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FOOD CORPORATION OF INDIA
HEADQUARTERS: NEW DELHI
ISO 9001:2000 CERTIFIED



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NO: S&S/RL/34/2(1)/2006

Dated: 12th December, 2006

CIRCULAR

Subject: Regularization of Storage & Transit Losses

Reference is invited to HQs' letter No.S&S/RL/34/2(1)/6/88 dated 11.3.1991 conveying that FCI might not wait for finalization of the contemplated or pending disciplinary cases and could complete the formalities of regularization/write-off storage & transit losses and prefer the claims accordingly to the Government. After finalization of such cases, if any amount was to be recovered from the officers & staff found responsible for such losses, the same could be accounted for as miscellaneous receipts and could be adjusted against the future claims of FCI. In such cases, where the competent authorities decide to write off the losses, if found otherwise in order, the requisite five-point certificate, in addition to other points, is required to be appended. It is imperative that each case, being put up for write-off action, must have been investigated and a conscious decision taken whether to draw up disciplinary proceedings or not.

2. The Ministry of CA,F&PD vide its letter NO. 8(4)/91-PC/FCA/C dated 15.4.1991 (copy enclosed), had also stipulated that the FCI may regularize and write-off the storage & transit losses without prejudice to simultaneous disciplinary or other actions/other recovery proceedings pending against the employees of the Food Corporation of India.

3. During the course of the Transaction Audit in respect of regularization of storage & transit losses, it was observed by the C&AG that after regularization of the losses, without finalization of disciplinary proceedings, disciplinary cases were not pursued properly/vigorously after issue of conditional regularization orders, resulting in unnecessary release of subsidy from the Government of India and increased unwanted burden on the Exchequer of GOI. It was also pointed out by C&AG that a good number of cases are lying pending for completion of disciplinary proceedings at District/Regional/Zonal/Headquarters Offices after conditional regularization since long. In view of the above observation of the C&AG and to ensure that delinquents responsible for such losses do not go scot free, the regularization of losses was modified to be done only after receipt of confirmation of penalty orders and recovery thereof. Since the exercise of completion of disciplinary proceedings against the delinquents, i.e. issue of charge-sheets/penalty orders and recoveries of penalty etc., encompasses/consumes considerable time for want of the required information/documents, regularization of losses involving crores of Rupees consequently gets delayed for long, resulting in holding up of the subsidy to be claimed by the FCI from the GOI.

4. With a view to expedite regularization of losses, the whole matter has again been examined in detail in consultation with Finance & Vigilance Divisions, HQs. It has now been decided by the competent authority to comply with the following :

i) Follow the above referred Govt. of India's instructions dated 15.4.1991, in letter and spirit, i.e. the FCI may regularize / write-off the storage & transit losses only after the cases are thoroughly investigated and disciplinary action against the delinquent officers/officials, if any, are initiated without waiting for completion of the disciplinary proceedings and effecting recovery, if any.

ii) In order to ensure that the disciplinary cases, once initiated against the delinquents, do not lose track, such cases are to be monitored regularly in the monthly performance review meetings at Regional/Zonal/HQs levels so that the guilty are brought to book expeditiously.

In so far as monitoring/pursuing the vigilance cases arising out of regularization of storage & transit losses, following actions are reiterated and the same need to be followed scrupulously by the concerned authorities:

a) EDs(Zone) will ensure that periodical inspection of the records pertaining to fixation of responsibility against Category II & III employees with regard to storage & transit losses is undertaken keeping in view the points (Annexures A & B) of the enclosed check list and such report on quarterly basis be sent to General Manager(Stocks), HQs for further follow-up action. While fixing the responsibility against the concerned officers/officials, the sample cases indicated at Annexure C of the enclosed check list need also to be looked into by EDs(Zone).

b) The Stocks Division, HQs will send copies of the HQs' conditional regularization orders approved by the Empowered Committee of EDs in respect of storage & transit losses, indicating the reference of the charge-sheets already issued by the disciplinary authorities, for facilitating EDs(Zone)/GMs(Region)/GMs(Vig) for subsequent monitoring and follow-up action. In the case of Category-I officers, the copies of such conditional regularization orders will be sent to ED(Vig), HQs for monitoring the penalty orders to be passed by the disciplinary authority.

c) As already emphasized by ED (V) vide his Confidential Letter No. VIG.21 (203)/2000 dated 3.5.2001 and DO No.Vig.23(26)/2001-Coord dated 11.6.2001, it will be the personal responsibility of the EDs(Zone) for conducting methodical inspections of the Regions and ensure submission of the Zonal Vigilance Reports to the Vigilance Division/Stocks Division, HQs for the purpose of effective monitoring of the disciplinary proceedings in respect of the storage & transit losses.

iii) A committee consisting of ED(G), ED(V) & ED(F), assisted by GM(Stocks) and GM(Vig), will monitor regularization/write-off storage & transit losses as well as quick disposal of pending disciplinary cases, on quarterly basis.

