



भारतीय कपास निगम लिमिटेड
THE COTTON CORPORATION OF INDIA LTD.

(भारत सरकार का उपक्रम)

(A Government of India Undertaking)

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**TERMS AND CONDITIONS FOR SALE OF FP COTTON BALES BY CCI
THROUGH e-AUCTION TO INSTITUTIONAL BUYERS, PRIVATE MILL
BUYERS & MSME MILLS FOR COTTON SEASON 2016-17**

The quotes received from H-1 bidder will be placed before the Purchase & Sales Committee and the decision on the bid will be conveyed to the H-1 bidder on the same day through e-mail / fax. The bid once made in e-auction will not be cancelled and shall be binding on the Bidder, therefore, the Buyers should take all precautions for bidding carefully particularly the bid rate. No change in variety/grade will be accepted from the bidder once the bid is made in e-auction.

The Corporation reserves its right to accept or reject all or part of the bid.

1. DEPOSIT MONEY:

a) The Successful bidder – H-1 (Buyer) shall pay within five days excluding the date of contract, a minimum amount of 15% of the value of cotton towards deposit for sale quantity upto 2999 bales and 20% of the value of cotton towards deposit for sale quantity of 3000 bales and above. However, if H-1 Bidder is registered as MSME unit then it will have to pay a minimum amount of 10% of the value of cotton towards deposit for any sale quantity instead of above.

If Buyer fails to pay deposit within five days excluding the date of contract, their participation in the e-auction shall be blocked without any intimation.

b) Buyer's failure to deposit advance value of the contracted cotton within the stipulated time shall make the contract liable for cancellation at the option of the Seller and the Security Deposit for registration will be forfeited.

c) For deliveries under GSF, Buyer mills have to deposit additional 10% as advance, which shall be used towards payment of sales tax and other incidentals.

d) The said amount will be adjusted proportionately after retaining required amount as per **Clause No.7** with each delivery and shortfall, if any, will be made good in such a manner that ___% of the value of all the contracted cotton remaining to be delivered under different indents will be maintained at all the time till the entire contracted cotton is lifted.

e) In case of lifting of bales from GSF, interest benefit on 80% of the proportionate deposit of lifted bales will be allowed at the rate of 7.0% p.a. only which is after deduction of Central Sales Tax (subject to change if any). In case VAT is applicable @ 4%/5%, interest benefit will be given only on balance 60%/50% of the deposit, as the case may be.

f) Interest benefit on proportionate deposit of lifted bales will be allowed at the rate of 7.0% p.a. from the date of realization of deposit till adjustment on delivery.

However, for the deposit amount retained against pending 'C' forms, the interest shall be payable for the period as stated in **Clause No.7**. The interest credit shall be passed on to the Buyer only after completion of Indent.

2. SELECTION OF THE CONTRACTED COTTON:

The CCI shall offer the bales (lots) simultaneously with sales confirmation/contract.

The Buyer or its representative shall select the cotton under this contract within a period of 15 days from the date of sale confirmation irrespective of quantity purchased.

The quantity offered shall be 120% of the contracted quantity to enable Buyer to complete selection. If the contracted quantity is less than 1000 bales, the Buyer has to make 100% approval without any shortfall and for quantity exceeding 1000 bales, a minimum 90% of the contracted quantity has to be selected and approved.

In case the buyer does not select the minimum required quantity as above then the buyer is required to submit its test results to the supplying branch for verification except for normal variation. If the test results of the buyer are below the indicated parameters, then the joint samples are to be drawn within 3-5 days and sent for testing in such independent lab nominated by CCI. If the test results of independent lab are normal as per the indicative parameters then buyer has to complete the selection from these lots only and no further samples would be offered to the buyers for selection, otherwise such bales will be resold at the risk and cost of the buyer.

However, if the joint sample test results are below the indicative parameters then the buyer shall be offered further samples for selection to the extent of 120% of the un-approved quantity subject to the availability of lots and the buyer shall complete the selection.

The Buyer or its authorized representative should fully satisfy itself before completing selection. Selection once made as per the indicated quality parameters shall be final and no dispute, whatsoever, regarding quality shall be entertained in respect of the cotton selected.

