

ALL ODISHA RICE MILLERS ASSOCIATION

S-3/36 , Sec-A, Zone-B, Mancheswar Indl. Estate, Bhubaneswar-751010

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Dated 31st October, 2015.

To,
The Hon'ble Minister,
Food Supplies & Consumer Welfare Department,
Government of Odisha,
Bhubaneswar-751001.

Dear Sir,

**Sub: Procurement operations during New KMS 2015-16 and
Important points for considerations thereof.**

We are thankful to your honour for inviting our Association and miller representatives to suggest and discuss various points for smooth procurement operations during KMS 2015-16.

A meeting of our Association was held today morning at Hotel Empires, Saheed Nagar, Bhubaneswar being attended by millers from most of the districts of our State to discuss various issues in the above matter as well as functioning and survival of Rice Milling Industry. After elaborate discussions, it was unanimously resolved to put forth the following points for your kind and favourable consideration:-

1. **Implementation of CAP Storage** during current KMS 2015-16 as per decision taken by Government during previous year and in current year's Food Policy. Millers assure periodical lifting of FAQ Paddy from CAP Storage points of OSCSC based on acceptance of resultant rice in a time bound manner. *If 100% storage is not possible, OSCSC may store at least 40% of the procured paddy under CAP Storage initially at the start of the season. This will ensure procurement of FAQ Paddy* and will also help in recording first hand quality assessment of actual paddy coming to the market.
2. **Proper quality checking at Mandi** stage through an expert team before procurement by PACS. It may also be arranged through independent agency on experimental basis. Unfortunately, *Oscsc remains a mute spectator over the years and millers are left to suffer badly.* Proper Mandi do not exist in many districts like Ganjam and millers have to provide all the services.

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3. **Allowing Participation** in procurement only *after 100% delivery* of carry over stock except where Oosc is unable to receive CMR for space shortage.
4. **Delayed start of procurement** by 15 - 20 days may be considered to avoid problem of excess moisture at the initial stage in the interest of proper storage of paddy and production of quality rice. Accordingly, *Procurement may also continue till April in a phased manner for smooth operation.*
5. **Reasonable Uniform Security deposit** norms for all by allowing 15 to 20 times paddy delivery against security furnished. *Payment of compensatory allowance towards Bank Guarantee charges and loss of interest* on furnishing fixed deposits due to difference in Bank deposit and lending rate of interest.
6. **No recovery of Insurance Premium from the millers** as the Paddy/Rice Stock belongs to the Corporation.
7. **Refund of security deposit** immediately on completion of rice delivery *without waiting for final payment of bills.*
8. **Fixation of a reasonable target for delivery to FCI** with payment of increased rice handling charges as an *incentive to enable smooth as well as additional delivery.* This will also help in reducing the requirement of inter district movement which is estimated at about 4 to 5 lakh MT annually for an average distance of 401 KM at a cost of Rs.291/- per quintal with an annual expenditure of about **Rs.145 crores.** *This avoidable cost @ Rs.291 /- per quintal rice can be nullified by simply allowing additional handling charges @ Rs.15 /- to millers on FCI delivery.*
9. **Creation of sufficient space** for timely CMR delivery at both RRC and FCI depot prior to start of procurement.
10. **Certification of road distance** is pending since more than 9 months. It needs to be completed on war footing by 15th November,2015 before start of new procurement. Crores of rupees are lying unpaid to millers towards transport charges on paddy and rice for kms 14-15 and *millers are likely to hesitate in executing agreement for KMS 2015-16.*
11. Representatives from our Association may kindly be *included in the list of participants for State Level Procurement Meetings* as was discussed during meeting with Hon'ble Chief Secretary on 23.9.2015.

12. Proper reimbursement of various incidental charges to the millers based on the market conditions as below:-

- a) **Paddy Mandi handling** (loading at Mandi Point) @ **Rs.10/-** p. qtl (i.e. Rs.4/-per bag of 40kg).(*Pl refer Gazette Notification No.1145 dt.1.8.15 of Labour & ESI Dept wherein the existing per bag loading rate of Rs.3.43 is proposed to be revised to **Rs.4.57 per bag***).
- b) **Minimum Flat TC on Paddy** upto 10 KM @ **Rs.20/-** p. qtl and **Rs.1/-** per qtl/KM for distance beyond 10 KM upto 50 KM. (*Transport contractors are being paid around **Rs.27/-p.qtl** flat upto 10 KM and @Rs.1.75 per qtl/KM for subsequent distance between 11 to 50 KM by Oscsc. Ref: Order No.3001 dt.30.5.13 of Oscsc Ltd, Balasore*).
- c) **Payment of Custody & Maintenance** charges at **flat rate of Rs.18/-** per quintal on paddy. (*CWC had offered **monthly rate @Rs.6.50 per bag** of 35-50 kg to store paddy which comes to about **Rs.16.25 per qtl/month**. Refer Oscsc Letter No.22639 Dt.11.12.14*).
- d) **Shortage allowance of 1% flat on paddy** to cover transit and storage loss. Govt. of Odisha was earlier allowing shortage upto the permissible limit of 1.25% of paddy procured. (*Refer F&CS Dept letter No.3791 Dt.10.2.1984 at Page-83 of Aorma Booklet Vol-1*).
- e) **Handling charges on CMR @Rs.10/- and Rs.15/-** p. qtl. For delivery at RRC and FCI respectively. Alternatively, payment may be made directly to the labourers by Oscsc instead of reimbursing to the millers.
- f) **Reimbursement of toll gate fees** on movement of Paddy & Rice as per actual on production of receipt. (*It is about Rs.3.50 per quintal as per copy of receipt enclosed and may vary from place to place*).
- g) **Release of direct expenses on monthly basis** for paddy viz. loading charges and minimum TC without linking it with rice delivery as suggested by Aorma and discussed during the meeting with Hon'ble Chief Secretary on 23.9.2015. (*This will help the miller to meet its minimum day to day requirement of various expenses like payment of electricity bills, salary and wages to workers etc.*).
- h) Payment of Interest to millers on bills remaining unpaid beyond 15 days.

Sir, the matter of **increasing milling charges on paddy** is pending since the year 2002. It needs to be revised from existing rate of Rs.10/- and 20/- per qtl paddy to Rs.40/- and 55/- per qtl for Raw and Boiled paddy respectively. Similarly, results of test milling conducted in our State by GOI for determination of **Rice Out Turn Ratio (OTR)** is yet to be implemented resulting in delivery of 2 to 3% excess rice by the millers.

There are some other operational matters which may be discussed subsequently with Oscsc before finalization of Operational Guidelines and Agreement. Every district has different problems. ***District Collectors may be advised to convene a “Preparatory” meeting*** of all the millers and district civil supply officials to discuss various issues before start of the procurement and a proceeding of such discussions be prepared and forwarded to Government for information and necessary action.

Your honour may kindly appreciate that ***our above submissions are directly linked to the survival of our rice milling industry***. Farmers and Rice Millers are two sides of the same coin. ***Farmers can not remain healthy unless the Rice Milling Industry is healthy***.

Hope, your honour will be kind enough to consider our above submissions sympathetically before start of new procurement. A detailed proceeding of this meeting along with observations may kindly be forwarded at the earliest to enable the millers to assess the feasibility of participation in the ensuing procurement operations.

Bhubaneswar dated 31st October,2015.

Sd/-.
(Santosh Kr. Sonthalia),
Secretary.

Copy to: 1) Commissioner-cum-Secretary, FS&CW Dept, Odisha.
2) Managing Director, Oscsc Ltd., Bhubaneswar.