viii).
- v. The millers who had not completed their entire custom milling of 2022-23 by 30.06.2023 but cleared their dues by depositing the acquisition cost of paddy/rice, their maximum permissible allocation of paddy would be decided after deducting 15% from maximum allocable paddy.
Note: The above clause shall not be applicable in such circumstances where the miller has delivered 99% or more due rice till 30.06.2023 and only drriage (part or complete) was left to be delivered or whose adjustment of drriage allowance in the milling bill was pending as on 30.06.2023.
- vi. All those millers who on their own volition, requests for second shifting or who could not complete the milling of paddy in time during KMS 2022-23 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 2023-24 after deducting double the quantity of paddy which had to be shifted out of the mill during KMS 2022-23.
- vii. Existing Rice Mills located in paddy surplus districts vis-à-vis milling capacity i.e., **Amritsar, Ferozepur, Gurdaspur, Hoshiarpur, Kapurthala, Pathankot and Tarn Taran** will get an additional 10% allocation of Free Paddy to reduce transportation costs **within the overall limit of maximum allocable paddy**.
- viii. Existing Rice Mill shall be, as far as possible (without this vesting any right in this regard), allocated quantity of paddy for the Kharif 2023-24 as per the following table:

Capacity (in Tonnes)	Maximum Free Paddy Allocation (in MTs)	Maximum Paddy Allocation (Free Paddy + R.O. paddy) – (in MTs)
0.5 tonne & above but less than 1.0 Tonne	2500 MT	3000 MT
1.0 Tonne & above but less than 1.5 Tonne	3500 MT	4500 MT
1.5 Tonne & above but less than 2.0 Tonne	4000 MT	5500 MT
2.0 Tonne & above but less than 3.0 Tonne	4500 MT	7000 MT
3.0 Tonne & above but less than 4.0 Tonne	5500 MT	8500 MT
4.0 Tonne & above but less than 5.0 tonne	6500 MT	9500 MT
5.0 Tonne & above but less than 6.0 tonne	7500 MT	10500 MT
6.0 Tonne & above but less than 7.0 tonne	8500 MT	11500 MT
7.0 Tonne & above but less than 8.0 tonne	9500 MT	13000 MT
8.0 Tonne & above but less than 9.0 tonne	10500 MT	14000 MT
9.0 Tonne & above but less than 10.0 tonne	11500 MT	14500 MT
10.0 Tonne & above but less than 11.0 tonne	11500 MT	15000 MT
11.0 Tonne & above but less than 12.0 tonne	11500 MT	15500 MT

12.0 Tonne & above but less than 13.0 tonne	11500 MT	16000 MT
13.0 Tonne & above	11500 MT	16500 MT
All rice mills which have capacities which is not a whole number shall be eligible for maximum paddy allocation as per following illustration:		
Case 1: A mill has capacity more than and equal to 4 Tonne but less than 4.5 Tonnes e.g., 4.25 Tonnes, 4.49 Tonnes etc. The eligibility for Maximum Allocable Free paddy and Maximum Allocable paddy including RO will be as per 4 Tonnes only. i.e., Maximum Allocable Free paddy: 6500MT. Maximum Allocable paddy Including RO: 9500MT.		
Case 2: A mill has capacity more than and equal to 4.5 Tonne but less than 5 Tonnes e.g., 4.50 Tonnes, 4.75 Tonnes, 4.99 Tonnes etc. The eligibility for Maximum Allocable Free paddy and Maximum Allocable paddy including RO will be as per Arithmetic Mean of 4 Tonnes and 5 Tonnes. i.e., Maximum Allocable Free paddy: 7000MT (Arithmetic Mean of 6500MT and 7500MT) Maximum Allocable paddy (Free Paddy + R.O. paddy): 10000MT (Arithmetic Mean of 9500MT and 10500MT)		

- d. No vested/legal right: It is made categorically clear that in applying the mechanism of allocation of paddy under this Clause:
- 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.
 - 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 center is not sufficient. The paddy shall be allocated to all the eligible rice mills in a milling center in proportion to the availability of paddy at the milling center 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 center.
 - 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 center.
 - No miller can claim allocation of paddy from any particular mandi. It is the prerogative of the Department to decide as to which mandi is to be linked with a mill, keeping in view the equitable distribution and minimal transportation cost.
- e. If the capacity of a mill is increased after completion of milling for KMS 2022-23, the benefit of such increased capacity shall be granted to that mill from the KMS 2023-24 itself.

11. LINKING OF MANDI(S) AND RICE MILLS:

- While linking the allotted rice mills and mandies, the equitable distribution and minimal transportation cost of paddy shall be endeavored. Mandies 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.
- Mandies 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.

