

National Seeds Corporation Limited
(A Government of India Undertaking)
Beej Bhawan, Pusa, New Delhi – 110012.

No. PS(GMM):NSC:2011-12

September 16, 2011

The Regional Manager
National Seeds Corporation Limited
Ahmedabad/Bangalore/Bhopal/Chandigarh/
Chennai/Jaipur/Kolkata/Lucknow/Patna/
Pune/Secunderabad.

Sir,

Please find **enclosed** herewith the revised terms and conditions of dealers effective from 1st October 2011. You are hereby advised to get the new agreement signed by all the existing dealers of NSC on these new terms and conditions. The last date for signing of new dealership agreement according to revised terms and conditions for the existing dealers will be 31st October 2011. The Dealership agreement should be signed on non-judicial stamp papers preferably of Rs. 100/-. Please note that whosoever dealer is not signing this agreement by the stipulated date will not be continued as a dealer.

Yours sincerely,

Encl: As above.

(Pankaj Kumar Prasad)
General Manager (Mktg.)

Copy to:

1. AGM (Mktg.), NSC, New Delhi.
2. PS to CMD, NSC, New Delhi.

Terms & Conditions of NSC Seed Dealership

(With effect from 1st October 2011)

Introduction

The National Seeds Corporation Ltd., (NSC) arranges large scale production and distribution of quality seed of superior varieties and hybrids of various crops. In NSC's seed marketing efforts, Dealer constitutes an important channel. The terms & conditions applicable to NSC seed Dealership, arrangements are given hereunder and shall form part of the Agreement executed for the purpose.

1. Eligibility

- i. Individual firms, partnership firms & Corporate bodies including other PSUs.
- ii. Co-operative Societies,
- iii. Government Sponsored Krishi Seva Kendra
- iv. NGOs involved in Seed Sector.

Registration Certificate / Proof of Business under Shop & Establishment Act should be attached.

2. Past Experience & Turnover:

Dealers should have at least 1 year experience in seed business and should have done an annual average business of at least Rs. 3 lakh from the sale of seeds during that period.

3. Financial Credibility:

Dealer should have a strong financial position. Letter to this effect from the banker mentioning cash credit limit and other facilities sanctioned must be submitted. List of property like own godown/shop/house etc with address must be submitted to NSC.

4. Storage Facility:

Dealer should have good / scientific storage facility for safe storage of seed for minimum 10 M.Tons (attach certification with dimensions). In case of hired godown, copy of lease agreement must be submitted to NSC.

5. **Licence / Registration No.:**

Dealer should possess the valid seed licence / Registration Number along with shop/sale counter possession proof.

6. **Sales Tax / TIN :-** Dealer should possess the valid Sales Tax / TIN.

7. **PAN** of firm/company/society/proprietor with a copy of latest IT return.

8. **Shop:-** Copy of registration under Shop and Establishment Act of all the outlets of dealer with complete address of each shop and name of authorized persons with contact numbers should be submitted to NSC.

9. Copy of latest audited balance sheet and profit and loss account of company/firm is to be submitted wherever applicable.

General Terms & Conditions

10. **Appointment:-** Any organization/individual desirous of becoming a dealer of NSC must apply in prescribed form "Application for seed dealership" to the Regional Office. Regional Manager after scrutinizing the form may accept or reject the dealership to the party. NSC has the right to reject the appointment without assigning any reason thereof. Dealer has to accept all the terms & conditions of the dealership agreement without any qualification. On appointment of dealer, certificate of NSC dealership will be issued by RM. The dealership certificate must be prominently exhibited at each sale point of the dealer.

11. **Validity & Renewal** – Initial validity of appointment is for three years, from the date of signing the agreement. Renewal of dealership will be purely depend upon the performance of dealer. NSC has the right to renew the dealership or reject the renewal. Renewal of dealership will be in writing by RM, NSC.

12. **Area of Operation:** NSC Dealer will be for specific district/tehsil/block as mentioned in dealership certificate by NSC. Dealer has to operate in the area for which appointed by NSC. However, NSC has the right to increase, reduce or modify the area of operation.

13. **Security Deposit:** Every Dealer shall furnish a security deposit in cash/DD of Rs.25000/- for faithful, observance of terms and conditions. No interest would be payable on security deposit. The security deposit shall not be adjusted against the seed cost for the supplies made.
14. **Forfeiture of security Deposit:** In the event of breach of any terms or condition of Dealership agreement. NSC will forfeit the entire security deposit after giving a show cause notice in writing and thus the certificate of appointment and agreement made will be treated as cancelled.
15. **Minimum Guarantee Turnover:** The Minimum Guaranteed Turnover (MGT) to be guaranteed by the Dealer for one year shall be Rs. 5 Lakhs (Billing amount). In case of lower MGT, the penalty would be as under :
- MGT :Rs 5 Lakh
Achievement upto Rs 4. 5 Lakh : No Penalty
Achievement below Rs 4.5 Lakh: 2% of the shortfall from the MGT
- Example :**
- MGT : Rs 5 Lakh
Achievement : Rs 4.10Lakh
Shortfall : Rs 0.90Lakh
Penalty : Rs 0.90Lakh x 2%=Rs. 1800.00

Minimum 3% of the total turnover of the Dealer shall be from vegetable seeds.

