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1. Books of Account

1.1 The Corporation follows the Commercial System of Double Entry Book-keeping, using Financial Accounting Package (FCI LEKHA) in which the transactions are recorded on day-to-day basis. The accounting year for the Corporation corresponds to the financial year beginning on the first day of April of a calendar year and ending with the 31st March of the subsequent calendar year. As far as food grains operations are concerned, the activities of the Corporation are managed and controlled through Storage Depots / Centers, District Offices, Regional Offices, and Zonal Offices with the Headquarters at the apex. The Purchase Centers and Pay Offices are opened for procurement operates under the administrative jurisdiction of the District Offices. While quantity records are maintained at various storage depots / centers, District Offices are the primary financial accounting units of the Corporation. The Pay Offices established for the purpose of facilitating procurement operations also maintain relevant accounting records as may be applicable in respect of the transactions entrusted to them. The books of account prescribed by the Corporation are also maintained by the District Offices, Regional Offices, Zonal Offices and the Headquarters depending upon the nature of transactions in these offices. Trial Balances based on Books of Account are prepared by each of the District Offices, Regional Offices, Zonal Offices and Headquarters separately. The trial balances are consolidated at each of the Regional Offices based on the administrative jurisdiction of these offices. The Headquarters prepare the final all-India Trial Balance for the Corporation taking into account the trial balances submitted by all offices of the Corporation including the Headquarters as an accounting unit. Although consolidation of the trial balances is made at each of the Regional offices, individual trial balances along with all the prescribed schedules in respect of each Region of the Corporation are required to be sent to the Headquarters.

1.2 An Oracle based system known as FCI LEKHA is used by FCI for accounting. It is a web based portal to record and manage financial records of the Corporation. It has been implemented across Headquarter, 5 Zonal Offices, all Regional Offices, District Offices and all pay offices for integration of finance, treasury, inventory, purchase and payroll.

1.3 Accounts are maintained under FCI LEKHA having details pertaining to recording of accounting entries and trial balance and recording of stock related transactions. Chart of Accounts (COA) are maintained in FCI LEKHA consisting of several ledgers and sub ledgers. COA is divided into assets, liabilities, income and expenditure. Further, various control accounts are also available under COA.

1.4 Any changes (addition / deletion / modification) required to be made in COA are done through revision of the existing instructions through Accounts Division circular and the same was taken care in FCI LEKHA by written requisition of Accounts
Division at Headquarter to FCI LEKHA Division. The requisition is approved by GM – Accounts, Headquarter. Once changes are done in FCI LEKHA, same is intimated to Accounts Division who then intimate the accounting units through circulars / notifications.

1.5 In addition to FCI LEKHA, an Integrated Information System for foodgrains Management (IISFM) / Depot online System (DOS) / IRRS is maintained at depot level to provide opening stock position, receipts, issues and closing balance of foodgrains from all depots on daily basis.

1.6 The following are the modules maintained in FCI LEKHA namely:
- Accounts Payable – Recording of Purchase and Expenses
- Accounts Receivable – Recording of Sales and Other Income
- Fixed Assets – Recording of Fixed Assets and Depreciation
- Cash management – Recording of Bank related activities
- General Ledger
- Payroll and CPF – Recording of employee expenses, payroll and CPF transactions

**Note:** The broad guidelines of different modules with respect to accounting entries have also been described in the user guide of its module, which is available on the website of FCI LEKHA.

The entries in FCI LEKHA is to be done on day to day basis and it is ensured that complete transactions are entered and no transactions are left for recording in FCI LEKHA. The following Books of account should be printed and verified for correctness on daily basis, if there is any transaction:
- FCI India Bank and cash receipt books (for all cash and bank account)
- FCI Payable invoice register
- FCI Sales day book
- FCI Transfer in against stock receipt
- FCI Transfer out report
- FCI Receivable invoice register
- Journal day book

1.7 General Ledger is a book of final entry, containing all the accounts. The purpose of the General Ledger is to bring all related financial data together in an uniform account structure for preparation of financial statements such as the Profit and loss Account and Balance-Sheet. The General Ledger format is available in two forms in FCI LEKHA
- Accounts Analysis (132 Character)
- Accounts Analysis (180 Character)

1.8 The purpose of subsidiary ledger is to keep detailed information relating to General Ledger (GL). FCI LEKHA is designed to generate reports for relevant accounts
head in the relevant modules such debtors’ details in Debtors Trial Balance (Accounts Receivable Modules), creditors’ details in Creditors Trial Balance (Accounts Payable Module), employee advances (Payroll Module) etc. The below mentioned reports are generated in application sub ledger accounting in GL Module:

- Account analysis report
- FCI Accounts Analysis Report

1.9 Reporting structure of different units of the Corporation is depicted in Appendix 1.1 and Designation wise hierarchy is depicted in Appendix 1.2.
Appendix 1.1 Hierarchy structure of different units of the corporation

- Head quarter
  - North zone
    - Regional offices
      - District offices
        - Depots
  - South zone
    - Regional offices
      - District offices
        - Depots
  - East zone
    - Regional offices
      - District offices
        - Depots
  - West zone
    - Regional offices
      - District offices
        - Depots
  - North East zone
    - Regional offices
      - District offices
        - Depots
Appendix 1.2 Hierarchy structure of Accounts Division

Headquarter

Headquarter / Zonal office

Regional office

District Office

ED (Finance)

CGM (Accounts)

GM (Accounts)

DGM (Accounts)

AGM (Accounts)

Manager (Accounts)

AG I, II & III (Accounts)

DGM (Accounts)

AGM (Accounts)

Manager (Accounts)

AG I, II & III (Accounts)

Manager (Accounts)

AG I, II & III (Accounts)
2. Cash and Bank transactions

2.1 The cash / bank related activities covered in this chapter are mentioned below:

2.1.1 Opening and closing of bank account
2.1.2 Bank receipt
2.1.3 Bank payment
2.1.4 Petty cash
2.1.5 Cash handling and verification
2.1.6 Bank reconciliation
2.1.7 Security Deposit / Guarantees / Sureties
2.1.8 Fund transfer
2.1.9 Interest payment
2.1.10 Fixed deposit with banks
2.1.11 Cheque handling and issuance

2.2 Opening and closing of bank account

2.2.1 New bank account is opened and existing bank account is closed after obtaining approval as per Delegation of Power (DoP).

2.2.2 In pursuant to Board resolution, the bank account of the Corporation is to be operated by any of the officers mentioned below. They are also authorized to execute the promissory note on behalf of the Corporation.

- Executive Director (Zone), Chief General Manager (F&A), General Manager (F&A), General Manager (Region), Deputy General Manager (Region), Deputy General Manager (Port Operations) and Deputy General Manager (A/cs).
- Assistant General Manager (A/cs), Area Manager and Manager (A/cs) provided they are authorized to operate the bank account by Executive Director (Zone), Chief General Manager (F&A), General Manager (Zone), General Manager (F&A), General Manager (Region), Deputy General Manager (Region), Deputy General Manager (Port Operations), as the case may be.

2.2.3 The bank authorization is normally given at Regional Offices. Register of bank account wise authorized signatory should be maintained by Regional Offices for which authorization has been issued. The register should contain bank account No., IFSC Code, address of branch, unit office where bank is operated, name of person to whom authorization is issued, date of issue of authorization and date of ceasing of authorization due to transfer, retirement
or any other reason. Bank account wise details of authorized signatories are maintained for Headquarter with Funds Division and for Unit Offices with Zone.

2.2.4 (a) Before authorizing any officer to operate any bank account, vigilance clearance is required to be obtained invariably. Vigilance clearance is necessarily to be obtained by all the officers.

(b) The Chairman and Managing Director / Managing Director / Executive Director (Finance) / Executive Director (Zone) / General Manager (Region), in case of the exigencies, may also authorize any person other than those specified in section 2.2.2 to operate bank account provided that:
(i) Bank account shall be operated jointly by two officials / officers; and
(ii) No online payment shall be made by such authorized officer / official except for statutory payment.

2.2.5 In case after obtaining authorization to operate bank accounts, the authorized officer gets involved in a vigilance case, Vigilance Division informs Finance Division of the same in writing. The authorized officer’s power to operate bank accounts is withdrawn and fresh proposal is worked out for authorization / operations of bank account.

2.2.6 List of authorized signatories is reviewed on semi-annual basis by the Finance Division at Headquarter and Zonal Offices to ensure that all changes required in the list of authorized signatories have been intimated to the bank on timely basis.

2.3 Bank receipt

General guidelines

2.3.1 All the receipt including Sale proceeds, Security Deposit (SD), and Earnest Money Deposit (EMD) are accepted only through electronic mode like RTGS / NEFT. No other mode of receipt is to be accepted. (Circular no. Fin.32/4/2012 dated 05.12.13). Cheque by way of refund of advance taken against imprest by employees are accepted.

2.3.2 Each bank account is allotted a unique bank code in FCI LEKHA which is a combination of ‘Unit code’ and ‘Bank Branch Code’ of respective bank. Receipt entries are recorded in FCI LEKHA by debiting ‘respective bank account’ and crediting ‘party account’.

2.3.3 In addition to above, Bank guarantee is being furnished on account of Hon’ble Court orders, EPFO orders etc. Bank guarantee are being furnished by
Headquarter from relevant banks. Hence, any Offices requesting for a bank guarantee shall furnish relevant details of request for bank guarantee and the same shall be forwarded by Regional Offices to Zonal Offices and from Zonal Offices to headquarter.

Procedure

2.3.4 In FCI LEKHA, Account Head ‘Bank’ is used to record all bank transactions including bank receipts i.e. transfer received from sales and other miscellaneous receipts and inward remittances from other offices of the Corporation.

2.3.5 Designated authority of Accounts Division downloads the bank statement as soon as transaction occurred on daily basis. On receipt of Inter Offices note / memo from Operating Division containing the name of party and Sales / EMD / SD amount to be collected, designated authority of Accounts Division verifies the fund transfer reference number and amount as mentioned in memo / note with bank statement. Once a party is identified, accounting entry is posted in FCI LEKHA Accounts Receivable (AR) module by crediting account head ‘Deposit from Customer’ and debiting ‘Bank Account’.

2.3.6 All other bills raised by the Corporation for services rendered to outside parties such as, storage, fumigation etc. are initially recorded under accounts receivable module. When payments are received, accounting entry is done in FCI LEKHA by debiting the ‘Bank’ Account and corresponding credit entry to the relevant party account.

2.3.7 In case of receipt of Cheque / Demand Draft in exceptional situation, the receipt instrument (Cheque / DD) is deposited in the bank on same day and recorded in the FCI LEKHA by debiting ‘Bank’ Account and crediting ‘Party Account’. After recording the above mentioned entry, a duplicate money receipt is generated from FCI LEKHA containing the name of customer along with the amount recorded in FCI LEKHA. One copy of money receipt is handed over to concerned Operating Division (on the basis of Operating Division request made through ION) and acknowledgment is obtained on duplicate copy.

Procedure for recording of receipt in FCI LEKHA

2.3.8 Receipts workbench under accounts receivable module is used to record receipt transactions in FCI LEKHA. Standard receipts are used against payment received from customer. The receipt window is used to apply the payments received from customer.
2.3.9 Miscellaneous receipts are used for recording receipt of non-invoice items viz. treasury receipt, bank interest, or any other type of miscellaneous receipt.

2.3.10 After booking amount of receipt with respect to EMD, SD or any other transaction into FCI LEKHA as per the procedure discussed above, the invoice generated through FCI LEKHA along with supporting documents should be kept in Cash Section for record purpose.

2.4 Bank payment

General guidelines

2.4.1 All the payments including payments to vendors, employee’s salaries / advances are done only through electronic mode like RTGS / NEFT / ECS. No other mode of payment can be used.

2.4.2 Statutory dues like GST, TDS, Property Tax etc. and Wagon registration fees (including containerized movement through Container Corporation of India Ltd) are paid through online mode. (Circular No. 1(3)/2013/CM dated 08.01.2015). Details of statutory dues payable centrally or unit wise are mentioned in Appendix 2.1. Payments made to Government departments like Electricity Department, Professional Tax, and LIC etc. can be made through Cheque.

2.4.3 In case of FCI LEKHA Invoice, Manager – Accounts (Super User) checks the invoice and supporting documents and approves the entry in FCI LEKHA. The payment is approved by the Sanctioning Authority / Area Manager at the District, and Drawing and Disbursing Officer (DDO) units other than District Offices before release of payment.

Procedure

2.4.4 In FCI LEKHA, Account Head ‘Bank’ is used to record all bank transactions including bank payments e.g. all payments done by RTGS / NEFT / ECS for purchase of foodgrains, employees cost and all direct and indirect expenses.

2.4.5 Every payment entry is supported with invoices, vouchers, memo and supporting documents. Also, two way match (Purchase order vs Invoice) and three way match (Purchase Order vs. GRN / Certificate of Operating Division vs. Invoice) is performed as per nature of transaction. Xerox copies of sanction accorded by Competent Authority should be attached to the vouchers. All the payment vouchers are invariably signed by the Operating Division in-charge along with bank account details, while forwarding the same to bills / Cash Section for payment. Bills Section / Cash Section record the necessary entry and payment voucher are to be signed by Dealing Assistant.
of Cash Section, Manager (Cash) and the Area Manager concerned while making payment to the bank account of the concerned party.

a. Under three way matches, invoice is verified with Purchase Order by concerned authority of Operating Division with respect to accuracy of vendor details, product description, quantity and amount and then GRN is prepared. Thereafter, Accounts Division checks the invoice with Purchase Order and Certificate of Operating Division and records the payment entry under accounts payable module in FCI LEKHA.

b. Under two way match, invoice is verified with Purchase Order with respect to accuracy of vendor name, product description, quantity, rate and amount by the Operating Division and forward the same to Accounts Division for verification and records the payment entry under accounts payable module in FCI LEKHA.

2.4.6 The bills received by the Corporation for the purchase of foodgrains and other items viz. gunnies, fumigants, chemicals, procurement charges, port clearance charges, ocean freight, etc. are recorded under accounts payable module by debiting respective expense head. The detailed procedure of recording purchase of foodgrains is dealt with in Chapter 3 - Purchases. As and when the payments are made in respect of the bills, ‘Bank’ Account is credited and ‘Party’ Account is debited.

2.4.7 The Corporation also receives bills for other services obtained from outside parties such as handling and transport contractors, storage agencies and other parties towards rent for offices, accommodation, printing, postage, stationery, telex furnishing, and other sundry supplies. The bills are recorded under accounts payable module after performing three way match / two way as described above.

2.4.8 In addition, verification of Sanction order issued by Operating Division with invoice and supporting documents is done and acknowledgement from Division regarding receipt of goods / services etc. is also verified at the time of recording vendor invoice in the accounts payable module by designated Assistant Grade employee and subsequently by Manager / AGM - Accounts.

2.4.9 However, in exceptional circumstances, payment may be done through other modes like accounts payee cheque, Demand Draft etc. These exceptional circumstances should be approved by Head of Division not below the rank of DGM (F&A) / Area Manager. During payment processing, designated authority of Accounts Division records the payment entry in FCI LEKHA by debiting the ‘Party’ Account and crediting the ‘Bank’ account. Manager / AGM – Accounts checks the cheque with invoice and supporting documents to ascertain party name and amount and also ensures that the cheque number
as appearing in FCI LEKHA is matching with the physical cheque. Thereafter, Manager / AGM – Accounts approves the entry in FCI LEKHA.

Procedure for recording of payment in FCI LEKHA

2.4.10 Under accounts payable (AP) module, invoice workbench is used to make payment against a single invoice in full. In case of partial payment or payment of more than one invoice against same payment document, Payment workbench should be used.

2.4.11 Payments processing is done in FCI LEKHA on the basis of maker checker control. Under this process, designated authority of Accounts Division records a payment entry in FCI LEKHA which is reviewed and posted by another Officer of Accounts Division.

Procedure for making payment through NEFT / RTGS

2.4.12 All payments are done through NEFT / RTGS / ECS etc.

2.4.13 On a daily basis, an unpaid invoice report is generated from FCI LEKHA by designated authority of Accounts Division and the same is reviewed by Manager / AGM – Accounts to identify vendor invoices for processing payment during the day.

2.4.14 Designated authority of Accounts Division fill the bank RTGS form and forward it to Manager / AGM – Accounts along with a cheque and list of parties containing party’s bank account details and amount to be paid.

2.4.15 Manager / AGM – Accounts ensure that the cheque number as selected in FCI LEKHA is matching with physical cheque attached with RTGS form along with the parties name and amount.

2.4.16 Cheque and RTGS form is signed as per list of authorized signatories.

2.4.17 RTGS form, cheque and party list is handed over to bank on the same day for making payment to parties.

Procedure for making payment through ECS

2.4.18 On receipt of invoices for payment processing from billing section, the designated authority of Cash Division verifies the approval and supporting documents and records the payment entry in FCI LEKHA accounts payable module.
2.4.19 After recording payment entry, batch wise payment processing is done. A text file is generated from FCI LEKHA containing the MICR number, vendor name, account number, vendor amount, number of records, total payment amount, maximum amount of payment, ECS code issued by RBI, IFSC etc.

2.4.20 ECS text file generated from FCI LEKHA is shared with Bank by Manager – Cash after validating the same in NACH software of RBI. Further, ECS Transfer Letter duly signed by Manager – Cash requesting to make payment is also shared with concerned bank branches where cash credit limit is maintained.

2.4.21 After booking the amount of payment made into FCI LEKHA, payment invoice along with supporting documents viz. invoices, approval of competent authority should be attached and kept in Cash Section for record purpose.

2.5 Imprest

General guidelines

2.5.1 Imprest / Contingency / TA advance up to ₹ 5,000 can be made via Cash. However, payment above ₹ 5,000 is directly transferred to the bank account of employees / vendors through RTGS / NEFT / Bank transfer.

2.5.2 The employee shall settle the imprest advance on fortnightly basis. At the end of the year, in case any advance is pending with the employee, he should furnish a certificate of the advance pending with him to the Corporation.

2.5.3 Imprest advance is to be reviewed on monthly basis and reminder through Head of Operating Division to be sent, in case any amount is lying unadjusted beyond the reasonable time.

Procedure for imprest issuance

2.5.4 Any requisition for imprest is forwarded through memo / note by the requisitioner and the same is verified and approved as per order of competent authority.

2.5.5 On receipt of approval note, designated authority of Accounts Division records the entry in FCI LEKHA by crediting the 'Bank' Account and debiting the 'Cash with Depot / Cash with other Disbursing Officers'.

2.6 Cash handling and verification

General guidelines
2.6.1 As a general rule, cash handling is discouraged at the Corporation and more emphasis is given on electronic mode both for receipt and payment.

2.6.2 Cash transactions may be undertaken for the below mentioned exceptional cases post approval from Competent Authority: (Circular No. FIN/32/4/16):

a. Petty cash payment like medical, TA bills, newspaper etc. can be released in cash up to ₹ 5,000 per month. Field officers are, however, free to fix a limit lower than ₹ 5,000 per month.

b. Contingency Advance / Travelling Advance is released by cash up to ₹ 5,000 per transaction or by ‘Account Payee’ cheque, if electronic transfer is not possible.

c. All payment above ₹ 5,000 to suppliers, contractors etc. are to be made by issuing payment advice and through NEFT / RTGS / Electronic mode.

2.6.3 All cash balance in hand with all the persons handling cash i.e. Cashier / Depot Officers and other Disbursing Officers etc. are to be deposited in bank before the close of banking hours as on 31st March so to ensure that the cash balance as on 31.3.2018 is Nil. It should be ensured that all Disbursing Officers who are handling cash must submit the account of expenditure incurred duly approved positively before 31st March for necessary adjustment. In exceptional cases, the cash balance left out at the close of business on 31st March should, however, be verified by actual count and the requisite certificate/schedules be furnished. (Circular 1227/Acctts)

Procedure for cash payment

2.6.4 On receipt of requisition note for processing of cash, cashier verifies the requisition note with respect to approval, amount and exemption notification as mentioned above and record the entry in FCI LEKHA by debiting ‘Employee / Expense Account’ and crediting ‘Cash Account’.

2.6.5 Manager / AGM – Accounts verifies the requisition note and approves the entry in FCI LEKHA.

Procedure for cash receipt

2.6.6 Cash receipt is allowed only in case of Right to information (RTI), Guest house charges and Scrap sale.

2.6.7 In case of RTI, maximum cash receipt allowed is ₹ 1,000. In case of amount exceeding ₹ 1,000, account payee cheque (in case application is received from staff), Demand Draft (in case, application is received from third party). In
case of scrap sales (valuing more than ₹ 1,000), special approval is obtained from competent authority as per DoP for cash acceptance.

2.6.8 In case of receipt of cash, a cash receipt / guest house receipt / scrap sales receipt is signed and handed over to party / employee as a proof of acceptance of cash.

2.6.9 On daily basis, the copy of cash receipt along with physical cash is submitted to Cash Section.

2.6.10 Manager – Cash verifies the cash receipt with physical cash and records the entry in FCI LEKHA by debiting cash-in-hand and crediting miscellaneous income account.

**Procedure for verification of cash**

2.6.11 With a view to ensure that cash balance as on March 31st of financial year is nil, all the persons handling cash i.e. Cashier / Depot Officer and other Disbursing Officer etc. should deposit the entire cash advance in bank account before the closing of banking hours. It should be ensured that all the Disbursing Officers who are handling cash must submit the account of expenditure incurred duly approved before March 31st. (Circular Accts/1160 dated 11.03.2015)

2.6.12 In exceptional cases where cash balance is left and cannot be deposited in the bank as on March 31st, the cash balance as on March 31st of financial year is verified by actual cash count and requisite Certificate / Schedule should be furnished duly certified by the Drawing and Disbursing Officers, Manager (Depot) / Depot-in-charge or other Disbursing Officer as the case may be. Refer **Appendix 2.2** for Schedule of Cash Verification. (Circular Accts / 1160 dated 11.03.2015).

2.6.13 In cases of defalcation of cash by employees, Account Head ‘Defalcation of cash against employees’ is debited and ‘Cash Account’ is credited, if defalcation through cash and ‘Bank Account’ will be credited, if defalcation is through Bank. When the case is administratively decided under the orders of the Competent Authority, the balance under this head is cleared by recovery or write off, as the case may be.

2.6.14 Cash Balance in hand at the close of every working day should be verified and certified by the officer-in-charge of cash by actual count and cash book closed on day-to-day basis. It must be ensured that the actual physical cash balances are in complete agreement with the balances appearing in the Accounts.
2.6.15 Wherever, any person fails to furnish the prescribed certificate due to non-availability of the full cash balance or where the certificate does not tally with the Cash balance as per accounts book, the difference will be transferred to claims Recoverable under Account Head 'Shortages of cash against employees'. The balance under this head will be cleared when the cash is returned by the employee or the account thereof is rendered.

2.6.16 Cash balance as on 31\textsuperscript{st} March shall also include the postage / revenue stamps / money order forms etc. on hand. However, in respect of postage stamps, it should be ensured that for purposes of agreement of the trial balance figure with the certified balance, an entry is passed reversing postage account by crediting that account and debiting cash account.

2.6.17 Only those cheques / D/Ds which cannot be banked as on the 31\textsuperscript{st} March will be shown as cheques / D/Ds on hand. Cheques / demand drafts, pay orders etc. which were actually dispatched from one Offices of the Corporation to another as on 31\textsuperscript{st} March but were received in the subsequent year shall be accounted as "cheques / D/Ds etc. in transit".

Procedure for cash safety and insurance

2.6.18 Cash in transit policy will be obtained to cover risk against loss of cash by robbery during the course of carrying cash by the cashier from the bank to office and vice versa or from building to building or other place of disbursement in accordance with the instructions contained in Hqrs. circular letter no. 5(17)/66-H dated 1.7.1967 & FIN, 32(12)/80 dated 3 / 4 Oct., 1980, refer Appendix 2.3 & 2.4. (Circular no. S.8(2)/2/261/2005)

2.6.19 In addition, cashiers will obtain the services of a minimum number of armed police guards for escorting the cash from the banks to the office / FSDs. As far as possible, official transport will be used for this purpose. Advance requests will be made to the local District Superintendent of Police to provide armed police guards as escorts. Wherever CISF or armed police guards are posted at our office / FSDs, services of small number of these guards shall be utilized for this purpose.

2.7 Bank Reconciliation Statement (BRS)

2.7.1 Reconciliation of balance as per bank account in FCI LEKHA with balance as per bank statement is done on fortnightly basis. Detailed Bank Reconciliation Statement (BRS) is prepared in FCI LEKHA for bank account maintained by the Offices on fortnightly basis.

2.7.2 The following items appear in Bank Reconciliation Statement (BRS):
a. Unreconciled receipt (Receipt entry recorded by Corporation but not received in bank account)
b. Unreconciled payment (Cheque issued by Corporation but not presented for payment)
c. Unreconciled bank statement receipt (Receipts in the bank not recorded by the Corporation)
d. Unreconciled bank statement payment (Wrong debits given by banks)

2.7.3 Any other items such as bank charges, mistakes, cancelled cheque etc. are rectified in FCI LEKHA and do not form part of BRS. No interest can be charged by bank at the unit level.

2.7.4 Bank Reconciliation is done in FCI LEKHA ‘Cash Management Module’ on fortnightly basis by designated authority of Accounts Division and the same is verified and approved by Manager / AGM – Accounts / Funds along with closing bank statement.

2.7.5 Bank Reconciliation Statement along with supporting documents is signed by respective Head of the Division.

2.7.6 Cash Credit (CC) Account has been assigned to all the units of the Corporation for making day to day transactions. Different cash credit limit has been assigned to various units depending upon their requirement. Interest charges on ‘Cash Credit’ Account is calculated and updated in an excel tracker by designated authority of Funds Division at Headquarter and the same is verified by Manager / AGM - Funds.

2.7.7 Interest charged by bank as mentioned in bank statement is reconciled with excel tracker to ascertain interest charged is correct or not by the Zonal cash credit section. Any difference, between interest charged by bank and interest calculated internally is immediately brought to the notice of bank for rectification. Till the time clarification / rectification is being made, the amount appears as unsettled item in Bank Reconciliation Statement. Last month BRS is reviewed to ensure unsettled items has been either settled or accounted for in FCI LEKHA at the time of preparation of next month BRS.

2.7.8 AGM (Cash), Manager (Cash), cashier of the Cash Section checks the unresponded debits / excess credits given by the bank as well as excess debit / un-responded credit appearing in the Bank Reconciliation Statement (BRS) & is retained for 10 years. Thereafter amount is written back / charged off as current year’s income / expenditure after obtaining approval from competent authority. (Circular No. 1153/Accounts dated 10.11.2014)

2.7.9 As and when a bank account is closed, wrong / excess / missing credits and debits appearing in the BRS in respect of that bank are removed from the BRS and brought into books of account.
2.7.10 Monthly Status of BRS in respect of all the bank accounts prepared by the Regional Offices under their jurisdiction in prescribed format is sent to Zonal Offices / Headquarters by 20\textsuperscript{th} of succeeding month.

2.7.11 A certificate of bank balances held as at the close of business on March 31\textsuperscript{st}, in respect of each bank account maintained will be obtained from the bank concerned.

2.8 Security Deposit / Guarantees / Sureties

2.8.1 Guarantees / Sureties received in the form of fixed deposit receipt, bank guarantee etc. from contractors / parties is not treated as cash and therefore not to be accounted as such.

2.8.2 The concerned Operating Division needs to verify / confirm the genuineness of the Bank Guarantees (BG) provided by the suppliers / contractors, directly from the higher authority than the issuing authority of the bank under Regd. A.D cover. The reply of bank in the confirmation should not be accepted if it is brought by the party himself. Below mentioned are the steps for verification of Bank Guarantees: (Circular No. 3/FIN/2015 dated 1.09.2015)

a. The confirmation / verification of the BG from bank should be accepted only in hard copy through post and not in electronic format.

b. If the confirmation is delayed, the hard copy of confirmation letter is accepted by Deputing Official of Finance and Operating Division in person.

c. Necessary entry of receipt of this confirmation letter in ‘Dak Receipt Register’ (Physical register) must be done on immediate basis.

d. Concerned Operating Division must ensure that confirmation / verification of the BG is invariably done.

e. The concerned Offices are required to verify / confirm the genuineness of bank guarantee provided by the contractor, directly from the authority one level higher than issuing authority of the bank under Regd. AD. Cover. The reply of the bank in confirmation should not be accepted if it is brought by the party himself.

2.8.3 Earnest Money Deposit (EMD) and Security Deposit (SD) received from parties is accounted in the books on receipt of relevant details from Operating Division such as tender documents / work order / purchase order with regards to date, amount, period, party, approvals etc. In case of any discrepancy, same is immediately brought to the notice of Operating Division / Competent Authority.

2.8.4 Register is maintained by designated authority (Accounts Division as well as Operating Division) to record Guarantees / Sureties received. The register contains the following:
(1) Name of the party

(2) Amount of security deposit

(3) Date of receipt

(4) Contract number / File no. / Advt. no. / Contract award no.

(5) Date of encashment

(6) Date of expiry of contract

(7) Expiry date of bank guarantee, certificate, bank name etc.

2.8.5 Cash Section sends reminder mail 30 days before the expiry of Bank Guarantees to Manager / AGM of Operating Division. On receipt of reminder, follow up action is initiated by the Operating Division for renewal of Bank Guarantees / encashment of Bank Guarantee.

2.8.6 Refund of Security Deposit / EMD is processed under Accounts Payables Module and is paid like any other invoice. In case of conversion of EMD to Security deposit, liability created at the time of acceptance of EMD and deposit from party is closed with a credit memo in Accounts Payables Module and new invoice in Accounts Payables Module is created for payment of security deposit.

2.8.7 In case neither revised Bank Guarantee is received nor any communication is received from vendors by Operating Division regarding renewal of bank guarantee, the Operating Division will encash the Bank Guarantee after giving due notice to the party and informing the Account Division.

2.9 Fund Transfers

2.9.1 Cash Credit (CC) Account has been assigned to all the units of the Corporation for making day to day transactions. Different cash credit limit has been assigned to various units depending upon their requirement.

2.9.2 On a daily basis, utilized amount in Cash Credit Account is transferred to Zonal / Hqrs / Central Cash Credit Account through Inter Office Remittance (IOR) by debiting or crediting ‘IOR Account’ at the day end.

2.9.3 At ZO / Hqrs. all the IOR are verified and entries are recorded in books of account by debiting / crediting ‘IOR Account’ and debiting / crediting ‘Cash Credit Account’ as the case may be.
2.9.4 Further, a statement is prepared by Accounts Division of District Office, Regional Office and Zonal Office on quarterly basis to provide details of day end credit balance not transferred to Central / Zonal Cash Credit Account resulting in loss of interest and also pursue with bank for realization of interest on delayed credit / value dated transaction in the cash credit account of the Corporation. Refer Appendix 2.5 for statement of day end credit balance not transferred. (Circular No. 1(6)/2014-CM/CAG/Pt.II dated 23.01.16)

2.10 Interest payment

2.10.1 Bonds

a. A calendar for payment of interest on bonds is maintained by Funds Division.

b. List of bondholders who are eligible for interest payment as on record date is shared by Depository Division after extracting list from NSDL / CDSL website.

c. On the basis of list received, calculation of interest payment is made and forwarded to designated authority of Funds Division for approval as per Delegation of Power (DoP).

d. On receipt of approval, the expense and payment entry is recorded in FCI LEKHA by designated authority of Funds Division. Manager / AGM – Funds verifies the supporting with entry and approves the same in FCI LEKHA for payment.

e. Payment to bond holders is done through RTGS into the account of bondholder directly. The list shared with bank contains the name of bondholders along with bank account number and amount to be transferred.

f. In case, where RTGS transaction is unsuccessful or necessary RTGS details are not available, the interest payments are done through cheque post approval as per DoP.

g. Payment of interest expenses is done by passing Journal Voucher and applying payment against the same.

2.10.2 Short term loans

a. Short term loan is taken by the Corporation during the course of operation after obtaining approval as per Board of Director approval for each financial year.

b. Internal interest calculation is done by designated authority of Funds Division to verify the amount of interest to be paid to bank.

c. Designated authority of Funds Division records the interest expense in FCI LEKHA under Account Head ‘Interest paid on Short Term Unsecured Loans’
and forwards the calculation sheet to Manager / AGM – Funds for verification and approval of entry in FCI LEKHA.

d. Manager / AGM – Funds verifies the interest entry and approves the same in FCI LEKHA.

2.11 Fixed deposit with bank

2.11.1 In case of Fixed Deposit (FD) made by the Corporation with bank, a true copy of Fixed Deposit receipt (FDR) is retained by the Funds Division. Investment are carried at cost. In case FD is done by unit Offices, the certificate of original should be kept at Unit Offices for the purpose of audit.

