

**MEMORANDUM OF UNDERSTANDING BETWEEN THE FOOD CORPORATION
OF INDIA AND THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC
DISTRIBUTION, DEPARTMENT OF FOOD & PUBLIC DISTRIBUTION
FOR 2012-2013**

SECTION-I

MISSION AND OBJECTIVES

The Food Corporation of India was set up in 1965 under an Act of Parliament called the Food Corporations Act, 1964 (Act No 37 of 1964) with the primary duty to undertake the purchase, storage, movement/transport, distribution and sale of foodgrains and other foodstuffs. The Board of Directors of the Corporation, while discharging its functions, is required to act on business principles having regard to the interests of the producer and consumer and in doing so be guided by such instructions on questions of policy as may be given to it by the Central Government u/s 6(2) of the Food Corporations Act, 1964.

In view of above, the Corporation will undertake the functions of procurement/purchase, storage, movement/transportation, distribution and sale of foodgrains and sugar in an economic and efficient manner during 2012-13 in order to achieve the aforesaid objectives and shall be guided by policy directions of Government of India as may be given to the Corporation.

SECTION-II

COMMITMENTS BY FCI

In fulfilment of its obligations under the MoU, FCI undertakes to strive to achieve the performance targets for year 2012-13 as per Annexure-I attached.

SECTION-III

ASSISTANCE FROM THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION

In fulfilment of its obligation under the MoU, the Department of Food & Public Distribution hereby undertakes to:

- i. Facilitate payment of food subsidy dues including arrear subsidy dues of previous years to FCI on receipt of proposal from FCI and also take up with Ministry of Finance to provide additional subsidy as required due to increase in MSP of food grains, increase in buffer stock and increase in allocation, subject to budgetary provision and Monthly Expenditure Plan.
- ii. Expeditious disposal of administrative and policy related issues pertaining to FCI which are brought in the form of clear proposals by FCI before the Department.
- iii. Facilitate resolution of FCI issues related to other Ministries, Organizations (including Railways, Planning Commission, Warehousing Corporation, RBI, State Governments and Banks etc.).
- iv. Facilitate release of pending receivables from Ministries concerned against the issue of foodgrains under SGRY, MDM & NFFWP.

INFORMATION FLOW AND PERIODICITY OF REVIEW

Actual performance would be monitored quarterly by the Board of Directors of FCI and on half yearly basis by the Ministry on the basis of information to be furnished by FCI. The overall evaluation of the performance will, however, be done after the accounts for the year are finalized.

(Siraj Hussain)
Chairman & Managing Director
Food Corporation of India
New Delhi

(B.C. Gupta)
Secretary (Food & PD)
Ministry of CA, F&PD,
Dept. of Food & Public Distribution
New Delhi

MOU for the Year 2012-13

ANNEXURE-I

Contd...

CRITERIA		UNIT	WEIGHT	TARGET	CRITERION VALUES FOR MOU 2012-13				
A		B	C	D	E				
					Excellent	V. Good	Good	Fair	Poor
1. Status / Financial Parameters (60%)									
Financial Performance Indicators									
a) Procurement quantity									
i) Procurement quantity by FCI (including Levy)**	Wheat	MMT	2	3.60	3.95	3.78	3.60	3.42	3.24
	Rice	MMT	2	10.90	12	11.45	10.90	10.35	9.80
ii) Procurement quantity by others - Non Decentralized Procurement States	Wheat	MMT	2	17.60	19.35	18.48	17.60	16.72	15.84
	Rice	MMT	2	11.80	12.97	12.39	11.80	11.21	10.62
iii) Procurement quantity by others - Decentralized Procurement States	Wheat	MMT	1	4.60	5.05	4.83	4.60	4.37	4.14
	Rice	MMT	1	7.70	8.48	8.09	7.70	7.31	6.92
b) Sales quantity from FCI	Wheat	MMT	4	23.30	25.63	24.46	23.30	22.14	20.97
	Rice	MMT	4	30.30	33.33	31.82	30.30	28.79	27.27
c) Movement of foodgrains **	Wheat	MMT	2	23.47	25.81	24.64	23.47	22.30	21.13
	Rice	MMT	2	25.42	27.96	26.69	25.42	24.15	22.88

-This includes levy procurement by FCI, rice delivered against CMR of FCI and wheat procured by FCI. This does not include the CMR deliveries made by State Government to FCI.

