

Government of Orissa

Food, Supplies & Consumer Welfare Department

No. 19886 / FSCW, Bhubaneswar, dated 11th / 15th October, 2007

PL-IP-31/07

From

**Shri Raj Kumar Sharma, IAS,
Commissioner-cum-Secretary to Government.**

To

All Collectors.

Sub : Food and Procurement Policy for the Kharif Marketing Season 2007-08.

Sir,

This is to say that the Government have been pleased to approve the "Food and Procurement Policy" for the Kharif Marketing Season 2007-08. I am directed to communicate below the guidelines on the Food and Procurement Policy for the Kharif Marketing Season (KMS) 2007-08 commencing from 01.10.2007 to 30.09.2008.

1. Target :-

Having regard to overall production, total availability of foodstuff in the State, requirement of food-grains and the trend of procurement in the past, the informal procurement target has been fixed at 25 Lakh MTs in terms of rice for the Kharif Marketing Season 2007-08. Out of this, paddy for at least 23 (twenty three) Lakh MTs of rice will be procured by government agencies, including the Food Corporation of India, and the balance quantity shall be procured through levy procurement. The Food Corporation of India is being requested to procure paddy equivalent to at least 6 Lakh MT rice.

2. Agencies :

(i) Five State government agencies/Co-operative Organizations namely, Orissa State Civil Supplies Corporation Limited (OSCSC), Primary Agricultural Cooperatives Societies (PACS's), National Agricultural Co-operative Marketing Federation (NAFED), Orissa State Co-operative Marketing Federation (MARKFED) and Tribal Development Co-operative Corporation of Orissa Ltd (TDCC) will procure paddy directly from the farmers in the State as State government agencies. Besides the Government may allow other State government organizations to participate in paddy procurement.

(ii) The Food Corporation of India (FCI) will also procure paddy directly from the districts assigned to it. The FCI is also allowed to engage the National Collateral Management Services Limited (NCMSL) to procure paddy from the farmers directly in the districts assigned to the agency by the State

Government during the KMS 2007-08 subject to conditions that the FCI shall be responsible for making payment of cost of paddy to the farmers in the event of failure of the agency to do so, that the agency will procure paddy under the overall supervision and control of the Collectors as per the district-wise procurement target assigned by the State Government and that the FCI and its agency will abide by all the directions issued by the State Government from time to time regarding paddy procurement.

(iii) The FS&CW Department shall allocate the district-wise procurement target among Government agencies and under levy so as to achieve the overall procurement target. The informal district-wise procurement target in respect of all participating agencies is at Annexure – “A”.

3. Levy Procurement :

The Food Corporation of India (FCI) will continue to procure levy rice from the millers @ 75% of the rice milled as levy in all districts as per the district-wise informal levy target indicated in the Annexure “A”.

4. Procurement under the Decentralized Procurement Scheme :

(i) The State Government Agencies namely Orissa State Civil Supplies Corporation Ltd, PACS's, NAFED, MARKFED and TDCC will procure paddy directly from farmers in accordance with the Decentralized Procurement Scheme. The purchase centres of Government agencies shall be opened evenly through out the State in consultation with FS&CW Department and Collectors concerned. Paddy will be purchased by the procuring agencies directly from the farmers as per quality specifications laid down by the Government of India and in accordance with the guidelines issued by the FS&CW Department from time to time.

(ii) The OSCSC will utilize the custom milled rice obtained from the paddy procured by it for distribution through the Public Distribution System in accordance with the Decentralized Procurement Scheme of Government of India.

(iii) The OSCSC is also allowed to enter into agreements with the State government agencies like TDCC, MARKFED and PACS etc to obtain paddy and/or custom-milled rice (CMR) from these agencies and to distribute the CMR through the Public Distribution System in accordance with the Decentralized Procurement Scheme of Government of India. The OSCSC may provide working capital support to these agencies for the purpose from its own funds.

5. Levy Order :

The Orissa Rice and Paddy Procurement (Levy) and Restriction on Sale and Movement Order, 1982 as amended from time to time is in force in the State during the Kharif Marketing Season 2007-08. Miller agents participating in procurement operation will be obliged to sell and deliver 75% of the procured stock in shape of rice to Food Corporation of India and they may sell the balance 25% levy free rice in the open market. Collectors will ensure that the levy due as per law is collected from the millers before they dispose any stock in open market.

6. Minimum Support Price of Paddy and Procurement Price of Rice:

(i) Minimum Support Price of Paddy -

The Government of India have fixed the Minimum Support Price (MSP) of different varieties of Fair Average Quality (FAQ) standard of paddy for the Kharif Marketing Season 2007-08 as indicated below. The Minimum Support Price as

announced by the Government of India will be applicable for the State for the Kharif Marketing Season 2007-08. The MSP decided by the Government of India, as at present, is given below :

- a. Common Paddy - Rs. 645/- per quintal (Rupees Six hundred & forty five) only.
- b. Grade "A" Paddy - Rs. 675/- per quintal (Rupees Six hundred and Seventyfive) only.

