

ALL ODISHA RICE MILLERS ASSOCIATION

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

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President: Shyamlal Agarwal (94370 51951)

Secretary: Santosh Kr. Agrawal(094330 11631)

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Dated 24th November, 2011.

To,
The Managing Director,
Odisha State Civil Supplies Corporation Ltd.,
C/2, Nayapalli,
Bhubaneswar-751012.

Dear Sir,

Sub: Security deposit & other matters for 2011-12 kms.

This is with reference to the Agreement prescribed to be entered with Custom Millers for 2011-12 kms. After going through it, we would like to mention that the amount of **Security Deposits (Clause-10)** for regular millers is fixed at Rs.8 lakhs per MT Rice/Per hour milling capacity which is very high in comparison to last year which was only Rs.5 lakhs for per hour milling capacity upto 2 MT and Rs.10 lakhs beyond 2 MT/hour capacity.

Moreover, a custom miller will also have to submit **Solvency Certificate (Clause-11)** to the extent of 5 times of the security deposit which comes to Rs.40 lakhs. Therefore, the total security deposit will be Rs.48 lakhs per MT/Hour milling capacity. A miller with 2 MT/Hour capacity will have to furnish Rs. 96 lakhs (2MTx8 hrs=16MTx 6 lakh (1+5 solvency)= Rs.96 lakhs as against Rs.5 lakhs furnished in the previous year. We may mention here that during the initial years, millers were allowed to furnish Solvency Certificate **in lieu of regular Security Deposit.**

In view of this, we suggest a security deposit of Rs. 3.2 lakhs per MT/hour milling capacity or Rs.40,000/- per MT Rice production capacity per shift of 8 hours in shape of Bank Guarantee / Fixed Deposits etc. subject to minimum security of Rs.5 lakhs. Solvency Certificate may be made as an additional mode of security deposit in lieu of BG/Fixed deposits etc. as suggested by Millers from various districts such as Koraput, Ganjam etc. and as was done in earlier years.

Further, instead of list of immovable properties, copy of Authentic Audited Balance Sheet of the custom miller as on 31st March of the preceding year will be more useful and convenient than submission of list of immovable properties.

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After implementing our above suggestion, the comparative position of security deposit compared to last year will be as follows :-

<u>Milling capacity Rice MT/Hour</u>	<u>Security Paid during 10-11</u>	<u>Security as per our suggestion for 11-12.</u>
2 MT	Rs. 5 Lakhs	Rs. 6.40 Lakhs
4 MT	Rs.10 Lakhs	Rs.12.80 Lakhs
6 MT	Rs.10 Lakhs	Rs.19.20 Lakhs
8 MT	Rs.10 Lakhs	Rs.25.60 Lakhs
10 MT	Rs.10 Lakhs	Rs.32.20 Lakhs.

The above chart clearly shows that there is still significant increase in the amount of Security deposit and any further increase beyond this will create acute financial hardship for the millers.

Insurance (Clause-16): Instead of miller, Corporation should make adequate insurance coverage of its own stock of Rice along with paddy stocks. The overall combined value of paddy & rice remains same as the value of paddy automatically shifts to the value of resultant rice without any significant addition as soon as it is milled. Corporation will have to bear the insurance charges for its stock of Paddy/Rice/Gunny bags as the custom miller is not compensated to cover this burden.

Responsibility of Miller {Clause 18(iv)}: It is not possible for the miller to lift paddy from procuring agencies on “As is where is basis” as mentioned under this clause. **The miller will accept and lift only FAQ Paddy** duly stacked in uniform packing after proper cleaning from the heap at the purchasing point by the concerned purchasing agent of the Corporation.

Our Association meeting with members from all districts is expected by end of this month to discuss the modalities of Food Policy, Operational Guidelines & Agreement for Kms 2011-12. Details of discussions and views of the members will be communicated thereafter. In the meantime, we most humbly request your honour to kindly consider our above submissions and oblige.

Yours faithfully,

Copy to: Commissioner-cum-Secretary,
FS & CW Dept, Bhubaneswar.

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