

## **“Departmental Storage System” a concept note**

### **1. Background**

In pursuance of Wadhwa Committee recommendations, Government of Orissa has taken in principle decision to abolish private storage agency system. The issue of stock to retailers shall be done through departmental operation. To achieve this following measures have been proposed -

- a) Converting existing Rice Receiving Centres (RRC) to Departmental Storage Centre (DSC) replacing Private Storage Agents. Commodities will be distributed from these DSCs to Fair Price Shops.
- b) Reorganising staffing at Rice Receiving Centre-cum-Departmental Storage Centres for effective business operation.
- c) Organising first level transport mechanism for effective inter-district and inter-warehouse transportation of commodities.
- d) Also organising second level of transport mechanism for door step delivery of commodities from DSC to Fair Price Shops.

The important issues are explained below. It is requested to go through these issues carefully and give your feedback during the Video Conference on 25.7.2011 and also in writing.

### **2. Rice Receiving Centres (RRC)-cum-Departmental Storage Centres(DSC)**

- RRCs will be used as Departmental Storage Centres.
- DSCs will receive rice from Custom millers of the district in such a manner that requirement of rice stock is met locally. In rice deficit districts, the rice will be transported through inter-district transport contractors appointed by OSCSC Head office.
- Rice will also be lifted from FCI depots situated within the district or nearby district through Transport Contractors.
- Wheat will be lifted from FCI depots through Transport Contractors.
- Sugar will be lifted from Zonal Sugar depots situated at Bargarh, Berhampur, Balasore, Mancheswar and Raygada through Transport Contractors.
- In RRC-cum-DSC 80% of space will be utilised for rice, 15% for wheat and 5% for sugar.

### **3. Tagging of RRC-cum-DSC to Blocks / ULBs**

- RRC-cum-DSC shall be tagged to Blocks/ULBs depending upon the capacity of RRC and monthly allotment of foodgrains to Block/ULB.
- On an average one RRC can be utilised for 150% of its capacity with reference to monthly requirement of Block(s) it is supposed to feed.
- Depending upon its capacity one RRC can cater to the needs of more than one Block/ULB.
- Tagging arrangement was discussed in the CSO conference held on 06.07.2011 at Bhubaneswar. Accordingly CSOs have suggested tagging arrangement for their districts which has been circulated to all Collectors vide letter no. 13111 dated 20.07.2011 for giving their feedback.

#### **4. Arrangement in Gap area.**

- Blocks/ULBs which cannot be tagged to existing RRCs shall be treated as gap areas.
- In the gap areas, suitable godowns of Government agencies or private parties are to be located.
- Analysis reveals that in most of the gap areas, godowns have been identified and in most places more than one godown with less capacity have been located.
- The arrangement suggested for gap areas has also been intimated to the Collectors on 20.07.2011 for their feedback and improvement, if any.
- OSCSC approved rate for hiring of godowns is Rs. 2.90 per Sq. Ft. per month. CSO-cum-District Manager of the district may be empowered to hire at this rate. Where the rate of hiring is more than the Corporation approved rate, it is suggested to negotiate with the godown owner. The following committee may be formed to negotiate and finalise the godowns in gap areas.

An officer nominated by Collector (Not below the rank of ADM)	Chairman
Executive Engineer, PWD	Member
BDO/Executive Officer of ULB	Member
CSO-cum-District Manager, OSCSC Ltd.	Member Convenor

#### **5. Tagging of RRCs-cum-DSCs to Custom Millers**

- Custom millers of the district, participating in procurement on behalf of OSCSC Ltd. shall be tagged to RRCs-cum-DSCs.
- This tagging shall be done on the basis of capacity of RRC and rice to be received from custom miller.
- One custom miller can be tagged to more than one RRC.
- Custom millers of nearby area shall be tagged to RRC to save transportation cost.
- Movement of rice from big RRCs to small RRC-cum-DSC shall be minimum to avoid double handling.

#### **6. Inter district & Inter RRC Stock Transfers**

- Movement of rice from surplus districts to deficit districts shall be through Transport Contractors appointed by OSCSC Head office.
- Movement of rice from big RRCs to small RRC-cum-DSC / lifting of rice & wheat from FCI depots / lifting of sugar from zonal depots to RRCs-cum-DSCs shall be done through Transport Contractors appointed by district administration.

#### **6A. Transportation of rice, wheat & sugar & Door Step Delivery to retail points.**

- For door step delivery from RRC-cum-DSC to retail points Transport Contractors will be appointed by district administration.
- The information provided by FPS retailers in Online Registration during July'11 shall be used to finalise the Route Chart so as to achieve maximum efficiency in moving stocks to doorsteps.

For retail counters which are inaccessible a committee headed by District Collector will fix the rates for transportation through tractor, motor boat and head load etc.

**7. Handling of stock at RRC-cum-DSC and Retail points.**

- Custom miller delivering stock at RRC will be responsible for unloading, weighment and stacking of stock inside the godown.
- Transport Contractor shall be responsible for unloading, weighment, stacking, breaking the stack, loading to vehicle while delivering to or taking the stock from RRC.
- Transport Contractor shall be responsible for unloading the stock from vehicle at retail point.

