



CALCUTTA TEA TRADERS ASSOCIATION

**6, NETAJI SUBHAS ROAD
CALCUTTA-700 001**



R U L E S



CALCUTTA

Calcutta Tea Traders Association

Rules and Regulations

PART I

1. These Rules may be altered or added to only at an Extraordinary General Meeting and provided that the proposed alteration or addition shall have been notified to the members of the Association at least 14 days previous to the date of holding such Extraordinary General Meeting, without prejudice nevertheless to the power of the General Committee to modify sections of these Rules without reference provided that such modifications are subsequently placed before an Extraordinary General Meeting for consideration.
- Alteration of the Rules.

- *2. All persons, firms or companies who are buyers of tea and having a place of business at Calcutta and its Metropolitan Area and who are registered dealers in tea within the meaning of the Bengal (Finance) Sales Tax Act, 1941 and holding current West Bengal Registration Certificate there-under shall be eligible for admission as members of the Association.
- Eligibility for membership.

All manufacturers of tea as defined under Tea (Marketing) Control Order, 1984 shall be eligible for admission as members of the Association.

All Tea Brokers who intend to act as such in the Public Tea Auctions held under the auspices of this Association in Calcutta shall be eligible for admission as members of the Association.

All applicants for membership shall apply in such form(s) as may be prescribed by the Association keeping in view the provisions of the Tea (Marketing) Control Order, 1984 or any other order/ rule that may be in force under the Tea Act, 1953.

The General Committee may, after examining the application and after making such enquiry as it may deem fit, either grant or refuse membership to an applicant if the

* Altered and adopted at an Extraordinary General Meeting held on 30th July, 1987.

said Committee is of the opinion that the applicant is not suitable for admission as a member of the Association. In the event of rejection of the application by the General Committee, the applicant may prefer an appeal to the Tea Board and the Tea Board may, after making such enquiry as it may deem fit, either confirm, reverse or modify the decision of the General Committee.

Admission to membership.

3. Applicants for admission to Seller or Buyer membership of the Association shall be proposed by two members and seconded by two members on the prescribed form. Special Rules relating to the election of Broker Members are contained in Part II of these Rules.

Election of members, entrance fee and annual subscription.

- *4. All elections of candidates for admission to membership of the Association shall be made by the General Committee, and shall be held in such manner as the General Committee shall determine. The entrance fee payable on election to membership of the Association shall be Rs. 500.00 (Rupees Five hundred only) and this fee shall be paid together with the membership subscription for the year as soon as the member has been advised of his election. At each Annual General Meeting the rate of subscription to be paid by members of the Association for the next ensuing year shall be determined by resolution.

** (i) Any member of the Association becoming an associate buyer member or an associate seller member by virtue of the provisions of the Rules herein provided, he or they shall again be required to pay the admission fee of Rs. 500.00 on his or their becoming eligible for readmission as a member.

The management of the Association's business.

- *5. The business of the Association shall be managed by a General Committee consisting of 15 members representing Sellers of Tea, Buyers of Tea and Tea Brokers and two nominated members, one to be nominated by the Government of West Bengal and the other by the Tea Board. The nominated member will continue as such member until he is removed by the Government of West Bengal or the Tea Board, as the case may be.

* Altered and adopted at an Extraordinary General Meeting held on 20th May, 1982.

** Adopted at an Extraordinary General Meeting held on 15th July, 1982.

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| <p>6. The General Committee shall be entitled to represent the Association and to do and perform on behalf of the Association all acts, matters and things which the Association is legally entitled to do and which are not required by these Rules to be done by the Association in general meeting. The General Committee may act notwithstanding that the number of its members for the time being shall be less than fifteen. The General Committee shall also be empowered to appoint Sub-Committees as they consider desirable for the performance of the Association's business, and to prescribe the powers and duties of such Sub-Committee.</p> | <p>The responsibility of the General Committee.</p> |
| <p>*7. The General Committee shall consist of two nominated members and 15 elected members of the Association. Out of the 15 elected members, 5 members would be elected from Sellers of Tea, 5 members from Buyers of Tea and 5 Members from Tea Brokers.</p> | <p>The composition of the General Committee.</p> |
| <p>*8. Not less than 14 days prior to the Annual General Meeting the Secretary shall circulate to each member of the Association a request to nominate a representative of such member eligible and willing to serve on the General Committee, if elected. The nominee shall be a Proprietor, Partner, Director or Senior Assistant of the member. Such nominations shall be sent to the Secretary not less than 10 days prior to such meeting.</p> | <p>Nomination of persons willing to serve on the General Committee.</p> |
| <p>**9. For the purpose of electing persons to serve on the General Committee each member of the Association shall have one vote for each place to be filled in his particular category of membership. Voting cards shall contain a list of persons nominated by members as provided by Clause 8, Part I, hereof and the class of members which they represent and shall be circulated to each class of members not less than one week prior to the Annual General Meeting. Members shall at the same time be notified that voting cards must be returned to the Secretary at least three days prior to such meeting. The voting cards shall be examined by scrutineers to be appointed by the General Committee. In the event of an equal number of votes having been cast for two or more candidates for the</p> | <p>Election of persons to be members of the General Committee.</p> |

* Altered and adopted at an Extraordinary General Meeting held on 20th May, 1982.

** Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

last seat in any class, the Secretary shall refer the tie for a decision to the vote of all members of the class in which the tie has occurred. The voting cards of this referendum shall be examined by scrutineers and the final result of the voting, duly certified by them, shall be declared by the Chairman at such Annual General Meeting. The General Committee thus elected shall serve until the next Annual General Meeting.

Election of the Chairman and Vice-Chairman of the Committee.

10. The General Committee shall elect from their members two persons to be the Chairman and Vice-Chairman of the Association. The persons so appointed shall serve until the next General Meeting. The General Committee shall have power to fill any vacancies in the office of Chairman or Vice-Chairman caused by death, retirement or otherwise. A Chairman or Vice-Chairman, on his ceasing to be, or to be entitled to exercise the powers and authorities of a member of the General Committee, shall automatically vacate the office of Chairman or Vice-Chairman.

Extraordinary cessation of membership of the General Committee.

- *11. (i) If a member of the General Committee dies or resigns or be absent from India or be unable to attend the meeting of the General Committee for a continuous period of three calendar months due to illness or otherwise, he shall cease to be a member of the General Committee.
- (ii) If a firm or company, whose representative has been elected to the General Committee, shall cease to be a member of the Association, such representative shall thereupon cease to be a member of the General Committee.

Temporary replacement of absent or retired members of the General Committee.

- **12. (i) Any member of the General Committee leaving Calcutta for a period exceeding one month shall nominate a substitute, who must be a Partner, Director or Senior Assistant of his own firm or company to take his place on the Committee during his absence, and any person so nominated shall have the right, subject to the consent of the General Committee, to act in place of the absentee member.

* Altered and adopted at an Extraordinary General Meeting held on 20th May, 1982.

** Altered and adopted at an Extraordinary General Meeting held on 27th February, 1964.

If a member of the General Committee shall have left Calcutta without having nominated a substitute who shall be acceptable to the General Committee then the Committee shall have power to appoint if they so think fit a person or an eligible representative of a person, firm or Company of the same class of members of the Association to act as a temporary member of the General Committee in the place and during the absence of such member of the General Committee from Calcutta.

- (ii) On a member of the General Committee ceasing to be a member thereof, the General Committee shall be entitled to fill the vacancy by appointing a person or an eligible representative of a person, firm or company of the same class of members of the Association.

13. The quorum for any meeting of the General Committee shall be five, of whom at least two shall be buyers, two shall be sellers and one shall be a broker.

Quorum for the General Committee.

14. The Chairman, or in his absence, the Vice-Chairman, shall preside at all General Meetings of the Association and at all meetings of the General Committee. In the case of an equality in voting the Chairman of the meeting shall have a second or casting vote.

Duties of the Chairman.

* In the event of both the Chairman and the Vice-Chairman being absent from any meeting, the members as may be present at the meeting shall choose some one from the same category of the membership as that of the Chairman of the Association to be the Chairman of such meeting.

**15. The Annual General Meeting of the Association shall be held once in every year in the month of January or soon thereafter as shall be convenient on such day as the General Committee may appoint.

Date of Annual General Meeting.

* Adopted at an Extraordinary General Meeting held on 15th July, 1982.

** Altered and adopted at an Extraordinary General Meeting held on 20th May, 1982.

- Business of the Annual General Meeting.
16. The business of an Annual General Meeting shall be to receive the address of the Chairman; to receive and pass the report and accounts of the preceding year; to determine the rate of subscription for the ensuing year; to elect auditors if required by law for the ensuing year and to receive the results of the election of members to the General Committee for the ensuing year. Any other business shall be dealt with at an Extraordinary General Meeting.
- Calling, convening and notification of the business of Extraordinary General Meeting.
- *17. An Extraordinary General Meeting of the Members of the Association may be called by the General Committee at any time and shall be called upon requisition in writing signed by at least 17% of the total membership of the Association addressed to the Chairman or Secretary thereof and specifying the precise object of the meeting to be called. Upon receipt of such requisition the General Committee shall proceed to convene an Extraordinary General Meeting to be held within 30 working days thereafter.
- Minimum notice of General Meeting.
18. Fourteen days' notice of all General Meetings shall be given to the members in writing by ordinary post or by advertisement in at least two of the Calcutta daily newspapers.
- Quorum for the General Meeting.
- **19. Twenty five members either in person or by proxy shall be a quorum for a General Meeting. If at the expiration of half an hour from the time appointed for holding a General Meeting a quorum shall not be present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the General Committee may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called.
- Representation at General Meetings.
- **20. A firm or company being a member of the Association may be represented at the Annual or Extraordinary General Meeting by a person duly authorised in writing by

* Altered and adopted at an Extraordinary General Meeting held on 20th May, 1976.

** Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

a member and he shall be entitled to exercise the votes allocated to the members in the manner hereinafter provided. A person will be entitled to represent several members provided he is duly authorised. A letter of authority or proxy, duly signed and stamped, shall be deposited by the person with the Secretary of the Association prior to the commencement of the meeting.

21. The procedure and voting at both Annual General and Extraordinary General Meetings shall be similar. Each resolution shall be in writing and shall be proposed by a member or his duly authorised representative referred to in Clause 20, Part I hereof and seconded by another member or authorised representative. All discussion shall be directed to the Chairman and questions shall only be asked through the Chairman. A resolution shall be declared to be carried provided it is accepted by a majority of the members present in person or by their authorised representatives. If not so accepted, it shall be declared to be rejected. A declaration by the Chairman of the meeting that a resolution has been accepted or rejected, as the case may be, shall be conclusive of the fact.
- Procedure at all General Meetings.
- *22. (i) Every resolution at the Annual General Meeting or Extraordinary General Meeting shall be decided at the first instance by show of hands and on a poll the Chairman of the meeting shall have a casting vote in addition to the vote to which he is entitled as a member.
- Voting rights and methods of voting at General Meetings.
- *(ii) At any Annual General Meeting or Extraordinary General Meeting unless a poll is demanded, voting will be by show of hands and each member present in person shall have one vote and every person present as a proxy shall also have one vote.
- ** (iii) Before or on the declaration of the results of the vote on any Resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf at

* Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

** Adopted at an Extraordinary General Meeting on 15th July 1982.

least by 5 members having the right to vote on the resolution and present in person or by proxy. The demand for a poll may be withdrawn at any time by the person or persons who have made the demand.

(a) Sellers' and Buyers' votes for a resolution shall be counted separately and Broker members shall vote either with Sellers or Buyers as they choose.

(b) A resolution at an Extraordinary General Meeting shall be declared carried if it is accepted both by a majority of the Buyers and by a majority of the Sellers present and shall be declared lost if it is rejected both by a majority of the Buyers and by a majority of the Sellers present at the meeting. If a majority of one section votes in favour of a resolution and a majority in the other section votes against it, then the matter shall be referred to the Chairman and Vice-Chairman who shall act as arbitrators. In the event of their not agreeing then the matter shall be referred to an Umpire acceptable to both who may or may not be a member of the Association. The Umpire's decision shall then be final.

When the decision of the Chairman and Vice-Chairman or the Umpire, as the case may be, favours an amendment to the Association's Rules, this amendment shall not immediately be incorporated in the Rules, but the procedure which such an amendment would involve shall be introduced as a trial measure.

At the end of twelve months' trial the proposer of the amendment shall be invited to propose it again, and if passed on this second occasion the amendment shall then be incorporated in the Rules.

* Otherwise, the Resolution will be treated as rejected and the same Resolution cannot be put up and/or proposed until the expiry of three years from the date of rejection.

* Adopted at an Extraordinary General Meeting held on 15th July, 1982.

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| 23. | Any member of the Association may retire from the Association by giving notice in writing to the General Committee after paying any outstanding subscription. | Ordinary retirement of members. |
| 24. | A member of the Association being either a person, firm or company, shall cease to be a member in any of the following events : | Automatic cessation of membership. |
| | (i) On his or their filing a petition in insolvency or being adjudicated insolvent, or | |
| | (ii) On a resolution being passed or an order being made for liquidation, or | |
| | *(iii) On his or their subscription to the Association remaining unpaid for more than two months from the date of the last Annual General Meeting of the Association. | |
| **25. (i) | If a complaint shall be made to the General Committee regarding any member, the Committee after due consideration and enquiry may take any of the following actions : | Power to suspend or expel a member. |
| | (a) Dispose of such complaint to the extent of the suspension of the member from any privileges of the Association, or expulsion of the member from the Association; or | |
| | (b) Refer the matter of suspension or expulsion of the member to an Extraordinary General Meeting of members for their decision. | |
| | (ii) The period of suspension or expulsion of the member shall be within the discretion of the General Committee. | |
| | (iii) The power to suspend or expel a member of the Association need not be confined to a case where a member has broken a rule or failed to observe a rule and moreover need not be based on the construction of a rule but it shall be capable of exercise so as to ensure that the objects and principles of the Association are served and upheld and the good name of the Auction Centre is preserved. | |

* Adopted at an Extraordinary General Meeting held on 15th July, 1982.