Provided further that while linking of mandies and millers in such cases, equitable distribution of paddy to the mills in respective milling centers shall be the guiding principle and in no case the storage of paddy in such mills shall exceed the maximum free allocable paddy after proportionate cut of the respective milling center. Provided that if during procurement a dispute arises between millers and the agencies regarding equitable distribution of paddy or otherwise, it shall be decided by the DDF-cum-Chairman DAC.

Further, an appeal against such decision by the DDF-cum-Chairman DAC shall lie with the DFS and subsequently with the Administrative Secretary.

- c. Mandies shall be linked to rice mills online automatically through a software.
- d. Linkage once established shall not be changed during the entire season.
- e. In case a miller is unable to get his full allocated paddy from a linked mandi, he shall be at liberty to get paddy through R.O. within the overall limit of allocation of paddy allowed.
- f. After linking all the mandies and mills, the information in proformas (Annexure XIII) will be displayed on the portal <https://anaajkharid.in> portal.

12. TRANSPORTATION OF PADDY:

- a. The responsibility of transporting free paddy stocks from mandi yard to the mill premises lies with the transport contractor of such agency.
- b. (i) However, if a transport contractor fails to provide appropriate number of trucks or does not provide trucks at all, the concerned agency is free to get such work of transportation done by the commission agent/ agents at the risk and cost of the transport contractor, at the cartage/transportation rates, as the case may be, duly approved by the SLC under the relevant policy of the state for the year 2023. Further if the commission agent/ agents also fail to do so, the agency shall be free to get the work done from the millers/ miller on the same conditions. This provision shall also be applicable for other jobs like transportation of jute/PP/HDPE bales, stock articles, etc.
(ii) 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.
- c. Currently, the list of empaneled service providers for GPS devices and their integration with the Vehicle Tracking System of the department is as follows:

Sr No	Name of Firm/ Company Pvt Ltd
1	R K Enterprises
2	iTriangle Infotech
3	Blackbox GPS Technology
4	Atlanta System
5	APM Kingstrack
6	Ecogas Impex
7	eTrans Solutions
8	RDM Enterprises
9	Unidad Techno Labs
10	Creative Creations
11	CE Info Systems Limited (MAP MY INDIA)
12	GRL Engineers
13	Sigma CCTV
14	Fleethunt Technologies
15	Road Point Limited
16	Markon Electronics Corporation
17	Mobil Fox

Updated list of empaneled service providers for GPS devices and their integration with the Vehicle Tracking System of the department shall be available on the <https://anaajkharid.in> portal.

13. STORAGE OF PADDY AT THE PREMISES OF THE MILL(S):

- a. Each allocated rice miller shall submit a Custom Milling Security amount of Rs. 175/- (Rupees One Hundred and Seventy-Five only) for every MT of total paddy or part thereof allocated (after center cut) to his mill including RO Paddy to the Managing Director of the concerned agency through <https://anaajkharid.in> portal. It must be deposited online on the above portal to the respective agency **within ten (10) days of allotment**. No paddy shall be stored in a rice mill/ a miller's premises which does not deposit the requisite security amount.
- b. The paddy shall be allocated to all the eligible rice mills in a milling center subject to the availability of paddy at the milling center concerned and cut, if any, will be imposed on the quantum of allocation in ratio and proportion on all the mills at that particular milling center.

Further, the paddy in all the rice mills/millers at the milling center will be stored proportionately, **in four rounds of 20% each which will be followed by two rounds of 10% each** of the millers' actual allocation. DFSO/Equivalent official of the SPAs would evaluate paddy storage amongst millers of a milling center and would ensure that paddy is equitably distributed amongst millers of a milling center and also ensure that the subsequent round of paddy storage shall start only after paddy storage of the previous round is completed in each eligible rice mill.
- c. The concerned Inspector/AFSO/FSO/DFSC or equivalent rank officers/officials 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 the 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 concerned procurement agencies.
- d. 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.
- e. The miller shall not mix any other paddy with Custom milling paddy lying in his premises. The custom milling stocks must be scientifically stacked in a countable manner and kept separate by well-defined partitions/boundaries/fencings etc. All such custom milling stocks shall be subject to Physical Verification/Inspection/determining age of rice 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 shall after being given a written notice of blacklisting; be blacklisted for three years and the paddy stored at his mill premises shall be shifted at his risk and cost.
- f. Miller shall be responsible for the safe custody of quantity and quality of the paddy stored in his mill premises.
- g. 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, Second copy shall be provided to the inspector in-charge of the concerned agency and the third copy shall be sent to the office of the DM of the concerned procurement agency, to whom the mill/ miller has been allotted. The scanned copy of the same shall be uploaded by every DM of the concerned SPA on <https://anaajkharid.in> portal.
- h. 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. The DM of the concerned agency shall duly intimate in writing any such authorization/approval along with the land details to the concerned DFSC. Without any prejudice to the interest of the State/State Procurement Agencies regarding the security of the stored paddy, wherever the rice millers do not have adequate land as per their fixed capacity and also cannot make the land available immediately adjacent to the mill, they shall be allowed to

make owned/leased land available near the rice mill and within an area of Four Kilometer (4 KM) from it, subject to the following conditions: -