(i) The quality specifications of paddy and rice as decided by Government of India shall be applicable in the State. A copy of the FAQ norms is enclosed at Annexure – "B".

(ii) Procurement Price of Levy Rice : The Procurement price of levy rice and custom milled rice as may be decided by the Government of India will be applicable for the millers and the procuring agencies concerned. The same shall be circulated as and when the same has been received from the Government of India.

7. Payment of Cost of Paddy

(i) Nobody, including the Miller Agents, State Government agencies and Food Corporation of India and its agency will be allowed to purchase paddy at prices below the Minimum Support Price fixed by the Government for the Kharif Marketing Season 2007-08. Purchase of paddy at prices below the Minimum Support Price would amount to violation the Orissa Rice and Paddy Procurement (Levy) and Restriction on Sale and Movement Order, 1982 and will be punishable under the Essential Commodities Act, 1955.

(ii) All Government agencies will make payment of cost of paddy by account payee cheques only.

(iii) Private rice millers may make payment of cost of up to 20% of paddy or Rs. 20,000/- whichever is less, by cash and the balance amount by account payee cheques only as in the KMS 2006-07. However, if the farmer so desires, the entire cost of paddy shall be paid by the private rice mill also by account payee cheque.

(iv) Collectors will ensure that the cheque issued by millers are not dishonoured and farmers are not inconvenienced due to the system of payment by cheques.

(v) Payment of at least one third of the total cost of paddy sold should be made on the spot and the remaining amount should be paid preferably within two days, but not later than seven days in any case. Action should be taken against the procuring agencies who do not make payment of the cost of paddy within the prescribed period.

8. Purchase of Paddy :

(i) Procurement of paddy will be made by the private rice millers from the market yards, Krushak Bazars and temporary yards etc of the Regulated Market Committees (RMC's) only. However, where such yards do not exist within a distance of ten Km from a mill, the Collectors may allow

procurement of paddy at the temporary yards set up at the mill-gate on designated days under the supervision of government officials to ensure proper weighment and payment of MSP.

(ii) Government agencies are allowed to procure paddy from market yards/temporary yards/Krushak Bazars of RMC's as well as through Paddy Purchase Centre (PPC's) operated by these agencies through their own officials or through cooperative societies, Women Self Help Groups or Pani Panchayat etc. These PPC's will be deemed to be temporary yards of the RMC's and the government agency concerned shall be responsible for payment of the market fees for the transactions made at the PPC's and for maintenance of all records thereof.

9. Paddy Procurement by Women Self Help Groups :

(i) In order to enable small farmers to take full benefit of the paddy procurement operations, at least one Paddy Purchase Centre must be operated in each Gram Panchayat area. Women's Self Help Groups (WSHG's) will be appointed for each Gram Panchayat by the District Collector for operating Paddy Purchase Centre and will be authorized to procure paddy.

(ii) These WSHG's will be tagged, with approval of the Collector, to the OSCSC or any other State government agency procuring paddy.

(iii) The WSHG's are authorized to purchase upto 10 quintal paddy from a farmer during the entire KMS in cash. Quantities of more than 10 quintal may be purchased only against account payee cheque to be issued by the WSHG or by the State government agencies. The Government agency concerned shall lift the paddy from the WSHG concerned at least once every fortnight or more frequently if required so that WSHG's/farmers do not face any inconvenience.

(iv) All payments by the State government agencies to the WSHG's shall be made only by account payee cheques.

(v) The Collectors will select at least one WSHG in each Panchayat area having no Paddy Purchase Centre, with proven track record and having a minimum annual turnover or savings of Rs. 2.00 Lakh. The WSHG's holding retail PDS license for a period of at least six months may be selected even if they do not fulfill the minimum eligibility requirement of financial turnover/savings.

(vi) Women Self Help Groups (WSHG's) and Pani Panchayats shall be actively encouraged to participate in procurement operation by all government agencies. The amount of Commission to the Societies as allowed in the economic costing should be passed on to them in respect of procurement made through them.

10. Identification of Farmers :

(i) Genuine Farmers may be allowed to sell their paddy through Farmer's Identity Cards (FIC's). However, genuine cultivators who have not been provided farmer's identity cards may be allowed to sell paddy through alternative modes of identification like Land Pass Book, Record of Rights (Patta), Kisan Credit Cards, Certificate of revenue officials etc supported by Electors Photo Identity Cards(EPIC). The EPIC number shall be recorded on the FIC for reference.

(ii) Collectors will ensure that no genuine farmer is denied access to paddy procurement operations and that the farmers do not face any difficulties in getting identity cards.