2.11.2 Interest on Fixed Deposit (FD) and Bonds is treated as revenue and credited under Account Head ‘Interest Accrued on FDR / Government Bond’. The interest accrued during the closing of the year is reflected in Balance Sheet. It is ensured that the fixed deposit is reflected in the books at face value. In case the interest has been paid by bank and FD has been renewed automatically, then FD is to be reflected in books at original FD value plus interest received.

2.11.3 In case TDS is deducted by bank, gross interest income is shown in P/L accounts including TDS deducted and TDS receivable accounts is debited. TDS certificate is also collected from Bank and verified for correct interest and TDS calculation.

2.11.4 At the time of sending TDS Certificate (original) to Hqrs, Hqrs (IOG) Account will be debited and TDS receivable account will be credited by the concerned unit.

2.12 Cheque handling and issuance

2.12.1 Ordering new cheque book: New cheque book is requested at least 15 days before estimated requirement by Manager (Cash), AGM (Cash) after the approval of Area Manager, DGM (A/cs) at the District / Regional / Zonal / Hqrs level.

2.12.2 Receiving of cheque book: On receipt of cheque book, designated authority sign the acknowledgement form of bank and record the details of cheques received in Cheque Register containing the details of number of cheque leaves received, cheque number, and date of receipt of cheque. Also, details are recorded in bank setup under Accounts Payable Module. Manager / AGM - Accounts verifies the details updated in FCI LEKHA and cheque register.

2.12.3 Maintaining physical custody of cheque book: Manager (Cash) makes sure that physical cheque are kept in safe custody under lock and key and the keys are with two people as per direction of designated authority. Every
Friday, cheque book is physically verified by authorized person and an acknowledgement for same is kept in records.

2.12.4 Issue of cheque:

General guidelines

1. Generally cheque is not issued for payment to vendors and employees. However in exceptional cases as mentioned under clause 2.4.9 above, cheque can be issued by units.

2. Payment to Government Authorities for various types of expenditure like electricity bill, water bill, municipal bills, professional tax, payment to EPF, telephone bill, court fees, LIC, societies etc. may be permitted to be made through 'Account Payee Cheque / Demand Draft'. (Circular No. FIN./2/2011 dated 28.09.2011)

3. Cheques are also attached as an instrument for payment processing along with RTGS form sent to bank.

   a. Following instructions are adhered while writing cheques for operating bank accounts:

      - The cheque amount, both in words and figures, should be written leaving no scope for interpolation. It should commence as close to the printed words 'Rupees' and ₹ as possible and word 'Only' must invariably be added closely after the amount in words so as to not to leave any space for additions.
      - The superscription, 'Under Rupees' _________ (Rupees Only) should be written both in words and figures and the amount be rounded to the nearest higher rupee.
      - Alterations / over writing in cheques should invariably be avoided.
      - The report of loss of cheque book or a blank cheque and ‘Stop’ payment of a cheque already issued should promptly be informed to the Bank. An entry for same is made in FCI LEKHA and cheque register and approval of Manager / AGM – Accounts is obtained and recorded.

2.12.5 Stale / Cancelled / Void cheque

   a. Cheques issued but not presented within 3 months are reversed and credited to the party account as the case may be or as per latest banking rules.

   b. Stale cheques transferred from the bank account are entered in a Stale Cheque Register and the same are monitored by Manager / AGM - Accounts.
c. Cheque issued but not encashed on account of stop payment on instruction from FCI are reversed and amount credited to party account.

d. On request from the payees, fresh cheques are issued to parties as per the payment procedure mentioned in clause 2.4 above and the party account is debited. Also entry is done in the stale cheque register for new cheque issue.

e. In case of cancelled / void / torn out cheque, the details of cheque are recorded in the void cheque register and FCI LEKHA containing details viz. cheque no., bank name, date and reason of cancellation which are verified by Manager / AGM – Accounts on a daily basis. Physical copy of the cancelled cheque is attached in the register.

f. Duplicate instrument (Cheque / DD) would be issued on receipt of the following (Circular No.664/Accts Dt. 02-08-1994)

- Written request from the payee (beneficiary) for the same;
- Indemnity bond on a non-judicial stamp paper of the appropriate value from the party clearly bringing there in the details of the instrument lost, non-receipt of payment and an irrevocable indemnity / guarantee to the drawer for refund of the value of the instrument in case it was found at a later date that the same was encashed by him or any other party.
## Appendix 2.1: Location wise responsibility for payment and accounting of statutory dues

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Statutory dues</th>
<th>Location responsibility for payment and accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Goods and Service Tax - Unit</td>
<td>Accounting – Unit Payment - Region</td>
</tr>
<tr>
<td>2</td>
<td>Tax Deducted at Source / Tax Collected at Source</td>
<td>Unit</td>
</tr>
<tr>
<td>3</td>
<td>Employee pension scheme-95</td>
<td>Zone</td>
</tr>
<tr>
<td>4</td>
<td>Employee Deposit Linked Insurance</td>
<td>Zone</td>
</tr>
<tr>
<td>5</td>
<td>Defined Contributory Pension scheme - Zone</td>
<td>Zone</td>
</tr>
<tr>
<td>6</td>
<td>Employee State Insurance</td>
<td>Zone</td>
</tr>
</tbody>
</table>
Appendix 2.2: Certificate of cash balance with Depot/Other Disbursing Officer

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Depot / Disbursing Officer</th>
<th>Cash with Depot / Disbursing Officer</th>
<th>Amount</th>
<th>Remarks</th>
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Total ₹  (Rupees_______________________only)

Certified that all the certificates from depot / disbursing officer have been obtained and above amount is in agreement with the ‘Cash with depot / Cash with disbursing officer’ appearing in General Ledger as on March 31st.

Signature:  
Name:  
Designation:  
Date:  

Counter signed by:  
Signature:  
Name:  
Designation:  
Date:  

Note: Enclosed the certificate obtained from Depots / Disbursing Officers.
Appendix 2.3: Cash handling by staff

No. 5(17)/66-H

All Regional Managers,
Food Corporation of India,

Sub: Insurance cover handling of cash by the staff of the FCI-General Instructions.

Sir,

Attention is invited to para 1(iii) of the Head Office circular cited wherein it was laid down that the purchase of foodgrains should not generally be made on cash payment basis and if cash payment is considered absolutely necessary for the purchase operations specific orders of the Head Office should be obtained. This is once again brought to personal and specific notice of all Regional Managers. It has come to the notice that substantial amounts of cash are being carried from place to place for procurement operations without adequate safeguards. It has, therefore been decided to cover the Corporation against risks rising transit of cash by means of suitable insurance cover.

Fidelity Guarantee suggested in the Head Office circular dated 5.8.1966 referred to above covers the risks of handling of cash within the office premises and incidental office duties. The insurance now suggested is intended to cover risks in transit of cash handled by the staff of the Food Corporation of India under the following categories:

a) Carrying of cash by the cashier from the bank to office and vice versa and from building to building or other place for disbursement incidental to his duties.

b) Carrying of cash by the field staff entrusted with cash for purchase operations from one place to another within the area specified by the Food Corporation of India.

The following measures should be taken to safeguard the Corporation’s interests in respect of each category.

a) Fidelity Insurance Guarantee furnished by the cashier with reference to Head Office circular letter no. 5(65)- Rules dated 8.7.1966 does not cover risks against loss of cash by robbery and other allied risks while in transit from the bank to office and vice versa. Cash in transit insurance should be taken for a maximum amount that is expected to be handled by the persons; persons concerned at any particular point of time. Once a policy is taken fixing a particular amount he / they should not be allowed to handle cash more than this amount. Of it becomes necessary to increase the amount, the amount of policy should be increased correspondingly. Cash in transit Insurance should be taken for the amount of cash likely to be carried by such of the members of the field staff as are entrusted with cash for purchase operations at any point of time. The amount of this policy should be determined with reference to such maximum limits as may be fixed by the Regional Manager in respect of each member of such staff. This limit should not exceed the limit of ₹ 25,000. Once the limit is fixed and the policy is taken the cash balance with the member of staff at any point of time should not exceed the limit. Both for (a) and (b) a collective cash in transit insurance may be taken for each FCI District specifying the names of the persons who are handling cash in that particular District. Changes in the incumbency should be reported to the Life
Insurance Corporation of India for registration in its books. The Insurance on collective basis for each District may lead to lower rates of premia. This will also apply to cases where the sale proceeds are collected in cash and remitted into the bank.

Immediate action should be taken to implement these orders on top priority basis and compliance reported to the Head office.

The receipt of this circular may be acknowledged.

Yours faithfully,
Sd/- (               )
Accounts officer
FIN/32(12)/80
Circular no. 5/ FINANCE

Sub: Insurance cover handling of cash by the staff of FCI-General Instructions.

Attention is invited to Head Office circular no. 5(17)/66-H dated July, 1\textsuperscript{st} 1967 on the subject mentioned above. It has come to notice that the procedure outlined in the circular ibid is not being followed and substantial amounts of cash is being carried from place to place without obtaining cash in transit insurance policy and observing other requisite safeguards. It has once again reiterated that the measures stipulated in the circular ibid for safeguarding the Corporation’s interest should be appropriately taken.

Sd/- (        )
Joint Manager (Finance)

DISTRIBUTION:
1. All Zonal / Sr. Regional / Regional Managers / Officers on Special Duty, FCI.
2. All Joint Manager (PO), FCI.
3. All Managers / Jt. Managers (Finance) / All Heads of Accounts Division, Zonal Office / Regional / District Offices, FCI.
4. All Heads of Division in Head Office.
5. Chief, Projects Implementation Division, FCI.
6. Principal, CTI
7. Assistant Manager (Board of Cell and Coordination Cell), FCI HO.
8. All District Manager, FCI / Sr. AM I/C, Rice Mills, Patiala Batala, Karnal and Rudrapur / Sr, AM Rice Bran Oil Extraction Plant Sambaranakoli, Tamil Nadu
9. Joint Manager (CPF / GPF), HO.
10. Director of Audit (Food) (10 copies)
11. Deputy Director of Audit (Food) (4 copies).
12. Sr. Deputy Director of Audit (Food), Mumbai, Madras and New Delhi (4 copies for each).
13. Regional Audit Officers (Food), Trivandrum, Hyderabad / Lucknow / Bhopal (4 copies for each).
14. Asstt. Director of Audit (Food) / Chandigarh (4 copies).
15. Officer on Special Duty, FCI, Shimla (16) Stock file (17) B. R Food Corporation of India.

Copy to : Secretary, FCI Head Office, New Delhi
Appendix 2.5: Statement of day end credit balance not transferred

Daily statement of day end credit balance not transferred to Zonal Cash Credit (ZCC) / Central Cash Credit (CCC) account

NAME OF ZONAL / REGIONAL / DISTRICT OFFICE:
FINANCIAL YEAR:
QUARTER(1st/2nd/3rd/4th):

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Bank A/C NO.</th>
<th>Branch Name</th>
<th>Branch Code</th>
<th>Amt. of the Day End Credit Balance which is not transferred to CCC/ZCC on the same day</th>
<th>Whether credit balance transferred on subsequent date(Yes/No)</th>
<th>If answer to column 7 is YES, indicate date of such transfer if done without/wrong value date</th>
<th>No. of Days Interest lost</th>
<th>Interest loss Amt.(₹)</th>
<th>Remarks, if any</th>
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Total

Notes:
1) Only cases of non-transfer of day end credit balance need to be included in the statement.
2) Delayed cases of credit balance transferred with correct value date need not be included in the statement.
3) Cases of wrong credit given by the bank may be taken up separately with the bank by the concerned Offices.
3. Purchases

3.1 General

3.1.1 The Corporation purchases consist of foodgrains, pulses, oilseeds gunnies, chemicals and other commodities.

3.1.2 The purchases are recorded in accounts payable module under account head ‘Purchases’.

3.1.3 Purchase of foodgrains, gunnies and other commodities is recorded under respective Account Head to provide complete records of all the purchases made from outside / third parties and State Government Agencies. Purchases are entered godown wise, commodity wise and variety wise. The same may be reflected under purchases. The quantities are to be tallied godown wise / commodity wise and variety wise with the Monthly Stock Account (MSA). In respect of mill levy, way bill along with Minimum Support Price (MSP) certificate are also verified. In respect of CMR, some of the payments are released after submission of proof. Refer Appendix 3.1 for Statement of consolidated details of Purchases as on March 31st to be shared with Headquarter by District Office / Regional Office.

Accounting entry in FCI LEKHA

Purchases A/c Dr.
To Creditors A/c

3.1.4 The purchase cost to be recorded under Account Head ‘Purchases’ is the cost of naked grain where the purchase price / notified prices are for naked grain and other incidental charges like kacha arthia commission, market fees, mandi charges, mandi labour charges, driage, milling charges, cost of gunnies, administrative charges, Usage charges, etc. are recorded under respective expense head. Refer Appendix 3.2 for Statement of consolidated details of procurement charges as on March 31st to be shared with Headquarter by District Office / Regional Office.

3.1.5 In case of purchase of rice below mentioned accounting treatment is undertaken for different percentage of moisture content as per quality certificate, certified by Quality In-charge and Manager – Depot:

- **Moisture content below 14%** - Entire cost of rice is to be accounted as purchases.
- **Moisture content between 14%-15%** - Deduction is done on proportionate basis of increase in moisture content above 14% but limited to 15% i.e. maximum deduction for moisture that can be done
is 1% and purchase cost of foodgrains is recorded on net basis (gross less moisture content)

- **Moisture content is above 15%** - Entire lot of foodgrains is rejected and no booking of purchase is done.

3.1.6 Carry over charges are paid to State Government against wheat which remain unlifted from State Government premises after specified date (June 30). These expenses are booked under Account Head ‘Carry over charges – Storages’.

3.1.7 In addition, interest charges are paid to State Government for non-lifting of stock by the Corporation. These expenses are booked under Account Head ‘Carry over charges – Interest’ in accounts payable module.

3.1.8 On receipt of invoices, Manager (Accounts) checks the purchase price and incidental charges. Carry over interest charges is calculated from the cutoff date for lifting of foodgrains as notified by State Government till date of actual lifting of foodgrains as mentioned on purchase invoice or as per amended rules. Interest rate is mentioned on the invoices and purchase price of naked foodgrains plus some components of procurement charges as issued in costing sheet issued by Central government is considered as principal amount for interest calculation. Interest charges as calculated above are verified with invoice and in case of any discrepancy, interest as per calculation sheet is paid to State Government.

3.1.9 Separate purchase records are maintained in Financial Accounting Package (FCI LEKHA) commodity wise. In respect of foodgrains, the records are maintained separately for purchases made (i) State Government through State agencies, (ii) Co-operative Federations, (iii) directly from farmers and (iv) other agencies.

3.1.10 Invoices received from parties are recorded in ‘Invoice Receipt Register’ by Category III and supervised by Manager (Accounts). The register contains column viz. party name, invoices no., date of receipt of invoices, invoice amount, Operating Division, person handing over the invoices, date of booking of invoice in FCI LEKHA, FCI LEKHA document number. The same should be reviewed by the Accounts Division of respective unit on a monthly basis to ensure that the invoices received during the month have been recorded in FCI LEKHA on timely basis.

3.1.11 Purchase of indigenous foodgrains represents the payment made at the time of procurement / purchase at minimum support price reduced by the amount of quality cuts wherever applicable and include the procurement charges up to the stage of storing the same in first point of storage.

3.1.12 Purchase of pulses and oilseeds represents the payment made at the time of procurement and include procurement and other incidental charges up to the stage of storing the same in first point of storage.
3.2 Mentioned below are the different sources of foodgrains procurement of the Corporation and their accounting treatment:

3.2.1 Mill Levy Purchase

a. Mill levy purchases are made from millers who are required to sell a portion of their purchase to FCI compulsorily under State Levy Order. Miller directly delivers the foodgrains at the Corporation Depot. Quality-in-Charge checks the quality and weight of foodgrains as mentioned below:
   - Weighment of 10% of sample bags are done for quality and standardization. Any deviation in quality or standardization of more than +/- 5% results in rejection of entire consignment.
   - 100% weighment is done for the purpose of recording quantity of accepted lots.

b. Miller submits the invoice to Operating Division along with above mentioned documents and ‘Levy Delivery Certificate’ for approval. Operating Division certifies the invoice along with above mentioned documents and forward the invoice to Accounts Division after due approval of competent authority. On the basis of documents received from Operating Division, designated authority of Accounts Division checks the rate, quantity, quality and grade and thereafter records the entry in FCI LEKHA. The entry recorded in FCI LEKHA is verified and approved by Manager – Accounts. (As per GOI directions from time to time).

3.2.2 Custom Milled Rice (CMR)

a. Under Custom Milled Rice, rice is purchased by the Corporation from State Government Agencies. To facilitate procurement of foodgrains, FCI and various State Agencies in consultation with the State Government establish a large number of purchase centers at various mandi and key points.

b. Paddy are procured by FCI / State Government / State Agencies from farmers. Farmers brings the produce (paddy) to mandi and paddy so procured are handed over to rice millers for milling. Rice millers deliver resultant rice which is equivalent to 67% of paddy in case of raw rice and 68 % in case of parboiled rice.

c. Rice miller arrange to transport the rice to the depot of the Corporation. On arrival of foodgrains, quality inspection and weight measurement is done at depot. Manager – Depot certifies the acknowledgement slip, weighment slip, gate pass, quality certificate and share a copy with State Government Agencies. On receipt of invoice from SGA, the Operating Division verifies the content of invoice viz. rate, quantity, quality, commodity along with records and forward the invoice to Accounts Division. Payment to be processed on the basis of digitally signed documents like A-Note, Weight Check Memo, Bill / invoice must be in original along with supporting document. Designated authority of Accounts Division verifies the above
mentioned documents and records the entry in FCI LEKHA which is approved in FCI LEKHA by the Manager - Accounts.

3.2.3 Direct Purchase by the Corporation from Millers

a. Miller submits the invoice to Operating Division along with acknowledgement slip, weighment slip, gate pass, and quality certificate for verifying quantity and conversion charges. In case of any deviation from contract, necessary deductions to be done from invoice is mentioned on the invoice.

b. Operating Division certifies the invoice along with above mentioned documents and forward the invoice to Accounts Division after due approval of competent approval. On receipt of invoice and supporting documents, designated authority of Accounts Division check the invoices and record the entry in Accounts Payable Module and the same is approved in FCI LEKHA by Manager - Accounts. Approval of Area Manager or higher authority is obtained before payment of invoices.

c. Transactions of stocks conversions due to paddy milling is recorded through journal entry voucher. In such cases, quantitative transaction is recorded through the journal entry in FCI LEKHA and expenditure with respect to the conversion charges for paddy milling bills is recorded through Accounts Payable Module.

3.2.4 Mandi Purchase

a. Where purchases are made from Mandi, Kacha Arthiya invoice along with weighment slip, Form I (quality check), cancelled copy of cheque etc. is checked by designated authority of Accounts Division at Pay Office. Purchase in-charge verifies the invoice and get the invoices approved from competent authority before submitting the bills to Bills Division.

b. Any noting / comment on part of quality is considered at the time of booking of invoice in FCI LEKHA. Purchase entry in FCI LEKHA is recorded in Accounts Payable module and the same is approved in FCI LEKHA by Manager – Accounts in FCI LEKHA.

c. The procedure to be followed for entries in FCI LEKHA in respect of purchase made at the mandi directly from farmers and payment made through designated pay offices is as follows
   - Officials posted at Pay Office should be provided with the two sets of Cash Books and Purchase Day Books to be maintained at the Pay Office. The officials posted at pay offices should enter the transactions in cash book and purchase day book on daily basis product wise, variety wise and mandi wise and ensure the reconciliation of cash book and purchase day book.
   - Cash book and purchase day book shall be totaled on fortnightly basis and balances shall be brought forward in the next set of cash book and purchase day book.
- Official of pay Offices on completion of fortnightly transactions should start recording entries in new set of cash book and purchase day book and submit the cash book and purchase day book along with purchase vouchers to District Office concerned after due reconciliation.

- District Office may create supplier or supplier site for each mandi for ease of making entries and their easy identification and reconciliation. In case the cash book and purchase day book are maintained at Pay Office in soft copy, the same can be attached with the invoice.

- The District Office on receipt of cash book and purchase day book, should verify the same and make one consolidated invoice in FCI LEKHA product wise, variety wise and depot / mandi wise in Accounts payable module for purchase made during the fortnight.

- The above invoices should be paid for the amount paid as per cash book through a dummy check series and remaining liability if any shall be reconciled.

### 3.3 Important instructions

#### 3.3.1 Stock purchased on or before 31\textsuperscript{st} March every year, should be accounted in the books of Accounts of the same year.

#### 3.3.2 Procurement and incidental charges are recorded under Accounts Payable Module consisting of the below mentioned items:

- a. Mandi charges
- b. Infrastructure development fees
- c. Mandi labour such as handling at purchase centers, filling, sewing, marking etc.
- d. Forwarding charges such as loading / unloading etc at purchase center.
- e. Internal movement such as transport charges incurred from the purchase center to the godown / rail heads etc.
- f. Custody and maintenance charges
- g. Commission to arhatia / societies
- h. Usage charges
- i. Driage
- j. Rural development fees
- k. Carry over interest charges
- l. Carry over storage charges
- m. Storage, interest, statutory, administration charges paid / payable to the state government

#### 3.3.3 Every effort is made to ensure that bills for supplies and services rendered in a month are obtained immediately from the agencies concerned and all the transactions applicable are recorded in that month. On year end, for cases where the bills or IOG advices are not received, the purchase will be recorded into the books by crediting necessary liability provision.
3.3.4 Purchases are to be recorded in Accounts Payable Module under Account Head ‘Purchases’ on day to day basis, so that purchase day book provide complete record of all purchases made from the outside parties.

3.3.5 Purchase bill of foodgrains must contain original weight check memo issued by the concerned depot, original acceptance note issued by QC Division of the depot, original Copy of the bill duly receipted by the supplier, claim of the party / Supplier with details of delivery made, acknowledgement from the depot concerned on the back side of his claim duly forwarding to District Office etc. will be the voucher for entry in the payments cash book.

3.4 **Party code creation**

3.4.1 Access rights to ‘create’ and ‘edit’ party code in FCI LEKHA is restricted to Accounts Division.

3.4.2 Party code is created in FCI LEKHA by the designated authority of Accounts Division on the basis of Inter Office Memo, Party Registration Form, supporting documents received from Operating Division. Refer Appendix 3.3 for Party Registration Form.

3.4.3 Documents viz. Name and ID proof, PAN no., registration certificate under GST, Bank details, Certificate of incorporation etc., as applicable, required for party code creation / modification are maintained by designated authority of Accounts Division (Unit).

3.4.4 Unique procedure for party code creation may be adopted to avoid creation of single supplier with multiple supplier name. Supplier number may be linked with PAN no. or AADHAR no, Unit Code PAN No. or unit code_ AADHAR no.

3.4.5 Party code is auto generated from FCI LEKHA. In addition, Tax code is also mapped against party code to ensure relevant tax rate is selected from drop down list at the time of invoice booking or advance payment.

3.4.6 Post creation of new party in FCI LEKHA, Manager / AGM - Accounts verifies the party details with supporting documents and certifies the ‘Party Registration Form’. It should also be ensured by Manager / AGM – Accounts that Segregation of Duties (SOD) is followed for creation of party code, e.g. a person creating Party code in FCI LEKHA is not authorized to process payment to parties and vice versa.

3.4.7 Mandatory fields like name, PAN, Bank account no., Aadhar no., GST registration no. etc. are defined in FCI LEKHA basis which FCI LEKHA verifies the existence of duplicate codes and does not allow creation of duplicate party codes in FCI LEKHA.
### Consolidated Statement of Purchase Tally as on 31st March 20……..

<table>
<thead>
<tr>
<th>Year</th>
<th>Commodity (Variety wise)</th>
<th>Particulars</th>
<th>Quantity</th>
<th>Rate per MT</th>
<th>Crop year Purchase</th>
<th>Value</th>
<th>Remarks</th>
</tr>
</thead>
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<td>Total</td>
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</tbody>
</table>

**Countersigned by**

Signature: 
Name: 
Designation: 

Signature: 
Name: 
Designation:
Appendix 3.2

FOOD CORPORATION OF INDIA

ZONE: 
REGION: 

Consolidated statement showing details of procurement charges for the years 20…. - .......... (Amount in ₹)

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Details of charges</th>
<th>Quantity (kg.)</th>
<th>Wheat Indigenous</th>
<th>Rice Indigenous Levy/ Non levy</th>
<th>Paddy Levy/ Non levy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Value Rate</td>
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<td>Value Rate</td>
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<tr>
<td>1</td>
<td>Mandi Charges</td>
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<td>2</td>
<td>Commission to Arhatia/ Societies etc.</td>
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<tr>
<td>3</td>
<td>Mandi labour</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Forwarding Charges</td>
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<tr>
<td>5</td>
<td>Internal movement</td>
<td></td>
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<td>6</td>
<td>Custody and maintenance charges</td>
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<tr>
<td>7</td>
<td>GST / Input chargeable to Accounts</td>
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<tr>
<td>8</td>
<td>Block Incidental Charges</td>
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<td>9</td>
<td>Guarantee fees</td>
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<td>10</td>
<td>Carry over Charges - Storage</td>
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<tr>
<td>11</td>
<td>Carry over Charges - Interest</td>
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<td>12</td>
<td>Driage</td>
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<tr>
<td>13</td>
<td>Usage charges</td>
<td></td>
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</tr>
<tr>
<td>14</td>
<td>Arrears of purchases/ proc. Charges other than Statutory levies pertaining to earlier years</td>
<td></td>
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</tr>
<tr>
<td>15</td>
<td>Storage charges paid to State Govt.</td>
<td></td>
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<tr>
<td>16</td>
<td>Interest charges paid to State Govt.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Administrative charges</td>
<td></td>
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</tr>
</tbody>
</table>
Countersigned by

Signature :
Name :
Designation :
Date :

Signature :
Name :
Designation :
Date :
Appendix 3.3

FOOD CORPORATION OF INDIA

VENDOR REGISTRATION FORM

1. Category Item/Service for which registration is sought :

2. Name of Firm :

3. Address of Reg. Office :
   E-mail :
   Phone (with STD Code) :

4. (a) Name of Contact Person :
   (b) Status of the firm :

5. In case, Partnership firm :
   (a) 
   (b) 
   (c) 

6. If Proprietary Concern – Name :

7. If Private/Public Ltd. Co. :
   (Memorandum of Association to be enclosed)

8. Year of Establishment of the firm:

9. Name and address of the dealer / depot from where you get delivery of item offered to us :

10. Please enclose details of Manufacturer of the products offered to us :
11. GST No. : 
12. PAN No : 

(Please enclosed Photocopies of above registration certificates)

13. Copy of cancel cheque for Bank name, IFSC code, Bank branch :
14. Item Category Name and address of buyer Annual business (₹ Lacs) :
15. Name of Bankers :
16. Latest annual report / Auditor's Certificate :
17. Any other information you would like to furnish to us

(Operating Division) (Accounts division)
4. **Sales**

4.1 **General Guidelines**

4.1.1 The sales of the Corporation consist of sales of foodgrains viz. pulses, oilseeds, and other commodities including gunnies, dead stock articles etc.

4.1.2 Sales are entered godown-wise, commodity-wise, Release Order wise and variety-wise. The same may be reflected under sales. The quantities are to be tallied godown-wise / commodity-wise, Release Order Wise and variety-wise with the MSA at D.O level.

4.1.3 The sale transactions are recorded under Account Head ‘Sales’ in Accounts Receivable Module.

4.1.4 Sale of foodgrains are recorded in FCI LEKHA on the basis of executed Release Order received from depot containing details viz. customer name, commodity, release order number, release order date, quantity lifted, Amount, issue rate, depot, variety etc. Sales are recorded in FCI LEKHA on transaction basis. After Implementation of Goods & Service Tax on 1st July, 2017, it was recommended for issuance of bill of supply / Tax invoice at the time of release order and to make sales entry on the basis of release order. (circular no. 1237/ Accts)

4.1.5 Collection on account of GST or any other specified tax is shown separately under respective Tax Account Head.

4.1.6 Sales made to different parties under different schemes of Central and State Government are recorded by crediting Account Head ‘Sales’ under respective scheme codes and debiting ‘Trade receivable’ account.

4.1.7 Sales are recorded on issue of foodgrains based on the allocation at the Central Issue Price (CIP) / Economic Cost / accepted tender rates as applicable.

4.1.8 Sales of pulses and oilseeds are recorded at the rate communicated by the Government of India or rates realized based on net sales consideration. Gain / Loss, if any, shall be booked as per valuation of closing stock.

4.1.9 The revenue recognition in respect of following items are deferred to the year of realization, following Accounting Standard – 9 :-
a. Claims against Central / State Government, their agencies, Banks and private parties which are prima facie under dispute.
b. Claim on railway for freight on missing wagons, disputed demurrages and compensations for shortages / damages.
c. Penalties and compensations for breach of contracts.

4.2 Types of sales: Two types of sales are done by the Corporation namely:

4.2.1 Domestic sales

Sales against advance payments

a. Sale proceeds are deposited into the bank account of District Office / Regional Office in advance by the customer. Designated authority of Accounts Division on a daily basis downloads the bank statement. On receipt of ION from Operating Division containing the name of party and sales amount to be collected, the designated authority of Accounts Division verifies the fund transfer reference number and amount as mentioned in memo / note with bank statement. Once a party is identified, accounting entry is recorded and Manager – Accounts verifies and approves entry in FCI LEKHA Accounts Receivable (AR) module.

Credit sales

a. In some cases viz. Mid-Day Meal, Flood Relief etc., sales are made by the Corporation on credit basis as per the notification received from the Central / State Government. Release order is issued by Commercial Division to customers after mentioning the details viz. name of scheme, rate etc. and Depot is responsible for dispatch of foodgrains on the basis of release order issued.

b. On receipt of sales proceeds from customer (Central / State Government), appropriate entry is recorded.

c. Bills submitted to Accounts Division through Commercial Division by Depot Officer and Account Division after checking, raise the bill to concerned State authority.

4.3 Important instructions

4.3.1 The value of sale is calculated as per the issue rate (Sales Price) applicable for the different transactions e.g. issue of foodgrains from the Central Pool to the State Government, Central Government or Divisions of Central
Government / Union Territories, etc. is at the Central Issue Price (CIP). Refer Appendix 4.1 for Schedule of consolidated statement of Sales as on March 31st to be shared by Regional Office with Headquarter.

4.3.2 Reconciliation of sales with depot statement is prepared to reconcile the sales quantities as per Monthly Stock Account (MSA) with Stock Ledger Summary (SLS) to ensure completeness of sales recording.

4.3.3 G/L posting date for sales in FCI LEKHA is the date on which stock is lifted by the customer or as per GST regulations. (Circular No. 1237/ Accts dated 28.06.2018)

4.4 Sales adjustment

4.4.1 Any adjustment in the account of Trade receivable with regards to wrong selection of rate, incorrect quantity, adjustment in quality, etc. is undertaken by raising Debit / Credit Memo.

4.4.2 Adjustments are approved by Manager – Accounts and reason for raising memo is documented.

4.5 Trade receivable monitoring and balance confirmation

4.5.1 Designated authority of Accounts Division at District Office on quarterly basis, prepares a Schedule of Trade receivable ageing. Refer Appendix 4.2 for Schedule of Trade receivable ageing. The schedule contains the details viz. debtors name, opening balance, amount realized during the quarter, closing balance, name of person performing the follow-up. The schedule is verified by Manager – Accounts.

4.5.2 The Schedule of Trade receivable ageing is forwarded to Regional Office for consolidation. The Regional Offices consolidates the Schedule of Trade receivable outstanding and identifies cases of no realization or realization at lower rate and perform follow-up with Operating Division along with documenting the reason. The Consolidated Schedule of trade receivable ageing is shared with Headquarter for necessary action.

4.5.3 Accounts Division issues Trade receivable balance confirmation for 100% Trade receivable on yearly basis. The cutoff date for balance confirmation is ‘Balance Outstanding as on March 31st for the financial year’.

4.5.4 The Trade receivable balance as per the Corporation books is communicated to each customer through a letter or e-mail or any other mode as prevalent. The letter is signed by Accounts Head of the Unit. Format of letter is mentioned in Appendix 4.3.
4.5.5 The process of sending balance confirmation to trade receivables is completed within 1 month from March 31st, on yearly basis.

4.5.6 Tracker is maintained by designated authority of Accounts Division containing details of the customer name, outstanding balance, date on which confirmation letter has been sent, date of receiving of reply, if any, etc. The tracker is reviewed and signed by Manager – Accounts.


4.6.1 Value of by-products (i.e. excess broken rice, husk, bran and nooks) retained by the miller after performing milling job work on paddy supplied by FCI, should be treated as sales turnover of FCI and will be treated as supply from FCI to the miller as per GST provisions or as amended from time to time.

4.6.2 Value of by-products retained by miller will also be included in the value of milling charges as non-monetary considerations against job work of milling of FCI paddy.

