

**GOVERNMENT OF PUNJAB**  
**DEPARTMENT OF FOOD, CIVIL SUPPLIES & CONSUMER AFFAIRS**  
**ANAJ BHAWAN, SECTOR 39-C, CHANDIGARH**

To

1. General Manager FCI, Punjab Region, Sector 31, Chandigarh.
2. Managing Director, PUNGRAIN, Sector 39, Chandigarh.
3. Managing Director, PUNSUP, Sector 34, Chandigarh.
4. Managing Director, MARKFED, Sector 35, Chandigarh.
5. Managing Director, PSWC, Sector 17, Chandigarh.
6. Managing Director, PAFC, Sector 28, Chandigarh.

Memo No. Supt.OTS (456715) -2025/238      Dated, Chandigarh: 25.09.2025


**Subject:      One Time Settlement (OTS) Policy for Rice Mills 2025.**

Please refer to the subject cited above.

2. A copy of One Time Settlement (OTS) Policy for Rice Mills 2025 which is approved in cabinet meeting held on 24.09.2025 as conveyed by cabinet affairs Branch, Govt. of Punjab w.r.t. I.D letter no. 1/177/2025-1cab/5758 Dated:24.09.2025 is sent herewith for information and necessary action.

This letter is issued with the approval of worthy Principal Secretary, Food, Civil Supplies and Consumer Affairs, Punjab.

Enclosure- As above

  
(S.K. Bindra) 25/9/25


**Additional Director-cum-  
Controller (Finance and Accounts)**

**Endst No. Supt.OTS(456715) -2025/239**

**Dated, Chandigarh: 25.09.2025**

A copy of above along with the copy of OTS Policy for Rice Mills 2025 is forwarded to the following for information and necessary action:

1. All Deputy Directors (Field), Food, Civil Supplies and Consumer Affairs, in the state of Punjab.
2. All District Controllers, Food, Civil Supplies and Consumer Affairs, in the state of Punjab

  
(S.K. Bindra) 25/9/25

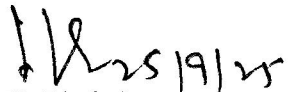
**Additional Director-cum-  
Controller (Finance and Accounts)**

**Endst No. Supt.OTS (456715) -2025/240**

**Dated, Chandigarh: 25.09.2025**

A copy of above along with the copy of OTS Policy for Rice Mills 2025 is forwarded to the following for information and necessary action:

1. Private Secretary/ Food, Civil Supplies and Consumer Affairs Minister, Punjab.
2. Private Secretary/ Chief Secretary, Punjab.
3. Private Secretary/ Principal Secretary to Chief Minister, Punjab.
4. Private Secretary/ Additional chief Secretary to Government of Punjab, Department of Finance.
5. Private Secretary/ Principal Secretary to Government of Punjab, Food, Civil Supplies and Consumer Affairs, Punjab.
6. Personal Assistant/ Director, Food, Civil Supplies and Consumer Affairs Minister, Punjab.
7. Personal Assistant/Secretary, Mandi Board Punjab.
8. Director (Treasury & Accounts), Chandigarh is requested to kindly direct the district offices of Internal Audit Organisation (Revenue) to complete the pre audit within stipulated time as prescribed in the Policy.
9. A copy of above is forwarded to Deputy Director (Rice) to direct portal Team working under her to make the portal live immediately.
10. All Officers at Head Office Chandigarh.
11. Superintendent, Cabinet Affairs Branch, Government of Punjab w.r.t I.D letter no. 1/177/2025-1cab/5758 Dated:24.09.2025
12. Superintendent, Finance Expenditure-5 Branch, Department of Finance, Government of Punjab w.r.t I.D. letter no. FD-FE-50MISC/68/2022-FE-5 I/1136149/2025 Dated: 01-07-2025

  
(S.K. Bindra)