5. In view of the above, it is imperative and in the interest of the Organization that all out/constant efforts at all levels be made to expedite regularization of storage & transit losses by strictly adhering to the above directions as well as the earlier HQs' instructions (**especially, those dated 6.11.1998 and 24.12.1999 prescribing the time frame of 6 – 8 months for regularization of storage & transit shortages and/or taking disciplinary action**), issued from time to time, so that the pendency on account of regularization is reduced to the barest minimum, if not eliminated , with a view to lessen the financial burden on the GOI.

6. Besides, remedial and effective steps/measures may also be taken to control/minimize the occurrence of storage & transit losses by strictly adhering to the procedures/instructions on the subject.

7. This issues with the approval of the CMD.

(Issued from F.No. STK/26(7)/05)

(**A.K. CHATURVEDI**)
EXECUTIVE DIRECTOR (G)

Encls: as above

DISTRIBUTION

- | | | |
|----|------------------------------|---------------------------------|
| 1. | All EDs(Zone), FCI | } For information and necessary |
| 2. | All GMs(Region), FCI | } action. |
| 3. | All Area Managers, DO, FCI | } |
| 4. | All EDs/CGMs, FCI, HQs | |
| 5. | All GMs, FCI, HQs | |
| 6. | GM(Region), IFS, FCI,Gurgaon | |
| 7. | All GMs(Vig), FCI | |

cc.. OSD to CMD, FCI, HQs

CHECK LIST

Annexure 'A'

- a) Particulars of cases referred to Losses Division of RO for fixation of responsibility

Annexure 'B'

- a) Whether charge sheets have been prepared and got served on the employees and if so, in how many cases (case-wise) and reasons for the balance cases for not finalizing the charge sheets?
- b) Are the grounds that are considered by Vigilance Division for not finalizing the charge sheets, considered justified or they are being taken as a plea/excuse to delay initiation of proceedings?
- c) Has the IO/PO been appointed in each of these cases where the charge sheets issued under major penalty and if so, is a monthly review being made by the Regional Vigilance of the cases pending with each Inquiry Officer?
- d) Have the replies been received in respect of minor penalty charge sheets and since when the scrutiny is pending in each such case for what reasons?
- e) Is the decision of the disciplinary authority about the quantum of punishment imposed, commensurate with the loss caused to the Corporation as proved in the Inquiry Report?
- f) Has the punishment order really been served on the concerned official and the penalty actually implemented and also indicated in LPC in case he has been shifted in the meantime ?
- g) Has a copy of the punishment order also marked to Loss Processing division of R.O.
- h) What is the proposed action of General Manager(Vig.) of ZO(N) in respect of the cases where he considers the punishment awarded is very much inadequate with reference to the loss caused to the Corporation? Whether he is putting the papers of information of ED(N) recommending a *suo moto* review at his level.

Annexure 'C'

- a) There has been huge time gap in many cases from the time GM(Region) orders to issue charge sheets till the charge sheets were really framed and served on the suspect officials.
- b) After the losses were regularized there have been cases where the charge sheets were not followed up promptly and were allowed to linger on or summarily be closed.
- c) Even in cases where the magnitude of loss was colossal, the suspect officials were let off with a penalty of censure or recovery of a flimsy amount without giving the justification form where the balance loss has got to be recovered.
- d) A person who functioned as AGM(Vig.) at the time of issue of charge sheet has subsequently been appointed as Inquiry Officer, which probably is not desirable.
- e) Two different penalties were levied on the same official for the same offence and imposed on the same day by the same disciplinary authority from two different files. One was removal from

service and the other was a penalty of realization of losses by way of recovery. When the first penalty order was served (which still is to be verified), obviously the second penalty cannot get materialized. The action against other co-accused is still waiting finality and reported to be pending in ZO(North), may be , as they belong to Manager level.