4.6.3 Accordingly, Unit Offices need to issue a sales invoice (tax invoice / bill of supply) with regard to each of by-product and report the same in GSTR-1. For sales invoice the rate of by-products shall be communicated by Procurement Division.

4.6.4 As per the provisions of GST, concerned unit offices would be eligible to avail the input tax credit (ITC) attributable to input services (milling services) intended to be used exclusively for effecting taxable supplies. However, in the instant case, said services has been used for effecting taxable (bran) and exempt supply (other by-products i.e. excess broken rice, husk and nooks). Accordingly, ITC to the extent attributable to exempted supply is required to be reversed by concerned unit office in the ratio of exempted turnover to total turnover. The said reversal of ITC has to be made on a provisional basis for each of the month based on the ratio of exempted to total turnover for the said month.

4.6.5 For applicable GST rates of by-products relevant government notifications and circulars issued by GST cell of FCI should be referred.

4.6.6 For valuation of by-products, relevant GOI instruction / notifications and circulars issued by Corporation may be referred from time to time.

4.7 Procedure for write-off of bad and doubtful debts (Circular no. 1172/Accts dated 23.10.2015)
4.7.1 Each Operating Division analyzes the debts / claims relating to their Division on quarterly basis to ascertain whether adequate steps have been taken for realization of such debts.

4.7.2 Similar exercise is also done at the end of each financial year to analyze the age of claims / debts and to ascertain the claims / debts which are more than 5 years old.

4.7.3 The Operating Division initiates the necessary procedure for writing off the claims / debts and ensures that the process of writing off is completed in the 6th financial year itself.

4.7.4 The claims / debts which are 5 years old and are written off from books of account by following prescribed procedure are transferred to separate Debts Book (Mirror Book) for further persuasion and realization. The Mirror Book is a hard bound register containing details of debts written off during the year.

4.7.5 During the end of each financial year, the claims / debts transferred to separate claims / debt book is reviewed by Operating Division to ascertain the opening balance, debts realized during the year and closing debts.

4.7.6 The review includes details of negligence for realization of debts on the part of any individual officer / officials. If any individual is found prima facie responsible, the matter is referred to Vigilance / Administrative action as the case may be.

4.7.7 The above procedure is also required to be followed for the debts / claims pending for more than 5 years in respect of cases pending legal proceedings.

4.7.8 The amount of debts realized after written off is booked as income of the Corporation to reduce subsidy to the extent, of debt in the year of actual realization.

4.7.9 Write off order specifies that ‘Write off action is subject to and without prejudice to the finalization of legal proceeding already initiated / contemplated against the defaulters’.

4.7.10 The policy and procedure as stated in circular 1172/ Accts and circular 1208 / Accts be not applied to write off / write back of claims / liabilities of missing / unconnected wagons pertaining to Railways, Container Corporation of India etc. This is w.e.f 01.04.2017. (Circular 1240 / Accts dated 13/08/2018)
## Consolidated Statement of Sales as on 31st March 20……

**Commodity:**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Scheme Code</th>
<th>Name of Scheme</th>
<th>Quantity</th>
<th>Rate</th>
<th>Value</th>
<th>Remarks</th>
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### Countersigned by

Signature : 
Name : 
Designation : 

Signature : 
Name : 
Designation :
## Appendix 4.2

**FOOD CORPORATION OF INDIA**

Schedule of Trade receivable ageing at quarter ending

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Party Name</th>
<th>Amount Outstanding (in ₹)</th>
<th>Total Outstanding (Opening of quarter) (in ₹)</th>
<th>Amount realized (In the quarter) (in ₹)</th>
<th>Name of person performing follow-up with Designation and division</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>6 month - 1 year</td>
<td>1 - 3 year</td>
<td>3 - 5 year</td>
<td>&gt; 5 year</td>
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Prepared by………………………………
Designation……………………………..
Division…………………………………..
Date………………………………………

Verified & Approved by…………………………
Designation……………………………………
Division…………………………………………
Date…………………………………………….
Appendix 4.3

Format of Trade receivable balance confirmation

To

The Accounts Manager
Name of the entity
Address of the entity
City

Sub: Balance confirmation as on March 31st, 20XX

Sir,

With reference to the above subject, in our books of account your account shows a debit balance ₹ _______ as on March 31st, 20XX.

Request you to kindly confirm the above balance or revert with difference within 15 days, else the balance mentioned in this letter will be considered final.

Thanking you
Yours truly,
5. Inventory

5.1 General

5.1.1 Inventory of the Corporation consists of Commodities namely wheat, rice, paddy, pulses, gunnies, chemicals and other stores etc.

5.1.2 Inventory at depot is maintained in ‘Integrated Information System for Foodgrains Management-Rapid Reporting System (IISFM-RRS)’ and Depot online. Details captured in ‘IISFM-RRS’ includes commodity wise Opening balances, Purchases, Sales, Closing balances, Losses / Gains etc. In addition, various other records are also maintained at depot including Depot Master Ledger, Godown Master Ledger, Stack Ledger and Daily Sales Register.

5.1.3 Inventories other than pulses and oilseeds are valued at lower of cost, determined on weighted average acquisition cost basis or estimated realizable value. The cost includes cost of purchase, cost of conversion and other cost incurred in bringing the inventories up to the first point of storage.

5.1.4 Inventory of pulses and oilseeds are valued at weighted average acquisition cost basis, held on or behalf of other party. The cost includes cost of purchase, cost of conversion and other cost incurred in bringing the inventories up-to the first point of storage.

5.1.5 Stock quantity balance covering opening stock, purchases, sales, closing stock etc. at Unit Office level is maintained in Stock Ledger Summary (SLS) whereas value is computed by FCI LEKHA and reported in Trial Balance.

5.1.6 Under SLS, stock balance is available under each (a) Commodity (b) Variety (damaged stocks in each commodity will be treated as a separate variety).

5.1.7 The variety wise classification of paddy / rice / pulses procured on Central Government Account appear as per central classification.

5.1.8 The transfer out cost, transit, voyage or storage loss or gain, internal consumption are valued at ‘standard rates’ whereas opening stock, closing stock are valued at ‘Average Acquisition Rate’.

5.1.9 Monthly Stock Account (MSA) is received from depot to provide complete records of all the transactions undertaken at depot during the month involving opening stock, purchases, sales, closing stock, gain / losses etc.
Mentioned below are the documents to be accompanied for each transaction:

a. **Purchase** - Refer Chapter 3 ‘Purchases’.

b. **Stock transfer in** - Railway receipt, ICCS statement (Independent committee for checking squad), Transfer in invoice.

c. **Loading and unloading statement**

d. **Sales** - Refer Chapter 4 ‘Sales’

e. **Stock Transfer out** - Loading Statement Wagon Wise, ICCS Report (Independent committee for checking squad), and Railway Receipt (RR), Transfer out invoice

f. **Transit Loss / Gain** – ICCS statement, Unloading statement wagon wise

### 5.2 Opening balance:

5.2.1 The opening quantity balance of Stock Ledger Summary (SLS) correspond to the audited Stock Ledger Summary of previous year and value is computed on the basis of Average Acquisition Rate (AAR) of previous year as communicated by Headquarter.

### 5.3 Different type of transactions affecting inventory of foodgrains are mentioned below:

#### 5.3.1 Purchases:

a. Refer Chapter 3 ‘Purchase’ for purchase transaction.

#### 5.3.2 Stock transfer (Inter office movement):

**Transfer out**

a. Inter office transfer of foodgrains is done between one unit of the Corporation to another unit. On loading of foodgrains by consignor unit, Manager – Depot sends a copy of Loading Statement Wagon Wise, Independent committee for Checking Squad (ICCS) Report, and Railway Receipt (RR) to the Manager – Depot of the consignee unit.

b. The ‘Transfer-out-invoice’ (TOI) is raised in FCI LEKHA by the Accounts Division of consignor district. The quantity of TOI is based on Railway receipt (RR) and ICCS report and rate is the standard rate. TOI to be sent...
to the other depots up-to grams. The accounting entry for Transfer out is mentioned below:

**Accounting entry in FCI LEKHA**

Inter Office Movement  A/c  Dr.
To Transfer out for stock dispatched by rail or road  A/c

c. The TOI along with loading statement and railway receipt copy is sent on mail by transferor district to consignee district within 48 hours of dispatch of foodgrains. In addition, hard copy of TOI is sent immediately by post.

**Transfer In**

d. On receipt of ‘Transfer-out-invoice’ (TOI) from consignor unit, the consignee unit records below mentioned accounting entry in FCI LEKHA:

**Accounting entry in FCI LEKHA**

Transfer in against stock received by rail/road  A/c  Dr.
To Inter Office Movement  A/c

e. In case of difference between actual quantities receipt vs. ‘Transfer-Out-Invoice’ quantities, it is to be treated as transit gain / loss. Transit gain / loss is booked separately in the books of consignee unit by recording below entry in FCI LEKHA:

**Railway claims**

**Accounting entry in FCI LEKHA**

Transit loss other than missing wagon by road/rail  A/c  Dr.
To Credit to inventory (in case of transit loss)  A/c

Credit to inventory  A/c (in case of transit gain)  Dr.
To Transit gain other than missing wagon by road/rail/ship  A/c

f. Any loss which is contested by both the transferor or transferee unit the entry for the loss is to be posted as per direction mentioned in office order.

g. In case, Transfer-in-invoices are received as a result of reorganization of the district because district is transferred to the jurisdiction of another Regional Office, the quantity and value to be recorded is as per IOM and Bill of supply.
h. Where consignment has been dispatched by the consignor unit and TOI has been raised in FCI LEKHA but from the depot record of consignee unit it is established that some wagons have not been received / diverted till the closing of accounts, such wagons are treated as ‘Goods in transit’ and the quantity and value of such wagons is as per ‘Transfer-in-invoice’.

i. Stock for which TOI is received and entered under ‘Transfer-in Missing Wagon’ account, the same quantity is entered in the issue side of SLS as ‘Transit loss missing wagon’. In cases of commodities for which standard rates are prescribed by the Headquarter, the value is determined at the standard rate applicable from time to time. Accounting entry in case of missing wagon and transit loss is mentioned below:

**Accounting entry in FCI LEKHA**

Transfer-in missing wagon A/c Dr.
To Inter Office Movement A/c

Transit loss missing wagon A/c Dr.
To Credit to Inventory A/c

j. Where consignment has been dispatched by the consignor unit and TOI has been raised in FCI LEKHA but consignment remains in transit and not received by the consignee depot, consignee depot records the receipt in FCI LEKHA as transfer-in with quantity and value as mentioned in transfer-out invoice.

k. Where the consignment of foodgrains has been dispatch for a District Office (say District ‘A’) but diverted and received at some other District Office (say District ‘B’), the unit which was originally supposed to receive the consignment (District ‘A’), record the entry as mentioned below:

**Accounting entry in FCI LEKHA**

Transfer-in diverted stock A/c Dr.
To Inter Office Movement A/c

Fresh ‘Transfer-out-invoice’ (TOI) is issued to the recipient district after linking invoice. Below mentioned accounting entry is recorded by District Office (District ‘A’):

Inter Office Movement A/c Dr.
Transfer-out diverted stock A/c.

l. In case of transit gain or loss, three categories have been made i.e. loss in transit with region movement, within zone movement and outside zone movement.

m. In case of recovery, following entry will be passed:-
(Example: - Standard Rate 100/-, Average Acquisition Rate – 150/- and loss of 1 Quintal)

A. Receiving End:-

IOG A/c Dr. 100/-
To Recovery from H&TC A/ c 100/-

B. Dispatching End:-

(Recovery will be made with twice of AAR)
Trade Payable (H&TC) A/c Dr. 300/-
To IOG 100/-
To Recovery from H&TC 100/-
To IOM 100/-

5.3.3 **Unconnected wagons:** Unconnected wagons are those wagons which are received by district / depot for which Transfer out Invoice (TOI) and Railway Receipt (RR) are not available. In case of unconnected wagon, below mentioned accounting entry is recorded in books of account through journal:

**Accounting entry in FCI LEKHA**

Purchases unconnected wagon A/c Dr.
To Trade Payable for unconnected wagon A/c

On linking of unconnected wagon with other Unit Office of the Corporation, below mentioned accounting entry is done for regularization:

Trade Payable for unconnected wagon A/c Dr.
To Inter Offices General A/c

On linking of unconnected wagon with Unit Office of the Corporation within same year, below mentioned accounting entry is done:

Trade Payable for unconnected wagon A/c Dr.
To Purchases unconnected wagon A/c

5.3.4 **Rice issued to / received from miller:**

a. Release order is issued to miller for lifting of paddy by the concerned Operating Division Head, on the basis of which paddy is issued from the depot to miller.
b. Designated authority of Accounts Division on the basis of ‘Monthly Stock Account’ from Depot, updates the quantity of paddy issued to miller in FCI LEKHA. The quantity of paddy issue to miller is transferred out and the value of paddy is calculated at same rate on which paddy is issued. Accounting entry for paddy issued to miller in FCI LEKHA is mentioned below:

**Accounting entry in FCI LEKHA**

Credit to Inventory A/c Dr.
To Transfer out stock issued for conversion A/c

c. Designated authority of Accounts Division on receipt of ‘Monthly Stock Account’ from Depot, reconciles the purchase/sales and records the quantity of rice received from miller in FCI LEKHA. The quantity of milled rice is as per depot certified quantity whereas value is the value of paddy issued.

d. Manager - Accounts verifies and approves the entry in FCI LEKHA. Accounting entry for rice received from miller after conversion is posted in FCI LEKHA as mentioned below:

**Accounting entry in FCI LEKHA**

Transfer in stock received after conversion A/c Dr.
To Credit to inventory A/c

e. Paddy for milling is issued only on receipt of advance rice.

f. In case of conversion of paddy, all the relevant records is required to be maintained by the procurement section of the District Office viz. paddy purchased at different PPC / centers, advance rice delivered by the millers, RO issued to different millers against advance rice, invoice of millers for milling charges, transport charges etc.

5.3.5 **Stock given / taken on loan / custodian:**

Under exceptional scenario, stock given / taken on loan would be treated as discontinued and same would be done as normal purchase and sale. Consolidated statement of stock held by the Corporation and stock given on loan as on March 31st is mentioned in Appendix 5.1

5.3.6 **Sales:** Refer Chapter 4 ‘Sales’ for sales related transaction.

5.4 **Gunnies consumption:**

5.4.1 The consumption of new gunnies and HDPE bags is shown separately in Stock Ledger Summary. The value of gunnies consumed is calculated on the basis of Average Acquisition Rate. Refer Appendix 5.2 for schedule of
analysis of gunnies consumption as on March 31st to be shared with Region / Headquarter. The value of new gunnies purchased is shown under the Account Head ‘Purchase’ and quantity in SLS. Accounting entry for gunnies consumption are mentioned below:

**Accounting entry in FCI LEKHA**

Internal consumption A/c Dr. (Average acquisition rate)  
To Credit Inventory A/c

5.4.2 **Reconciliation and confirmation of gunnies balance:** ‘Gunny Reconciliation Statement’ is prepared by Manager – Depot on monthly basis containing the opening balance of gunnies bag (both jute and HDPE), purchases, consumption and closing balance including gunnies bags with third party along with a certificate Refer Appendix 5.3 for format of monthly gunnies reconciliation. The statement is shared by Manager – Depot with Operating Division (Storage / Stock division) and Accounts Division. Designated authority of Accounts Division and Operating Division (Storage / Stock Division) reconciles the gunnies bag balance and certifies the same.

5.4.3 In case of any adjustment entry, same is recorded in books of account on receipt of approval as per Delegation of Power (DoP).

5.4.4 The gunnies used at the time of procurement, imports and milling are required to be filled as per standard fixed for bagging and it should be ensured that number of bags consumed tally with the number reference for the standard filling of bags.

5.4.5 In case old gunnies are damaged, same is valued at ₹ 1 in FCI LEKHA and HDPE bags are valued at nil. (Circular No. 1233/Acctts)

5.4.6 In case of purchase of foodgrains from State Government, the gunnies received is accounted as procurement under account head ‘5224 - Purchases’ and no separate consumption entry is recorded for issuance of bags.

5.4.7 Transfer In / Out of gunnies are done in the same manner as that for normal foodgrains except that instead of foodgrains product code, gunnies product code are selected.

5.4.8 Consumption of gunny need to be bifurcated into:
   a. Used in purchase
   b. Used in replacement
   c. Used in made up
5.5 Inter varietal changes:

Inter varietal changes occur when the variety of commodity changes from one grade to another. Where inter varietal changes in paddy or rice are reported in ‘Monthly Stock Account’, the varietal changes in quantity is posted in transfer in and transfer out of the respective commodities under SLS and value of transfer is calculated at the rate applicable to the commodity which has been transferred. Accounting entry is mentioned below:

In case inter varietal changes occur due to revised dispatch particulars / IOM as by the Quality Division, in all such cases, stock received at Depot are recorded as normal ‘Transfer In’ and thereafter inter varietal change entry are done in FCI LEKHA.

**Accounting entry is mentioned below in case of inter varietal change:**

Transfer In due to variety change A/c Dr.
To Transfer out due to variety change A/c

5.6 Damage inventory:

Damage to foodgrains and other commodities at unit level due to any reason is recorded under SLS in FCI LEKHA by transferring stock from good to damage stock. The value of transfer is calculated as per standard rate applicable to good foodgrains and other commodities. Approvals from Regional Categorization Committee (RCC) and Zonal Categorization Committee (ZCC) are also verified by designated authority of Accounts Division before recording entry in FCI LEKHA.

5.6.1 Designated authority of Accounts Division records the below mentioned accounting entry in FCI LEKHA and Manager – Accounts approves the same.

**Accounting entry in FCI LEKHA**

For changes in inventory (from issuable to non-issuable)

Transfer in due to change in category A/c Dr.
To Transfer out due to changes in category A/c

5.6.2 In case of damaged stock, the value difference between the receipt side (Opening balance + Purchase +Transfer-in) and Issue (Transfer-out +Sales realization + Storage loss + Closing stock) is treated as loss due to damage. Since no quantity difference appears in receipt and issue side of damaged quantity and only value difference appears, no quantity will appear as loss due to damage.
5.6.3 The closing stock of damaged inventory is valued at realizable value. Where it is not possible to determine market value, the value determined by Technical Branch is adopted. The entire stock of damaged inventory of foodgrains either out of opening balance or out of stock found damaged during the year is revalued at the end of each financial year based on realizable value.

5.6.4 The difference between the sales value of damaged inventory and book value of damaged inventory is recorded under Account Head 'Losses Due to Down Gradation / Deterioration etc. Other Commodities'.

**Accounting Entry in FCI LEKHA:**

Loss due to Down Gradation/Deterioration A/c Dr.
To Credit to Inventory A/c

5.7 Storage loss / gain:

5.7.1 The storage loss / gain is accounted in SLS from the ‘Monthly Stock Account’ (MSA) / Depot records. Storage loss / gain should be recorded in FCI LEKHA on monthly basis. The storage loss and gains have been classified in the Stock Ledger Summary (SLS) cause wise as under:

a. Loss due to draige
b. Loss in storage
c. Loss in cleaning operations
d. Loss due to theft / pilferage
e. Loss due to misappropriation
f. Loss due to fire and floods
g. Physical verification shortages

5.7.2 In case of imported stock received as purchase, if there is any short unloading noticed with reference to the weight as per bill of lading, the difference between bill of lading and quantity unloaded is considered as ‘Voyage Loss’. In case, the stock is kept at the transit hub and subsequently dispatched or moved to the permanent storage point, the difference between the quantity dispatched and the quantity unloaded from the ship is treated as ‘Shortage post landing operation’.

**Accounting entry in FCI LEKHA**

**Voyage loss / gain**

Voyage loss A/c Dr.
To Credit to inventory A/c

Credit to Inventory A/c Dr.
To Voyage Gain A/c
**Shortage post landing operation**

Voyage loss  A/c  Dr.
To Credit to inventory  A/c

5.7.3 The storage loss / gain is booked in FCI LEKHA by Accounts Division by recording the below mentioned entries:

**Accounting entry in FCI LEKHA**

**For storage / PV loss**
Storage loss  A/c Dr. (Monthly / Regular)
To Credit to inventory  A/c

Physical verification loss  A/c Dr. (Physical verification)
To Credit to inventory  A/c

**For storage / PV gain**
Credit to inventory  A/c Dr. (Monthly/Regular)
To Storage gain  A/c

Credit to inventory  A/c Dr. (Monthly/Regular)
To Physical verification gain  A/c

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**5.8 Reconciliation of Transit loss (TL) / Storage loss (SL):**

5.8.1 On monthly basis, a Storage Loss and Transit Loss statement is prepared by Operating Division along with Accounts Division. TOIs are to be issued within 3-4 days of stock being dispatched. The statement contain two column for storage and Accounts Division and include the below mentioned details:

a. Opening balance of storage loss and transit loss for the month.
b. Details of new Transit Loss (TL) / Storage Loss (SL) registered during the month of operation.
c. Details of storage loss and transit loss both regularized and un-regularized during the month.
d. Closing balance of storage loss and transit loss both regularized and un-regularized.

5.8.2 The statement is verified by Manager / AGM – Accounts and Division Head of Storage Division and Manager - Depot. The SL / TL statement is supported by stock summary.

5.8.3 The accounting of sales by Accounts Division is made as per the release order. Monthly sales day book need to be furnished to Operating Division, which in turn needs to reconciled. (Refer Circular No. 1237/ Accts).

5.8.4 During year end, a consolidated Storage loss (S/L) / Transit loss (T/L) statement is prepared covering details viz. year, losses incurred (quantity
and value), losses regularized up to March 31st (quantity and value), losses regularized during the year (quantity and value), total regularization up to March 31st (quantity and value) and pending regularization (quantity and value). The TL/SL statement would be certified by designated authority of Accounts Division and Operating Division. Refer Appendix 5.4 for format of Consolidated TL/SL regularization on yearly basis.

5.8.5 The Average Acquisition Rate for the purpose of regularization of Storage and Transit Loss is communicated by Headquarter.

5.9 Reconciliation of closing balance between IISFM RRS, Quality Records and Stock Ledger Summary (SLS)

5.9.1 On a monthly basis, closing stock in quantity is arrived at after deducting issues from receipts, opening balance and loss / gain. The closing stock will correspond in terms of quantity with physical stock as reported by depot. Goods in transit plus stock on high seas are also reduced from closing stock to arrive at in hand inventory.

5.9.2 Manager – Depot reconciles the ‘Monthly Stock Account’ with Integrated Information System for Foodgrains Management (IISFM) Rapid Reporting System (RRS) Statement containing opening balance of foodgrains, receipt, issue and closing balance along with details of loss / gain, if any, for different varieties of foodgrains maintained at depot and forwards the reconciliation to Storage Division. The reconciliation is approved by designated authority of Storage Division.

5.9.3 Stock records maintained by Quality Division are matched with ‘Monthly Stock Account’ as approved by designated authority of Storage Division to ascertain the receipts, issue, and losses / gains quantity of commodities vis-à-vis the total quantity of receipt, issue, losses / gains which were subject to quality inspection. Reconciliation would ensure that the receipt, issue, gain / loss quantity of quality and depot records are matching. The above mentioned details pertains to different varieties of foodgrains maintained at depot. The statement is approved by designated authority of Quality Division.

5.9.4 Reconciliation statement is prepared between closing balance as per Monthly Stock Account (MSA), ‘IISFM’ and SLS maintained in FCI LEKHA by designated authority of Accounts Division to identify the reason for difference between closing stock as per depot records and accounting records, after recording all the entries pertaining to purchase, sales and losses on monthly basis. The reconciliation statement is prepared covering the different categories of foodgrains available at depot so that difference in
sub categories of foodgrains are also being identified. (Also refer FCI LEKHA reconciliation report).

5.9.5 In case any difference is observed, same should immediately be brought to the notice of Storage and Quality Division.

5.9.6 The reconciliation statement is verified and approved by Manager – Accounts, Head of Storage Division and Area Manager. The reconciliation statement is forwarded to storage section of Regional Office and same is consolidated and approved by AGM (Accts), DGM (Storage) and GM (Region) and thereafter forwarded to Head quarter.

5.10 Closing stock:

5.10.1 The Stock Ledger Summary (SLS) is prepared for each variety of foodgrains and also in consolidated form for all the varieties. Separate stock ledger summaries are prepared for all commodities viz. wheat, paddy, rice, pulses etc. Similarly, separate SLS is prepared for good and damaged commodities. The summary is prepared by designated authority of Accounts Division and reviewed by Manager - Accounts.

5.10.2 In case of gunnies, separate stock ledger summaries are prepared for (a) Jute (b) HDPE.

5.10.3 Gunnies reconciliation is shared by Manager - Depot on monthly basis and statement is signed by designated authority of Accounts and Operating Division and it is further reconciled with Stock Ledger Summary (SLS) with regard to quantity.

5.10.4 The valuation of closing stock of foodgrains and gunnies in books of account is taken on the basis of All India Average Acquisition Rate communicated by Headquarter after taking into account opening balance and purchases made during the year. (Circular No. 1146/Accts dated 03.02.3015). Refer Appendix 5.5 for statement of valuation of closing stock in respect of non-issuable foodgrains and gunnies.

5.10.5 In the Stock Ledger Summary (SLS), heads are provided for transfer-out and transfer-in within region, within zone and outside the zone. It must be ensured by Regional Offices that all transfer-in within region should tally with transfer-out within region, both in quantity and value, at the time of consolidation of regional SLS. At all India Level, within the zone and outside the zone transaction are reconciled to ensure that transfer-out and transfer-in are equal in quantity and value.
5.10.6 The difference between closing stock as per Trial balance and physical stock as per depot arises due to several reasons. Refer Appendix 5.6 (also available in FCI LEKHA) for detail of SLS after closing stock. Closing Stock shown in SLS must be tallied with Closing Stock and Net Closing Stock shown in Tally XIII (also available in FCI LEKHA) without any deviation. Refer to Appendix 5.7 for Closing Stock statement.

5.10.7 The value of closing stock balance is reflected in the Trial Balance

5.10.8 Refer Appendix 5.8 for different type of rates used by the Corporation in dealing with foodgrains.

5.11 Goods in transit

5.11.1 Where consignment has been dispatched from consignor unit to consignee unit at the close of financial year but not received by consignee unit on the last day of financial year, such quantity is shown as good in transit outside FCI LEKHA. Schedule containing details of goods in transit as on March 31st is shared by consignee unit office with Headquarter and is mentioned in Appendix 5.6.
## APPENDIX 5.1

**FOOD CORPORATION OF INDIA**

*Form XIII/7*

**ZONE:**

**REGION:**

Consolidated Statement of Stocks held by FCI but which are not the property of Food Corporation of India, as on 31st March 20……..

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Commodity (Variety wise)</th>
<th>Name of the Party whose goods are held</th>
<th>Date of receipt of Stocks</th>
<th>Quantity</th>
<th>Value</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Countersigned by

Signature :                      Signature :
Name :                          Name :
Designation :                   Designation :
Date :                          Date :

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APPENDIX 5.2

FOOD CORPORATION OF INDIA

Analysis of Gunny Consumption as on 31st March 20..........

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Commodity</th>
<th>New Gunnies (I)</th>
<th>Old Gunnies (I)</th>
<th>HDPE Bags New (I)</th>
<th>HDPE Bags Old (I)</th>
<th>Total</th>
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Signature:
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Designation:
Date:

Countersigned by
Signature:
Name:
Designation:
Date:
### APPENDIX 5.3

**FOOD CORPORATION OF INDIA**

Zone:
Region:
District:

Statement of Monthly Gunnies Reconciliation…………………

<table>
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<tr>
<th>Sl. No.</th>
<th>Opening balance</th>
<th>Gunnies receipt (in Qty.)</th>
<th>Type of gunnies</th>
<th>Consumption (Used In)</th>
<th>Deposit/ Issued</th>
<th>Issued/Deposit to whom</th>
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<td>Purchase</td>
<td>Replacement</td>
<td>Made up</td>
</tr>
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</table>

Prepared by…………………………………….
Designation…………………………………….
Division…………………………………………..
Date………………………………………………..

Verified & Approved by……………….
Designation…………………………………….
Division…………………………………………..
Date………………………………………………..

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### APPENDIX 5.4

**FOOD CORPORATION OF INDIA**

**ZONE:**

**REGION:**

**COMMODITY:**

Regularization of transit / storage shortages for the years 1980-81 to .................

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<tr>
<th>YEAR</th>
<th>TRANSIT SHORTAGE OCCURRED</th>
<th>TRANSIT SHORTAGES REGULARISED UPTO (PREV. YEAR)</th>
<th>TR. SHORT. REGULARISED DURING (CURR. YEAR)</th>
<th>TR. SHORT. PENDING FOR REGUL. AS ON 31.03.............</th>
<th>STORAGE SHORTAGES OCCURRED</th>
<th>STORAGE SHORT. REGULARISED UPTO (PR EV. YEAR)</th>
<th>STG. SHORT. REGULARISED DURING (CURR. YEAR)</th>
<th>STG. SHORT. PENDING FOR REGUL. AS ON 31.03.............</th>
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<td>2009-10</td>
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<td>2010-11</td>
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<td>2011-12</td>
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<td>2012-13</td>
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<td>2013-14</td>
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<td>2014-15</td>
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<td>2015-16</td>
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<td></td>
</tr>
</tbody>
</table>

Countersigned by
Signature:          
Name:              
Designation:       

Signature:          
Name:              
Designation:       
APPENDIX 5.5

FOOD CORPORATION OF INDIA

Form VI/10 A

ZONE:
REGION:

Statement showing valuation of Closing Stock in respect of Non-Issuable foodgrains and gunnies as on 31st March 20……..

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Commodity (Variety wise)</th>
<th>Quantity of Closing Stock</th>
<th>Market Realizable Value of Closing Stock</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
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<tr>
<td>3</td>
<td></td>
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<tr>
<td>4</td>
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<tr>
<td>5</td>
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<tr>
<td>6</td>
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<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Form VI/10 B

Statement showing valuation of Closing Stock in respect of Gunnies as on 31st March 20…..

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Commodity (Variety wise)</th>
<th>Quantity of Closing Stock</th>
<th>Value of Closing Stock at Average Acquisition Rate (for Good Gunny)</th>
<th>Market Realizable Value of Closing Stock (for Damaged Gunny)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Gunnies (Good)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>New Gunnies (Damaged)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>HDPE Bags New (Good)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>HDPE Bags New (Damaged)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Old Gunnies Serviceable (Good)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Old Gunnies Serviceable (Damaged)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>HDPE Bags Old Serviceable (Good)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>HDPE Bags Old Serviceable (Damaged)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Countersigned by

Signature :                         Signature :
Name :                                Name :
Designation :                        Designation :
APPENDIX 5.6

FOOD CORPORATION OF INDIA

ZONE: TALLY - XIII
REGION:

Details of SLS after Closing Stock for the year 20…. - ......

<table>
<thead>
<tr>
<th>Commodity</th>
<th>S.No.</th>
<th>SLS Code Description</th>
<th>Quantity (Up to Kg.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Stock (SLS)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical Stock</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods in Transit</td>
<td>3</td>
<td></td>
<td>Stocks in ship-holds as on 31st March</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Stocks on ships awaiting berthing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Stocks on ships in high seas</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Goods in Transit Rail / Road</td>
</tr>
<tr>
<td>Total Closing Stock</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Stocks</td>
<td>5</td>
<td></td>
<td>Stocks held by FCI-but not FCI property</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total other Stocks</td>
</tr>
<tr>
<td>Net Closing Stocks</td>
<td>6</td>
<td></td>
<td>Net Closing Stocks as per Books of Account</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total of Net Closing Stocks</td>
</tr>
</tbody>
</table>

Net Closing Stock = [Physical Stock +(Good in Transit ) - (Stocks held by FCI but not FCI property)]

Closing Stock = Net Closing Stock

Annexure available in FCI LEKHA:
APPENDIX 5.7

FOOD CORPORATION OF INDIA

ZONE:
REGION:

Consolidated Statement of Physical Balance of Stocks (Issuable & Non-Issuable) as on 31\textsuperscript{st} March 20………

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Commodity (Variety wise)</th>
<th>Book balance as per SLS stock</th>
<th>Physical/Closing balance as per PV report</th>
<th>Difference in Qty.</th>
<th>Reason</th>
</tr>
</thead>
</table>

(1) Certified that the above balances have been supported by the physical balance certificates received from Districts.

(2) Certified that the above stocks do not contain any stocks which are not the property of Food Corporation of India.