**Additional Director-cum-  
Controller (Finance and Accounts)**

## ONE TIME SETTLEMENT (OTS) POLICY FOR RICE MILLS 2025

### INTRODUCTION

1. The Department of Food, Civil Supplies and Consumer Affairs, Punjab is working as nodal department for procurement of food grains in the State, under central pool on behalf of Government of India through State Procurement Agencies (SPAs). The five State Procurement Agencies are Punjab Grains Procurement Corporation Limited (PUNGRAIN), Punjab State Co-operative Supply and Marketing Federation Ltd (MARKFED), Punjab State Civil Supplies Corporation Limited (PUNSUP), Punjab State Warehousing Corporation (PSWC) and Punjab Agro Food grains Corporation (PAFC) whereas the Food Corporation of India (FCI) is the agency of Government of India. The State Procurement Agencies are suffering huge losses of interest on the Cash Credit Limit (CCL) for procurement of food grains under central pool coupled with non-recovery of substantial amount from various defaulter rice millers.
2. The entitlement of various rice millers for allotment of paddy is fixed as per the Custom Milling policy and the paddy procured is stored at the rice mills registered with the department. The paddy is milled by the millers in the State under the Custom Milling Policy issued every year and milling charges are paid to these millers for milling of paddy. If the Miller is unable to deliver the resultant rice, then the economic cost of paddy along with other components such as quality cut, gunnies, losses due to storage of paddy and interest on late delivery of rice are charged from the millers.
3. There are some millers who have not cleared their dues in time. These dues along with penalties and interest thereon have led to huge recoverable from these millers. Legal proceedings have been initiated against such millers under the relevant policy guidelines and the procedures in accordance with the law. Previous experience of litigation has revealed that these processes are cumbersome, time consuming and yield marginal or very little commensurate benefit. This outstanding amount is also increasing every year due to the compounded rate of interest.
4. Given the dire financial situation of such State Procurement Agencies caused by a combined effect of continuous loss on account of non-receipt of recoveries from millers on the one hand coupled with the obligation to pay a heavy amount of interest on the CCL, the Government of Punjab was required to financially rescue these state procurement agencies by taking over all the losses up to 2014-15, and converting the same into Clean Term Loan (CTL) from RBI. Unsettled outstanding recoveries of 1931 defaulter millers amounted to Rs. 2209 crores approximately in the year 2018-19.
5. In order to address this situation, the State had introduced two policies in the past namely OTS (Onetime Settlement) Scheme 2017 and DRSS (Dues Recovery and Settlement Scheme) 2019. The brief of both OTS schemes is given below:

#### ***i. OTS-2017***

*GOVERNMENT OF PUNJAB, Department of Food and Civil Supplies and Consumer Affairs, issued a Onetime Settlement policy for defaulter rice mills, having amount outstanding against them on account of undelivered rice to FCI and for amount recoverable on account of other components vide its letter NO.RP-2-2017/2144, dated 7<sup>th</sup> September, 2017. A chance was given under this scheme to the rice millers having various arbitration and court cases pending against them to avail this opportunity of settling their amounts recoverable against them.*

*The benefit under this scheme could be availed by the miller within 6 months from the date of notification of this policy.*

*The above policy got a very lukewarm response from the defaulter millers and an amount of Rs. 32.40 crores (approximately) could only be recovered from the millers.*

## **ii. DRSS-2019**

*On demand of rice millers, State Government introduced Dues Recovery and Settlement Scheme Policy 2019. The policy was notified as on 17.09.2019 vide letter no. RP-1(1024)-2019/2052 and the last date for application under the policy was 30.10.2019. However, the date of application was extended twice upto 30.10.2020.*

*This policy had quite high rejection rate of applications because of certain limitations such as mandatory submission of bank guarantee equal to the amount of default and non-inclusion of FIR cases etc. Accordingly the policy was able to recover merely 25 cr.*

6. Now the Representations of various rice millers and Rice Millers' Associations have been received seeking relief to all the defaulter millers and sick rice mills so that such mills may be revived to generate economic activity in the state.

The Govt. of Punjab with a dual objective of making the sick rice mills functional and to create better avenues for financial recovery from these defaulter rice mills seeks to implement the new OTS scheme with a wider scope.