**This includes both inter & intra movement for rice & wheat. This also includes movement from railhead to depots.

ANNEXURE-I Contd...

CRITERIA	UNIT	WEIGHT	TARGET	CRITERION VALUE 8 FOR MOU 2012-13				
A	B	C	D	E				
				Excellent	V. Good	Good	Fair	Poor
d) Transit shortages to quantity moved	%	3	0.43	0.39	0.41	0.43	0.45	0.47
e) Storage shortages to quantity issued	%	3	0.22	0.20	0.21	0.22	0.23	0.24
f) Other Administrative Cost (excluding salary)	Rs./ MT	3	17.54	15.70	16.62	17.54	18.46	19.38
g) Raising of Short Term Loan to meet deficit in cash flow	Rs. Crores	2	5000	9000	7000	5000	4000	3000
h) Financial Accounting Package								
i) Complete stabilization of Grade Application	Date	3	31.8.12	30.6.12	31.7.12	31.8.12	30.9.12	31.10.12
ii) Complete stabilization of Employee Payroll module	Date	2	31.8.12	30.6.12	31.7.12	31.8.12	30.9.12	31.10.12
iii) Complete implementation & stabilization of DPS Payroll module	Date	2	30.9.12	31.7.12	31.8.12	30.9.12	31.10.12	30.11.12
iv) Complete implementation and stabilization of Departmental Payroll module	Date	2	31.10.12	31.8.12	30.9.12	31.10.12	30.11.12	31.12.12
v) Complete implementation of CPF module.	Date	1	30.9.12	31.7.12	31.8.12	30.9.12	31.10.12	30.11.12
vi) Implementation Audit & Evaluation of FAP by External Agency	Date	2	31.12.12	31.10.12	30.11.12	31.12.12	31.1.13	28.2.13
vii) Submission of FC's Accounts to CSAG for the year 2011-12 for audit	Date	5	31.10.12	30.09.12	15.10.12	31.10.12	15.11.12	30.11.12
Total (a+b+c+d+e+f+g+h+i)		60						

ANNEXURE-I Contd...

CRITERIA	UNIT	WEIGHT	TARGET	CRITERION VALUE 8 FOR MOU 2012-13				
A	B	C	D	E				
				Excellent	V. Good	Good	Fair	Poor
2. Dynamic Parameters								
2.1 Human Resource Management		5		Refer Template for HRM performance evaluation as per Annexure XIV of MoU guidelines				
2.2 Research & Development (6%)				Refer Template as per Annexure XII of MoU guidelines				
i) Mechanization of Storage Operations – undertaking pilot project for two units (5000 MT godown taken as one unit)	Date	0.5	31.01.13	30.11.12	31.12.12	31.01.13	28.02.13	31.03.13
ii) Modernization of QC laboratories – State of the Art facilities for physical & chemical analysis	No of Labs	1	4	6	5	4	3	2
iii) Explore possibility of purchase of computerized equipment for analysis of food grains	Date	1	31.01.13	30.11.12	31.12.12	31.01.13	28.02.13	31.03.13
iv) Total R&D Expenditure	Rs. Crore	2.5	25	30	27.50	25	22.50	20

ANNEXURE-I Contd.

