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**ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.**  
**PLOT NO.C/2, NAYAPALLI, BHUBANESWAR-12.**

File No. Mark (PP)/60/06

No. 13247

Dated. 15.7.14.

From

**Suresh Kumar Vashishth, IAS**  
**Managing Director**

To

**The Convener, SLBC &**  
**General Manager, UCO Bank,**  
GM Office, 3<sup>rd</sup> floor, C-2, Ashok Nagar,  
Bhubaneswar.

**Sub: Extending credit to rice mills against pledge/ mortgage/ hypothecation of paddy, rice etc—clarification thereof.**

**Ref: This office letter No.20255 dt.14.12.2010.**

Sir,

Odisha State Civil Supplies Corporation Ltd. is one of the state agency of State Govt engaged in procurement of paddy from the farmers and distribution of essential commodities under Public Distribution System. Procurement of paddy by OSCSC is as per decentralized procurement plan of Govt. of India, which means the rice that will be available to OSCSC out of paddy procured shall be utilized under different welfare schemes of Public Distribution System.

The paddy procured by OSCSC is milled through rice mills located throughout the state. The rice millers, called custom millers are appointed through an agreement executed by District Manager, OSCSC and the Custom Miller. The custom millers are guided by the terms & conditions of the agreement.

As per procurement scheme and the guidelines under Food & Procurement Policy of Govt. of Odisha, OSCSC purchases paddy from the farmers and delivers the same to custom miller of milling. The millers are duty bound to deliver the Custom Milled Rice (CMR) back to OSCSC. **As such, the ownership of stock of paddy & CMR lying at the mills premises belongs to OSCSC to the extent of paddy of OSCSC delivered to the mills & resultant rice due from the mills.** It may be clarified here that the millers also hold stock of paddy of other procurement agencies like NAFED, MARKFED, TDCC Odisha, and FCI. The millers are also authorized under the Odisha Rice & Paddy Procurement (levy) Control Order 1982 to purchase paddy directly from the farmers under levy scheme. **In such case they are to purchase paddy from the**

farmers on payment of Minimum Support Price through Account Payee Cheque only.

It has come to our notice that some millers have availed credit from the banks under stock hypothecation/pledge. These millers sometimes have misled the bank by declaring the stock of paddy, rice & gunny bales of OSCSC hold by them as agent, as their own stock. The millers, as per clause No.24(f) of agreement which read as follow "The miller shall keep the paddy stock of OSCSC Ltd. free from all encumbrances. He shall not obtain any loan from any Bank/ Financial Institution/ Person by way of pledge/ hypothecation/ mortgage of paddy stock held under joint custody" and he have been forbidden to obtain loan by way of hypothecation of OSCSC Stock. Hence, OSCSC shall not be responsible of such false declaration made by the millers and bank shall have no right of any kind over the stock of OSCSC kept at the mills premises.

It is therefore requested that all the banks may be intimated accordingly to ensure that the stock pledged/ mortgaged/ hypothecated by the miller **to the bank for availing various credit facilities does not include the stock of OSCSC** lying in the mills premises in the form of paddy, rice & gunny bales.

It is once again made clear that if bank extends any credit on the pledged/ mortgaged/ hypothecated stock of OSCSC lying at the mills it would be entirely at the risk of the bank concerned.

Yours faithfully,



**Managing Director**

Memo No. 13248 Date 15.7.14.

Copy to **Dy. General Manager, Allahabad Bank**, Zonal Office, 3/1-B, IRC Village, Nayapalli, Bhubaneswar – 751015/ **Asst. General Manager, Bank of Baroda**, 271, Unit-IV, Ispat Bhawan, Vidyut Marg, Bhubaneswar/ **Dy. General Manager, Andhra Bank**, Zonal Office, M/24, Baramunda, Bhubaneswar – 751003/ **Zonal Manager, Bank of India**, Star House, D/D1, Jayadev Vihar, Bhubaneswar/ **Divisional Manager, Canara Bank**, Divisional Office, Red Cross Building, 1<sup>st</sup> floor, Sachivalaya Marg, Bhubaneswar – 751001/ **Manager, Corporation Bank**, 121/122 Station Square, Bhubaneswar/ **Regional Manager, Central Bank of India**, 94, Janapath, Unit-III, Bhubaneswar-1/ **Manager, Dena Bank**, 78, Janapath, Unit-III, Kharavela Nagar, Bhubaneswar-1/ **DGM & Civil Head**, B2 East, Sahid Nagar, Bhubaneswar – 7/ **Asst.**

**General Manager, Oriental Bank of Commerce**, Alok Bharati Tower, Sahid Nagar, Bhubaneswar-751007/ **Manager, Punjab & Sind Bank**, 150, Ashok Nagar, Bhubaneswar – 751009/ **Asst. General Manager, State Bank of India**, Local Head Office, Lead Bank Deptt. Sachivalaya Marg, Bhubaneswar/ **Divisional Manager, Syndicate Bank**, Divisional Office, IRC Village, Nayapalli, Bhubaneswar – 751012/ **Dy. General Manager, United Bank of India**, A-88, Kalpana Area, Bhubaneswar/ **Regional Manager, Union Bank of India**, 3/1A, Civic Centre, IRC Village, Nayapalli, Bhubaneswar/ **Centre Head, Axis Bank**, Bhubaneswar/ **Centre Head, ICICI Bank**, Bhubaneswar.

  
**Managing Director**

Memo No. 13249 Date 15.7.14.

Copy to All CSO-cum-District Managers, OSCSC Ltd. They are instructed to communicate a copy of this letter to all banks operating in their district.

  
**Managing Director**

Memo No. 13250 Date 15.7.14.

Copy to Commissioner-cum-Secretary, FS & CW Department, Govt. of Odisha, Bhubaneswar for information.

  
**Managing Director**

