

CAP HIRING SCHEME- 2019

[THROUGH CONSTRUCTION OF COVER & PLINTH (CAP) ON BUILD, OWN AND OPERATE BASIS FOR FCI's STORAGE REQUIREMENTS]

BACKGROUND

In view of the excessive foodgrains stock holding and likely addition of more stocks during the ensuing KMS 2019-20 and RMS 2020-21, storage space scenario has been reviewed. In the efforts to find measures to overcome the storage crunch, FCI has taken on board CWC, Railways, State Govts. /State Agencies and Private players and various strategies have been deliberated. It has emerged that there would be shortage of storage space to the tune of approx. 115 LMT for KMS 2019-20 and approx. 164 LMT for RMS 2020-21. To address the storage crunch, following Scheme is being formulated for construction of CAP on Build Own and Operate (BOO) basis under PPP mode through Guaranteed Hiring in the Wheat procuring States:

1. Salient features of the Scheme:

- i. The period of guarantee for hiring shall be for three years.
- ii. Open E - tender shall be floated for inviting offers from potential bidders for construction of CAPs on BOO basis for leasing out under both categories i.e. 'Lease with services' and 'Lease only'.
- iii. Equivalent to relevant components of CWC cost-sheet after moderating / adjusting the components of 'Salaries & T.A., Establishment and others' @ 25%. The other components of Cost sheet are as under:
 - a. Chemical and Materials
 - b. Insurance
 - c. Wages
 - d. Warehousing License fees
 - e. Printing and Stationary
- iv. FCI shall be making payments/re-imburement on monthly basis on account of rent, PMS and Supervision Charges but the custody of the Stocks shall remain with State Nodal Agency, in States where State agencies store central pool stocks, till its final takeover by FCI for dispatch and therefore, Carry Over Charges (COC) shall not be payable to the State Nodal Agency. In other States, the existing practice followed in the respective States for PEG godown for handling over the stocks may continue to be followed.
- v. Payment of the Guaranteed rent shall be made as per rated capacity of CAP only irrespective of over and under-utilization of the capacity.

2. Identification of the location for hiring of CAPs:

- (a) Subject to other conditions in this scheme, location for constructing CAP may be ascertained railhead-wise / Revenue District-wise. Locations may be finalized by FCI in consultation with Nodal Agency of the State. The storage needs of the Region may be based on overall procurement/consumption, availability of existing FCI/ Nodal Agency/private Godowns and CAPs already hired by FCI.

- (b) Expected utilization of CAP with present procurement quantity and keeping in view the de-hiring of storage capacity in the vicinity.
- (c) It has to be made sure that the additional CAP should be decided in a manner that it does not involve creation of any additional post/staff (including labour) in the FCI.
- (d) Lead distance between CAP and the loading point by taking Normalization factor should form the basis for comparing and finalizing the price bids.

3. Competent Committees/Agencies and their Role:

State Level Committee (SLC):

i. Constitution:

SLC shall be constituted similar to the one constituted by Govt. of India vide letter dated 06.05.2019 for finalizing the transportation charges of Paddy/CMR/Wheat. The SLC shall consist of State Food Secretary concerned as the Chairperson and Executive Director (Zone) FCI and General Manager (Region) FCI In-charge of the State concerned, two District Collectors from any of the procuring Districts, and an Officer from State Transport Department not below the rank of Deputy Secretary Level Officer as members.

ii. Role of SLC:

The rates received for the capacity and locations identified by FCI in consultation with the Nodal Agency will be placed before the SLC, which will examine and decide whether such storage capacity is really required and the extent to which it is required before giving approval of such proposals.

iii. Authority of SLC:

SLC shall have full powers and its decision in respect of disputes/issues pertaining to CAP Scheme shall be final and binding on all the bidders / investors.

4. Identification of the implementing agencies:

The Nodal Agency shall remain same as are in the PEG scheme.

5. Defining roles and duties of Agencies involved:

The following 3 agencies are involved:

- i. FCI
- ii. Nodal agency of the State Govt.
- iv. Private parties

5.1 Specifications for construction of CAPs will be finalized by FCI and communicated to State Government/Nodal Agency.

5.2 The responsibility of maintenance of the CAPs would lie with the Nodal Agency to whom the Supervision Charges will be payable.

5.3 The Nodal Agency will be free to take other services like security, preservation of foodgrains stocks etc. from the private investor or to arrange it through their own staff. In both the cases Nodal Agency will have the full responsibility for the losses / less gain in foodgrain stocks as per the norms prescribed by Govt. of India / FCI.

5.4 The storage loss / less gain shall be deducted from the total amount payable to Nodal Agency at Economic rate of the particular Crop year.

6. Agreement between parties

6.1 For defining role/duties, the relevant parties shall enter into agreement in the following manner:

- a) Agreements shall be entered between the FCI and the concerned Nodal Agency.
- b) Agreement/Lease shall be entered between the concerned Nodal Agency and the private party. The FCI shall prescribe the format of such agreement. Any changes in the prescribed format should be done in consultation with the FCI. A copy of the agreement (duly entered) shall invariably be forwarded by the concerned Nodal Agency to the FCI.

6.2 The agreement/Lease, as above, should be a part of the tender document itself. The agreement should interalia specify the agency that will be providing infrastructural facilities (like weigh bridge, computers, equipments etc.), manpower (like workers, CAP keepers etc.), Information technology facilities and preservation facilities like fumigation etc.

6.3 The CAPs would be suitably structured so as to ensure that storage of foodgrain and the movement of FCI stock is not disturbed and also to ensure that the possibility of the deterioration of the stock is eliminated.

