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Andhra Pradesh State Civil Supplies Corporation Ltd.

(A State Government Undertaking)

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SRI A. DINAKAR BABU, IAS.,
VC & MANAGING DIRECTOR.

CIRCULAR. 97/ MKTG.

No.Mktg.M2/2848//2011.

Date: 17.10.2011.

Sub: APSCSCL- Marketing - Procurement of Paddy under
MSP operations for **KMS 2011-12** - Instructions issued - Reg.

Ref:- 1. GO Ms.No.24, CA, F & CS (CS.I) Dept., dt: 03.10.2011.
2. This office **Circular No.95/Mktg** issued vide No.Mktg.
M2/ 2848/2011, dt: 03.10.2011.

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In the reference 1st cited, Government of Andhra Pradesh had issued orders on the Procurement Policy for Khariff Marketing Season 2011-12. A copy of the GO is enclosed herewith. The brief details of the procurement policy are as follows:

1. MINIMUM SUPPORT PRICES:

Price per quintal of Fair Average Quality of paddy

Grade – A:	: Rs.1110/-
Common:	: Rs.1080/-

2. PADDY SPECIFICATIONS:

Paddy shall be in sound merchantable condition dry, clean, wholesome of good food value, uniform in colour and size of grains and free from moulds, weevils, obnoxious smell, Argemone maxicana, Lathyrus sativus (Khesari) and admixture of deleterious substances. Paddy will be classified into Grade-A and Common groups.

Schedule of specification.

SI.No	Refractions	Maximum Limits(%)
1	Foreign matter a) Inorganic b) Organic	1.0 1.0
2	Damaged, discoloured, sprouted and weevilled grains.	4.0
3	Immature, Shrunken and Shriveled grains	3.0
4	Admixture of lower class	7.0
5.	Moisture content	17.0

3. RATE OF CUSTOM MILLED RICE:

The rates for custom milled rice for the KMS 2011-12 will be communicated separately.

4. OPERATIONAL GUIDELINES:

The operational guidelines as communicated in G.O.Ms.No.38,dt: 24.09.2007, CA, F&CS (CS.I) Dept. (copy enclosed) and modified from time to time shall be applicable for KMS 2011-12 also .

5. TARGET FOR PROCUREMENT:

The FCI and APSCSCL have to make arrangements for procurement of 20 Lakh Mts and 30 Lakh MTs. Of paddy in Khariff and Rabi sesaon respectively as allotted by the Commissioner of Civil Supplies.

6. SELF HELP WOMEN GROUPS / PACS / DCMS:

The procurement of paddy by APSCSCL under MSP operations may be done with the help of Women Self Help Groups of IKP / DCMS / PACSs and on its own in all paddy growing districts depending on the availability of experienced and active SHGs / DCMS / PACSs as mutually decided by the VC & MD, APSCSCL and Chief Executive Director, SERP.

7. CUSTOM MILLING OPERATIONS:

The Rice Millers shall undertake the custom milling of paddy simultaneously procured by the APSCSCL, as per the agreed terms and conditions and at the rates and norms fixed by the Govt. of India. The Collectors may allot the paddy purchased by APSCSCL to Rice Mills for immediate custom milling without storage the paddy. The Rice millers shall complete custom milling of paddy within 15 days from the date of receipt of paddy and deliver the resultant rice either raw rice or boiled rice as prescribed by the Government for the paddy handed over during the KMS 2011-12 by the

APSCSCL. The Collectors shall direct the Rice Millers to mill the paddy handed over to them and deliver custom milled rice to the FCI along with the Levy Rice if necessary by fixing a ratio between the mill levy delivery and the custom milled rice delivery. The Collectors shall review the entire process of custom milling operations regularly and take necessary action against the rice millers, who fails to do custom milling of paddy, procured by the APSCSCL and received by them, duly following the procedure in vogue. In cases of failure by rice millers in converting the paddy into rice within the stipulated time, the Collectors shall furnish to the Food Corporation of India, the details of defaulters together with mill-wise quantities of paddy given for custom milling, quantity milled and the quantity yet to be milled, so that the Food Corporation of India shall deduct the equivalent quantity of resultant rice of the paddy yet to be milled against the levy rice being delivered by such rice miller. The delivery of CMR will be in addition to the performance expectation of 70 Lakh Mts of mill levy rice indicated to the State.