Countersigned by

Signature:  
Name:  
Designation:  
Date:

Signature:  
Name:  
Designation:  
Date:
APPENDIX 5.8

Different rates used in transaction of foodgrains

<table>
<thead>
<tr>
<th>Nature of transaction</th>
<th>Rate</th>
<th>Recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase</td>
<td>Minimum support price</td>
<td>-</td>
</tr>
<tr>
<td>Opening stock</td>
<td>Average acquisition rate</td>
<td>-</td>
</tr>
<tr>
<td>Inter Offices movement</td>
<td>Standard rate</td>
<td>-</td>
</tr>
<tr>
<td>Storage / Transit loss / gain</td>
<td>Average acquisition cost</td>
<td>2 times in case of outside agencies</td>
</tr>
<tr>
<td>Voyage loss / gain</td>
<td>Average acquisition cost</td>
<td>2 times in case of outside agencies</td>
</tr>
<tr>
<td>Closing stock</td>
<td>Average acquisition rate</td>
<td>-</td>
</tr>
<tr>
<td>Missing wagon</td>
<td>Standard rate</td>
<td></td>
</tr>
<tr>
<td>Unconnected wagon</td>
<td>Standard rate</td>
<td></td>
</tr>
</tbody>
</table>
6. Payroll

6.1 Background

6.1.1 Personnel expenses include the following:

- Salaries, wages and Productivity Linked incentive
- Contribution to provident and other funds
- Leave encashment
- Contribution to gratuity and superannuation fund
- Loan and advances
- Other expenses / reimbursement paid / payable to employees

6.1.2 Personnel expense records are being maintained at various locations depending on the grade of the employee as follows:

(a) Staff salary records are maintained at the respective locations.

(b) Records of Contributory Pension Fund (CPF) for Category I employees are maintained at Headquarter and for Category II to IV / Departmental Labour and Direct Payment System (DPS) Labour at Zone. In case of employee under category 'No Work No Pay' (NWNP), Provident fund is deposited into Regional Provident Fund Commissioner (RPFC).

(c) Share of Employee Pension Scheme-95 (EPS-95) and Employee Deposit Linked Insurance (EDLI) of all categories of employees are deposited into RPFC.

6.2 General instructions:

6.2.1 All personnel costs (which are not in the nature of reimbursement) like employee salary, Productivity Linked Incentive (PLI), Ex-gratia, liability towards terminal benefits etc. (except Medical, LTC) are accounted on accrual basis.

6.2.2 The liability for terminal benefits such as gratuity, and cashable leave salary is computed by an actuary at the year end and valuation amount is mentioned in notes to accounts (General notes).

6.2.3 Gratuity is accounted on cash basis. In case an employee retires during financial year, liability for gratuity payable is recorded in FCI LEKHA.
However, if full and final (F&F) payment of employee has not been processed till closing of accounts, provision for gratuity would be recorded in FCI LEKHA by creating invoice in Accounts Payable module.

6.2.4 Contribution to P.F and Benevolent Funds should be made in accordance with rules of the respective funds and accounted as expense during the relevant financial year.

6.3 Updating employee master

6.3.1 On the basis of ‘Office order’ and ‘Joining letter’, designated authority of Industrial Relation / Establishment Division creates the employee code in FCI LEKHA. Also, salary structure of employee’s viz. Designation, Basic, HRA, Allowances etc. are also updated in FCI LEKHA.

6.3.2 In addition, the ‘Office order’ and ‘Joining letter’ is also forwarded to Accounts Division to intimate about new joiners during the month. Designated authority of Accounts Division verifies the employee code created in FCI LEKHA by Industrial Relation / Establishment Division with ‘Office order’ and ‘Joining letter’ to ensure correctness and accuracy.

6.3.3 Employee ID is auto generated from FCI LEKHA. Mandatory fields are defined in FCI LEKHA viz. Employee name, PAN No., Date of joining, Date of birth, Bank account no. etc.

6.3.4 On creation of employee ID, notification is automatically generated from FCI LEKHA and information flows to Central Provident Fund (CPF) Division for creation of CPF number (UAN number). CPF code is generated by the respective Division and communicated to Accounts Division through ION. On receipt of ION, accounts Division update the employee master in FCI LEKHA with CPF number (UAN number) post which the employee status became active and ready for payroll processing.

6.4 Updation of employee bank account

Once the employee ID has been generated in FCI LEKHA, designated authority of Accounts Division updates the bank account details in Accounts Payable Module in FCI LEKHA as per cancelled cheque received from the employee and the same is verified and approved by Manager / AGM - Accounts. Further, same is reflected in Payroll in Employee Master Information screen. Supervisor reviews the
employee bank account number updated in FCI LEKHA (APPS) at the time of payroll processing.

### 6.5 Transfer of employees

6.5.1 Designated authority of Accounts Division updates the employees transfer details in FCI LEKHA mentioning the relieving date and relieving order number along with the unit where employee is being transferred, on the basis of ‘Employee Relieving Order’ from Establishment Division.

6.5.2 ‘Last Pay Certificate’ (LPC) is issued to an employee when he / she is transferred from one unit to the other mentioning the relevant information such as last pay drawn, date of joining the Corporation, advances taken and amount recovered including the interest accrued, balances outstanding in respect of other allowances (medical, LTA, etc.), details of TDS, etc.

6.5.3 An inter-unit advice is generated along with the ‘LPC’ to transfer the employee payroll and reimbursement balances from transferor unit to transferee unit.

6.5.4 Advances and recovery from employees including Festival advance, Performance Linked Incentive, Loan and advances, and recovery / penalties is also automatically transferred from payroll of transferor unit to transferee unit.

6.5.5 On receipt of an inter unit advice, transferee unit include the details of the employee in its payroll register as per the LPC, the advice received and amendments, if any (such as new entitlements, salary increase) on transfer duly approved by the authorized signatory.

6.5.6 In case of permanent Zone transfer, CPF Division is also required to transfer the employee in CPF records.

### 6.6 Payroll processing

6.6.1 **Departmental Labor and Direct Payment System (DPS):**

a. Manager – Depot shares the ‘Output slip’ and ‘Absentee Statement’ to Industrial Relation (IR) Division on fortnightly basis. Designated authority of Industrial Relation Division checks the output slip with absentee statement and certifies the same.
b. Designated authority of Industrial Relation Division / Administration Division on receipt of Output slip, records the attendance details in Payroll Module in FCI LEKHA. Further, details for incentive calculation are also entered in FCI LEKHA on the basis of output slip covering details viz. type of work done, quantity handled, distance covered, height travelled.

c. The concerned payroll in-charge verifies the absentee statement and output slip with entry in FCI LEKHA along with general ledger accounts head and other details in FCI LEKHA for payroll processing.

6.6.2 Employees:

a. The attendance / absentee details are required to be recorded in Payroll Module in FCI LEKHA after obtaining the details from section in charge. Attendance recorded in Payroll Module is verified and approved by Manager (Accounts).

b. Designated authority of Accounts Division verifies the absentee statement with entry in FCI LEKHA and other details in FCI LEKHA for payroll processing.

c. All employees submits their proposed investments / deposits for the financial year in FCI LEKHA. Declaration made by employees along with proofs are considered while calculating the TDS on employee salary for the year. At year end, actual investment proof are obtained from all employees and final TDS is computed on the basis of copy of investment proof obtained from employees at year end.

6.6.3 Other payroll controls:

a. Salary computed for labour / employees is compared with previous month payout to identify difference in salary between two months. Reconciliation along with reasons is prepared by Assistant Grade / Manager - Accounts for differences (if any) and the same is reviewed and approved by Manager / AGM – Accounts for salary payment.

b. The concerned Payroll In-charge carries out a 100% verification of case of annual revision of salaries. He ensures that all changes in the master are as per the communication issued by the Industrial Relation / Establishment Division.
c. 'Month end' activity is processed for salary and wages by Manager – Accounts. At the end of the month, system records the payable invoice in Accounts Payable Module for payment of salary.

d. On receiving of signed copy of remittance report, Accounts Division processes the payment in FCI LEKHA. Remittance report and duly filled ECS / RTGS form for payment are sent to bank for payment of salaries and wages.

e. TDS on salaries, PF, ESI etc. within statutory deductions is deposited with the respective authorities within the defined timelines (Refer Chapter – XI Taxation for due date of statutory deposition).

f. Form 16 is issued to all employees whose TDS has been deducted within prescribed due date including the ex-employees to whom salary has been paid during the financial year. The TDS amount deducted as per books of account is reconciled with the Form 16.

g. Return of TDS on salaries is filed with the Income Tax Authorities in prescribed form within the time limit as prescribed by the Income Tax Act, 1961.

6.7 Settlement of employee loan and advances

6.7.1 Contingency advance:

a. Any requisition for contingency advance is made in writing to Manager / AGM - Accounts after administrative approval from concerned Operating Division Head.

b. On receipt of requisition, Manager / AGM – Accounts provides financial concurrence for additional advance after checking the old outstanding / imprest of employees and forwards the same to appropriate authority as per Delegation of Power (Area Manager / General Manager).

c. On obtaining approval, Accounts Division records the accounting entry and the same is verified and approved by Manager / AGM – Account in FCI LEKHA and amount is paid to employees.

d. Designated authority of Accounts Division on receipt of expense report from employees, verifies the expenses report with supporting documents and records the expense entry in FCI LEKHA against pre-payment option and
same is verified and approved in FCI LEKHA by Manager / AGM - Accounts on monthly basis.

e. Concerned Accounts Division will review all outstanding contingency advance lying unadjusted since reasonable time period and will pursue the matter with Operating Division.

6.7.2 **Travel advance**

a. Travel Advance (TA) requisition form along with ‘Tour program’ is submitted to Accounts Division by employees after approval as per DoP by Operating Division. TA requisition form and ‘Tour program’ is verified and advance is recorded in FCI LEKHA by debiting ‘Advance for travelling-Prepayment Account’ and crediting ‘Liabilities for pay and allowances’.

b. Manager / AGM - Accounts verifies the TA advance entry with regards to accounts head, amount, approval etc. and approves the entry in FCI LEKHA and makes payment. It has to be ensured TA advances are paid in the bank account of employees.

c. Employees need to submit the ‘Travel report’ duly authorized by competent authority as per DoP within 30 days from the date of completion of journey.

d. Tracking of long pending travel advance is done through FCI LEKHA. Designated authority of Accounts Division verifies the details like name of employee, travel advance paid, date of travel advance, journey start date, period of journey, journey end date, and due date of submission of bill. The due date to submit the travel report is calculated by adding the period of 30 days from the journey end date.

e. Where any TA bill is not submitted within 30 days from end date of travel, the same is adjusted from salary.

f. Further in case of transfer of employee from one unit to another, the prepayment of the employee (TA advance and medical advances) is transferred from transferor unit to transferee unit by way of Inter Office General accounts within 48 hours from the date of transfer of employee. Transfer of prepayment is done by recording below mentioned transaction:

**Accounting entry in FCI LEKHA**

1. **Entry to be done by transferor unit:**
Inter Office General A/c Dr.
To Advance for travelling-Prepayment A/c

2. *Entry to be done by transferee unit:*

Advance for travelling-Prepayment A/c Dr.
To Inter Office General A/c

g. In case a situation arises where an employee avails Travel Advance (TA) from the office of the Corporation he is visiting on tour, the Accounts Division of the Corporation office from whom advance is received records the Inter Office General (IOG) in FCI LEKHA within 48 hours of payment to employee and send to respective unit office of the employee.

6.7.3 **Recovery and penalties:**

a. On receipt of any recovery order as authorized by competent authority, Accounts Division enters the recovery amount and period of recovery as mentioned in the order into the Payroll Module of FCI LEKHA along with recovery order number.

b. Once the amount and period of recovery has been entered into FCI LEKHA Payroll Module, the accounting entry is auto generated and recorded in respective account head. Recovery amount is automatically deducted from the employee salary at the time of salary processing at month end.

c. On half yearly basis, a reconciliation is prepared by designated authority of Accounts Division capturing the amount of recovery / penalties to be recovered from employees and amount actually recovered. The reconciliation is verified by Manager / AGM - Accounts.

d. In case of transfer of employee from one office to another, the recovery / penalties amount is automatically transferred from transferor unit to transferee unit on transferring of employees in Payroll Module and the recovery balance at transferor unit becomes nil.

6.8 **Full and final settlement of employees**

6.8.1 Administration Division obtains the ‘No Due Certificate’ (NDC) from various Divisions and submits to Accounts Division for processing of Full and Final Settlement (F&F). The ‘No Due Certificate’ includes details of outstanding, loan and advance, recovery / penalties pending for recovery.
6.8.2 Calculation sheet for gratuity and leave encashment eligible for employee is prepared and approved by Administration Division and forwarded to designated authority of Accounts Division for processing.

6.8.3 On receipt of ‘Inter office order’ regarding processing of Full and Final settlement of employees along with leave encashment details, Gratuity calculation, designated authority of Accounts Division records the last working date of employees under ‘separation window’ in Payroll Module in FCI LEKHA. In addition to last working day, earned leave and half pay leave and gratuity amount are also entered in separation window into the Payroll Module in FCI LEKHA. In FCI LEKHA, month end activity for separation is performed separately from regular payroll processing.

6.8.4 In case of un-settled TA bill, designated authority applies the Travel advance (TA) prepayment to the salary invoice of the employee to adjust the advance with the F&F payment of employee. Manager / AGM – Accounts verifies the full and final amount and authorize the entry in FCI LEKHA.

6.8.5 Payment under Voluntary Retirement Schemes excepting one-fifth of the amount so paid, are treated as Deferred Revenue Expenditure and equally claimed as expenditure in succeeding four years.

6.9 Defined Contribution Pension Scheme

**Effective:** The Pension Scheme shall be effective from 01-12-2008. (Circular No. FCIDCPS- 01/2016/ Accts )

**Coverage and Eligibility:** The scheme covers all Category I, II, III & IV Employees on regular rolls of the Corporation as on the effective date i.e. 01-12-2008 and those joining subsequent thereto subject to their eligibility as follows:

6.9.1 All Category I, II, III & IV Employees on regular rolls of the Corporation as on the effective date i.e. on 01-12-2008, shall be admitted to the benefits of the Scheme as per the provisions of the Pension Scheme, provided that their continuous service in the regular scale of pay on the effective date plus continuous service to be rendered thereafter till the normal date of their superannuation is not less than 15 years.

6.9.2 All employees except trainees and adhoc / contractual employees, joining the Corporation on regular rolls on or after the effective date i.e. 01-12-2008 shall become members of the Scheme from the date of joining the
Corporation, provided that their continuous service in the regular scale of pay from the date of joining the Corporation till the date of their superannuation is expected to be not less than 15 years.

6.9.3 Trainees shall join the scheme on successful completion of training and upon regularization in the regular scale of pay, on the regular rolls of the Corporation provided their continuous service, in the regular scale of pay, from the date of joining the regular scale till their normal date of superannuation is expected to be not less than 15 years.

6.9.4 Administration of the Scheme: Pension Scheme shall be administered through “FCI Defined Contribution Pension Trust” (Pension Trust), positioned centrally at FCI, Headquarters. Trust Deed shall be registered and approval of the Pension Fund shall be sought from Commissioner of Income Tax, Delhi under the Income Tax Act’1961. Trust Deed and Rules shall be notified in due course. Pension Trust shall be an autonomous body fully administered and managed by its Board of Trustees as per the Rules of the Trust and requirement of the relevant laws.

6.9.5 Nomination of Fund Manager: LIC of India is nominated as Fund Manager of the Pension Scheme, initially for a period of one year or till the appointment of a regular Fund Manager, whichever is earlier, on nomination basis.

6.9.6 Member's Contribution: All eligible employees shall contribute at the rate of 2% of (Basic Pay + DA) or such other percentage of (Basic pay + DA) as may be fixed by the Corporation as mandatory contribution towards pension with effect from 01-12-2008. However, no past service contribution shall be collected from the spouse of an eligible employees who expired while in service of FCI on or after 01-12-2008 and from the spouse of an employee who superannuated on or after 01-12-2008 but is not alive as on the date of issue of this Circular.

- The regular employee’s monthly contribution towards the Pension Scheme shall be drawn in payroll and remitted to the Pension Trust by 15th of the succeeding month.

- Voluntary / additional contribution by Member: Each eligible employee shall have an option to make voluntary contribution over and above the mandatory limit of contribution towards Pension Scheme as fixed percentage of (Basic pay + DA) by way of deduction from his / her salary subject to a maximum of 25%. Option can be revised once in a financial year on or before 15th March to be effective from 1st April of the
following year (Form-3). Option once exercised cannot be altered / revoked during the concerned Financial Year.

- Member shall have an option to contribute part / full of his / her terminal benefits to the Pension Scheme for which option shall be exercised in advance before his / her superannuation from FCI (Form-4).

- In case of death in service the spouse of deceased member can opt to contribute part / full of the terminal benefits of his / her spouse to Pension Scheme (Form-5).

6.9.7 **Membership Fee:** Since the cost of administration of Pension Trust shall be borne by the Trust itself, one-time non-refundable “Membership Fee” of ₹100 (Rupees One Hundred only) shall be collected from each eligible member. Membership-fee shall be recovered from the arrear contribution of the initial members and from the 1st month contribution of new members on their joining the Pension Scheme.

6.9.8 Such eligible ex-employees (including the spouse / beneficiaries of the deceased employee) who do not want to become a member of the Pension Scheme by contributing @ 2% of (Basic Pay + D.A) shall be paid the Corporation’s contribution in lump-sum if they had rendered more than 15 years of service on the date of retirement or falls in the category where condition of minimum service of 15 years is not applicable (Form-7(a) &7(b)).

6.9.9 **Pension Benefits:**

- Pension to employees shall be payable in the form of annuity on Superannuation.

- Condition of minimum years of service is, however, not applicable in case of death while in service or total permanent disablement leading to cessation of service in the Corporation.

- In case of separation of an employee on account of resignation, termination, dismissal / removal etc., payment of pension benefit shall be computed based on member’s contribution only, if any, and interest accrued thereon.

- In the event of member leaving the services of the Corporation under Voluntary Retirement Scheme / Voluntary Separation Scheme, the
Pension shall be regulated in terms of such schemes applicable to such employees as notified by the Corporation.

6.9.10 **Pension payable**: Pension shall be payable in the form of Annuity by the Annuity Service Provider(s).

- Annuity Purchase Price shall be based on the Accumulated Corpus in the Member’s Pension Account and the interest accrued thereon at the time of separation / vesting of benefits, as the case may be, as per rules subject to any statutory deduction(s).

- Member may opt for any one of the Annuity Service Provider (ASP) and any one of the annuity options and pension payment frequency, from the list of available options of the ASP.

- Pension benefits shall be payable in India only.

6.9.11 **Commutation of Pension**: Commutation is not permissible under the Scheme / Rules.

6.9.12 **Deduction against under Income Tax Act / Other Statutory dues**: Applicable taxes on Employer’s and Employee’s contribution shall be levied as per the provisions of the Income Tax Act’1961. In any case, where the Corporation / Trust or the ASP is liable to deduct Income Tax on any payment due under the Scheme, Corporation or the Trust or the ASP shall deduct the same and remit it to the Income Tax Authorities. Any other statutory dues or deductions at any point of incidence which shall become payable as per prevalent provisions shall be abided by the member.

6.9.13 **Member not to withdraw**: No member shall be allowed to withdraw his / her membership of the Pension Scheme during his / her employment with the Corporation.

6.9.14 **Appointment of beneficiary / nominee**: Every member shall submit his / her nomination in prescribed format (Form – 8) nominating thereby one or more beneficiaries from amongst his / her spouse, child / children or dependents, under the rule to receive the pension benefits in the event of death of the member through its controlling office.

- If the member has a family at the time of making a nomination, the nomination shall be in favor of one or more person belonging to his / her family. Any nomination made by such member in favor of a person not
belonging to his / her family shall be invalid. Family shall mean the family as defined in the Provident Fund Rules of the Corporation.

- Nomination is to be given in the prescribed form. Further, a fresh nomination shall be made by the member of his / her marriage and in such case any nomination made before such marriage shall be deemed to be invalid.

- **Change of nomination:** A member may apply in the prescribed nomination to change the beneficiary(s) at any point of time during the service.

6.10 Leave Travel Concession (LTC)

6.10.1 In case of employees availing advance under LTC, duly approved ‘Inter office memo’ is forwarded to Accounts Division by Administration Division along with the supporting tickets. Designated authority of Accounts Division, verifies the advance request memo with approval and supporting documents and makes the advance payment entry in FCI LEKHA. In addition, the instructions received from Headquarter from time to time are also referred for making advance payment for LTC claims.

6.10.2 Employee is required to submit the supporting travel documents within 30 days from travel completion date.

6.10.3 Duly approved final claim sheet for LTC is submitted directly by employees to Accounts Division. Designated authority of Accounts Division on receipt of claim sheet, verifies the supporting documents including tickets (Air / Bus / Train / Taxi / Any other mode) and in accordance with the instruction received from Headquarter. Necessary deductions are done, in case claims are not issued in accordance with the entitlement and instructions for claim processing. Entry of LTC claim is recorded under accounts head ‘LTC Hometown / Bharat Darshan’. In case, advance has been paid to employees, prepayment is applied in FCI LEKHA at the time of booking of claims. Manager / AGM – Accounts approves the entry in FCI LEKHA.

6.10.4 Leave travel encashment is also available to employees in case employees have not availed LTC facility during the block year. On receipt of duly approved leave travel encashment memo / note from Administration Division, Designated authority of Accounts Division verifies the calculation
sheet for accuracy and approvals. Thereafter, the entry is done under accounts head ‘LTC – Encashment’.

6.11 Medical reimbursement

6.11.1 Designated authority of Accounts Division verifies the medical claim supporting with CGHS rate card / package claim / instructions issued from Headquarter to ascertain the total amount of reimbursement to be paid to employees against claim.

6.11.2 Necessary deductions are done from claim as per policy. Entry is recorded in FCI LEKHA under account head ‘For indoor / outdoor treatment’ for claim amount payable to employees. Manager / AGM – Accounts verifies and approves the entry in FCI LEKHA.

6.12 Employee funded Contributory Social Security Scheme

6.12.1 All the Executive and Staff who are enrolled as members of the Benevolent Fund cum Welfare Scheme (except Labour) shall automatically be the members of the scheme and shall have to contribute towards it.

6.12.2 The members of the scheme are liable to contribute an amount of ₹ 70 per month in addition to the ₹ 30 per month collected towards the regular Benevolent Fund Scheme. No contribution shall be collected from labourers.

6.12.3 The scheme is purely employee funded scheme self-sustaining scheme and no contribution or grant from the Corporation side would be paid under this scheme.

6.13 Leave encashment

6.13.1 Designated authority of Accounts Division on receipt of duly approved leave encashment note from Administration Division verifies the days provided in leave encashment note.

6.13.2 Dearness Allowance is taken into account at the time of calculating amount payable under leave encashment. After verification of calculation and approval, designated authority of Accounts Division record the accounting entry in FCI LEKHA under account head ‘Encashment of leave during
services’. Manager / AGM - Accounts verifies and approves the entry in FCI LEKHA.

6.13.3 Leave encashment are accounted on cash basis

6.14 Vehicle advance

6.14.1 On receipt of application for vehicle advance from Administration Division, designated authority of Accounts Division verifies the advance requisition with respect to approval as per DoP.

6.14.2 Designated authority of Account Division record entry in FCI LEKHA under Account head ‘Vehicle advance’. Manager / AGM – Accounts approves the entry in FCI LEKHA.

6.14.3 In addition, employees are required to sign a certificate, undertaking that the amount has been spent for the purpose for which loan has been taken and submit to Accounts Division.

6.15 Festival advance

6.15.1 On receipt of application for 'Festival advance' from Administration Division, designated authority of Accounts Division verifies approval as per DoP.

6.15.2 Designated authority of Account Division records entry in FCI LEKHA under Account Head ‘Festival advance’. Manager / AGM – Accounts approves the entry in FCI LEKHA.

6.16 Post-retirement medical scheme (PRMS)

6.16.1 PRMS would be applicable to all employees (Category I, II, III and IV) of the Corporation who are members of the current employees funded Medical Health Scheme for Retires and have rendered minimum service period of 15 years before their superannuation from the Corporation (Circular no. EP-12-2016-23)

6.16.2 A token membership fees of ₹ 50 would be collected from retired members.
6.16.3 The contribution of a member (or spouse in case of death of employees) should be equal to last month basic pay and DA applicable on the date of superannuation / death during services, subject to a maximum of ₹ 10,000. This will be applicable to all the members including employees inducted after 01.08.1999.

6.16.4 For members having more than 36 months service left, irrespective of data of induction or category, monthly contribution @ ₹ 100 per month (or such other rates from time to time) should be payable. Such monthly contribution should be adjustable against the final contribution of last month basic pay and DA.

6.16.5 For employee under suspension, such monthly contribution should be recoverable in full from subsistence allowance.

6.16.6 Where an employee is on leave without pay or salary for any period is not disbursed for any reasons, the arrears monthly contribution should be recovered from immediate next salary disbursement.

6.16.7 For person inducted on or after 01.08.1999, the monthly contribution already paid since 1999-2000 shall be adjusted against final contribution payable.

6.16.8 No interest should be allowed to the member for the monthly contribution.

6.16.9 The final contribution shall be payable in 36 monthly installments prior to the date of superannuation, subject to the adjustment of monthly contribution already paid. Where recovery is not possible for any reason, the same should be payable in lump sum.

6.16.10 Being a scheme under the defined contribution system, the contribution once paid, cannot be refunded.

6.16.11 The employer would contribute 3.83% of basic pay and DA of all the existing employees (Category I, II, III and IV) on monthly basis with effect from 01.04.2016. Being a scheme under the defined contribution system, the corporation shall have no further liability under the scheme.

6.16.12 In case of any mismatch, between the inflow and outflow, the employee’s contribution or benefit would be adjusted to ensure continuity of the fund. The emergency liability would be subject to DPE guidelines as revised from time to time.
6.16.13 Interest would be credited to the fund at the closure of the financial year.

6.16.14 For past years, interest should be recalculated based on the above method and differential interest should be credited to the fund.
7. Fixed Assets and Depreciation

7.1 The fixed assets of Corporation are grouped under the following block of assets:

7.1.1 LAND:

a. Freehold
   In case where the Corporation has freehold land and its cost has been paid, the entire cost is to be capitalized.

b. Leasehold
   In case where the Corporation has a leasehold land and its cost has been paid, the entire cost is to be capitalized and amortization is claimed proportionate to the number of years for which land is agreed to be held on lease.

c. Land(s) allotted to the Corporation free of cost by the Central / State Government are valued at Notional cost of ₹ 1/- (for each plot of land)

7.1.2 BUILDINGS:

a. Warehouses and Godown
b. Office Buildings
c. Factory Buildings
d. Staff Quarters
e. Purely Temporary Erections

   In case of purchase / acquisition of a building, the building cost includes the following:

   a. Purchase price
   b. Compensation for acquisition of building
   c. Payments to tenants to cancel their tenancy rights.
   d. Expenses such as legal charges, stamp duty etc. incurred for securing an effective title.
   e. Renovation, alterations and improvements to put the building in usable condition
   f. Architect’s fees for remodeling, alterations, improvements before the
building is first put to use.

The cost of a constructed building includes the following items:

a. Cost of construction comprising of materials, labour and contractor charges

b. Surveying

c. Cost of obtaining permits, sanctioned plans, occupation certificates from municipal or other bodies

d. Architect fees

e. Cost of excavation (excavation is not a cost of land development)

f. Roads which link or provide approach to buildings, driveways and compound walls, fences, culverts and drainage

Building includes warehouse and godowns, office building, staff quarters, factory building. Roads, bridges, culverts, wells, tube wells are depreciated separately on the basis of the use life of assets.

When a building is purchased along with the land, the purchase cost should be allocated between the land and building / godowns on the basis of Technical - Commercial Valuation by Valuers.

In case, the Corporation has incurred capital expenditure on ‘Lease Building’ by way of renovation or extension or improvement to the building, then the treatment will be same as the said structure is a building owned by the assessee.

Depreciation on superstructure of leasehold land is provided at the prescribed rates and capitalized value of lease hold land is proportionately reduced every year and claimed as an expenses.

In case, the leasehold land is returned to the lessor on expiry of lease period, the superstructure is deemed to be discarded.

In case, the lease of land continue to be renewed or extended, the superstructure continue to be amortized at the prescribed rate.

Where material are issued to the contractor for construction work at price higher than the acquisition cost or vice versa the difference is booked to the work concerned.

7.1.3 **PLANT & MACHINERY:**

a. Railway Sidings

b. Weigh Bridges
c. Weighing Machines
d. Plant and Machinery
e. Electrical Installations
f. Office Equipment
g. Computer and computer equipment
h. Vehicles

In case of purchase / acquisition of Plant & Machinery, the cost include the following:

a. Purchase price
b. Installation
c. Freight / Transportation charges
d. Cost of constructing foundation
e. Other expenses, if any, incurred for bringing of assets to put to use

Plant and machinery will include such items that form basic tools in the trade of the Corporation. The following items will be deemed to be basic tool in the trade of the corporation namely dryers, dusting machines, sprayers, instrument box, moisture meter, stitching machines, pumps etc.

7.1.4 FURNITURE AND FIXTURES
The furniture, fixtures and office equipment cost shall include the following:

a. Purchase price including sales tax, excise duty etc.,
b. Insurance, freight and other expenses incurred to bring the furniture, fixtures and office equipment to the Corporation’s location
c. Expenses incurred to install the Furniture and Fixtures.

7.1.5 INTANGIBLE ASSETS
a. Software

In case of purchase / acquisition of software, the cost include the following:

(1) Purchase price (including License Fees)
(2) Installation

Intangible assets comprising software’s are stated at cost less amortized value. The amortization is done over a period of three years at Written
down value method. Any expense on such software for support and maintenance payable annually are charged to the Profit and Loss Account.

7.1.6 NOT PUT TO USE

Assets which have not been put to use during the current financial year.

7.1.7 CAPITAL WORK IN PROGRESS

If an asset is not completed at that time when balance sheet is prepared, all costs incurred on that asset up to the balance sheet date are considered as Capital Work in Progress.

7.2 Maintenance of Records:

7.2.1 The recording of fixed assets is done in FCI LEKHA under following:

a. Asset Ledger
b. Asset Register (Fixed Asset Register)

7.2.2 Each unit office maintains a Fixed Asset Register (FAR) in FCI LEKHA which includes the following information in respect of each asset:

a. Sufficient description of the asset to facilitate its identification
b. Classification i.e. the head under which it is shown in the accounts for e.g. Plant and Machinery, Furniture and Fixtures etc.
c. Location of the asset
d. Quantity / Nos.
e. Original Cost
f. Year of Purchase
g. Rate of depreciation
h. Depreciation for the current year
i. Accumulated depreciation
j. Particulars regarding write off of the assets.
k. Asset number

7.2.3 Each individual asset, irrespective of its value, is recorded in FAR at the time of capitalization.

7.3 Budget for Purchase of Fixed Assets:

7.3.1 Budget for purchase of Fixed Assets for Zones and Headquarter including Institute of Food Security (IFS) after taking inputs from Regional and Zonal Offices is prepared by designated authority of
Accounts Division at Headquarter and the same is verified and approved as per DoP.

7.3.2 The approved budget is forwarded to the Drawing and Disbursing Officer (Head of Accounts) at Zonal Office by the designated authority of Accounts Division at Headquarter.

7.3.3 Capex Budget for Assets is updated in FCI LEKHA and monitored through FCI LEKHA by Drawing and Disbursing Officer (Head of Accounts) at Zonal Office / Regional Office / District Office.

7.3.4 Drawing and Disbursing Officer (Head of Accounts) at Zonal Office further allocates the budget to regions as the fund allocation to district is under the authority of Regional Office DDO. The budget includes expenditure of both capital items and revenue items for maintenance of assets.

7.3.5 Before making any purchase of assets by District Office / Regional Office / Zonal Office / Headquarter, a financial concurrence is taken by Operating Division from Accounts Division to ensure the requirement is in line with budget prepared for the year.

7.4 Receiving of assets

7.4.1 On receipt of assets at unit office, the designated authority from User Division physically verifies the assets with respect to invoice quantity, make, vendor etc. and mention the quantity received and date of installation on the invoice.

7.4.2 Designated authority of User Department records the asset received in ‘Department Asset Register’ specifying the details viz. date of receipt of assets, date of asset put to use, name of vendor, asset name, quantity etc. It is mandatory for every Department to maintain ‘Department Asset Register’. The asset manually recorded in ‘Department Asset Register’ is verified by designated authority of Accounts Division and Administration Division, who puts their initials on the register against the asset added.

7.4.3 Invoice along with approval of Competent Authority and financial concurrence sheet and other documents is forwarded to Accounts Division by Operating Division for invoice recording and payment.

7.5 Recording of invoice
7.5.1 Designated authority of Accounts Division on receipt of invoice from Operating Division checks the invoices with the following

- Purchase Order / Tender for rate and quantity,
- Department Asset Register for receipt of assets.
- Financial concurrence sheet, committee form etc. for expense booking and payment.

7.5.2 In case of purchase of new assets, transaction is recorded in Accounts Payable Module and appropriate asset account head is taken in distribution of invoices. It is ensured that the field “Track an asset” is also checked in all the fixed asset transaction. Different lines are entered in the invoice for creating different lines of fixed assets. (Circular no. 18/2014 dated 15.02.2014)

7.5.3 Upon completion of all fixed assets transactions entry through AP module, the field office run ‘Create mass addition’ program with the GL date as 28th February each year or as circulated by Headquarter from time to time.

