

From

The Additional Chief Secretary to Govt. Haryana,
Food & Supplies Department, Haryana, Chandigarh.

To

1. All the Divisional Commissioners, Ambala, Rohtak, Hissar & Gurgaon.
2. The Managing Director, HWC, Sector 2, Panchkula.
3. The Managing Director, Hafed, Sector 5, Panchkula.
4. The General Manager, FCI, Haryana Region, Sector -4, Panchkula.
5. The Managing Director, Haryana Agro Industries Corp., Panchkula.
6. All the Deputy Commissioners in the State.
7. All the District Food & Supplies Controllers in the State.

Memo No RP-02-2016(Milling Policy KMS 2016)/20090
Dated Chandigarh the 21.09.2016

Subject: - Set of information and guidelines for the Kharif Marketing Season (KMS) 2016.

Reference on the subject cited above.

The Government extends price support to paddy and bajra through State Procuring Agencies and the Food Corporation of India (FCI). All the food-grains conforming to the prescribed specifications offered for sale at specified mandis and purchase centers are procured by the procurement agencies at the Minimum Support Price (MSP). The producers have the option to sell their produce to State Agencies/FCI at MSP or in the open market as is advantageous to them. Food-grains procured by the State Agencies are ultimately taken over by the FCI for distribution under Targeted Public Distribution System (TPDS) and other welfare schemes (OWS) throughout the country.

Objectives of food-grains procurement by Government Agencies are listed below:-

- To ensure that farmers get remunerative prices for their produce and do not have to resort to distress sale.
- To service the TPDS and other welfare schemes of the Government so that subsidized food-grains are supplied to the poor and needy.
- To build up buffer stocks of food-grains to ensure food-grain security.

In consonance with the directions issued by Govt. of India, the Department has prepared a detailed set of information and policy guidelines, which is as under:-

1. Prospects of production of Paddy and Coarsegrains

(a) Paddy

As per earlier estimates of the Agriculture Department, Paddy was expected to be sown in an area of about 12.50 lakh hectares as against 12.00 lakh hectares in the previous year. On this basis of reports from Agriculture Department and field it is estimated that about 42 LMT of leviabale paddy would arrive in the mandis and purchase centres of Haryana. Procurement agencies share of purchase would be around 41 LMT. The rest about 1.00 LMT is expected to be purchased by millers and dealers. In line with these estimates during KMS 2016-17 procurement agencies would be contributing about 27.47 LMT of custom milled rice (CMR) in the central pool.

(b) Coarsegrains

(i) Bajra

Bajra is stated to have been sown in an area of about **4.60 lakh** hectares and its production is likely to be around **8.55** lakh MT. Government has decided to purchase about **0.10** lakh MT of Bajra on MSP of Rs. 1330/- per quintal for distribution under TPDS and other welfare schemes. If the prices of Bajra tend to fall below MSP i.e. Rs. **1330/-** per quintal procurement agencies of Haryana will affect the purchase of the commodity in the mandis allotted to them.

(ii) Jowar and Maize

Jowar and Maize are stated to have been sown in an area of **0.65** lakh hectares and **0.50** lakh hectares respectively. Their production is likely to be around **0.37** LMT and **1.40** LMT respectively. However, as per experience, their arrival in mandis may not be much and there may not be any necessity of their procurement on MSP as their rates rule higher than their MSPs.

2. Main features of Kharif Procurement Policy

(a) Commencement of season

The procurement of leviable paddy will be from **1st October 2016 to 15th December 2016 and the period of procurement of Bajra will be from 1st October to 15th November, 2016.**

(b) MSP of leviable Paddy & Coarse Grains

The Govt. of India has fixed the following MSPs of paddy and Coarse-grains:-

● PADDY

COMMON	=	Rs. 1470/- per Qtl.
Grade "A"	=	Rs. 1510/- per Qtl.

● COARSE GRAINS

Bajra	=	Rs. 1330/- per Qtl.
Jowar(Hybrid)	=	Rs. 1625/- per Qtl.
Maize (Maladandi)	=	Rs. 1365/- per Qtl.

(c) Milling & delivery of rice

The leviable paddy purchased by the procurement agencies will have to be got milled and the entire custom milled rice (CMR) manufactured from such paddy will have to be delivered to Central Pool by the end of March 2017.

(d) Specifications

The specifications for Kharif Marketing Season **2016-17** received from the Government of India (GOI) and have been circulated to all concerned . The specifications of KMS 2016-17 are as under: -

i). Paddy

Max. Limits (%)	Foreign matter		Damaged, discoloured, sprouted & weevilled grains	Immature, shrunken, shriveled grains	Admixture of lower classes	Moisture Content
	Inorganic	Organic				
	1.0	1.0	5.0*	3.0	6.0	17.0

* Damaged, sprouted and weevilled grains should not exceed 4%

- The definitions of the above refractions and method of analysis are to be followed as per BIS' Method of analysis for foodgrains' Nos .IS: 4333 (part-I) : 1996 , IS : 4333 (part-II):2002 and 'Terminology for foodgrains'IS:No.2813-1995, as amended from time to time.
- The method of sampling is to be followed as per BIS method for sampling of Cereals and Pulses IS 14818-2000 as amended from time to time.
- Within the overall limit of 1.0% for organic foreign matter, poisonous seeds shall not exceed 0.5% of which Dhatura and Akra seeds (Vicia species) not to exceed 0.025% and 0.2% respectively.

ii). Rice

Sr.No.	Refractions	Maximum Limit (%)	
		Grade-A	Common
1.	Broken* Raw Parboiled/single parboiled rice	25.0 16.0	25.0 16.0
2.	Foreign Matter** Raw/Parboiled/single parboiled rice	0.5	0.5
3.	Damaged#/Slightly Damaged grains Raw Parboiled /single parboiled rice	3.0 4.0	3.0 4.0
4.	Discoloured grains Raw Parboiled single/ parboiled rice	3.0 5.0	3.0 5.0
5.	Chalky Grains Raw	5.0	5.0
6.	Red Grains Raw/ Parboiled/ single parboiled rice	3.0	3.0
7.	Admixture of lower class Raw/Parboiled/ single parboiled rice	6.0	-
8.	Dehusked grains Raw/Parboiled/ single parboiled rice	13.0	13.0

9.	Moisture content@ Raw/Parboiled/single parboiled rice	14.0	14.0
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- * Not more than 1% by weight shall be small broken.
- ** Not more than 0.25% by weight shall be mineral matter and not more than 0.10% by weight shall be impurities of animal origin.
- # including Pinpoint damaged grains.
- @ Rice(both Raw and Parboiled/Single Parboiled) can be procured with moisture contents upto a maximum limit of 15% with the value cut. There will be no value cut upto 14%. Between 14% to 15% moisture value cut will be applicable at the rate of full value.

iii) Bajra

The Bajra shall be the dried and matured grains of Pennisetum typhoides. It shall have uniform size and shape. It shall be in sound merchantable condition and also conforming to prescribed norms under Food Safety & Standards Act, 2006/Rules prescribed thereunder.

(in %age)						
Foreign matter*	Other foodgrains	Damaged grains	Slightly damaged and discolored grain **	Shriveled and immature grains	Weevilled grains	Moisture
1.0	3.0	1.5	4.5	4.0	1.0	14.0

- * Not more than 0.25% by weight shall be mineral matter and not more than 0.10% by weight shall be impurities of animal origin.
- ** Bajra grains which are dull in appearance having changed the colour due to deteriorative changes are to be considered as decoloured grains and bajra grains having natural luster and sound in condition, even of different colour due to genetic/varietal characteristic may be treated as sound kernels.

(e) CMR Price

The prices of CMR for the KMS 2016-17 have not been received from Govt. of India so far; however, the same would be communicated immediately on receipt from GOI. The prices of CMR for raw fixed by Govt. of India for KMS 2015-16 are as under:-

(Per qtl.)	
	CMR
Common	Raw Rice Rs. 2468.06
	Parboiled Rice 2427.63
Grade-A	Raw Rice Rs. 2533.48
	Parboiled Rice 2491.50

3. Mode of procurement of Leviable Paddy & Bajra

a) Entering the *Mandis*

All the Procurement Agencies will ensure that their staff enters the *Mandis* allotted to them on the commencement of Kharif Marketing Season 2016. In case the prices of Paddy/Bajra fall below MSP, the same would be purchased on MSP as per specifications laid down by Govt. of India.

b) Entering the arrivals in record

The arrival of Paddy and coarse-grains in *Mandis* will be entered in PR-1 Register by the Inspectorate staff of the Food and Supplies Department

and in the software through electronic mode if E- payment is implemented in that mandi. Such entries will also be made by the staff of Market Committees in their "H" Register. The details of variety of Paddy invariably should be given in the Register alongwith the details of owner. Simply writing of Paddy in record will not serve the purpose. The categories of Paddy viz. Common, Grade-A, Basmati etc. alongwith their varieties must be recorded. In this regard, the instructions will also be issued by Chief Administrator (CA) Haryana State Agricultural Marketing Board (HSAMB) Panchkula separately.