7. Government of Punjab after considering the necessary relevant factors seeks to implement the following ONE TIME SETTLEMENT (OTS) POLICY FOR RICE MILLS 2025 Scheme:-

### **1. ELIGIBILITY: -**

The defaulter rice millers as provided below are eligible to apply under this scheme:

- (a) All cases falling under Non FIR category are eligible under the scheme.
- (b) In FIR cases, only those defaulter millers are eligible, where embezzlement is below or up to 15% of total allocated paddy for each season.
- (c) The millers who had opted for DRSS-2019 but their cases are still pending, shall have an option to switch to this policy by submitting a fresh application in required format along with application fee within the time specified in this policy.

### **2. SUM DUE: -**

#### **I. PRINCIPAL AMOUNT**

- (a) Principal amount recoverable on account of balance rice or paddy and incidental charges at the rate of Provisional or final cost sheet of concerned crop year, as applicable.
- (b) Recoveries such as Bardana left with miller, quality cut etc. shall be made in full as per provisional or final cost sheet of concerned crop year, as applicable.
- (c) Any other recoveries outstanding against the millers.
- (d) The loss on sale of paddy (in terms of rate) through auction / sale by agencies or by the orders of arbitrator shall not be recovered from the defaulter rice millers.

## **II. INTEREST AMOUNT**

Simple Interest @ 9% p.a. shall be recovered on the Principal Amount Due as above. Provided that Interest amount so calculated, shall not exceed the 50% of Principal Amount.

The interest will be calculated up to the date of application submitted by the miller in the office of the concerned District Manager.

## **III. ADJUSTMENT OF AMOUNT DUES TO MILLERS:**

The security & other kind of payments (crate rent, milling charges, drriage etc.) deposited by or due to the millers during any crop year shall be adjusted against same crop year before the calculation of final recovery against each application towards the miller & calculation of interest thereon.

### **3 PROCEDURE FOR APPLICATION AND NOTICE OF DEMAND**

- a. The defaulter miller, who wants to take benefit under the Scheme, shall apply online to the concerned agency through District Manager as per Annexure "A" of the policy along with an application fee of Rs 5,000/- (nonrefundable), within one (1) month of notification of this policy. Application and further processing under the policy shall be online.
- b. The defaulter miller will submit a separate application for every defaulting crop year separately to the concerned District Manager. An online acknowledgement receipt will be issued to miller by the concerned agency.
- c. A Committee consisting of District Manager, Accounts officer and Senior Auditor of concerned agency shall finalize the amount of recovery cum demand notice after scrutiny of all documents and will send the case to concerned District office of Internal Audit Organization (Revenue) (under Finance Department) for pre audit.
- d. District Office of Internal Audit Organization (Revenue) shall pre audit the recovery amount and send back the case to concerned District Manager of the agency.
- e. The miller shall be intimated through a recovery cum demand notice served under the signature of District Manager of the concerned agency, in which principal recovery amount along with interest component shall be mentioned. If the defaulter miller is in default for more than one crop year, recovery cum demand notice shall be issued separately for each crop year.
- f. Miller shall have to deposit principal and interest recoverable amount conveyed to him in one go within One month by demand draft/RTGS/electronic mode in the account of the district office of the concerned agency or in three monthly instalments, out of which first instalment shall have to be paid within 15 days of the approval of his application. In case of delay of any installment, an interest of 9% shall be chargeable till the deposit of the amount. It is further clarified here that the paddy will be issued to the miller under the terms and conditions of the CMR policy only after the defaulting rice millers would deposit all the instalments (100 percent amount).
  - i. In case Miller is satisfied with the recovery cum demand notice and deposits the same within the prescribed time, the account between miller and agency shall be deemed to have been settled.
  - ii. In case miller is not satisfied with the recovery cum demand notice and does not want immediate settlement, he/she have the option to avail dispute settlement procedure as provided in the clause-4 of this policy only after depositing the full amount in one go. The

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account with agency shall be deemed to be settled after issuance of speaking order by AMD and compliance of the same by the concerned Rice Miller.