The delivery of CMR to FCI against the paddy handed over to Rice Mills is very crucial as it will enable the Corporation to get back the funds invested for paddy procurement and repay the cash credit obtained from banks. The early CMR deliveries will ease the interest burden. If the CMR deliveries are delayed the interest on cash credit will be mounting.

8. TRANSPORTATION OF PADDY TO THE NEAREST DISTRICT:

In case of any delay in custom milling of paddy due to non-availability of adequate capacity of rice milling industry in the district, the paddy may be transported to the nearest district for immediate custom milling. For example, the paddy procured at Mahabubnagar district may be transported to Kunrool district or Rangareddy district and the paddy procured at Adilabad district may be transported to Karimnagar district or Nizamabad district for custom milling. The expenditure incurred by the APSCSCL shall be booked to the MSP operations of paddy and the same shall be included in the audited accounts of KMS 2011-12, so that the Govt. of India will be requested for reimbursement of the same.

9. POSITIONING THE GUNNIES:

Since huge quantity of paddy is expected to be purchased at the PPCs, arrangements shall be made for positioning the required number of new gunnies at all procurement centers of CSC/IKP well in advance to avoid any hardship to the farmers.

10. INFRASTRUCTURE:

At all the purchase centers required number of paddy cleaners, moisture meters, calipers, winnowing machines, tarpaulins, stitching machines and weighing scales (electronic) have to be positioned by Marketing Department through AMCs.

11. UNIFORM HAMALI CHARGES:

The Collectors shall fix uniform charges in the entire district by conducting meeting with the Hamali Unions, Secretaries of AMCs and Procuring Agencies. The Hamali Charges should include weighment, stitching and stacking / loading at PPCs / AMCs. The weighment Charges, thus, fixed shall have to be borne by the buyers i.e. at PPCs of the APSCSCL the Corporation shall pay the handling charges and at IKPs / PACSs / DCMS the agencies i.e. IKPs , PACS & DCMS shall have to pay the handling charges from their commission i.e. @ 2.5 % of the MSP.

12. DISTRICT PROCUREMENT COMMITTEE:

The Collectors shall constitute a District Procurement Committee with the Joint Collector as Chairman and District Level Officials of all connected departments, namely, Agriculture, Marketing, Civil Supplies, Transport, DRDA, ITDA, I&PR, Warehousing Agencies (CWC, SWC), Procurement Agencies (FCI, APSCSCL) and also Sub-Collectors / Revenue Divisional Officers as members to coordinate and decide on all activities and monitor the work on day-to-day basis as per the operational guidelines.

13. PUBLICITY:

Wide publicity of the location of the paddy purchase centres, specifications of FAQ paddy, MSP and prescribed value cuts for the non-FAQ paddy shall be given through press, pamphlets, leaflets, and electronic media besides organizing extensive training programmes for the farmers through the Agriculture Extension Staff / Quality Control Officials out of the funds earmarked by Marketing Department in this regard and other funds available at their disposal.

Hence, the following guidelines are hereby issued to all the Joint Collectors & Ex.Officio Executive Directors and District Managers for smooth paddy procurement operations during KMS 2011-12.

1) Opening of Paddy Procurement Centers.

The Corporation shall open paddy purchase centers on its own or through agencies like SHG of IKPs, PACSs and DCMS shall open as many paddy purchase centers as required and decided by the District Collector to facilitate farmers to sell their produce at MSP nearer their farm gates. The details of paddy procurement centers for Khariff / Rabi 2011-12 shall be informed to HO.

In pursuance of the orders issued by the CCS& Ex. Officio Secretary to Govt. vide Memo. No. 820/CSI(1)/2008 dt.05.05.2009, the Food Corporation of India shall operate the paddy purchasing centers at all the Agricultural Regulated Market yards and the APSCSCL will concentrate in all other places of the state with the help of SHG of IKPs, PACSs and DCMS.

2) Entering into MoU with PD (DRDA) / PACS / DCMS:

The District Manager, APSCSCL shall enter into agreement with the PD (DRDA) / PACS / DCMS etc. in the proforma communicated herewith for undertaking paddy procurement on behalf of APSCSCL before commencement the paddy procurement.