CRITERIA	UNIT	WEIGHT	TARGET	CRITERION VALUE S FOR MOU 2012-13				
				E				
				Excellent	V. Good	Good	Fair	Poor
2.3 Corporate Social Responsibility (5%)				Refer Template as per Annexure XI of MoU guidelines				
i) Awareness training programme to farmers on storage and scientific preservation of foodgrains	Rs. Lakh	2	18	20	19	18	17	16
ii) Grant of scholarships to budding Sports person from outside FCI	Rs. Lakh	1	40	42	41	40	39	38
iii) Providing Public convenience facilities in FCI's own Depots	No. of Depots	2	8	10	9	8	7	6
2.4 Sustainable Development (6%)				Refer Template as per Annexure XIII of MoU guidelines				
i) Formation of Board Level SD Committee		0.5						
ii) Total SD Expenditure	Rs. Crore	1	6.50	7.50	7.00	6.50	6.00	5.50
iii) Water management – providing rain water harvesting including maintenance	No. of Pits	0.5	90	100	95	90	85	80
iv) Energy conservation – Installation of solar panels	No. of Panels	0.5	54	60	57	54	51	48
v) Construction of Green building (1 office building of RO Shillong)	Date	0.5	28.02.13	31.01.13	15.02.13	28.02.13	15.03.13	31.03.13
vi) Training of farmers on SD	Number	0.5	180	200	190	180	170	160
vii) Mandatory 6 hour training to staff on SD	Number	0.5	450	500	475	450	425	400
viii) Evaluation of SD Projects by external agency in one State		0.5						
ix) Publication of SD Performance Report		0.5						

ANNEXURE-I Contd.....

CRITERIA	UNIT	WEIGHT	TARGET	CRITERION VALUES FOR MOU 2012-13				
A	B	C	D	E				
				Excellent	V. Good	Good	Fair	Poor
2.6 Corporate Governance (8%)								
i) Date of submission to DPE of completed data-sheet for PE Survey	Date	1	15.10.12	15.09.12	1.10.12	15.10.12	31.10.12	After 31.10.12
ii) Timely submission of quarterly report on Corporate Governance.	Number	1	2	4	3	2	1	Nil
iii) Conducting Board, EC and Audit Committee Meeting.	Number	3	12	14	13	12	11	10
2.6 Capital Expenditure under plan (storage construction)								
i) NE States (Subject to allocation of funds by Planning Commission)	Rs.Crore	1	80	100	90	80	70	60
2.7 Customer Satisfaction (Number of days of availability of stocks)	No. of days							
i) NE States, Sikkim & J&K	-do-	1	30	34	32	30	28	26

ANNEXURE-I Contd...

CRITERIA	UNIT	WEIGHT	TARGET	CRITERION VALUES FOR MOU 2012-13				
A	B	C	D	E				
				Excellent	V. Good	Good	Fair	Poor
3. Sector Specific Variables (3%)								
3.1 Quality check of food grains								
i) Quality check of food grains stored with FCI	% of stock	0.5	70	100	85	70	55	40
ii) Quality check of wheat in 'Cover and Plinth' (CAP) of the State Govt. Agencies of Punjab, Haryana, MP	% of stock	0.5	70	100	85	70	55	40
iii) Analysis of samples of wheat & rice of FCI / State Agencies godown by reputed laboratories	No of samples	0.5	15	25	20	15	10	5
3.2 Tender Sales of damaged wheat stock of State Agency in Punjab (46,000 MTs)	Date	0.5	31.07.12	01.07.12	15.07.12	31.07.12	31.08.12	30.09.12
3.3 Implementation of e-purchase / tendering	No of tenders	1	25	27	26	25	24	23

ANNEXURE-I

CRITERIA	UNIT	WEIGHT	TARGET	CRITERION VALUE 8 FOR MOU 2012-13				
				E				
				Excellent	V. Good	Good	Fair	Poor
A	B	C	D					
4. Enterprises: Specific Variables (20%)								
4.1 Disposal of more than one year old vigilance cases as on 31 st March, 2012	(%)	0.5	90	100	95	90	85	80
4.2 Disposal of pending arbitration cases as on 31.3.2012	(%)	0.5	50	60	55	50	45	40
4.3 Storage Capacity creation under REG Scheme	Lakh Tonnes	15	35	45	40	35	30	25
4.4 Completion of Study on Supply Chain Management by M/s Price Waterhouse Coopers	Date	2	31.03.13	31.01.13	28.02.13	31.03.13	30.04.13	31.05.13
4.5 Fire safety measures in FCI building-Headquarter, all Zonal Office, one Regional Office in each Zone	No. of Office	1	9	11	10	9	8	7
4.6 Award of study on labour issues – Manpower planning, induction policy, formulation of duties and responsibilities of different types of labour, parameters for fixing responsibility for demurrage and wharfage, impact of construction of godowns under REG on handling operations in existing depots having Departmental /DPS / NWNP labour etc.	Date	1	28.02.13	31.01.13	15.02.13	28.02.13	15.03.13	31.03.13
Grand Total (1+2+3+4)		100						