7.5.4 After completion of mass addition program, the user selects “Prepare Mass addition’” and creates the new assets in the Fixed Asset Module by entering the requisite details. Different lines are entered in payable invoices for creating different lines of fixed assets.

7.5.5 It is ensured that the depreciation up to month of January each year has been run and the new assets purchased from 1st April to 28th February are added only in the calendar month of February and March or as circulated by Headquarter from time to time. However, retirement of assets can only be done in the month of March.

7.5.6 The assets purchased in the month of March are added in month of March itself.

7.5.7 While adding the assets, the “Date placed in service” is actual date on which the assets were put to use so that correct depreciation is calculated by the FCI LEKHA from the date placed in service.

7.5.8 The “Fixed assets addition report” is used by Manager – Accounts / AGM – Accounts to verify the assets added.

7.5.9 The asset code as generated by FCI LEKHA at the time of capitalization of assets, is shared with respective User Department and the same is painted / affixed on all the assets and also updated in ‘Department Asset Register’.
7.5.10 Refer Appendix 7.1 for Statement of Land purchased / acquired for construction of Godowns / Staff quarter / Office building / Flats.

7.5.11 Spares bought out at the time of acquisition of Fixed Asset is capitalized along with principal asset.

7.6 Depreciation:

7.6.1 Depreciation is the exhaustion or diminution in the value of assets consequent upon their normal wear and tear due to use or passage of time. Refer Appendix 7.2 for Depreciation rates for different class of assets or as circulated by Hqrs from time to time.

7.6.2 Depreciation rates for each class of assets are defined in the asset master in FCI LEKHA. On selection of asset class, depreciation rate applicable to that particular asset is selected in system by default. In case of reclassification / capitalization of assets from WIP or not put to use, the depreciation rate is manually selected in FCI LEKHA based on classification of assets.

7.6.3 Depreciation is charged at full depreciation rate in case asset has been used for the whole year. In case, asset has been used for lesser period, depreciation rate is calculated proportionately by FCI LEKHA.

7.6.4 Separate statement of asset not put to use is prepared in schedule as mentioned in Appendix 7.3.

7.6.5 Depreciation has to be run in FCI LEKHA by each unit every month as part of period closure activity. (Circular No. 18/2014 dated 15.02.2014)

7.6.6 The depreciation for the month of February and March is run after ensuring that all the transactions related to Fixed Assets Module have been entered and verified for its correctness.

7.6.7 The depreciation month once closed cannot be reverted. Hence the period should be closed by the field offices very cautiously.

7.6.8 In case of transfer of assets from one location to another, full depreciation for the year would be provided by the office which has received the assets and not by the office which transferred the asset.

7.6.9 In case assets which have been purchased in earlier year but not recorded in books in previous year and now recorded in current year and depreciation has been charged through Account Head ‘Depreciation relating to previous years to be charged during the current year’, a
statement as per Appendix 7.4 is prepared by Regional Office and shared with Headquarter.

7.6.10 In case an asset has been fully depreciated, the original gross value of fixed assets is retained in books of account and also depicted in the Trial balance till the asset remains physically in FCI. No further depreciation needs to be charged. As soon as the asset ceases to exist, the gross value and accumulated depreciation, in respect of such asset is retired from books.

7.6.11 Further, depreciation shall be calculated manually by Account Division on monthly basis for sample assets to ensure depreciation rate calculated by FCI LEKHA is correct.

7.6.12 The rates of depreciation are based on the useful life of assets, determined as per technical report.

### 7.7 Transfer of assets:

#### 7.7.1 Transfer out of fixed assets

a. In case of transfer of assets from one unit to another unit of the Corporation, the assets is transferred (retired) by the transferor unit as per the procedure mentioned in ‘Sale / Retirement of Assets’ and the unit code to whom the assets is transferred is selected. (Circular No. 18/2014 dated 15.02.2014)

b. Assets are transferred at the net book value (Cost - accumulated depreciation reserve) so that no gain or loss on retirement is recognized by the Fixed Assets Module.

c. Once asset is transferred (retired) through Fixed Assets Module in FCI LEKHA, an automatic entry is posted in FCI LEKLHA to record transfer (retirement) of fixed asset.

**Accounting Entry in FCI LEKHA**

FCI LEKHA Fixed Assets Module will automatically create the following journal entry in general ledger after retiring assets:

- **Depreciation Reserve A/c** Dr.  
- **Proceeds of sales A/c** Dr.  
- **To Fixed Assets A/c** (Cost)

d. The following journal entry shall be passed for transfer out of an asset:
**Accounting Entry in FCI LEKHA**

Inter Office Asset Transfer (IOAT) – Cost of assets A/c Dr.
To IOAT – Depreciation reserve A/c
To proceeds of sales (Net book value) A/c

e. Manager / AGM – Accounts verifies the entry with Inter Office Asset Transfer (IOAT) advices and asset register and approves the entry in FCI LEKHA.

f. Once entry has been approved in FCI LEKHA, a copy of IOAT of FCI LEKHA G/L is sent to transferee unit by transferor unit by email / post / courier.

g. Inter office transfer of asset advice is issued only in case involving physical transfer of assets from one office to another office. In case, however only payments are involved for centralized purchase of assets on behalf of other office, only Inter Office General is issued instead of IOAT.

### 7.7.2 Transfer in fixed assets

a. Transferee unit acknowledges the IOAT with date and quantity of assets received and records the receipt of asset in ‘FCI Asset Register’ in FCI LEKHA.

b. The assets received from other unit are added as new assets through quick additions in the Fixed Assets Module. The assets types are to be taken as ‘transferred’ along with the unit code from where the assets have been transferred. (Circular No. 18/2014 dated 15.02.2014)

c. The cost of assets and accumulated depreciation shall be taken as per details received in IOAT.

d. The following journal entry shall be passed for transfer in of an asset:

**Accounting entry in FCI LEKHA**

Fixed Asset A/c Dr.
IOAT – Depreciation reserve A/c Dr.
To IOAT – Cost of assets account A/c
To Depreciation reserve account A/c

### 7.7.3

The report of transfer out and transfer in of assets can be verified from assets addition report or asset retirement report by selecting the asset type parameter as “transferred”.
7.7.4 However, in case where only payments are involved for centralized purchasing of assets on behalf of other office, Inter Office General (IOG) advice will be issued instead of IOAT.

7.8 **Accounting for Work In Progress:**

7.8.1 On receipt of certified invoice by Engineering Division, designated authority of Accounts Division checks the invoice with budget, financial concurrence and measurement book, and records entry in FCI LEKHA by debiting ‘WIP Ledger’ and crediting ‘Vendor Account’. The entry is verified and approved by Manager / AGM – Accounts in FCI LEKHA. Measurement book contains the details of quantity of work done, running bill amount, quantity certified, last payment made, payment pending.

7.8.2 On receipt of final certified bill by Engineering Division along with completion certificate, designated authority of Accounts Division checks the bill, completion certificate and measurement book and records the entry in FCI LEKHA by debiting ‘WIP Ledger’ and crediting ‘Vendor Account’.

7.8.3 Once the final bill has been recorded in FCI LEKHA, designated authority of Accounts Division calculates the ‘Recovery of Establishment Charges’ of total capital expenditure as applicable from time to time and load it onto the WIP account. The entry is verified and approved by Manager / AGM - Accounts.

**Accounting Entry in FCI LEKHA**

WIP A/c Dr. 
To Recovery of Establishment Charges A/c

7.8.4 Designated authority of Accounts Division after posting of ‘Establishment Charges’, transfers the work in progress amount by debiting ‘Fixed Assets Account’ and crediting ‘WIP Account’.

7.8.5 Where ‘WIP Account’ is maintained by Regional Office on behalf of District Office, Regional Office follows step as mentioned in clause 7.8.1 to 7.8.3. Thereafter, Accounts Division at Regional Office records the transfer entry in FCI LEKHA by debiting the ‘Inter Office General’ (IOG) (district) and crediting the ‘WIP Account’. Further concerned District Unit debits the respective ‘Asset Account Head’ and credits the ‘IOG Account’.

7.8.6 At year end, the Accounts Division extracts the WIP ledger as on March 31st and analyzes the status of WIP. On the basis of WIP summary and completion certificate received from Engineering Division, WIP is
transferred to Fixed Assets after obtaining approval as per Delegation of Power.

7.9 Sale / retirement of assets:

7.9.1 Assets which have been discarded and not in usable condition are disposed off by the Corporation. The disposal of asset begins with the User Division identifying the assets which are ready for disposal. Committee is formulated consisting of User Division, Accounts Division and Engineering Division to identify the assets which are not usable and prepares Disposal List and the same is approved as per Delegation of Power.

7.9.2 The ‘Disposal List’ contains the asset name along with major and minor category, User Department name, quantity, location of assets and net value of assets (gross value – accumulated depreciation).

7.9.3 Accounts Division on receipt of approved ‘Disposal List’ for booking in FCI LEKHA verifies the asset details in the list with FCI LEKHA asset register and thereafter retires the asset taking asset number as reference. Quantity of assets is entered as per approved list along with the value of assets. Manager / AGM - Accounts verifies the entry in FCI LEKHA with regards to asset quantity, value, class, asset number.

7.9.4 Assets sale or retirement should be recorded in FCI LEKHA (both ledger and asset module) in the month in which transaction has been done.

7.9.5 Depreciation run during the assets sale or retirement should be done in FCI LEKHA on monthly basis.

7.9.6 The sales / retirement date is actual date of sale or retirement of the assets. The proceeds of sale would be actual sales proceeds received from sale of assets.

7.9.7 The receipts of actual sales proceeds are recorded in the Accounts Receivables Module by creating standard receipt in the name of the Customer and by creating standard invoice in revenue account as proceeds of sales account.

7.9.8 The gain or loss on sale of assets is calculated by Fixed Asset Module automatically. The following accounting is auto generated by Fixed Assets Module on retirement of fixed assets. (Circular No. 18/2014 dated 15.02.2014).

**Accounting Entry in FCI LEKHA**
Depreciation reserve A/c  Dr.
Proceeds of sales A/c  Dr.
Loss on sale A/c  Dr.
To Gain on account of sales proceeds A/c .
To Fixed Assets A/c

Bank A/c  Dr.
To Party A/c.

7.9.9  The retired assets can be verified from the 'Assets retirement report'.

7.10  Physical verification of assets:

7.10.1  Physical verification of assets is conducted by Physical Verification Committee on quarterly/yearly basis. The committee is constituted by Regional Office in consultation with District Office. Physical verification team comprises of one member each from Accounts Division of Regional Office, Storage Division and Administration Division of District Office and the same are entrusted with the responsibility of conducting physical verification of the assets. The physical verification is conducted in the first week of the month succeeding the quarter and completed by 15th of the month.

7.10.2  In case of Regional Offices, the physical verification is conducted by team from Zonal and Regional offices. In case of Zonal Offices, the physical verification is conducted by teams from Headquarter and Zonal Offices.

7.10.3  During physical verification, asset balance as per 'Asset Register' maintained in FCI LEKHA and ‘Division Asset Register’ maintained with various Division are tallied with physical count of assets and other aspects are also verified viz. condition of assets, location of assets. Physical verification report is signed by User Division, Physical verification officer (as nominated by RO) and Physical verification assistant (nominated by District Offices). The report is prepared in quadruplicate and the same is shared with Accounts Division, User Division, Storage Division and Regional Office.

7.10.4  In case of difference between book and actual assets owing of assets being stolen, lost, destroyed etc. the gross value and depreciation reserve thereof is removed from fixed assets and the net cost of assets is (Cost-Depreciation) debited to ‘Claims for non-existing assets pending regularization / recovery’. 
7.10.5 In case claim is received from insurance company or the amount is recovered from employee found responsible for loss, the recovery thus made is credited to Account Head ‘Claims for non-existing assets pending regularization / recovery’ for clearing account balance.

7.10.6 In case asset is subsequently recovered, the balance under account head ‘Claims for non-existing assets pending regularization / recovery’ is reversed and ‘Fixed Asset’ Account is debited i.e. the gross value of asset and depreciation reserve is restored. In case shortage is decided to be written-off, same is done after obtaining sanction from competent authority as per Delegation of Power (DoP).

7.10.7 Physical verification report of District Office is submitted by District Office to respective Regional Office. Regional Office submits the certificate under the signature of GM – Region and sends to Headquarter.

7.10.8 It is to be ensured that the physical verification of closing stock in the manner prescribed and in accordance with the detailed instructions on the subject issued by Stock Division as well as Engineering Division of Headquarters and it should be reconciled with the books of Accounts / Register maintained for the purpose. Excess / Shortage should be accounted in the books. (Circular 1227/Accts)

7.10.9 Where the stock of the FCI are held in CWC / SWC godowns, the certificates for the closing stocks as on 31st March to be obtained from the respective Custodian Authorities in the prescribed formats. (Circular 1227/Accts)

7.10.10 It should be ensured that complete and proper record of PV done as per the Hqrs instructions is maintained in all respects so that the same may be procured to the audit as and when it require. The excess / shortage noticed on 100% PV of baby stacks or of depots selected on ISI method are invariably accounted in the books of accounts. (Circular 1227/Accts)

### 7.11 Important instructions

7.11.1 Sundry items of small and salvage value are not capitalized under any block of assets. The below mentioned items can be treated as revenue expenditure.

- cans,
- canisters,
- fire bucket,
- first aid box,
- funnel,
- hammer,
- scoop,
broom,
spanner,
shewel,
spade,
calculators,
shelves,
locks,
lamps,
bulbs,
data card
sim card
pen drive
hard disk

7.11.2 Plant and machinery other equipment’s include such items as form basis tools in the trade of the Corporation. The following item are deemed to be basic tools in the trade of the Corporation
(a) Dryers, (b) Dusting machines, (c) Instrument box, (d) Wheel barrows, (e) Sprayers, (f) Moisture meter, (g) Generator sets, (h) Wielding set etc.

7.11.3 In the fixed assets schedule and depreciation chart, the assets are classified and shown individually for each head of accounts as per trial balance of the year.

7.11.4 In addition to the regional consolidated statement of depreciation and schedule of fixed assets and other scheduled prescribed, a consolidated asset schedule for the region as a whole indicating the details of all the assets in the region as on the last day of financial is extracted from ‘Report of Assets’ register for the preparation of Zonal / All India Assets Register.

7.11.5 In case assets have been completely depreciated, the original gross invoice value of fixed assets / temporary structure is retained in books of account and also in the trial balance till the assets remain physically in existence.

7.11.6 The charges incurred on insertion in the newspapers in the nature of ‘Notice inviting tenders’ for capital works are to be capitalized.

7.11.7 The expenditure on temporary (‘kacha / pucca’ approach) roads constructed for temporary storage points and non-convertible / convertible plinth will be accounted for as purely temporary erection.

7.11.8 Fixed assets are accounted at historical cost comprising of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
7.11.9 An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in the prior accounting period is reversed if there has been change in the estimate of recoverable amount, since recognition of the last impairment.
Appendix 7.1

FOOD CORPORATION OF INDIA

Zone:  
Region:  

Statement showing the details of Land (including Lease Hold Land) purchase / acquired for construction of godowns / Office Staff Quarter etc. And also in respect of Office Building / Flats etc. Purchased up to the year ending as on March 31st

<table>
<thead>
<tr>
<th>S.N</th>
<th>Account Head</th>
<th>Name of accounting unit (District Offices)</th>
<th>Location</th>
<th>Particulars</th>
<th>Date / Month and year of purchase / Acquisition</th>
<th>Whether Freehold / Leasehold</th>
<th>In case of Leasehold, period of lease</th>
<th>Date / Month and year of expiry of lease period</th>
<th>Gross cost as per books of amount as at</th>
<th>Amount for which lease/conveyance deed executed</th>
<th>Amount for which lease/conveyance deed not executed</th>
<th>Amount for which lease/conveyance deed not required to be executed</th>
<th>Remark, if any</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Countersigned by………………………….  
Name……………………………….
Designation………………………….
Date……………………………….

Signature……………….
Name………………………….
Designation………………………….
Date………………………….
## Appendix 7.2

### FOOD CORPORATION OF INDIA

#### Depreciation Rate

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Block Name</th>
<th>Description</th>
<th>Useful life</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Building</td>
<td>Warehouse, Godown &amp; Silos Other than RCC</td>
<td>30 years</td>
<td>9.50%</td>
</tr>
<tr>
<td></td>
<td>Building</td>
<td>Warehouse, Godown &amp; Silos RCC Frame Structure</td>
<td>60 years</td>
<td>4.87%</td>
</tr>
<tr>
<td></td>
<td>Building</td>
<td>Rain Water Harvesting</td>
<td>30 years</td>
<td>9.50%</td>
</tr>
<tr>
<td></td>
<td>Building</td>
<td>Office Building – Other than RCC</td>
<td>30 years</td>
<td>9.50%</td>
</tr>
<tr>
<td></td>
<td>Building</td>
<td>Office Building – RCC Frame Structure</td>
<td>60 years</td>
<td>4.87%</td>
</tr>
<tr>
<td></td>
<td>Building</td>
<td>Staff Quarter – Other than RCC</td>
<td>30 years</td>
<td>9.50%</td>
</tr>
<tr>
<td></td>
<td>Building</td>
<td>Staff Quarter – RCC Frame Structure</td>
<td>60 years</td>
<td>4.87%</td>
</tr>
<tr>
<td></td>
<td>Building</td>
<td>Factory Building</td>
<td>30 years</td>
<td>9.50%</td>
</tr>
<tr>
<td></td>
<td>Building</td>
<td>Fences, Wells, Tube Well</td>
<td>30 years</td>
<td>9.50%</td>
</tr>
<tr>
<td></td>
<td>Building</td>
<td>Purely Temporary Erection</td>
<td>3 years</td>
<td>63.16%</td>
</tr>
<tr>
<td>2</td>
<td>Building – Roads</td>
<td>Carpeted Road – RCC</td>
<td>30 years</td>
<td>9.50%</td>
</tr>
<tr>
<td></td>
<td>Building – Roads</td>
<td>Carpeted Road – Non RCC</td>
<td>30 years</td>
<td>9.50%</td>
</tr>
<tr>
<td></td>
<td>Building – Roads</td>
<td>Non Carpeted Road</td>
<td>30 years</td>
<td>9.50%</td>
</tr>
<tr>
<td>3</td>
<td>P&amp;M</td>
<td>Railway Sidings</td>
<td>15 years</td>
<td>18.10%</td>
</tr>
<tr>
<td></td>
<td>P&amp;M</td>
<td>Weigh Bridges</td>
<td>15 years</td>
<td>18.10%</td>
</tr>
<tr>
<td></td>
<td>P&amp;M</td>
<td>Weighing Machines</td>
<td>15 years</td>
<td>18.10%</td>
</tr>
<tr>
<td></td>
<td>P&amp;M</td>
<td>Mechanical Discharge equipment’s, grain conveyor</td>
<td>15 years</td>
<td>18.10%</td>
</tr>
<tr>
<td>4</td>
<td>P&amp;M – Vehicles</td>
<td>Vehicles</td>
<td>15 years</td>
<td>18.10%</td>
</tr>
<tr>
<td></td>
<td>Furniture &amp; Fixture</td>
<td>General Furniture &amp; Fittings</td>
<td>15 years</td>
<td>18.10%</td>
</tr>
<tr>
<td></td>
<td>Furniture &amp; Fixture</td>
<td>Furniture &amp; Fittings for guest house &amp; canteen</td>
<td>15 years</td>
<td>9.50%</td>
</tr>
<tr>
<td>Sl No.</td>
<td>Name of District</td>
<td>Date of purchase / acquisition of assets</td>
<td>Account head</td>
<td>Description of Asset</td>
</tr>
<tr>
<td>--------</td>
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<td>----------------------------------------</td>
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</tr>
</tbody>
</table>

Countersigned by………………………….
Name……………………………………
Designation…………………………
Date……………………………………

Signature……………………………………
Name……………………………………
Designation…………………………
Date……………………………………
Appendix 7.4

FOOD CORPORATION OF INDIA

Zone: 
Region: 
Year: 

Statement showing assets which were not booked in earlier years but booked in current year and depreciation charged for previous years through A/c Head 2332

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Unit</th>
<th>Particular</th>
<th>Asset booked to account head</th>
<th>Amount</th>
<th>Depreciation charged</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Debit</td>
<td>Credit</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

Signature……………………………………
Name………………………………………
Designation……………………………
Date……………………………………

Note: The net total of column no. 6 should tally with the amount appearing against respective account head in the Trial Balance
8. Inter office transactions

8.1. General

The Inter-Office Transactions (IOT) consist of:

a. Movement of stocks from one office to another

b. Transfer of assets from one office to another

c. Transfer of funds from one office to another.

d. Transfer of debits / credits in respect of payments made by one office on behalf of the other office or the amounts received by one office on behalf of the other office.

e. Linking of missing and unconnected wagons of previous years.

f. Inter office Contributory Pension Fund (IOCPF) and Inter office Pension Scheme (IOPS).

8.2. Procedure of recording Inter Office Transactions

8.2.1 The inter-office transactions are accounted in FCI LEKHA under account head 'Inter office general account'.

8.2.2 All Inter-Office transactions regarding the following:

   a. Transfer of debits / credits for the payments made by one office on behalf of the other, or
   b. The amounts received by one office on behalf of the other is accounted in through Inter Office General Account.

8.2.3 The outstanding balances of advances against the employees of the Corporation such as the advances for building, car, festival, etc. are forwarded to the concerned office on transfer and accounted through IOG. The transfer of assets from one office to another, and linking of missing and unconnected wagons of previous year is also accounted through the IOG. Refer Chapter 7 – Fixed Assets for accounting entry.
8.3. Important instruction:

8.3.1 Inter office movement account

i. Separate Inter-office transfer invoices are prepared for transfer of stocks: (a) between the depots in different Districts but within the same Region, (b) between the depots in different Regions but within the same Zone, and (c) between the depots in different Zones.

ii. The Inter-office transfer invoices for transactions within the region, outside the Regions but within the Zone, as well as outside the Zone is prepared in triplicate. The original and duplicate copies are forwarded to the consignee District Office to enable it to record the acceptance and return the duplicate to the consignor District.

iii. The Inter-office transfer invoices are prepared as dispatch advice received from depots / rail heads, and issued to consignee unit within 48 hours. The transfer out invoices issued during a month are reconciled with the Monthly Stock Account (MSA) received from the dispatching points.

iv. Every consignor District Office sends a commodity-wise list on monthly basis to each of the consignee District Office with copies to the consignor and consignee Regional Offices giving full details of the transfer invoices (SI. No. of Invoices, quantity etc.) issued during the month. While sending the transfer out invoices, the dispatching units gives the quantity as per R/R and also mentions the progressive quantity dispatched to concerned consignee office by the consignor District enabling both the consignor as well as consignee to reconcile the quantities dispatched at any point of time.

v. The consignor District Office records a certificate in the monthly statement that all the Inter Office Transfer invoices required to be issued from the District for the dispatches made during the month have been issued. Consignee unit verifies the progressive quantity and monthly statement immediately after receipt from Consignor unit. In case of differences, the consignee unit immediately sends the copy of pending invoices / advices and reconciliation of discrepancies, if any, on other points with intimation to consignor and consignee regions.

vi. Every consignor District Office sends a monthly statement of unaccepted invoices, to each of the consignee District Offices. Further on quarterly basis, consignor District Office sends a Quarterly statement of unaccepted invoice with copies to the consignor and consignee Regional Offices. These statements are prepared separately in respect of a) transfer within the Region, b) transfers outside the Region but within the Zone, and c) transfer outside the Zone. In respect of the transfers outside the Region but within
the Zone, a copy is sent to the Zonal Offices also. In respect of the transactions relating to outside the Zone, a copy is sent to the consignor and consignee Zonal Offices. Appropriate and timely action should be taken at Regional Office to co-ordinate the work with a view to ensure that the pending invoices are accepted by the Districts concerned and duplicate copies of invoices are returned to the consignor promptly after recording acceptance.

vii. The amount of each transfer out invoice is rounded to the nearest rupee i.e., any fraction is ignored up to 49 paise and 50 or more paise is treated as one rupee.

viii. The Inter-office transfer invoices received by the consignee District Office is accepted on a day-to-day basis after verification from the daily statement of receipts / stock account of the Depots / R/R register / ICCS report etc. maintained at the receiving Depot. Where any consignments or part thereof has not been received and recorded as ‘Missing wagon’ in the Monthly Stock Account (MSA) of the Depot, transfer invoice relating thereto is sent to the Depot concerned for indicating the ‘Railway claim No.’ lodged against the invoice.

ix. The Inter-office transfer invoices are accepted for full consignment covered by such invoices. In cases where the stocks shown in the transfer invoices have not been received at all, the invoices are accepted by operating the account head ‘Missing Wagons’ only if the relevant R/R for the consignments have been received by the consignee. In cases, where the railway receipts covering the consignments has not been received, a reference is first made to the consignor District Office for confirmation that the goods were actually dispatched to the consignee only and, if so, an attested copy of the railway receipt should be obtained before acceptance of the invoice for accounting as ‘missing wagon’. The Account Head ‘Missing Wagons’ is operated only after verification of the non-receipt of stocks from depots and all other sources including Railways. In cases, where only part consignments covered in an invoice have been received, the partial stocks not received are accounted under the head ‘Missing Wagons’. In these cases while the amount of the invoices is credited to Inter-office Movement Account, the corresponding debit is given to the commodity-wise account-‘Transfer in Stock in missing wagons’- within Region / within Zone / outside Zone as the case may be.

x. With a view to identify the difference between records of accounts and movement Division for missing and unconnected wagons, on monthly basis, a statement of ‘missing and unconnected wagon’ is prepared by Movement
and Accounts Division at District Office jointly. The statement includes information viz. date, TOI number, R/R number, consignee name, depot name, commodity name, quantity etc. The reconciliation statement is signed by Manager - Accounts and Head of Movement Division.

xi. A statement giving full particulars of the stock accounted for as ‘missing and unconnected wagons’ is sent to the Regional / Zonal Office of the consignee District and also to the Regional and Zonal Offices of the consignor District. The Regional / Zonal Offices is fully responsible for tracing the movement of stocks not received by the original consignee and arrange for the linking with the unconnected wagons received from other offices within the Region / within the Zone respectively.

xii. In cases, where the invoice is received and the goods are not received, the invoice is accounted for as ‘Missing Wagons’. If it is subsequently found that, the stocks which were originally treated as ‘Missing Wagon’ were received after 31st March, but before the closing of the accounts, the value of such stocks is transferred from ‘transfers in missing wagons’ to ‘Transfers in’ of the respective commodity through Journal. Such stocks will, however, be treated as ‘goods in transit’ as on 31st March in the Stock Ledger Summary. The details of ‘Goods in transit’ is given in prescribed format and appended with the Stocks Ledger Summary.

xiii. Where missing wagons of one depot of a District / Region are linked with unconnected wagons received in the depot of other office during the same year, the missing wagon is transferred to ‘Transfer-in diverted wagons’ and transfer out invoice issued to the office where the wagons are actually received. The railway claim lodged for such missing wagons and accounted for on accrual basis will also be withdrawn. The Unit Office on receipt of unconnected wagons (linked with the missing wagons) shall immediately on receipt of the ‘transfer out invoice’ account for the same as ‘transfer in’ for accepted invoices (commodity-wise) by contra credit to inter-office movement account. The purchase liability created in that Unit will also get set off on receipt of the unconnected wagons.

xiv. In case of wagons reported missing in one year and linked in the subsequent year but not accounted for in the manner provided in sub-para (xiii), the following procedure is followed:

In case wagons were accounted for both as missing or unconnected in the same District due to non-linking of the position reflected in the account of different depots, the outstanding railway claims pertaining there to and the purchase liability created thereof are reversed.
In case, wagons are accounted for as ‘missing wagon’ in one District (Say District ‘A’) and as unconnected in the other District (say District ‘B’) during the earlier year(s) for which the railway claims and undischarged purchase liability respectively remain outstanding in the books of those District, inter office advice is exchanged between District ‘A’ and ‘B’ and following accounting entry will appear in books of those District:

- If the missing and unconnected wagons are linked in the same year:

  District ‘A’ withdraws railway claims and issues inter office advice to District ‘B’ for the value of stocks. District ‘B’ treats the quantity received as ‘Purchase unconnected wagons’ for the gross quantity by credit to ‘Inter office account’. The difference between actual quantity received and booked as purchase unconnected wagons is treated as transit loss.

- If the missing is linked with the unconnected wagon in subsequent year after closure of accounts:

  Inter office advice is issued by District ‘A’ by contra credit to ‘Railway claim missing wagon’ and responded by District ‘B’ by contra debit to ‘Trade Payables unconnected wagons’. The amount due to difference between the quantity dispatched and the quantity actually received is adjusted by the office where the wagon is received by operating the head ‘Adjustment relating to previous year’

xv. The consignee District Office sends a certificate by 10\textsuperscript{th} of each month to its Regional Office to the effect that all the Inter-office transfer invoices received during the previous month have been accepted and also details of pending Inter office transfer invoice. Simultaneously, the consignee District Office will also check the list of all the Inter - office invoices received from the consignor office and point out the discrepancies, if any, to the consignor District Office, Regional / Zonal Office of both consignor and consignee.

xvi. In addition, the consignee District Office sends a monthly consignor-wise statement of pending invoices separately for transactions within region, outside the region but within Zone and outside the zone to the consignor District Office with copies to the Regional Offices of both the consignee and consignor and Zonal Offices. Appropriate and timely action is taken by these offices to co-ordinate the work with a view to ensure that the wanting invoices are issued / obtained by the consigner / consignee District Office for further action.
xvii. Wagon received against which case transfer invoice has not been received within fortnight of receipt of wagon, action will be taken to call for the transfer invoices with reference to the particulars collected at the time of taking delivery from Railway authorities, such as wagon slip found inside the wagon at the time of unloading. All the items appearing under unconnected wagon have to be reconciled with either list of missing wagon or by obtaining necessary transfer invoices before the accounts are finalized.

xviii. IOM advices is to be accepted for the quality as indicated in the transfer invoice raised by consignor unit. Any down gradation of quality at the receiving end is carried out in the accounts of receiving District Offices without disturbing the quality of the stocks mentioned in the TOI by the dispatch in ends. The disputes shall be pursued by the quality control branch.

xix. No IOG advice for shortage against ‘said to Contain’ Railway Receipt is to be issued by the consignee District Office against consignor District Office since the consignee office (Unit Office) is responsible for lodging / accounting of claims / losses etc. in their books. The case may however be dealt administratively with the consignor District Office.

- Recoveries effected from the contractors / loading agents for the shortage, are finally adjusted in the books of consignor office as ‘where recoveries are effected in the same year in which transfer out invoices were issued is recorded under Account Head ‘Recoveries from Handling and Transport Contractor’.

xx. The accounting of ‘Railway claim for missing wagon’ and ‘Purchase liability for unconnected wagon’ is done at Standard rate as per TOI.

xxi. The accounting of loss / gain in respect of the consignments received / linked in the subsequent year the difference between the liabilities created and amount of the advice is booked to account head ‘Adjustments relating to previous years’ by the recipient office.

xxii. In cases where the wagons are reported to be missing by a District in a particular financial year but received by the same District in the subsequent accounting year, the stocks are accounted for as Purchases unconnected wagons and claims for missing wagons, written off.

xxiii. The consignee District office is required to issue supply invoice to the consignor District Office indicating therein commodity, quantity, value, mode of transport, R/R no. in case of rail movement and truck chit number.
in case of movement through road. Refer Appendix 8.1 for accounting entries related to Missing Wagon under GST.

8.3.2 **Inter-office Transfer of Assets Account:**

The transfer of assets from one office to another will be covered by IOTA advice. The transactions under this head will be accounted for through Journal entry in FCI LEKHA. Refer Chapter VII - Fixed Assets and Depreciation for details.

8.3.3 **Inter Office CPF Account:**

The transactions relating to CPF (For other employees including departmental labor, DPS) are accounted for under the respective head.

All the transactions related to IOCPF (Inter Office Contributory Provident Fund) are required to be entered in to FCI LEKHA and zero accounts related to IOCPF shall be reconciled through FCI LEKHA only. The following procedures for recording the IOCPF transactions shall be allowed by the field offices.