3) Infrastructure:

At all the purchase centers required number of paddy cleaners, moisture meters, calipers, winnowing machines, tarpaulins, stitching machines and weighing scales (electronic) have to be positioned by Marketing Department through AMCs. The Commissioner & Director of Agriculture Marketing, Govt. of AP, Hyderabad issued orders, vide Circular No.SIII(3)2059/2011/GEN/MSP, dt: 07.09.2011, to all Assistant Directors of Marketing in the State authorizing to spend Rs.10.00 Lakhs for purchase of equipment and Rs.2.00 Lakhs for repairs of available equipments and requested them to take advance action and to procure required equipment well before the commencement of the season. Further in D.O.Lr.No. No.SIII(3)2059/2011, dt: 21.09.2011 addressed to the District Collectors has stated that if the amount of Rs.10.00 Lakhs is not enough, the Collectors may cross the limit depending on the need. Therefore advance action shall be taken for positioning of infrastructure at all PPCs by the Marketing Department before commencement of the paddy arrivals. The Godown space available in the AMCs should also be kept ready for paddy storage.

4) Period of Procurement.

The MSP operation of paddy shall be for a period of 75 days for Khariff / Rabi . For each district, depending upon the harvesting and arrival of paddy, the Collector will decide and notify the date from which MSP operation will commence for 75 days. Therefore, advance planning as well as positioning of personal and making all arrangements is crucial besides wide publicity to the farmers about opening of the centers and other arrangements made.

5) Identification of Farmers.

Farmers shall be insisted upon to bring Pattadar Pass Books along with them for quick disposal of their produce. Particular attention shall be paid to the problems of small and marginal farmers in speedy disposal of their produce. The farmers shall be informed not to go for distress sale of FAQ paddy at all.

6) Regulation of Paddy Arrivals.

Collectors shall regulate the paddy arrivals to the market yards, PPCs / Village-wise and date –wise. Village – wise arrival schedule should be informed through beat of drum (tom tom) for the benefit of the farmers. This shall also be prominently indicated at the conspicuous place in the Paddy Purchase Centres. This work is entrusted to

Mandal Revenue Officers concerned in consultation with Mandal Agricultural Officer and Secretary, AMC concerned.

7) Availability of required number of gunnies:

Since huge quantity of paddy is expected to be purchased at the PPCs, arrangements shall be made for positioning the required number of new gunnies at all procurement centers of CSC/IKP well in advance to avoid any hardship to the farmers. The HO will purchase new gunnies from Jute Mills through DGS & D, Kolkatta and position in the districts as per the indents received from the districts. Indents shall be placed well in advance. As per the GOI orders, procurement of paddy shall be made in new B.Twill gunnies of 50 Kgs with 40 Kgs paddy filling. No. procurement shall be made in once used gunnies without the orders from the HO.

Necessary steps shall be taken for preservation of new gunnies as directed by Head Office in Circular No. Mktg.88 dt. 20.06.2011 till they are used for paddy purchases.

8) Deployment of staff.

To facilitate smooth and easy procurement, required number of technical and other staff shall be deployed as per the need indicated by the District Collector from other departments such Agriculture, Revenue and others departments apart from Corporation staff.

9) Training:

The staff and agencies deployed for paddy procurement shall imparted training on quality parameters, documentation and book keeping, to avoid inconvenience in procurement operations. Hence necessary training to staff drafted for procurement, IKP Groups / PACS / DCMS, authorized to procure paddy on behalf of the APSCSCL, before commencement of paddy procurement operations.

10) Accountability.

The employees at the purchase centres shall be accountable for quality, quantity and maintenance of proper accounts. Hence orders are to be issued to the staff deployed at PPCs clearly indicating their job to the perform and the responsibilities.

11) Handling over of paddy to the Designated Rice Mills.

Paddy purchased by the Corporation shall be handed over to the nearest designated rice mills by the Collector for custom milling as per the agreed terms and conditions and at the rates and norms fixed by the Government of India. The paddy should be handed over against either advance delivery of rice or against the undertaking given by the Rice Millers Association of the concerned District or area. The system of Bank Guarantee or collateral security equivalent to paddy delivered to be taken from the individual rice millers as one of the mechanisms to ensure security of

stocks but other mechanisms are also available in the hands of District Administration to regulate and control milling as well as custom milling activities. Hence the best option as deemed fit may be decided and followed by the District Collector.

An agreement shall be entered into with the individual millers duly incorporating the conditions prescribed at district level for advance delivery of paddy for custom milling.

12) CAP Storage:

Due to storage space constraints with FCI and in Rice Mills the shifting of paddy from procurement centers will be delayed and there will not be space for new arrivals in such circumstances CAP(**C**overed **A**rea **P**linth) storage shall be undertaken with a view to protect the stocks from vagaries of nature, which result in deterioration of quality.