** Altered and adopted at an Extraordinary General Meeting held on 30th July, 1987.

in the event of suspension or expulsion of any member by the General Committee, such member may prefer an appeal to the Tea Board and the Tea Board may, after making such enquiries as it may deem fit and after calling the General Committee of the Association for explanation, either confirm, reverse or modify the decision of the General Committee, provided, however, that until the final decision of the Tea Board is notified, the decision of the General Committee shall remain in force and the concerned Member shall have no right whatsoever, whether direct or indirect to make any claim for compensation, damages and/or any other payment by whatever name called, arising from or incidental to the decision of the General Committee and/or the Tea Board.

Secretary of the Association.

26. The General Committee shall have the power to appoint the Secretary of the Association for such period, at such remuneration and upon such terms and conditions as the General Committee may think fit and the Secretary shall undertake such duties and exercise such powers as the General Committee may from time to time direct.

Execution of Deeds and Documents.

27. Any deed or document shall be deemed to be duly executed on behalf of the Association if signed by two persons being (1) the Chairman or (2) the Vice-Chairman or (3) a person authorised by a resolution of the General Committee to sign the deed or documents on behalf of the Association.

PART II - THE ELECTION OF BROKERS AS MEMBERS

1. Subject to the provision of Clause 4, Part II hereof, any company, firm or person wishing to be elected as a broker member of the Association shall comply with the following conditions, namely :
- (i) Applications for broker membership shall be submitted on the prescribed form and be proposed by two seller members of the Association and be seconded by two buyer members. Pre-requisites for application to broker membership.
- (ii) Applicants shall furnish to the satisfaction of the General Committee of the Association :
- (a) evidence of having financial resources sufficient to enable them to act as guarantee brokers that is to say brokers guaranteeing full payment to the owners, agents or financiers concerned (whether members of the Association or not) of the value of all teas sold by such brokers as required by Clause 12 of Part III hereof. In particular the applicant shall furnish to the Association a guarantee from a Scheduled Bank for the sum of Rupees two lakhs. Such guarantee shall be in a form acceptable to the Committee and shall remain valid for a period of one year from the date of election of the applicant to broker membership and on expiry shall be renewed for a further period of one year. If at any time it should be necessary for the Committee to call upon the guarantor to pay any sum under the guarantee to the members concerned then in such case the applicant shall furnish a further guarantee for the sum of Rupees two lakhs. It shall be the responsibility of the applicant to ensure that at all time until he is elected to full broker membership of the Association, there is in force a guarantee for Rupees two lakhs in favour of the Association. Proposers and Seconders.
- (b) evidence that they are qualified technically to taste, value, report on and auction tea in the Calcutta market or that they employ technical staff with such requisite qualification. Alternatively applicants shall give an undertaking to furnish such proof within six months of the date of their commencing to act as brokers, if elected. Sufficient financial resources.
- Technical ability.

Adequate staff.

(c) evidence that they employ or will employ adequate staff in the opinion of the General Committee to provide warehousing service in accordance with the custom of the tea trade. Provided that if the applicant in the opinion of the General Committee shall fail to furnish such evidence within the period of six months the probationary membership shall cease forthwith.

Pre-requisite to probationary membership.

2. Applicants who comply with the foregoing conditions shall be elected by the General Committee of the Association as broker members for a probationary period of two years from the date of election provided that they furnish -

Undertaking to obey the Association's Rules.

(i) a solemn affirmation in writing and in such form as may be laid down by the General Committee that he or they will abide by and adhere to the Rules of the Association as they are now framed or as they may from time to time be revised, altered or added to during the period of probation as a broker member;

Undertaking to abide by decision of the General Committee.

(ii) a written guarantee that should he or they commit any breach of the Rules of the Association during the period of probation as a result of which the General Committee of the Association decide that he or they should cease to be a broker member of the Association, he or they, will accept and abide by the decision of the General Committee which shall be final.

Agreement to honour obligations for the use of Auction Hall.

*(iii) That he or they bind himself or themselves to execute and honour an agreement or agreements as approved by the General Committee with the existing Broker members of the Association regarding the use of the Auction Hall or Rooms and to fulfil all necessary obligations on his or their part for the use of such Auction Hall or Rooms including payment of deposits, charges and other pecuniary obligations, if any.

Pre-requisite to full membership.

3. Broker members who have completed the two year period of probation shall be elected to full broker membership on complying with the following conditions namely -

* Altered and adopted at an Extraordinary General Meeting held on 12th December, 1963.

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| <p>* (i) That he or they sign a solemn affirmation in a form approved of by the General Committee that he or they will abide by and faithfully adhere to all the Rules of the Association as they are now framed or as they may from time to time be revised, altered or added to and shall further bind himself or themselves to honour an agreement or agreements for the use of the Auction Hall or Rooms with the other Broker members of the Association.</p> | <p>Affirmation to obey Rules of the Association.</p> |
| <p>** (ii) That he or they bind himself or themselves to abide by and adhere to the Rules of the Association under a penalty of Rupees twentyfive thousand (Rs. 25,000) to be forfeited and paid to the Association upon a declaration by the General Committee that he or they has or have failed to comply with the Rules of the Association or by breaking and infringing these Rules has or have incurred the forfeiture and penalty stipulated for.</p> | <p>Agreement to pay penalty.</p> |
| <p>** (iii) That further, in addition to the undertaking mentioned in the preceding condition, he or they shall furnish, two sureties, who shall be either (1) Members of the Association, (2) Members of the Bengal Chamber of Commerce and Industry or (3) Local Banks, who shall each enter into an undertaking, in a form approved of by the Association, to forfeit and pay to the Association, the penal sum of Rupees twentyfive thousand (Rs. 25,000), such sum to be forfeited and paid to the Association on it being declared by the General Committee that the Broker for whom the said parties are sureties has infringed and broken the Rules of the Association and has made default in the payment of the penalty provided for.</p> | <p>Provision of sureties.</p> |
| <p>4. Notwithstanding any provisions hereinbefore contained, the General Committee of the Association shall have the power to refuse to entertain applications for broker membership of the Association from any persons, firms or companies at their absolute discretion without assigning any reason therefor.</p> | <p>Over-riding power of General Committee.</p> |

* Altered and adopted at an Extraordinary General Meeting held on 12th December, 1963.

** Altered and adopted at an Extraordinary General Meeting held on 23rd August, 1979.

PART III-THE OBJECTS AND PRINCIPLES OF THE ASSOCIATION

- The objects.
1. The objects and duty of the Association shall be to promote alike the common interests of Sellers and Buyers of tea in Calcutta market, the country of India and abroad and to protect the interests of the Broker members of the Association. Above all the Association shall preserve the highest possible standard of integrity in order to further the interests of Indian tea by fair and sound methods.
- The undertaking of members.
2. Every member of the Association shall subscribe to and undertake faithfully to abide by the Rules of the Association for the time being in force.
- All sales and purchases to be subject to prescribed terms and condition.
3. All sales of tea by Broker members, whether by private treaty or printed for sale in Auction, whether subsequently sold in Auction or outside the Auction, shall be held under and subject to the Rules of the Calcutta Tea Traders Association for the time being in force. The conditions of all sales shall be the Conditions of Sale of the Association for the time being in force. The terms and conditions for the time being prescribed as regulating sales and purchases of tea (which terms and conditions in force at the date of the adoption of these rules are set forth in Parts IV, V and VI hereof) shall apply to all sales and purchases of tea and shall govern the rights and liabilities of all parties to such transactions whether they be members of this Association or not. Members transacting business with or on behalf of non-members shall stipulate for the regulation of sales and purchases in the manner aforesaid by adequate reference to the said terms and conditions.
- The basis of sale regarding the nature of each tea.
- *4. The sample distributed before the sale, having been drawn in the customary manner from the lot or lots offered for sale, shall form the basis of sale, as regards the nature and description of the tea, but not the state and condition thereof, unless otherwise provided in Auction Catalogue. Buyers must take all steps to satisfy themselves as to the state and condition of the teas before their removal from the warehouse and in this connection, the registered

* Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

warehouse – keepers shall extend all necessary cooperation and facilities to buyers. Claims regarding defects made subsequently shall not be entertained by Sellers unless the Selling Broker is of opinion that the defects complained of would not have been discoverable despite the taking of such steps within the prescribed period after the sale.

5. Each chest in a lot shall be treated as if it were subject of a separate contract without however entitling the buyers to require delivery of less than the total lot or part lot bought. Disputes concerning the accuracy of samples or the description of teas and claims to reject shall, unless settled between the parties, be referred to the arbitrators who shall be empowered to award rejection of the entire lot or part-lot of particular chests therein as the obligations of the contract and the particulars of the teas tendered may require in order to do justice to the parties. The subject of each contract.
6. Brokers may finance an estate either directly or through its Agents or Bankers and may take a mortgage on the crop or other assets or both as security. They may also purchase or acquire an estate or a share therein. They may make advances of money against documents representing invoices of tea at their own discretion. They shall not undertake the duties of Agents on behalf of an estate beyond the receipt and sale of invoices in Calcutta either privately or in auction. Brokers may, however, be Directors of Tea Producing Companies. Broker's liberty to finance producers and their undertakings to agents.
- *7. All buyer members of the Association and other associate buyer members shall provide the Association during January of each year with a letter duly signed by a person or persons authorised to do so stating that there have been no alterations in the information submitted in the Declaration Form. Buyer members and associate buyer members shall within 60 days of the date of any alteration in the information contained in the Declaration Form, furnish the Association with full details in writing of such alteration, failing which the General Committee at their entire discretion may decide that the buyer member concerned shall cease to be a member of the Association and the associate buyer member concerned shall cease to be an associate buyer member. Buyers' Annual Declaration.

* Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

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Brokers' under-taking to buyers.

*9. Members of the Association who are Brokers shall bind themselves that they would not be interested directly or indirectly in any purchases or shipments of tea which would in any way interfere with the interests of the Buyers who are registered with the Association as members /associate buyer members.

Brokers' under-taking to each other.

10. Brokers shall not handle or in any way deal with teas given to another broker for sale unless and until such teas have been withdrawn from the first broker by the persons or firms duly and properly empowered so to do.

The method of payment.

11. Payment shall be made by the Buyer to the Broker either in cash or by cheque or by Bank Draft, valid for current encashment on a bank in Calcutta by Prompt Date at the latest.

Brokers to guarantee all payments.

**12. Brokers shall guarantee full payment to the owners, agents or financiers concerned (whether members of the Association or not) of the value, less the charges involved and any advance made, of all teas sold by them whether in auction or by private treaty.

Brokers shall be empowered to deduct the amount of any expense or charges payable by them under the Rules of the Association from any sale proceeds due by them to the seller concerned.

Brokers' obligation to make charges in full.

*13. Brokers shall charge and collect from both the sellers and buyers the brokerage, commission, service charges and other charges as may be determined from time to time by the General Committee of the Association and as approved by the Tea Board.

Brokers' not to undertake part services.

14. Brokers may not undertake any part services with the exception of report valuation and advice in respect of teas which have not been sold or will not be sold by them by contract subject to these Rules and with the further exception of surveys for which the scales of charges are laid down in Appendix 'B' to these Rules. Report and valuation

+ Deleted at an Extraordinary General Meeting held on 15th December, 1961.

* Altered and adopted at an Extraordinary General Meeting held on 30th July, 1987.

** Altered and adopted at an Extraordinary General Meeting held on 16th June, 1975.

of teas shall be charged at Rs.2.00 per sample, unless at least 25% of the crop is sold in Calcutta by the Brokers reporting on the teas when no charge will be made.

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| 15. Except as provided in Clause 6 of Part III hereof Brokers are not permitted to be the owners of tea neither shall they purchase in excess of their orders. Any accidentally over-bought lots shall be declared to the General Committee of the Association on the day following the sale. | Brokers not to be owners of tea or to purchase in excess of orders. |
| 16. The General Committee shall have the power to call upon any buying Broker to declare his principals and any refusal to comply with such call shall be considered and dealt with as violation of the Rules of the Association. | The compulsory declaration of principals. |
| 17. Brokers shall not be permitted to extend a Prompt Date without prior permission of the General Committee except as provided in Rule 12 Part VI. | The sanctity of the prompt date. |
| 18. Brokers shall be permitted to grant credit to buyers up to Prompt Date and no longer whether members of the Association or not at their own discretion. The Association has no power to act in the event of a buyer, whether a member of the Association or not, failing to meet his obligation since the credit is granted at the discretion of the Brokers. | The granting of credit to buyers. |
| *19. (a) Payment of warehousing charges by the seller or buyer concerned must be made in cash at the time of delivery unless otherwise agreed. In any case all outstandings must be settled by the 31st March of each year. The seller is primarily responsible and liable for loss, damage, fire and other risks attaching to his teas until 4 pm on prompt date or until earlier removal by the buyer. The seller is liable for all warehouse costs upto prompt date regardless of any earlier delivery to the Buyer. After prompt date all liabilities and risks shall pass to and will be accepted by the buyer. It is the sole responsibility of the buyer or seller concerned to claim on the warehousemen for any loss or damage to their teas or containers which can be legally ascribed to the negligence or misconduct of the warehousemen. | Responsibility for warehouse charges and insurance risks. |

* Altered and adopted at an Extraordinary General Meeting held on 16th December, 1971.

(b) Provided the Delivery Proforma has been lodged with the Warehousekeeper by the prompt date and delivery not obtained. all risks including rent will remain with the seller for a further 14 days from the prompt date or until delivery has been received. whichever is earlier.

Delivery.

- *20. (a) Delivery of tea entrusted to a Broker member for sale shall only be made by the warehousemen concerned on the presentation of a Delivery Order (relating specifically to the tea) duly signed by the Broker to whom the tea was entrusted for sale. Delivery Orders may be given on/or before Prompt Date at the discretion and responsibility of the Broker who sold the tea. If payment is made by cheque, the issue of a Delivery Order may be withheld at the discretion of the Broker until the cheque is cleared.
- (b) Selling Brokers shall issue to buyers a document giving details of the Delivery Order of the teas in question (Delivery Proforma), in order that buyers may lodge this with the warehousekeepers when requiring delivery. At the time of delivery, the Delivery Order must be surrendered.
- (c) A Tea Delivery Order is and shall be deemed to be a 'Document of Title to Goods' within the meaning of the Indian Sale of Goods Act.
- (d) Under the Rules of this Association, Brokers will be deemed on receipt of Garden Invoices, whether or not supported by railway or steamer receipts, to have been authorised and to have a continuing authority to sign Delivery Orders for teas covered by such invoices on behalf of Sellers, Garden Owners, Banks or Financiers and Managing/ Forwarding/ Calcutta Agents.

