

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

**TERMS & CONDITIONS FOR SALE OF FP BALES TO COTTON TRADERS  
FOR THE COTTON SEASON 2010-11 (FOR DOMESTIC SALES ONLY)**

**1. DEPOSIT MONEY:**

- a) The Buyer shall pay within five working days excluding the date of contract, a minimum amount of **Rs. 2400/- per bale** towards Deposit.
- b) Buyer's failure to pay full deposit amount of the contracted cotton within the stipulated period of five working days shall make the contract liable for cancellation at the option of the seller and the part deposit received, if any, shall be forfeited.
- c) 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 payment till adjustment of deposit. However, interest credit shall be passed on to the buyer only after completion of Indent.

**2. 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.	1500 bales to 2999 bales	Within 20 days from the date of Contract
II.	3000 bales & above	Within 20 days from the date of contract- 50% of the contracted quantity. Within 40 days from the date of contract - 50% of the balance contracted quantity.

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 selection. A minimum 90% of the contracted quantity has to be selected and approved. However, the Buyer shall be entitled for free delivery period based on actual quantity approved. 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.

**3. FREE PERIOD:**

	<b>Buyer's Category</b>	<b>Type of Sale</b>	<b>Quantity</b>	<b>Free Period</b>
1.	Cotton Traders	i) Firm	1500 bales to 2999 bales	30 days from the date of contract.
		ii) Firm	3,000 bales &	60 days from the

		above	date of contract proportionately i.e. 30 days for 50% of the total approved quantity and 60 days for balance 50% of the total approved quantity.
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**4. REGISTRATION WITH TAX AUTHORITIES**

The buyer shall be a registered dealer with Sales Tax and Income Tax Authorities and shall provide the necessary VAT/Sales Tax Registration Number, PAN and Service Tax Number of his firm to the Corporation.

**5. TYPE SAMPLES**

In case any buyer wants to have type samples of any variety/grade being procured by the Corporation under any Branch the same would be made available to him on payment basis and the buyer shall make payment @ Rs. 90/- per kg. by way of cash/demand draft to the concerned Branch of the Corporation for obtaining such samples.

**6. MINIMUM QUANTITY FOR SALE**

The Buyer shall give offer for purchase of a minimum quantity of 1500 bales on any given day for one/more than one varieties put together.

**7. INVOICE OF THE CONTRACTED QUANTITY**

The invoice of the contracted quantity will be made in the name of the original buyer i.e. cotton Trader. The 'C' form or any other relevant form for tax purposes shall be given to the Corporation by the Trader who has given the offer to purchase the bales.

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

- a) Buyer shall be entitled to a free delivery period to take delivery of the contracted cotton against full payment of cotton value and taxes within \_\_\_\_\_ days from the date of contract.
- b) 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 in case of Guntur branch and 47 candies in case of all other branches per 100 bales. All sales shall be on spot basis & expenses after weighment, shall be on the Buyer's account.
- c) All payments shall be made 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.

- d) The Buyer shall effect payment and take delivery of bales within the free period applicable from date of contract. In case of failure on the part of the Buyer to do so, the contract shall stand cancelled and the entire deposit money shall be forfeited.
- e) In case, the Buyer fails to perform the contract, the future dealings with the Buyer shall be restricted at the discretion of the seller.

**9. CARRYING OF COTTON:**

Without prejudice to the provision stated in clause 8(d) above, the Buyer shall be entitled for another 30 days for lifting of bales beyond free delivery period applicable as per Clause No. 8 (a) as stated above subject to the payment of carrying charges as applicable provided he makes further deposit of **Rs.1200/-** per bale with the Corporation before the expiry of the free delivery period.

**10. CARRYING CHARGES:**

The rate of carrying charges shall be as mentioned hereunder:

@ 1.30% per month per 30 days upto 60 days and thereafter, @ 1.40% 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 value of the bales to be delivered is fully realized, carrying charges as per the aforesaid rates shall be chargeable.

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.

**11. 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.

**12. CASH DISCOUNT FOR MAKING EARLY PAYMENT:**

The Buyer shall be entitled for cash discount at the rate of 8.5% 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 @ 6.5% 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 will be done at the request of the buyer and "without recourse to drawer".
- b. The discounting will be done at the bank chosen by the buyer and agreed for the discounting.
- c. All the expenditure in connection with discounting of L/C is borne by the buyers.

**13. SALES TAX/VALUE ADDED TAX (VAT)**

The buyer shall pay Sales Tax/VAT on the value of cotton at the rate applicable on the date of taking delivery. Buyer registered under the relevant Sales Tax Act shall furnish necessary 'C' forms/Declaration forms 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% amount out of the deposit received from the buyer will be retained by the seller. Those buyers who are interested to submit Bank Guarantee instead of adjustment for deposit equivalent to the additional CST, may submit Bank Guarantee from any Scheduled commercial Bank, except Co-operative Bank in favour of the Corporation as per the enclosed format. Once the Buyer submits the Bank Guarantee, then the Corporation will not retain the deposit from EMD towards CST till the additional liability (2% at present subject to change, if CST rate is changed) amount for non-submission of 'C' forms is covered by the Bank Guarantee. 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.

**14. INTEREST:**

The rate of interest on deliveries under L/C or Bank Guarantee will be @ 13.5% per annum, on monthly rest basis. The Buyer shall open the L/C with any schedule bank (excluding co-operative bank). The Corporation reserves its right to accept or reject delivery under L/C facility.

**15. PENAL RATE OF INTEREST:**

In case the payment under L/C or Bank Guarantee is not received on due date from the bank, the penal interest will be charged @ 15.5% per annum on monthly rest basis.

**16. 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.

**17. OTHER SERVICE CHARGES**

	Service sought	Rate
1	Where buyers request for samples to be sent to them for approval instead of going to spot for selection	Rs. 150/- per lot of 100 bales or part thereof
2	Conversion from Modern to Conventional bales <b>OR</b> vice a versa within the same branch	Rs. 100/- per candy plus price difference.
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	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	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 the 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

**18. 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.

**19. 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 No.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.

**20. 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 reduced 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 full payment is received in advance in the account of seller 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 balance quantity only shall be delivered.

21. 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 from **8.2.2011** irrespective of crop year.
2. Before entering into transaction for cotton season 2010-2011 with Cotton Traders, the revised terms and conditions should be got confirmed being acceptable to them.