16. **Discount:** Dealer discount would be a minimum of 8`% and maximum of 17.50% inclusive of 2% for advance booking**. Discount is subject to change from crop to crop and time to time at discretion of NSC management. The present discount structure is as follows:

For Dealers:		
Turnover slabs	Field crops excluding vegetables and hybrid seeds	For vegetable * and hybrid seeds
Upto Rs. 10 lakhs p.a.	8.00%	13.00%
Rs. 10.01 to 20.00 lakh	8.50%	13.50%
Rs. 20.01 to 35.01 lakh	9.00%	14.00%
Rs. 35.01 to 50.00 lakh	9.50%	14.50%

Rs. 50.01 to 100.00 lakh	10.25%	15.25%
100.01 lakh and above	10.50%	15.50%

***Commission % age for vegetables and hybrid seeds is only for NSC's own Production.**

**** Advance booking discount would be 2% on value of the sale or booked quantity whichever is less.**

However, the Dealer has no right to claim discount on the sale of seeds made by NSC directly in his area of operation.

17. **Procedure for Indenting of Seeds:**

- a) **Advance booking:** Dealer would give his/her indents for advance booking by 28th February for Kharif crops and 31st August for Rabi crops season. For this, Dealer has to deposit 10% of the seed cost at the time of advance booking for booking purpose only @ existing price. After evaluating the demand and availability of the seed, NSC shall intimate the Dealer the availability of seed stocks, against the booking, with the designated NSC offices/stores, not later than one month beyond the time indicated by the Dealer unless otherwise mutually agreed to between the Dealer and NSC for pre/postponing the delivery/lifting. In the event of the Dealer's failure to lift the stocks under advance booking scheme within the time limits fixed, the NSC reserves the right to sell the same directly or through the Dealer or handle the stocks as deemed fit/necessary and NSC shall forfeit entire 10% advance booking amount along with any loss to the corporation from the Dealer's advance booking deposit as liquidated damage.
- b) **Current Booking:** Dealer may give indent for current booking as per his requirement. However, seed will be allotted depending upon its availability. No advance booking discount will be paid.

18. **Procedure for supply of Seeds:**

Seed supplies will be made to the Dealer from nearest NSC office in the State from where the Dealer will take delivery. However, for full truck/mini truck loads, NSC would supply on F.O.R. basis direct to the destination in the area of operation indicated by the Dealer provided the precise destination particulars are intimated to NSC at least 15 days before the time of requirement or the date of dispatch of the stock from NSC so that superfluous movement is reduced/avoided. The Dealer shall begin to lift the stocks within ten days of placement of seed in the concerned NSC's premises and complete the lifting within a period of one month unless/ otherwise mutually

agreed to for such extension. The supply of seeds will be based on its availability and the Dealer is bound to sell the seed as per declared sale price of seed by NSC.

19. **Payment mode:**

No credit facility is allowed by the Corporation. Payment would be through the following mode:

- Demand Draft/RTGS/Cheque after realization in NSC's account.
- Letter of credit - Against at sight/Usance LC (all charges including discounting charges to be borne by Dealers)
- Against Bank Guarantee – NSC would charge interest @ 12 % per annum for the period between the date of delivery and date of payment from the bank or from Dealer. This facility is available for a period of 3 months only and after that NSC has the right to invoke BG for payment to the bank. However, NSC has the right to change the interest rate at any time.

20. **Quality:**

- The Dealer shall be bound to sell the seeds in NSC's intact, original unopened container/ packing with the tag, label & seal on. Under no circumstance the marking, seal or packing shall be altered, broken/tampered with or damaged before or while selling the NSC seeds.
- The Dealer shall arrange safe storage and handling of NSC seed in such a manner as to ensure that it is well protected against deterioration. In the event of decline in seed quality below the prescribed standards, the Dealer shall immediately stop the sale of such seed.