**8. Weighment of stock at RRC-cum-DSC and Retail point.**

- Stock shall be weighed at the time of receipt and issue where weighbridges are available in the RRC-cum-DSC.
- The OSCSC Ltd. will utilise the services of private weighbridges if it is situated within 05 KM of RRC-cum-DSC.
- The cost of weighment shall be borne by the Transport Contractor and he shall quote the rate in the tender accordingly.
- In case where there is no weighbridge facility the stocks shall be issued on 10% weighment of sample bags.
- While issuing the stock for door step delivery the retailers will be intimated in advance to remain present in the RRC-cum-DSC at the time of weighment of stock. The sample bags from weighment shall be selected by the retailers. In absence of retailer the sample bags will be selected by the Transport Contractor. If retailer does not remain present during weighment then Transport Contractor will deliver the stock at the retail point on 10% weighment of sample bags to be selected by the retailers. The cost of 10% weighment at the retail point shall be borne by the Transport Contractor.
- If any retailer demands 100 % weighment of stock at the retail point, then Transport Contractor shall make the 100% weighment. However, the labour for such weighment and weighing scale required for the weighment will be arranged by the retailer at his own cost.
- The Transport Contractor will not be allowed any transit and handling loss. The shortage if any will be recovered from his bills.

**9. Preparation of Route Chart for Transportation**

- OSCSC Ltd. intends to invite tenders for door step delivery to retail points on the basis of per quintal only i.e. Transport Contractor will quote a single rate of transportation to all retail points within the block / ULB irrespective of distance.
- District Administration is to prepare route chart for the transportation to retail points in such a manner that maximum stock is transported at minimum cost. Different route charts have to be prepared keeping in view the following principle.
  - i. Rice can be transported alone as it is to be distributed on fixed days.
  - ii. Wheat is to be transported along with rice only.
  - iii. Sugar is to be transported along with rice or rice & wheat.

**10. Payment by Retailers.**

- Retailer may deposit economic cost of rice, wheat & sugar for one month quota as security deposit in shape of fixed deposit pledged in favour of District

Manager, OSCSC Ltd. ( economic cost of rice is Rs. 1987/- per quintal, sugar is Rs. 1885/- per quintal and wheat Rs. 700/- per quintal)

Such retailer will be allowed to lift one month quota on credit basis. For lifting of quota of subsequent month they have to deposit the cost of stock at consumer price i.e. Rs. 200/- per quintal for rice, Rs. 700/- per quintal for wheat and Rs. 1350/- per quintal for sugar by 24<sup>th</sup> of the preceding month of the allotment month in shape of bank draft drawn in favour of District Manager, OSCSC Ltd.

- Retailers not availing the above option will have to deposit the cost of stock at consumer price by 24<sup>th</sup> of the preceding month of the allotment month in shape of bank draft drawn in favour of District Manager, OSCSC Ltd.
- The retailer commission will be fixed as per quantity transacted by a FPS Dealer.

#### **11. Tagging of retailers in case of non deposit of cost.**

- If any retailer fails to deposit the cost by 24<sup>th</sup>, the BDO / Executive Officer of the ULB shall be informed by the RRC in-charge. The BDO / EO shall tag the centre to nearby retailer with the direction to deposit the cost by 30<sup>th</sup> of the month.
- District administration has to review the position of deposit of cost by the retailer on regular basis and take remedial action against the defaulting retailers.

#### **12. Manpower deployment.**

The manpower will be deployed at the following scale :

	<b>Type of RRC-cum-DSC</b>	<b>Manpower</b>
1	CWC/OSWC managed catering one block and ULB	<ul style="list-style-type: none"> <li>▪ One Sales Assistant-cum-Data Entry Operator (Contractual)</li> </ul>
2	CWC/OSWC managed RRC catering to more than one block & ULB	<ul style="list-style-type: none"> <li>▪ One Procurement Inspector (Regular)</li> <li>▪ One Sales Assistant-cum-Data Entry Operator (Contractual)</li> </ul>
3	RRC managed by OSCSC Ltd. having capacity of 500 MT & above	<ul style="list-style-type: none"> <li>▪ One Procurement Inspector (Regular)</li> <li>▪ One Sales Assistant-cum-Data Entry Operator (Contractual)</li> <li>▪ One Dusting Operator (Outsourcing)</li> <li>▪ One Sweeper (Outsourcing)</li> <li>▪ Three Security Guards (Outsourcing)</li> </ul>
4	In blocks where more than one RRC-cum-DSC will be required due to non availability of suitable godowns of required capacity	<ul style="list-style-type: none"> <li>▪ One Procurement Inspector (Regular)</li> <li>▪ One Sales Assistant-cum-Data Entry Operator (Contractual)</li> <li>▪ One Dusting Operator (Outsourcing)</li> <li>▪ One Sweeper (Outsourcing)</li> <li>▪ Three Security Guards (Outsourcing)</li> </ul>
		For each additional godown three security guards shall be deployed on outsourcing basis.
		The stock will be received and issued on fixed days at each godown on rotation basis.