The issue of duplicate Delivery Orders.

**21. In those instances where an original Delivery Order has been mislaid, lost or stolen, duplicate Delivery Orders shall only be issued by the broker concerned after having observed the following three conditions :

* Altered and adopted at an Extraordinary General Meeting held on 16th December, 1971.

** Altered and adopted at an Extraordinary General Meeting held on 30th March, 1962.

- * (i) An Indemnity on Rs. 1.00 stamp paper shall be obtained from the buyer or party requesting the duplicate Delivery Order, in the form prescribed in Appendix 'C' to these Rules.
- ** (ii) A notice shall be published at the applicant's expense in one issue of the "Statesman" newspaper or any other leading newspaper circulating in Calcutta published in the English language to the effect that the document in question has been lost, stolen or mislaid and that failing its production or the lodgment of valid objection within a specified period to the issue of a duplicate, such duplicate will be issued.
- (iii) Notice in writing shall be given by the Selling Broker to the warehousmen last known to have custody of the tea, to the effect that application has been made for the issue of a duplicate Delivery Order for the tea concerned and calling for confirmation whether the tea concerned remains undelivered and whether any lien has been registered on such tea.

22. Teas which in the opinion of the Association are unsuitable for sale in Calcutta must be excluded from the Auctions and may not be made the subject of private contracts by Broker members. The authority for declaring the opinion of the Association in the aforesaid respect shall be vested in a Adjudication panel appointed for the purpose by the General Committee in consultation with the Chairman of the Tea Board. Teas which upon inspection of the samples are found to be of doubtful quality shall be dealt with in the manner prescribed in Rule 24 Part VI and all sellers of tea, whether members of the Association or not, must abide by these Rules when they offer teas for sale either in Auction or by Private treaty on the Calcutta Market.

The steps to prevent teas of doubtful quality being sold in the Calcutta Market.

* Altered and adopted at an Extraordinary General Meeting held on 30th March, 1962.

** Altered and adopted at an Extraordinary General Meeting held on 15th December, 1966.

PART IV - GENERAL PRE-SALE AND POST-SALE CONDITIONS

Rule 1(a) of Part IV (Authority for printing first-hand teas for auction).

- *1. (a) Only teas on garden account, which shall have reached the brokers' inspection floor of a warehouse registered with the Association and which shall have appeared in an Arrival and Weighment Report issued by the registered warehousekeeper shall be catalogued for sale. Prior to the closing of each sale, the Standing Sales Sub-Committee, constituted on the authority of the General Committee, shall under the direction of the General Committee, shall decide upon the 'closing' date of the Arrival and Weighment Reports and only such teas as shall have arrived in the warehouse on or before the 'closing' date and included in Arrival and Weighment Reports received in brokers' offices before a time limit to be determined by the Standing Sales Sub-Committee for each sale may be included in that particular sale.

** (b) With the exception of reprinted lots, teas correctly catalogued for auction cannot be withdrawn during ten days preceding the date of sale.

Printing of second-hand teas.

- **2. Brokers are not permitted to print second-hand teas unless they hold the Tea Sale Advice Note or the D.O. relating to the particular tea only signed by the broker or the seller member or the associate seller member, as the case may be who last sold the tea.

Broker's discretion on when to offer teas for sale.

3. Subject to the provisions of Clause 1 Part IV hereof, all teas sent down for sale shall be offered for sale as and when considered expedient by the Broker who shall have full discretion and no Broker shall be responsible in any way to the owner sending the same down for sale if such teas are omitted from any particular sales or sales.

Associate Seller Members and Seller Members.

- + 4. (i) The teas of a seller shall not be catalogued for sale in auction unless such seller is either a member of the Association or an associate seller member.

* This amendment is in force from the General Committee Meeting on 18th April 1985 subject to ratification at an Extraordinary General Meeting of the Association.

** Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

+ Altered and adopted at an Extraordinary General Meeting held on 20th May, 1982.

Only tea gardens and/or factories manufacturing tea shall be considered eligible for admission as associate seller members. Every applicant for admission to the Association as an associate seller member shall make an application in the prescribed form and pay an entrance fee of Rs. 500.00 (Rupees Five hundred only), or such sum as may be decided by the General Committee from time to time. On the admission of the applicant as an associate seller member, a copy of the Rules of the Association will be furnished. All sellers registered with the Association shall pay a fee to the Association in January every year. The fee to be paid by associate seller members shall be as decided by the General Committee from time to time.

#(ii) No Tea Garden shall be admitted as a seller member of the Association unless the total quantity of tea sold in auction by such Tea Garden in the previous three seasons is more than one-third of the aggregate production of the previous three years.

*5. Sales of Leaf Teas will usually be held first and sales of Dust and Supplement lots will be held on the following day or days but this may be varied at the discretion of the Committee of the Association as circumstances require. The Standing Sales Sub committee shall decide the hour at which each Sale shall commence.

Decision regarding the different type of sales.

**6. All teas on Garden Account shall be offered under garden marks. Where tea bearing no recognised garden mark is offered for sale, the Broker must call upon the Seller to furnish full particulars of the tea and its origin before accepting it for sale. Teas offered for sale with marks other than the garden marks must be registered with the Association and the Association will communicate the same to all members. All teas of origin other than Indian shall be excluded from the tea auctions unless they are clearly marked to show their country of origin. This rule is to apply to all such teas of foreign origin, whether mixed with Indian teas or not.

The disclosure of the origin of all teas.

Altered and adopted at an Extraordinary General Meeting held on 23rd August, 1979.

* Altered and adopted at an Extraordinary General Meeting held on 7th December, 1962.

** Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

- The size of lots. - 7. All lots of 16 chests and more in number shall be termed 'large lots'. All lots of less than 16 chests in number shall be termed 'small lots'. All lots of 4 chests or less in number and all damaged lots irrespective of their number will be offered in the Supplement catalogue. The General Committee shall have the power to revise or alter this Rule as circumstances demand.
- The number of buyers permitted to divide each lot. *8. No broker member of the Association may issue more than one contract for lots of 15 chests or under, more than two contracts for lots of 30 chests or under, and more than three contracts for lots of 31 chests or over. This Rule is subject to revision and alteration by the General Committee as circumstances demand.
- Appointment of buying brokers. **9. Buyers who do not wish to bid for teas themselves, but who wish to employ a Buying Broker, may only give their buying orders to an individual of Broker member companies other than the auctioneer himself unless an arrangement is registered with the Calcutta Tea Traders Association nominating another buyer to act and bid throughout the season on their behalf.
- The buying broker's guarantee to selling broker. 10. All such Buying Brokers shall guarantee their buyers and shall be liable to pay the Selling Brokers for all teas bought by them and also to pay, if required, the deposits provided for in the conditions of sale. The Selling Broker shall guarantee due payment of proceeds of sales to the seller, whether he is a member of the Association or not.
- Disclosure or not of buying broker's principal. 11. When a Buying Broker is bidding on behalf of a buyer either in auction or outside the auction, he shall be entitled to withhold the name of his buyer principal in the event of another buyer wishing to take part of the parcel concerned. Conversely, if a Buying Broker in similar circumstances shall bid for part of a parcel from another buyer the buyer is entitled to be informed of the name of the Buying Broker's buyer Principal who wishes to have part of the parcel for which the buyer is bidding.

+ Altered and adopted at an Extraordinary General Meeting held on 19th June, 1970.

* Altered and adopted at an Extraordinary General Meeting held on 22nd February, 1974.

** Altered and adopted at an Extraordinary General Meeting held on 30th March, 1962.

*12. Every applicant for admission to the Association as an associate buyer member must have an office or a place of business in Calcutta and they shall be furnished with a copy of the buyers' declaration form as specified in Appendix 'A' to these Rules. The applicant shall lodge the Declaration duly stamped and completed in all respects with the Association, unstamped copies of which shall be submitted by the applicant directly to the broker members, and pay an entrance fee of Rs. 500.00 (Rupees five hundred only), or such sum as may be decided by the General Committee from time to time. On the admission of the applicant as an associate buyer member a copy of the Rules of the Association will be furnished and the associate buyer member then shall forthwith produce its Sales Tax Certificate to the Association for inspection, together with the relevant Sales Tax Declaration. All buyers registered with the Association shall pay a fee to the Association in January every year. The fee to be paid by associate buyer members shall be as decided by the General Committee from time to time. In the case of associate buyer members, who are also members of the Association, the annual fee for associate buyer members will not be payable.

Admission of Associate Buyer Members.

+ 13. Sellers shall give Brokers fixed prices after the sale on all teas withdrawn and such teas shall be on offer until 11.30 a.m. on the working day following the sale. Only after 11.30 a.m. may the seller withdraw the tea provided it is unsold at that time. A buyer wishing to take such an 'out lot' at the price fixed, must inform the Broker before 11.30 a.m. on the working day following the sale and the same time state the number of buyers, if any, with whom he is willing to divide. If the first buyer will not divide or if there are more buyers asking for part than he is agreeable to divide with any subsequent buyers may bid a higher price for the tea and the first buyer shall be informed of such bid or bids. The first buyer shall not be entitled to claim the tea at the subsequent buyer's bid but he may make an

Bidding at the fixed price and above on out-lots up to 11-30 a.m. on the working day following the sale.

* Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

+ Kept in abeyance from 26th November 1984 in terms of Tea Board Letter dated 20th November 1984 till such time it is ratified by an Extraordinary General Meeting of the Association, and substituted by guidelines in the Tea Board Notification reproduced as Appendix-G.

advance in the bidding. Bidders will be advised of their contracts at 11.30 a.m. or as soon thereafter as bidding and dividing has been completed.

Bidding at the fixed price after 11.30 a.m.

- 14. A lot which is still on offer after 11.30 a.m. shall be knocked down at once to any buyer who offers fixed price provided that no other bid has been registered beforehand for reference back to the seller. If a bid has been registered and is still pending the bidder concerned shall be informed by the broker of the offer made at the fixed price before the lot is knocked down.

Counter offers for out-lots.

- *15. Brokers may only receive counter offer for teas unsold after 11.30 a.m. and if these are accepted by the sellers, all buyers deemed likely to be interested by the broker concerned must be notified of the acceptance price. Counter offers will not be accepted for teas for which the fixed price has already been bid but for which contracts have not yet been completed before 11.30 a.m.

Bidding on out-lots reprinted for subsequent auction.

- *16. Teas on "out lists" which remain unsold for a period may be re-printed by Brokers for offer for a second or subsequent time in auction after re-sampling to the trade. Offers made by buyers for such teas even at the fixed price or above must be referred to any buyers deemed likely to be interested by the Broker concerned if the teas have been re-sampled to the trade and the seller is prepared to sell the tea outside the Auction.

Collection of Tea Cess.

- #17. (Deleted)

Refund of Excise duty.

- **18. (Deleted)

The rendering of Sales Tax Exemption Forms.

- ***19. (Deleted)

● Altered and adopted at an Extraordinary General Meeting held on 15th December, 1961.

* Kept in abeyance from 26th November 1984 in terms of Tea Board Letter dated 20th November 1984 till such time it is ratified by an Extraordinary General Meeting of the Association, and substituted by guidelines in the Tea Board Notification reproduced as Appendix-G.

Deleted at an Extraordinary General Meeting held on 19th June 1970.

** Deleted at an Extraordinary General Meeting held on 12th December 1963.

*** Deleted at an Extraordinary General Meeting held on 29th January 1965.

#20. (i) The following shall be the basis for distribution of free trade samples:

Distribution of trade samples.

(a) Buyers shall be classified as large, medium and small on the basis of their aggregate purchases during the past three seasons as shown below against each section :

Large Buyers	Leaf Section	Dust Section
	35,000 chests or more	30,000 chests or more

Medium Buyers

16000-34, 999 chests 13000-29, 999 chests

Small Buyers

7000-15,999 chests 6500-12,999 chests

(b) Only Buyer members of the Association (or recognised Seller members also operating as Buyers) shall be eligible for free trade samples.

(c) No buyer shall be eligible for these samples who has operated in less than 20 sales every season and whose purchases during any season fall below 25 per cent of the requisite qualification limits.

(d) The issue of samples will be stopped immediately to any buyer who defaults or fails to meet the prompt on due date or who is expelled or suspended by the General Committee and there will be no right of appeal or renewal in such cases.

* (ii) There will be a Sample Committee, to be appointed by the General Committee every year, consisting of two seller members, two buyer members and one broker member of the Association. The Chairman of the Committee shall be a seller member. The quorum of the Sample Committee meeting will be one seller member, one buyer member and one

Altered and adopted at an Extrordinary General Meeting held on 22nd February, 1974. .

* Altered and adopted at an Extraordinary General Meeting held on 20th May, 1982.

broker member. This Committee will supervise the allocation of samples, and in this regard will have overriding powers to grant or to withhold free trade samples to any buyer or buyers even though such buyer or buyers may or may not qualify for samples under the Rules. The Committee shall not be liable to assign any reason for granting or withholding samples. Its decisions in this regard shall not be called into question by the General Committee of the Association. The Committee shall from time to time direct the selling brokers as to the total quantity of samples per lot to be drawn.

- (iii) Subject to the provisions of Clause (ii) above, the Sample Committee may in their absolute discretion:
 - (a) issue samples to Buyers whose purchases are short of the qualification limits by 10 per cent during any season.
 - (b) in the event of reconstitution or dissolution of Firms or Companies permit division of their purchase quantities in appropriate proportions in favour of residuary parties.
 - (c) grant small samples to any Buyer not qualified under these Rules where they consider it to be in the larger interests of the trade.
- (iv) Large, medium and small samples will be approximately 100 gms, 70 gms, and 40 gms, respectively.
- (v) Large, medium and small samples may be granted to large, medium and small Buyers respectively for large lots. Only small samples shall be issued to all Buyers in respect of small break lots.
- (vi) Purchase samples will be approximately 400 gms. per lot.
- (vii) Selling brokers will be entitled to draw approximately 350 gms per lot for their own requirement and for display to associate buyer members who are not in receipt of samples.