- i. That such land must be registered as owned/leased in the revenue records in the name of the rice mill or the owner/partner, as the case may be.
- ii. That such land would not be used to make any further enhancement in the already fixed milling capacity of the mill.
- iii. That such land would only be used for the purpose of storage of paddy and drying of paddy and in no case, rice would be stored on such land.
- iv. Such premises would be subject to inspection by DFSC and would be duly entered on the <https://anaajkharid.in> portal by the concerned DM.
- v. Such land shall also be verified and certified by the District Manager of the concerned agency before actual storage of paddy.
- vi. It shall be the responsibility of the concerned Miller to safeguard the paddy of the State Procurement Agencies stored at such premises or the rice mills, as the case may be.
- vii. The additional cost of transporting the paddy to such premises shall be borne entirely by the concerned rice miller.
- viii. The cost of transporting the paddy from such storage space to the mill premises shall be borne by the miller.
- i. The entire stock stored at the mill premises shall be reconciled by the Inspector in-charge of the concerned procurement agency and a detailed report of the same shall be submitted to the DM of the concerned agency, within 7 days of completion of storage.
- j. 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/FCL. 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.
- k. If a miller, who has been allocated paddy by DAC, refuses to receive the paddy on one pretext or another and/or on flimsy grounds, the following procedure shall be followed -
 - i. DFSO/AFSO/Inspector/Field officer of the concerned agency would inform the concerned DM immediately.
 - ii. The concerned DM shall issue 24 hours' notice to the miller to either lift the paddy or explain the reasons of non-lifting.
 - iii. In case the concerned miller does not lift the paddy or reply to the notice within 24 hours, or the explanation is found unsatisfactory by the concerned DM, the concerned DM shall place the entire case along with his recommendation before the DAC for its suitable decision.
 - iv. The DAC shall pass appropriate speaking orders within 24 hours of the receipt of such a case.
 - v. In case the DAC concludes that the miller has failed to lift the paddy without reasonable explanation, it shall impose a penalty which may range from a cut in the allocable quantity of paddy to the miller equivalent to a minimum of double the quantity that the miller has refused to lift to the cancellation of allotment and/or blacklisting of a mill which may extended to 3 years. Whenever the DAC has cancelled the allotment and/ or blacklisted the mill, the paddy stored, if any, shall be got shifted by the concerned DFSC as per the provisions of this policy related to second shifting of policy.

14. STORAGE OF PADDY IN OWN CUSTODY OF THE AGENCY:

- a. 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 procurement agency only in case of compelling circumstances and that too, with the prior approval of MD.
- b. 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 the earliest in order to avoid financial loss to the agency.
- c. The responsibility for the quality and quantity of the paddy stored under its own custody shall remain with the staff of the concerned agency.

15. PADDY ALLOCATION UNDER RELEASE ORDER (RO) SCHEME: -

- a. **RO shall be issued online automatically through the portal. Procedure in this regards shall be notified separately by the department.**
 - i. **RO shall be issued in the following order of preference:**
 - A. **The millers who are willing to lift RO without claiming any transportation cost.**
 - B. **Ro from exclusive RO Mandies.**
 - C. **Intra-District ROs.**
 - D. **Inter-District ROs.**
- b. **General:**
 - i. The Department can issue the ROs for the quantity applied for in parts. The miller must execute the previous RO before new is issued.
 - ii. Only the allocated rice mills are allowed to lift the paddy under this Scheme.
 - iii. 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.
 - iv. In the case of procurement agencies, other than PUNGRAIN, the recommendations of the concerned DM of the procurement agency will also be forwarded to head office by DFSC along with his recommendation.
 - v. If any surplus paddy is available with any procurement 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 @75/- per MT to the District Manager, Pungrain of the concerned district. Provided that in case of shifting of paddy from a Paddy Surplus or/and Milling Capacity Deficit District, (**Amritsar, Ferozepur, Gurdaspur, Hoshiarpur, Kapurthala, Pathankot and Tarn Taran** the non-refundable R.O. Fee shall be charged @Rs.50/- per MT, 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.
 - vi. 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. The issuance of RO is subject to the availability of paddy.
 - vii. Paddy allotted under RO Scheme shall be in multiples of 100 MTs. 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.
 - viii. Transportation charges on movement of RO paddy would be reimbursed by the procurement agencies to the millers at the rates refundable by FCI. The difference between the transportation costs incurred by the miller and those refunded by the FCI would be entirely borne by the miller.
 - ix. Reimbursement of the transportation charges to the miller 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. The reimbursement would be disbursed on receipt of the same from FCI.

