



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

No: S&P/IMP/2017/..364  
Aug 02, 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 w.e.f. April 1, 2017. In this effect, the customs have issued a notification no. 26/2017 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. Hence, it is very strongly advised to submit the requests (indents) on FOB/FCA basis only.

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

  
21/8/17  
**Prof. Manindra Agrawal**  
Deputy Director

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