- (viii) Samples of expensive teas valued at more than twice the price of common Broken Pekoes will be restricted to selected buyers at the discretion of the selling brokers. The selling broker shall also have discretion for issuing samples of green tea.
- (ix) Purchases for the purpose of qualification shall be understood as meaning purchases only of teas sold on garden account in the auction and from the subsequent list of unsold teas (Brokers' out lists).
- * (x) At the absolute direction of the Sample Committee, an associate buyer member of the Association not qualified under these Rules may obtain samples of teas in the Leaf or Dust Section by making an annual advance payment to the Association. The charge for each category of samples and that for a complete set will be fixed by the Sample Committee from time to time, and this would be based on the average Calcutta sale prices during the previous season. Furthermore, the brokers will be paid sampling charge for giving this service to buyers and sellers, and the Sample Committee will also decide from time to time what the sampling charge should be.
- * (xi) The money collected from buyers for providing them with samples will be kept by the Association in a separate account. At the end of each season, when the Brokers' Joint Statistics Department has prepared figures of garden-wise quantities disposed of in the Calcutta Auctions, the money will be paid to the sellers on a pro-rata basis according to the quantities sold in the Calcutta Auction.

* Altered and adopted at an Extraordinary General Meeting held on 6th June, 1975.

PART V-CONDITIONS OF SALE BY PRIVATE TREATY

- | | |
|---|--|
| All sales to be subject to the Rules and conditions of the Association. | 1. All sales of tea by Private Treaty undertaken by Broker members must be the subject of a contract passed by the Broker concerned. All such contracts shall be in accordance with the Rules of the Calcutta Tea Traders Association and the conditions of sale made from time to time by the Association irrespective of whether the Buyer or Seller involved in the contract is a member of the Association or not. |
| Specification in each contract to cover these Rules and prompt date. | 2. All contracts for sale of tea by Private Treaty shall specifically state that they are subject to Rule – I, Part V of the Rules of Calcutta Tea Traders Association and teas so purchased shall, be paid for within 14 days from the date of the Broker's contract covering each consignment of tea involved or the notification to the buyer by the broker of the date of arrival of each consignment at the point of delivery stipulated in the contract. |
| The making of bids with or without N.T.B.Q. conditions. | 3. (i) Any buyer may make a bid for a crop or part of a crop on the understanding that neither the broker nor the seller shall report the transaction to any person in the trade. Such business to be styled "N.T.B.Q." ("not to be quoted").

(ii) Similarly, a Buyer may make a bid N.T.B.Q. for an invoice or part of an invoice, only provided such teas have not been sampled in any way to the rest of the trade. When a buyer has thus made a bid N.T.B.Q. for an invoice or part of an invoice, samples of the same teas shall not be shown to any other buyer until the N.T.B.Q offer is refused.

(iii) But if a buyer makes a bid without the N.T.B.Q. clause for an invoice or part of an invoice which has already been shown to other Buyers, then such bid shall be notified to those buyers. |
| Other Conditions. | 4. In all other respects where they are applicable the provisions of Part IV & VI shall govern all sales by Private Treaty. |

PART VI - CONDITIONS OF SALE BY AUCTION

1. The sale is held under and subject to the Rules of the Calcutta Tea Traders Association and all buyers and sellers, whether members of the Association or not, shall recognise that the Broker Members are bound to observe these Rules and therefore these Rules shall be binding on all sellers of tea and buyers of tea in or from each catalogue. Primary condition of sale of all teas in the Calcutta Market.
- *2. Lots shall be sold by the kilogram and in Indian rupee currency. Weight and currency.
3. A lot shall be "up for auction" immediately after the fall of the hammer on the previous lot; if the previous lot is withdrawn under bid the next lot is not "up for auction" until the lot number in question is announced by the Auctioneer. When a lot is up for auction.
- **4. Bids shall advance by not less than 5 paise per kg. on all teas upto Rs.7.99 per kg, by not less than 10 paise per kg from Rs.8.00 to Rs.14.99 per kg, by not less than 20 paise per kg. from Rs.15.00 to Rs.26.99 per kg, by not less than 50 paise per kg. from Rs.27.00 to 49.99 per kg and by not less than Rs.1.00 per kg from Rs.50.00 per kg onwards. This scale may, however, as circumstances require be varied at the discretion of the General Committee of the Association. Rate of advance of bidding.
5. All lots shall be subject to reserved or upset price unless expressly stated to the contrary or declared by the Auctioneer when the lot is first put up for sale. If such price shall not be offered the lot shall be withdrawn and placed on a list of "Out lots" and the lots on such list will be available for disposal until 11.30 a.m. on the working day following the sale. The basis of offer.
6. In the case of a lot sub-divided into two or more breaks the buyer of a break shall have the right to make the first bid for the next break. The sub-division of lots into breaks.

* Altered and adopted at an Extraordinary General Meeting held on 25th March, 1960.

** Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

The discretion of the auctioneer.	7	<ul style="list-style-type: none"> (i) Any dispute regarding the bidding shall be decided by the Auctioneer whose decision shall be final. (ii) The Auctioneer may, without giving any reason thereof, refuse to accept the bidding of any person or persons.
The declaration of the buyer and method of concluding a sale.	8.	<ul style="list-style-type: none"> (i) The Auctioneer shall declare the name of the highest bidder before the lot is knocked down. (ii) Subject to the reserved or upset price the highest bidder shall be the buyer. A sale shall be completed when the Auctioneer announces its completion by the fall of the hammer.
Bidding on outlots in auction.	*9.	Bidding may not be re-opened on outlots in the Auction Room after the cessation of bidding on the five subsequent lots.
Mistakes in bidding.	10.	A mistake in bidding on any lot must be notified to the Auctioneer before cessation of bidding on the five subsequent lots and in such event the Auctioneer shall be entitled, if he thinks fit, to re-offer the lot for sale; otherwise the sale shall be binding.
Payment of deposit.	11.	Unless otherwise agreed a deposit of 10 per cent shall be paid immediately after the lot is knocked down otherwise the lot shall be put up again and re-sold immediately.
Prompt date.	**12.	The buyer shall pay the price (less deposit if paid) of the lot purchased by him on or before prompt date, i.e. (the date to be inserted here shall be the Monday for leaf and Wednesday for dust in the week next but one following the sale unless otherwise decided by the General Committee). If the Prompt Date shall be a public holiday, the buyer shall pay the price on the next working day thereafter. In the event of a prompt date being postponed any buyer who has paid for his purchases shall be entitled to refund of monies on surrender of the relative Delivery Orders.

* Kept in abeyance from 26th November 1984 in terms of Tea Board letter dated 20th November 1984 till such time it is ratified by an Extraordinary General Meeting of the Association, and substituted by guidelines in the Tea Board Notification reproduced as Appendix-G.

** Altered and adopted at an Extraordinary General Meeting held on 16th December, 1971.

* In the event of any mistake in the delivery order as to the location of the warehouse the prompt date for the buyer will be calculated from the date of the revised delivery order provided, however, the buyer informs the broker about the mistake within four clear working days of the receipt of the original delivery order.

13. Payment must be made either in cash or by cheque or by bank draft valid for current encashment on a bank in Calcutta by prompt date at the latest.

Method of payment.

- **14. If the buyer shall fail to pay for the tea or any part thereof on the due date for payment, the goods may be resold either by auction or private sale, at the option of the seller or selling broker on account of the original seller. Any loss arising on such resale, together with the interest to be calculated at the prevailing rate from the due date and all charges incurred, shall be paid by the defaulting buyer to the original seller through the broker and the defaulting buyer shall not be entitled to any profit which may accrue from such resale. In the event of a profit accruing from such a re-sale, it shall be paid to the original seller by the broker.

Procedure in the event of a buyer failing to pay or of a seller failing to deliver tea.

*** If a seller shall fail to deliver any lot or part thereof, the buyer shall be refunded the full cost with interest at the prevailing rate from the date of payment.

In addition, the buyer may claim a reasonable compensation for default in delivery by the seller. Such refunds and compensation shall be paid to the buyer within 14 days of submission of his claim.

All claims in respect of failure to deliver by the seller shall be made within 60 days of the date of the sale.

* The General Committee will be entitled to frame procedures for filing of claims.

15. Rule 20 of Part III of the C.T.T.A. Rules refers.

Delivery.

16. Rule 19 of Part III of the C.T.T.A. Rules refers.

The sellers' and buyers' responsibility towards the goods.

* Adopted at an Extraordinary General Meeting held on 15th July, 1982.

** Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

*** Altered and adopted at an Extraordinary General Meeting held on 6th June, 1975.

- Notification of Warehouse Fire Risk Rating.
17. Brokers must specify in the sale catalogues any teas which are stored in warehouse other than those rated as Class I and II Fire Risk by the Insurance Association of India, Calcutta Regional Council.
- Right of the buyers to examine each chest.
18. The buyer shall be entitled to arrange at his own expense for the selling broker to open the chests purchased by him and to examine the contents thereof to ascertain the actual state and condition of the teas. Such examination shall take place before the expiration of the time allowed for submission of the claims as provided in Rule 22 of Part VI or in the event of earlier removal of the tea, before the date of actual removal.
- The manner of weighment and the marking of amended weights on the packages and in the catalogues.
- *19. Rules 5(i) and 13(i) and (ii) of Part VII of the C.T.T.A. Rules refer.
- All teas shall be sold on catalogue weights and where weights are found to vary from the original quantities stated in seller's invoices, catalogues shall be corrected and bills made out accordingly
- Categorisation of packages to indicate their condition.
- *20. Rule 8 of Part VII of the C.T.T.A. Rules refers.
- Allowances for "Fair" and "Weak" and woodborer infested packages.
- *21. All contracts will be made out according to the actual weight of tea sold but teas in the category "fair" shall be sold subject to the buyers being billed for the actual weight of tea less the value of 0.50 Kilogram per chest. Teas in the category "weak" shall be sold subject to the buyer being billed for the actual weight of tea less the value of one Kilogram per chest. Chests found at the time of inspection to be infested by woodborers shall be advertised as such in the corrected catalogue or announced by the auctioneer at the time of Sale and the broker shall make due allowance for this infestation in the categorisation of chests.

* Altered and adopted at an Extraordinary General Meeting held on 19th June, 1970.

22. All claims on the ground of inferiority in quality, description, condition, deterioration, damage or defect in packing must be submitted to the sellers or selling broker in writing before taking delivery or before the expiry of the period at which the teas are at seller's risk. These claims shall be settled within 30 days.

Claims on grounds of difference or inferiority in quality, description, condition, deterioration, damage or defect in packing.

In the absence of any claim submitted in strict accordance with this Rule, the tea shall be deemed to have complied with the contract in all respects and to have been accepted by the buyer who shall not be entitled to reject the tea or claim any allowance or damages in respect thereof, save and except for the provisions of Rules 4 & 5 of Part III and for shortweight as provided in Rules 11 and 12 of Part VII. No claim shall be admissible for defect in packing in respect of any chest or bag which is in the category of "fair" or "weak" or for chests infested by woodborers unless such infestation has not been notified at the time of sale or before.

*23. Rules 11, 12 and 13 of Part VII of the C.T.T.A. Rules refer.

Claims for shortage in weights.

*24. (i) The Broker shall exercise all reasonable care and precaution in handling all teas that pass through his hands, whether intended for sale in auction or by private treaty and any teas which are in his opinion of doubtful quality will be sent by him for chemical analysis to determine their suitability for sale under the Prevention of Food Adulteration Act, 1954 or to the Adjudication Committee if felt to be undesirable teas for offer by auction.

Prevention of Food Adulteration Act.

(ii) The Adjudication Committee shall consist of one broker, one export buyer and one internal buyer who shall be drawn on a roster basis from a panel of twelve expert tea tasters appointed by the General Committee of the Association with the

Altered and adopted at an Extraordinary General Meeting held on 6th June, 1975.

* Altered and adopted at an Extraordinary General Meeting held on 19th June, 1970.

approval of the Chairman of the Tea Board and consisting of four brokers, four export buyers and four internal buyers. The Adjudication Committee shall reject teas which in their opinion are of such a nature as to render them undesirable for sale and brokers will then advise sellers that such teas cannot thereafter be handled by them or offered for sale even though they might conform to the specification of the Prevention of Food Adulteration Act 1954.

Seller's Undertaking to brokers.

(iii) The seller, whether a member of this Association or not shall issue a general indemnity, in a form to be approved by the General Committee, absolving broker members from any liability arising out of the sale of tea under the Prevention of Food Adulteration Act, 1954.

Warranty to buyers.

(iv) The broker shall stamp the warranty in the manner and form prescribed by the Prevention of Food Adulteration Act 1954 on all his contracts and bills to buyers.

Letter of Indemnity from non-member sellers.

*25. Broker members will be required to obtain a letter of indemnity from all sellers who are not members of the Association signifying such sellers' full agreement to the sale of their teas under and subject to the Rules of the Association and confirming their general acceptance of all the Rules of the Association in respect of all sales made on their behalf by broker members of the Association.

The selling and buying brokerage & charges.

**26. Brokerage shall be paid at the rate of 1 per cent on all sales by the sellers and at Rs.5.00 per 100 Kilograms on all purchases by the buyer or the buying broker, as the case may be, to the selling broker. No return of any of these charges or the broker's charges in Appendix "B" of the C.T.T.A. Rules is permitted.

Settlement of disputes and differences by Arbitration.

**27. Any dispute or difference which may arise between the parties to any transaction governed by the Rules shall be referred to two persons being members of Association or

* Altered and adopted at an Extraordinary General Meeting held on 19th June, 1970.

** Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982. -

partners, directors or assistants of members of the Association, one to be nominated in writing by each party and in the event of disagreement to an umpire to be appointed by such arbitrators, such umpire also being a member of the Association, or a partner, director or assistant of a member of the Association and the decision of the arbitrators or umpire shall be final and binding on the parties. The party losing the award shall bear the full costs of arbitration incurred by the winner of the award. The fees payable shall be Rs.100.00 to each arbitrator and Rs.100.00 to the umpire and shall be deposited by the parties claiming arbitration. In the event of a contract being submitted for arbitration by a buyer, the ownership and responsibility in the teas concerned shall be on account of the buyer until and unless found otherwise by the Arbitration.

- *28. Buyers shall render to the brokers a valid form of declaration as prescribed under the Bengal Sales Tax Rules, 1941, or any other Sales Tax law in force at the time for each purchase where such a form of declaration is requisite.