- x. 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 part of the original agreement signed between the miller and the agency concerned.
- xi. No Miller shall be allowed to lift paddy of an agency other than the agency, to which his mill is allotted for custom milling for KMS 2023-24.
- xii. The application for issue of Release Order shall be made on <https://anaajkharid.in> portal and the Non-refundable RO fee shall also be deposited online on the above portal only for lifting paddy against the Release Orders.
- xiii. 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 another copy should be kept in the custody of the concerned Inspector of dispatching center.
- xiv. The miller shall lift the paddy against RO within the time as specified in RO for the additional paddy, failing which the next eligible rice miller shall be considered for allocation of additional paddy.

c. **Within District (Intra-District): -**

- i. Surplus paddy, if any, at a milling center can be shifted under the Release Order-Intra District (RO) Scheme for its storage in other mills falling within the milling center/district provided such mill fulfils the conditions for issuance of RO.
- ii. DFSCs in the paddy surplus districts will send information to head office 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 30.09.2023 by all means.
- iii. 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 mandies.
- iv. As far as possible, the local millers within the center or within the district or millers having mill nearest to the mandies should be given preference for allotment of paddy against Release Orders.
- v. The decision in such cases will be taken at the level of DFS and will be final.

d. **Outside the District (Inter-District)**

- i. Paddy from capacity deficit milling centers can be shifted to the interested millers of other milling centers/districts. The cost of transportation shall be as specified in the relevant clauses under the RO Scheme.
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.
- ii. The decision in such cases will be taken at the level of DFS and will be final.
- iii. A copy of these ROs will be sent to all the Managing Directors of procuring agencies for their information and record. The Rice Branch in the office of DFS, concerned branches of the offices of the MDs of all SPAs and offices of all DMs of SPAs shall retain records of hard copies of ROs (from www.anaajkharid.in portal) concerning their agencies (all ROs in case of DFS/DFSC Office).

16. SECOND SHIFTING OF STORED PADDY: -

- a. In case the paddy stored at a mill is not being milled as per the schedule for any reason, the concerned agency reserves the right to get the paddy shifted to any other mill at the risk and cost of the original allocated miller.
- b. In case of second shifting of paddy i.e., paddy already shifted and stored at any particular place/mill, the procurement agency can shift paddy to the mills already allotted to them with the prior approval of DFS.

For this purpose, 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-allotted to any other agency by the DAC, in consultation with the DMs of the concerned agencies.

Provided that under exceptional circumstances, where the second shifting of paddy is amongst different agencies i.e., if recipient miller & sender miller belong to different agencies, then before shifting of paddy, the recipient miller has to make fresh agreement with the DM of the same agency to which the miller from whose mill paddy is to be shifted, was allotted.

- c. Recommendations of the DMs of concerned agencies in case of intra-district second shifting and DMs of the concerned agencies of both the recipient and dispatching districts in case of inter district second shifting must be sent along with the proposal for such cases of second shifting by the DFSCs concerned. In the case of PUNGRAIN paddy, DFSCs / DMs PUNGRAIN of both the districts shall send their recommendations.
- d. 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.
- e. Until, whole of the due rice is delivered by the transferee miller to FCI, 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.

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

Provided, however that, under certain exceptional circumstances, paddy from such mills which are declared defaulters/ blacklisted on any account and/or are not delivering rice as per the stipulated schedule or has delivered BRL rice at any time or have become non- functional due to any other reasons whatsoever or whose allotment has been cancelled 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.

- g. Specific reasons are to be recorded in writing for allowing/ disallowing a proposal.
- h. Physical Verification shall be conducted by the concerned officials/officers before shifting of paddy from any mill to ensure genuineness of transaction and availability of paddy in said mill.
- i. Physical Verification shall also be conducted by the concerned officials/officers at the mill that has received such transferred paddy immediately on arrival of paddy in the mill.
- j. 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.
- k. The concerned DFSC/DM will scrutinize these PV Reports and videography and if any discrepancy is observed by him, it shall immediately brought to the notice of DFS.

