

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 ESY2024-25.


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 2024-25 should be ₹2447/qlt, ex Mandi/ PACS which includes all procurement cost & agency margins.
- ii. Mandi Tax/Statutory Tax will be extra as per actuals.
- iii. Weight of maize will be net off the weight of packing material (for instance if 50 Kg of maize packed in a gunny bag is sold by the seller, the net weight of the grain (maize) should be 50 Kg).
- iv. Transportation cost including loading charges from Mandi/PACS/Sellers designated warehouse to distillers warehouse/factory to be borne by distillers.
- v. The price of maize is linked to current MSP i.e. ₹ 2225/qlt for Kharif Marketing Season 2024-25 and is fixed till any changes in the MSP of maize.
- vi. Price should be firm and valid for the period of the Supply Contract.
- vii. The price should be uniform across all Sellers' locations (similar to price of Maize Ethanol across the country).


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- viii. In case of quality of maize below FAQ, buyer and seller can mutually negotiate the price of maize.

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. However, buyer may conduct pre-dispatch inspection at his own cost.

5. PO and Delivery Norms

- i. The seller may indicate probable Procurement Centres, States & District wise before commencement of procurement season.
ii. PO to be raised by Buyer on fortnightly basis based on capacity and demand for the ethanol unit.
iii. Delivery schedule to be given by Seller in advance on a weekly/fortnightly/ monthly basis as agreed between the parties.
iv. Seller will indicate probable location for the pickup of stock 7 days in advance so that Buyer may arrange for transportation. In case of change of location by Seller within same district, Buyer will get additional 2 days for lifting of stock. Change of location cannot be done by Seller more than once in a Purchase Order.
v. Distillers to ensure lifting of stocks within 7 days of intimation of procurement by Seller.
vi. The 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 the responsibility of seller.
vii. Lot size of unit and daily upliftment to be defined within the supply contract by both parties.
viii. In case of non-lifting of stocks within 7 days, Seller will be free to dispose-off procured stocks in the open market.

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- ix. 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.
- x. 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.
- xi. 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 submit 3% advance payment (excluding taxes) at the time of placement of Purchase Order.
- ii. Balance 97% payment + 100% taxes will be made on receipt of location of maize stock from the Seller for lifting by Buyer.

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

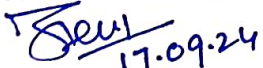
No sales return shall be allowed and survey at procurement centre shall be final for all purposes including payment.

9. Taxation aspects

All taxes and Government levies are extra and to be added to the cost of maize by Seller and to be borne by buyer.

10. Documentation norms to be agreed between the parties.

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



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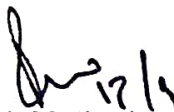

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Penalties to be waived off for supplier and buyer in case of Force Majeure conditions prevailing at either supplier or buyer end.

12. Overall Monitoring Mechanism

- i. NAFED & NCCF will develop a common online portal, giving access to MoPNG, DFPD, distilleries and OMCs for monitoring purpose. This portal to be live before the start of the next Maize (Kharif) procurement season i.e. by 01st October, 2024.
- ii. Sellers will share the data regarding the location wise procurement and available stock with the OMCs, Ministry of Petroleum and Natural Gas, Ministry of Cooperation and Department of Food and Public Distribution.
- iii. Sellers shall provide regular reports regarding contract quantities executed with Buyers and total lifting till date and balance (if any).
- iv. 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. In such cases, sellers need to inform buyers in advance.
- v. Joint Secretaries, MoPNG and DFPD will jointly monitor the lifting of maize by distilleries and remedial action may be planned in case of slow lifting.
- vi. 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.
- vii. Any gaps in maize lifted vs. ethanol supplied will be tallied between Seller, Buyers, OMC& DFPD in quarterly meetings.


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