**In case of contribution to be remitted to Headquarter or Zone:**

i. The payroll module while sending the invoices would create the accounting entry as mentioned below in respect of each employees:

   **Accounting Entry in FCI LEKHA**

   Contributory Provident Fund – Corporation Contribution  A/c Dr.
   Contribution to FPS – Corporation Contribution  A/c Dr.
   Trade Payable for pay & allowances (Employee contribution)  Dr.
   To Liability for Contribution to CPF – Contribution  A/c
   To Liability for Contribution to EPS – Corporation Contribution  A/C

ii. The Unit field office should verify the GL account balance for all the above mentioned head from ‘Detailed Trial Balance report’ in G/L module, ‘Payable Account Analysis report’ in Payables module and ‘Employer e-seva report’ and ensure that the balance in these report should tally with each other. On confirmation of the same, the unit offices should make the following entry for IOCPF transactions in ‘Intecco IOCPF’ category in GL module and send the IOCPF along with ‘Employer e-seva’ schedule to the Zonal offices / Headquarter.

   **Accounting Entry in FCI LEKHA**
Unit Liability for Contribution to CPF – Corporation Contribution Dr.
Unit Liability for Contribution to EPS – Corporation Contribution Dr.
To Zone liability for contribution to CPF corporation/member contribution A/c
To Zone liability for contribution to EPS – corporation contribution A/c

iii. The Zonal offices / Headquarter on receipt of the IOCPF from the field offices verifies the amount of contribution with the ‘Employer e-seva report’ and ‘CPF Control Register’ to be generated at Zonal Office level. Approval of IOCPF entry sent by Unit Office is also done by Zonal Office / Headquarter. The system auto pass the entry in ‘Interco IOCPF’ after approval. The following accounting entry is the auto generated:

**Accounting Entry- Zone level**

Zone IOCPF – Contribution Inter-company segment unit Office A/c Dr.
To Zone Liability for Contribution to CPF – Corporation/Member contribution A/c
To Zone Liability for Contribution to EPS - Corporation Contribution A/c

**Accounting Entry- Unit level**

Unit liability for contribution to CPF- corporation/Member contribution A/c Dr.
Unit liability for contribution to EPS- corporation/contribution A/c Dr.
To unit IOCPF – Contribution intercompany segment zonal office A/c

iv. On receipt of all the IOCPF from each unit offices, the Zonal offices makes the payment for liability for EPS contribution to the respective RPFC by creating a payable invoice in FCI LEKHA payable module by selecting account head 1559 in the distribution. For CPF contribution, the Zonal Offices would send an IOCPF to Headquarter and record the accounting entry in ‘Interco IOCPF’ category in GL module for the consolidated amount of contribution.

**Accounting Entry in FCI LEKHA**

Zone Liability for Contribution to CPF–Corporation Contribution Dr.
To HQ Liability for contribution to CPF Corporation/Member Contribution A/c

v. On receipt of IOCPF from Zonal offices, the Headquarter should verify the IOCPF with CPF Control Register and approve the IOCPF entry send by zone. The system automatically record the below mentioned transactions in the GL in ‘Interco IOCPF’ category for the consolidated amount of contribution.

Accounting Entry – HQ level

Headquarter IOCPF – Contribution Intercompany segmental zone office A/c Dr.
To Headquarter Liability for Contribution for CPF – Corporation Contribution A/c

Accounting Entry – Zone level

Zone liability for contribution to CPF- Corporation/Member contribution A/c Dr.
To Zone IOCPF – Corporation Intercompany segment HQ A/c

vi. Headquarter prepares a payable invoice for the amount to be paid to FCI CPF Trust for payment on the contribution with the account head ‘Liability for Contribution to CPF - Corporation Contribution’ in distribution

In case of sanctioning of Temporary Advance / Part Final payment and final payment

i. Before sanctioning the temporary advance / part final payment and final payment, the Zonal offices shall print the CPF slip from CPF module in respect to concerned employee and sanction the advance or withdrawal on the basis of such CPF slip only after due verification. The sanction of the temporary advance / part final advance and final withdrawal would be recorded in CPF module of FCI LEKHA by the respective Zonal offices / Headquarter.

ii. On entering the sanction in the CPF module by the Zonal Offices, the Zonal offices should send a copy of the sanction to the respective unit offices. The unit offices upon receiving the sanction order would release the invoice for payment from CPF module in case of temporary advance and part final payment. In case of Final payment, the invoices are to be released by the
Zonal Offices itself at the time of sanction of final payment. On release of
the invoice, below mentioned accounting entry would be recorded:

a. For unit offices: Unit Offices would record the following entry:

**Accounting Entry in FCI LEKHA**

Unit IOCPF – Temporary advance/Part Final payment/Final payment
A/c  Dr.
To Unit Liability for CPF Advance/Part Final payment/final Payment
A/c

The unit offices would make payment of CPF advance/Part final
payment/Final payment through the invoices created through CPF
module only.

b. For Zonal offices: The system would send a Journal entry in GL
module in IOCPF category as follows with details of the employee in
description column:

**Accounting Entry in FCI LEKHA**

Zone Liability for CPF Advance/Part Final payment/final Payment
A/c  Dr.
To Zone IOCPF – Temporary Advance/Part Final payment/Final
payment with ‘Interco’ segment of unit office

iii. The Zonal Offices at the end of the month would draw a list of Temporary
Advances / Part Final Payment and Final payment sanctioned through the
discoverer report “CPF list of sanction” and verify that all payment have
been released to the respective employees. In case of any payment is not
released by the unit offices, the Zonal offices shall take up with the issue
with unit offices to ensure that the payment is released to the employees.

iv. The Zonal Offices sends the IOCPF to the Headquarter for the CPF
sanction made by them and record a journal entry in GL module in IOCPF
category as follows:

**Accounting Entry in FCI LEKHA**

HQ liability for CPF Advance/Part Final /Final payment  A/c  Dr.
To Zone Liability for CPF Advance/Part Final /Final payment A/c.

v. The Headquarter on receipt of the IOCPF from Zonal Office should verify the same from the list of sanction of the Zonal Office and approve the same. The system automatically record the journal entry in GL module in IOCPF category:

**Accounting Entry - HQ level**

Headquarter Liability for CPF Advance/Part payment/final payment Dr.
To Headquarter IOCPF – Temporary Advance/Part/Final payment with intercompany segment of Zonal office A/c

**Accounting Entry - Zonal level**

ZO IOCPF- Temporary Advance/Part/Final payment with intercompany segment of HQ A/c Dr.
To ZO liability for CPF Advance/Part Final/Final Payment A/c

vi. The Headquarter prepares an invoice in receivable module for receiving the amount from FCI CPF Trust and account head ‘CPF Temporary Advance’, ‘CPF Final Payment’, ‘CPF Part Final withdrawal payment’ is selected in the revenue account.

8.3.4 Transfer of Debits / Credits in respect of payment made / received by one office on behalf of the other office:

a. The debit / credit on account of payment made / received on behalf of the other office, including the balance of advances against employees is accounted under various account head prescribed for IOG transaction.

b. In exceptional cases, where any credit supplies to State Government takes place, the District Office raise the sale invoice and issue a debit IOG against the Regional Office of the State to whom credit sales has been made supported by an attested copy of the sale bill and other relevant documents. The Regional Office receiving the debit IOG accept the same. In case further documents / annexure are required, same is called upon from District Office. The IOG advice should not remain unaccepted resulting in difference in IOG account.

c. IOG advice involving expenditure incurred by one office on behalf of another office of the Corporation below ₹ 50, is not exchanged and the amount is
finally booked in the account of the operating office. This limit is however not applicable for recovery form employees / others.
### Appendix 8.1

#### Case I - Linking within same year

<table>
<thead>
<tr>
<th>A</th>
<th>ED12</th>
<th>Consignor</th>
<th>Particulars</th>
<th>Accounting Entry under GST for supply of exempted goods</th>
<th>Accounting Entry under GST for supply of taxable goods (gunny and other goods)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S. N</td>
<td>FA or SLS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>SLS</td>
<td>Transfer out the Stock IOM to B</td>
<td>- Original consignor may do the entries as it is doing currently-</td>
<td>DR. IOM LEDGER DR. IOG LEDGER CR. Transfer out stock by Rail CR. IGST Payable LEDGER</td>
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<table>
<thead>
<tr>
<th>B</th>
<th>ED13</th>
<th>Original Consignee</th>
<th>Particulars</th>
<th>Accounting Entry under GST for supply of exempted goods</th>
<th>Accounting Entry under GST for supply of taxable goods (gunny and other goods)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S. N</td>
<td>FA or SLS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>SLS</td>
<td>On receipt of documents</td>
<td>- Original consignee may do the entries as it is doing currently-</td>
<td>DR. Transfer in stock Missing Wagon DR. IGST Expense/Credit LEDGER CR. Inter office Movement (IOM) CR. IOG LEDGER</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>FA</td>
<td>On lodging the claim with railway</td>
<td>-</td>
<td>DR. Claims for Missing Wagon CR. Income from claims for missing wagon</td>
<td></td>
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<tr>
<td>3</td>
<td>SLS</td>
<td>On linking within same year &amp; received at C</td>
<td>-</td>
<td>DR. Transfer in diverted wagon stock CR. Transfer in stock Missing Wagon</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FA</td>
<td>Issue IOM to C</td>
<td>-</td>
<td>DR. Inter office Movement (IOM) DR. IOG Ledger CR. Transfer in diverted wagon stock CR. IGST Payable Ledger</td>
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<tr>
<td>FA</td>
<td>- Reverse the claim with railway on linking</td>
<td>-</td>
<td>DR. Income from claims for missing wagon CR. Claims for Missing Wagon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
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<td>---</td>
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</tr>
<tr>
<td>C ED14</td>
<td>Actual Consignee who received the goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S. N FA or SLS</td>
<td>Particulars</td>
<td>Accounting Entry under GST for supply of exempted goods</td>
<td>Accounting Entry under GST for supply of taxable goods (gunny and other goods)</td>
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</tr>
<tr>
<td>1 FA</td>
<td>On receipt of Wagons/ goods without documents</td>
<td>- Actual consignee may do the entries as it is doing currently-</td>
<td>DR. Purchase unconnected Wagon CR. Creditor Unconnected Wagon Liability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 FA</td>
<td>On linking within same year in same district</td>
<td>-</td>
<td>DR. Creditor Unconnected Wagon Liability CR. Purchase unconnected Wagon</td>
<td></td>
<td></td>
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<tr>
<td>SLS</td>
<td>On linking with same year IOM from B</td>
<td>-</td>
<td>DR. Transfer in diverted wagon stock DR. IGST Payable/Credit LEDGER CR. Inter office Movement (IOM)</td>
<td></td>
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</tr>
</tbody>
</table>

**Case II- Linking within next year**

<table>
<thead>
<tr>
<th>A ED12</th>
<th>Consignor</th>
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<tr>
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<td>Particulars</td>
<td>Accounting Entry under GST for supply of exempted goods</td>
<td>Accounting Entry under GST for supply of taxable goods (gunny and other goods)</td>
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<tr>
<td>1 SLS</td>
<td>Transfer out the Stock</td>
<td>- Original consignor may do the entries as it is doing currently-</td>
<td>DR. IOM LEDGER DR. IOG LEDGER CR. IGST payable Ledger CR. Transfer out stock by Rail</td>
</tr>
<tr>
<td>S. N</td>
<td>FA or SLS</td>
<td>Original Consignee</td>
<td>Accounting Entry under GST for supply of exempted goods</td>
</tr>
<tr>
<td>------</td>
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<td>--------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 1    | SLS       | On receipt of documents | DR. Transfer in stock Missing Wagon  
CR. Inter office Movement (IOM) | DR. Transfer in stock Missing Wagon  
DR. IGST Expense/Credit LEDGER  
CR. Inter office Movement (IOM)  
CR. IOG LEDGER |
| 2    | FA        | On lodging the claim with railway | DR. Claims for Missing Wagon  
CR. Income from claims for missing wagon | DR. Claims for Missing Wagon  
CR. Income from claims for missing wagon |
| 3    | SLS       | For booking the loss of missing wagon | DR. Transit loss missing wagon  
CR. Credit to inventory | DR. Transit loss missing wagon  
CR. Credit to inventory |
| 4    | FA        | On linking in subsequent year | DR. Transfer in diverted wagon stock  
CR. Transit loss missing wagon | DR. Transfer in diverted wagon stock  
CR. Transit loss missing wagon |
| SLS  |            | DR. Inter office Movement (IOM)  
CR. Transfer in diverted wagon stock | DR. Inter office Movement (IOM)  
DR. IOG LEDGER  
CR. IGST Payable Ledger  
CR. Transfer in diverted wagon stock |
| FA   |            | DR. Income from claims for missing wagon  
CR. Claims for Missing Wagon | DR. Income from claims for missing wagon  
CR. Claims for Missing Wagon |
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<th>S. N</th>
<th>FA or SLS</th>
<th>Actual Consignee who received the goods</th>
<th>Accounting Entry under GST for supply of exempted goods</th>
<th>Accounting Entry under GST for supply of taxable goods (gunny and other goods)</th>
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<tr>
<td>1</td>
<td>FA</td>
<td>On receipt of Wagons/ goods</td>
<td>DR. Purchase unconnected Wagon</td>
<td>DR. Purchase unconnected Wagon</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>CR. Creditor Unconnected Wagon Liability</td>
<td>CR. Creditor Unconnected Wagon Liability</td>
</tr>
<tr>
<td>2</td>
<td>FA</td>
<td>On linking in subsequent year</td>
<td>DR. Transfer in diverted wagon stock</td>
<td>DR. Transfer in diverted wagon stock</td>
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<tr>
<td></td>
<td></td>
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<td>CR. Inter office Movement (IOM)</td>
<td>DR. IGST Expense/Credit Ledger</td>
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<td>CR. Inter office Movement (IOM)</td>
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<tr>
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<td></td>
<td>DR. Creditor Unconnected Wagon Liability</td>
<td>CR. IOG LEDGER</td>
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<tr>
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<td></td>
<td>CR. Transfer in diverted wagon stock</td>
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<td></td>
<td></td>
<td></td>
<td>DR. Inter Office Movement (IOM)</td>
<td>DR. Inter Office Movement (IOM)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CR. IOG Account</td>
<td>CR. IOG Account</td>
</tr>
</tbody>
</table>
9. Journal Voucher

9.1 General:

9.1.1 The purpose of journals is to provide a complete record of the transaction which occurs due to adjustment, transfers, corrections of accounts etc.

9.1.2 All Journal Vouchers (JV) are supported by proper documents and approval.

9.1.3 Entries flow from sub ledger to trial balance and direct posting of journal voucher is restricted in control ledger.

9.1.4 All the journal vouchers to be posted in books of account at various level are thoroughly scrutinized and signed / counter signed by the officers detailed below:

a. District Offices: All the journal entries should be signed by the Manager – Accounts and in the following cases:-
   
   o Where the amount of journal entry more than ₹ 10 lacs, the same to be countersigned by the Area Manager.

   o Where the value of journal entry is over ₹ 1 crores, the post facto approval of Assistant General Manager (AGM) / Deputy General Manager (DGM) - Accounts and General Manager – Region of the concerned Regional Office has to be obtained.

b. Regional Offices: All the journal entries should be signed by the Manager - Accounts and Assistant General Manager (AGM) – Accounts, Where the value of journal entry is more than ₹ 1 crores, the same must be signed by Deputy General Manager (DGM) – Accounts and counter signed by General Manager – Region.

c. Zonal Offices / Headquarter: All the journal entries should be signed by the Manager - Accounts and Assistant General Manager (AGM) – Accounts and in the following cases:-

   o Where the value of journal entry is more than ₹ 1 crores, the same must be signed by Deputy General Manager (DGM) – Accounts and General Manager – Accounts.
Where the value of journal entry is more than ₹ 2 crores, the same must also be signed by the concerned Deputy General Manager – Accounts in the Zonal Office and concerned Head of Accounts Division in the Headquarter.

9.1.5 Access to record manual journal entry in FCI LEKHA should be restricted to the limited personnel of Accounts Division post authorization by an officer not below the rank of AGM - Accounts.
10. Expenses and Income

10.1 General:

10.1.1 Expenses and Income which have not been covered specifically under any other head is discussed in this section under the head of ‘Expenses and Other Income’.

10.1.2 All expenses are accounted for on an accrual basis. As soon as the expense is incurred or benefit derived from service, the relevant nominal account head is debited and the relevant liability / cash / bank account is credited. Refer to Appendix 10.1 & 10.2 for Regional Consolidated Schedule of Miscellaneous Expenses and Income respectively.

10.1.3 Only expenditure relating to the accounting period is taken to the Profit and Loss Account. Therefore, if an expense has been incurred but not yet paid, a liability for the unpaid amount is created.

10.1.4 If an expense relating to future accounting period is paid in the current year, such expenditure is treated as a prepaid expenditure.

10.1.5 All contingent losses are provided by a charge to the profit and loss statement, if:

a. Event subsequent to the balance sheet date, confirm that a liability incurred as on the balance sheet date.

b. A reasonable estimate of the amount of the loss can be made on the basis of prudence.

10.1.6 Income is recognized when there is reasonable assurance for its realization and is earned (usually when goods are transferred or services rendered), no matter when cash is received.

10.1.7 On monthly basis, ‘Party Ageing Report’ is extracted from FCI LEKHA by designated authority of Accounts Division to identify the parties to whom payment is pending beyond due date. The reason for old outstanding is identified and documented. The ageing report is reviewed by Manager / AGM - Accounts. Ageing report is shared with Regional Offices / Zonal Offices / Headquarter on quarterly basis.
10.1.8 All accounting units are supposed to provide for liability for all terminal benefits including gratuity when such payments are made in a year subsequent to the financial year in which an employee retires. (Circular No. 1089 / Accts dated 15.12.2011).

10.1.9 Items of incomes / expenses for each claim / bill pertaining to previous year which arises in current year as a result of errors or omissions are accounted for under the head “Adjustments relating to previous years”. The charges / credits arising on the outcome of a contingency which at the time of occurrence could not be estimated accurately do not constitute an error but a change in estimate. Such an item is not treated as prior period item. Refer Appendix 10.3 & 10.4 for Regional consolidated schedule of adjustment in respect of previous year. (Circular reference 954 / Accts dated 22.07.2005)

The policy is further classified as under:

c. ‘Prior period items’ are material charges or credits which arise in the current period as a result of error or omission in the preparation of financial statements of one or more period. It is therefore, reiterated that only errors and omissions of earlier years may be routed through adjustment relating to previous year income / expenditure.

d. The charges / credits arising on the outcome of a contingency which at the time of occurrence could not be estimated accurately does not constitute an error but a change in estimate. Such an item is not treated as prior period item.

e. Where an estimate has already been made in previous year’s accounts and there is a variation at the time of payment or receipt, the differential amount shall only be adjusted against the relevant account head of the current year and not against the previous year’s account head.

f. Charges / Credits arising as a result of decisions taken in respect of purchases / procurement charges / port clearance charges / milling charges in current year though the same pertain to earlier year(s) are to be accounted for as income / expenses of current year in regular heads of account and not to be treated as prior period income / expenses. Similarly charges / credits arising due to retrospective revision in rent / storage charges, decision for refund of demurrages, clearance of disputed taxes, refund of transit / storage losses & penalties recovered, recovery of fumigation charges etc. are to be accounted for in the year
of decision / payment / receipts respectively and should not be treated as prior period income / expense.

10.1.10 Liabilities and payable of the Corporation shall be carried in the books of accounts of the Corporation for consecutive 3 (three) years from the date of its origin and in the 4th year, these liabilities / trade payables shall be written back in the books of account and credited to Income after following the due procedure.

10.2 Contract labour expenses (Handling):

10.2.1 Designated authority of Accounts Division verifies the sheet prepared and verified by the Operating Division for the labour invoice with supporting namely ‘Monthly Stock Account (MSA)’, work slip, summary statement of bags handled (certified by Manager - Depot) for verifying the number of bags handled and number of working days of labours.

10.2.2 The rate charged in invoice is verified with work order, tender and quantity of bags handled is verified with work slip and summary statement of bags handled. In addition, vendor name, depot name and PAN number as mentioned on invoice is also verified. TDS under reverse charge mechanism is deducted as per applicable rates or as per current tax laws.

10.2.3 PF and ESI challans for last month is also verified to ensure statutory payment has been made. Invoice is not processed in absence of work slip, summary statement of bags handled, PF / ESI challans.

10.2.4 Any noting by Operating Division or Manager – Depot is be considered at the time of processing of invoices. It is also ensured that expenses have been approved by Operating Division as per DoP.

10.2.5 Manager - Accounts checks the invoices and supporting documents and approves the entry in FCI LEKHA.

10.3 Transport expenses:

10.3.1 Designated authority of Accounts Division checks the sheet prepared and verified by the Operating Division for the transporter bill to identify the kilometers travelled and number of bags handled with supporting documents namely ‘Daily Dispatch Report’ (DDR) and ‘Road Movement Permit’ (RMP) and other documents as required for verification. In addition,
acknowledgement from receiving depot is also checked to ensure quantity of bags delivered and quantity of bags received is same.

10.3.2 The rate charged in invoice is verified with tender / work order. In addition, the vendor name, depot name and PAN number as mentioned on invoice is also verified.

10.3.3 Any noting by Operating Division or Manager – Depot is considered at the time of processing of invoices. It is ensured that expenses have been approved by Operating Division as per DoP.

10.3.4 Contactor bill and supporting documents which are verified and certified by the Operating Division are forwarded to Manager – Accounts for approval in FCI LEKHA.

10.4 Freight expenses

10.4.1 Railway freight are paid for transfer of foodgrains from one depot to another depot of the Corporation. There are two modes of paying railway freight namely

10.4.2 Online payment of freight

a. Payment of railway freight should be done preferably through online mode.

b. Payment of railway wagon registration fees through online mode has been made mandatory. (Circular No. 1(3)2013-CM)

c. Payment are being made to Railways towards freight through E-payment against tripartite agreement between the Corporation, Bank and Railways.

d. Manager – Depot places an indent to railway for placement of wagons. The ‘Railway freight calculation system’ is linked with the online banking facility of the Corporation Zonal Office. The rate mentioned in freight calculation system is as per agreement entered between the Corporation and the Railway.

e. Once the details of freight are entered in the system, the payable amount automatically flows to the ‘Railway Cash Credit’ Account maintained with bank at the Corporation Zonal Office. At Zonal Office, Designated authority of Accounts Division verifies and reconciles the bank transaction with respect to amount debited into online payment of freight account at Regional Office or other unit, as the case may be. Also, regular and proper
monitoring should be done and the discrepancy, if any, should be brought into the notice of Zonal / Headquarter immediately.

f. On monthly basis, designated authority of Accounts Division at Zonal office downloads the statement of ‘Railway Cash Credit’ Account and records Inter Office General (IOG) in FCI LEKHA. Manager / AGM – Accounts verifies and approves the entry in FCI LEKHA. Also, the ‘Railway Cash Credit’ statement is forwarded to all the regional and district office for cross verifying with IOG account at respective unit.

**Accounting Entry in FCI LEKHA**

IOG A/c Dr.
To Bank A/c

Designated authority of Accounts Division at District Office checks the Railway Receipt received from Manager - Depot with ‘IOG’ and ‘Railway Cash Credit’ statement received from Zonal Office and records the freight entry in FCI LEKHA after verifying the approval as per DoP. Manager – Accounts verifies and approves the entry in FCI LEKHA.

**Accounting Entry in FCI LEKHA**

Railway freight A/c Dr.
To IOG A/c

h. Where freight amount as per ‘Railway Receipt’ (R/R) available at District Office is less than IOG raised by Zonal Office, railway freight expenses is booked for complete amount of IOG and a claim is raised on railway for refund of excess railway freight.

**Accounting Entry in FCI LEKHA**

1. Booking of expenses

Railway Freight A/c Dr.
To IOG A/c

2. Booking of claim

Claims on Railways - Excess Payment of Freight A/c Dr.
To Income on account of Excess Railway Freight A/c

3. Booking of income
Bank A/c Dr.
Claims on Railways - Excess Payment of Freight A/c

10.4.3 Payment of freight:

10.4.3.1 Payment of freight by Demand Draft

a. Designated authority of Accounts Division on the receipt of Inter office Note (ION) along with freight calculation sheet from Operating Division, verifies the name of consignee depot, date, approvals.

b. On the basis of ION, designated authority makes a request to bank for a Demand Draft (D/D) in favor of railway and request is signed by authorized signatory as per DoP, which is then handed over to railway and railway receipt (R/R) is generated by railway.

c. On receipt of ‘Railway receipt’ (R/R) from Movement Division, designated authority of Accounts Division records the expense entry in FCI LEKHA by debiting Account Head ‘Railway freight’

d. Payment entry is recorded in FCI LEKHA by crediting ‘Bank Account’ and debiting ‘Vendor Account’. Manager – Accounts verifies the entry in FCI LEKHA with supporting documents and approves the same.

10.4.3.2 Payment of freight by E-freight payment facility

a. E-freight payment facility is also available for payment of freight to railway (as per tripartite agreement between FCI, SBI Bank and railway). Subsequent to completion of special loading, weight note is provided to station master who enters the details into the software designed by CRIS (Centre for Railway Information System). Amount of freight is calculated basis details entered and consequently payment is initiated by CRIS software through FCI dedicated bank account, which directly credits the payment into railway account and E-R/R (E-Railway Receipt) is issued by railway.

b. On the basis of bank account details maintained by Zonal Office / Regional Office, entry is recorded in FCI LEKHA by crediting ‘Bank Account’ and debiting ‘IOG Account’ by Accounts Division (Zonal Office / Regional Office). Subsequently a corresponding entry is done by Accounts Division of concerned unit for recording expenses in FCI LEKHA by crediting ‘IOG Account’ and debiting ‘Rail Freight Account’.
c. Once, entry is recorded in FCI LEKHA, Inter Office Note is prepared by Accounts Division of concerned unit for obtaining confirmation from Movement Division. Once Confirmation is received, Manager – Accounts verifies the entry in FCI LEKHA with supporting documents and approves the same.

10.4.4 Ocean freight paid on imported foodgrains is booked under relevant Account Head in Accounts Payable Module.

10.4.5 Freight paid on the acquisition of assets is treated as part of purchase cost of the assets and charged to concerned asset account. Freight paid on another items whose cost is not capitalized is booked under ‘Other sundry expense account’.

10.4.6 Freight paid on new gunnies bags, stores and spares etc. is to be accounted under the relevant freight accounts.

10.4.7 Ocean freight / demurrages both in respect of Indian and foreign flag vessel carrying foodgrains is to be accounted under relevant expense head of ‘Ocean Freight / Demurrages’.

10.5 Printing and stationery

10.5.1 Certified invoices along with supporting documents viz. purchase order / tender documents / financial concurrence received from Operating Division are verified for rate and quantity.

10.5.2 It is ensured that, expenses are processed only for those quantities which have been received by Operating Division. Any sanction order from Operating Division is also considered.

10.5.3 Expenses are recorded under Accounts Payable in expense head ‘Printing and Stationery – others’. Manager / AGM – Accounts checks the invoices and approves the entry in FCI LEKHA.

10.6 Power, fuel and electricity

10.6.1 Utility bills in respect of rented premises is paid as per terms & conditions provided in the rent / lease agreements

10.6.2 Any misuse or penalty charged in the Utility bills is to be approved as per DoP.
10.6.3 Any change in the tariff rates is taken / considered while making the analysis of variances.

10.6.4 Designated authority of Accounts Division on receipt of invoice from Operating Division, checks whether invoice has been approved as per DoP. In addition, period of bill, name and address of premises, calculation checking etc. is also done to ensure correctness and accuracy of invoice. Thereafter, expense entry is recorded in FCI LEKHA by debiting Account Head ‘Electricity and Power, Electricity – godowns / silos / office’ and crediting ‘Party Account’.

10.7 Rent

10.7.1 It is ensured that proper lease deeds / rental agreements are executed before taking any premises on rent. Rent is paid by the Corporation for godowns, office buildings, staff quarter, land etc.

10.7.2 Name of landlord / address of property, month, rates, PAN No., GST regd. no. etc. are verified on invoices.

10.7.3 Payment of rent is to be made strictly as per the terms and conditions of the lease deed / rental agreements.

10.7.4 It is ensured that the rent payable on account of the Corporation leased accommodation for employees is as per the policy of the Corporation.

10.7.5 Terms and conditions of the lease deed / agreements for advance rent, security deposit, period of lease & renewal thereof, etc. are verified by designated authority of Accounts Division.

10.7.6 The original rent agreements / lease deeds are kept in safe custody of Operating Division.

10.7.7 Any noting from Operating Division for deductions to be made from godown rent due to shortages / pilferages / repair and maintenance etc. is considered at the time of processing of invoices.

10.7.8 Expense entry is recorded in FCI LEKHA by debiting Account Head ‘Rent’ and crediting ‘Party Account’.

10.8 Repair and Maintenance
10.8.1 Repair and Maintenance (R&M) expenses includes repair of office building and staff quarter, machinery including weigh bridges, other office equipment etc.

10.8.2 On receipt of R&M expense invoice from Operating Division, designated authority of Accounts Division checks the invoice and supporting documents with Sanction Order, tender / Purchase Order etc. rate, quantity, vendor name, address of premises, terms and condition of tender / PO etc. In addition, the acknowledgement from Operating Division regarding receipt of services and completion of work is also verified.

10.8.3 Any noting from Operating Division regarding deduction to be made from invoices is also considered at the time of recording of entry in books.

10.8.4 Expense entry is recorded in FCI LEKHA by debiting Account Head ‘Repair and Maintenance’ and crediting ‘Party’ Account.

10.9 Vehicle maintenance

10.9.1 All repair expenses on vehicles are approved by the Administration Division.

10.9.2 Designated authority of Accounts Division ascertains whether an insurance claim is to be filed for recovery of the expenditure. If the insurance claim is filed, then the expenditure is debited to “Insurance Claims Receivable Account” in the books of account and Insurance Division is informed accordingly.

10.9.3 Housekeeping / General Administration Division lodges the necessary claim with the insurance company and monitors the recovery thereof.

10.9.4 At the time of payment of such expenses, the Accounts Division monitors that the insurance claim has been filed in all cases, where applicable.

10.9.5 Administration Division analyzes expenditure on running of each vehicle in terms of mileage and initiates appropriate follow up action in respect of inefficient vehicles.

10.9.6 Driver’s salary is reimbursed to employees based on the receipt of payment submitted by them. It is ensured that the payment is as per the entitlements of individual employees.
10.9.7 Payment for expenses incurred in respect of pool cars, other expenses etc. is first authorized by the Administration Division.

10.10 Travelling expenses

10.10.1 Travel report is approved from Head of Operating Division. Travel report contains details regarding period of travel, purpose, mode, type of hotel, expenses per day, number of persons, return date, grade of employees etc.

10.10.2 Expenses are accompanied by supporting bills which are scrutinized as per the Corporation travel policy covering eligibility and rates.

10.10.3 All travel bills are submitted within 15 days from travel end date.

10.10.4 Recording of expenses is done to respective expense head and prepayment is applied against the advance payment, if any. After recording in FCI LEKHA, Manager / AGM - Accounts verifies and approves the entry in FCI LEKHA.

10.11 Audit fees

10.11.1 Invoice is verified with agreed fees and payment terms and conditions as per tender document / Work order / Purchase order. Approval is also checked as per DoP.

10.11.2 TDS is deducted as per applicable rate at the time of invoice recording except on reimbursement expenses.

10.11.3 Expenses are booked under appropriate Accounts Head ‘Fees for Audit of Accounts’ and ‘Fees for Audit of CPF, ‘Fees for Chartered Accountants-for Internal Audit Assignments’.

10.12 Advertisement

10.12.1 Invoice is verified with agreed fees and payment terms and conditions as per tender document / Work order / Purchase order. Approval is also checked as per DoP.

10.12.2 TDS is deducted as per applicable rate at the time of invoice recording except on reimbursement expenses. Also, cutting / photo of advertisement is also verified with details mentioned in Invoice for accuracy.
10.12.3 Designated authority records the entry in FCI LEKHA by debiting the Account Head ‘Advertisement’ and crediting ‘Trade Payables’ and the same is approved in FCI LEKHA by Manager / AGM – Accounts.

10.13 Taxi hire charges

10.13.1 On receipt of invoices for Taxi hire charges from Operating Division, designated authority of Accounts Division checks whether invoices have been approved as per DoP. In addition, approval from User Division is also verified for travel and taxi booking.

10.13.2 Supporting documents viz. taxi booking / requisition slip along with name of passenger, kilometer travelled, pick up and drop point, travel date etc. are verified. The rate per km must be matching with the tender / PO awarded to the contractor. Designated authority of Accounts Division after checking the invoices and supporting documents records the entry by debiting expense head ‘Taxi hire charges’. Manager / AGM – Accounts verifies and approves the entry in FCI LEKHA.

10.14 Security charges

10.14.1 On receipt of invoice of security charges from Operating Division, designated authority of Accounts Division verifies whether invoice has been approved as per DoP.

10.14.2 Invoice is accompanied with attendance sheet, PF / ESI certificate, approval memo etc. Designated authority of Accounts Division checks the rate charged in invoice with tender / PO along with man days and number of security guard. Also, PF and ESI challans attached with invoice are verified for date for timely deposition of statutory dues.

