



**THE MAHARASHTRA STATE COOP. COTTON GROVERS'  
MARKETING FED. Ltd.**

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**TERMS AND CONDITIONS FOR SALE OF FP COTTON BALES BY  
MSCCGMFLTD. THROUGH e-AUCTION / OFFER TO ( INSTITUTIONAL  
BUYERS, COTTON TRADERS & PRIVATE MILL BUYERS FOR COTTON  
SEASON 2015-16**

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. In case, the highest bid received for single unit of any block \* of quantity, variety, branch is less than H-1 bid in any other unit of same block of identical quantity, variety, branch, such bid may be liable to be rejected unless the bidder improves his bid to the level of day's H-1 bid for that particular block.

In such cases, the counters at the price of H-1 bid will be communicated to those bidders who have bid highest for a single unit of any block of identical quantity, variety, branch in the e-auction but less than the H-1 bid for that particular block on the same day. The acceptance of counter by such bidders should be communicated to MSCCGMFLTD. followed by e-mail/fax on same day latest by 5.30 pm. In the absence of any written communication from the Bidder, the bid will be rejected.

However, the MSCCGMFLtd. reserves its right to accept or reject all or part of the bid / offer

\* Block – Group of various auction units of identical quantity, variety, branch.

For confirming the sale of F.P.Bales against " H " form ( for export of cotton), the successful bidder-H-1 ( Buyer ) should submit certified copy of pre existing export sale contract entered by them with the foreign Buyers for export latest by 11.30 hours the following day. In case of non receipt of such contract, the sale be confirmed as sale to Traders.

**1. DELIVERY TERM :**

Delivery against payment by account payee demand drafts, pay orders or Bankers cheque in favour of the MSCCGMF Ltd. or through E Payment ( RTGS ) Delivery Sport M.B.

**2. DEPOSIT MONEY:**

The successful bidders H-1(buyers ) shall pay within five days excluding the date of contract, a minimum amount of the value of cotton as given below towards deposit for sale quantity:-

i) Up to 2999 bales	15% of the value of cotton contracted
ii) For sale above 3000 bales	20% of the value of cotton contracted

- b) Buyer's failure to deposit advance value of the F.P.Bales 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) The said amount will be adjusted proportionately after retaining required amount as per **Clause No.13** with each delivery and shortfall, if any, will be made good in such a manner that \_\_\_% of the value of all the contracted F.P.Bales remaining to be delivered under different contract will be maintained at all the time till the entire F.P. Bales is lifted.
- d) Interest benefit on proportionate deposit of lifted bales will be allowed at the rate of 8.0% p.a. from the date of realization of deposit till adjustment on delivery of F.P.Bales. However, for the deposit amount retained against pending 'C'/ 'H' forms, the interest shall be payable for the period as stated in **Clause No.13 or 14(a)** as the case may be. The interest credit shall be passed on to the Buyer only after completion of Indent. Party should complete delivery within the stipulated time to avail this facility.

### **3. SELECTION OF THE CONTRACTED COTTON :**

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

<i>Sr.No.</i>	<i>Sale Quantity</i>	<i>Offering Period</i>
<i>01</i>	<i>Less than 1000 bales</i>	<i>Within 10 days from the date of confirmation of sale / e-auction</i>
<i>02</i>	<i>1000 bales upto 2999 bales</i>	<i>Within 15 days from the date of confirmation of sale / e-auction</i>
<i>03</i>	<i>3000 bales and above</i>	<i>Within 20 days from the date of confirmation of sale / e-auction</i>

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 allotted cotton bales to enable Buyer to complete selection. If the allotted bales is less than 1000 bales, the Buyer has to make 100% approval without any shortfall and for quantity exceeding 1000 bales, a minimum 90% has to be selected and 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.

Buyers' failure to complete selection within a maximum period of 10 days from the date of offering 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.

**4. FREE PERIOD:**

Sr. No.	Buyer's Category	Type of Sale	Free Period	Quantity			
				Upto 999 Bales	1000 Bales upto 2999 Bales	3000 Bales upto 14999 Bales	15000 Bales & above
1	Exporters Against H Form & Cotton Traders	E-Auction	Free Period	15 Days from the date of contract	30 Days from the date of contract	45 Days from the date of contract	60 Days from the date of contract.
2	Institutional Buyers ( All Govt. Mills) Mill Buyers	E-Auction	Free Period	30 Days from the date of contract	45 Days from the date of contract	60 Days from the date of contract	75 Days from the date of contract.

The Buyer shall be entitled for free delivery period based on actual quantity approved.

**5. 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 the firm to the MSCCGMFLtd,

**6. TYPE SAMPLES.**

In case any buyer wants to have samples of any Variety/grade being procured by the MSCCGMFLTD., under any zone office the same would be made available to him on payment basis and the buyer shall make payment @ 100 per kg. by way of cash/demand draft to the concerned zone offices of the MSCCGMFLtd., for obtaining such samples.