Sales Tax Declaration Forms.

The form of declaration shall be submitted to brokers by prompt date. Brokers may, however, at their sole discretion allow buyers upto 60 days from prompt date for submission of declaration forms. Buyers failing to submit declaration forms within 60 days from the prompt date shall be treated as defaulters unless they deposit with the brokers the full amount of sales tax due.

* Altered and adopted at an Extraordinary General Meeting held on 16th December, 1971.

* PART VII-GENERAL WAREHOUSE CONDITIONS

Warehouse charges and conditions of storage.

1. The Rules and specifications which have been laid down here will be applicable to all warehousemen and their warehouses registered by the Association but the Association will in no way be responsible for any loss, damage or deterioration to goods stored therein arising out of any circumstances of whatever nature simply because the warehouse has been registered by the Association.

In Calcutta the warehousemen of tea act as 'bailees' as defined in the Indian Contract Act and all teas are accepted and thereafter at all times stored upon the express condition that the person (which term shall include any person, firm or company) depositing or arranging to deposit the same is either the owner or the authorised agent of the owner thereof and shall accept for himself and all other parties at any time interested therein the following conditions :-

- (i) The warehousemen shall not be responsible for any loss, damage or deterioration to goods arising out of any circumstances of whatever nature provided that in all cases they have taken as much care of the goods as a man of ordinary prudence would in similar circumstances take of his own goods of the same quality and value.
- (ii) The warehousemen shall reserve the right, notwithstanding any contract expressed or implied to the contrary, to refuse to accept for storage any chests which cannot be clearly identified by their markings or are in such condition that their entry might cause damage or deterioration to stocks already under storage.
- (iii) The warehouse should only store teas and no other goods. Teas should be stored in a manner in which they can be easily identified. Adequate space for damage inspection and facilities for sampling of teas should be provided. The tea chests should not

* Altered and adopted at an Extraordinary General Meeting held on 19th June, 1970.

therefore touch the wall or roof of the warehouse and should not be stacked more than six high, except where the chests are palletised. A passage of at least two feet three inches (68.6 cm) wide should be maintained between stacks of chests.

- (iv) The responsibility for the insurance of teas against fire, riots, civil commotion, burglary, theft and other perils in a registered warehouse shall rest with the owner of the teas, viz. with the seller until prompt date, and with the buyer after prompt date. In case of fire in any warehouse the warehouseman shall cease to be responsible for any goods stored in such warehouse from the time of the outbreak of such fire.
- (v) Teas shall only be received into the warehouse subject to a general lien for all charges accrued or accruing against the owner of the tea or for any other money due from the owner of the goods, and if not removed after fourteen days' notice has been given to the storer, or sent by post to his last known address, may be sold to defray such charges and all expenses incurred.
- (vi) Any transferee of goods whose transfer shall have been accepted or recognised by the warehouseman shall be deemed to have accepted these conditions for himself and those claiming under or through him.
- * (vii) Warehousing charges to be charged and collected by the warehouse shall be such as are determined by the General Committee from time to time and as approved by the Tea Board.
- (viii) All accounts shall be deemed to be due when rendered. Payment of warehousing charges must be made in cash at the time of delivery unless otherwise agreed. But in any case all outstanding must be settled by the 31st of March of each year.

* Altered and adopted at an Extraordinary General Meeting held on 30th July, 1987.

- (ix) The removal of teas from the warehouses may not be demanded under Rule 1(v) Part VII hereof until they have remained in the warehouses for four months after the date of sale or for such other period as the General Committee may decide at their absolute discretion.
- (x) Warehousemen shall deliver teas only against Delivery Orders issued by broker members. In the event of teas being offered for sale from warehouses whereon a lien has been recorded with the warehouseman of any kind precluding delivery to the ultimate buyers, the warehouseman shall be liable for all cost and damages arising therefrom.
- (xi) The warehouseman shall register a buyer's lien on his teas, if he is required to do so by the buyer.

Application Form, Annual Fee and Declaration Form.

- +2. (i) Any person, which includes a partnership, firm, proprietor, company or body corporate, who wishes to have his warehouse registered with the Association is required to submit an application in the form provided by the Association and to furnish all particulars asked for therein, PROVIDED ALWAYS that the General Committee of the Association shall have the power to refuse to entertain such application for registration.

* On registration of a warehouse, the warehousekeeper shall pay an entrance fee, which shall be decided by the General Committee from time to time, and shall submit to the Association during the month of January each year, a letter duly signed by a person authorised to do so, stating that there have been no alterations in the information submitted in the application. Warehousekeepers shall within 30 days of the date of any alterations in the information contained in the application, furnish to the Association full details in writing of such alterations, failing which the General Committee at their entire discretion may decide to withdraw the registration of the warehouse.

+ Altered and adopted at an Extraordinary General Meeting held on 23rd August, 1979.

* Altered and adopted at an Extraordinary General Meeting held on 15th July, 1982.

- #(ii) For each warehouse registered with the Association, a registration fee shall be payable in January every year. The registration fee to be paid shall be as decided by the General Committee from time to time.
- (iii) The warehouses should be operated directly by the party or firm as registered with the Association as the warehousemen.
- (iv) Before any warehouse is registered with the Association, it will be necessary for the applicant to produce written evidence that he has a firm commitment from producers of a minimum throughput of 25,000 chests per annum.
- (v) At the time of application, and after registration in the month of January each year, all warehousemen of registered warehouses shall provide the Association with a Declaration to abide by the Rules of the Association that may be in force from time to time. The Declaration must be duly signed by a person or persons authorised to do so, and stamped with a Rs.5.00 revenue stamp, and should be in the form shown as an Appendix to these Rules. Any failure to abide by any Rule of the Association may result in cancellation of registration of the warehouseman and his warehouse(s) at the discretion of the General Committee.

- *3 (i) A registered tea warehouse must be situated with the following geographical limits; The area bounded by the River Hooghly, Hastings Bridge, Garden Reach Road, Munshiganj Road, Diamond Harbour Road (upto its junction with Taratolla Road), Taratolla Road and by an imaginary line in continuation of Taratolla Road from Garden Reach Road to the River Hooghly. In addition, warehouses may be situated on the Budge Budge Trunk Road as far as the existing warehouse of Anilnagar Tea Warehouse, but not beyond this point, and on Chetla Main Road, Calcutta. Location, minimum size and construction of warehouse.

Altered and adopted at an Extraordinary General Meeting held on 9th April, 1974.

* Altered and adopted at an Extraordinary General Meeting held on 20th May, 1982.

- (ii) Each registered warehouse should have an area of not less than 15,000 sq. ft. (1,400 sq. meters approx.). The complete warehousing space should be under one roof. While approval of existing warehouses of less than this minimum size will be continued, the Committee would expect such warehouses to be brought up to the minimum size of 15,000 sq. ft. (1,400 sq metres approx.), wherever possible.
- (iii) Every warehouse must be of sound construction and should have adequate lighting for all warehouse operations; should be maintained in a water-tight and damp-proof condition and protected against pests, including rodents, birds and insects; should be properly ventilated and kept free from all substances which might taint the teas during storage; should be at all times Class I or Class II fire risks as rated by the Insurance Association of India, Calcutta Regional Council.
- (iv) There should be covered points of entry and exit of sufficient size to allow for unhampered loading and unloading, receipt and delivery of tea chests, and in any case there should be at least one point of entry and one point of exit. Every warehouse should be so situated as to permit free entry, manoeuvring and exit of mechanical transport of the 7 ton lorry type.
- (v) When a warehouseman having a warehouse which has not been built in accordance with the specifications mentioned in these Rules opens a new warehouse according to the said specifications, registrations of the below specification warehouse will be withdrawn.
- (vi) If it is the intention to carry out blending of teas in the warehouse, it must be in a separate area partitioned off from the storage area.
- (vii) PROVIDED ALWAYS that the General Committee shall have the power to register a warehouse even if the conditions and specifications laid down herein

have not been fulfilled, where such registration is considered to be necessary in the larger interests of the trade.

4. Warehousemen will be informed by the sellers as to which broker has been entrusted with the sale of the teas and shall only deliver teas against the delivery orders of the specified broker. The warehouseman shall be liable for any deliveries made against other than the specified broker's delivery order.
5. (i) All teas for sale in Calcutta shall be gross weighed by the warehouse authorities at the time of entry into the warehouses on receipt from the carrying company, and where weights vary from those marked on the chest, the marked weights shall be deleted and the ascertained gross and nett weights shall be marked on one end of the chest by being superimposed over the original marked chest. Both sellers and buyers shall be bound by such gross weights unless they are subsequently found and agreed to be incorrect. As soon as teas have been gross weighed, a copy of the relevant arrival and weighment report shall be promptly sent to the broker concerned. A joint record between the warehousemen and the carrying company shall be maintained for shortages found in chests received both in a broken and / or repaired state.
- A separate record shall be maintained by the warehousemen of shortages found in "outwardly sound" packages.
- (ii) If owners so require, warehousemen should supply owners of tea with copies of arrival and weighment lists which are sent to the selling brokers.
- (iii) The warehouse shall take actual weighment of the quantity of tea drawn by the brokers from a chest for the purpose of sampling and he shall then re-tencil the correct weight (i.e. original weight minus weight of sample drawn) on the sample chest. A proper record of the weighments jointly signed by the warehousemen and the broker shall be kept by the warehouse.
- Delivery against specified broker's delivery order.
- The manner of weighment and the marking of amended weights on packages.

The acceptance of liability for shortages in arrival weights.

6. (i) In accordance with the established custom the carrying company accepts liability for shortages found in "broken and repaired" chests based on the joint record maintained at the time of entry weightment, but do not accept liability for shortages found in chest handed over in an "outwardly sound" condition.

(ii) Sellers accept liability for losses in "outwardly sound" chests found short in weight at the time of entry into the warehouses.

Brokers' warehouse inspection duties.

7. Brokers shall inspect each lot entrusted to them for sale and shall draw samples in the manner prescribed from time to time by the General Committee.

Categorisation of packages to indicate their condition.

8. All chests or bags shall on inspection by the brokers at the warehouses, be divided into the following three categories, so far as packaging is concerned, viz:-

- (1) Good
- (2) Fair
- (3) Weak

No claim for shortweight shall be permissible against the sellers under any circumstances in the case of teas in the categories of "fair" and "weak".

Delivery facilities and issue of receipts for delivery orders.

9. (i) The warehouse should be able to deliver at least 5 per cent of its stock in one day. Deliveries should be effected within 48 hours of filing the Delivery Order, provided no holidays intervened.

(ii) The warehouseman shall acknowledge receipt of Delivery Orders received by him from the buyers, if required, by signing a receipt prepared by the buyer in duplicate in which particulars of the Delivery Orders being tendered shall be clearly stated. One copy of the receipt shall be retained by the warehouseman along with the Delivery Order. At the time of issuing receipts for delivery orders, warehousemen should specify on the receipt the time and date on which buyer should come for

delivery. If the warehouseman is unable to give delivery at this time, he should stamp the receipt once again and give a fresh date of delivery. In the case of a warehouseman being unable to give delivery to the buyer on the date originally stamped he will not be entitled to change rent for the extra period the tea is lying in his warehouse. Should the buyer fail to take delivery on the appointed day, the warehouseman will be entitled to normal rent and additional charges in accordance with the schedule of charges.

- (iii) Weighment should be provided on delivery if demanded by the buyer. If required by the buyers, warehouses will be obliged to give delivery of separate complete lots against Broker's Delivery Order to this effect, but orders for delivery of part of a lot will not be acceptable.
- (iv) In case of short delivery, the warehouseman shall issue a short delivery certificate to the buyer. In case of excess delivery, the buyer will issue a receipt to the warehouseman for the excess amount, and such receipt will be forwarded to the broker concerned.

*10. In the event of circumstances prevailing in a warehouse in which the General Committee feel that the buyers are unable to obtain normal deliveries of their teas, and for which the Prompt Dates have been declared by the Association as subject to revision, rent shall not be charged for the period until two days after the Association declares that normal conditions have been restored by announcing the revised Prompt Dates. Warehousemen must give immediate notice to the Association of any strike in their warehouses resulting in the stoppage of normal delivery of teas. The Association should also be informed immediately of the termination of any such strike and the resumption of normal deliveries.

Strike in
warehouse.

* Altered and adopted at an Extraordinary General Meeting held on 23rd August, 1979.

Claims for shortages in weight on taking delivery of teas from the warehouse.

(i) In the case of shortweight, other than short weight occasioned by tare differences, which is dealt with separately in clause 12 Part VII, any claim must be submitted within six months from the date of sale and must be supported by a certificate of weighment given by the warehouse authorities at the time of removal. Claims will be forwarded through the Broker concerned who will certify the price to the warehouse authority who shall, notwithstanding anything to the contrary contained in these Rules, accept liability for shortages in weight found at the time of delivery when the tea passed out of the warehouse at a different weight to that recorded by the warehouseman on the entry of the tea into the warehouse.

(ii) All claims for shortweight should be settled by the warehousemen within 30 days from the date of submission of the claim by the buyer.

Claims for shortages in weight occasioned by tare discrepancies.

12. The buyer is entitled to claim, within six months from the date of sale, against shortages in the nett weights arising through the tares of packages varying from the tares marked on the packages, but the actual chest or chests in the case of teas sold for internal consumption, and certified weighment showing the actual tare of the package or packages in the case of teas shipped out of the country must support the claim. Each claim of this description should be sent to the sellers or the selling broker for transmission to the seller concerned.

Method of treating claims of less than 0.40 kilogram.

13. No claim for shortweight will be admissible in respect of any package unless the shortage in nett weight exceeds 0.40 kilogram and for the purpose of calculating shortweight the following principles shall apply :

(i) Where actual tare weights vary by a fraction which is more than 0.10 kilogram, but less than 0.20 kilogram, such fraction shall be reckoned as 0.20 kilogram, and where actual tare weights vary by a fraction which is 0.10 kilogram or less than 0.10 kilogram, such fraction shall be ignored.

(ii) Where nett and gross weights as accepted by the warehouse authorities, vary by a fraction which is more than 0.10 kilogram, but less than 0.20 kilogram, such fraction shall be reckoned as 0.20 kilogram and where the fraction is 0.10 kilogram or less than 0.10 kilogram, such fraction shall be ignored.

