

ALL ODISHA RICE MILLERS ASSOCIATION

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

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Dated 13th March, 2013.

To,
Shri Madhusudan Padhi, IAS,
Commissioner-cum-Secretary,
Food Supply & Consumer Welfare Department,
Government of Odisha,
Bhubaneswar-751001.

Sir,

Sub: Suggestions for Restructuring of existing Levy Rice Scheme.

The system of procurement by fixation of a certain percentage as Levy under Levy Scheme has practically no role in present day scenario of surplus food grains stock and needs drastic changes. Rates of Levy Rice are non-remunerative. There is a huge gap of about Rs.232/- per quintal between the rates of Levy Rice and rates of CMR under DCP operations for KMS 2012-13.

The average annual procurement target of 26 to 30 lakh ton rice is just about 40% of the average annual rice production of about 70 lakh ton rice in our State (Pl refer production chart at page 110 of Assn. Booklet Vol-2). *The remaining 60% surplus of our State's production goes here and there in an unplanned manner depriving our State from potential revenue earnings as well as from local employment opportunities.*

The available infrastructure of Odisha State Civil Supplies Corporation and Food Corporation of India is already over burdened due to continued annual procurement of about 30 lakh ton rice as against the State's annual requirement of only about 21 lakh ton rice. *In addition to the higher acquisition cost of procurement by Government, the burden of interest and other incidentals will be around Rs.250/- per quintal annually apart from risk of storage loss and quality deterioration.*

Present Levy Scheme needs some basic changes. *System of percentage levy may be abolished by re-introducing Fixed Target / Contract Levy as was prevalent during 1980-81 and earlier years (Pl refer pages 165 – 170 of Assn. Booklet Vol-2).*

(Contd.... 2..)

Under this system, miller will deliver a fixed quantity of rice as Levy against individual target allotted by District Collectors with mutual consent. After delivery of the fixed quantity, the concerned miller will be at liberty to avail free trading facility in rice as per open market conditions. The miller will be free to purchase paddy at the mill head while the farmers will also be free to sell paddy to the millers of their choice. *This system will take care of the balance marketable surplus which remains with the farmers due to inability of the State Procurement Agencies to procure more in excess of State's rice requirement.*

Moreover, millers will get scope to produce high quality rice for export as well as for consumption by middle and upper middle class segment of our society who is now mostly dependent on rice brought from other States at higher price. Farmers will also likely to fetch better price for their superior grade paddy which is now neglected and sold at par with the rates of common variety.

The USP of this parallel system can be summarized as follows:-

- 1) *The fate of farmers will be hardly at risk since Government Procurement Agencies will always be in the market to purchase paddy at MSP right at the Panchayats and thereby eliminating any possible scope of monopolistic approach of millers.*
- 2) *Farmers will be at liberty to dispose their produce at any time of the year without any fear of present "time bound" purchase by Government Agencies.*
- 3) *Millers will get an opportunity to show their competitive skills in free trading and thereby restricting un-authorized movement of paddy outside State.*
- 4) *Though Government is burdened with surplus stocks, the Government will be free to get ready stock from the millers at a mutually negotiated price depending upon the market conditions, in case of any eventuality.*

Sir, we are ready to sit together any time any where for broader discussions on this issue in the interest of properly crafted policy that will assist overall development, better performance and curb unsolicited activities to a great extant.

Yours faithfully,

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