c) Auctioning of stocks

As per existing instructions of the Chief Administrator HSAMB Haryana, auction of heaps will be under taken everyday from both sides of mandis at 10.00 a.m. and 3.00 p.m. simultaneously. The offices of the Market Committees will also remain open on all holidays i.e. Saturdays/Sundays and gazetted holidays during Kharif Procurement Season. The Deputy Commissioners and all concerned will ensure that auctioning of heaps take place regularly and any violation in this regard is not allowed to take place.

d) Purchase of Paddy & Bajra

- (i) The purchase of Paddy and Bajra will be made by the agencies on MSP strictly as per parameters/specifications already discussed in the foregoing paragraphs. Procurement Agencies will ensure that the farmers do not, in any way, get price lower than the MSP and forced to resort to any distress sale of their produce. In case, however, any stocks arrived in *Mandis* do not conform to specifications, the same should be got improved by cleaning, drying or blending with good quality of Paddy etc. In this connection, the farmers will be advised/ educated by the staff of the Market Committees as well as the Procurement Agencies.
- (ii) The Procurement Agencies must ensure that the purchase of Paddy/ Bajra is made as per specifications and by carrying out proper visual inspection of stocks. The laboratory staff of the Department i.e. Head Analysts & Junior Analysts should also be associated while effecting purchase. To ascertain moisture contents in Paddy and Bajra, moisture meters may be kept in every mandi by each procuring agency and Haryana State Agricultural Marketing Board (HSAMB)
- (iii) For the convenience of the farmers, two boards in Hindi indicating specifications of Paddy/Bajra as laid down by Govt. of India and the price payable should be displayed at prominent and conspicuous places in each mandi. In case of big mandis the number of such boards may be increased according to need.
- (iv). It would be the responsibility of the Procurement Agencies to ensure that representative samples of Paddy and Bajra are properly drawn everyday in each mandi and analyzed in order to determine its proper quality. While ascertaining the quality of Paddy and Bajra, it must be ensured that the interest of the farmers is fully protected.
- (v). It is necessary for the Procurement Agencies to exercise strict supervision and control at all stages of operations so as to ensure that there are no malpractices or manipulations in transactions of the procurement.
- (vi) As per present policy of Govt. of India for procurement of coarse grains circulated vide letter No. 7/10/2013-Py-III dated 21.03.2014 clarified vide letter No. 7/10/2013-Py-III dated 19.08.2014 all

payments to the farmer will be made through Account payee cheques /online.

- e) Method of sampling/analysis.
- i) The representative samples of Paddy and Bajra be drawn/ analyzed daily to determine their quality. For this purpose, a Register should be maintained in each mandi in which details of such samples, together with the results are entered. The register should contain the columns such as date, time of drawing the sample, name of the arhtias/farmers etc. This register should be maintained in each mandi/purchase center, which can be inspected by any visiting officer. A report giving details of the samples so drawn be also sent daily to the Headquarters of the Food and Supplies Department.
- ii) The method of sampling of Paddy and Bajra as communicated by Govt. of India is as under:-

Particulars	Paddy (Common & Grade-A)	Bajra
Analysis	BIS No. IS: 4333 (Part-I) 1996, IS: 4333 (Part-II), 2002 and 'Terminology' for foodgrains IS: 2813-1995 as amended from time to time.	BIS "Method of analysis for Foodgrains" IS: 4333 (Part-I) 1996 and IS: 4333 (Part-II) 2002 and Terminology for foodgrains IS: 2813-1995 as amended from time to time.
Sampling	The method of sampling is to be followed as per BIS method for sampling of Cereals and Pulses IS: 14818-2000 as amended from time to time.	The method of sampling is to be followed as per BIS method for sampling of Cereals and Pulses IS: 14818-2000 as amended from time to time.

- (f) Cleaning arrangements in *Mandis*
- The CA, HSAMB has already made mandatory for every Arhtia to have electric fans/ jharnas, sufficient labour, wooden crates, polythene covers etc. This facility can be availed by any farmer to bring his produce upto the prescribed specifications. The staff of the Market Committees and Procurement Agencies must ensure that every arhtia in the mandis has made arrangements of this cleaning facility. The instructions in this regard have already been issued by HSAMB.
- g) Check against un-necessary rejection of food-grains and coarse-grains in Mandis
- (i) Complaints are generally received in some cases that the stocks of Paddy/Bajra are rejected by the Procurement Agencies on the plea that these do not conform to the prescribed specifications and such stocks are purchased by the trade at very low rates and then passed on to the Procurement Agencies the next day or after a few days at the procurement prices. The procuring staffs have to be very vigilant and take all steps to ensure that the farmers are not exploited in any way and that there is no collusion of any kind.
- (ii) Whenever the stocks of Paddy and Bajra are rejected, it should be personally verified and checked by the staff of procuring agencies, whether the stocks were actually not in accordance with prescribed

specifications and were rightly rejected and that these could not be improved by cleaning or otherwise. Further, in order to ensure that the stocks rejected are really beyond the prescribed specifications, samples of all such rejected stocks should invariably be drawn and analyzed in the Food Grains Laboratory of the District Food and Supplies Controller. A report about the rejected stocks showing inter-alia the name of centre, number of heaps along with quantity, name of farmer along with proper address and the results of analysis may be sent on day-to-day basis to the Headquarter (Lab).

- (h) **Mandi level committees for determining quality of food-grains**
A committee consisting of Inspector Food & Supplies/Assistant Food and Supplies Officer (AFSO), Secretary, Market Committee or any official of the Market Committee, representative of BCPA, representative of the growers and local representative of Procuring agencies i.e. Department /FCI/Hafed/HWC/HAIC/Confed be constituted in every mandi to determine the quality of disputed food-grains. In addition to settling the dispute, the committee will also educate farmers about quality issues.
- i) **Stenciling of bags**
The stenciling of bags on the purchase of Paddy/ Bajra be made as in the case of Wheat. The instructions regarding Colour coding has already been circulated vide this office endst No.**SB-5-2016/9789 dated 12.05.2016 and no.SB-5-2016/12328 dated 10/13.06.2016.**
- j) **Filling of bags**
37.5 kg of paddy will be filled in a standard bag meant for filling 50 Kg of wheat. The quantity of bajra in one bag will be 50 kg.
- k) **Stitching of bags**
The stitching of Paddy bags be made manually and 14 to 16 stitches are to be made on every bag as per standing instructions. The stitching of Bajra bags should be double machine stitched or manually stitched as per requirement of Govt. of India/FCI. In case any deduction is made by FCI on account of poor stitching etc., the recovery should be effected from the concerned arthia through Billing Cum Payment Agent (BCPA)
- l) **Weighment of Purchase**
100% weighment of Paddy and Bajra should be made at the designated weighbridges. These weighbridges should be near the mandi or purchase centre and preferably computerized.
- m) **Reconciled figures**
For the purpose of Paddy and Bajra purchase normally KMS starts from 1st October and ends on 15th of December. District Heads of all the Agencies will ensure that purchase figures of Paddy and Bajra are sent to their respective H.Qs. by the 15th of January next after proper reconciliation with the record of Market Committees.

4. Arrangements made for Procurement

- (a) **Mandis and allocation thereof**
192 mandis/purchase centres are expected to be made functional for procurement of paddy and **26 mandis for purchase of Bajra**. Number of mandis/purchase centres can be increased as per exigencies. Allocation of these *mandis* (Paddy and Bajra) amongst the Procurement Agencies will communicate to all concerned separately. It may be ensured that mandis are equipped with basic amenities such as drinking water,

electricity, platform and parking place etc. The concerned Heads of the Procurement Agencies in the State and in the Districts will ensure that all *mandis* are inspected and cleaned well before the commencement of season to facilitate uninterrupted procurement operations.

(b) Procurement Agencies

Five Procurement Agencies namely: Food and Supplies Department 33%, Hafed 33%, FCI 12%, HAIC 10% and HWC 12% would affect the procurement of paddy. Bajra, however, would be purchased only by state agencies excluding FCI. From the start of the season, the staff of Procurement Agencies will remain present in the *mandis* on the day allocated to them and affect the purchase of Paddy and Bajra in the event of market price falling below the MSP.

(c) Rice Millers

The number of functional rice mills in the State is about **880**. The millers may be buying leviable Paddy as well as doing custom milling of Paddy purchased by the Procurement Agencies. For doing CMR work each rice miller will have to be registered provisionally with the concerned District Food & Supplies Controller preferably by 25.09.2016 to be eligible for custom milling of agencies' paddy. For this, each rice miller shall pay a fee of Rs.3,000/- per mill apart from supplying other relevant information as detailed in Annexure-'1'. The registration of rice mills should be for 3 years with same registration fee instead of 1 year, starting from KMS 2015-16. However, the registration will be reviewed every year by the Milling Committee before allotment of paddy. The Provisional Registration Fee will not be refundable. The rice millers doing the CMR work will be under obligation to adhere to various terms and conditions and guidelines issued by the Government from time to time.

(d) Packing Material

The State Govt. agencies have made arrangements of gunny bales of 50 kg. These bales will be used for filling of Paddy and Bajra as well as delivery of CMR. FCI also has adequate stocks of gunny bales, which will be used for this purpose. The agencies also have sufficient quantity of polythene covers, tarpaulins and fumigants etc. The agencies will have to ensure the stocking of the packing material at the strategic points well before the commencement of the season so that no difficulty is experienced when the actual procurement starts. In case of any change in the packing material policy, the same would immediately be conveyed to all concerned.