10.14.3 Designated authority records the entry in FCI LEKHA by debiting the Account Head ‘Security Charges’ and crediting ‘Trade Payables’. Manager / AGM – Accounts approves the entry in FCI LEKHA.

10.15 Stevedoring and port clearance charges

10.15.1 On receipt of Invoices for stevedoring and port charges, designated authority of Accounts Division checks whether invoices have been approved as per DoP.
10.15.2 In case of stevedoring charges, payment is to be made with regards to agreement / tender / PO signed with party. Designated authority verifies the period, services rendered and rate to ensure accuracy and completeness. Supporting / Invoices for ‘Port Clearance Charges’ include the payment receipt issued by port authorities.

10.15.3 Designate authority after verifying the invoice records the expense entry in FCI LEKHA by debiting expenses head viz. ‘Stevedoring charges’ and ‘Port clearance charges’ and crediting ‘Vendor’ account. Manager / AGM – Accounts verifies and approves the expense entry in FCI LEKHA.

10.16 Reimbursement to Hospitals

10.16.1 On receipt of invoices for hospital expenses from parties, designated authority of Accounts Division checks whether necessary documents viz. Hospital application form, First admission report, copy of employee id, authorization letter certified by Corporation’s Medical Officer, invoices and supporting documents are available.

10.16.2 Rate charged in invoice is verified with Central Government Health Scheme (CGHS) rate card. Any excess charges are disallowed and net payable amount is booked in FCI LEKHA as expenses under account head ‘Medical expenses’. Manager – Accounts checks the invoices and supporting documents and approves the entry in FCI LEKHA.

10.17 Demurrage / Siding charges

10.17.1 On the basis of Railway receipt received from Operating Division, designated authority of Accounts Division checks the invoices to check whether demurrage charges have been incurred only for additional charges and as per agreed rate. Also, the component of siding charges in the Railway receipt is checked for accuracy.

10.17.2 Freight charges are recorded under the Account Head ‘Freight’ and whereas Demurrage and siding charges are recorded under respective account head. Manager / AGM – Accounts verifies and approves the entry in FCI LEKHA.

10.18 Rental Income
10.18.1 Invoice for rental income is to be raised as per the date mentioned in the agreement.

10.18.2 Before raising invoice for ‘Rental income’, party name, period and amount is verified with rent agreement.

10.18.3 In addition, any expense for utility charges viz. electricity, maintenance etc. is charged as per rates agreed. In case, electricity charges are to be claimed from party on actual basis, a copy of electricity bill also needs to be sent to the party.

10.18.4 Any damage to property or repairs or dues which were incurred by the Corporation, however, as per agreement were to be incurred by tenant, such dues paid, repair expenses or damage cost are recovered from party and included in the bill specifying the reason along with copy of payment receipt.

10.18.5 Designated authority of Accounts Division raises the invoice in FCI LEKHA by debiting ‘Party’ Account and crediting ‘Income from Rent – Letting out of Land / godowns’.

1.19 Application fees for recruitment

10.19.1 Application fees for recruitment is collected by the Corporation. A separate bank account is allocated for collection of application fees.

10.19.2 On closure of application period, bank statement is downloaded by designated authority of Funds Division and total receipt is booked under income head by debiting ‘Bank’ Account and crediting ‘Other miscellaneous income’.
Appendix 10.1

FOOD CORPORATION OF INDIA
REGIONAL OFFICE, ………………….

ZONE:
REGION:
Financial Year :

FORM :XIII/41
FCI LEKHA   A/C NO.:

FCI, RO :
FCI, RO :

Regional consolidated schedule of miscellaneous expenses for the year as on…………………

<table>
<thead>
<tr>
<th>SL. NO.</th>
<th>PARTICULARS</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

| TOTAL   |             |        |

Asstt.Genl. Manager ( A/Cs)  
FCI, RO :  
Manager ( A/Cs)  
FCI, RO :
Appendix 10.2

FOOD CORPORATION OF INDIA
REGIONAL OFFICE, ………………….

ZONE:  
REGION:  
FORM : XIII/42
FCI LEKHA
A/C NO.:  

Regional consolidated schedule of miscellaneous income for the year as on…………………

<table>
<thead>
<tr>
<th>SL. NO.</th>
<th>PARTICULARS</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

TOTAL

Asstt.Genl. Manager  A/Cs)  
Manager (A/Cs)  
FCI, RO :  
FCI, RO :

Accounts Manual | 140 | P a g e
Appendix 10.3

FOOD CORPORATION OF INDIA
REGIONAL OFFICE, ..........................

ZONE:  
REGION:  
Financial Year:

FORM: XIII/44
FCI LEKHA  A/C NO.:

Regional consolidated schedule of adjustment in respect of previous year expenditures as on ..........

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Unit</th>
<th>Year to which transaction pertain</th>
<th>Full &amp; complete details of transactions</th>
<th>Amount</th>
<th>Account head if the transaction had been accounted for in the same year</th>
<th>Date of payment</th>
<th>Reasons for non-accounting in the same year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td>DR. CR.</td>
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</tbody>
</table>

TOTAL

Net closing balance:

Asstt. Genl. Manager (A/Cs)  
FCI, RO:

Manager (A/Cs)  
FCI, RO:
### Regional consolidated schedule of adjustment in respect of previous year income as on ………..

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Unit</th>
<th>Year to which transaction pertain</th>
<th>Full &amp; complete details of transactions</th>
<th>Amount</th>
<th>Account head if the transaction had been accounted for in the same year</th>
<th>Date of receipt</th>
<th>Reasons for non-accounting in the same year</th>
<th>DR.</th>
<th>CR.</th>
</tr>
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<tbody>
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</tbody>
</table>

**Total**

**Net closing balance:**

Asstt. Genl. Manager  
(A/Cs)  
FCI, RO:  

Manager (A/Cs)  
FCI, RO:
11. Taxation

11.1 General

11.1.1 Various Direct and Indirect Taxation are applicable on the Corporation. Direct taxation comprises of Income tax, Tax deducted at source (TDS), Tax Collected at Source (TCS) and Indirect taxation comprises Goods and Service tax (GST) and GST (TDS).

11.1.2 On monthly basis a ‘Statutory Compliance Checklist’ is filled with the actual date of compliance by designated authority of Accounts Division and reviewed & certified by Manager / AGM – Accounts. Refer Appendix 11.1 for format of statutory compliance checklist.

11.1.3 The compliance checklist is forwarded by District Offices to Regional Offices, Regional Offices to Zonal Offices and Zone to Headquarter. The compliance checklist at Regional Office contains summary of compliance of Regional Offices and all the District Office falling within its jurisdiction. Compliance checklist is forwarded within 25th of each month for compliance relating to previous month.

11.2 Direct taxation

11.2.1 Designated authority of Accounts Division on receipt of duly approved invoices from Operating Division verifies invoices with Work Order / PO / Tender documents / financial concurrence sheet to ascertain rate, quantity, tax rate, reimbursements and other service level conditions mentioned. Thereafter invoices are recorded in FCI LEKHA by debiting respective Expense head and crediting the ‘Party’ Account and ‘TDS Payable’ Account. Manager / AGM – Accounts verifies and approves the entry in FCI LEKHA.

11.2.2 At the time of creation of Party code, TDS rate applicable on party is mapped in vendor master. During recording of invoices, relevant TDS rate of respective Assessment Year is required to be considered as per Income Tax Act, 1961 including rules, amendments.

11.2.3 TDS is deducted as per applicable Income tax rate in force.

11.2.4 Separate TDS ledger Account head is selected for TDS – Rent, Professional, Contractor, Commission etc.

11.2.5 During month end, designated authority of Accounts Division extract TDS payable ledger form FCI LEKHA. TDS payable challan is prepared by designated authority of Accounts Division and same is verified with TDS payable ledger. Manager / AGM – Accounts verifies the challan with TDS payable ledger and approves the payment.
11.2.6 Manager / AGM – Accounts ensures that actual payment of TDS is made on or before due date of TDS deposit and entry is recorded in FCI LEKHA. Below mentioned accounting entry is recorded:

**Accounting Entry in FCI LEKHA**

TDS Rent/Commission/Profession A/c Dr.
To Bank A/c

11.2.7 TDS return is filed by designated authority of Accounts Division and verified and approved by Drawing and Disbursing Officer. FCI LEKHA general ledger balance and TDS challans are considered at the time of filing of TDS return. Manager / AGM – Accounts ensure that TDS return is filed on or before due date.

11.2.8 TDS certificates are issued by designated authority of Accounts Division within due date as per Income tax Act, 1961 for salary and other than salary. Refer Appendix 11.1 for due date of issuance of TDS certificate for instances.

11.2.9 In case TDS has been deducted on income received by the Corporation, the entry of TDS deducted is done under Account Head ‘TDS receivable’.

**Accounting Entry in FCI LEKHA**

Bank A/c Dr.
TDS receivable A/c Dr.
To Debtors (Party) A/c

**Accounting Entry in FCI LEKHA**

When original TDS certificate is sent to Headquarter

A. By unit:-
Hqrs (IOG) A/c Dr.
To TDS Receivable A/c

B. By Hqrs.
Advance TAX or TDS A/c Dr.
To IOG A/c

11.2.10 On quarterly basis, reconciliation is done by designated authority of Accounts Division between balance as per TDS receivable account with TDS statement under 26AS and TDS certificate collected from party. Any difference among the three is thoroughly reviewed by Manager / AGM – Accounts and correspondence is done with party if required.
11.2.11 Tracker to monitor cases is prepared by designated authority (Unit) and the same is reviewed by Manager - Accounts (Unit).

11.3 Indirect taxation

11.3.1 Goods and Service Tax

a. Goods and Service tax (GST) is a dual tax with the Centre and States simultaneously levying it on a common tax base of supply.

b. The taxable event under GST is the supply of goods or services or both made for consideration in the course or furtherance of business. The taxable events under the existing indirect tax laws such as manufacture, sale, or provision of services has been subsumed in the taxable event known as 'supply'.

c. The GST is a destination based tax on consumption of goods and services which means the tax would accrue to the taxing authority having jurisdiction over the place of consumption which is also termed as place of supply.

d. The GST to be levied at the time of supply and the provisions applicable to determine the time of supply are different for goods vis-à-vis services being provided or received.

e. Central GST (CGST) to be levied and collected by the Centre and State GST (SGST) to be levied and collected by the States on intra-state supplies. In case of Union territories, the SGST would be replaced by Union Territory GST (UTGST).

f. Integrated GST (IGST) to be levied on all inter-state supplies of goods and services (including imports).

g. The products (foodgrains) being dealt with by FCI, being Nil Rated would qualify as an exempt supply and would not attract any levy of GST. By saying so, along with the release order, a Bill of Supply also need to be issued by the concerned District Office in FCI LEKHA.

h. For every taxable supply of goods or services being made, FCI would issue tax invoice in FCI LEKHA. Further, at the time of receipt of advances for any taxable supply to be made by FCI, concerned offices shall issue an advance receipt voucher mentioning the tax rate and amount as applicable. However the same is not required if invoice is being issued at the time of receiving the advance.

Following entries to be recorded in FCI LEKHA:

- Receipt of advances from buyers:
**Debit**
Bank ledger;
CGST Advance paid ledger (in case of intra-state supply – amount equal to tax liability on advances);
SGST / UTGST advance paid ledger (in case of intra-state supply – amount equal to tax liability on advances);
IGST advance paid ledger (in case of inter-state supply – amount equal to tax liability on advances)

**Credit**
Deposit from Customer for sales ledger;
CGST payable ledger (in case of intra-state supply – amount equal to tax liability on advances);
SGST / UTGST payable ledger (in case of intra-state supply – amount equal to tax liability on advances);
IGST payable ledger (in case of inter-state supply – amount equal to tax liability on advances)

- Payment of tax liability on advances to government:

**Debit**
CGST payable ledger (in case of intra-state sale – amount equal to tax liability on advances);
SGST / UTGST payable ledger (in case of intra-state sale – amount equal to tax liability on advances);
IGST payable ledger (in case of inter-state sale – amount equal to tax liability on advances)

**Credit**
Bank ledger

- At the time of booking of services:

**Debit**
Deposit from customer for sales ledger (where payment has been received already)

**Credit**
<Respective Income> Ledger;
CGST Payable Ledger (intra-state supply);
SGST / UTGST Payable Ledger (intra-state supply);
IGST Payable Ledger (inter-state supply)

- At the time of making tax liability payment / adjustment:

**Debit**
CGST payable ledger (in case of intra-state supply – amount equal to tax liability on sales);
SGST / UTGST payable ledger (in case of intra-state supply – amount equal to tax liability on sales);
IGST payable ledger (in case of inter-state supply – amount equal to tax liability on sales)

**Credit**
Bank ledger (differential amount);
CGST advance paid ledger;
SGST / UTGST advance paid ledger;
IGST advance paid ledger

- On refunding the balance amount in next month
  
  **Debit**
  Deposit from customer for sales ledger

  **Credit**
  Bank Ledger

i. GST law prescribes certain provisions in respect to reverse charge mechanism i.e. onus on recipient of supply of services or goods to pay tax to the government instead of the supplier of such goods or services. Supplies that are covered under reverse charge mechanism are as follows:

- Receipt of notified category of taxable goods / services (As per Section 9(3) of CGST and SGST Act and Section 5(3) of IGST Act) ([Refer Appendix 11.2 for illustration of rate of GST for said notified category of taxable services](#))

  Following entry to be recorded for procurement of said supply of taxable goods or services:

  **Debit**
  Expense ledger

  **Credit**
  Supplier ledger
  CGST Reverse charge liability ledger (in case of intra-state supply),
  SGST / UTGST Reverse charge liability ledger (in case of intra-state supply),
  IGST Reverse charge liability ledger (in case of inter-state supply)

  Further a payment voucher is required to be issued each time making payment for services under reverse charge.
The GST liability would arise on FCI on the date of making payment to service provider. However if the payment is not made within 60 days of the issue of invoice by such vendor, then the liability to pay GST would arise on expiry of the said 60 days period from the date of issue of invoice.

- Receipt of taxable goods / services from unregistered dealer (As per Section 9(4) of CGST and SGST Act and Section 5(4) of IGST Act.

According to Section 9(4) of CGST and SGST Act and Section 5(4) of IGST Act, if any of the FCI office / premise procures taxable goods or services from any unregistered person, GST liability would arise on FCI under reverse charge. In such scenario, FCI would accordingly need to discharge GST at the applicable rates on such supply.

j. Under the provisions of Section 25(4) and 25(5) of the CGST Act, establishments of a same legal entity in various States are considered as distinct persons. As per Section 7 read with Schedule I of CGST and SGST Act, if goods / services are being supplied by one branch / office of FCI to another branch in different State / Union Territory, then the same would be considered as supply and accordingly the ‘tax invoice’ or ‘bill of supply’ (as applicable) need to be issued instead of the current inter-office transfer invoice or any other memo.

k. FCI is required to furnish details of outward and inward supplies of goods / services, input tax credit availed, tax payable, tax paid etc. on a monthly basis *(Refer Appendix 11.2 for due dates on which said details required to be furnished).*

l. As per provisions of Section 51(1) of CGST Act, 2017, FCI being a notified person would need to deduct the GST TDS from the payments to be made or credited to the vendors of taxable goods or services or both where total value of supply under a contract (excluding the value of CGST, SGST, UTGST, ITGST & Cess), exceeds ₹ 250,000. Further, FCI is required to furnish details of tax deducted and deposited on a monthly basis. *(Refer Appendix 11.2 for due dates on which said details required to be furnished)*

m. Tracker to monitor cases is prepared by Executive - Accounts (Unit) and the same is reviewed by Manager - Accounts (Unit). The status of pending case is regularly updated to authorized personnel in F&A Department (Headquarter).
11.4 Return of income

11.4.1 Annual Return of Income is required to be submitted on or before due date. Return of income must contain FCI’s PAN no. The following documents are attached along with the Return of Income:

a. Computation of tax refund (along with the necessary documents)
b. Tax Audit report
c. Audited financial statements for the financial year for which the return is being filed.

11.5 E-Way Bill under GST regime

11.5.1 As per GST provisions, every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees

a. In relation to supply; or
b. For reasons other than supply; or
c. Due to inward supply from an unregistered person

11.5.2 E-Way bill is an electronic way bill for the movement of goods which can be generated on the E-Way bill portal by a registered consignor / consignee and a transporter (could be registered or unregistered)

11.5.3 Certain transactions for where e way needs to be generated:

a. On transaction of gunny either it would be for
   • Providing to Arhtias / Millers for filling the food grain or
   • Supply of gunny
   • Supply of chemical
   • Supply of dead stock

b. Transportation of goods / assets either it would be for
   • Inter-state / intra-branch transfer or
   • Supply of said asset / goods

11.5.4 Notified goods for movement for which e-way bill is not required:

a. Wheat and Meslin
b. Rice
c. Dried leguminous vegetables, shelled, whether or not skinned or split
d. Barley
e. Maize
f. Jawar, Bajra and Ragi

11.5.5 Government notifications on GST and circulars issued by FCI from time to time should be referred for any clarification and updates.
11.6 Updation of tax master in FCI LEKHA

11.6.1 Any request for Updation / change in tax master is made to GM - Finance at Headquarter.

11.6.2 A written requisition as approved by GM - Finance is forwarded to FCI LEKHA Division at Headquarter for making changes in tax master. The requisition is supported by circulars / notification as issued by Central / State government.

11.6.3 On receipt of requisition, necessary changes in tax master are done by FCI LEKHA Division and same is intimated to the Accounts Division. Designated authority of Accounts Division verifies the changes made in FCI LEKHA with the ‘Updation / change requisition’ to ensure correct changes have been made.

11.6.4 A new head ‘Input tax credit charged to expenses post GST implementation’ has been added in existing chart of Trial balance. (Circular 1239/Acctts)
### Appendix 11.1

**Statutory compliance checklist**

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>Particulars</th>
<th>Due date</th>
<th>Actual Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.</strong></td>
<td><strong>Tax deducted at source</strong></td>
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<tr>
<td></td>
<td>Monthly payment</td>
<td>7th of next month</td>
<td></td>
</tr>
<tr>
<td></td>
<td>For the month of March</td>
<td>30th April of next year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quarterly return</td>
<td>30th of corresponding month of quarter end</td>
<td></td>
</tr>
<tr>
<td></td>
<td>For the quarter ending March</td>
<td>31st May of next year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Issuance of Form 16A (Quarterly)</td>
<td>15 days of due date of filling of TDS return</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Issuance of Form 16 (Annually)</td>
<td>31st May of next financial year</td>
<td></td>
</tr>
<tr>
<td><strong>2.</strong></td>
<td><strong>Tax collected at source</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Monthly payment</td>
<td>7th of next month</td>
<td></td>
</tr>
<tr>
<td></td>
<td>For the month of March</td>
<td>7th April of next year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quarterly return</td>
<td>15th of corresponding month of quarter end</td>
<td></td>
</tr>
<tr>
<td></td>
<td>For the quarter ending March</td>
<td>15th May of next year</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Issuance of Form 16 (Annually)</td>
<td>31st May of next financial year</td>
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<tr>
<td><strong>3.</strong></td>
<td><strong>Provident fund (including Family pension)</strong></td>
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<tr>
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<td>Monthly payment</td>
<td>15th of next month</td>
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<td><strong>4.</strong></td>
<td><strong>ESIC</strong></td>
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<tr>
<td></td>
<td>Monthly payment</td>
<td>15th of next month</td>
<td></td>
</tr>
<tr>
<td><strong>5.</strong></td>
<td><strong>Annual return</strong></td>
<td>30th October of current financial year for previous financial year</td>
<td></td>
</tr>
</tbody>
</table>

**As declared by the State/Central Authorities under different state government as on October 31, 2018**

**Due dates for compliance shall be followed as per applicable laws in force.**
Appendix - 11.2

The GST Reverse Charge Mechanism liability shall be largely restricted to the following services for the various FCI Offices (As on September 30, 2017):

<table>
<thead>
<tr>
<th>Nature of Service</th>
<th>HSN Code</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods transportation by road for goods other than agriculture produce, foodgrains, pulses and rice (no ITC being claimed by the GTA and not charging GST under forward charge)</td>
<td>9965</td>
<td>5%</td>
</tr>
<tr>
<td>Legal services by individual advocate or firm of advocates</td>
<td>9982</td>
<td>18%</td>
</tr>
<tr>
<td>Services provided by arbitral tribunal</td>
<td>9982</td>
<td>18%</td>
</tr>
<tr>
<td>Siding and Shunting Charges from Railways</td>
<td>9967</td>
<td>18%</td>
</tr>
<tr>
<td>Transportation of goods by a vessel from a place outside India up to the customs station of clearance in India, if service provider is located in taxable territory</td>
<td>9965</td>
<td>5%</td>
</tr>
<tr>
<td>Sponsorship services</td>
<td>9983</td>
<td>18%</td>
</tr>
<tr>
<td>Service provided by independent/non-executive Directors</td>
<td>9983</td>
<td>18%</td>
</tr>
<tr>
<td>Guard service provided by the Government or local authority</td>
<td>9985</td>
<td>18%</td>
</tr>
</tbody>
</table>

List of outward services provided by FCI: (As on September 30, 2017)

<table>
<thead>
<tr>
<th>Nature of Service</th>
<th>HSN Code</th>
<th>Rate of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiring charges of weighing machine</td>
<td>9987</td>
<td>18%</td>
</tr>
<tr>
<td>Rent of non-residential property</td>
<td>9972</td>
<td>18%</td>
</tr>
</tbody>
</table>
| Guest house charges                                                              | 9972     | Exempt up to ₹ 1000
12% of declared tariff 1000<=2500
18% of declared tariff 2500<=7500
28% of declared tariff >7500 |
| Application fees received from candidate applied for recruitment                 | 9985     | 18%         |
| Processing fees for tender by way of sales of tender documents                    | 9985     | 18%         |
Due Dates of furnishing the details of inward supply, outward supply, GST to be deducted at source are outlined in exhibit hereunder: (As on September 30, 2017)

<table>
<thead>
<tr>
<th>Return</th>
<th>Frequency</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form GSTR-1</td>
<td></td>
<td>10th day of Succeeding month</td>
</tr>
<tr>
<td>FORM GSTR-2A</td>
<td></td>
<td>Auto-populated after filing of Form GSTR-1</td>
</tr>
<tr>
<td>FORM GSTR 2</td>
<td></td>
<td>15th day of succeeding month</td>
</tr>
<tr>
<td>FORM GSTR 1A</td>
<td>Monthly</td>
<td>Auto-populated after filing of Form GSTR-2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>To be approved by supplier by 17th day of succeeding month</td>
</tr>
<tr>
<td>FORM GSTR 3</td>
<td></td>
<td>20th day of succeeding month</td>
</tr>
<tr>
<td>FORM GSTR-7</td>
<td></td>
<td>10th day of the succeeding month</td>
</tr>
<tr>
<td>Part C of GSTR-2A</td>
<td></td>
<td>Auto-populated to each supplier after submission of Form GSTR-7</td>
</tr>
<tr>
<td>GSTR-7A</td>
<td></td>
<td>Certificate within 5 days from the date of deposit of TDS</td>
</tr>
<tr>
<td>Form GSTR-9</td>
<td>Annually</td>
<td>31st Dec of the following year</td>
</tr>
<tr>
<td>Form GSTR-9B</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due date for payment of GST and GST TDS are highlighted below: (As on September 30, 2017)

<table>
<thead>
<tr>
<th>Payment</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>IGST/CGST/SGST</td>
<td>20th of succeeding month</td>
</tr>
<tr>
<td>GST TDS</td>
<td>10th of month succeeding the month of deduction</td>
</tr>
</tbody>
</table>

** Due dates, GST rates and HSN codes shall be followed as per applicable laws in force.
12. Claims recoverable

12.1 General:

12.1.1 Claims are raised by the Corporation on the Railway namely (i) claim for excess freight charged, (ii) claim for shortages, (iii) missing wagon claim, (iv) claim for missing wagon freight and (v) claim for disputed demurrages.

12.1.2 Claims arise on rice miller, handling and transport contractor and other parties for shortages, failure to fulfill contractual obligation etc.

12.1.3 Claims also arise on employees on account of storage loss recovery, penalties, transit loss, misappropriation, theft etc.

12.1.4 Claim recoverable from other parties depends upon the tender terms and conditions / agreement with parties.

12.2 Important instructions:

12.2.1 Punitive charges are booked with regular railway freight and no separate booking is done. (Circular no. 1154/Accts dated 17.11.2014)

12.2.2 Claim for excess freight arises on railway because of reason namely (a) Where freight has been calculated at wrong rate and as a result excess payment has been made and (b) In case of unloading of foodgrains at a station other than booked station on request of FCI officials.

a. Claim for excess freight is raised on railway on the basis of Railway receipt received from Operating Division and accounting entry is recorded as under:

**Accounting Entry in FCI LEKHA**

1. Booking of expenses

<table>
<thead>
<tr>
<th>Agricultural Freight A/c</th>
<th>Dr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOG A/c</td>
<td></td>
</tr>
</tbody>
</table>

2. Booking of claim
Claims on Railways - Excess Payment of Freight A/c Dr.
To Income on account of Excess Railway Freight A/c

3. Booking of income

Bank A/c Dr.
Claims on Railways - Excess Payment of Freight A/c

b. In case of unloading of foodgrains is effected at a station other than booked destination and an acknowledgement has been signed by FCI official stating that no claim would be put on railway to refund excess freight, no claim is to be raised on railway.

c. Where the delivery of stock is effected at a station other than booked destination, claim on Railways arises for excess payment of freight (for short distance), the consignee after obtaining delivery certificate from the station master will forward it to the consignor within 15 days of receipt of such Diverted / unconnected wagon. It is the responsibility of the consignor office to prefer claim of dispatching station where the original consignee has already lodged a claim of missing wagon and is appraised of delivery of diverted wagons. The Accounts Division of the consignee District Office transfers the amount by means of IOG advice.

12.2.3 In case, the wagon is sent by railway to nearest depot and not to the depot where the wagon was originally designated to reach, the depot which does not receive the wagon raises a claim on railway for missing wagon. On receipt of Monthly Stock Account (MSA), Designated Authority of Accounts Division records the entry in FCI LEKHA as below: Accounting entries related to missing wagon is shown under Appendix 8.1.

12.2.4 The accounting procedure for the withdrawal / write off of the claims is as under:

a. In case, the claims already lodged needs to be withdrawn, they are removed from the books of account only after obtaining a confirmation from the Operational Division and approval as per DoP that the claims were ab-initio wrong and are not tenable.

b. When the claim is withdrawn in full or in part in the same financial year i.e. the year in which it was accounted for, the original entry debiting claims and crediting income from the claims is reversed. In cases, where the claims are withdrawn in full / part in the subsequent financial year (s) the following
procedure is followed for accounting the withdrawal by contra credit to claims receivable.

c. Claims against Central / State Governments / Other parties and their agencies in case written off under the orders of the competent authority are removed from the books of account by debit to the concerned account heads under the summary head ‘Debts / Claims written off’ and concerned claim / advances / debts account heads are credited.

d. Claims against Railways for wheat and Rice are lodged at the standard rate fixed by the Government of India from time to time applicable to PDS. The claims against other parties / State Governments are lodged at the economic cost.

Accounting Entry in FCI LEKHA

1. Reversal of claim

Reserve for Claim recoverable / Loan & Advances / Deposit Recoverable / Doubtful Debts A/c Dr.
To Provision for Claim recoverable/ Loan & Advances / Deposit Recoverable / Doubtful Debts A/c

2. Bad debts written off

Debts / Claims Written off A/c Dr.
To Trade receivables / Loans and Advances / Claims Recoverable / Deposits Recoverable A/c

12.2.5 Claims from rice miller, handling and transport contractor and other parties arise on account of shortage of foodgrains or non-fulfillment of contractual obligation.

a. Recovery from Handling & Transport contractor - On receipt of invoice from Operating Division, Designated authority of Accounts Division check the invoices with weight check memo and work slip. Weight check memo contains the quantity of foodgrains transferred from one depot to another or from depot to rail head or vice versa. Manager – Depot of the receiving unit certifies on the weight check memo the quantity of foodgrains received at the depot. Any difference between issue and receipt of foodgrains is a loss and recovered from contractor at double rate of standard rate of foodgrains. The accounting entry would be done as below:
Accounting Entry in FCI LEKHA

1. Booking of transit loss:

Transit loss - recovery effected A/c Dr.
To Credit to Inventory A/c
(Note: The rate of transit loss would be standard rate of foodgrains fixed during the year)

2. Booking of expenses:

Road freight A/c Dr.
To Party A/c
To Claim on H&T contractor A/c

3. Income booking

Claim on H&T contractor A/c Dr.
To Recoveries for transit losses from H&T Contractors A/c

b. In case rice has been received short from millers, Operating Division mentions the amount of recovery to be done from millers on the invoice as well as on inter office memo / note. Designated authority of Accounts Division on receipt of invoice, records the below mentioned entry in FCI LEKHA for recovery:

Accounting Entry in FCI LEKHA

1. Booking of storage loss:

Storage loss on Millers/Agents/Storing agencies A/c Dr.
To Credit to Inventory A/c

2. Booking of expenses:

Milling charges A/c Dr.
To Creditor A/c
To Claim against rice mills for shortages A/c

3. Recording of Income:

Claim against rice mills for shortages A/c Dr.
To Recoveries for storage shortages from Millers/ Agents A/c
c. Recovery from employees is undertaken on account of shortage of cash, shortage of inventory and recovery for advances. On receipt of administrative approval for recovery from employees, designated authority of Accounts Division on the basis of instructions received record the below mentioned entry in FCI LEKHA:

**Accounting Entry in FCI LEKHA**

1. **Booking of storage loss**

Storage loss due to Theft/Misappropriation/Pilferage A/c Dr.
To Credit to Inventory A/c

2. **Booking of Claim**

Claims for Shortages/defalcation of stocks & spares recoverable from Employees A/c Dr.
To Recoveries from FCI officials for shortages of stocks and stores A/c

OR

Claims for Defalcation of Cash against employees A/c Dr.
To Other Miscellaneous Income A/c

d. The claims on shipping agents for shortages in bagged cargo to the extent of less number of bags received as well as slack and torn bags, damages cargo in respect of foodgrains are accounted as claim. Expenditures which are prima facie recoverable as per terms of contract such as overtime allowances (OTA), extra expenditure for discharge of cargo from wing tank, handling charges, other expenses for discharge, crane charges etc. are not accounted as expenditure but are booked as claims in the books of port offices and simultaneously debit IOG advice is sent to Headquarters to enable them to effect the necessary recovery.

12.2.6 **Reconciliation of railway claim between records of Operating and Accounts Division:**

a. A claim team comprising of Manager or above from Movement Division District Office is responsible for monitoring of claim arising on Railway from their District.

b. On monthly basis, a reconciliation statement comprising of opening claim balance, claim lodged during the month, claim settled during the month,
claims adjusted and closing claim balance is prepared by Movement Division.

c. In case, it is observed that the claim is appearing in the statement of Movement Division but not recorded in books of account, either due to non-receipt of claim paper or having lodged after close of accounting year, same is recorded in the books of account. If however, the claim relates to missing wagons and or excess payment of freight, it is accounted in financial year to which it relates on accrual basis irrespective of the fact that the date of lodging claim is of the next financial year.

d. Cases where claims have been realized and accounted and recorded in books of account but are being shown as not settled in ‘Claim statement’ of Movement Division, appropriate actions for deletion of the same from the records of Movement Division have to be made after obtaining copies of relevant documents.

e. The statement is certified by Manager – Accounts and Superior authority of Claim Division. Thereafter, the statement is forwarded to Accounts Division of Regional Offices.

f. At Regional Office level, the claim statement is checked and certified by AGM – Accounts and AGM – Railway Claim.

   g. In case of any discrepancy, the same is communicated to respective District Offices for making adjustment in books of account.
13. Finalization of accounts

13.1 General:

13.1.1 The annual accounts of the Corporation are finalized on periodic basis viz. quarterly, half yearly and annually.

13.1.2 ‘Book closure checklist’ containing list of activities to be performed for book closure is forwarded by Headquarters to respective units (i.e. Zone / Region / District Offices) by mentioning the timelines that need to be adhered by the respective units for completing each activity. Refer Appendix 13.1 & Appendix 13.2 regarding activities and checklist of book closure.

13.1.3 Manager / AGM (Accounts) of respective units shall complete the activities as per the instructions from Headquarter and then revert the completion status to Headquarter as per the instructed timelines.

13.2 Important instructions:

Before closing of the books of account the following important points should be kept in consideration:

13.2.1 Scrutiny of various accounts are done and necessary provisions for liabilities are created in each case for all the services and goods received etc. and prepaid expenses in each cases.

13.2.2 In case where exact amount of liability is not known, Manager – Accounts sends an expense provision statement to each Head of Division requiring them to furnish the details of expenses for which either invoices are available with Division but not submitted to accounts or services have been availed by the Operating Division but invoice not received from Party.

