

# ALL ODISHA RICE MILLERS ASSOCIATION

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

Telefax: (0674) 2580933, 2583933

President: Shyamlal Agarwal (94370 51951)

Secretary: Santosh Kr. Agrawal(094330 11631)

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**Most Urgent.**

Dated 13<sup>th</sup> December, 2012.

To,  
The Commissioner-cum-Secretary,  
Food Supplies & Consumer Welfare Dept,  
Government of Odisha,  
Bhubaneswar – 751001.

Dear Sir,

**Sub: Removal of limit for furnishing Bank Guarantee.**

Most respectfully, we draw your kind attention to Clause-10 of the Custom Miller Agreement of Oscsc prescribed for KMS 2012-13 wherein furnishing of Bank Guarantee (B.G.) is allowed only upto 50% of the total security deposit furnished by the custom miller. However, no such restriction was applicable during the previous KMS 2011-12. In this connection, we would like to submit as under:-

- 1) **That technically, there is no difference in the worth or value between B.G. and FDR so far coverage of risk is concerned.**
- 2) **That there may not be problem in furnishing security deposit in shape of FDR if the amount is limited to just few lakhs. But at present, the average requirement of security deposits ranges in between 25 to 75 lakhs or even more.**
- 3) **That most of the millers are having credit limits with Banks for issuing B.G. by depositing a nominal amount and will be put to heavy financial loss due to huge difference in between interest rates of borrowing and deposits which are estimated at about 15% and 6.75% p.a. respectively.**
- 4) **That while the miller will be subjected to financial loss, there may not be any extra gain on the part of Corporation as both the instruments will stand equally to fetch the stipulated value as security.**

In view of above, we most humbly request your honour to consider removal of existing limit of 50% for furnishing Bank Guarantee and *millers may be allowed the option of furnishing security deposit in shape of Bank Guarantee or FDR or both as may suit them* as was allowed in earlier years and oblige.

Yours faithfully,

Copy to: Managing Director, Oscsc Ltd.,  
Bhubaneswar.

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