TEMPLATES FOR CSR REVIEW

TABLE 1

DETAILS OF 5 CHOSEN PROJECTS

Sl. No	Name of the Project	Starting Date	Completion date	Amount Allotted with Year-wise Breakup	Date of Completion of Need Assessment / Baseline Survey & Name of Agency	Name of Implementing Agency and Date of Appointment	Amount spent on Documentation and Dissemination and Name of Agency Appointed	Name of Monitoring Agency	Brief Details of Evaluation Report (Separate Sheet to be Attached)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Awareness training programme to farmers on storage and scientific preservation of foodgrains			Rs 1.11 Crores allocated for CSR activities for 2012-13					
2.	Grant of scholarship to budding Sports persons from outside FCI								
3.	Providing Public convenience facilities in FCI's own Depots								
	TOTAL								

R&D Performance Target Setting cum Evaluation Template

Table 1- Mandatory Parameter- Total R& D Expenditure as a percentage of PAT									
		Unit	Weightage	Performance Target					Achievement
				Excellent	V. Good	Good	Fair	Poor	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Total R&D Expenditure	Rs. Crore	2.5	30	27.50	25	22.50	20	
						Total Score of the Table			2.5
						Total Score allotted by the Task Force			

Table 2 - Projects chosen by CPSE

				Target Value						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
S. No.	Projects Chosen	Performance Indicator	Weightage	Excellent	V. Good	Good	Fair	Poor	Actual	
2.1	Mechanization of Storage Operations – undertaking pilot project for two units (5000 MT godown taken as one unit)	Date	0.5	30.11.12	31.12.12	31.01.13	28.02.13	31.03.13		
2.2	Modernization of QC laboratories – ‘State of the Art’ facilities for physical & chemical analysis	No. of Laboratories	1	6	5	4	3	2		
2.3	Explore possibility of purchase of computerized equipments for analysis of food grains	Date	1	31.01.13	30.11.12	31.12.12	31.01.13	28.02.13		
						Total Score of the Table			2.5	
						Total Score allotted by the Task Force				
						Total score on R&D			5	
						Total score allotted for R&D				

Annexure - XIII

S.No.	Activity	Yes / No
1	Whether Specific SD Plan and Budget passed by Board or its Designated Committee	Yes

Table 1. SD Committee details

Board level Designated Committee Name	Chairman of Board level Designated Committee	Number of regular meetings held	Key decisions during the year
1	2	3	4
Committee on SD and R&D activities	Shri Naveen Prakash JS (Policy & FCI) Ministry of CAF&PD		
			Total Score for this Table
			0.5
			Total Score allotted by Task Force

Table 2 Total SD Expenditure

Total SD Expenditure (on a five point scale)	Total expenditure (Current FY) (Rs lakhs)	Actual Expenditure as % of PAT
1	2	3
		Total Score for this Table
		1
		Total Score allotted by Task Force

Table 3 Projects Chosen by CPSE										
Sr. No.	Criteria	Unit	Weight	Target	Excellent	V. Good	Good	Fair	Poor	
1.	Water management-providing rain water harvesting including maintenance	No. of pits	0.5	90	100	95	90	85	80	
2.	Energy conservation-Installation of Solar Panels	No. of panels	0.5	54	60	57	54	51	48	
3.	Green Building (1 office building at RO Shillong)	Date	0.5	28.02.13	31.01.13	15.02.13	28.02.13	15.03.13	31.03.13	
4.	Training of farmers on SD	Number	0.5	180	200	190	180	170	160	
5.	Mandatory 6 hour Training to staff on SD	Number	0.5	450	500	475	450	425	400	
								Total score of this table		2.5
								Score allotted by the Task Force		

Table 4- Evaluation of Projects				
Evaluation of SD Projects by external agency in one State				
			Total Score for this Table	0.5
			Score allotted by the Task Force	
Table 5 - Publication of SD Performance Report				
Activity	Yes / No	Mode of SD Report		
		(If reported, whether a stand-alone SD Report or a part of Annual Report, etc.)		
1	2	3		
SD performance Report				
			Total Score for this Table	0.5
			Score allotted by the Task Force	
			Total Score for all Tables	5.0
			Total Score allotted for all Tables	

