

GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

LOK SABHA
UNSTARRED QUESTION NO. 642
TO BE ANSWERED ON 19TH DECEMBER, 2017

SALIENT FEATURES OF PEG SCHEME

642. SHRIMATI RITI PATHAK:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) the salient features of the Private Entrepreneurs Guarantee (PEG) Scheme implemented by the Government in the country;
- (b) whether the Government has allotted sufficient funds for the creation of modern storage capacity in the country under the above scheme during the last three years and the current year;
- (c) if so, the details thereof and if not, the reasons therefor, State-wise;
- (d) whether the Government proposes to cover all the States in the country under the aforesaid scheme so that the existing modern storage capacity of foodgrains in the country could be increased and if so, the details thereof along with the current status of such proposal; and
- (e) the other steps taken/being taken by the Government to ensure safe storage of foodgrains across the country?

A N S W E R

MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)

(a): In order to augment the storage capacity in the country the Government formulated Private Entrepreneurs Guarantee (PEG) Scheme in the year 2008 & 2009 for construction of storage capacity through private entrepreneurs, Central Warehousing Corporation (CWC) and State Warehousing Corporations (SWCs). The salient features of PEG scheme are as given below:

- Investment and construction is done by the private investor/State Agencies. As return for investment, Food Corporation of India (FCI) guarantees hiring of the godown constructed by a private party for 10 years. The guarantee period for CWC/SWCs is 9 years.
- The location and capacity for godowns are identified as per storage requirements by State Level Committees (SLC) and finally approved by the High Level Committee (HLC) headed by Chairman & Managing Director, FCI.
- Minimum capacity for a godown is 5,000 MT in plain areas and 1,670 MT in hilly areas. Godowns of 5,000 MT and above capacity should be preferably within 8 KMs of full rake capacity railway goods shed/procuring mandi. Godowns of 25,000 MT and above capacity should be preferably with Railway sidings. All godowns should be near National/State highways.
- The godown must be constructed as per the specifications stipulated by FCI. In addition to construction, the partner may also provide services like security and preservation if required by FCI.
- The period of construction normally allowed is one year for godowns without railway siding and two years for godowns with railway siding. Delay in construction upto one may be allowed with similar reduction in the guarantee period and in case of delay beyond one year the agreement may be cancelled.
- Selection of the private party is done through open advertisement and two stage tendering process. The private party may be an individual or partnership firm or a company or trust, having ownership of land in the location where godown is to be constructed.
- A person holding land under Registered Lease for a minimum period of 13 years with permission to construct godown can also apply.
- A party, who does not own land, but intends to acquire the same within 120 days from the date of acceptance letter, can apply by furnishing an additional amount of Earnest Money Deposit (EMD) and a Supplementary Bank Guarantee @ Rs. 100.00 per MT.

(b) & (c): Under PEG scheme, investment for construction of godowns is done by private parties, CWC, SWCs and other State agencies by arranging their own funds and land. No funds are allocated by the Government for construction of godowns.

(d): The PEG scheme is already implemented throughout the country as per assessment of requirement, except the North Eastern States where godowns are constructed by using Government funds under Central Sector Scheme.

(e): The Bureau of Indian Standards (BIS), Food Corporation of India (FCI) & Central Warehousing Corporation (CWC) have prescribed standard specifications for construction of foodgrain storage godowns. While taking up construction, the central agencies namely FCI & CWC and State Agencies follow the prescribed construction design for godowns in order to ensure that the foodgrains are protected from natural calamities like rains and floods. Similarly, only scientifically constructed godowns are hired from private parties. In addition, FCI takes the following steps to avoid damage to foodgrains:

- Foodgrains are stored in scientifically constructed godowns. Some foodgrains are stored for short periods in CAP (cover and plinth) in peak procurement season.
- Adequate dunnage materials such as wooden crates, bamboo mats, polythene sheets are used to check migration of moisture from the floor to the foodgrains.
- Prophylactic (spraying of insecticides) and curative treatments (fumigation) are carried out regularly and fumigation covers, nylon ropes, nets etc are provided for control of insects & pests in all the godowns.
- Regular periodic inspections of the stocks/godowns are undertaken by qualified and trained staff and officers.
- The principle of "First in First Out" (FIFO) is followed to the extent possible so as to avoid longer storage of foodgrains in godowns.
- Only covered rail wagons are used for movement of foodgrains so as to avoid damage during transit.
- Damage Monitoring Cells have been set up at District, Regional and Zonal levels to regularly monitor quality of stocks and reduce damages.