14. Every warehouseman shall obtain licenses as required under the provisions of the Tea Waste (Control) Order, 1959, for the storage and disposal of tea waste, and as required under the provisions of the Prevention of Food Adulteration Act, 1954.

Prevention of Food Adulteration Act, 1954, and the Tea Waste (Control) Order, 1959.

APPENDIX-A

Declaration Form by the Buyer

(Part IV Rule 12)

1. Name and address of Company _____
2. (a) Name and registered address of Companies in any manner or way associated in business with you and the main business interests of any such Companies

- (b) Name and registered addresses of any subsidiary Companies as defined by Section 4 of the Companies Act, 1956

3. Sales Tax Registration Certificate No. _____
4. Does this specifically cover tea? _____
5. Please state if the Company is a public or private limited, partnership, undivided family or proprietorship concern _____
6. In the case of a Limited Company, please state :
 - (a) amount of fully paid up capital

 - (b) Names of Directors

7. In the case of a Partnership firm, please state :
 - (a) Whether it is registered or unregistered _____
 - (b) the names of the Partners

7A. (a) In the case of an Undivided Family, please state name of the Karta (head of the family), or the managing member of the family

(b) names of other members of the family _____

8. (a) In the case of a Proprietorship firm, please state :

(a) the name of the Proprietor

(b) his father's name

9. Kindly state the names of all persons authorised to bid in auction or transact any other business on behalf of the firm :

(a) In the case of a Limited Company, are the above persons authorised to transact business by Resolutions of the Board of Directors?

(b) In the case of a Partnership firm, have the above persons signed authority given by all the Partners involved?

(c) In the case of a Proprietorship firm, have the above persons' authority been duly signed by the Proprietor?

10. Please state if the concern does business in any commodity other than tea and, if so, what :

11. Name of Bankers :-

12. May independent reference be made to the Bankers concerned? _____

13. Please append specimens of the firm's officially authorised signatures :-

AGREEMENT

- (a) We / I hereby solemnly declare that the above statements are true and correct.
- (b) We / I agree to abide by the Rules of the Calcutta Tea Traders Association in respect of all dealings and undertakings carried out by us/ me in connection with the purchase and sale of tea either in auction or by private treaty.
- (c) We/ I undertake to recognise that any failure on our/ my part to honour this commitment may be construed as a breach of trust by us/ me and that all privileges and facilities normally accorded to a Calcutta buyer may be withdrawn without further reference to us/ me in the event of such breach.

Stamp Rs. 5.00

Signature

Witness.....

Name and address of witness

Calcutta _____

* APPENDIX -B

Warehouse Charges

The charges fall into three groups

- (a) Brokers' charges
 - (b) Schedule of Warehouse Charges (Maximum)
 - (c) Calcutta Port Trust's charges.**
- *** (a) Broker's Charges :
- (1) Surveying and reporting on damaged teas for each 10 chests or fraction thereof Rs. 10.00
 - (2) Inspecting, lotting, sampling, printing whether withdrawn or sold :
 - (i) For produce of tea factories with an annual output of over 2 lakh kg. (based on the previous year's output) Rs. 20.00 per lot
 - (ii) For produce of tea factories with an annual output of over 1 lakh kg. and upto 2 lakh kg. (based on the previous year's output) Rs. 10.00 per lot
 - (iii) For produce of tea factories with an annual output of 1 lakh kg. and under (based on the previous year's output) Rs. 7.50 per lot
 - (3) Re-inspection, lotting, sampling, printing etc.
 - (i) For produce of tea factories with an annual output of over 2 lakh kg. (based on the previous year's output) Rs. 20.00 per lot
 - (ii) For produce of tea factories with an annual output of over 1 lakh kg. and upto 2 lakh kg. (based on the previous year's output) Rs. 10.00 per lot
 - (iii) For produce of tea factories with an annual output of 1 lakh kg. and under (based on the previous year's output) Rs. 7.50 per lot
 - (4) For teas printed in the supplement catalogue Rs. 10.00 per lot
 - + (5) Withdrawal of teas by sellers after receipt of arrival notices / invoice documents by brokers Rs. 35.00 per lot

* Altered and adopted at an Extraordinary General Meeting held on 25th March, 1960.

** Not reproduced.

*** Altered and adopted at an Extraordinary General Meeting held on 18th December, 1975

+ Added and approved at the General Committee Meeting held on 21st June, 1980.

APPENDIX-C

(Part III Rule 21)

(Delivery Order Indemnity Form)

Date

To
(Selling Broker)

.....
.....

Dear Sirs,

Delivery order No. Sale No.

Lot No. for Pkgs, dated

This is to advise you that the Delivery Order for the above-mentioned tea has been lost and we request you to issue a duplicate in place of the original.

We hereby indemnify you against any claim that may arise by virtue of your issuing a duplicate Delivery Order in place of the original No. dated.....

In the event of the original delivery Order being found, we undertake to return the duplicate to you for cancellation.

We are,
Yours faithfully,

APPENDIX-D

(Part VI Rule 24)

Letter of Indemnity : Prevention of Food Adulteration Act.

We Tea Co. Ltd. hereby indemnify (insert name and address of brokers) (hereinafter called the brokers') in respect of any liability under the Prevention of Food Adulteration Act 1954 arising out of the sale by the brokers of any tea sold by them on our account.

The General Committee approved the above form of Indemnity at its meeting held on 24th February, 1966.

APPENDIX-E

(Part VI Rule 25)

Letter of Indemnity from non-member sellers

We hereby agree to abide by and be bound by the rules and conditions of the Calcutta Tea Traders Association as they are now framed or as they may be from time to time revised, altered or added in regard to all sales of tea made by (brokers name) on our behalf.

We further agree to indemnify..... (brokers name) in respect of any claims made against them on account of our failure to comply fully with the above-mentioned rules and conditions.

Any dispute regarding the interpretation of the Rules of the C.T.T.A. shall be referred to the General Committee of the Association whose decision shall be final.

The General Committee approved the above form of Indemnity at its meeting held on 24th February, 1966.

* APPENDIX-F

(Part VII Rule 2(V))

Declaration Form by Warehouseman

- (a) We/ I hereby solemnly declare that the statements made in the application form are true and correct.
- (b) We/I agree to abide by the Rules of the Calcutta Tea Traders Association in respect of all dealings and undertakings carried out by us/ me in connection with the storage of tea.
- (c) We/ I undertake to recognise that any failure on our / my part to honour this commitment may be construed as a breach of trust by us/ me and that registration of our/ my warehouse may be withdrawn without further reference to us/ me in the event of such breach.
- (d) We/ I undertake to give immediate notice to the Calcutta Tea Traders Association if there is any stoppage of normal delivery of teas from our/ my warehouse, and again, when normal deliveries are resumed.

Stamp Rs. 5.00

Calcutta 19

Signature

Witness.....

* Added at an Extraordinary General Meeting held on 19th June, 1970.

APPENDIX-G

Text of letter dated 20th November 1984,
received from the Chairman, Tea Board

In exercise of power conferred under paragraph 9(4) of the Tea(Marketing) Control Order 1984, I would request all the licensed Organisers of Auctions, except Amritsar auction centre, to implement the following system of outlot sales in their auction centres as per schedule given below :-

- (a) Teas remaining unsold in the auction hall should not be sold as outlots subsequently and treated as auction sales. Any tea which is not knocked down in the auction hall and sold subsequently should be treated as private sale as per provisions of the Tea (Marketing) Control Order 1984.
- (b) Teas remaining unsold in the auction hall should either be totally withdrawn from the auction or should be put up for sale in supplementary catalogues, without resampling, in the following week's auction. Any tea remaining unsold in such supplementary catalogues could be reprinted in subsequent catalogues, with sampling, as per rules of the auction committees.
- (c) The above procedure for sale of outlots should commence from 26th November, 1984 in Calcutta auction centre and from 1st December, 1984 onwards in Siliguri, Gauhati, Cochin, Coonoor and Coimbatore auction centres.

You are requested to confirm immediately the action taken by you in this regard.

AHUJA COMMITTEE ON AUCTION RULES - FINAL REPORT

The Report of the Committee on Auction Rules (Ahuja Committee) was forwarded to the CTTA under cover of letter No. 13(28) / ML / 88 / Part-III/ 542 dated 20th April 1990 from Shri P. K. Bora, IAS, Chairman, Tea Board, the Licensing Authority under the Tea (Marketing) Control Order 1984. The final report of the Committee on Auction Rules was circulated amongst members under cover of CTTA Circular No. 40 dated 3rd May 1990.

In pursuance of the directions issued by the Chairman, The Board under para 9 of the Tea (Marketing) Control Order 1984, the CTTA General Committee at its meeting held on 9th May 1990 decided that recommendations contained in the final report of the Committee on Auction Rules pertaining to distribution of trade samples should be implemented with effect from Purchase Year 1990-91 and that the other recommendations, excluding the recommendation on warehouse rent and insurance, should be implemented with effect from Sale No. 21 of 1990.

At an Extraordinary General Meeting of members of CTTA held on 2nd July 1992, the following Resolution was unanimously adopted :

“RESOLVED that the decision taken by the CTTA General Committee on 9th May 1990 with regard to the implementation of the recommendations contained in the final report of the Committee on Auction Rules (Ahuja Committee) be and is hereby ratified.”

The Secretary
Calcutta Tea Traders Association
Royal Exchange
6, Netaji Subhas Road,
Calcutta-700 001

**DIRECTIVE UNDER PARA 9 OF THE TEA
(MARKETING) CONTROL ORDER, 1984**

You are aware that the First Interim Report of the Committee headed by Shri S.S.Ahuja, Deputy Chairman, Tea Board, on sampling norms at Calcutta, Siliguri and Guwahati public Tea Auction Centres was issued on 28.4.86 for implementation. The Second Interim Report of the Committee pertaining to the Rules of Calcutta Tea Traders Association, which were impugned by the MRTP Commission, was issued on 1.10.86 whereas the Third Interim Report on the rules of Guwahati and Siliguri Tea Auction Committee was issued on 17.11.86. The Fourth Interim Report relating to the eligibility of one registered buyer bidding for a large number of other registered buyers in an auction was issued on 10.8.87.

2. The Committee have now finalised the report on other issues relating to Auction dates, Catalogues, Prompt Date, Broker's Commission, Size of lots, withdrawal of lots, sale of outlots, closing of catalogues, distribution of free samples etc., to bring about a greater degree of uniformity/ rationality in the procedure of Public Tea Auctions held in various parts of the country and it has been accepted by the Licensing Authority.
3. Now, therefore, in exercise of the powers conferred under para 9 of the Tea (Marketing) Control order 1984, I, Shri P.K.Bora, Chairman, Tea Board as the Licensing Authority, direct you to take all necessary steps for the implementation of the relevant Auction Rules as recommended by the Committee, in their Report which is enclosed, excepting that earlier orders issued by the Licensing Authority regarding alternate domestic and normal auctions and non diversion of teas sold in domestic auctions will remain operative until further orders from the Licensing Authority.
4. Please also ensure that the salient features of the Report of the Committee on Auction Rules as per copy enclosed are circulated to all your members immediately for information and necessary action.

Sd/-

(P. K. Bora)

Chairman, Tea Board and Licensing Authority

AHUJA COMMITTEE ON AUCTION RULES

Final Report

AUCTION DAY

1. Present System :

Weekly auctions as follows:-

(a) Calcutta:

Monday and Tuesday, simultaneously in two halls.

Monday, Hall I - CTC Leaf; Hall II-Darjeeling and Orthodox Leaf.

Tuesday: Hall I-Dust and supplement; Hall II- Orthodox Leaf.

(b) Siliguri:

Thursday and Friday, in one hall, with Leaf offerings first, followed by Dust.

(c) Guwahati:

Tuesday and Wednesday, simultaneously in two halls.

Tuesday- CTC Leaf, in one hall.

Wednesday- balance CTC Leaf, followed by Orthodox Leaf in same hall.

Wednesday-Dust in another hall, but if the quantity is large, the Dust sales commence from Tuesday afternoon.

(d) Cochin :

Tuesday and Wednesday, in one hall, with Leaf offerings on the first day and Dust next day.

(e) Coonoor :

Friday, in one hall, in following order - CTC

However, if the offering are large and the sales are not completed within the time, the auctions are continued till next day. Sale days may be changed by the Auction Committee if there is a holiday or it is necessitated due to unusual circumstances.

Observations & Recommendations of the Committee :

- (a) A suggestion was received whether the auctions could be held on the same day in all centres, or on two separate days in North India to avoid speculative tendency in buying. However, this suggestion was not found to be

acceptable by the Sellers, Buyers or Brokers. The reason being that some of the Buyers and Auctioneers operating in more than one auction centre (separately for North and South India) move from one place to another to cover their purchases and conduct of sales. Moreover, if the auctions are held on the same day, the Prompt Dates will either coincide or will be too close to each other resulting in lesser buying capacity for the Buyers and consequent losses to the Sellers due to reduced competition.

- (b) The Committee, therefore, recommends that the present system of holding auctions on different days at different places, which is running satisfactorily, should be continued and the Auction Committees, consisting of Buyers, Sellers and Brokers, should be empowered to decide about this matter.
- (c) The Buyers of North India suggested that the sales should be completed within the time schedule and in 2 days and for that matter the Brokers should appoint efficient Auctioneers to quicken the sale process. The Brokers on the other hand felt that the delay takes place because of low opening bid given by the Buyers and too much time taken by them to decide about the divisible lots.
- (d) While appreciating these views, the Committee also noted that with increase in production and also because of Tea (Marketing) Control Order, 1984, there has been substantial increase in the offerings through auctions and it now takes additional time to complete a sale.
- (e) The Committee is convinced that the auction at these centres shall have to be completed in two days and no more. If at any particular centre with the present infrastructure, offerings can not be disposed of within two days then the Auction Committee concerned must give serious thought to augment the infrastructure and setting up an additional alternative auction room.

The Committee recommends that there should be fixed timing for each broker at any sale which should not be altered and this duration to be related to the number of lots on offer by the broking house concerned, shall be determined by the Auction Committee. As regards speeding up of the sale system, the Committee recommends that the Broker should appoint efficient auctioneers to meet the time schedule fixed by the Auction Committee. The Committee also felt that the Auction Committee should monitor the timings of each Broker. No Broker shall be allowed to auction beyond the time allotted to him.