Template for HRM Performance Evaluation under Memorandum of Understanding

	HRM - PERFORMANCE INDICATORS	Unit	Weight	Excellent	V. Good	Good	Fair	Poor
A	Competency & Leadership Development							
1	Training Mandays per year	Mandays	5	5000	4500	4000	3500	3000
2	Developing critical mass of leaders through a system of career planning & development	Number	5	65	60	55	50	45
3	Training Budget	Lakh Rs.	5	90	85	80	75	70
4	Training for Skill Upgradation for Non-executives (including training programme for Quality Control & Procurement staff etc.)	Training Mandays	5	1200	1100	1000	900	800
	A2 Optional							
5	Training interventions towards industry-academia interface with reputed institute / universities (IIM, NALSAR, ICAR, CFTRI etc.)	Mandays	5	60	55	50	45	40
	Sub-Total-A		25					
B	Performance Management							
6	Ensuring implementation of Bell Curve Approach in PMS rating	No	4					
7	Linkage of Developmental Plan of Executives with Performance Management System	No	3					
8	Implementation of PRP linked to PMS	No	3					
<p>Given the mandate of FCI, a study on PRP and PRS has been entrusted to National Productivity Council (NPC). Adoption of PRP/PRS would depend on the recommendations of NPC and approval by FCI BoD / GoI. Hence, the above performance indicators cannot be considered. Instead, the following indicators have been selected.</p>								
6	Recruitment of category-I Staff	Number	4	10	9	8	7	6
7	Recruitment of category-II Staff	Number	3	150	125	100	75	50
8	Recruitment of category-III Staff	Number	3	2500	2250	2000	1750	1500
	Sub-Total-B		10					

C	Recruitment, Retention & Talent Management							
9	Manpower Rationalization through Redeployment of Employees	Number	5	7	6	5	4	3
10	Attrition as % of total employees	%	5	0.05	1	2	3	4
11	Presence of Mentorship Development Programme - Nos. of Mentors & Mentees	<u>Mentors (No.)</u>	5	70	60	50	40	30
		<u>Mentees (No.)</u>		140	120	100	80	60
12.1	Formulation / Implementation of Reward Schemes for depots with minimum storage loss (rice) & transit loss	Target Date	3	31.12.12	15.01.13	31.01.13	15.02.13	28.02.13
12.2	Formulation of individual reward scheme for maximum work / utilization in IRRS, DISFM, FAP etc.	Target Date	2	31.12.12	15.01.13	31.01.13	15.02.13	28.02.13
	Sub-Total-C		20					
D	Enabling Creativity & Innovation							
13	Nominations/entries submitted for Awards	Number	5	6	5	4	3	2
14	Suggestions generated per year	Number	5	600	500	400	300	200
15	Number of Quality Circles	Number	5	4	3	2	1	0
	Sub-Total-D		15					

E	Employee Relations & Welfare							
16	Effectiveness of Grievance Redressal system - % of Grievances settled vis-à-vis received during the year	%	4	60	55	50	45	40
17	Session/Classes to reduce stress by Meditation	Number	4	20	18	16	14	12
18	Employee satisfaction survey in One Regional Office	Target Date	4	31.01.13	15.02.13	28.02.13	15.03.13	31.03.13
19 (i)	Formulation & Implementation of Pension Scheme	Target Date	2	28.02.13	10.03.13	20.03.13	25.03.13	31.03.13
19 (ii)	Formulation & Implementation of Assured Career Progression Scheme	Target Date	2	28.02.13	10.03.13	20.03.13	25.03.13	31.03.13
20	Number of structured meetings with employees' representatives	Number	4	32	28	24	20	16
	Sub-Total-E		20					
F	HR Branding & Excellence							
21	Participation in Survey by External Agencies (Employer of Choice etc.)	No. of Survey	10	5	4	3	2	1
	Sub-Total-F		10					
	Total (A to F)		100					
	<i>NB: Total score out of 100 awarded on HRM to CPSE will be converted into score out of 5 in MoU on pro-rata basis</i>							