(e) Cash Credit Limit and payment to the farmers

The State Govt. is committed to make payments to farmers within 48-72 hours. For this, sufficient cash credit limit for purchase of Paddy and Bajra is being arranged from Reserve Bank of India. The State Procuring agencies will make the arrangement of funds at their own level. The Food and Supplies Department will place sufficient funds at the disposal of District Food and Supplies Controllers (DFSCs) for procurement purposes. The payment to farmers will be made through BCPA and Kachha Arthia or as per the choice of the farmer i.e direct payment or through Arthia.

(f) Billing-Cum-Payment Agents (BCPAs)

For all the *mandis*, Billing-Cum-Payment Agents will be appointed as per requirement. These BCPAs will collect the bills from all the *arthias* and prepare one bill of each day and will submit the same to the concerned agency for payment. These BCPAs will ensure timely payment to the farmers through *arthias*, proper weightment of food-grains, maintenance of proper accounts of food-grains purchased, lifting the stocks from each *kachha arthia*. Besides, BCPAs will be responsible to perform their duties

as per terms and conditions of their agreement. They will be paid commission as per sanction communicated vide letter No. FP-I-2016/12848-53 dated 16.06.2016, However department of Food & Supply has decided to go for e-procurement, BCPA will be engaged on selected basis.

(g) Labour & Transportation

The contracts of labour and transportation finalized during the Rabi Marketing Season 2016-17 will also be valid for the current KMS 2016-17. The concerned agencies and district administration will ensure that the

contractors function smoothly and bottlenecks if any, are removed promptly.

(h) Storage capacity

Sufficient covered space is available with rice mills in the State. No constraints on this front are likely to be experienced for storage of procured paddy.

(i) Control Rooms

The Food and Supplies Department will start functioning control rooms at the State HQ as well as District Headquarters well before the commencement of the season. Similarly, other Procurement Agencies will also set up their control rooms at their State Headquarters as well as District Headquarters. The Procurement Agencies will ensure to communicate information about the procurement to the control rooms of Food and Supplies Department on day-to-day basis. The Food and Supplies Department in turn will communicate the procurement information to Govt. of India and other concerned quarters on day-to-day basis.

(j) Deployment of staff

Each procuring agency will deploy sufficient staff in the mandis allocated to them so that they resume the procurement operation as and when warranted by the situation.

5. Policy regarding custom Milling of Paddy

In order to ensure smooth operations of custom milling of Paddy procured by the State Procurement Agencies during KMS 2015, the following instructions shall be followed in letter and spirit by the State Procurement Agencies:-

(a) Storage of Paddy

- i) Paddy procured by the Agencies will be stored in the premises of the allotted Rice Mills in joint custody as per details given in subsequent paragraphs. The transportation of paddy from mandi/purchase centre to mill will be done by the millers and not by the Govt. agencies keeping in mind the policy of Govt. of India regarding "Milling Charges". Hence the paddy will be delivered to the Millers in the mandi itself, though it would be in the joint custody of rice mill and procuring agency till it is delivered to miller for milling from the storage point i.e mill
- ii) In extreme emergencies and with prior written approval of the Director Food & Supplies or the Managing Directors (MDs) as the case may be, the agencies may store Paddy in their own godowns. Only in such cases the services of appointed Labour, Cartage and Transport Contractors are required.

- iii) The Paddy stored in the premises of the rice mill will be under joint custody of the rice mill and the Agency. Responsibility for quantity and quality will be of the concerned rice millers and the concerned custodian staff of agencies and the Food Department i.e as IF& S and SIF&S. The supervisory officers of the agencies and Food Department such as DM/DFSC/DFSO and AFSO will be responsible for any supervisory laps at their part in compliance of the instructions issued by the department from time to time. The millers will ensure the storage of the paddy stocks of the Agencies/department separately from of his own stock by erecting a physical barrier such as a boundary wall or a proper and durable fencing.
 - iv) The Paddy shall be delivered in the mandi/purchase Centre by the Agency to the miller through Delivery Challan duly signed by the authorised representative of the Agency. The miller on receipt of such Delivery Challan shall have a right to examine the paddy so delivered. The acceptance of paddy by the miller is testimony to the fact that paddy is as per specifications fixed by the Government. The miller shall record on a separate register the paddy received through each Delivery Challan every day.
 - v) Once the paddy has been accepted through the delivery Challan by the Miller, he or his representative shall put his signatures on the Delivery Challan. The paddy so received by the miller shall be considered to be correct in terms of quantity and quality and no disputes shall be entertained after such acceptance with regard to the quality and quantity of the paddy received by the miller.
 - vi) No Delivery Challan accepted by the miller shall be recognized by the Agency unless it has been duly issued and signed by authorized representative of the agencies.
 - vii) Each miller will prepare in triplicate a pictorial chart/sketch depicting the positioning of the stacks, stack No. with the number of bags in each stack. He will retain a copy of the above at his mill premises while the second copy will be available with the Inspector In-charge/concerned agency and third copy will be kept in the District Office of the Procurement Agency.
 - viii) The joint physical verification of the paddy stocks shall be conducted, as per annexure-II, on a fortnightly basis. The District Heads of the Procurement Agencies/Department and the millers will be responsible in respect of quantity and quality of paddy stocks found at the time of physical verification. The physical verification report will be submitted regularly by the District Heads of the Agencies to their Headquarters.
 - ix) **The Signature on cheque book will be got verified by the miller from his banker .**
 - x) **A certificate must be issued by the miller/second party that the guarantor to the agreement is not his family member.**
- b) Stock Articles
- Stocks articles (tarpaulin and wooden crates etc) which may be supplied by the procurement agencies to the Rice Millers for proper storage of paddy must be returned progressively to the agency concerned after the liquidation of paddy and rice. In case the miller fails to return the same procuring agency will claim its costs, along with compound interest @ 21% per annum. In case, procurement agencies fails to provide adequate number of wooden crates and tarpaulins, on the demand of miller, the miller will arrange the same from his own resources for which he will be paid rent for the period of storage of paddy as fixed by the Government of India or Department. The rent will be paid *after production of non availability***

certificate of stock articles issued by the Head of Agencies or DFSC of the Department.

C) Milling Committee

The State Govt. has constituted a Milling Committee under the Chairmanship of Deputy Commissioner for every District. The District Heads of Procurement Agencies including FCI and two nominees of Rice Millers, nominated by the Rice Millers Association are its Members and District Food and Supplies Controller is its Member Secretary. An officer from the Headquarters of the State Procurement Agency can also participate in the proceedings of the Committee, as per direction of this committee will meet from time to time (at least once in a week) for allocation of Paddy to the millers and reviewing the progress of custom milling of Paddy operations. The Committee will also ensure that the time schedule for custom milling of Paddy, the delivery of CMR to Central Pool and other terms and conditions of the Agreement are adhered to. For this District milling committee must review the quantum of delivery of CMR by each mill by the end of November, and every fortnight after that. If any mill/mills are lagging behind in delivery and District Milling Committee feels that the particular mill/mills can not deliver the rice within the stipulated time frame, the paddy stored in the premises of such mill/mills should be immediately shifted to other mill/mills premises at the risk and cost of the defaulter mill/mills. This should be done seeing the performance of the mill/mills where paddy is to be shifted. The distance should be kept to the minimum. This pattern should continue in rest of the season also.

d) Shifting of Paddy

The surplus Paddy, if any, at a centre may be shifted with the prior approval of District Milling Committee for its storage to the nearest milling centre keeping in view the availability of milling capacity of later. In case, the nearest centre does not have adequate or surplus milling capacity, the surplus Paddy will be shifted to the next nearest milling centre and so on.

In case the Paddy is still surplus in the district, each Procurement Agency will chalk out a detailed plan to shift such Paddy for milling to the nearest District, where adequate milling capacity is available with the approval of the Distt Milling Committee and it's Head of the Department. The DFSC/DM will concey the surplus milling capacity and paddy to their Headquarter after decision in the Distt. Milling Committee with specific recommendation regarding surplus paddy and capacity. Thereafter, the consent of receving district will be taken before shifting of paddy and the receiving district will also inform the Distt. milling Committee and FCI. The barest minimum quantity of Paddy should be shifted. It should be ensured that Paddy is shifted directly from the purchase centre /mandi to the mill premises and no cross movement of Paddy stocks should take place. As mentioned earlier the approval of shifting of Paddy be obtained from the concerned Head of the Procurement Agency i.e. DFS and MD of the procurement agencies.

e). Allotment of Rice Mills

Allotment of rice mills for custom milling of Paddy will be made by District Milling Committee. The rice mills, which have satisfactorily delivered entire CMR of KMS 2015, are to be considered as eligible for allotment of Paddy. All the allotments of rice mills should preferably be completed by 30th September, 2016. The rice mills are to be allotted to all the Procurement Agencies in proportion to the Paddy to be procured by them. One rice mill should not be given paddy of more than one procuring agency. In case, one agency completes its milling of Paddy stored with a particular rice mill and does not want to get more Paddy milled from it, the same mill can be formally allotted to other Agency by the Milling Committee.