- g. The millers, who have not deposited the amount within stipulated time would not be eligible to avail the benefit under the scheme and the application fee shall be forfeited and the application shall stand rejected.
- h. Total maximum time for end-to-end processing by the Agency (including pre audit and sending of recovery notice) will be 5 weeks from date of application.

#### **4. DISPUTE SETTLEMENT**

- a. The miller, who is not agreeable to settlement amount communicated to him through recovery cum demand notice, such miller shall have to deposit the full amount in one go and thereafter he may raise the issue by submitting an online application addressed to Additional Managing Director (AMD) of the concerned agency, mentioning the amount with proper detailed justification as per annexure-B of the policy.
- b. AMD will immediately refer a copy of application to the committee consisting of District Manager, Accounts officer and Senior Auditor and committee will submit its recommendations to the AMD of concerned agency within 15 days. AMD shall consider the application of miller after offering opportunity of personal hearing to the applicant and will pass the speaking order within 90 days.
- c. As per the speaking order passed by the AMD, any one out of following three situations may arise and settlement with the miller will be as follows:
  - (i) If the decision as communicated in speaking order comes in favor of the miller and recovery amount is reduced from the amount already deposited by the miller, the excess amount shall be refunded without interest by the DM of the concerned agency, within 30 days of the issuance of speaking order by the AMD.
  - (ii) If the decision as communicated in speaking order concurs with the recovery amount already communicated in recovery cum demand notice, then the account with agency shall be deemed to be settled now, which was pending under clause 3(e)(ii).
  - (iii) If as per the decision communicated in speaking order, recovery amount exceeds the recovery amount already communicated, revised recovery cum demand notice will be issued and excess amount shall have to be deposited by the miller within one month from the date of issue of the order.
- d. The decision of AMD shall be final. In case there is no AMD in any State Procuring agency, then MD shall authorize any officer to act as AMD for this specific purpose

#### **5. SETTLEMENT**

- (a) Letter for the Final Settlement of accounts to a defaulter miller shall be issued after 100 % payment has been received as detailed above.
- (b) After the deposit of full payment by defaulter miller, Defaulter miller shall sign a declaration cum undertaking that he shall withdraw all the cases instituted by him against concerned agency and DFSC/DM of the concerned agency shall also counter sign the same by stating that Court case or arbitration case instituted by a State Procurement Agency will be withdrawn. Defaulter miller will also be considered by District Allotment Committee for allotment only after final settlement.
- (c) *For FIR cases, implementation of settlement under the policy will not prejudice or interfere with ongoing criminal proceedings. Any criminal liability shall be determined by the competent court.*

Also, in FIR cases, where settlement letter is being issued under this policy, miller will not claim any damages against the concerned agency and this department in any Forum.

## **6. MISCELLANEOUS PROVISIONS**

- a. No refund under the policy is admissible incase amount finalized under the policy is less as compared to amount due to the miller by the agency.
- b. In case a defaulter miller applies for the benefit of this Scheme during the pendency of any court/ arbitration case, the application will also be supported by an affidavit (Annexure C) stating that the miller shall file an application for stay of the pending Court/ arbitral proceedings, stating therein, that the defaulter miller has submitted an application under the present Scheme for settlement. The affidavit shall be submitted at the time of application to avail the benefit under the policy.
- c. District Manager of the concerned Agency will transfer the application fee collected on daily basis to the bank account of the M.D PUNGRAIN on next working day and will send fortnightly report of number of applications received under the policy.
- d. All recoverable amounts shall be payable to the official bank account of District Manager of the concerned Agency.
- e. District Manager of the concerned Agency will transfer amount recovered from the millers in the account of MD Pungrain that will be specified by the DRSS branch of the Food Civil Department.
- f. Letter for final settlement of accounts shall be issued by District Manager of the concerned Agency, only after confirmation that 100% amount has been credited in the bank account of the MD PUNGRAIN.
- g. MD Pungrain will transfer the amount so recovered to the State Government Treasury.
- h. District Manager of the concerned Agency shall be bound to maintain proper and complete records as per the government instructions issued from time to time for audit by the office of any Central/State Government agencies.
- i. In case, any doubt/dispute arises regarding interpretation of this Scheme, the Director, Food Civil Supplies and Consumer Affairs, Punjab shall be the competent authority for final interpretation. However, amendments to the policy can be made at the level of the Government only.

