



INDIAN INSTITUTE OF TECHNOLOGY KANPUR
CENTRAL STORES & PURCHASE SECTION
(IMPORT SECTION)

No: S&P/IMP/2017/364A1

Aug 04, 2017

OFFICE MEMORANDUM

Subject : Regarding Shipment/Delivery terms of Import Purchase Orders

Ref.: 1. Clause 12.10 of Stores & Purchase Manual of the Institute.
2. OM Reference No. S&P/2014/610 dated 22 May 2014

Para 12.10 of the Stores & Purchase manual states that "Term of shipment should be on FOB price of that country and not CIF, as Institute has hired the services of a Freight Forwarder. However, CIF price may be accepted as a special case on case to case basis depending upon the situation."

In view of the above, an OM was also issued advising the indentors to submit their request (indents) on FOB (Free on Board) or, FCA (Free Carriage Arrangements) terms. Under these terms, the supplier hands over the goods to our freight forwarder at the nominated place i.e. at the airport/seaport of the shipper's country. Importing through Freight Forwarder will not only reduce procurement cost but also avoid demurrage charges.

It is further informed that now the customs are imposing penalty in the case of late presentation of shipping documents (penalty free time 24 hours from the time of landing of the shipment) w.e.f. April 1, 2017. In this effect, the customs have issued a notification no. 27/2017 describing that a penalty of Rs.5000/- will be imposed per day for the initial 3 days of default and at the rate of Rs.10,000/- per day for each day of default thereafter.

It has been observed that most of the Indentors are placing the indents on CIP/CIF basis that attracts not only demurrage charges but also heavy penalty. AG(UP) audit takes serious view if we incur any demurrages/penalty on imports. It is reiterated that Institute has appointed a freight forwarder, named, Balmer Lawrie & Co. Ltd., New Delhi for taking care of our import shipments from across the globe. This company is a Govt. of India organization and have offered 65% discount on IATA freight rates. Also, the Institute has empaneled another freight forwarder named Airport Handling Services, Noida on the same rate of discount and Terms & Conditions to streamline customs clearance of the shipments.

For FOB/FCA shipments, the freight forwarders have most of the documents ready with them however in case of CIP/CIF shipments they have to obtain Delivery Order from the supplier's carrier/agent paying their fee and we have to arrange Bank Release Order (if payment terms are by Letter of Credit) resulting incurrence of demurrage charges (demurrage free time is 48 hours from the time of landing of the shipments) and penalty (penalty free time is 24 hours from the time of landing of the shipment). Hence, it is very strongly advised to submit the proposal for import (indents) on FOB/FCA basis only.

Note: Quotations for any procurement may be sought/invited asking FOB/FCA prices and CIF/CIP prices separately for comparative analysis.


4/8/17
Prof. Manindra Agrawal
Deputy Director

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