Buyers' failure to complete selection within the selection period shall make proportionate Deposit Money liable for forfeiture and contract liable for cancellation to the extent of unapproved quantity at the option of the Seller.

Since the cotton is an agricultural commodity and hygroscopic in nature, therefore the quality parameters of the FP bales offered for sale in e-auction are indicative only and may vary $\pm 2\%$. The Buyers may take note of the above normal variation while completing the selection.

3. FREE PERIOD: -

The total free period will be 45 days from the date of contract irrespective of the quantity purchased.

4. WEIGHTMENT, DELIVERY AND PAYMENT TERMS:

Buyer shall be entitled to a free delivery period to take delivery of the contracted cotton against full payment of cotton value and taxes, as detailed hereunder:-

- a) _____ days from the date of contract.
- b) _____ days from the date of intimation of readiness of cotton bales.

100% weighment of bales shall be carried out at spot at the time of delivery in the presence of the Buyer's representative/controller and such weighment shall be final and binding. In case of advance payment by the Buyer, the payment shall be worked out for weight calculated at the rate of 48 candies per 100 bales for all Southern Branches and 47 candies per 100 bales for Central and Northern Branches. All sales shall be on spot basis & expenses after weighment, shall be on the Buyer's account.

The Buyer shall make all payments in crossed A/c Payee Demand Drafts, Pay Orders, Banker's Cheques in favour of the Corporation or by means of Electronic Fund Transfer in Bank Account of the Corporation only. In case of payment by cheques, or through Electronic Fund Transfer delivery shall be allowed to take place only on confirmation of realization of payment in the Seller's account.

The Buyer has to effect payment and take delivery of bales within the free period given from date of contract/date of confirmation. In case of failure on the part of the Buyer to do so, the contract is liable to be cancelled at the option of the Seller. In the event of such a cancellation, the Seller shall be entitled to resell the entire or balance quantity thereof, at any time and in any manner it deems fit and at the same time, reserving its right to recover any damage/losses sustained by such resale.

5. CARRYING OF COTTON:

Without prejudice to the provisions stated above, the seller may carry or hold cotton on behalf of the Buyer beyond free delivery period, subject to Buyer complying with the following conditions:

a) The Buyer shall make a request to the seller to carry cotton on its behalf, before expiry of free delivery period or give lifting schedule for the balance unlifted quantity, but within the maximum carrying period of 45 days after expiry of free period. The Buyer shall also deposit advance carrying charges for unlifted quantity at specified rate for intended period of carrying cotton as permitted under the contract.

b) The rate of carrying charges shall be as mentioned hereunder:
@ 1.35% per month for first 30 days and thereafter @ 1.55% per month per 30 days till the delivery of cotton. The amount of carrying charges shall be calculated on monthly rest basis. Till payment of the price of the bales to be delivered is fully realized, carrying charges as per the aforesaid rates shall be chargeable.

c) Notwithstanding the above conditions and without any prejudice thereto, the Seller may carry cotton or any part thereof on behalf of Buyer for a maximum period of 45 days after the expiry of free period at the entire discretion of the Seller subject to the condition that Buyer shall pay additional 15% deposit alongwith carrying charges. If payment is not made and delivery not taken within maximum allowable 45 days period after free period, under such circumstances the contract shall stand automatically

cancelled without any notice to the Buyer and the said deposits and advance payment made towards carrying charges or other payment if any shall be forfeited by the Seller.

d) In the event of a default, the Seller may resell the cotton at any time and in any manner it deems fit and recover the balance losses/damages from the Buyer, if any, sustained in such a resale, inclusive of price difference, carrying charges and interest. The provisions under this contract with respect to a breach of the contract shall be invoked and operated automatically without any need for a notice from the Seller to the Buyer.

e) The business dealings with Buyers shall be banned till the losses on resale are made good out of this contract by the Buyer.

6. LATE LIFTING CHARGES:

If after making payment of the value of cotton sold under this contract, the Buyer does not take physical delivery of cotton within 15 days from the date of making payment, the Buyer shall be liable to pay late lifting charges @ 0.75% per month per 30 days from 16th day of payment of such unlifted stock till the delivery of cotton is taken, the cotton shall lie at the risk and liability of the Buyer.