A list of all defaulter rice mills of all the Procurement Agencies of all previous years is prepared and the same should be submitted to the Milling Committee. No defaulter rice mill (including defaulting premises) shall be considered for allotment of Paddy under any circumstances. The default will be on the following counts:-

- i). If a rice miller has to deliver CMR of any Agency pertaining to the previous years.
- ii) If lessee rice mill has to deliver CMR of the previous years and the owner had given guarantee for the lessee, the rice mill and the partners of both lessee as well as the owner of the mill would be considered defaulters. In every case, the guarantee of the owner of the eligible rice mill will be mandatory for allotment of rice mill taken on lease.
- iii) If a partner of a lessee/owner rice mill becomes defaulter and is a partner of a new/lessee rice mill, the mill in question will not be considered for allotment.
- iv) If a miller has defaulted or misappropriated Paddy or rice of the previous years upto KMS 2015-16 or criminal and civil proceedings are pending against him the same may be treated as blacklisted and shall not be considered for allotment of paddy.
- v) Premises of a defaulter miller will be treated as defaulter and no such mill even if leased out to any third party by the defaulter owner/ previous lessee will be eligible for allotment.
- vi) The rice millers against whom civil/criminal proceedings have been initiated should be black listed along with their mill premises.
- vii) An additional guarantee from two owner rice mills (operational) would be taken for allotment of paddy for milling to the lessee.

(f) Allotment of Paddy

The allocation of leviable Paddy purchased by the Procurement Agencies will preferably be allocated to the millers, whose mill premises are safe for Paddy storage, are having boundary walls around the said premises and also having gates. The parameters of paddy allocation are as under:-

- **Mills having milling capacity upto 1MT/hour** - 4000 MT
- **Mills having milling capacity upto 2MT/hour** - 5000 MT
- **Mills having milling capacity upto 3MT/hour** - 6000 MT
- **Mills having milling capacity upto 4MT/hour or above** - 7000 MT

If the rice mills having milling capacity of more than 4 MT per hour and Sortex machine is available with him, then the District Milling Committee will consider to issue more paddy to the miller above the norms. Paddy shall not be allotted more than 8000 MT irrespective of the milling capacity above 4 MT.

No pick and choose policy will be adopted while allocating leviable Paddy to the millers. The system of categorization of rice mills in order of preference for allotment of paddy should be adopted. Preference in this regard is as under: -

- i. First priority is given to those mills which have delivered the CMR in the previous year as per the schedule given by the State Govt.
- ii. Second priority is given to those mills which have completed the Rice Delivery by 31st March in the previous year, but have not strictly followed the schedule.
- iii. Third priority is given to those mills who have delivered the rice of KMS 2015, up to 30th of April 2016.

- iv. Left over paddy be given to other mills, however, it should be ensured that Paddy is not allotted to mills who are defaulters in previous years upto KMS **2015-16**.

That paddy from mandi and purchase centre should be given on preference to mills located within the notified area of concerned Market Committee. If procurement is more in comparison with the entitlement of mills, located in notified area, the surplus paddy should be given to nearby located mills. If paddy is less in comparison with the entitlement of mills located in notified area, surplus paddy from nearby centres should be given to such mills.

The millers having dryers and sortex facilities can be allotted more Paddy on the recommendation of Milling Committee and with the prior approval of the concerned Head of the Procurement Agency. Besides, the District Milling Committee may, after due consideration, allocate more Paddy to the rice millers of the district keeping in view the local conditions and millers with proven track record in term of timely delivery of CMR, adherence to quality norms and better infrastructural facilities may be allotted paddy on priority and more paddy if required and in such cases the amount of security should be proportionately increased.

- (g) The following instructions should also be adhered to before allotment of Paddy:-
- (i) Minimum 200 tonnes of paddy shall be released by issue of release orders in every period of five days, excluding Sundays and holidays, to the miller having one tonne capacity against receipt of Bank guarantee equivalent to the cost of paddy released or will get the property pledged equal to the cost of paddy. The next lot of paddy shall be released on the actual delivery of rice to FCI. If the miller without delivery of rice from the allotted paddy, mills the paddy of another agency/mill without premission then he will have to give another cheque and sureties separately as per policy. The lease mill will also provide additonal Bank guranttee equivalent to the cost of 1/5th of the paddy allotted or pledge his property of equal value. He will also declere his financial assests and liabilties (moveable and immovable).
 - (ii) Paddy should not be allotted to those rice millers, who were defaulters during previous KMS or misappropriated Paddy/Rice stocks.
 - (iii) The Paddy should be allotted to the millers in equal proportion depending upon their capacity so that no rice miller gets Paddy more than his milling capacity.
 - (iv) Preferably one rice mill is allotted Paddy of one agency exclusively. In case a millis engaged in custom milling work of one agency, the same can also be allotted paddy of FCI. However overall volume of work shall not increase, & the mills should not be overburdened.
 - (v) The dues of the agencies against the rice millers are got adjusted in consultation with FCI, against their due payments on the deliveries of Rice.
 - (vi) In the recent years the main defaulters are the mills which were taken on lease. However, by ignoring leased mills for allotment of paddy, we may have limited choice and entire available milling capacity in the State may not be fully utilized. Accordingly, it is decided that in case of leased mill, paddy on preference may be allotted to those rice millers who already have one or more mills with them and have taken the mill in question on lease. Further mills on lease must not be given more than 4000 MT of paddy. Their performance in terms of rice delivery should be monitored on a regular basis. If delivery schedule of CMR is

not adhered to, paddy allotted to lease rice mills should immediately be shifted to other mills who have given the best performance, on the risk and cost of the leased mills.

It is further added that if paddy is allotted to those rice mills, which are taken on lease, after taking signed MICR cheques drawn in favour of the DFSC/DM for Rs. 50 lakhs for one tonne milling capacity which shall be increased proportionately as per milling capacity and two sureties of equal amount of reputed Arhtias in addition to the guarantee amount. An additional guarantee from two owner rice mills (operational) would be taken for allotment of paddy for milling to the lessee,

- (vii) Paddy may not be given in advance without obtaining cheque/s and two sureties of Arhtias of mandi/ purchase centre.
- (viii) In case the miller lift Paddy without release order, unauthorizedly converts it into rice, theft or misappropriation it shall tantamount to defalcation and Agency will take any action deemed appropriate against the miller. The miller will be liable to pay the interest @ CCL interest of the value of Paddy for the duration of defalcation. In addition, the miller along with his mill premises will be blacklisted.
- (ix) Hafed Rice mills can also be used for storage/milling of paddy by the procuring agencies. Every care should be taken to treat Hafed rice mills and private mills at parity.
- (x) No rice miller shall pledge paddy belonging to the State Procuring agencies with the banks for availing cash credit limit for his own business transactions. If any miller indulges in this malpractice, he should immediately be black listed and the stock of paddy/rice should be shifted from his mill to other mill/mills at his risk & cost.

(h) Execution of Agreements

Millers doing custom milling of Paddy shall execute an agreement with the concerned Procurement Agencies immediately in the prescribed proforma and complete all other formalities in this regard, failing which the allotment of Paddy shall be cancelled. Signatures to the agreement must be authorized by the partners/Directors through a legally executed General Power of Attorney. They will have to adhere to the various terms and conditions incorporated in the agreement. No Paddy will be given to any miller without executing proper agreement. All the columns of the Agreement should be properly filled.

(i) Guarantee

Guarantee is taken in the shape of signed MICR cheques drawn in favour of the DFSC/DM @ Rs. 50 lakhs for each tonne milling capacity from the miller. Besides, the miller shall also provide two "third party" sureties of Arhtias of the same mandi/purchase centre having reliability and good reputation from where the paddy is to be provided to the miller. **The cheque should be complete in all respect. The name of the firm must be printed on the cheque. The second party is bound not to cancel/alter the cheque without prior written consent of the first party.** A cancelled cheque is to be obtained from both the guarantors. The reputed Arhtias/ Commission Agents shall stand surety for the miller to the extent of the same amount as the cheque delivered by him. In case the rice mill is taken on lease by the miller/s, the surety of the mill owner/ proprietor and two sureties of reputed arhtias/commission agents will be taken from him/them. An additional guarantee from another owner rice mill (operational) would also be required for allotment of paddy/milling to the lessee, if he is not having his own functional rice mill. An affidavit is to be taken from the miller to the fact that he/she is the owner/lessee of the mill/premises.

(j) Security Amount

Security amount of Rs. 7,00,000 (Rs. Seven lakh only) for one tonne capacity and Rs. 3, 00,000/- (Rs. Three Lakh only) for additional one tonne capacity or in proportionate may also be obtained. The security may be obtained in the shape of FDR pledged in the name of concerned procurement agency and shall be valid till the final execution of agreement.