A State Level training programme on CAP storage and preservation techniques on 14.10.2011 at Samarlakota to Asst. Manager (Tech.) of all districts and CRPs / APMs of DRDA. Training at District level on CAP storage and preservation techniques shall be organized. The Asst. Manager (Tech.) of APSCSCL and CRPs / APMs who have undergone training at Samarlakota are to be utilized as resource persons for imparting training at District Level.

Suitable land for CAP storage at cluster point covering 4 to 5 procurement centers is to be identified. The detailed guidelines for CAP storage were already communicated vide Lr.No.Mktg.M2/3573/2011, dt: 10.09.2011.

13) Insurance of Stocks:

The paddy stored in intermediary godowns shall be intimated to M/s. Oriental Insurance Company under intimation to Head Office on par with other commodities like Rice, Sugar, Wheat etc. for insurance coverage as the Corporation has already obtained floater insurance policy for the year 2011-12.

The paddy stored in open i.e. CAP storage, in open sheds of AMCs etc. shall be insured preferably with the same insurance company for operational convenience at district level without fail.

An insurance (floater) policy is being obtained for coverage of new gunnies stored at different godowns in the state for a period of one year i.e. from 18.10.2011 to 17.10.2012. The gunnies stored at different godowns in the state shall be intimated to Head Office for onward information to M/s. Oriental Insurance Company.

14) Joint Custody of Paddy Stocks.

The paddy stock delivered to the Rice Mills for custom milling shall be under the joint custody of the miller and the local officer designated by the Joint Collector in the cadre of not less than the Dy. Tahsildar (CS). If the miller contravenes any of the conditions of the agreement entered with Civil Supplies Corporation, the defaulting miller will be blacklisted and proceeded against under the provisions of law.

15) Trading Mills as Storage Points.

The Joint Collectors & EOED shall declare all the trading Rice Mills in the districts who are participating in the Custom Milling operations, as storage points, duly giving full data i.e., name of the rice mill and address, extent of space earmarked for storage as ordered by the State Government. After completion of procurement operations, the millers shall produce a certificate on quantities stored in his premises from the date of receipt of paddy till CMR is delivered in total.

16) Inspection.

In order to ensure the safety and security of the paddy stocks and to ensure the delivery of custom milled rice by the millers in time and at the stipulated ratio fixed for levy and CMR the District, Enforcement staff such as DT (CS), MRI etc. shall inspect the rice mills under their jurisdiction for making the millers adhere to the orders of the Government in letter and spirit.

17) Appointment of Division-wise Transport Contractors.

Division-wise Contractors for transportation of paddy shall be appointed by calling tenders duly finalizing the rates for transportation of paddy from various procurement centers to Rice Mills / storage godowns. The rates so finalized shall be furnished to Head Office.

18) Finalization of Rates etc.

The Collectors shall constitute a District Procurement Committee with the Joint Collector as Chairman with District Level officials of all connected departments, namely, Agriculture, Marketing, Civil Supplies, Transport, DRDA, ITDA, I&PR, Warehousing Agencies (CWC, SWC), Procurement Agencies (FCI, APSCSCL) and also Sub-Collectors / RDOs as members to coordinate and decide on all the activities and to finalize the rates duly following the norms and guidelines communicated by the Government and Head Office from time to time on the following items:

- a) Transportation of paddy.
- b) Finalisation of uniform hamali charges.
- c) Fixation of rent for private godowns, if hired.
- d) Purchase of gunnies at District Level on need basis duly obtaining the permission from the Head Office.

19) Payment to Farmers.

The payment shall be made to the farmers through Account Payee Cheques only within 3 days after purchase of paddy. For purchases through IKP payments shall be released to PD, DRDA and for PACS and DCMS payments shall be released to the respective agencies who in turn will pay to the farmers through account payee cheques. Prompt payment shall be ensured to farmers within 3 days by DRDA and other agencies. The District Managers shall indent for funds daily to the General Manager (Fin.) for the purchases made on the previous day.

20) Reports to Head Office.

The District Managers shall furnish Daily Reports through e – mail or fax by 11.00 AM on the succeeding day on paddy procurement, availability of gunnies, CMR deliveries and realization of CMR cost from FCI without fail, so as to enable the Head Office to furnish a consolidated report to Government by 3.00 PM.