- l. Paddy so shifted must be reflected on portal & PR records of both the districts (transferee & transferor).
- m. To minimize the loss to the agency, DFSC/DM can also consider shifting of all the Rice available in the mill from which the paddy is being shifted, along with the paddy if the stocks are as per specifications, with the permission of DFS.

17. PHYSICAL VERIFICATION (PV) OF PADDY:

- a. Initial storage of paddy within a mill shall be video graphed and the photos of boundary wall, premises, rice room, machinery and the stored paddy shall also be clicked. Both the above i.e., video file and photos shall be uploaded on <https://anaajkharid.in> portal and also stored in the office of PV conducting officer/official and office of the concerned DM. The storage shall also be video graphed and clicked, when the entire storage of paddy is completed in the similar manner as described above. Subsequently, all the fortnightly physical verifications shall also be video graphed and clicked in the same manner. The Custodian Inspector or equivalent official of the concerned agency shall ensure that the above exercise is carried out from time to time.
- b. First physical verification of stock in an allotted mill will be carried out within 10 days of start of storage of paddy. If a miller intends to store own privately purchased paddy/rice in his mill, he should not only declare the same on <https://anaajkharid.in> portal but also store and mark it separately from the CMR paddy. The paddy lifted from any other mandi/district against RO i.e., apart from Free Paddy allocated to the miller, shall also be stored separately. All the paddy stocks free, RO, privately purchased shall also be separately entered on <https://anaajkharid.in> portal on the same day on which it is stored. Every miller shall also file a daily return of his private purchase along with all the sale bills/invoices/ transportation proof and proof of deposit of requisite market fee, RDF, etc. on <https://anaajkharid.in>, otherwise, such unaccounted paddy/rice so found in mill premises shall invite penal action including cancellation & blacklisting of the mill. If any of its owner /partner /director /member /trustee /lessee /lessor is also an owner/partner/director/ member/trustee/lessee/lessor of another mill, that mill will also be blacklisted.

Further, such miller shall ensure that his own privately purchased rice is a genuine trade commodity (that it is not diverted from the NFSA/ other PDS (Public Distribution System)/ welfare Schemes), otherwise criminal proceedings under relevant section of IPC (Indian Penal Code) and ECA (Essential Commodities Act) shall be initiated against the mill owner(s)/ partner(s)/ manager(s)/ trustee(s)/ lessee. It is clarified that compounding of such unaccounted private purchase by Punjab Mandi Board (PSAMB), shall not absolve him of criminal proceedings.

- c. There shall be mandatory closure PV of the mill along with FCI.
- d. 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.

Every PV report shall also contain information on the RO Paddy and private stock of Common/Grade-A Paddy or Basmati purchased by the rice miller and the miller shall submit a return during the PV regarding his private purchase. If no private purchase is made, the same shall also be declared by the miller in return. It shall also be reported in the PV if CCTV Cameras with provision of 3 months video footage and Fire Fighting Equipment has been installed in the Rice Mill or not.

During the PVs of Rice Mills, a watch shall be kept by the concerned officer/official who is conducting the PV, to prevent storage of sub-standard paddy by the rice millers in their mills.

e. 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: -

Sr. No	Designation of field staff/officers by whom PV is to be carried out	Minimum Quantum of mills to be physically verified
1	Inspector or Equivalent Official of each procurement	100%
2	AFSO or Equivalent Officer of each procurement agency	50%
Note 1: Every AFSO/Equivalent Officer will carry out PVs on rotational basis every fortnight in such a way 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) on fortnightly basis.		
3	FSO or Equivalent Officer of each procurement agency	25%
4	DFSC/DM or Equivalent Officer of each procurement agency	10% or 15 rice mills (Whichever is less)
5	DDF/RM or Equivalent Officer of each procurement agency (See sub-clause iii below)	10 rice mills

- ii. Officers given at Sr. No. 3 & 4 shall, necessarily, conduct the PVs of mills having the lowest milling percentage and lagging behind the prescribed schedule of milling in the policy.
- iii. DDF/RM or Equivalent Officer of each procurement agency shall carry out the PV of 10 rice mills every fortnight, selecting two rice mills from each district having lowest milling percentage.
- iv. Monthly PV of the rice mills, where 15000 MTs or more (local linkage + paddy issued against R.O.) paddy is stored, shall be mandatorily carried out by DFSC/ DM of concerned agency.
- v. The miller or his authorized representative shall be associated in all the PV operations, and he will sign the PV report(s) so prepared. Provided that if the miller or his 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 PVs mentioned in this clause as well as all the other clauses of this policy shall be conducted through the online portal (<https://anaajkharid.in/>) of this Department so that proper record of the PVs of all the Rice Mills of Punjab can be maintained, along with their videography and clicking of the photos of boundary wall, premises, rice room, machinery and the stored paddy each time. They shall also be uploaded on www.anaajkharid.in portal and also stored in the office of PV conducting officer/official and office of the concerned DM.
- vii. 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.
- viii. The DM of the concerned agency shall send the summary of all the PV reports of the first fortnight by 22nd of that month and of the second fortnight by 7th of next month in the following format to his respective MD through the online portal as well as in the form of a hard copy under his signatures-

