

ALL ORISSA RICE MILLERS ASSOCIATION

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

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President: Shyamlal Agarwal (94370 51951)

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Dated 22nd September, 2011.

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

Sir,

Sub: Suggestions for New Food Policy for 2011-12 KMS.

We thank your honour for convening a meeting with millers to discuss various issues before finalization of New Food & Procurement Policy for 2011-12 KMS. A meeting with members of our Association from different districts was held today morning and after detailed discussions, we would like to submit our suggestions as follows:-

1. ***Target:*** Average annual production in our State is about 70 lakh MT(*See production chart at Page-110 of Assn. Booklet Vol-2*). In view of supply of subsidized rice @Rs.2/- per KG and smooth operation of PDS system, the marketable surplus with farmers can be estimated around 55 to 60 lakh MT.

Distribution of rice under TPDS and other schemes is being handled by Oscsc Ltd. Therefore. Oscsc may be given more share of procurement target in consuming districts. A cluster of few districts may be formed and tagged with nearby surplus district *to minimize the incidence of inter district and long distance transportation of stocks. Oscsc should procure maximum and should try to export rice out side State of its own without depending on FCI which has consistently failed in exporting surplus rice out side State.*

Paddy purchase in coastal districts should continue for at least 6 months instead of 2 to 3 months to ease out unmanageable initial pressure as well as *to keep rice mills viable by operating for at least 8 to 9 months a year.*

Other agencies like Markfed, Nafed may be given liberty to assess and fix their own district wise target *without any restriction on choice of district.*

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2. **Levy:** We suggest that a nominal Levy Target may be fixed. There is no point in fixing higher levy target when Govt. godowns are overflowing and FCI is unable to accommodate even CMR from State Agencies.

Rates of Levy Rice are non-remunerative. Levy Rice rate for Common Parboiled Rice during 2010-11 KMS has been fixed at only Rs.1,610/50 while it has been fixed at Rs.1,795/87 for same variety under CMR. ***There is huge gap of Rs.185/37 per qtl between the rates of Levy rice and rates of CMR.*** We have already suggested upward revision of Levy rates vide our letter dt.16.9.2011 and ***without which, Levy Scheme is not workable.***

Levy scheme also needs some basic changes. System of percentage levy may be abolished by re-introducing Fixed Target Levy as was prevailing during 1980-81 (*Refer pages 165-170 of Assn. Booklet Vol-2*) and in earlier years. Under this system, millers will deliver a fixed quantity of rice as levy against individual target allotted by District Collectors with mutual consent. Millers will be free to avail free trading in rice. ***This system will take care of the balance marketable surplus remained with the farmers*** due to inability of the State Agencies to procure more in excess of State's rice requirement.

3. **Lot Size:** The present system of both 20 & 27 MT Rice Lot size may be continued as usual.
4. **Milling Charges:** Present rate of milling charges at Rs.10/- for Raw Rice & Rs.20/- for Boiled Rice is far from reality. A minimum increase of Rs.30/- per quintal is to be considered by GOI. If GOI does not agree, Oscsc may pay additional milling charges as is done in the State of Chhatishgarh.
5. **Procurement of both Raw & Boiled Rice:** There may not be any restriction on procurement of either Raw or Boiled Rice and the millers may be allowed to deliver both types of rice under Levy as well as under CMR depending upon the infrastructure available with them. **The presumption that “FCI will export rice to other States if Raw Rice is delivered” has totally proved wrong.**

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6. **Getting FAO Paddy:** Getting FAQ paddy for procurement is very difficult. Millers and Procurement agencies have to compromise on quality of paddy on most of the occasions due to lack of sincere effort amongst farmers and also due to non-availability of proper infrastructure for cleaning, grading etc.

This puts miller in duress due to lower recovery of rice than the out turn ratio specified by the Government. Therefore, *it may be specifically mentioned in the Food Policy that MSP is only for FAQ Paddy and purchase of sub-standard paddy below MSP is not distress sale (Please refer Govt. letter No.30680 dt. 7.11.2001 at Page-97 of Assn. Booklet Vol-2).*

RMC is not doing much to the cause of farmers who are insisted to bring their paddy to the Market Yards simply as a matter of rule. But in most cases, *neither any Market nor any Yard is existent.* Some private parties may be encouraged to develop and open mandi with requisite infrastructure *on a trial basis. Purchase as well as receipt of paddy at mill-head may be re-introduced where mandi facility is not available.*

7. **Revision in Rice Out Turn Ratio:** A Test Milling of paddy was conducted by GOI to find out the actual Rice OTR in Orissa through experts from CRRI, Cuttack, FCI & Orissa State Govt. during 2004-05. The average OTR for Raw & Boiled was found at 64.81% and 66.35% as against existing specification of 67% & 68%. *(Refer copy of report at Page - 217 of Assn. Booklet Vol-3). GOI may be moved to implement the results of test milling.*
8. **Immune from unfounded Criminal Cases:** Rice Mill is a processing industry and the outcome of the finished product depends on the quality of input product. There is neither any consistency in the variety/quality of paddy nor can any fixed rice Out Turn Ratio (OTR) be predicted. Most of the times, millers have to accept what ever paddy comes to the market irrespective of quality and quantum of impurities. Maintaining Rice OTR fixed by Government, *which itself is far from reality,* is very difficult.

