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AGRICULTURE DEPARTMENT

NOTIFICATION

The 1st May 2015

SUB :—Constitution of Corpus Fund for Odisha State Co-operative Marketing Federation (OSCMF) Ltd. and Odisha Agro Industries Corporation (OAIC) Ltd.

Objective No. 6654—INP(F)-12/2015-Ag.—The State Cabinet in their 10th meeting held on the 31st January 2015 have approved the proposal to constitute two numbers of “Corpus Fund” for Odisha State Co-operative Marketing Federation (OSCMF) Ltd. and Odisha Agro Industries Corporation (OAIC) Ltd. to enable these institutional agencies to carry-out the business in a sustainable manner with the following objectives :—

- (i) Pre-positioning of fertilisers to meet the requirement of the farmers
- (ii) Availability of fertilisers in all corners of the State
- (iii) Availability of fertilisers at right time and right price.

Constitu-
tion of
Corpus
Fund **2.** Accordingly, two numbers of “Corpus Fund”, i.e. one each for Odisha State Co-operative Marketing Federation (OSCMF) Ltd. and Odisha Agro Industries Corporation (OAIC) Ltd. are hereby constituted for purchasing fertilizers from the Manufacturers/ PHAs’.

Contribu-
tions to
the fund **3.** Funds provided/to be provided (Rs. 75.00 Crore for OSCMF Ltd.+Rs25.00 Crore for OAIC Ltd.) under Demand No. 23-6401-Loans for Crop Husbandry-State Plan-State Sector-105-Manures & Fertilizers in the Budget Estimate each year shall be released as interest-free loan in favour of the respective organizations and the same amount shall be transferred to the designated Escrow Account of the organizations to be opened either in a Nationalized Bank or in the Odisha State Co-operative Bank soon after loanee organization execute a Loan Bond as outlined in the Finance Department Office Memorandum No. 6940-F, dated the 20th March 2015. The Escrow Account shall be opened as per the Escrow Mechanism prescribed vide Finance Department Resolution No. 11311-F, dated the 19th March 2004.

Adminis-
tration of
the loan
Account

4. (a) The Agriculture Department shall sanction the amount from the Budget Provision made/to be made each year under Demand No. 23-6401-Loans for Crop Husbandry-State Plan-State Sector-105-Manures and Fertilizers and transfer the same to the respective Escrow Accounts maintained in the designated Banks of the relevant organizations by due date (i.e. by March every year).

Simultaneously, after recovery of the amount through designated Banks, Agriculture Department will take immediate steps for refund back of the interest-free loan to Government by transfer credit to the same head of account, i.e. *6401-Loans for Crop Husbandry-State Plan-State Sector-105-Manures and Fertilizers* by due date (i.e. by 31st January of the next financial year).

(b) The Agriculture Department and the Director of Agriculture & Food Production, Odisha shall ensure :—

(i) the Execution of the Tripartite Escrow Agreement among the Director of Agriculture & Food Production , Odisha, borrowing organizations and designated bankers in respect of the operational modalities of the fund;

(ii) drawal of the loan amount and transfer the amount to the Escrow Accounts of the respective organizations;

(iii) recovery of the loan amount and deposit the same in Government Account;

(iv) monitor the loan account at regular intervals and submit quarterly and annual return to Government in Agriculture Department by due date;

(v) maintenance of the ledger account of loan as prescribed vide F.D.O.M. No. 6940-F, dated the 20th March 2015;

(vi) timely reconciliation of loan account with office of the Accountant General (A & E), Odisha.

Adminis-
tration of
the Fund

5. The Managing Director/Chief Executive of the respective organizations shall ensure smooth operation of the Corpus Fund. He/She will also ensure:—

(i) all receipts and payments to/from the fertilizer manufacturers/ suppliers, PACS/LAMPS/ Dealers are routed through the Escrow Account

(ii) repayment of loan amount to Government by due date.

Account-
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transac-
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and
Opera-
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Modali-
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Escrow
Account

6. The salient features for operation of the Escrow Accounts are given below:—

(i) The Director of Agriculture & Food Production, Odisha is the Nodal Officer in respect of all Corpus Funds and shall monitor the proper utilization and overall operation of the funds.

(ii) The bankers shall implement an efficient online fund management system for proper monitoring of the Fund/Escrow Account.

- (iii) The details of the Bank Account of the Manufacturers/PHAs' supplying fertilizers to the respective organizations will be collected and entrusted to the Banker.
- (iv) as the Corpus Fund is to be used only for purchase of fertilizers from the Manufacturers/PHAs' the banker will allow funds from the Corpus Fund/Escrow Account to be released only to the specific accounts of the Manufacturers/PHAs'
- (v) The banker will be authorized to release funds directly to the accounts of the Manufacturers/PHAs' on receipt of instructions from the managing Director of the respective organizations.
- (vi) A copy of the Managing Director's letter will also be marked to the Director of Agriculture & Food Production, Odisha for information and record.
- (vii) The banker will directly transfer the money to the accounts of the fertilizer suppliers/ supplying agencies and will submit consolidated report on the last day of every month to the concerned organizations/Director of Agriculture & Food Production, Odisha respectively.
- (viii) The OSCMF Ltd. and OAIC Ltd. will sell fertilizers through the Co-operative Societies/ PACS/LAMPS Dealers network respectively and the entire sale proceeds will be directly deposited in the Escrow Account enabling the fund to be replenished fully by due date.
- (ix) The respective organizations will not be allowed to collect the sale proceeds from its dealers in any account except the Escrow Account.
- (x) The organizations will not be allowed to transfer funds from this Corpus Fund/Escrow Account to any other account or person except to the specified accounts of the manufacturers/supplying agencies.
- (xi) The interest accruing from this Corpus Fund will also form a part of the Funds and will be retained in the Escrow Account to be built up over a period of time. It shall, however, be available to the OSCMF Ltd. and OAIC Ltd. exclusively for fertilizer business.
- (xii) The Corpus Fund will be fully replenished completely by 15th January every year to touch the principal amount in that account to ensure repayment of principal to the Governemnt within the stipulated time. The responsibility for replenishing the fund lies solely with the respective organizations. Unless the fund is fully replenished, the Banker will not allow the organizations to use the fund for any further transactions.
- (xiii) the banker may transfer the surplus funds excluding interest accrued as on the 1st February to OSCMF Ltd./OAIC Ltd. on the request of the respective organizations.

ORDER—Ordered that this Notification be published in the *Odisha Gazette*.

By order of the Governor
RAJESH VERMA
Principal Secretary to Government