13.2.3 Entry for provision should be recorded in books of account at quarter end and the same shall be reversed at the beginning of next quarter. At year end, provision should be created by debiting respective ‘Expense Head’ and crediting account head ‘For estimated liabilities’. Subsequently when claims / bills are finally admitted, provision should be reversed and party account should be credited by actual bill amount.

13.2.4 During booking of provisional expenses, TDS is also deducted on provisional expenses after ascertaining from Operational Division for the services rendered by the Party up to period closure.
13.2.5 Adjustment in respect of prepaid expenses related to advances paid to the lawyers is carried out on the basis of actual expenses incurred by them during the year. Bills are obtained from lawyers and adjusted. In case the bills are not received, the concerned unit can work out the expenses based on the amount of court fees, number of hearing, clerk fee, etc. on estimated basis and debit it to legal expenses and adjust the advance amount. A prepaid expense register is maintained by designated authority of Accounts Division and verified by Manager – Accounts. All prepaid expenses for which accounting entry has been made in FCI LEKHA is recorded in the tracker and corresponding expense adjustment is also recorded. At the year end, the closing balance of the expenses tracker is confirmed with prepaid expenses general ledger in FCI LEKHA.

13.2.6 All adjustments for providing depreciation on fixed assets etc. are enumerated in Chapter – 7 Fixed Assets, should be made and brought to accounts.

13.2.7 Liabilities and payables of the Corporation shall be carried in the books of accounts of the Corporation for consecutive 3 (three) years from the date of its origins and in the 4th year, these liabilities / trade payables shall be written back in books of accounts and credited to income after following the due procedure as mentioned below:

a. Accounts division in every office shall review the Liabilities / Trade Payables / other payables at the beginning of the year based on Accounts reports and identify the cases which are existing for more than 3 years.
b. Such liabilities / trade payable shall be examined by the Accounts Division to ascertain whether a liability / trade payables is appearing due to wrong accounting i.e. subsequent payment being made directly debiting the expenditure head, estimated liability / trade payables raised by Accounts based on audit query etc. In such case, Accounts Division itself shall write back the amount giving a detailed clarification of the events.
c. Other liabilities / trade payables will be intimated to concern Operating Division and will be noted down in separate register and action to write back will be taken by the Account Division.
d. A separate Register will be maintained to records the liabilities / trade payables written back.
e. Any claim raised by the creditors after the amount has been written back shall be recreated as liability / trade payables with the approval of the one of the office higher to the office where such liability / trade payable were earlier existed and written back except for Headquarter. Example In case of Area office, approval to recreate liability / trade payable shall be accorded by Regional Office in consultation with Finance Division.
13.2.8 The expenses / liabilities relating to earlier years which have not been provided in the year concerned and have come to the notice while closing of accounts of a later year, are to be dealt with as under:

a. In case any amount is required to be deposited in court as security against any notice / summon, then 'Bank' account is credited and 'Security Deposit' account is debited. Where the court arbitration / decision is awarded against the Corporation and the Corporation has not challenged the same within stipulated period or appeal of the Corporation to set aside the judgment / award has been rejected or dismissed by the Court, liability is provided in the year of final decision / award by debiting to respective expense account head. 'Security deposit' account head is reversed with respective expense account head is debited.

b. Arrears of purchases / procurement charges / port clearance charges relating to the earlier years and provided for in the year of final decision / payment are debited to regular head of accounts as prescribed and not to the head of accounts prescribed under Account Head ‘Adjustment relating to previous years expenses – Others’.

13.2.9 Contingent liabilities i.e. claims against the Corporation not acknowledged as debts are disclosed by way of a notes to account. Detailed review of such cases be made and all such liabilities should be shown in the schedule of contingent liability as prescribed.

13.2.10 At the year end, all the cases in contingent liabilities list are reviewed by designated authority of Accounts Division after taking inputs by Operating Division, lawyers etc. Manager – Accounts review the list and on the basis of inputs received from various stakeholders decide whether the case falls under contingent liability or need provisioning. List of pending cases along with status report need to be sent to Accounts Division at Headquarter for review. Refer Appendix 13.3.

13.2.11 The list is also shared with Accounts Division at Regional Offices and Headquarter for review within 2 months from the end of financial year.

13.2.12 On yearly basis, Manager – Accounts performs an ageing analysis of all the creditors including Government or its agencies. However, liabilities other than Government and its agencies, which are more than 3 years old are identified on case to case basis and after obtaining inputs from Operating Division regarding last communication done and response from creditor and approval from Area Manager / GM (Region), liabilities are written back. The journal entry for the effecting transaction is accompanied by the complete list of ageing liabilities along with the list of creditors to be written back. The liabilities written back list is prepared by designated authority of Accounts
Division and verified by Manager – Accounts. Same maker checker control is applied for recording accounting entry in FCI LEKHA.

13.2.13 Vendor balance confirmation is done on yearly basis by designated authority of Accounts Division.

13.2.14 In the first week of next financial year, designated authority of Accounts Division extract the vendor balance report as on March 31st and prepare a ‘Vendor Balance Confirmation Statement’ for each vendor stating the vendor name, amount outstanding etc. The statement is signed by Manager – Accounts and sent to vendor for confirming the same. Refer Appendix 13.4 for format of ‘Vendor Balance Confirmation’. The certificate needs to be shared by Regional Offices with Headquarter.

13.2.15 All outstanding liabilities need to be reviewed by the concerned field office on quarterly basis. Following actions are normally warranted after review of outstanding liabilities: (Circular no. FF/RABI/2014/CM)

a. Wherever the amount is payable, necessary documents have been furnished by the supplier / service provider / employees, the payment may be released immediately.

b. Wherever the amount payable on receipt of certain documents from the concerned parties, the matter may be actively pursued with the parties for getting the required documents for further necessary action.

c. Wherever the amount is not payable, necessary accounting entries may be passed.

d. Wherever court cases are pending, necessary action should be taken on disposal of court proceedings.

13.2.16 All balances appearing in the schedule / certificate appended with the accounts should fully agree with the balances appearing under appropriate accounts head in the trial balance.

13.2.17 If any penal demurrage charges payable to railway remain unpaid, suitable provision for the same is made by providing the liability on estimate basis and such provision is settled when a final decision is taken and actual payable amount is decided. The basis of estimation of such liability is clearly stated and approved by competent authority. (Circular no. 1138/Acctts)

13.2.18 IOT reconciliation is undertaken on periodic basis at Zonal level and all India level. Meeting is undertaken as per timelines and place defined by the Headquarters in the office order. Zero head reconciliation statement from FCI LEKHA is generated and the same is signed by different offices in the Zonal meeting and all India level meeting. Correction entry, if any is passed in the meeting after collection of requisite documents.
13.2.19 Trial balance along with Notes before being sent to the Regional Offices is vetted by the Head Office, Manager - Accounts on yearly basis. Besides there is Internal Audit at the ZO / RO / DO level and after the final sign off, the TB & notes are sent. After finalizing Trial Balance on yearly closure, mail is sent by Manager - Accounts of Zonal Office to Head Office.

13.2.20 All the Zonal Offices should ensure to clear differences in amount of ‘Inter office Contributory Provident Fund’ (IOCPF) for ‘Temporary Advance / Part Final Payment / Final Payment’ and “List of Sanctions” drawn through FCI LEKHA.

13.2.21 All the Zonal Offices should ensure to clear the difference in the Inter office Contributory Provident Fund (IOCPF) received for CPF Contribution and the CPF Control Register and ensure that the IOCPF in respect of CPF Contribution is submitted based on the CPF Control Register and difference, if any, be clearly identified and intimated to the Headquarter.

13.2.22 It is ensured that in case, there is any difference in the member’s balances (Employees Contribution + Employers Contribution) as per Balance Sheet and Master Opening balance / closing balance (OB / CB) Report extracted from FCI LEKHA, necessary action is taken to reconcile these differences and ensure that the balance sheet figure and Master OB / CB figure tallies during the year financial year.

13.2.23 Transfer-In within Zone and outside Zone shown in Stock Ledger Summary must be tallied with the figure shown in certificate / schedule exchanged in Zero Accounts Meeting or through postal correspondence.

13.2.24 All decisions on adoption / change of accounting principles are done at Headquarter and are approved by the Board. Closing Guidelines are received from the Headquarter detailing and incorporating all the changes in the accounting policy at the time of closing. Manager - Accounts (Zonal Office) sends confirmation to headquarter ensuring that approved changes in accounting policies and procedures are implemented at the time of closing.

13.2.25 Engineering Division provides a statement containing the unexpired capital commitments as on March 31st along with the details of bill certified and pending certification by the Engineering Division during the year. Designated authority of Accounts on receipt of statement verifies the same with advances provided to vendors along with work in progress ledger balance. In case any deviation between the two is observed, same should be brought to the notice of Engineering Division. Refer Appendix 13.5.

13.2.26 In case any invoices have not been received by the vendor however work has been certified, then on the basis of statement of Engineering Division
provisional liability is recorded in FCI LEKHA by Designated authority of Accounts Division and verified and approved by Manager - Accounts.

13.2.27 A provision is recognized when the Corporation has a present obligation as a result of a past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimated can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to its present value.

13.2.28 Contingent liability are disclosed on the basis of judgement of the Management experts. They are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

13.2.29 The access for the versions of the consolidated Balance Sheet and P&L A/c is restricted to the Accounts Division at Headquarter from their unique login id and password. However, the access to Balance Sheet and P&L A/c at ZO / RO / DO is restricted to the respective Accounts - Manager at ZO / RO / DO level only.

13.2.30 Financial Statement, Trial Balance along with corresponding schedules are maintained at respective ZO / RO / DO level and are subject to internal audit.

13.3 Physical Verification:

13.3.1 On quarterly basis, physical verification of stocks is conducted by Physical Verification committee. The committee is constituted by Storage Division at Regional Offices in consultation with District Offices. A physical verification team comprising of one member each from Regional Offices Accounts Division, District Office, Storage Division and District Office Administration Division is entrusted with the responsibility of conducting physical verification of stock. The physical verification is conducted in the first week of the month succeeding the quarter and completed by 15th of the month.

13.3.2 The physical verification of stock of foodgrains and other commodities is done on the basis of peripheral count and no weighment is conducted in all the depot including Central Warehousing Corporation (CWC) / State Warehousing Corporation (SWC) godown. Provision for shortages, if any shall be made at headquarter level.

13.3.3 Where the stocks are held in silos / bins and in transit at Port / Railway station, the book balance is adopted. The difference, if any is recorded in books when the silo / bins are emptied and / or stock are received at godown. Stock under fumigation is also taken as book balance.
13.3.4 Book quantity of foodgrains as per depot records is matched with physical quantity at depot. Foodgrains quantity as per ‘IRRS’ and ‘Commodity Wise Inventory Register’ are referred for physical verification.

13.3.5 Any difference between book and actual stock is identified and recorded in physical verification sheet and is signed by designated authority of Depot and Storage Division and authorized person conducting physical verification. Also the difference is approved by concerned authority as per Delegation of Power.

13.3.6 The physical verification report is forwarded to designated authority of Accounts Division for making adjustment entry in FCI LEKHA along with a copy to Area Manager.

13.3.7 While conducting annual physical verification on 100% weighment basis, the gain / loss including full bag shortage found in the process shall be accounted for both by Operating and Accounts Division in the month of March itself. The same procedure shall be followed for the quarterly physical verification (PV) and zero (PV). (Circular No. 1142/Acctts). Below mentioned accounting entry is recorded in books of account through journal.

**Accounting Entry in FCI LEKHA**

Claim on Employees for full bag shortage A/c Dr.
To Recovery from FCI Employee on A/c of full bag shortage A/c.

Physical verification gain (full bag) A/c Dr.
To storage losses on physical verification – physical verification shortages (full bag) A/c

Physical verification gain (others) A/c Dr.
To Storage losses on physical verification – physical verification shortages (others) A/c

**Accounting Entry in FCI LEKHA (Zero PV)**

Entry for storage losses:
Storage loss A/c Dr.
To Credit to inventory

Entry for Storage gain:
Credit to inventory
To Storage gain account
13.3.8 It must be ensured that the Physical verification of closing stock is done in the manner prescribed and in accordance with the detailed instructions on the subject issued by Storage as well as Engineering Division of the Headquarter and it should be reconciled with books of account / register maintained for the purpose. Excess / shortage to be accounted in the books.

13.3.9 The physical verification of stock of foodgrains, sugar and other commodities is a continuous process done at regular intervals and at year end on the basis of peripheral count.

13.3.10 In addition 100% weighment is conducted in respect of baby stacks, other than stacks covered by the tender sales or under litigation and selected stacks in specified depots.
# Appendix 13.1: List of activities to be undertaken before book closure

<table>
<thead>
<tr>
<th>Activity</th>
<th>Procedures</th>
<th>Responsibility</th>
<th>Timelines</th>
</tr>
</thead>
</table>
| Circulation of closure checklist | • Circulate the book closure circular through a mail together with the closure checklist across all the units specifying the following:  
  - Special guidelines, if any, for group accounting  
  - List of activities to be performed  
  - Responsibility against each activity for execution, review and approval  
  - Time lines for completion of activities, period closure in the FCI LEKHA and running of depreciation                                                                                                                                                                                                                                         | Accounts Division (Headquarter)                                                                                                                                  |             |
| Inter Unit Reconciliation       | • Identify the inter unit transactions and the balance outstanding against the same in the books of account of respective units.                                                                                                                                                                                                                                                                                           | Accounts Division (Unit)                                                                                                                                            |             |
| Ensuring completion of accounts | • Receive updated checklist and accounts from respective units and ensure the following:  
  - Accounts are duly approved  
  - Ensure that all invoices relating to the relevant period have been duly parked and posted within the same period itself.  
  - All appendices / certificates / documents as required are enclosed  
  - Prima-facie there are no deficiencies / abnormalities in accounts  
  - Accounts have been prepared in accordance with the accounts closing circular / guidelines.  
  - Balances of Zero Accounts have been reconciled.                                                                                                                                                                                                                                                                               | Accounts Division (Unit)                                                                                                                                            |             |
| Preparation of accounts         | • Generate the Trial Balance of the respective unit from FCI LEKHA.  
• Prepare accounts along with schedule of the respective unit  
• Review of accounts prepared by the respective Head of Accounts Division                                                                                                                                                                                                                                                                                                                                                     | Accounts Division (Unit)                                                                                                                                            |             |
| Consolidation of Accounts       | • Combine the accounts of all units and prepare draft consolidated set of accounts of the Corporation.  
• File the individual trial balance of the units in the financial statements file                                                                                                                                                                                                                                                                                                                                                         | Regional Office / Zonal Office                                                                                                                                     |             |
### Appendix 13.1: List of activities to be undertaken before book closure

<table>
<thead>
<tr>
<th>Activity</th>
<th>Procedures</th>
<th>Responsibility</th>
<th>Timelines</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Period closure in FCI LEKHA for the reporting period</strong></td>
<td>• Forward the draft consolidated accounts statements to the Accounts Division (Headquarter). • On the date stipulated in the circular for submission of accounts by the units, block FCI LEKHA with respect to the concerned reporting period so as to control unauthorized subsequent changes in the books of account.</td>
<td>Headquarter</td>
<td></td>
</tr>
<tr>
<td><strong>Request by User</strong></td>
<td>• Obtain approval as per the DoP, if in case any changes are to be made to the accounts post submission with the Headquarter.</td>
<td>Zone/Region/ District</td>
<td></td>
</tr>
<tr>
<td><strong>Unblocking FCI LEKHA</strong></td>
<td>• On receipt of approval, intimate the FCI LEKHA Team (FCI LEKHA team unblocks FCI LEKHA for limited period so as to allow the user to make required changes and closes the same after stipulated period.) • Document the changes done and approval as per the DoP and resend the accounts to Accounts Division (Headquarter).</td>
<td>Accounts Division/ FCI LEKHA team</td>
<td></td>
</tr>
</tbody>
</table>

*Note: No period shall be allowed to re-open after finalization of accounts and completion of book closure activities.*
### Appendix 13.2: Book closure checklist

<table>
<thead>
<tr>
<th>Area/Task</th>
<th>Periodicity*</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Charts of Accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Review of all the modifications made to GL</td>
<td>Q/H/Y</td>
</tr>
<tr>
<td>2</td>
<td>Review report showing entries parked but not posted &amp; analyze the reason for same &amp; take necessary actions, if required</td>
<td>Q/H/Y</td>
</tr>
<tr>
<td>3</td>
<td>Verify Exception report on back dated entries posted in the system and supporting for the same</td>
<td>Q/H/Y</td>
</tr>
<tr>
<td>4</td>
<td>Ensure that Reconciliation is done after passing the adjustment entries.</td>
<td>Q/H/Y</td>
</tr>
<tr>
<td>B. Reconciliations</td>
<td></td>
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</tr>
<tr>
<td>1</td>
<td>Perform the following reconciliations:</td>
<td></td>
</tr>
<tr>
<td>a)</td>
<td>Bank Reconciliation for all bank accounts</td>
<td>Q/H/Y</td>
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<tr>
<td>b)</td>
<td>CWIP Reconciliation</td>
<td>Q/H/Y</td>
</tr>
<tr>
<td>c)</td>
<td>Inter office transaction Reconciliation</td>
<td>Q/H/Y</td>
</tr>
<tr>
<td>d)</td>
<td>Trade receivable Balance Reconciliation</td>
<td>Y</td>
</tr>
<tr>
<td>e)</td>
<td>Creditor’s Balance Reconciliation</td>
<td>Y</td>
</tr>
<tr>
<td>2</td>
<td>Analyze all the interim accounts viz. Receivable A/c, Payable A/c, Provision A/c, Intra Office balances, Imprest A/c</td>
<td>Q/H/Y</td>
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<tr>
<td>Area/Task</td>
<td>Periodicity*</td>
<td>Timeline</td>
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<tr>
<td><strong>C. Accounts Payable</strong></td>
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<tr>
<td>1 Ensure that all pending invoices are submitted to Accounts for posting</td>
<td>Q/H/Y</td>
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</tr>
<tr>
<td>2 Review report showing entries parked in Accounts Payable but not posted &amp; analyze the reason for same &amp; take necessary actions, if required</td>
<td>Q/H/Y</td>
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<tr>
<td>3 Generate AP-Trial Balance /Advance listing / invoice pending posting and post the necessary entries</td>
<td>Q/H/Y</td>
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<tr>
<td><strong>D. Accounts Receivable</strong></td>
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</tr>
<tr>
<td>1 Review report showing entries parked in Accounts Receivable but not posted &amp; analyze the reason for same &amp; take necessary actions, if required</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>2 Generate AR Trial / Age Analysis Report / Unposted Transaction Report / Open Documents Report &amp; match GL Control A/c balances and review the documents generated</td>
<td>Q/H/Y</td>
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<tr>
<td><strong>E. Fixed Assets</strong></td>
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<tr>
<td>1 Perform monthly calculation of depreciation expense. Book related entries.</td>
<td>Q/H/Y</td>
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<tr>
<td>2 Schedule showing profit/ loss on disposals (if any)</td>
<td>Q/H/Y</td>
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<tr>
<td>3 Updated Fixed Assets Register as on the closing date</td>
<td>Q/H/Y</td>
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<tr>
<td>Area/Task</td>
<td>Periodicity*</td>
<td>Timeline</td>
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<tr>
<td>4 Ensure review of stores ledger and transfer of material consumed but not transferred to CWIP/FA.</td>
<td>Q/H/Y</td>
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<tr>
<td>5 Monitoring of CWIP A/c</td>
<td>Q/Y</td>
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<tr>
<td>6 Physical Verification and reconciliation with fixed assets register.</td>
<td>Q/H/Y</td>
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<tr>
<td>7 Adjustment entries on the basis of physical verification statement, if any</td>
<td>Q/H/Y</td>
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<tr>
<td>8 Generate Addition / Deletion List/Asset Register/Asset Retirement Register/ Depreciation schedule and review the documents</td>
<td>Q/H/Y</td>
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<tr>
<td>9 The Asset Schedule should be duly reconciled with the Trial Balance.</td>
<td>Q/H/Y</td>
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</tbody>
</table>

**F. Accrued Expenses**

<table>
<thead>
<tr>
<th>Area/Task</th>
<th>Periodicity*</th>
<th>Timeline</th>
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</thead>
<tbody>
<tr>
<td>1 Receipt of information from different Divisions for creating the month end accruals.</td>
<td>Q/H/Y</td>
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<tr>
<td>2 Contact vendors for outstanding/unbilled amounts as of period-end - External Auditors, Legal, Consultants etc.</td>
<td>Q/H/Y</td>
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<tr>
<td>3 Check if last month’s entries have been reversed</td>
<td>Q/H/Y</td>
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<tr>
<td>4 Post Accrual Entries as Reversible entries</td>
<td>Q/H/Y</td>
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<tr>
<td>5 Review previous estimates used for accruals &amp; change in estimate accordingly</td>
<td>Y</td>
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</tr>
</tbody>
</table>

*Y* indicates a yearly task that needs to be performed once a year.
<table>
<thead>
<tr>
<th>Area/Task</th>
<th>Periodicity*</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>6  Check if provision need to be made for any liability arising from Income Tax/Sales Tax assessment</td>
<td>Q/H</td>
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<tr>
<td>7  Ensure that Interest accrued but not due is recorded</td>
<td>Q/H</td>
<td></td>
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<tr>
<td><strong>G. Prepaid Expenses</strong></td>
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<tr>
<td>1  Ensure expenses classified as &quot;Prepaid expenses&quot; have been done properly</td>
<td>Y</td>
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<tr>
<td>2  Review previous month’s prepaid expenses &amp; ensure proportionate amount has been charged off in Current Month.</td>
<td>Q/H/Y</td>
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<tr>
<td><strong>H. Inventory</strong></td>
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<tr>
<td>1  Perform physical verification for all inventory</td>
<td>Q/H/Y</td>
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<tr>
<td>3  Identification &amp; provisioning of Non-Moving Inventory</td>
<td>Y</td>
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<tr>
<td>4  Verify whether the valuation of inventory has been done accordingly</td>
<td>Y</td>
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<tr>
<td>5  Verify the adjustment entries posted for physical verification</td>
<td>Y</td>
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<tr>
<td>5  Ensure SLS is matching with Inventory records maintained at Depot</td>
<td>Q/H/Y</td>
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<tr>
<td>6  Purchases shown in SLS should tally with Tally VI/5 (Purchase tally)</td>
<td>H/Y</td>
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<tr>
<td>Area/Task</td>
<td>Periodicity*</td>
<td>Timeline</td>
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<tr>
<td>7  Procurement charge reflected in TB should reconcile with figures in Schedule VI/13</td>
<td>H/Y</td>
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<tr>
<td>8  Milling charges and income from Quality cut should tally with Milling charges Schedule and Schedule VI/2</td>
<td>Q/H/Y</td>
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<tr>
<td>9  Gunnies procured and booked under Purchase ledger should tally with Schedule VI/11</td>
<td>Q/H/Y</td>
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<tr>
<td>10 Total Transfer-In within Region should match with Total Transfer-Out within Region</td>
<td>Q/H/Y</td>
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<tr>
<td>11 Transfer-In within Zone &amp; outside Zone shown in SLS must tally with the figure shown in certificate/ Schedule exchanged in Zero Accounts Meeting</td>
<td>Q/H/Y</td>
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<tr>
<td>12 Transfer-In/ Transfer-Out due to reorganization of District shown in SLS must be contra without any deviation</td>
<td>Q/H/Y</td>
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<tr>
<td>13 Transfer-In due to change in category shown in Non-issuable SLS must be contra with Transfer-Out due to change in category shown in Issuable SLS</td>
<td>Q/H/Y</td>
<td></td>
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<tr>
<td>14 Transfer-In due to Inter Verity change must be contra with Transfer-Out due to Inter Verity change in SLS</td>
<td>Q/H/Y</td>
<td></td>
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<tr>
<td>Area/Task</td>
<td>Periodicity*</td>
<td>Timeline</td>
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<tr>
<td>-------------------------------------------------------------------------</td>
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<tr>
<td>Transfer-In for stock received after conversion in converted commodity within Region shown in SLS must be contra with Transfer-Out Stock issued for conversion shown in Issue commodity</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>Transit Gain or Loss / Storage Gain or Loss/ Voyage Gain or Loss/ Port Landing Gain or Loss as per their nature must be shown in SLS under prescribed A/c heads without any deviation.</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>Transit Losses on Missing Wagon may be shown in SLS under prescribed A/c head at same quantity as shown in Transfer in Missing Wagon but value must be same as has been claimed with Railway and accounted for in TB.</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>Closing Stock shown in SLS must be tallied with Closing Stock and Net Closing Stock shown in Tally XIII without any deviation.</td>
<td>Q/H/Y</td>
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</tr>
<tr>
<td>Physical Stocks shown in Tally XIII must be duly tallied with the APV figure maintained in Stock Division of D.O. Level/ R.O Level/ HQRS Level without any deviation followed by prescribed schedules (XIII/5).</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>Ensure that goods in transit are accounted for.</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>Area/Task</td>
<td>Periodicity*</td>
<td>Timeline</td>
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<tr>
<td>--------------------------------------------------------------------------</td>
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<tr>
<td><strong>I. Others</strong></td>
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</tr>
<tr>
<td>1  Physical Verification of cash is done and adjustment entry is passed, if any.</td>
<td>Y</td>
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</tr>
<tr>
<td>2  Receipt and issue of TDS certificates.</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>3  Statutory reconciliation and depositing of statutory payment as per guidelines.</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>4  Bank confirmations for all Banks Accounts including nil balance.</td>
<td>Q/Y</td>
<td></td>
</tr>
<tr>
<td>5  Analyze the Non-Operating Bank Accounts and reasons of same.</td>
<td>Q/Y</td>
<td></td>
</tr>
<tr>
<td>6  Status of All Litigation on closing date of Financial Statement.</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>7  Generate List of employees, attendance records, payroll sheets and post entries.</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>8  Ensure accounting of expenses incurred on behalf of other offices.</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>9  Review of investment tracker and reconcile if accounting for all the changes have been done.</td>
<td>Q/H/Y</td>
<td></td>
</tr>
<tr>
<td>10 Reconciliation of TDS receivable with 26 AS and TDS certificate.</td>
<td>Q</td>
<td></td>
</tr>
<tr>
<td>11 Deferred Tax</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>12 Prepare Notes to Accounts</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td><strong>J. Contingent Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Area/Task</td>
<td>Periodicity*</td>
<td>Timeline</td>
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</tr>
<tr>
<td>1 Identify the items which may be classified as contingent liability under present liability and possible liability.</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>2 Prepare the disclosure as per reporting requirement. Below are the important aspects to be disclosed:</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>- Carrying amount at the beginning</td>
<td></td>
<td></td>
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<tr>
<td>- Amount reversed during the period</td>
<td></td>
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</tr>
<tr>
<td>3 Obtain the approval for contingent item as per DoP.</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>4 Make the disclosure as approved.</td>
<td>Y</td>
<td></td>
</tr>
</tbody>
</table>

*Periodicity
Q - Quarterly
H – Half yearly
Y - Yearly
### Appendix 13.3: Statement of Pending Legal Cases

<table>
<thead>
<tr>
<th>SL. No</th>
<th>Name of District/Unit</th>
<th>Name of Claimant/Party.</th>
<th>Case No./ File No.</th>
<th>Name of Court</th>
<th>Amt. at the end of prev. Year (₹)</th>
<th>Addition During the Year (₹)</th>
<th>Deletion During the Year (₹)</th>
<th>Amt. at the end of current Year (₹)</th>
<th>E. Litig. ID No.</th>
<th>Brief Details of the Issue.</th>
<th>Remark. Like Last Date of Hearing &amp; Next Date of Hearing given (If Any)/ Present Status etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Supplier, Miller, Contractors, Claim.</td>
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<td></td>
<td><strong>Sub Total of – I</strong></td>
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<tr>
<td>II</td>
<td>Shipping Claim.</td>
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<td><strong>Sub Total of – II</strong></td>
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<tr>
<td>III</td>
<td>Sugar Mill Claim.</td>
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<td><strong>Sub Total of – III</strong></td>
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<td>IV</td>
<td>Goods and Service Tax Claim.</td>
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<td>V</td>
<td>Land &amp; Building Matters Claim.</td>
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<td><strong>Sub Total of – V</strong></td>
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<tr>
<td>VI</td>
<td>Freight, Demurrage, &amp; Wharfage Claim.</td>
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<tr>
<td>VII</td>
<td>Rent, Property Tax, &amp; Allied Taxes Claim.</td>
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<td><strong>Sub Total of – VII</strong></td>
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<tr>
<td>VIII</td>
<td>Procurement &amp; Incidental Claim.</td>
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Sub Total of – VIII

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Sub Total of – IX

GRAND TOTAL

COUNTERSIGNED BY

Name :  
Designation: Dy. Gen. Manager (A/cs)  
Date  

Name :  
Date  

Name :  
Designation: Manager (A/cs)  
Date :
Appendix 13.4

Format of Vendor Balance Confirmation

To

The Accounts Manager
Name of the entity
Address of the entity
City

Sub: Balance confirmation as on 31st March, 20

Sir,

With reference to the above subject, in our books of account your account shows a Credit/Debit balance ₹_______as on March 31st, 20__ . Also find attached herewith the ledger extract as on 31st March, 20__.

Request to kindly confirm the above balance or revert with difference within 15 days of receipt of letter, else the balance mentioned in this letter will be considered final.

Thanking you
Yours truly,

(Name)
Manager - Accounts
Appendix 13.5

FOOD CORPORATION OF INDIA
REGIONAL OFFICE: - ...........................................

Statement showing the unexpired capital commitment for the year ..................... In respect of Civil Engineering. Works under ..................region as on 31.03...........

(Fig. in Lakhs)

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Countersigned by:
Signature:    Signature:    
Name:        Name:        
Designation: Designation:  
Date:        Date:        

Appendix 13.5
14. Budget

14.1 As per Section 26 of The Food Corporation Act, 1964, the Corporation before the commencement of each year, prepare a statement of programme of its activities during the forthcoming year as well as a financial estimate in respect thereof.

14.2 The purpose of preparation of Budget is to provide a fair estimate of the operation of the Corporation to be undertaken in the upcoming financial year including procurement and other incidental expenses. Budget helps the Division in planning the future operation by making arrangements for extra storage capacity, labour required for handling and transport, incidental expenses etc.

14.3 The Corporation on an annual basis prepares a Budget Estimate (BE) in relation to the operations carried out by the Corporation only and exclude the Decentralized Procurement operation and other operation of State Government / Agencies not routed through the Corporation.

14.4 The Budget Estimate are finalized by the month of December by Budget and Cost Control Division and put for approval of the Board of Director.

14.5 BE are prepared on the basis of historical trends for the last few years. Also, the estimates are based on policies, guidelines and instruction issued from time to time. Some of the parameters to be taken into consideration at the time of preparation of BE are:

   a. Revised Estimate (RE) for first 6 month of the current financial year
   b. Trend analysis of last 6 month of previous financial year
   c. Budget estimate of the previous financial year
   d. Inputs received from Senior Management of the Corporation
   e. Instructions received from Ministry of Food from time to time for fulfilment of the objective of the Corporation.

14.6 Budget Estimate are sought from each Zonal Offices for procurement of foodgrains and other expenses to be incurred during the year annually.

14.7 Regional Offices prepares a consolidated budget including all Districts falling under its jurisdiction and expenses of Regional Offices. The consolidated budget is forwarded to Zonal Offices for compilation at Zonal level.

14.8 Zonal Offices compiles the budget for the entire Zone and forward to Headquarter Budget and Cost Division for review and approval. Budget estimate is prepared for below mentioned items:
a. Purchase budget (Rabi and Kharif)
b. Gunnies and stores and spare
c. Sales
d. Stock
e. Storage capacity
f. Storage cost
g. Movement and Freight charges
h. Handling expenses
i. Interest charges
j. Personnel and administration
k. Grain storage

14.9 Revised Estimate (RE) is prepared in the month of October for the current financial year and contains the details of actual expenses incurred up to September. On the basis of actual expenses, Revised Estimate for next six month is also updated against Budget Estimate.

14.10 Budget estimate is to be uploaded in FCI LEKHA, Zone wise by the Budget and Cost Control Division at Headquarter. The budget is updated expense head wise and not line item wise. Zonal budget is further allocated by Zone to the Region Offices falling within its jurisdiction. Regional offices further allocate the budget to the District Offices within its jurisdiction.

14.11 Financial concurrence based on budget is obtained from Accounts Division at unit Offices before any purchase is made or expenses are incurred.

14.12 On a monthly basis, monitoring of budget vs actual expenses is done by Regional Offices and forwarded to Zone / Headquarter for review. Reasons for deviation are recorded in budget vs actual statement. In case, a revision of budget is required against any category of expenses, revised budget is updated in FCI LEKHA by Budget and Cost Control Division after obtaining approval as per DoP.
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviations</th>
<th>Meaning</th>
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<td>AAR</td>
<td>Average Acquisition Rate</td>
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