

**TERMS AND CONDITIONS OF ENLISTMENT OF ITEMS AND PURCHASE ORDERS  
FOR SUPPLY OF ITEMS TO CANTEEN STORES DEPARTMENT**

The terms and conditions of enlistment of items and purchase order for supply of items to Canteen Stores Department are as under :-.

1. **Enlistment of Items:**

(a) The primary objective of CSD is to "Provide consumer goods of High Quality to the troops wherever they are at a price cheaper than the prevailing market rates. Accordingly, items are introduced / enlisted in CSD inventory range based on popularity and quality. The terms and conditions as mentioned in the introduction form are applicable for all suppliers.

(b) Any Firm dealing with CSD should either be a manufacturer or brand owner or all India sole selling agent for both CSD and Civil Trade.

2. **Purchase Orders:**

(a) All Purchase Orders placed by General Manager CSD, or Officers authorized by General Manager, CSD are placed on behalf of the President of India.

(b) Mere enlistment of items in CSD does not guarantee placement of purchase orders of any specified quantity. Purchase Orders are placed as per requirement / demand of Unit Run Canteens/ entitled customers, which is subject to various factors like budget availability, storage space constraints, seasonal variations, sales trend, denials, customer preferences, bank guarantee availability, and overall sufficiency.

(c) Purchase Orders are placed on monthly or on requirement basis from time to time.

3. **Supply Terms**

Firms will supply approved items from approved sources of supply at rates and terms as ratified by the CSD.

4. **Taxes**

GST and other taxes as applicable and also approved / confirmed by CSD will be charged by the firms in the Tax Invoice.

5. **Delivery Terms**


Terms of Delivery are F.O.R. destination (CSD Area Depots) as per allocation with Purchase Order unless otherwise specified.

6. **Initial Order**

a) Initial order will be placed as per quantity approved by the Department.

b) Delivery schedule of Initial Order will be 30 days from the date of issue of order. Validity of Initial Order can be extended upto 30 days with 2% penalty at the discretion of department. In case of failure to supply item may be considered for deletion without notice.

c) All subsequent orders for new introduced items will be placed as per PRGO considering sale / off take of the item.

  
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7. **Bank Guarantee**

- a) All firms (except for those exempted from providing Bank Guarantee as per the laid down policy), will submit Bank Guarantee of adequate value to cover all stocks, pending order quantity and value of order to be placed.
- b) Initial order will be placed only on receipt of JPG image and Bank Guarantee (if applicable) valid for a period of 3 years from any authorized Bank. BG will be received through normal Registered Post / Speed Post only from the Bank. Thereafter the Bank Guarantee should be renewed for a period of 2 years at least three months in advance before the expiry of the Bank Guarantee. In case of delay / failure orders and pending payments will be stopped.
- c) BG is required to be submitted within a period of 3 months from date of issue of introduction circular, failing which item will be put up for deletion without further notice.
- d) Firms granted exemption from BG will have to resubmit adequate BG in case they fail to achieve the minimum required turnover criteria in a financial year.

8. **Return of Stores and Debit to Supplier**

- a) Stores can be returned only when cost of such stores is recovered by the department or new stores in lieu of old is received from supplier.
- b) In the event of any stocks against initial or subsequent orders remaining unsold, the department reserves the right to return the stocks on freight to-pay basis. The value of such stocks will be adjusted from pending bills /Bank Guarantee. In case no response from firm regarding taking back of stores against which debit note has already been recovered, concerned CSD Depot reserve the right to dispose off the product including by destruction as per the departmental policy at the cost of the supplier.
- c) Surplus stock of new introduction items at end of one year from date of receipt of initial supply of area Depot will be debited to supplier and returned after recovery of debit note.
- d) Any loss of GST in the process will also be debited to supplier.

9. **Price Change**

- a) In case the price of the product has been reduced in the civil market the reduction will automatically be applicable to such supplies made to the Department with effect from the date of reduction in the civil market. The differential amount will be debited to supplier account. In case reduction is not intimated by firms in time, the difference in price from the date of reduction in civil market till date of implementation in CSD will be recovered with penalty on such amount.
- b) All price reductions will have retrospective effect as per the effective date established and all price increases are with effect from the date mentioned in Price Increase Circular issued by CSD.
- c) All orders will be executed at the existing rate mentioned on the orders till such time increase in price applied for is approved by the Competent Authority and implemented at the Area depots of the Department.
- d) Regarding price reduction existing pending orders will be executed by firm at the reduced rate from the date from which the same are made effective by firm without awaiting prior approval from the Department. Firms will ensure to intimate such downward revision by the fastest means to CSD HO so that

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exact amount of price reduced could be verified and approval accorded by the Department.