(k) Delivery of Rice

Delivery of CMR will be governed by the following instructions/ guidelines:-

- (i) The miller shall utilize the milling capacity strictly on the basis of Paddy stocks stored by the Government/Agencies and Paddy purchased by millers at his own. The miller has to maintain the ratio for delivery of custom milled Rice and **his own milling of rice.**
- (ii) **The miller shall be liable for out turn ratio of rice i.e. 67% or as per Government of India instructions.**
- (iii) In case the milling of Paddy of the Agencies is delayed, Section-10 of the Levy Order, 1985 will be invoked.
- (iv) The rice miller shall be required to manufacture entire rice as per specifications laid down by the Govt. of India and deliver the same to FCI at its depot by **31st March, 2017**. The transportation /incidentals charges, if any, shall be paid in accordance with the instructions issued by the Govt. of India from time to time. The delivery schedule of CMR shall be regulated as under:-

October & Nov 2016	= 20% of the allotted Paddy.
December, 2016	= 20% -do-
January, 2017	= 20% -do-
February, 2017	= 25% -do-
March, 2017	= 15% -do-

- (v) **In the event of failure to deliver CMR, within stipulated period, the miller, as a penal provision, shall be liable to pay interest @ 12% for delayed period on the delivery of CMR from the date it becomes due till the date of realization towards the left over quantity /stocks.**
- (vi) **In the event of failure of the due delivery of CMR by the rice miller against the paddy issued, the miller shall be liable to pay the cost of short quantity of rice @ 110% of rates of CMR fixed by the Govt. Of India alongwith interest @ 12% p.a on the actual paybale amount from 1st April till the date of actual payment. However the waivingoff the penalty is not appealable .**
- (vii) Delivery of CMR will start immediately. The rice miller shall be required to deliver CMR of the same variety of the Paddy allotted to him for custom milling. Inter changeability of Common rice into Grade-A, rice shall not be made.
- (viii) The liability of quality cuts on rice, if any and other deductions made by FCI, shall be that of the miller.
- (ix) In order to streamline and regulate the delivery of CMR contact numbers will be issued by a Committee headed by IFS of concerned PR Centre, one representative of State Procurement Agencies and one representative of rice miller nominated by the Rice Millers Association.
- (x) The rice miller will deliver rice to the Central Pool in 50 kg. bags.
- (xi) In case, rice miller fails to deliver the CMR of KMS 2016 of the Agency as per the stipulated schedule and the Agency has to shift the Paddy stocks, it would be done at the risk and cost of the miller concerned giving him 7 days notice for this purpose. This paddy will

be shifted after approval of the Director Food and Supplies Department/Managing Directors of the concerned agency under intimation to FCI. The miller and his mill premises shall also be blacklisted.

- (xii) **In case of death of owner of rice mills or guarantors/sureties their legal heirs/successors /assigns shall inherent assets and liabilities of the diseased.**
- (xiii) Food Corporation of India (FCI) shall provide space for delivery of Custom Milled Rice to the Rice Millers in proportion to the paddy allotted to them by the procurement agencies for custom milling of paddy procured by them under Minimum Support Price(MSP) Scheme of the Government of India . For this FCI at district level (revenue district Haryana) will issue linkages of Rice Millers with storage points , in consultation with all the procurement agencies by the end of October, 2016. The concerned District Food and Supplies Controller will submit month wise requirement of space in the storage points mentioned above in consultation with all the procurement agencies in the district (including FCI) in the first week of November,2016. The schedule circulated will take care of entire delivery of CMR by 31-03-2017. In case, FCI due to space crunch, loading of specials, paucity of staff or strike of staff or labour in FCI, will issue certificates stating clearly the time period for which it was not able to offer space or accept delivery of rice. This certificate should be counter signed by the Area Manager FCI of the District. On the basis of these certificates district heads of procurement agencies or department will pass speaking orders in the respect of penal provision with regard to late delivery of CMR. In case, where FCI has not given such certificates and the facts clearly establish that delay is not on the part of the rice mills, district heads of procurement agencies will send a comprehensive detail of facts to their headquarters and with the permission/approval of headquarters will pass speaking orders. However, in case where delay is attributable to rice mills penalty in the form of penal provision shall be enforced.

(l) **Payment of milling charges**

Milling charges payable will be @ Rs.10/- and Rs.20/- per quintal of paddy for Raw and Parboiled rice respectively. The miller shall be entitled to the milling charges after completion of the entire milling operations and satisfactory delivery of rice to the FCI on behalf of the Government as per rates and policy prescribed by the Government of India. The issue of revision in milling charges is under consideration of the Government of India. **In case, milling charges are changed the millers will get the payment accordingly.** All bye-products viz. broken rice, rice kani (rice husk and rice bran etc.) shall be the property of the rice miller. He shall be responsible for payment of any Central or State taxes duties levies, cess etc. wherever applicable on bye products obtained from milling of paddy. The rice millers will be bound to follow any change in the policy made by the Government of India from time to time. The terms of shelling/processing shall include all operations related to or co-incident to the process of milling of paddy and which shall also include the following operations:-

- (i) Drying of paddy stocks.
- (ii) Katai of paddy bags before de-husking.
- (iii) De-husking of paddy stocks.
- (iv) Filling of bags of rice prior to dara-making.
- (v) Dara-making of rice bags and filling/sewing of bags with double line machine stitching.

- (vi) Transportation of milled rice to railway station and loading into wagons, inspection, weighment and sampling as per directions of the Government/FCI.
- (vii) Transportation of milled rice to the storage point of the Government and Food Corporation of India including those of hired godowns as per directions of the Government/FCI, unloading of trucks and delivery after inspection.
- (viii) Weighment, sampling at scale point will be at the cost of the miller.
- (ix) Delivery of A-note, weight checks memo and other relevant documents for claiming payment from the Food Corporation of India.
- (x) The miller shall stitch a raxin slip/canvas slip with each bag bearing name of the mill/ Centre/ District/ category of rice/net weight/contact No./ crop year on the bags.
- (xi) Transportation charges for transportation of paddy from mandis / purchase centre to mills and for rice from mills to FCI godown will be payable on the basis of the rates fixed by the District Collectors of the State or FCI's rate whichever is lower from 0 KM onwards for the actual distance as per the Government of India letter No. 192(14)/2015-FC A/cs dated 30th September 2015.
- (xii) Driage charges will be payable @ 1% of MSP of paddy of raw rice. **No driage chagre will be payable on parboiled rice.**

6 Thrust areas during Procurement

(a) Review and co-ordination

The District Milling Committee will rigorously review and co-ordinate the procurement operations from time to time and its information will be given to the Heads of the Procurement Agencies. Similarly, the Heads of the Procurement Agencies will also conduct reviews of the procurement operations periodically. Review meetings will also be held at higher levels in the State and invariably at the level of Director, Food and Supplies (DFS) and Additional Chief Secretary to Govt. Haryana, Food and Supplies Department. The Heads of the Procurement Agencies will ensure proper co-ordination and monitoring of procurement operations.

(b) Inspection of mandis

The Deputy Commissioners will ensure that the mandis in their jurisdiction are inspected by them and other senior officers viz Additional Deputy Commissioner and SDMs etc. Major events taking place in the mandis are reported to higher level and appropriate action, as warranted by situation, is taken promptly. Similarly, the mandis allocated to various Procurement Agencies will be inspected by the Heads of respective Procurement Agencies periodically so as to sort out any problems/bottlenecks on the spot.

(c) Clearance of *Mandis*

The District Administration and the District Heads of the Procurement Agencies will ensure that the stocks purchased by them are lifted and the mandis are cleared on the same day. No glut is allowed to take place in the mandis. In fact, the Procurement Agencies must finalize/execute the custom milling agreements with the millers well before the commencement of the season and the Paddy purchased by them must be lifted from mandis and stored for its custom milling immediately after purchase. The arrangements to ensure proper weighment of procured food-grains be

made in all the mandis and random checking be made before lifting the procured stocks.

(d) Proper and safe storage of Paddy and Bajra

It may be ensured that the Paddy and Bajra purchased by the agencies are stored properly and kept under safe custody so that there is no chance of any pilferage or damage to stocks.

(e) Education of farmers

The Procurement Agencies with the co-operation of the Market Committees, will educate the farmers through Press, Television, All India Radio and Public Relation Department of the State. This will be with a view to advice the farmer to bring their produce to the *Mandis* in a neat and clean condition. The farmers must know the prescribed parameters of quality so that they bring their produce accordingly and the same is purchased by the millers/ Procurement Agencies immediately on its arrival. In the event of any heap of Paddy/ Bajra not conforming to the prescribed specifications, farmers would be advised by the staff available in the mandis to dry and clean the stocks or blend it with good quality stocks so as to bring it upto the prescribed specifications for which infrastructure has been created with each Arhtias in the mandis.

(f) Watchful eye on the Role of BCPA

It may be ensured that the BCPA collects the bills from all the arhtias, compiles them and submits the same to the concerned agency for payment whenever they are engaged. This may also be ensured that the concerned agency makes the payment to the BCPA on the succeeding day positively so as to ensure that the payments to the farmers are made within the stipulated time.

(g) Functioning of labour and transportation contractors

A watchful eye has to be kept on the functioning of all the labour and transportation contractors in the *Mandis*. Efficient functioning on their part makes the procurement operations smooth and avoids any glut in the *Mandis*. It is ensured that these contractual arrangements function smoothly and in case of any failure on their part, alternate arrangements are made promptly so that the procurement operations are not hampered.