(iii) Share-croppers ('bhag-chasi') will be provided FIC's with the consent of the farmer concerned in order to enable them to sell paddy at the MSP.

11. Delivery of Rice/Enforcement Certificates :-

(i) The delivery of rice by millers/custom millers/procuring agencies to the FCI/OSCSC will be made on the basis of Enforcement Certificate countersigned by the District Collectors. In order to have uniformity in the procedure and to prevent malpractices, the certificate will be compulsory for all the agencies from the KMS 2007-08.

(ii) Collectors will simplify the process of issue of Enforcement Certificate and will ensure that the certificates are issued within 24 hours from receipt of the request. In the event of absence of Collector from the district, the certificate will be countersigned by the Collector in-charge or a senior officer authorized by the Collector on this behalf so that there is no delay in issuing the certificate.

(iii) The levy target of the rice mills should be fixed scientifically on the basis of milling capacity, storage capacity of godowns, infrastructure facilities of the mills such as boiler, dryer, drying yards etc and financial capacity of the miller. Collectors should verify the above aspects before fixing the Miller's target and will also ensure that levy due is collected from each rice mill before it is allowed to sell the "free-sale" stock.

(iv) There should be strict monitoring of Enforcement Certificate, which should be countersigned by the Collector of the district or officers authorized by the Collector on the basis of paddy purchased by the miller agents/procuring agencies on being satisfied that they have purchased paddy from the farmers on payment of the minimum support price.

(v) The Enforcement Officer shall periodically and not less than once a week, verify the paddy and rice stocks in the mill and furnish all information to the Collector for issue of the Enforcement Certificate in the relevant form. He should also verify the stocks received from government agencies and ensure that the stocks are physically available.

(vi) The electricity/energy bills and the infrastructure facilities of the mills and records relating to VAT, etc shall be checked by the Enforcement Officer while furnishing the Enforcement Certificate to assess whether the mills have actually produced the specified quantities and varieties of rice during the period.

12. Uncertified Boilers :-

Millers having uncertified crude boiler should not be allowed to undertake procurement and processing of paddy into parboiled rice with such uncertified boilers. However, mills may be allowed to process and deliver raw rice if they do not have boilers for producing parboiled rice.

13. Free Movement of Paddy :-

Some districts in the State have inadequate milling capacity compared to paddy production. Appropriate arrangements should be made for procurement of paddy in such districts by government agencies and private rice millers and for milling of such paddy in districts where surplus capacity exists.

14. Trading in rice and paddy :-

(i) As per the Removal of (Licensing requirements, Stock limits and Movement Restrictions) on Specified Foodstuffs Order, 2002 issued by Government of India, any dealer may freely buy, stock, sell, transport, dispose, acquire, use or consume any quantity of paddy/rice and shall not require a permit or a license there for under any order issued under the Essential Commodities Act, 1955. However, appropriate safeguards should be taken to ensure the payment of minimum support price at the time of purchase.

(ii) There shall be no restriction on movement of rice and paddy by producers/cultivators from one district to another within the State and to outside the State. However, the procuring agencies including millers if purchase from other district have to ensure that minimum support price has been paid for purchases and appropriate supporting documentation has been kept on record.

15. It has been decided to procure coarse grains, namely, 'maize' and 'ragi' through government agencies. The modalities for such arrangements are being issued separately.

16. The Food Supplies and Consumer Welfare Department shall have the power to prescribe operational guidelines and to issue clarifications, as and when required, to achieve the objectives of the Food and Procurement Policy for the KMS 2007-08, which would be final and binding on all agencies procuring paddy and coarse-grains in accordance with the "Food and Procurement Policy".

17. (i) The Collectors of the districts will be personally responsible for monitoring procurement, ensuring payment of Minimum Support Price to farmers and preventing recycling of subsidized rice.

(ii) The Collectors and the procuring agencies shall finalize the procurement programme immediately so as to ensure timely lifting of paddy arriving in market yards, Krushak Bazars and payment of farmers' dues in time. They will also ensure that procurement centres are opened in all the Gram Panchayats and all the genuine farmers, including "share-croppers" ('bhaag chasis') are able to sell paddy. At least one procurement center should be opened through out the year at Block Headquarters.

(iii) All Collectors are instructed to immediately convene meetings of the District Level Committees on procurement, constituted in accordance with guidelines issued for the last KMS, and to review the arrangements for procurement so that all arrangements and infrastructure are in place before arrival of paddy in the market.

You are instructed to implement the "Food and Procurement Policy" scrupulously. The district administration should make all out efforts to prevent distress sale of paddy and timely payment of all legitimate dues to the farmers in all transactions.

Yours faithfully,

Sd/-R.K. Sharma
Commissioner-cum-Secretary to Government