As such, getting some discrepancy in physical stock cannot be ruled out in course of physical verification by various departments. This leads to imposition of penalty, seizure and confiscation of stocks, initiation of criminal proceedings and even *arrest of the miller for things beyond his control.* Shortage in physical stock of paddy procured during last year by FCI to the extent of 4 to 6% is a point to be noted. *(Refer our letter dt.21.7.10 at Page-50 & FCI paddy shortage chart at Page-61 of our Assn.Booklet Vol-3).*

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For this reason, **suitable guidelines and reference needs to be made in Food Policy** “for granting some immune from seizure and criminal proceedings in case of discrepancy of plus/minus in physical stock to the extent of 4 to 5% of the total stock handling during the season by the miller”. However, even in case of discrepancy, the miller will be liable to complete delivery of the due stock to the concerned agency in terms of agreement executed by him.

9. **Change in KMS period:** As per the harvesting pattern in our State, paddy generally arrives in the month of November. Based on this, the KMS period (Earlier known as Khariff Year) in early seventies was from 1st November to 31st October of the following year. (*Copy of food policy for 1979-80 is enclosed for ready reference*). At present, the KMS period is from 1st October to 30th September of the following year. Due to short working duration, millers find it difficult to complete delivery of rice within 30th September and extension of time is required very often. ***We therefore, suggest for consideration of the old period of November to October.***

10. Notes on CMR operations:

- a) Millers to accept only FAQ Standard Paddy.
- b) No recovery of holding charges paid for earlier years on Audit Report.
- c) Custody & Maintenance charges for 4 months @Rs.2/50 p. qtl/month.
- d) Rice handling charges for delivery at RRC/Oswc/Cwc @Rs.7/- per qtl and for delivery at FCI @Rs.15/- per quintal.
- e) Minimum TC @Rs.12/50 per quintal for 1st 10 KM and @Rs.0.65 paise per quintal/KM for distance beyond 10 KM for both Paddy & Rice. The present rate is Rs.7/- & Rs.0.35 paise respectively.
- f) The standard time for delivery of rice may be increased to 60 days. Beyond this also, no deductions of holding charges *except in case of intentional and deliberate delay by the miller.*
- g) Insurance charges for KMS 2010-11 be levied only @40 paise instead of @80 paise ***on the average monthly or maximum stock holding*** but certainly not on the entire paddy purchased/delivered.

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- h) From 2011-12, Oscsc & State Agencies to bear insurance premium as the stock belongs to them and millers are not compensated for this expense. Or else, millers be paid storage charges at Swc/Cwc rates.
- i) Organizing a “*Special drive*” for payment of old dues and refund of old Security Deposits latest by 31st October,2011.
- j) Respite from unnecessary pressure building and issue of show cause notices by some District Managers for completion of rice delivery even when there is no space available for acceptance of rice.

k) **Problem in Gunny bags supplied by Oscsc:**

The biggest concern of the millers is “supply of mostly sub-standard gunny bags for packing of CMR” by Oscsc. ***It has been resolved by the millers that henceforth, no packing and delivery of CMR will be made in sub-standard Gunny bags.*** System of reporting about sub-standard gunny bags is complex. Markings on the bales by Jute Mills are mostly illegible (may be intentionally) and preparing report with bale serial number and name of supplier may not be always possible.

Arrangement to take back defective & damage gunny by Oscsc after deleting the same from millers’ account. This is pending since several years.

Un-programmed & deliberate delivery of gunny bags by Handling & transport contractors irrespective of miller’s requirement to be checked. Millers may be advised to give month wise requirement in advance based on their milling capacity.

Sir, the points mentioned above are humble suggestions from the millers and we hope that your honour will be kind enough to consider the same. A further meeting may be called after some time to discuss the matters with Oscsc before the operational guidelines are finalized for 2011-12 by Corporation. Assuring our full co-operation, we remain,

Bhubaneswar, 22nd September,2011.

Yours faithfully,

Sd/-

(Shyamlal Agarwal),
President.