- (f) The Committee also recommends certain changes in the size of lots, division of lots and bidding rates in subsequent paragraphs of this report which are expected to bring an improvement in the speed of auctions.

- (g) To take care of increase in production. Auction Committees may also devise suitable ways and means to ensure efficient and speedy auction through mechanisation, wherever necessary.

2. CATALOGUES :

Present System :

(a) Calcutta :

CTC Leaf, Orthodox Leaf, Darjeeling Leaf, Dust and supplement are printed separately but in the same catalogue.

(b) Siliguri :

CTC Leaf, Orthodox Leaf, Darjeeling Leaf are being printed separately but in the same catalogue, while Dust of all categories are printed in a separate catalogue. In most cases, both the catalogues for a particular sale are stitched together in the form of a single book.

(c) Guwahati :

CTC Leaf, Orthodox Leaf and Dust teas are printed separately but in the same catalogue.

(d) Cochin :

There are 2 separate catalogues for Leaf and Dust teas. In the Leaf catalogue, the Orthodox is printed first followed by CTC and in the Dust catalogue, CTC first followed by Orthodox.

(e) Coonoor :

CTC Leaf, Orthodox Leaf and all Dusts together are printed separately but in one catalogue.

(f) Coimbatore :

Leaf and Dust are printed separately, but CTC and Orthodox are not printed groupwise.

Observations & Recommendations of the Committee :

- (a) The Committee recommends that the CTC Leaf, Orthodox Leaf, Darjeeling Leaf, Green Tea, all Dusts together and the supplemented teas should be printed separately in the same catalogue or in different catalogues as it suits the Brokers for efficient auctioning. This would suffice to meet the sampling norms in North India auction centres and the maintaining of proper statistics of categorywise teas all over India and is, therefore, recommended.

- (b) After considering various suggestions received from different sources the Committee also recommends the following :
- (i) The Brokers must deliver the catalogues, valuations, correction lists and samples to the Buyers well in advance of the auction date and the time limits for such delivery should be specified by the concerned Auction Committee. The Committee also recommends after due consultation with all sections of the trade that catalogues should be distributed to the buyers 10 days prior to the auction, the last valuation lists should be distributed to the buyers a minimum of 4 days prior to the auction concerned, the last and final correction list must accompany valuation lists, i.e. at least 4 days prior to the auction. The last samples shall have to be distributed to the buyers at least 7 days prior to the auction.
 - (ii) The catalogues must contain all the required details as specified by the Auction Committee.
 - (iii) Both the number of packages and kilos of the categories concerned in aggregate with weight thereof must be provided in the respective catalogue covers.
 - (iv) The Sellers must fill in all the required information on the invoice copy, which should contain the following information :
 - (a) Garden mark,
 - (b) Invoice number,
 - (c) Grade and number of chests/ bags of each grade,
 - (d) Gross, tare and net weight of each chest/ bag in each break,
 - (e) Total gross and net weight of each break,
 - (f) Running chest/ bag number of each break,
 - (g) Size of chests/ bags used in each break,
 - (h) Type of lining used in packing each break,
 - (i) Year of manufacture,
 - (j) Excise zone and rate of duty paid,
 - (k) Gate pass number and date,
 - (l) BIS (ISI) approved or unapproved chests/ bags,

No broker must offer any tea unless full details as above are printed in the catalogue.

- (iv) The Auction Committee should also devise standard AWR form which should include the following points :
- (a) Serial number of the AWR and date of issue,
 - (b) Location of the registered warehouse,
 - (c) Name and distinctive number of the carrier,
 - (d) Garden mark and serial number of the chests/ bags,
 - (e) Invoice number,
 - (f) Total quantity,
 - (g) Quantity actually received,
 - (h) Grade,
 - (i) Actual chest numbers,
 - (j) Short kgs.,
 - (k) Excess kgs.,
 - (l) Gross kgs.,
 - (m) Tare kgs.,
 - (n) Net kgs.,
 - (o) Location of the chests in the registered warehouse,
 - (p) Remarks i.e.,
 - BR - Broken and repaired,
 - LC - Leaky condition,
 - OS - Outwardly sound,
 - WC - Weak condition,
 - WS - Water stained.
- (vi) While preparing correction slips, the brokers should exercise due care that the printing/ corrections are made as per the AWR after due verification.
3. PROMPT DATE :
- Present System :
- (a) Calcutta :
- The Prompt Date for the buyers is 14th day for the Leaf teas and 15th day for the Dust teas, after the date of sale. As regards Prompt Date for

the Sellers, nothing is specified in the Rule Book but the convention is that the Sellers are paid on the same afternoon when Buyers' Prompts are received.

(b) Siliguri :

Prompt is payable on 13th day after the date of sale for Buyers and 14th day after the date of sale for Sellers for all categories of tea.

(c) Guwahati :

Buyers' Prompt Date for CTC Leaf and Orthodox Leaf is 13th day after the date of actual finish of a catalogue. The same for Dust teas is 14th day after the actual finish of a catalogue. The Sellers' Prompt is next day after the Buyers' Prompt.

(d) Cochin :

For Buyers - it is 13th day after the date of sale for all categories of tea. For Sellers, there is an arrangement to make payments in two instalments. An interim payment is made on the 8th day of sale of whatever sale proceeds are received by the Brokers upto the 7th day, and the final payment is made on the 15th day after the date of sale.

(e) Coonoor :

Buyers' Prompt is on the 12th day after the date of sale and for Sellers it is the 13th day after the sale, for all categories of tea.

(f) Coimbatore :

For Buyers - it is 13th day after the date of sale for all categories of tea. For Sellers, the payments received, if any, and credited to Broker's account upto the 7th day after the date of sale are paid on the next working day, and the balance amount received are paid to the Sellers on the next working day following the Buyers' Prompt Date.

(g) However, in all auction centres the prompt dates are extended to next working day if the Prompt Date happens to be a public holiday/or bank holiday. If necessitated by unforeseen circumstances like warehouse strike, civil commotion, natural calamities etc., the Prompt Dates are also extended by the Auction Committees on their own decision. In addition, there is a system in Siliguri to grant extension for the intervening holidays, and in Calcutta and Guwahati such extension is granted if there are more than one such intervening holidays (not Sundays).

Observations & Recommendations of the Committee :

(a) The Committee recommends that since the present systems are working

satisfactorily, these may be allowed to continue. But barring those conditions as stated in the preceding paragraph, the Auction Committees should not change their existing rules relating to the upper limits of Prompt Dates without prior written approval of the Licensing Authority.

- (b) The Committee further recommends that Prompt should be paid by cash buyers by bank certified cheque or by bank draft in which case the delivery order shall be issued by the brokers before the close of the day. If the payment is made by cash buyers by ordinary cheque, the delivery order shall be issued before the close of the day on receipt of advice of encashment.
- (c) The Committee also recommends that in Calcutta the Seller's Prompt Date must be incorporated in the Rule Book.
- (d) The Committee further recommends that the payment of the prompt to the seller by the Broker shall be the next working day immediately after the stipulated prompt date of the buyer.
- (e) The Committee gave careful consideration to the sanctity of the Prompt and strongly recommends that respective Auction Committees should not extend prompts except for compelling circumstances caused by general disruptions.

4. BROKER'S COMMISSION :

Present System :

- (a) In all the 6 centres, the sellers are liable to pay commission to the Brokers @ 1% of selling price. However, in South India it is selling price less excise duty.
- (b) In Calcutta, the Brokers also get brokerage from the Buyers @ Rs. 5.00 per 100 kgs., and in Siliguri and Guwahati @ Rs. 3.00 per 100 kg.
- (c) In South India, there is no commission payable by Buyers to the Brokers. However, there is a rule for paying Lot Money to the Brokers by both Sellers and Buyers to defray the printing, sampling, inspection costs etc. The rate of Lot Money in Cochin and Coonoor is Rs. 2.00 per lot or part thereof payable by both Sellers and Buyers. In Coimbatore, there is no fixed rate but it is to be decided from time to time by the Managing Committee.

Observations & Recommendations of the Committee :

- (a) The Committee recommends that as a matter of general practice and convention, the brokerage paid by the seller is to be related to a percentage of the knocked down price.

(b) Since the brokers are providing various services to the buyers by providing them valuations, catalogues, samples, etc., it would be more appropriate to term the cost thereof as 'Service Charge'. The Committee thus feels that brokers must take utmost care in providing these services efficiently to the buyers.

5. **SIZE OF LOTS :**

Present System :

- (a) In Calcutta the lots containing 16 chests and more are called large lots and less than 16 chests small lots. In Siliguri and Guwahati the border line is 11 chests and 15 chests respectively. In all these Auction Centres the lots containing 4 chests or less and all damaged lots, irrespective of their number (in Guwahati 6 or more), are printed in supplement catalogues.
- (b) In Cochin and Coimbatore the lots containing 10 chests and more are termed as large lots and less than 10 chests small lots. The lots containing less than 5 chests are required to be printed as PD & RCNG (Part damaged and repacked, condition not guaranteed). In Coonoor no minimum size is specified and the lot sizes are not defined.
- (c) Since last 2 years a new system of size of breaks has been introduced in Calcutta under which the estates producing more than 5 lakh kgs. of tea per calendar year are required to have lots not below 30 chests during the manufacturing period between July to November, excepting for Darjeeling teas, CTC-BPS, Small Dust, Secondaries and Orthodox - Tippy teas, BPS, Fannings and Dust grades.
- (d) Similarly, in Guwahati the following rules were incorporated from June, 1985. The minimum size of lots shall be 30 packages (chests or bags) for all grades except BPS, CD and CTC secondaries and Orthodox whole leaf and Dust grades and Orthodox secondaries. Estates upto 100 hectares in area or those producing less than 2 lakh kg. per year are exempted from the above stipulations.

Observations & Recommendations of the Committee :

- (a) The Committee recommends that the existing system regarding Large and Small lots, may continue.
- (b) As regards size of breaks, the Committee appreciated merits in the new system introduced in Calcutta, Siliguri and Guwahati and recommends the following for Calcutta, Siliguri and Guwahati auction centres :

The estates (except Darjeeling) producing 2 lakh kg. or more (based on the

average of the preceding two seasonal years' production) must pack in lots not less than 30 packages (chests or bags) during the manufacturing period between 1st July to 30 November. This applies to all grades of tea except :

- i) CTC-BPS, Small Dusts and Secondaries and
 - ii) Orthodox - Tippy teas, BPS, Fannings, Dust grades and Secondaries.
- (c) The Auction Committees will prepare a list of gardens who fall under this category and circulate it to all the Members, and the Brokers will be responsible for implementing it and will be empowered to refuse printing such lots which do not meet the above conditions.

6. DIVISION OF LOTS :

Present system can be described as follows :

	1 Buyer	2 Buyers	3 Buyers	4 Buyers
CALCUTTA	Upto 15 C/S	16-30 C/S	31 - above	
SILIGURI	Upto 10 C/S	11-25 C/S	26- 40 C/S	41 - above
GUWAHATI	Upto 15 C/S	16 - 30 C/S	31 - 50 C/S	51 - above
COCHIN	Upto 09 C/S	10 - 14 C/S	15 - 34 C/S	35 - above
COONOOR	Upto 09 C/S	10 - 14 C/S	15 - 34 C/S	35 - above
COIMBATORE	Upto 09 C/S	10 - 14 C/S	15 - 34 C/S	35 - above

(C/S means Chests, including bags)

Observations & Recommendations of the Committee :

- (a) In order to expedite the speed of sale, the Committee recommends that in Calcutta, Siliguri and Guwahati auction centres no Broker should issue more than 2 contracts for lots containing 30 packages (chests or bags) or under and more than 3 contracts for lots containing 31 packages and above. However, no Buyer should get less than 5 packages in a division.
- (b) The Committee views Darjeeling in its distinctive position and would recommend that the present system of division of Darjeeling lots should continue for the time being, i.e. upto 15 chests one buyer, 16-30 chests, 2 buyers and above 30 chests, 3 buyers.
- (c) As for auctions in Cochin, Coonoor and Coimbatore, it was reported to the Committee that competition on large size lots does not exist in these auction centres. Therefore, it is not necessary for these auction centres to make any change at this stage. The Committee however recommends that in due course the division rules should be standardised on all India basis with division upto a maximum of 3 buyers for a lot.

WITHDRAWAL OF LOTS :**Present System :****(a) Calcutta :**

With the exception of reprinted lots teas correctly catalogued for auction cannot be withdrawn during 10 days preceding the date of sale.

(b) Siliguri :

Teas catalogued for auction cannot be withdrawn for private sale. The Governing Body of the Committee has however, decided that in any case, the teas cannot be withdrawn after these have been sampled to the trade.

(c) Guwahati :

Same as Calcutta.

(d) Cochin :

With the exception of reprinted lots and the damaged teas marked as PD & RCNG, teas correctly printed for auction cannot be withdrawn. Any reprinted tea withdrawn prior to sale cannot be printed subsequently in auction.

(e) Coonoor :

With the exception of reprinted lots and the damaged teas marked as PD & RCNG, teas once printed and sampled to the trade cannot be withdrawn.

Observations & Recommendations of the Committee :

- (a) The Committee recommends that in Calcutta where the auction normally takes place on Mondays and Tuesdays, Sellers shall have to give advance intimation to the Brokers about withdrawal of any teas included in the catalogue for sale at the latest by 1.00 P.M. on Wednesday of the week immediately preceding the week prior to the sale in question. The Brokers will display the list showing all such withdrawals in the Notice Board in the Auction Hall latest by 5.00 P.M. of the same day. Withdrawal notices will also be sent out immediately to all buyers and in any case not later than the following day. In the case of Siliguri and Guwahati where auctions are held on different days of the week, the last date and time of withdrawal will be calculated on exactly the same basis as given above for Calcutta.
- (b) As regards auction centres in South India, it is noted that no noticeable problems have been experienced and therefore the Committee considers that the existing conventions and practices may continue.