- e) Firms will neither seek / apply for price increase nor will it be granted by the Department for at least till one year after introduction of the item.
- f) Price / Discount decided at the time of introduction is not normally reduced.

#### 10. Quality

- a) In case of any deviation in quality of the item or if the item is found substandard / defective, liquidity damages / penalty shall be levied as per policy of the department and the item may be considered for deletion. Entire stock of such item (except food items, which will be destroyed) will be back loaded to firm on freight-to-pay basis and the amount shall be recovered by raising debit note. It will be mandatory on part of the firm to include all quality check parameters in the TDS including grade of the material & metals used (e.g. copper, wire, thickness of an electric motor) for the manufacturing of the item, relevant Indian standards and tests etc. failing which quality checks carried out as per available specification by the lab will be treated as final.
- b) The Department will be getting products tested from testing centers / laboratories periodically. In case the item is found to be not confirming to the quality standards / specifications as prescribed in Technical Data Specification (TDS) / Bureau of Indian Standards (BIS) and / or other Government standards like Legal Metrology, FSSAI Act / Rules FPO, Agmark etc., as the case may be, necessary recovery towards the value of the affected stocks at wholesale rates plus liquidity damages / penalty will be made as per the laid down policy / procedure of the Department in vogue. The cost of samples and testing charges will be debited to supplier.

#### 11. Deletion

- a) If the product does not pick up adequate demand as per norms laid down by the Department within a period of two years commencing from the date of issuance of initial order post introduction, the item is liable to be deleted.
- b) In case of three consecutive failures to supply the item, the same can be considered for deletion.
- c) Before deletion of an item due to deviation in quality terms or other reasons, a show cause notice, will be issued to firm for reply within 30 days.

#### 12. One to One Replacement

One to one replacement of the new items can be considered only after completion of one year from date of initial order. Subsequent one to one replacement will be considered after completion of one year from earlier one to one replacement. While carrying out one to one replacement, it will be ensured that the items fall within the same generic code with similar utility and relatively similar pricing. No one to one replacement will be permitted for item which has been identified for deletion or under quality complaint.

#### 13. Shelf Life

All items with specified shelf life / Best before date shelf life items will be accepted as per policy: -

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|    | Total shelf life period of the item | Minimum Shelf life at the time of acceptance of item at CSD Depots |
|----|-------------------------------------|--|
| a) | Up to 6 months                      | 75%  |
| b) | Above 6 months                      | 70%  |

14. **Government Levies**

In case of Government exempting any levies, the department reserves the right to reduce the equivalent value with effect from the date of implementation of Government order.

15. **Delivery Schedule**


- a) The delivery period will be as per the purchase order. Normally no extension of delivery period is allowed.
- b) For HO orders delivery schedule will be 28 days and no consignment will be accepted after expiry of delivery schedule.
- c) Penalty @2% will be imposed on concerned suppliers against non-delivery / part delivery of consignment.
- d) General Manager, being Competent Authority to place orders has full powers with regard to extension of delivery schedule with / without imposition of penalty @2% in case of force majeure conditions like natural calamities, strikes, riots, curfews, etc. as per merits of each case.
- e) Any disputes regarding non-delivery, late delivery, part delivery are to be addressed to the MS branch, CSD HO for examination and disposal by Competent Authority. GM CSD will be the final authority in all such cases.
- f) In case any item cannot be supplied due to valid reasons, the same has to be intimated before placement of supply orders failing which penalty as applicable for non-supplies will be levied.

16. **Special Market Survey**

If at any given point of time special market survey is necessitated on account of the following discrepancies, CSD shall be charging an amount of ₹ 50,000/- (Rupees Fifty Thousand Only) per installation / Depot.

- a) Rate variation.
- b) Complaint against the product's quality / rate.
- c) Non-extension of consumer promotion scheme to CSD which is available in civil market on the same product.
- d) Non-availability of CSD listed items in civil market.