S. No.	Name of Officer/ Official and Designation	No. of PVs to be done as per the CMP		No. of PVs actually done		Discrepancies reported during PVs	Action Taken regarding reported Discrepancies	Videography done during PV or not	CCTV and Fire Fighting Equipment present and working in the Mills during PV or not
		Time Period	No. of PVs to be done	Time Period	No. of PVs done				
1	2	3	4	5	6	7	8	9	10

- ix. AFSSO/Inspector must ensure that miller verifies the correct quantity of paddy stored in his mill on departmental portal. Also, he must ensure that the Acceptance Notes & Weight-check memos are regularly uploaded on the web portal, so that timely payment from FCI could be realized.
- x. Randomized Inter Division/ Inter District (Intra Division) PVs will be done by DDF (Field)/ DFSCs respectively. Names of the 5-5 randomly picked Mills will appear in the online account of concerned officer in the 1st week of January, 2nd week of March & so on.

18. MILLING OPERATIONS:

- a. The Miller shall deposit a **refundable levy security of Rs. 11.00 lakh (Rupee Eleven Lakh only)** online on <https://anaajkharid.in> portal in Pungrain account irrespective of the fact that such a mill has been allotted to another procurement agency. The levy security would be refunded after the last date of delivery of rice to those millers who have delivered 100% due rice to the FCI. No interest shall be paid on the above security. The refundable levy securities already deposited during KMS 2022-23 shall be adjusted against the levy security to be deposited during KMS 2023-24 i.e., only the over and above amount of levy security needs to be deposited by the existing millers while the new mills registered with the department or those who have not deposited the levy security earlier or have taken refund for any reason **shall have to deposit a total refundable security of Rs. 11.00 lakh (Rupee Eleven Lakh only).**

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

- b. Stocks of paddy for milling shall be issued by the staff of procurement agencies in lots of 200 MTs (two stacks) for 1 tonne capacity, subsequently 50 MTs more will be issued for every additional tonne of capacity, subject to maximum of 600 MTs through a release order issued by the concerned inspector/official in-charge. The next cycle of above-mentioned stock 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 <https://anaajkharid.in/> portal.
- c. A record of all the release orders issued by an agency shall be stored in the portal.
- d. If a miller lifts the paddy without any release order and threshes the paddy to rice, it shall be treated as temporary defalcation of stocks provided the balance paddy/ rice stocks, as per the accounts, are available in prescribed specifications in the mill premises at all times the concerned agency/department may initiate punitive action against such miller for temporary defalcation. The miller shall be liable to pay the interest @12% per annum for the value of paddy and for the duration of such Defalcation.
- e. 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.
- f. Each miller shall maintain the Stock Registers online, which shall be duly verified by the staff of concerned agency on regular intervals.
- g. The miller shall ensure online submission of L-form to the concerned agency through

portal as prescribed in the <https://anaajkharid.in> as prescribed in The Punjab Agricultural Produce Markets Act, 1961 (Punjab Act No. 23 of 1961).

h. Payment of milling charges: -

- i. The miller shall be paid milling charges for custom milling of paddy, at the rates fixed by Government of India.
- ii. Milling and other charges payable to millers would be inclusive of all applicable taxes.
- iii. Rice extracted over and above the Minimum rice out of the paddy issued for custom milling as per the relevant clauses of this policy shall be the property of the procurement agency and miller shall deliver the same to FCI on behalf of the procurement agency, without any extra claim.
- iv. 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.
- v. 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.
- i. 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.
- j. 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.
- k. While milling paddy, the miller shall ensure that rice extracted out of paddy is as per norms and specifications and shall deliver the rice at the storage depot of FCI as linked by its Divisional Manager.
- l. The miller shall be paid the cost of transportation and other incidental charges of rice at the rates approved/reimbursed by GOI/FCI and extra cost if any shall be borne by the miller.
- m. 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 recovered from the miller.
- n. 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. The cost of surplus new gunny bags retained by the millers used for packing of paddy shall be realized from the millers at the rates fixed by department from time to time.
- o. Miller shall be responsible for payment of GST and other taxes applicable on the amounts/costs recoverable from him.

