

**THE COTTON CORPORATION OF INDIA LIMITED.**  
**CBD BELAPUR, NAVI MUMBAI.**

**TERMS & CONDITIONS FOR SALE OF FP BALES TO  
INSTITUTIONAL AND PRIVATE MILL BUYERS FOR  
COTTON SEASON 2009-10 UNDER DEPOT SALES  
SCHEME.**

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1. The Depot Sales Scheme shall be applicable to textile Mills situated in Tamil Nadu.

2. **SALE PRICE:**

The price fixed for sale of cotton bales under Depot Sales Scheme shall be the same that are fixed for spot sales plus 2% in lieu of CST. Expenses like transit insurance, handling charges, transportation charges from dispatch Branch to Depot and any other levy in Tamil Nadu shall be recovered from the Buyer on actual basis.

3. **DEPOSIT MONEY:**

- a) The existing buyers shall pay within 10 working days from the date of contract, a minimum amount of Rs. 500/- per bale towards Deposit. The said amount will be adjusted proportionately with each delivery and shortfall, if any, will be made good in such a manner that Rs.\_\_\_\_ per bale 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. 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.
- b) However, the new Buyers who are approaching CCI for the first time will be required to pay a minimum amount equivalent to Rs. 1000/- per bale towards Deposit.
- c) Interest benefit on proportionate deposit of lifted bales will be allowed at the rate of 6.50% p.a. from the date of realization of deposit till adjustment on delivery.

4. **SELECTION OF THE CONTRACTED COTTON:**

The Buyer or its representative shall select the cotton under this contract within three days from the date of offering, however, such selection shall be prior to the date of delivery of the cotton. The CCI shall offer the bales within specified period as under:

	<b>Sale Quantity</b>	<b>Offering Period</b>
I.	Upto 599 bales	Within 5 days from the date of Contract
II.	600 bales	Within 10 days from the date of Contract

In case bales are not offered within specified period then additional free period will be given proportionately on un-offered quantity. The quantity offered shall be 120% of the contracted quantity to enable Buyer to complete

100% 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.

Since, the Depot Sale scheme is new scheme, initially, individual buyer will be sold upto maximum quantity of 600 bales per day. However, minimum quantity for individual bargain shall be for 50 bales. The offer above 50 bales should be in multiple of 25 bales subject to the maximum limit of 600 bales. Subsequent bargain/sale shall be entered into only after lifting the entire quantity of earlier bargain. The Mills enjoying GSF facility can opt either for GSF or Depot sale scheme.

**5. FREE PERIOD: -**

	<b>Buyer's Category</b>	<b>Type of Sale</b>	<b>Quantity</b>	<b>Free Period</b>
1.	Mill Buyers AND Institutional Buyers	Firm	Upto 599 bales	15 days from the date of contract
600 bales			30 days from the date of contract.	

**6. WEIGHMENT, DELIVERY AND PAYMENT TERMS:**

Buyer shall be entitled to a free delivery period of \_\_\_\_\_ days from the date of contract to take delivery of the contracted cotton against full payment of cotton value and taxes. The Buyer will have to take delivery of minimum 25 bales at a time.

100% weighment of bales shall be carried out at Depot at the time of delivery in the presence of the Buyer's representative/controller and such weighment shall be final and binding. All sales shall be on Depot Sales 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 the date of contract. 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 on such resale.

**7. 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 and give lifting schedule for the balance unlifted quantity. The Buyer shall also make advance payment of carrying charges upto the period cotton is required to be carried over.

b) The rate of carrying charges shall be as mentioned hereunder:

@ 1.20% per month per 30 days for first 60 days and thereafter @ 1.30% 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. Such carrying charges will be paid in advance as stated in para 7(a) above or along with the price of the contracted cotton before lifting of bales under this contract as the case may be.

If the due date for payment falls on holiday (declared by the Corporation)/ Sunday, the next working day shall be considered as due date for the purpose of calculating the carrying charges.

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 60 days after the expiry of free period or for such further extended period as may be allowed at the entire discretion of the Seller. The Buyer shall make full payment of value of cotton and due amount of carrying charges against deliveries during extended period. If payment is not made and delivery not taken within such extended period also, the Seller may forfeit the said advance payment inclusive of advance payment made towards carrying charges and resell the cotton at any time and in any manner it deems fit and recover the 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.

**8. 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 twenty days from the date of making payment, the Buyer shall be liable to pay late lifting charges @ 0.50% per month per 30 days from 21<sup>st</sup> day of payment of such unlifted stock till the delivery of cotton is taken.

**9. CASH DISCOUNT:**

The Buyer shall be entitled for cash discount at the rate of 8% p.a. on pro-rata basis for unavailed free period i.e. for the number of days for which payment is realised earlier than required as per terms of the contract.

In case of deliveries under L/C and B/G the cash discount @ 6% p.a. on pro-rata basis for unavailed free period from the date of realisation of payment will be allowed by the Corporation provided

- a. The discounting of L/C is done at the request of the Buyer and "without recourse to the drawer".
- b. All the expenditure in connection with discounting of L/C is borne by the Buyer.

**10. SALES TAX/VALUE ADDED TAX (VAT):**

Since the Government of Tamil Nadu vide its notification No.G.O.Ms.No.179 dated 22.12.09. issued by Commercial Taxes and Registration (B2) Department and published in Tamil Nadu Government Gazette Extraordinary dated 22.12.09 has exempted the Corporation upto 14.12.2010 to levy 4% VAT under Depot Sales Scheme to the Textile Mills located in Tamil Nadu, no VAT is chargeable.

**11. INTEREST:**

The rate of interest on deliveries under clean credit, L/C and against Bank Guarantee will be PLR plus 1% per annum, on monthly rest basis. The PLR mean the prevailing PLR of Bank of Baroda.

**12. PENAL RATE OF INTEREST:**

Penal interest on overdue UB, L/C and Bank Guarantee will be charged @ PLR plus 3% per annum on monthly rest basis. The PLR means the prevailing PLR of Bank of Baroda.

**13. PROCESSING FEES 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.

**14. 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 Contract, 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.

**15. 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 Buyer and in all such cases, the contracted quantity will be reduced to the extent of fire damage.

**16. OTHER SERVICE CHARGES**

	<b>Service sought</b>	<b>Rate</b>
* 1	Conversion from Modern to Conventional bales <b>OR</b> vice a versa within the same Branch	Rs. 50/- per candy plus price difference.
* 2	Conversion from one Branch to another Branch either for the same variety or to a different variety, <b>OR</b> Conversion from one variety to other within the Branch	Rs. 100/- per candy plus adverse price difference between one variety and another variety from the date of contract and date of conversion, if any
* 3	Conversion from one Branch to another Branch either for the same variety or to a different variety, <b>OR</b> Conversion from one variety to other within the Branch after completing the selection against particular indent.	Rs. 200/- per candy plus adverse price difference between one variety and another variety from the date of contract and date of conversion, if any
4	Change in name of the Mills Buyer in the Sales Contract (after raising of the contract)	Rs. 500/- per new contract

\* Sr. Nos. 1, 2, & 3 are subject to availability of stocks at the Depot.

**17.** 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.

**NOTE:-**

1. The aforesaid terms and conditions shall be applicable, for the sales made through Depot with effect from \_\_\_\_\_ irrespective of crop year.