7. Maintenance of Accounts on the purchase of foodgrains

(a) The accounts of the food-grains purchased on MSP by the DFSCs are to be maintained as per provisions of the P.R. Manual of the department as well as instructions issued from time to time. Necessary accounts and returns must be sent to Headquarter regularly. Other agencies will follow procedure as laid down by their Headquarters.

(b) Government takes a serious view about the incomplete and improper maintenance of various documents particularly PR-1 register. Complete and proper documents, record and accounts as required be maintained and special stress is laid on the correct maintenance of PR-1 register. Every heap of the Paddy/Bajra must be entered in the P.R-I register and no heap is allowed to remain unaccounted for. The PR-1, PR-3, PR-4, PR-6, PR-7, PR-16, PR-9, PR-14 (gate pass), PR-18, PR-38 and PR-86 be maintained as per provision of P.R. Manual of the Food and Supplies Department. In case the forms prescribed in the PR Manual particularly indicated above are not maintained regularly on day to day basis, it will render the official concerned as well as the supervisory officers including District Food & Supplies Controller /officer responsible for stern disciplinary action. It should be particularly noted that for every movement of food-grains taking place from mandis to miller premises or godowns within the centre for storage, PR-14 (gate pass) is invariably prepared.

Similarly, all operations involving financial implications must be recorded in the daily Roznamcha in form PR-86 on the days of their happening.

- (c) Recording of Paddy variety-wise i.e. PR-Sarbati, Muchchal or Basmati and leviabale Paddy etc. (Common/Grade-A) instead of word 'Paddy' in the PR-1 register of the Department be ensured. Entry of the same in the 'H' register of the Market Committee as well as commission agents is also ensured. It is also necessary that at the close of day the PR-1 register and 'H' register maintained by market committee and *arhtias* is signed by the concerned Inspector/Sub Inspector and the authorized employee of the market committee.
- (d) The staff of the other Procurement Agencies will also ensure proper maintenance of accounts as per their laid down procedure and guidelines and will also maintain every detail about the procurement operations.
8. All minor disputes including interpretations pertaining to the policy of custom milling of Paddy between the millers and the agencies shall be resolved through arbitration by an Arbitrator to be appointed by the Head of the concerned Procurement Agency on request of any of the party in the agreement. There shall be no objection to any such appointment to the miller/DM/DFSC concerned. However, the cases of fraud, theft or misappropriation etc are not covered under this clause and in such cases legal proceedings as deemed fit will be initiated.
- This policy for procurement of paddy / Rice is issued after consultation with all concern by the procurement branch of the Food Department, but the issues concerning to maintenance of accounts, realisation, payment and payment of bonus, packing material and storage space will be dealt with by the concerned branch of the Food Department and other Procurement Agencies. These offices/branches will be responsible for any default/negligency in the implementation of the policy or guidelines issued from time to time. The DFSCs/DMs of the Procurement agencies will be personally responsible for non executing the agreement or implementing the policy in letter & spirit.

In line with the above policy, a copy of the draft agreement for KMS 2016-17 is also enclosed for information and necessary action at your end.

The receipt of this communication may please be acknowledged.

-sd-

Joint Director (Procurement)
for Additional Chief Secretary to Govt. Haryana,
Food & Supplies Department, Chandigarh.

Endst. No. RP-2-2016/20091

Dated Chandigarh the 21.09.2016

A copy of above is forwarded to the Chief Administrator, Haryana State Agricultural Marketing Board, Panchkula for information and necessary action.

-sd-

Joint Director (Procurement)
for Additional Chief Secretary to Govt. Haryana,
Food & Supplies Department, Chandigarh.

Endst. No. RP-2-2016/20092

Dated Chandigarh the 21.09.2016

A copy of above is forwarded to Director General, Information, Public Relations & Cultural Affairs Department, Haryana Chandigarh for information and necessary action

-sd-

Joint Director (Procurement)
for Additional Chief Secretary to Govt. Haryana,
Food & Supplies Department, Chandigarh.

Endst. No. RP-2-2016/20093

Dated Chandigarh the 21.09.2016

A copy of above is forwarded to all officers at Headquarters for information and necessary action.

-sd-

**Joint Director (Procurement)
for Additional Chief Secretary to Govt. Haryana,
Food & Supplies Department, Chandigarh.**

Endst. No. RP-2-2016/20094

Dated Chandigarh the 21.09.2016

A copy of above is forwarded to the following:-

1. Secy / MFS
2. PS/ACSF&S
3. PS/DFS

-sd-

**Joint Director (Procurement)
for Additional Chief Secretary to Govt. Haryana,
Food & Supplies Department, Chandigarh.**

AGREEMENT

(TO BE EXECUTED ON A STAMP PAPER OF Rs. 100/-)

This agreement is made this _____ day of _____, 2016 between the Governor of Haryana, acting through District Food & Supplies Controller as authorised vide order dated 11.10.2007 issued vide Endst No.13/5/07-2FS 36437 dated 17.10.2007 (hereinafter called "the First Party" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) on the one part And _____ (hereinafter called "the Miller/ Second Party" which expression shall, unless repugnant to the context or meaning thereof, include its successors and assigns) of the other part:

IN RESPECT OF Whereas the First Party is desirous of having paddy milled into rice from the Miller/Second Party as per clause 10 of the Haryana Rice Procurement (Levy) Order, 1985, as amended from time to time and the Miller/Second Party agrees to mill paddy on the terms and conditions hereinafter contained and the First Party or Director Food & Supplies, Haryana can also impose further terms and conditions under clause 10 of the Haryana Rice Procurement (Levy) Order, 1985, if need be;

Now, therefore, it is hereby agreed and declared by and between the parties as follows:-

1. (i) The Miller/Second Party agrees to custom mill the paddy of the First Party in accordance with the terms and conditions contained in this agreement.
(ii) The Miller/Second Party agrees to dedicate minimum 40% or as required of its rated milling capacity for custom milling of the paddy of the First Party.
(iii) Till such time as the entire paddy provided to the Miller/Second Party by the First Party is milled to the satisfaction of the First Party, the Miller/Second Party agrees not to custom mill the paddy of any other person or agency or in any other manner diverts its milling capacity for any other purpose.
(iv) The Miller/Second Party shall not take any action like disconnection of electricity connection etc. which has the effect of reduction of its milling capacity till such time as the entire paddy of the First Party has been milled satisfactorily.
(v) The Miller/Second Party shall be required to deliver custom milled rice of the same variety of paddy given to him by the First Party. Any deviation shall be at the risk and cost of the second party.
2. The Miller/Second Party shall be supplied paddy in accordance with his rated capacity by the District Milling Committee as per the policy formulated by State Government, for custom milling of paddy procured by various agencies of the State.
3. The paddy to be milled by the Miller/Second Party shall be provided from _____ and _____ centres. These centres can be altered with the mutual consent.
4. (i) On receipt of the paddy through delivery Challan, the Miller/Second Party shall cause the Challan to be signed by him or his representative.
(ii) The Miller/Second Party shall record on a separate register the paddy received through each Delivery Challan every day.
(iii) One of the authorized partner/representative of the Miller/Second Party on a weekly basis (each Monday) shall inform the First Party about the total quantity of paddy received by him in the following format:-

Sr.No. Date Challan No. Qty. of Paddy. Total of the week

±

1 2 3 4 5

- (iv) Once the paddy has been accepted through the Delivery Challan by the Miller/Second Party, he or his representative shall put his signatures on the Delivery Challan. The paddy so received by the Miller/Second Party shall be considered to be correct in terms of quantity and quality and no disputes shall be entertained after such acceptance with regard to the quality and quantity of the paddy received by the Miller/Second Party.
- (v) No Delivery Challan accepted by the Miller/Second Party shall be recognised by the First Party/Agency unless it has been duly signed and issued by authorised representative of the 1st party.
- (vi) The paddy stored in the mill of the Miller/Second Party shall remain in joint custody of both the parties.
- (vii) The Miller/Second Party, however, undertakes to mill approximately _____ MT of paddy purchased during Kharif Marketing Season 2016-17. The exact quantity of paddy shall be calculated as per actual delivery accepted by the Miller/Second Party.

5. The Miller/Second Party shall ensure that the paddy within his premises is stored in a scientific manner so that it does not get damaged or lost in any manner whatsoever. Each stack in which the paddy is stored shall be given a stack number. The Miller/Second Party shall make good the loss, if any, caused to the paddy stored in his premises due to any reason.

6. The Miller/Second Party shall keep the record of the paddy received, paddy custom milled and rice delivered etc. on the following format and the details thereof on weekly basis will be sent to the First Party:-

Name of the Agency	Name of the Storage Centre	Variety of paddy
1.	2.	3.

Stocks of paddy		Qty. of paddy issued out of col.4 by Govt. for milling		Out-turn ratio for conversion of paddy in to rice	
4.		5.		6.	
Bags	Wt in Qtl	Bags	Wt in Qtl	Bags	Wt. in Qtl
(a)	(b)	(a)	(b)	(a)	(b)

Qty. of rice delivered (In qtl.)		Qty. of Paddy milled	Balance unmilled paddy
7.		8.	9.
Raw	Par-Boiled		
(a)	(b)		

Signatures of Miller with date (NAME IN CAPITAL LETTERS)	Signatures of inspecting Authority / Centre In-charge with date
10.	11.