19. STOCK ARTICLES:

- a. Miller shall arrange a 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 and delivered to FCI on behalf of the concerned agency.
- b. The required quantity of polythene sheets /tarpaulins/ nets etc., shall be provided by the procurement agency on a 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 milling 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.

20. OUT-TURN RATIO:

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

- a. Minimum 67% for raw rice.
- b. Minimum 68% for par-boiled rice.
- c. 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, 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.

- d. However, par-boiled rice mills are not eligible for diriage benefit.

21. SERVICES TO BE PROVIDED BY THE MILLER:

- a. Every rice miller is bound to have a Static IP Address on the mill premises and shall give this IP Address to the Department /Agencies.
- b. As soon as storage of paddy starts in a mill, the miller would confirm the same, through the above-mentioned Static IP address, on <https://anaajkharid.in> portal. The process of generating contract numbers shall be initiated only when the miller confirms the paddy stored in his mill and fulfils all other statutory/non-statutory obligations. This confirmation of paddy by miller would imply the acceptance of quantity and quality of the paddy to his satisfaction as also his acceptance of the milling contract.
- c. The contracts will be auto generated after the DFSC verifies the paddy on <https://anaajkharid.in> which has been verified by the miller earlier as per sub-clause 'b' above.
- d. The miller who has executed an agreement with a procurement agency for custom milling shall provide following services at his own expense:
- 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 his own expenses.
 - Subsequent operations like Loading of paddy from storage point, its transportation & unloading for milling at haudi/drying.
 - De-stacking of paddy.
 - Drying paddy stocks.
 - Katai of paddy bags before de-husking.
 - Re-stacking of paddy stocks.
 - De-husking of paddy stocks.
 - Fortification of rice as defined in SOP circulated vide GOI letter no. 36-5/2018-QCC(Part), dated 15.03.2022, **Operational Guidelines circulated vide GOI letter no. 36-5/2018-QCC (Part) dated 13.12.2022 and any other instruction /amendment issued by GoI from time to time.**
 - Filling up of bags of rice prior to dara making.
 - Dara making rice bags and filling/sewing of bags with double line machine stitching.
 - Transportation of rice to FCI depot.
 - The miller will ensure the entry of dumping details on <https://anaajkharid.in> portal within 24 hours of date of dumping.
 - 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.
 - Miller shall stitch a rexine slip /canvas slip with each bag, bearing name of the mill/ centre/ district/ agency /category of rice /net weight/ contract no /crop year on the bags.
 - Miller should get the +F logo endorsed from FSSAI. All bags of fortified rice delivered to FCI shall bear blue colored +F logo stenciled on it as well as the rexine slips/canvas slips.
 - 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 staff.
 - 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 and would maintain the requisite documents and would provide the requisite certificate as prescribed by GOI from time to time. 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 of any quantity of custom milling paddy.

- e. The miller shall abide by all the instructions issued by the department from time to time.
- f. 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 <https://anaajkharid.in> portal within 72 hours of delivery of rice for claiming payment from FCI, failing which the next release order for due quantity shall not be issued.
- g. The miller shall abide by the instructions issued by Government of India /State Government related to fortification of Rice from time to time.
- h. Each allotted miller shall also submit MICR cheque drawn in favor of MD of the agency concerned @Rs. Fifty lakh for every 2000 MT of paddy or part thereof stored in his mill.
- i. If a rice miller is found guilty of tampering with the official data /record or adopts mal- practice, he shall be declared defaulter by DAC by passing a well-reasoned order.

22. DELIVERY OF RICE - SPACE AND SCHEDULE:

- a. The responsibility of creating adequate space in proportion to the paddy stored in various milling center shall be that of FCI. FCI shall plan movement of foodgrains after taking into account the total paddy stored with the millers in a milling center.
- b. After linking mandies and rice mills by the Department, Concerned Divisional 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. The Divisional Manager, FCI shall also intimate the latest status of the vacant space, to the concerned agency on the first of every month. The allocation of space for delivery of CMR shall be done on the basis of total paddy stored with the miller, which includes Free and RO Paddy subject to a minimum of one stack per miller or on rotational roster where even one stack per miller cannot be allocated. The space shall be allocated in proportion to the total paddy stored whenever additional space is available.
- c. A District Level Committee, comprising of Divisional Manager, FCI and District Managers of all state procurement agencies, shall meet every fortnight to monitor plan for the delivery of rice.
- d. Miller shall run the mill to its optimum capacity, so as to achieve the target for milling of paddy as per schedule.
- e. Miller is exempted from delivery of any levy rice on his privately purchased paddy.
- f. Delivery of custom milled rice to FCI will commence only after the completion of closure PVs of stored paddy in the district, as per the instructions issued by DFS.
- g. Scheduled time for delivery of custom milled rice shall be as under: -