7. SALES TAX / VALUE ADDED TAX (VAT) :

The Buyer shall pay Sales Tax/VAT on the value of cotton as per existing act or as per GST act if implemented at the rate applicable on the date of taking delivery. Buyer registered under the relevant Sales Tax Act shall furnish necessary 'C' forms/Declarations within 60 days after the end of the quarter in which deliveries are taken (subject to change, in case change in CST Act/Rules). Till such time the 'C' forms are received from the buyer, 2%/3%(as the case may be) amount out of the deposit received from the buyer (except Cooperative Spg. Mills) will be retained by the seller. In case, if 'C' forms are not submitted within the stipulated period, no interest will be paid on retained deposit for the delayed period of submission of 'C' forms.

8. INTEREST:

The rate of interest on deliveries under clean credit, L/C and against Bank Guarantee will be 14% per annum, on monthly rest basis.

9. PENAL RATE OF INTEREST:

Penal Interest on overdue UB, L/C and Bank Guarantee will be charged @ 16% per annum on monthly rest basis.

10. TERMS FOR BALES UNLIFTED FROM GSF FOR MORE THAN 30 DAYS :

In case the Buyer is granted GSF facility and the bales remain unlifted for more than 30 days from the date of receipt of bales in GSF godown, service charges @ Rs.20/- per bale for each 30 days will be charged from the Buyer. In case of part of month Rs.10/- per bale for the period of 15 days or less and Rs.20/- per bale for more than 15 days upto 30 days will be charged from the Buyer.

11. PROCESSING CHARGES IN CASE OF DELIVERY AGAINST L/C AND ITS DISCOUNTING.

The Seller shall charge processing fees on each L/C discounted @ 0.10% of its value or Rs.200/-, whichever is higher.

12. ARBITRATION:

In case of any dispute or difference arising out of or in relation to the contract, except any dispute regarding the quality of cotton which is specifically excluded under clause 2 of the terms and conditions, will be referred to an Arbitrator (other than an employee of the Seller) to be appointed by the Director (Marketing) or the Director (Finance) of the Seller and the decision of the arbitrator shall be final and binding upon the parties hereto. The Arbitration will be governed by the provisions of the Arbitration and Conciliation Act, 1996 or any statutory amendments or re-enactment thereof.

13. FORCE MAJEURE:

a. Should any circumstances beyond the control of the Seller such as natural calamity, strike, riot, elements, war, quarantine, fire or any act of circumstances of force majeure, the contract shall be cancelled to the extent of damage/destruction/shortfall arising due to the above causes. The Seller shall intimate quantum of such shortfall to the Buyer within 30 days. The Buyer hereby categorically agrees to such cancellation of shortfall quantity and shall neither have recourse to any action, legal or otherwise, nor demand any compensation in respect thereof.

b. However, in respect of contracts, where advance payments in the account of seller has been received in respect of bales approved, the claim as settled by the Insurance Company on account of fire damages shall be passed on to the Buyers and in all such cases, the contracted quantity will be reduced to the extent of fire damage.

14. OTHER TERMS

a)

	Terms	Rate
1	Where Buyers request for samples to be sent to them for approval instead of going to spot for selection	Rs. 200/- per lot of 100 bales or part thereof
2	Request from the Buyer for allowing appointment of Muccadam for lifting of bales on its behalf	Rs. 1000/- per lot of 100 bales or part thereof
3	Request from the Buyer for conversion of sales from CST to VAT and vice-a-versa	Rs. 5000/- per contract

b) Where the Buyer requests to include the name of its Broker in the sale then Rs. 50/- PC will be added to the sale price of that Buyer. The Corporation will pay brokerage @ Rs.23/- per bale after successful performance of the sale contract.

15. POWER TO AMEND RULES

The Corporation reserves its rights to amend, alter, modify or change any of the terms and conditions looking to the availability of stocks, credit worthiness and past performance of the Buyer etc.

16. The duplicate copy of the contract duly signed by the Buyer be returned within 7 days from the receipt of the contract in token of confirmation of all the terms and conditions of the contract. If signed copy is not received within stipulated time, the contract shall be treated as accepted and confirmed by the Buyer.

