

ALL ORISSA RICE MILLERS ASSOCIATION

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Dated 29th August, 2005.

To,
The Hon'ble Minister,
Food, Supplies and Consumer Welfare Department,
Government of Orissa,
Bhubaneswar.

Sir,

**Sub: Discussion on procurement strategies during
ensuing khariff year 2005-06.**

We thank you for inviting Rice Millers to discuss the strategies for paddy procurement during the ensuing Khariff Marketing Season 2005-06. For better implementation of the Food Policy and to ensure wholehearted participation of the Rice Milling Industry, we draw your kind attention on the following for sympathetic and favourable consideration: -

1. Discrimination between rates paid to millers and to Govt. Agencies:

We would like to mention here that the effective price of Custom Milled Rice as approved by Government of India is Rs.1039/91 that is Rs.84/81 paise per quintal higher than the rate of Rs.952/10 fixed for levy rice during the current khariff year 2004-05. After going through the break-up given in the said approved costing sheet, you may kindly appreciate that no extra operation has been included therein which the rice millers do not have to incur while producing and delivering Levy Rice. **Therefore, FCI may kindly be requested for revision of Levy rice price at par with the Custom Milled Rice with retrospective effect from 2003-04 KMS and also for the ensuing khariff year 2005-06.**

2. Out turn ratio (OTR): Out turn ratio of rice varies from place to place depending upon quality and type of seeds, climatic conditions, geographical area etc. As such, uniform OTR can not be specified for all the States as well as for all the districts of a State. In Orissa, the average OTR of FAQ standard rice varies between 63 to 65%. **Recently a Test Milling was conducted on 17th Feb, 05 at Bhadrak by Quality Control officials of both FCI and Govt. of Orissa under supervision of Sr. Scientist from Central Rice Research Institute, Cuttack. The total yield of rice was found at 65.4% from FAQ parboiled Common Variety of paddy as against stipulated 68%. As such, the OTR may be revised as per the results of test milling conducted in different districts while fixation of Levy Rice Rates.**

3. Quick issuance of Enforcement Certificate: Due to various procedural reasons, issue of Enforcement Certificate is quite often delayed. Suitable steps needs to be taken for prompt issuance of Enforcement Certificate by simplifying the existing procedure as per provisions of **The Levy Control Order, 1982**.

4. Optional disposal of Free-sale Rice: Under Levy scheme, a miller is under obligation to sell a certain percentage of rice under free sale out of total paddy procured by him. Here, we would like to submit that the requirement of rice under various social welfare schemes like P.D.S, Food for Work, Mid-day meal etc., is much more than the target fixed for procurement of rice in Orissa during a khariff Marketing Season. Some times the target is also not achieved. As a result, **the Central Government has to transport a substantial stock of rice from other States involving an additional cost of about Rs.100/- per quintal. In view of this, acceptance of 100% of the milled stock may be considered without necessitating disposal of a certain percentage under free sale. Disposal of free sale rice may be made optional instead of mandatory.**

5. Farmers should be at liberty to sell their produce at the RMC Yards as well as to the millers at the mill head point as per convenience of the cultivators.

6. Food policy is supposed to be framed within the provisions laid down under The Orissa Rice & Paddy (Procurement) and Restriction on Sale and Movement Order, 1982. But in fact, infirmity remains between the two causing lot of confusion. Different department like Supply, Police, Vigilance etc. have their own interpretations causing procedural problems and harassment to the millers. The Procurement Policy is to be followed uniformly in all the districts. At present the interpretation of the food policy differs from district to district. **Therefore, every care should be taken to ensure that the Food Policy does not clash with the provisions of the Levy Control Order, 1982 and is uniformly followed.**

7. Free Sale in Rice by Miller Agents: During the procurement meeting held at OSCSC Ltd. Conference hall at the beginning of the current khariff year, your honour have been kind enough to allow the millers to purchase paddy for milling under free sale. However, necessary guidelines to the District Collectors have not yet been issued to this effect, which may be issued immediately **to attract development of “Infrastructure for production of Quality Oriented Free-sale Rice”**.

8. Transport charges on paddy: It is a vital point for the millers of Orissa. Barring a few district blocks, there is no such Mandi or Market system as is prevailing in other parts of the country. Millers are directed by the District Administration to purchase paddy from remote areas as far as even 40 to 120 KM from the rice mill point and the millers are under obligation to obey such instructions incurring an average cost of Rs. 30/- per quintal on paddy. This factor has to be considered while fixation of rice price.

9. Under VAT system, it is mandatory to show the value of rice as well as the amount of tax separately in the Tax Invoice. As such, **Levy Rice rates should be declared exclusive of sales tax** to avoid unnecessary back calculations. Further, loading, forwarding and transport charges are not taxable under VAT Act and hence, these may be excluded from the levy rice rates and declared separately to save incidence of tax on these services.

10. In the district of Bolangir, procurement is done by Government agencies and the miller agents are entrusted with the job of Custom Milling. Unfortunately, the quantum of procurement made by these agencies is far below than the target fixed in earlier years for procurement through millers. As a result, the installed milling capacity with the millers is grossly underutilized while the problem of distress sale continues. **Therefore, more and more Central and State Government agencies may be engaged to increase paddy procurement.**

11. Delay in payment of Custom Milling Charges by OSCSC: Neither the payments of custom milling charges are made in time nor the accounts are settled. The delay varies from one district to another. Some regulatory provisions are to be made for **payment of monthly bills within one month** from the date of submission of bills and also for finalization of accounts and **refund of security deposit within two months from the expiry of the khariff year.**

12. In some district like Ganjam, Balasore and Khurda, the **cultivators grow paddy suitable for Raw Rice and millers also produce Raw Rice.** When FCI is accepting Raw Rice in other States, there is no point in refusing the same in our State. As such, the matter may be taken up with Food Corp. of India. Since Raw Rice Producing mills do not require Boiler & Drier Plant etc. **Millers, who produce raw rice and do not have Boilers or drier plants, should not be debarred from taking part in paddy procurement.**

13. There is disparity between rates of Raw & Par Boiled rice. In view of the higher cost of infrastructure for producing boiled rice, the rate of boiled rates should be fixed higher by about Rs. 15/- to 20/- per quintal than the rate of raw rice.

14. RMC Fee on Rice Bran: Though Rice Bran is not included in the Schedule of the Regulated Marketing Committee, the RMC staffs collect market fees after detaining the loaded trucks. This matter may kindly be taken up with the Co-operative Department for immediate redressal.

Sir, the points raised above are very crucial to the existence of Rice Milling Industry. Unless the same are considered sympathetically, it will be very difficult for this industry to function and participate in the procurement operations.

Hope, you honour will be kind enough to consider our request sympathetically.

Yours faithfully,

Sd/-.
Santosh Panda,
President.