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## Annexure-A

To

The District Manager,  
(Name of the agency)

Subject- Application for availing the benefit of ONE TIME SETTLEMENT (OTS) POLICY FOR RICE MILLS 2025.

Sir,

I/We..... (Name of the applicant), owner of .....  
am interested to avail benefit under the ONE TIME SETTLEMENT (OTS) POLICY FOR RICE MILLS 2025.  
For this I state as under:-

- i. I/We want to avail the benefit under the scheme for the crop year \_\_\_\_\_.
- ii. I /we have read the policy issued by government and agree to abide by all the terms/ conditions laid down in the provisions of this policy.
- iii. I/we understand that violation of any of the conditions of this policy would mean automatic withdrawal of benefits extended under the policy.
- iv. I/we undertake to withdraw all complaints/ appeals/ civil suits/ petitions in respect of our case filed against the department/agency and affidavit in this regard is attached herewith.

Kindly intimate the amount of recovery payable by me as per policy, so that I/We can deposit the same within the prescribed time mentioned in the policy.

Dated:

Name:

Email id:

Mobile No. :

Address:

Signatures of the applicant

Name of rice mill,





## Annexure-B

To

The Additional Managing Director cum  
First Appellate authority

(Through DFSC/DM of the concerned agency)

Subject-

Application for re-determination of amount under ONE TIME SETTLEMENT (OTS) POLICY  
FOR RICE MILLS 2025.

Sir,

1. With reference to recovery cum demand notice issued by you vide memo no. .... Dated..... to deposit total amount of Rs .....to avail the benefit under the ONE TIME SETTLEMENT (OTS) POLICY FOR RICE MILLS 2025, I have deposited the amount on dated \_\_\_\_\_ to avail the benefit of the policy.
2. However, I/we are not satisfied with the amount communicated by you and hereby I contest the amount conveyed to me due to following reasons:-

Amount communicated	
Amount as per my calculation (with component wise break-up)	

Reason with Justification/supporting documents-

3. It is requested to kindly examine my case and re determines my recovery.
4. I/ We undertake to abide by the decision of competent authority regarding my application Annexure-B.

Dated:

Name:

Email id:

Mobile no. :

Address:

Signatures of the applicant

Name of rice mill,

## ANNEXURE- C

## AFFIDAVIT CUM UNDERTAKING

I/We ..... proprietor/partner/authorized person for the mill  
namely M/S ..... hereby declare as under:-

1. I/we have milled the paddy for crop year ..... For the agency .....
2. That I/we could not delivered the whole due rice /delivered late the due rice. Balance Rice /paddy was remained undelivered/delivered late, the recovery for which & other recoveries were pending towards me.
3. That I/we was/were declared defaulter for the crop year.....
4. That I/we am desirous to avail the benefit of the said scheme notified by Government of Punjab, Department of Food, Civil Supplies and Consumer Affairs.
5. That I/we have filed an application for stay of the pending Court/arbitration case, stating that the I has submitted an application under the present scheme for settlement.
6. That I/we shall withdraw the court case(s)/arbitration case(s) filed against the Government/Agency, if any, after deposited the due amount notified to me under the policy immediately.
7. That the court case(s) or arbitration case(s) filed by Government/ Agency shall be withdrawn only after the clearance of full and final payment as notified to me/us under this scheme.
8. That I/we shall only be considered for allotment of paddy for custom milling only after I/we have cleared the entire settlement amount mentioned above under this scheme along with interest.

I/we hereby affirm that the facts presented by me/us above are true and correct to best of knowledge and nothing has been concealed therein.

Date

Name of the signatory

Place

Name & address of the Rice mill