GENERAL:

- a) No complaints shall be received from the farmers for not purchasing the paddy at MSP on the flimsy grounds viz., Non-availability of Incharges, gunnies, amount etc.
- b) The Joint Collector & EOEDs may hold weekly Tele Conference with RDOs, MROs, Incharges of PPCs / IKPs / PACS / DCMS and review the progress of procurement, availability of gunnies, shifting of paddy, delivery of CMR.
- c) Weekly District Level Coordination meeting with PD (DRDA), JD (Agriculture), AD (Marketing), Area Manager (FCI), RTA , DSO, DM (CSC) and the representatives of the Rice Millers Association and to review progress of procurement, shifting of paddy and CMR deliveries.
- d) The District Managers are requested to supply prescribed books of accounts, purchase vouchers, truck chits etc. to all PPCs / IKPs / PACS.
- e) Opening of control room in the District Office, the Assistant Manager (General) of APSCSCL is incharge to monitor shifting of paddy from PPCs/ IKPs and unloading at the designated rice mills or intermediary storage points to avoid delay in shifting of paddy from the PPCs/IKPs. One GPA/DT (CS) may also be posted to the control room for effective functioning. Daily report may be sent to Joint Collector & EOEDs.
- f) No advance shall be paid to paddy transport contractor. Payment shall be made on submission of acknowledgements from rice mills/ incharges of intermediary godowns. The contractors to be directed for claiming bills along with acknowledgements only.

- g) To obtain acknowledgements for the CMR deliveries from the millers and claim bills immediately without any delay and realize amounts from FCI to reduce interest burden on CSC.
- h) To prefer supplementary claim of the amounts withheld by the FCI duly furnishing the required Utilisation Certificate and other information.
- i) To obtain purchase vouchers from PPCs/IKPs on weekly basis i.e., on every Monday, arrange for verification and enter the same in OE – IV. If sufficient staff is not available, one or two Data Entry Operators may be engaged for this purpose temporarily **on need basis only**.
- j) Entering of CMR bills date-wise/acknowledgement-wise in OE V on day-to-day basis.
- k) Arrange for fortnightly reconciliation of quantity purchased i.e., as on 15th and 31st of the month, quantity shifted, balance available, paddy delivered to rice mills for custom milling, payment made to farmers/DRDA/PACS, gunnies received, utilized and balance available with PPC/IKP/PACS/storage godowns in the district from 20th and 21st for 1st fortnight and 5th and 6th of succeeding months for 2nd fortnight.
- l) The storage loss / gain, if any, soon after liquidating the paddy stocks at PPCs / IKPCs shall be reported to Head Office along with detailed justification report with the approval of Joint Collector & EOED.
- m) Reconciliation of paddy and gunny account (IKP Wise / PPC Wise) shall be completed within 15 days after closure of purchases for the Khariff / Rabi season.
- n) Commission to the Societies shall be paid @ 2.5% on the MSP value of stocks procured by the IKP Groups on completion of paddy and gunny accounts.
- o) The District Manager and Asst. Manager (Tech) shall visit all the PPCs at least thrice in a week on alternate days so as to check the quality and quantity on daily basis by either of them.
- p) Monthly stock statement of **paddy** shall be submitted by 5th of succeeding month in the proforma enclosed herewith (Annexure.A) as the bank authorities is insisting for submission of stock flow statement for the cash credit drawn.
- q) Monthly stock statement of **gunnies** shall be submitted by 5th of succeeding month in the proforma enclosed herewith (Annexure.B)

- r) Monthly report on CMR claims made on FCI, amounts withheld by FCI and amount received in proforma enclosed herewith (Annexure. C)
- s) Rendering of accounts for the Kharif and Rabi to Head Office in the prescribed proforma along with necessary documents after completion of all transactions.

All District Managers shall take proactive action in paddy purchases under MSP operations, since, the APSCSCL is the State Agency for paddy purchase and District Manager of APSCSCL is Nodal Officer in this regard.

The above circular instructions, Govt. Orders and Operational guidelines issued from time to time shall be followed scrupulously.

The receipt of the Circular shall be acknowledged.

Encl: As above.

SD/- A. DINAKAR BABU
VC & MANAGING DIRECTOR

To

All the Joint Collectors & Ex.Officio Executive Directors, APSCSCL

All the District Managers, APSCSCL.

All the Zonal Managers, APSCSCL.

Copy to all District Collectors.

Copy to all General Managers – APSCSCL- HO

Copy submitted to the Commissioner of Civil Supplies, AP, Hyderabad

Copy to the Director of Civil Supplies, A.P., Hyderabad.

Copy to the Commissioner of Marketing / Agriculture/ I & PR, A P Hyderabad.

// t.c.f.b.o//

GENERAL MANAGER (Mktg.)