6.4 The FCI will, however, be at liberty to release the CAP after the guarantee period of 03 years.

7. Payment Rates for Implementing Agencies:

Nodal Agency of the State will be paid on the basis of payments made by them to the private party [A] + expenses on foodgrain preservation, security etc. [B] (Equivalent to specified components of cost sheet of CWC + Supervision Charges (20 % of the rent paid to the Pvt. party in case of 'lease only' and 15% of the composite rate (Rental + PMS charges) in case of 'lease with services'. Rate of rent to be quoted by the investor shall be exclusive of GST as applicable. GST, as applicable and paid, shall be reimbursed to the Investor, on presentation of relevant documentation to FCI.

8. During the guaranteed period, the vacant space may be hired out to other parties with the consent of FCI and the rent received being adjusted against the guaranteed amount for the period so hired out and surpluses, if any, being shared in the ratio of 50:50 between the FCI and the Nodal Agency. Moreover, FCI on its own can also ask Nodal Agency to hire out surplus space for a specific period and these bodies will be obliged to sincerely make efforts in this direction.

9. It will be ensured by FCI while giving consent that only such commodities are allowed to be stored which do not affect FCI stocks as also such storage does not adversely affect FCI operations.

10. The surplus space shall be physically segregated before being hired out. It shall be ensured, by the concerned party that in this exercise there is no risk whatsoever to the foodgrain stored in the CAP.

Tenders for hiring of new CAPs:

General:

11. After the FCI has finalized a location and capacity of CAP in consultation with Nodal Agency and has conveyed it to the implementing agency i.e. Nodal Agency, advertisements will be issued by the implementing agency (Nodal Agency) through its websites, the FCI website and other websites prescribed by the CVC as also at least in one National & one Regional leading newspapers with regional language having large circulation in the concerned State.
12. Clear specifications of construction of CAP shall be laid down by FCI and shall be communicated to the Nodal Agencies for their compliance. Such specifications should also be a part of the tender document.
13. **Two part bid system will be applied for the offers as laid down by the CVC.**
 - 13.1 In the first part (technical bid), in addition to the basic evidence to establish the financial strength and relevant experience of the party, wherever applicable, shall also be obtained from the party.
 - 13.2 The second part (financial bid) will be opened only for those parties who are found to be technically qualified and have given proposal for a suitable site.
 - 13.3 In the second part (financial bid) parties shall be asked to indicate the monthly rates of rent for guaranteed utilization on the terms and conditions prescribed for guaranteed hiring. All the parties who have been considered fit after evaluation of first part will be treated at par while evaluating the offers received in the second part (subject to normalization of the rates, which shall be specifically indicated in the tender) and will be finalized on the basis of minimum rates received. Conditional Tenders should not be accepted.
14. Normalizing of financial bids:
 - 14.1 There may not be any restriction on the distance of the location of CAP from the nearest Railhead but the locations of CAP with shorter distance may be given preference and Normalization factor may be applied while awarding the contract.
 - 14.2 There is every possibility of CAPs, located far from railway siding, offering less price, though additional transportation cost would be involved. In such cases the cost of hiring plus transportation involved has to be analyzed. The financial bids ought to be normalized. Therefore, the rate quoted for CAPs would be normalised by:
 - a) The prevailing transportation charges as notified by the FCI or the State Government (where FCI rates don't exist) in the immediately preceding year;
 - b) Appropriate average storage factor suitable to that area based on past data.
 - c) Comparison of offers for 'lease only' with 'lease with services' shall be done by taking following components:
 - i) Rent quoted by the bidder

- ii) PMS charges to be paid to Nodal Agency
 - iii) Reimbursement of GST, if applicable
 - iv) Supervision charges payable to Nodal Agency.
15. All details like other conditions, tender and agreement forms, earnest money & security deposits, payment terms and conditions etc. will be finalized by the FCI keeping the conditions laid down in the scheme as above.
16. **Post tender obligations:**
- 16.1 After the selection process is over & the proposal is finally accepted by SLC, an agreement may be signed between FCI & the implementing agency & a separate agreement may be signed between the implementing agency & the private entrepreneur.
- 16.2 SLC will have right to reject any offer without giving any reason at any stage before the agreement is signed.
- 16.3 The party finalized after the tender process will get maximum 60 days for completion of the project.
- 16.4 The delay in construction of maximum upto 15 days may be allowed by SLC with a clause of similar reduction in the guarantee period. In case of delay beyond 15 days the agreement may stand cancelled.
- 16.5 FCI will have freedom to choose a date of taking over the CAP within one month of the completion of the CAP and the guarantee period will start from the date of taking over the CAP.

Criterion for selection of location of CAPs in Wheat procuring States under Three Year Guarantee Scheme 2019

1. Criteria for selection of creation of space will be as follows:
 - i. No CAPs for less than 5000 MTs in wheat procuring Regions will be constructed.
 - ii. The land should preferably be on National or State Highway. They should offer only such land /site which has access through all weather motor-able road with sufficient width so as truck operations are not hampered. The road leading to the CAP should be free from any kind of traffic restriction for truck movement. Motor-able Brick paved Road or gravel Road is also acceptable. Proper fencing (at least barbed wire) of the site shall be ensured.
 - iii. For procurement depots:For wheat procurement, the highest stocks availability in last 3 years will form the basis for decision. The storage gap identified should not exceed the highest stock level of last three years.
2. The above principles should be taken as a broad guidelines. In cases where for some reasons, inspite of above conditions not being fulfilled, the creation of storage needs is considered necessary by the State Level Committee, it may recommend the case with full justification to FCI Hqrs.