17. **Other Conditions**

  
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- a) Firms are not to supply the CSD enlisted items to any Defence Canteen including INCS either directly or through your agents.
- b) CSD rates will not be printed on carton/mono pack of the item and "For sale to CSD only" etc is also not to be printed on items/case pack.
- c) No middleman/agents will be appointed by firms to look after the interest of their products listed with CSD. Any violation will lead to deletion of items from CSD range without notice.
- d) In case the firm, directly or through the dealer appointed by firm, fails to render After Sales Service within 45 days, the item will be replaced ex-stock and defective item back loaded to at firm's risk and cost.
- e) Any consumer promotion scheme (CPS) offered in the civil market directly or through stockist / dealers has to be simultaneously offered to CSD and information thereof is to be sent in writing well in time. In case of violation, recovery towards the value of the scheme/offer plus liquidity damages/penalty will be made as per the laid down policy/procedure of the Department in vogue. Persistent violation may also lead to deletion of the product as may be decided by the Competent Authority.
- f) In case, at a later stage, any information given in the introduction form and connected papers is found false with regards to the status of the firm and other details, the item will be deleted/penalty imposed.
- g) CSD publishes a pictorial price list of all the listed items on annual basis for which firms are to forward two copies of photograph of their products immediately on receipt of the circular.
- h) All products are to be "Bar Coded" and the same is to be intimated to the Department.
- i) Firms will make good all losses suffered or likely to be suffered by the Department due to any deviations, defective supplies and/or breach of any terms and conditions contained herein, as well as those contained in the information brochure supplied with the Introduction Form, and that firm will also be liable for all costs and expenses incurred on any proceeding which the Department may have to institute against firm in connection thereof.
- j) No changes in product specification with regard to composition content, ingredients, carton, design, graphics, packing shelf life, etc. will be carried out by firm without approval of the Department.
- k) The consignment will be delivered at the destination Depot and loading / unloading charges will be borne by suppliers.
- l) Firms will send a list of C&F agents / dealers (Depot wise) for approval and circulation to CSD depots.
- m) Firm will ensure that supplies are executed from sources approved by Department, failing which firm shall liable to be penalized.
- n) It is to be ensured that Index No., Batch No. and expiry details are printed / affixed on the outer carton to ensure easy identification / handing, as well as in invoice.

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18. Terms specific for Liquor Items

- a) In case of any deviation in the specifications of the item or if the item is found to be substandard or defective or has deviation in quality / quantity, liquidity damages plus penalty shall be levied as per the policy of the department in vogue and the item may be deleted as per merit of the case. If the sample sent for Lab test is declared unfit for CSD vending, the complete value of stock (at wholesale rate) of affected batch plus 25% penalty thereon will be debited to your account and recovered from pending bills.
- b) In case of any defect in cap sealing (improper crimping), use of inferior/substandard packing material, second hand bottles and / or variation in alcoholic strength, leakage / shortage and breakages the necessary recovery will be made from pending bills as per prevailing policy of the department.
- c) The label of Liquor items will be registered with all State Excise Authorities wherever the same are mandatory. In case the labels are not registered with any of the State Excise Authorities, the Department may not place further orders to the firm.
- d) The unexecuted import permits will be returned to the depots within 10 days, failing which penalty @18% on Excise Duty paid on the permits will be levied.

19. Payment Terms

- a) Payments against stocks received at CSD Depots will be released within a period of 60 days from date of receipt subject to receipt of bills and requisite documents complete in all respects at CSD Head Office and also no observations / amendments found thereof in the bills at CSD Head Office. The stipulated release is also subject to availability of funds / budget with CSD.
- b) No interest will be paid for delay in payments due to reasons whatsoever and no claim in this regard will be accepted by the Department
- c) Outstanding debits / credits will be adjusted from the bills of supply


20. GST Reconciliation Recoveries

Firms will ensure that there is timely reconciliation of bill / debits / credits with consignee Depots and in case if any mismatches / recoveries from CSD on account of errors in bills or due to mistake by firms in billing / GST returns, the amount so payable to Govt / recovered by Govt will be debited and recovered from the firms.

21. Firms will also ensure to give timely response to queries sent by Depots to resolve the mismatches in GST returns.

22. Compliance to Govt Regulations.

Firms will ensure compliance of Govt laws and regulations as laid down in various Acts for weight and measures for packaging, labels, manufacturing location / unit, branding, brand / trade mark ownership, marketing, manufacturing

  
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location / unit, branding, brand / trade mark ownership, marketing, manufacturing date, shelf life / best before date, ingredients declaration including Consumer Protection Act, Legal Metrology, Food & Standard Act, State Excise Act & Rules, etc.

23. **Termination of Contract**

Both parties to the contract, i.e. firm and CSD can terminate the contract by giving one month's notice. Firms can apply for voluntary withdrawal of their products. CSD can also delete the items from CSD inventory range by giving one month's notice specifying reason thereof.

24. **Departmental Appellate Authority**

In case of any dispute, the matter will be put up to the appellate authority i.e. Board of Administration, whose decision will be final and binding and no representation on this account will be entertained.

25. The above terms and condition are in addition to those already contained in the form of Application for Introduction / Registration, letter of undertaking given by the firm on the non-judicial stamp paper along with the said Application Form and those contained in our letter of approval issued by Canteen Stores Department for introduction of products in CSD range as also various circulars issued / amended by the Department from time to time.

26. **Arbitration Jurisdiction**

Jurisdiction related to any legal matter arising out of the business transaction with the department shall be at Mumbai.

27. **Acceptance to terms and conditions**

The above condition shall be applicable to all listed products in CSD.

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