If the above said requisite information is not supplied by the Second Party well within time, then the First Party reserves his right to initiate remedial proceedings against the Second Party as per law.

7. (i) Since the Miller/Second Party is also entitled to utilize the part of his capacity for milling of his own paddy, he shall keep a separate record with regard to the stocks of paddy and rice of both the parties separately. He shall further allow and facilitate inspection of record and physical inspection of paddy and rice belonging to the agency i.e. Government as well as of his own stocks.
- (ii) Authorized representatives of the First Party shall be entitled to inspect the record and the stocks at any time during the milling season.
- (iii) The Miller/Second Party shall carry out the milling operations only of that paddy in respect of which the Release Order has been duly issued by the First Party. The Miller/Second Party shall apply for issuance of Release Order to the First Party well in time and as per instructions on this subject.
- (iv) The Miller/Second Party shall complete delivery of rice due to Government/Agency on the total quantity of paddy issued to him within 10 (Ten) days of the issuance of paddy by way of Release Order to him. Rice against entire stock kept in his mill shall be delivered not later than the **31st March, 2017 as per following schedule:-**

October & Nov 2016	= 20% of the allotted Paddy.	
December, 2016	= 20%	-do-
January, 2017	= 20%	-do-
February, 2017	= 25%	-do-
March, 2017	= 15%	-do-

In the event of failure to deliver Custom Milled Rice, within stipulated period, the miller, as a penal provision, shall be liable to pay interest @ 12% for delayed period on the delivery of CMR from the date it becomes due till the date of realization towards the left over quantity/stocks of Paddy.

In the event of failure of the due delivery of CMR by the rice miller against the paddy issued, the miller shall be liable to pay the cost of short quantity of rice @110% of rates of CMR fixed by the Govt. of India, alongwith interest @ 12% p.a. on the actual payable amount from 1st April till the date of actual payment. However the waiving off the penalty is not appealable .

8. The Miller/Second Party shall get the entire stocks of paddy and rice duly insured. In case of his failure to do so, he shall be responsible for all consequences/damages arising on this account.

9. For ensuring orderly milling operations, the Miller/Second Party agrees to furnish any other information as may be demanded by the First Party from time to time.

10. The Miller/Second Party agrees to shell/process the paddy at the rates fixed by the Government of India from time to time. The terms shelling /processing shall include all operations related to or co-incident to the process of milling of paddy and which shall also include the following operations:

- (i) Drying of paddy stocks.
- (ii) Katai of paddy bags before de-husking.
- (iii) De-husking of paddy stocks.
- (iv) Filling of bags of rice prior to dara-making.
- (v) Dara-making of rice bags and filling/sewing of bags with double line machine stitching.
- (vi) Transportation charges for transportation of paddy from mandis / purchase centre to mills and for rice from mills to FCI godowns will be payable on the basis of the rates fixed by the District Collectors of the State or FCI's rate whichever is lower from 0 KM onwards for the actual distance .

- (vii) Transportation of milled rice to railway station and loading into wagons, inspection, weighment and sampling as per directions of the first party/FCI.
 - (viii) Transportation of milled rice to the storage point of the First Party/ Agency and Food Corporation of India including those of hired godowns as per directions of the First Party/FCI, unloading of trucks and delivery after inspection.
 - (ix) Weighment, sampling at scale point will be at the cost of the Miller/Second Party.
 - (x) Delivery of A-note, weight checks memo and other relevant documents for claiming payment from Food Corporation of India.
 - (xi) The Miller/Second Party shall stitch a raxin slip/canvas slip with each bag-bearing name of the mill/ Centre/ District/ category of rice/ net weight/ contact no. / crop year on the bags.
 - (xii) **Drriage charges will be payable @ 1% of MSP of paddy on raw rice. No Drriage charges will be payable on parboiled rice.**
 - (xiii) **The liability of quality cuts on rice, if any and other deductions made by FCI, shall be that of the miller.**
12. (i) **The Miller/Second Party agrees to pay to the First Party a sum of Rs.7,00,000/- (Rs. Seven lakh only) as security for one tonne capacity; and additional Rs.3,00,000/- (Rs. Three lakh only) for every additional one tonne capacity or proportionately. The security will be obtained in the shape of FDR pledged in favour of the First Party before signing of the agreement. Interest payable by the bank on FDR will be allowed in the miller's/second party account. Provided, further that if the Miller/Second Party performs and completes the contract in all respects and presents a "No Objection Certificate" from officer/official nominated by the First Party for this purpose.**
- (ii) **In addition to the above security, the Miller/Second Party agrees to provide additional guarantee in the shape of MICR cheque drawn in favour of the First Party @ Rs. 50 lakh for each tonne milling capacity. The cheque should be complete in all respect. The name of the firm must be printed on the cheque. The second party is bound not to cancel/alter the cheque without prior written consent of the first party.**
- (iii) The Miller/Second Party agrees to provide two "third party" sureties of Arthias of the same mandi/purchase centre having reliability and good reputation. The reputed Arthias shall stand surety for the loss that may accrue to the First Party by any act of omission and commission of the Second Party under this agreement. The sureties will be held liable jointly and severally for the loss caused to the state exchequer.
- (iv) **The signature on the cheque will be got verified by the miller from his banker .**
- (v) **A certificate must be issued by the miller/second party that the guarantors to the agreement is not his family member.**
- (vi) An additional guarantee from two owner rice mills (operational) would be taken for allotment of paddy for milling to the lessee.
- (vii) Paddy/rice is the property of the procurement agency and any charge on it of the bank/financial institution by the rice miller is a criminal breach of trust, for that the miller will be liable to be prosecuted.
- (viii) An affidavit is to be taken from the miller to the fact that he/she is the owner/lessee of the mill/premises.
13. In case the Miller/Second Party fails or neglects to observe or perform any of his obligations under the contract, it shall be lawful for the First Party/Agency to forfeit the security amount after granting due opportunity and get the work executed at the miller's/

second party's risk and cost. In case loss is caused to the First Party/ Agency, over dues, or damage to its property/ stocks etc., and total losses caused to the state exchequer shall be recoverable as arrears of land revenue from the Miller/Second Party/Sureties. In addition, such Miller and his Mill premises shall be liable to be blacklisted for future.

Provided, further that the Govt. shall be within its right to recover the losses or damages from the millers as well as from the sureties jointly and severally in accordance with law.

14. The delivery of rice by miller will be regulated as under:-

- (i) Minimum 200 tonnes of paddy shall be released by issue of release orders in every period of five days, excluding Sundays and holidays, to the miller having one tonne capacity against receipt of Bank guarantee equivalent to the cost of paddy released or will get the property pledged equal to the cost of paddy. The next lot of paddy shall be released on the actual delivery of rice to FCI. If the miller without delivery of rice from the allotted paddy, mills the paddy of another agency/mill without permission then he will have to give another cheque and sureties separately as per policy. The lease mill will also provide additional Bank guarantee equivalent to the cost of 1/5th of the paddy allotted or pledge his property of equal value. He will also declare his financial assets and liabilities (moveable and immovable).
- (ii) The Miller/Second Party shall not mill paddy without release order. Theft or misappropriation shall tantamount to defalcation and agency will be entitled to initiate civil/criminal action against the miller/ second party. In addition, the Miller/Second Party and the mill premises will also be blacklisted.
- (iii) The Miller/Second Party agrees to mill the paddy kept at any other storage point of the First Party/ Agency by way of mutual consent.
- (iv) The Miller/Second Party shall process the paddy within five days of issuance of Release Order.
- (v) In case, rice miller fails to deliver the CMR of KMS 2016 of the Agency as per the stipulated schedule and the Agency has to shift the Paddy stocks, it would be done at the risk and cost of the miller concerned giving him 7 days notice for this purpose. The miller and his mill premises shall also be blacklisted.

15. (i) The Miller/Second Party agrees to deliver rice to FCI directly as per prescribed quality specifications and in accordance with the out turn ratio so prescribed by the First Party from time to time.

- (ii) The bye-products of the milling operations viz broken rice, rice kanki, rice husk and rice bran etc. shall be the property of the miller/Second Party and in case of losses caused to the first party by the second party, the bye products mentioned above are liable to be confiscated to the first party. The second party (Miller) shall be responsible for payment of any Central or State taxes, duties, levies, cess etc. including any new tax levied by the Government of India/ State wherever applicable on bye products obtained from milling of paddy.