**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 Traders, Exporters & Institutional Buyers ( All Govt. Mills ) Mill Buyers. The "C" / "H" form or any other relevant form for tax purpose shall be given to the MSCCGMFLtd by the buyer who has given the offer/bid 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 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, and Banker's Cheques in favour of the Cotton Federation or by means of Electronic Fund Transfer in Bank Account of the Cotton Federation only. In case of payment through Electronic Fund Transfer, delivery shall be allowed to take place only on confirmation of realization of payment in the Federation's account.*
- d) *The Buyer shall effect payment and take delivery of bales within the free period applicable from date of confirmation of sale of offer /e-auction. 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.*

#### **9. 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 :**  
@ 1.40% per month for first 30 days and thereafter @ 1.60% 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 may be banned till the losses on resale are made good out of this contract by the Buyer.*

**10. 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.*

**11. CASH DISCOUNT:**

*The Buyer shall be entitled for cash discount at the rate of 9.5% 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.*

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**12. INCENTIVE SCHEME FOR REGISTERED BUYER:**

*The MSCCGMFLtd will offer incentives as per follows to those buyers who have registered for purchase of bales through e-auction.*

Sr.No.	Sale quantity through e-auction during the crop year ( 01.10.2015 to 30.09.2016 )	Incentive ( in Rs/Bale)
01	5000 Bales to 9999 Bales	20
02	10000 Bales to 19999 Bales	25
03	20000 Bales & above	35

- i. *The sale quantity during the crop year will be the total sale made from 1st October, 2015 to 30th September, 2016.*
- ii. *The Registered Buyers will be eligible for the incentive only after they fulfill all their contractual obligations, that is, lifting of all the contracted bales within the time period specified in the sale contract.*
- iii. *The amount of incentive will be calculated and credited to the eligible Buyer's account only after completion of the crop year, that is, after 30th September, 2016.*

**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/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.*

**14. DOCUMENTS REQUIRED AS PROOF OF SHIPMENT IN EXPORTS:**

- a) Form 'H' for the value of FP bales, which are exported outside India as per terms of contract, filled in all respect and duly signed & stamped shall be given by the Buyer.
- b) EP copy of the shipping bill issued by customs department.
- c) Copy of Bill of Lading/Railway receipts/Lorry receipt along with lot details. Part shipment of the contracted quantity would be allowed.
- d) The Buyer shall submit the export details/documents required as above within 30 days from the date of shipment for early settlement of account.
- e) The Buyer shall give an undertaking to the MSCCGMFLTD that in case of re-import of such exported goods, the Buyer would communicate within a period of one month from the date of re-import to India and shall be liable to pay the applicable CST/VAT along with the interest.

**15. GENERAL TERMS FOR 'H' FORM FACILITY :**

- a) Out of Total Deposit paid by the Buyer as per clause 1 (a) above, the deposit shall be adjusted in such a manner that 4% / 5% (whichever rate of VAT is applicable) of the cotton value plus 1% towards penalty, out of total deposit made as a security for the eventuality of non-export by the Buyers as per contract terms. The amount shall be refunded to the Buyer with interest on submission of proof of shipment as per Clause **14(d)** of the contract. In case of delay in submission of documents beyond stipulated time, no interest shall be paid for the delayed period.
- b) The Buyer shall complete shipment of the contracted bales within a maximum period of 180 days from the date of the contract. If the Buyer fails to export the contracted quantity under '**H**' form within 180 days, the MSCCGMFLTD would levy 1% penalty on the contract price besides charging VAT/CST as well as interest payable on VAT/CST, if applicable. The remaining balance, if any, shall be refunded to the Buyer.
- c) In case after taking delivery, the Buyer does not export the bales and sells the same in domestic market, the MSCCGMFLTD would in addition to levy of 1% penalty as per Clause No. **15 (a)** on the contract price, would also recover VAT/CST as applicable.

**16. 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 3 of the terms and conditions, will be referred to an Arbitrator (other than an employee of the Seller) to be appointed by the Managing Director of the Cotton Federation 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.

**17. 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.

**18. OTHER TERMS**

a).

<b>Sr.No.</b>	<b>Terms</b>	<b>Rate</b>
<b>1</b>	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
<b>2</b>	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
<b>3</b>	Request from the Buyer for conversion of sales from CST to VAT and vice-a-versa	Rs. 5000/- per contract
<b>4</b>	In case of sales against H Form	@1%of value of cotton on contract price

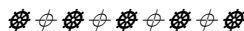
b). Where the Buyer requests to include the name of its Broker in the sale then Rs. 50/- PC will be added to the sale price of that Buyer. The MSCCGMFLtd. will pay brokerage @ Rs.23/- per bale after successful performance of the sale contract.

**19. POWER TO AMEND RULES**

The MSCCGMFLtd. 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.

**20. CONTRACT COPY**

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.



# CERTIFICATE

## Purchase offer against 'H' form Certificate U/s 5(3) of the CST Act, 1956.

From : (Buyer's Name with Address)

To : The Maharashtra State Co-operative Cotton Growers' Marketing Federation Ltd.,  
Mumbai-20, Maharashtra State

P.O. No.: \_\_\_\_\_

Date :

### Particulars

1. Our Foreign Export Order/  
Contract Number & Date.
2. Quantity.
3. Quality/Specification.
4. Nature of Goods Cotton Bales.
5. Delivery period.
6. Rate.
7. 'H' form Certificate U/s 5(3) of CST Act. Certificate in 'H' form would be  
submitted after shipment to  
foreign destination from Indian  
Port \_\_\_\_\_ to \_\_\_\_\_  
(Foreign Port).
8. a) Our Local State VAT No.  
b) CST No.  
c) Local State TIN No.
9. Billing Instructions.
10. Payment Terms.
11. Other Instructions.

Note : The above certificate should be accompanied with certified copy of 'Export Contract' entered into with Overseas Buyer.

For Local Buyer  
(Signature & Seal)