21. NSC will supply the seeds as per Indian Minimum Seed Certification Standards and in case of any quality complaint received by the Corporation regarding the poor germination or germination failure, it should be received in writing within 15 days from the date of sowing of the seeds. If required, the field would be inspected by the officer in the Regional/Area office alongwith the Dealer and concerned farmer/complainant to verify the genuineness of the complaint **as per the NSC's procedure for redressal of Quality complaints of consumers' circular dated 18/2/2011 (copy enclosed).**

22. NSC seed is invariably tested for conformity to the prescribed standards indicated on the label and or the container. The test results are valid for the period specified in accordance with the Seeds Act, 1966 as amended from time to time provided the seed is stored under ideal conditions. For NSC's seed in the Dealer's possession, the responsibility for ensuring conformity to the prescribed standards invariably rests with the Dealer. NSC shall, however, have the authority to verify compliance in this regard and to take appropriate action in the event of non-compliance.
23. The Dealer has to attend quality related complaints within his area of jurisdiction or operation only along with NSC representative.
24. NSC's officer and Govt. dept. officers are authorized to draw samples for inspection of the stock available with the Dealer.
25. Seed once sold to the Dealer shall not be taken back by NSC.
26. **Termination of agreement**: Either party may terminate the contract by giving 30 days notice to the other party. On expiry of the notice, the agreement shall stand cancelled and revoked; but, without prejudice to the rights of either party against the other in respect of any matter or thing in existence prior to such cancellation/revocation. NSC, however, reserves the right to terminate immediately the Dealership without giving any notice as above in the event of contravention of any of the terms and conditions and 100% of the security deposit shall be forfeited. The agreement shall ipso facto terminate if:-
 - a) The Dealer or any member of the Dealer's firm is adjudicated insolvent or effect composition with his creditors;
 - b) The proprietor/ partner of the individual concern/firm dies or partners of a partnership concern change or a partnership is dissolved;
 - c) The period of the contract expires, unless it is renewed; and
 - d) In the event of termination of the contract for any reason, the Dealer shall settle all the accounts of recoverable statement sent by NSC, within 30 days of receipt of the statement
 - e) In the event, Dealer fails to achieve the MGT, and after review of performance of the Dealer and if found unsatisfactory the entire security deposit will be forfeited.
Dealer will have no right to challenge termination of Dealership made by the Corporation at its own without assigning any reason.

27. **Promotion:** NSC may from time to time supply to the dealer and his sub dealers publicity material, hoarding, posters, signboard etc as deem fit or necessary but shall be under no obligation to do so. Dealer has to participate in the advertisement and the sales promotion work undertaken by NSC.
28. **Arbitration:** Any or all dispute arising out of or under the Dealership agreement and/or regarding the execution, implementation or interpretation of this agreement or any provisions thereof shall be referred to the sole arbitrator to be appointed by Chairman cum Managing Director of NSC in accordance with the provisions of the Indian Arbitration and Reconciliation Act 1996 or any other statutory modifications or re-enactment thereof. Such Arbitration shall be held in the city of Delhi and the proceedings shall be conducted in English/Hindi language.
29. **Jurisdiction:** All the disputes / differences or claims arising out of the Dealership agreement shall have Delhi as its jurisdiction.
30. **Force Majeure:** Any default or supply of product by NSC shall not give rise to any claim for damages against NSC, if and to the extent caused by force majeure or matters beyond the reasonable control of NSC including but not limited to causes of acts of GOD, acts of Government Authority, strike or other concerned acts of workmen, riots, floods, explosion, breakdown of plant, extraordinary severe weather conditions, civil commotions etc.

Other Terms & Conditions:

31. Dealer shall furnish to NSC the precise addresses of his sub-dealers through whom NSC's seeds bought by him will be sold at the retail level. The Dealer shall also intimate additions, changes, modifications in the list to NSC from time to time. However, the dealer will be solely responsible for the obligation arising out of all the acts of his sub-dealers.
32. Dealer shall be responsible to submit all sales documents required by NSC to be provided to Govt. and other Agencies for claiming benefits / subsidies from them including the name & address of the beneficiary farmers. Dealer has to get the subsidy certificate verified from the concerned State Govt. authorities and he has to maintain the records/ documents desired by the State Govt. authorities and all under the norms of any schemes.
33. The Dealer shall neither sell any seed from any other source in NSC's name nor shall sell NSC seed in any other name.

34. NSC shall not be responsible for any damage to the seed after delivery to the Dealer on account of inclement weather, poor management, bad storage, defective transit/handling etc. on the part of the Dealer.
35. The Dealer is free to sell/supply the seed to any buyer. However in case of sale to Govt. Dealer has to obtain prior permission from NSC.
36. The Dealer is not entitled to handle minikit seed supplies and similar such special schemes/projects and also not eligible for claiming any discount against such supplies.
37. NSC reserves right to amend/modify or change any terms and conditions of Dealership agreement by giving due notice to the dealer.
