

SOP for Supply Contract to be signed between NAFED/ NCCF
(Sellers) for sale of maize to Distillers (Buyers)

NAFED/ NCCF shall enter into a Supply Contract with select distillers for supply of maize with price, quantity, location of supply and other commercial terms and conditions defined in the same. The agreement/contract will cover full ESY with quarterly supply milestones and pricing.

The terms and conditions for the above supply contract between NAFED/ NCCF (Seller) and Distillers (Buyer) shall include the following heads:


1. The Supply contract should be limited to end of the running ESY.

2. Location of supply :

- i. The location(s) of supply of maize i.e. Mandi/ PACS should be clearly spelt out with detailed address and lat/long co-ordinates.
- ii. Working hours to be clearly spelt out.
- iii. Location contact details/Nodal contact person of buyer and agency to be indicated for ease of coordination.
- iv. Location of supply may be determined mutually by both parties.

3. Price

- i. The price of maize for ESY 2023-24 should be ₹ 2291/qtl, ex Mandi/ PACS which includes all procurement cost & agency margins.
- ii. Mandi Tax/Statutory Tax will be extra as per actuals.
- iii. Transportation cost as per actuals from Mandi/PACS/Sellers' designated warehouse to distillers' warehouse/factory to be borne by distillers.
- iv. In case of sale through ONDC platform, buyers will need to bear the buyer margins of ONDC after being on boarded as buyers on platform.
- v. The price of maize is linked to current MSP i.e. ₹ 2090/qtl and is fixed till any changes in the MSP of maize.
- vi. Price of maize should be firm and valid for the period of the Supply Contract which can be revised in case of MSP revision announced by GOI.
- vii. Any increase in the above price, based on change of MSP should have a corresponding impact on the price of maize ethanol failing which Buyers have the right to rescind contract for balance quantity (if any).


13.02.2024

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Joint Secretary (Sugar)
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- viii. The price should be uniform across all Sellers' locations (similar to price of Maize Ethanol across the country).

4. Quality & Inspection

- i. Fair Average Quality (FAQ), as indicated by FCI is to be followed. Present FAQ is as under:
 - a. Moisture Max 14 %
 - b. Total of Damaged and Foreign Matter – Max 4.5 %
- ii. Assayer as appointed by Seller at their cost to certify quality of maize while purchase from farmers. Certificate of the Assayer will be mandatory for the buyers.
- iii. Quality shall be final as per Survey report at ex-Mandi/ PACS.

5. PO and Delivery Norms

- i. PO to be raised by Buyer on Monthly basis based on demand by units/supply as possible by Seller.
- ii. Delivery schedule to be given by Seller in advance on a weekly/fortnightly/ monthly basis as agreed between the parties.
- iii. Seller will indicate probable location for the pickup of stock for which designated States and Districts will be intimated in advance.
- iv. Distillers to ensure lifting of stocks within 7 days of intimation of procurement by Seller.
- v. Seller will share the Assayer's quality certificate digitally to the buyer. Keeping the stocks safe from vagaries of nature till lifting of stock is responsibility of seller.
- vi. Lot size of unit and daily upliftment to be defined within the supply contract by both parties.
- vii. In case of non-lifting of stocks within 7 days, Seller will be free to dispose-off procured stocks in the open market.
- viii. If Buyer is not able to lift the material within Maximum lifting period, then, Buyer to be charged @ 0.5% per week up to a maximum of 5% of balance PO quantity.
- ix. Seller will intimate the buyer about weekly delivery schedule in advance. In case of failure of seller to ensure delivery of the stock, after confirmation by seller of delivery of the stock one week in advance, Seller is liable to pay 0.5% per week up to maximum of 2% of balance quantity.


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- X. Seller to intimate availability of material within 7 days from receipt of advance money. In case of failure, interest at Bank rate for the advance amount of matching balance amount will be paid by Seller for the period till return of advance amount paid by the Buyer.

6. Payment Terms

- i. Buyer to make advance payment for the quantity to be supplied by Seller at mutually agreed periodicity.
- ii. Buyer to submit 3% advance payment at the time of signing of contract.

7. Inventory norms

- i. Seller to inform the inventory on a regular basis to Buyers.
- ii. Agencies shall strive to ensure that storage of procured stocks beyond 15 days is not done.

8. Process for any Sales returns to be defined.

- i. No sales return shall be allowed and survey at procurement centre shall be final for all purposes including payment.

9. Taxation aspects to be clearly defined.

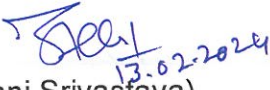
10. Documentation norms to be agreed between the parties.


11. Termination Clause, Force-majeure conditions and arbitration aspects to be part of the contract.

- i. Penalties to be waived off for supplier and buyer in case of Force Majeure conditions prevailing at either supplier or buyer end.


12. Overall Monitoring Mechanism


- i. OMCs will monitor the upliftment of maize for such buyers who have valid Supply Contracts with NAFED/NCCF.
- ii. Sellers shall provide regular reports regarding contract quantities executed with Buyers and total lifting till date and balance (if any).


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- iii. Seller to ensure regular availability of maize as per demand from buyers within overall quantity specified in the Supply Contract. However, in case the market prices rule above MSP, agencies shall not be liable to procure as per quantities mentioned in supply contract.
- iv. The buyers will be given revised LOIs by OMCs for the current ESY against the Maize ethanol - bifurcated in "Market Maize" and "NAFED/NCCF Maize" where allocation for maize has already taken place. POs shall be issued / revised accordingly.
- v. Buyers will indicate on the invoices made to OMCs as Maize – NAFED/NCCF for any supplies made against Maize supplied by NAFED/NCCF.
- vi. In case of non-delivery of maize by Seller as per Schedule, Buyer may approach OMCs for conversion of feedstock from "NAFED/ NCCF Maize" to "Market Maize" with consent/NOC from NAFED/ NCCF. Distilleries may request OMCs for conversion of "Market Maize" to "NAFED/ NCCF Maize" also without any restrictions.
- vii. Ethanol supplied through NAFED/NCCF Maize will be accounted separately by OMCs and MIS shall be shared with NAFED/NCCF periodically (monthly or as agreed).
- viii. Based on this MIS, NAFED/NCCF will complete the reconciliation and ascertain the utilization of the Maize released by them.
- ix. Any gaps in maize actually uplifted vs. plan will be intimated by NAFED/NCCF to OMCs and will be dealt in monthly meetings by a Committee in MoPNG with OMCs, distillers, NAFED/ NCCF & DFPD.
- x. NAFED/ NCCF may endeavour to support farmers through MSP for Maize. OMCs shall endeavour to ensure that maize upliftment from NAFED/ NCCF by distillers having valid supply contracts with buyer is regular and as per plan.
- xi. Any gaps in maize lifted vs. ethanol supplied will be tallied between Seller, Buyers, OMC & DFPD in quarterly meetings.


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