16. The Miller/Second Party shall be entitled to the milling charges after completion of the entire milling operations and satisfactory delivery of rice to the FCI on behalf of the First Party as per rates prescribed by the Government of India i.e Milling charges payable will be @ Rs.10/- and Rs.20/- per quintal of paddy for Raw and Parboiled rice respectively. **In case, milling charges are changed by the Government of India, the millers will get the payment accordingly.**

17. The delivery of rice shall be deemed to have been completed by the Miller/Second Party after the stocks are loaded into wagons or delivered into the godowns as per directions of the authorised/responsible official/officer of the First Party after necessary weighment/inspection and approval of the quantity in accordance with the prescribed procedure of the First Party at the cost of the Miller/Second Party. It will be the responsibility of the Miller/Second Party to supply 'A' note, weight check memo and all other relevant documents to the concerned agency immediately not later than 3 (three) days after the delivery of rice for claiming payment from Food Corporation of India failing which he shall be liable to pay interest @ 12% p.a. for the delayed period. All the expenditure including labour, loading, unloading, any other expenditure etc. incurred in connection with the delivery of rice, shall be borne by the Miller/Second Party. Transportation/cartage charges for transportaiton of rice from mills to FCI godowns will be payable on the basis of the rates fiaxed by the District Collectors of the State or FCI's rates whichever is lower from 0 KM onwards for the actual distance.
18. **Stocks articles (tarpaulin and wooden crates etc) which may be supplied by the procurement agencies to the Rice Millers for proper storage of paddy must be returned progressively to the agency concerned after the liquidation of paddy and rice. In case the miller fails to return the same, procuring agency will claim its costs, along with compound interest @ 21% per annum. In case, procurement agencies fails to provide adequate number of wooden crates and tarpaulins, on the demand of miller, the miller will arrange the same from his own resources for which he will be paid rent for the period of storage of paddy as fixed by the Government of India or Department. The rent will be paid *after production of non availability certificate of stock articles by the Head of Agencies or DFSC of the Department*.**
19. (i) The rice shall be delivered in jute gunny bags of 50 Kg and in accordance with the instructions to be issued by the State Government from time to time.
(ii) The Miller/Second Party agrees to abide by the instructions issued by the First Party in regard to the cost and disposal of the gunny bags used for delivery of paddy/rice.
20. **This agreement shall remain in force till 31.05.2017 or clearance of dues whichever is later. There after, it may be extended at the discretion of the First Party/Agency. However, Government/Agency reserves the following right:-**
 - (a) to terminate the agreement with the Miller/Second Party for shelling of paddy into rice at any time during its period without assigning any reason. In that event, the Miller/Second Party shall render complete accounts of paddy, rice and gunny bags to the First Party, which is in his custody and also return the stocks as per specifications and as per direction of the First Party.
 - (b) to withdraw from the contract, at any time, any milling work in respect of whole or part of the stocks covered by the contract not yet lifted by miller, if he considers, it is necessary to do so. The decision of the Director Food and Supplies, Haryana/Managing Director in this regard shall be final and no claim shall be entertained against the First Party/ Managing Director for any loss or damage suffered or alleged to have been suffered by the Miller/Second Party on account of such withdrawal of the work.
 - (c) to terminate the contract at the risk and cost of the rice miller (having one tonne capacity) if a minimum of 5% of paddy allotted to him is not milled per week and also at liberty to initiate action to get the payments stopped against the deliveries of levy rice.
21. The First Party does not guarantee any definite volume of work relating to shelling of paddy at any time or throughout the period of contract. The mere

mention of any item of work in this contract shall not by itself confer a right on the Miller/Second Party to demand that the work relating to shelling of paddy at a particular centre/mandi should necessarily or exclusively be entrusted to him. The First Party shall have the exclusive right to support one or more millers for any particular centre/mandi and to distribute the work between such millers in any manner that the First Party/Agency may decide and no claim shall lie against the First Party/Agency for such withdrawal/distribution of work.

22. **In case of death of owner of rice mill, the guarantors/sureties or their legal heirs/successors /assigns shall inherent assets and liabilities of the deceased.**
23. The Director Food and Supplies, Haryana/Managing Director of the Agency shall be at liberty and have right to relax any clause of the agreement in case of genuine emergency after recording reasons in writing.
24. Any deviation from these clauses shall be considered breach of the agreement, which will entitle the First Party to take suitable remedial action in terms of this agreement and as per law.
25. Food Corporation of India (FCI) shall provide space for delivery of Custom Milled Rice to the Rice Millers in proportion to the paddy allotted to them by the procurement agencies for custom milling of paddy procured by them under Minimum Support price (MSP) Scheme of the Government of India. For this FCI at district level (revenue district Haryana) will issue linkages of Rice Millers with storage points, in consultation with all the procurement agencies by the end of October, 2016. The concerned District Food and Supplies Controller will submit month wise requirement of space in the storage points mentioned above in consultation with all the procurement agencies in the district (including FCI) in the first week of November, 2016. **The schedule circulated will take care of entire delivery of CMR by 31-03-2017.** In case, FCI due to space crunch, loading of specials, paucity of staff or strike of staff or labour in FCI, will issue certificates stating clearly the time period for which it was not able to offer space or accept delivery of rice. **This certificate should be issued in the same month and should be counter signed by the Area Manager FCI of the District.** On the basis of these certificates district heads of procurement agencies or department will pass speaking orders in respect of the penal provision with regard to late delivery of CMR. In case, where FCI has not given such certificates and the facts clearly establish that delay is not on the part of the rice mills, district heads of procurement agencies will send a comprehensive detail of facts to their headquarters and with the permission/approval of headquarters will pass speaking orders. However, in case where delay is attributable to rice mills penalty in the form of penal provision shall be enforced
26. All the minor disputes and differences arising out of interpretations or in any manner touching or concerning this agreement whatsoever (except as to any matter the decision of which is expressly provided for in the contract) shall be referred to the sole arbitrator of the Director Food and Supplies, Haryana/Managing Director of the Agency or any person appointed by them in this behalf. There will be no objection to any such appointment that the person appointed is or was an employee of Food and Supplies Department, Haryana/Agency and he had expressed views on all or any of the matter in dispute or difference. The award of such arbitration shall be final and binding on both the parties to this contract. It is a term of this contract that in the event of transfer, vacation of office or being unable to act for any reason of a person appointed as an arbitrator by the Director Food and Supplies, Haryana/Managing Director at the time of such transfer, vacation of office, death or inability shall appoint another person to act as an arbitrator. Such a person shall be entitled to proceed with reference from the stage where it was left by his predecessor.

Provided that any demand for arbitration in respect of any claim(s) of the Miller/Second Party, under the contract shall be in writing and made within one

year of the date of completion or expiry of the period of contract. If the demand is not made within the period, the claim(s) of the Miller/Second Party shall be deemed to have been waived off and released of all liabilities under the contract in respect of these claims. The cost for and in connection with arbitration shall be the discretion of the arbitrator who may make suitable orders in his award.

Subject as aforesaid, the Arbitration and Conciliation Act, 1996, shall apply to the arbitration provided under this clause. However, the cases of fraud, theft or misappropriation etc. on the part of Second party are not covered under this clause and in such cases legal proceedings as deemed fit will be initiated by the First party against the Second party as well as against the sureties.

IN WITNESS WHEREOF both the parties have subscribed their respective hands and signed this agreement on these presents on the place, date, month and year first above-mentioned in the presence of the following witness:-

Signature_____ Name_____ Date_____ Designation_____ for & on behalf of the Governor of Haryana (First Party) Signature_____ Name_____ Date_____ Miller/Second Party	(1)	Witness: Signature_____ Name_____ Date_____ Designation_____
	(2)	Signature_____ Name_____ Date_____ Designation_____
Signature_____ Name_____ Date_____ Surety No.1 Signature_____ Name_____ Date_____ Surety No.2	(1)	<u>Witness:</u> Signature_____ Name_____ Date_____ Designation_____
	(2)	Signature_____ Name_____ Date_____ Designation_____

Annexure-1

Form of Provisional Registration

1. Name/Location of the mill
2. Correspondent Address
3. Permanent Address
4. Detail of the partners and their addresses (Separately for each Partner)
5. PAN No. of all partners (photo copies to be supplied)
6. Capacity of the rice mill(along with detail of machinery) and whether the mill is raw or par-boiled rice mill
7. Income Tax Return for last five years (Individually of partners)
8. Connected load of the rice mill
9. Detail of liabilities, whether a partner/owner/lessee of a defaulter rice mill (Give affidavit duly attested)
10. Proof of electricity connection in the name of the mill (copy of the latest bill be enclosed)
11. If a new rice mill, copy of Registration documents/Bills of the machinery installed and attested of the approved map of the rice mill
12. If a new rice mill, a certificate from HVPN that the electricity connection is functional
13. Whether the mill is in litigation with any agency, if yes, give detail thereof

**Signature & Stamp
of Rice miller**

.....
For office use only
Report of PR Inspector In-charge

**Signature & Stamp of
PR Inspector Incharge**

Accepted Provisional Registration/Rejected Provisional Registration because

.....
.....
.....
.....

**Signature & Stamp of
District Food & Supplies Controller**

Annexure-II

Physical Verification Report of Paddy given to the Rice Miller for Custom Milling

Ending period -----

Name of District-----

Name of Centre -----

1. Name and address of the Rice Miller
2. Date of last Physical Verification
3. Opening stock of leviable paddy given for custom milling
4. Paddy given for custom milling during fortnight
5. Total Paddy(Column No. 3+4)
6. Rice Produced during fortnight
7. Rice delivered to FCI during Fortnight
8. Balance rice if any
9. Balance paddy alongwith number of stacks with the miller at the time of Physical Verification
10. Balance paddy with the miller as per stack report godown register (PR-6)
11. Difference if any with justification

Signature of IFS/SIFS/AFSO

Signature of Miller/owner

Countersigned by DFSC