Month	Progressive %age of CMR to be delivered
Up to 31st December 2023	35%
Up to 31st January 2024	60%
Up to 28th February 2024	80%
Up to 31st March 2024	100%

Note: - The progress of milling shall be monitored by the concerned agency as per the above time schedule. The paddy of the mills lagging behind the time schedule is liable to be shifted at their risk and cost along with the levy of interest @ 12% on the acquisition cost of such paddy from the date of its storage to the date of shifting. Also, the penalty, if any, imposed by the Government of India on the State agencies due to delayed/non-delivery of rice, shall be paid by the concerned miller.

23. SECURING THE LOSS OF STOCKS:

- a. The paddy, including gunny bags supplied by the state procurement 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: -
- i. 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.
 - ii. If a miller is found responsible for pledging the government stock/stock articles 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 levied 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 procurement agency was not allowed to lift by such bank/financial institution/ court etc.
 - iii. It shall be the responsibility of the miller to submit a list of banks/lead banks with which he has business relations/interests.
 - iv. 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 a copy of such list to the lead banks/banks (of the millers) directing them not to approve/release any Limit/loan against such agency stocks.
 - v. 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. **Exemptions mentioned in proviso clause 3(c)(i)(D) shall be applicable in such cases.** 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.
 - vi. 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.
 - vii. Each allotted rice miller shall submit two signed undated payee's account MICR cheques in favor 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 on his premises shall be submitted prior to the starting of storage of paddy. The other cheque for the remaining 50% shall be submitted immediately after the completion of the storage of the entire allocated quantity of paddy.
 - viii. These two cheques taken from the miller equivalent to the cost of paddy entrusted for milling shall have no limitation of money endorsed on them for withdrawal purposes.
 - ix. 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.
 - x. Acquisition cost of paddy along with interest at the rate of 12% shall be charged (from 01.11.2023 onwards till date of actual payment) on the stock of paddy for which miller fails to deliver the rice to FCI by 31st March 2024 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.
 - xi. 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, failing which a penal interest @ 3% may 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 allotment for the year 2024-25, until he clears all the dues.

- Man*
- b. If a miller clears all the dues (Cost of acquisition of paddy along with interest and penal interest) of balance un-milled paddy within 15 days of last date of delivery notified by the department, such balance un-milled paddy and by-products shall become property of the rice miller. DM of the concerned agency will issue an invoice of sale and release order for the same, after confirming the clearance of all the dues of the miller.
 - c. If the miller fails to clear the amount due (Cost of acquisition of paddy + interest + penal interest) on account of un-milled paddy within 15 days of last date of delivery notified by the department and the concerned agency shall initiate action against such miller within 15 days of the last date or 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.
 - d. 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.
 - e. 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 paddy + interest @ 12% + administrative charges + incidental charges + carryover charges etc., along with applicable GST.
 - f. 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.

The SOP issued by the Department vide letter no. RP5(2700)-2020/437-438, dated 11-03-2022 regarding the cases of shortage /embezzlement of paddy shall be followed in this regard.

24. ORDERS PASSED UNDER THIS POLICY AND ALTERNATIVE DISPUTE RESOLUTION MECHANISM:

- a. All orders passed under any of the provisions of this Policy shall be passed after 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 a maximum of one adjournment may be granted.
- b. Any notice issued by the competent authority to the miller under this policy would clearly lay down the omissions and commissions and the proposed remedial measures/punishment if the reply is not submitted by the miller in time or is not found satisfactory.
- c. The DAC is competent to pass orders at its own level relating to violation of any clause/provisions of this policy including blacklisting of mills, in the first instance. A first appeal from orders passed by the DAC related to any clause of this policy shall lie with the DFS and a second appeal there from with the Administrative Secretary. The Decision of Administrative Secretary in such appeals shall be final and binding.
- d. All the disputes and differences arising out of or in any manner touching or concerning the agreement whatsoever shall be referred to the sole arbitration of an Arbitrator to be appointed by the SPA. The award of the Arbitrator shall be final and binding on the parties to the contract.
- e. 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.

- f. 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.
- g. Subject to the 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.
- h. 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 INTERPRET: If a question arises with regard to the interpretation of the provisions of this policy, DFS shall be competent to interpret any of the provisions of this policy.

Secretary, Food Civil
Supplies & Consumer
Affairs, Punjab.