8. SALE OF OUTLOTS :

Present System :

- (a) On 20.11.84, the Licensing Authority had issued directives to the Auction Committees of all the six centres to implement the following changes in the procedure of Outlot Sales :
 - (i) Teas remaining unsold in the auction hall should not be sold as Outlots subsequently and treated as auction sales. Any tea which is not knocked down in the auction hall and sold subsequently should be treated as private sale as per provisions of the Tea (Marketing) Control Order, 1984.
 - (ii) Teas remaining unsold in the auction hall should either be totally withdrawn from the auction or should be put up for sale in supplementary catalogues, without resampling in the following week's auction. Any tea remaining unsold in such supplementary catalogues could be reprinted in subsequent catalogues, with sampling, as per rules of the Auction Committee.
 - (iii) The above procedure for sale of Outlots should commence from 26.11.84 in Calcutta Auction Centre and from 1.12.84 onwards in Siliguri, Guwahati, Cochin, Coonoor and Coimbatore Auction Centres.
- (b) Later on, at the request of some of the Auction Organisers, the above rules were slightly modified and option was given to the Auction Committee either to supplement the unsold teas in the following auction without resampling or to reprint those teas in subsequent auctions with fresh sampling.

Observation & Recommendations of the Committee :

- (a) Although the above system has been adopted by all the auction centres, but it was noted that in some cases the Rules have not been amended. The Committee therefore, recommends that the Auction Organisers should amend their Rules suitably to incorporate these provisions at the earliest.

9. WAREHOUSE RENT AND INSURANCE :

Present System :

The responsibilities of Sellers and Buyers are given below :

- (a) Calcutta :

Under CTTA Rule 19(a & b) of Part - III, the Seller is responsible for the

warehouse rent and insurance upto 4 p.m. on Prompt Date or earlier on removal by the Buyer, and after the Prompt Date all liabilities and risks pass on to the Buyer. However, if the Delivery Proforma has been lodged with the warehouse by the Prompt Date and delivery not obtained, all risks and rent remain with the Seller for a further 14 days from the Prompt Date or until delivery has been received, whichever is earlier. Again under Rule 1 (iv) of Part - VII, the responsibility for the insurance of teas against fire, riots, civil commotion, burglary, theft and other perils in a registered warehouse rests with the owner of the teas, viz, with the Seller until Prompt Date and with the Buyer after Prompt Date.

(b) Siliguri and Guwahati :

The Sellers are liable for rent and insurance upto 4.00 p.m. (time mentioned in Siliguri) on the Prompt Date and thereafter the liabilities pass on to the Buyers.

(c) Cochin, Coonoor, Coimbatore :

The goods will be at Seller's risks to the extent of the sale price only until 4.30 p.m. on the second working day after Prompt Date or until removal by the Buyer, if removed earlier. The warehouseman shall be liable for loss or damage by fire or riot or civil commotion and malicious damage attending to the teas from 4.30 p.m. on the second working day after Prompt Date until delivery to the Buyers, for which the warehouseman will recover an amount to cover insurance and godown rent at the rate currently in force (In case of Coonoor the rules mentioned the second day and not the second working day).

Observations & Recommendations of the Committee :

- (a) The Committee noted that the existence of an additional provision in Calcutta for Sellers bearing the insurance for extra 14 days after the Prompt Date has created a lot of problems in the trade during the past one decade when on 2/3 occasions large quantities of tea were damaged in a number of warehouses due to excessive rainfall in the city. The problems were relating to the settlement of insurance claims for the teas for which the Prompts were paid and the title of goods had changed over to the Buyers but the insurance coverage remained with the Sellers.
- (b) The Committee also noted that the provisions for Sellers bearing additional 14 days' rent beyond the Prompt Date was introduced in Calcutta about 2 decades ago because of the inability of the warehouse to deliver the teas to the Buyers in time and the system has continued to exist.

(c) After considerable debate on this issue the Committee is of the view that upto 31st March, 1990 the present provision at Calcutta that the seller would bear a rent for additional 14 days beyond Prompt Date or the earlier lifting by the buyers should continue, provided the delivery orders are duly lodged with the warehouse keepers within the Prompt Date and delivery is not obtained after necessary endeavors to do so. The Committee feels that this aspect should be reviewed well in time by the CTTA so that progressively the system as already prevailing in Siliguri and Guwahati (as well as in other centres in South India) should also find acceptance in Calcutta.

(d) The committee therefore, recommends not only the auction committees should take strict measures to ensure improvement in the working of the warehouses but also the Sellers, Buyers and Brokers should help individually to achieve this objective. Whereas the Sellers could reduce or withdraw their support to the defaulting warehouses, the Buyers and Brokers should regularly lodge their complaints in writing.

For this purpose a Complaint Book is to be maintained by each registered warehouse, to be made available for periodic inspection by the Tea Board and the Auction Committee. The Buyers while registering their complaints in the Complaint Book should also send a separate report to the Auction Committee in respect of any violation of the Auction rules by the warehouse concerned.

(e) Similarly, if any warehousekeeper faces any difficulty with respect of taking of delivery by the buyers and or payment of dues, rent etc. he should appraise the Auction Committee.

(f) Warehouses, under no circumstances, should deliver any teas for which the AWR has already been issued to the brokers concerned save and except with the proper D/O or Withdrawal Notice by the broker concerned.

10. CLOSING OF CATALOGUES :

Present System :

- (a) In all the Auction Centres the general rule/ practice is that only those teas which have arrived in the registered warehouses and for which the Arrival and Weighment Reports have been received in the Brokers' Offices on or before the 'closing date' are eligible for cataloguing.
- (b) In Calcutta, Siliguri and Guwahati, there is no fixed period for closing the catalogues and it is left to the decision of Sales Sub-Committee. However, the normal closing period in all these centres is about 3 weeks, but during the peak season and end season the offerings are generally regulated so as not to flood or starve the market.

- (c) In South India, irrespective of the season and subject to the decision of the General Committee/ Managing Committee, the catalogues are closed as follows -
- i) COCHIN : Leaf - 20 days before the date of sale.
 - ii) COONOOR : Leaf & Dust - 11th day before the date of sale.
 - iii) COIMBATORE : Leaf & Dust - 13th day before the date of sale.

Observations & Recommendations of the Committee :

- (a) The Committee recommends continuation of the existing system and authority to the Sales Sub-Committee and / or the General Committee/ Managing Committee/ Governing Body of the Auction Committee to decide about the matter.
- (b) There should, however, be a regular and adequate availability of teas for the domestic market notwithstanding the seasonality of the tea production in North India. Therefore, the Committee recommends that the Licenced Auction Committees in North India should have periodic consultation among themselves. In any case by about August/ September each year the Tea Board should convene a meeting of the Auction Centres with regard to future offerings. This recommendation is not necessary in case of Auction Centres in South India because of the regular production and flow of teas throughout the year.

11. DISTRIBUTION OF SAMPLES :

Present System :

- (a) Calcutta, Siliguri & Guwahati :

Following the issue of a directive by the Licensing Authority on 2.5.1986, the new sampling norms, as stated in Chapter - II of this report, have been introduced in these Auction Centres.

- (b) Cochin, Coonoor & Coimbatore :

The rules are same - The basis of distribution of samples of tea catalogued for sale shall be subject to the absolute discretion of the General Committee/ Managing Committee of the Association. However, the system currently being followed are as follows :-

- i) Period of purchase and sampling : Cochin - half yearly, Coonoor and Coimbatore annually.
- ii) Purchase quantity : Quantification limits are decided on the basis of quantity purchased in kg. during the preceding one year/ half year.

- iii) Category of samples : Leaf (CTC and Orthodox together),
Dust (CTC and Orthodox together)
- iv) Quantity of samples drawn per lot

	LEAF	DUST
Cochin	2 kg.	4 kg
Coonoor	2 kg.	2 kg.
Coimbatore	2 kg.	2 kg.

- v) Large/ Small Lots : There is no distinction between Large and Small Lots and same quantity of samples are drawn from each lot.
- vi) Broker's Sample : No quantity is specified, but the Brokers retain about 200 to 400 grams of samples per lot for their use.
- vii) Buyer's Purchase Sample : There is no system of providing Purchase Samples to the Buyers by the Brokers.
- viii) Purchase qualifications & quantum of samples : Keeping in view the fixed quantum of samples available for distribution, the General Committee/ Managing Committee decides the purchase qualifications on percentage basis and also the quantum of samples.

Examples are given below :

COCHIN : For the period July to December, 1987 :

LEAF		
Category	Percentage of total quantity sold	Sample quantum
A	11.11%	100 grams
B	2.96%	70 grams
C	2.10%	60 grams
D	0.85%	50 grams
E	0.75%	40 grams
F	0.23%	30 grams
G	0.15%	25% selected
H	0.05%	15% selected

DUST		
A	3.62%	90 grams
B	1.78%	80 grams
C	0.96%	60 grams

G	0.39%	40 grams
H	0.25%	30 grams
I	0.21%	25% selected
J	0.15%	15% selected

COIMBATORE : For the year 1987 :

LEAF	14,00,000 kg and above	—	100 grams
	4,00,000 kg. and above	—	80 grams
	2,50,000 kg. and above	—	60 grams
	1,00,000 kg. and above	—	50 grams
	50,000 kg. and above	—	40 grams
	29,000 kg. and above	—	30 grams
	10,000 kg. and above	—	20 grams

Below 10,000 kg. - samples are to be seen at Broker's Office.

DUST	3,00,000 kg. and above	—	90 grams
	1,50,000 kg. and above	—	70 grams
	1,00,000 kg. and above	—	50 grams
	50,000 kg. and above	—	40 grams
	25,000 kg. and above	—	30 grams
	10,000 kg. and above	—	20 grams

Below 10,000 kg. - samples are to be seen at Broker's Office.

COONOOR : For the year 1988 :

	% of Total Breaks	Purchased in kg.	Samples
LEAF	4% and above	547,918 kg. and above	100 grams
	2% to 4%	273,959 to 547,917 kg.	70 grams
	1% to 2%	136,979 to 273,958 kg.	45 grams
	$\frac{1}{2}$ % to 1%	68,489 to 136,978 kg.	25 grams
	$\frac{1}{4}$ % to $\frac{1}{2}$ %	34,244 to 68,488 kg.	25% of selected samples
	Below $\frac{1}{8}$ %	To view samples at Broker's office.	

DUST	4% and above	562,103 kg. and above	100 grams
	2% to 4%	281,051 to 562,102 kg.	70 grams
	1% to 2%	140,525 to 281,050 kg.	50 grams
	$\frac{1}{2}$ % to 1%	70,262 to 140,524 kg.	30 grams
	$\frac{1}{4}$ % to $\frac{1}{2}$ %	35,131 to 70,261 kg.	25% of selected samples
	$\frac{1}{8}$ % to $\frac{1}{4}$ %	17,565 to 35,130 kg.	10% of selected samples
	Below $\frac{1}{8}$ %	To view samples at Broker's Office.	

Observation & Recommendations of the Committee :

- (a) The Committee feels that issuance of free trade samples to the trade cannot be claimed as matter of right. But this is obviously a very important means towards wider and healthy marketing in the auction system. Free trade samples should be worked out and applied in a manner that encourages genuine, regular and energetic buyers and discourages frivolous and/ or casual buying. The Committee, therefore, being mindful of these principles recommends the under noted minimum purchase qualifications for small, medium and large buyers :-

CALCUTTA AUCTION CENTRE :

Category of Tea	Category of Buyers	% of total qty. sold
CTC Leaf	Small	0.20% to 0.399%
	Medium	0.40% to 0.999%
	Large	1.00% and above
Orthodox Leaf	Small	0.10% to 0.349%
	Medium	0.35% to 0.749%
	Large	0.75% and above
Darjeeling	Small	0.30% to 1.124%
	Medium	1.125% to 3.374%
	Large	3.375% and above
Dust	Small	0.25% to 0.499%
	Medium	0.50% to 1.249%
	Large	1.25% and above

Green Tea : The current offerings of green tea being negligible, the Auction Committees will be empowered to fix up suitable norms, keeping in view that only genuine buyers are provided with samples.

SILIGURI AUCTIONS :

CTC Leaf	Small	0.20% to 3.99%
	Medium	0.40% to 0.999%
	Large	1.00% and above
Dust	Small	0.25% to 0.499%
	Medium	0.50% to 1.249%
	Large	1.25% and above

GUWAHATI AUCTIONS :

CTC Leaf	Small	0.15% to 0.299%
	Medium	0.30% to 0.749%
	Large	0.75% and above
Dust	Small	0.20% to 0.399%
	Medium	0.40% to 0.999%
	Large	1.00% and above

Siliguri & Guwahati - Orthodox Leaf, Darjeeling, Green Tea :

The current offerings of these categories of tea being negligible, the Auction Committees will be empowered to fix-up suitable norms so that genuine buyers are provided with samples

Small Breaks (All centres) : Only small samples shall be issued to all buyers in respect of small break lots.

- (a) The Auction organisers shall, however, have the powers to review the above noted qualifications as and when felt necessary with the prior approval of the Licensing Authority.
- (b) Clubbing of purchases by Companies in the same Group : Buyers having interest in more than one company may be allowed to voluntarily club their purchases for the purposes of sample qualifications provided written requests to that effect are sent to the Auction Committees by all the constituent companies concerned.
- (c) Buying of Samples : In pursuance of the decision taken in the first interim report, the Committee recommends that in Calcutta, Siliguri and Guwahati the following system should be introduced for the purchase of samples :-
 - (i) Registered buyers willing to purchase trade samples in any category

throughout the year, i.e. from May to April will have to pay the full cost of samples as decided by the Auction Committees.

- (ii) Registered Buyers may also purchase trade samples for the period November to March by paying half the amount as fixed in (i).

Registered buyers wishing to purchase samples from any time between April to end October will have to pay the full amount even though they may opt for samples for only part of the year.

- (d) Following the implementation of new Sampling Norms as per First Interim Report of the Committee, the Calcutta Tea Traders Association sought certain clarifications from Licensing Authority about the applicability or otherwise of the following rules/ practices which were in force earlier but were not touched in the new norms remained.

- (i) Minimum 20 sales operation in every season for becoming eligible to free samples.
- (ii) Restricted sampling of expensive teas at the discretion of the Brokers.
- (iii) Discretionary powers vested with the Sample Committee to grant or to refuse samples to Buyers.
- (iv) Power of General Committee to stop sampling to defaulting Buyers.
- (v) 10% service charges payable to the Brokers for the samples purchased by the Buyers.
- (vi) Status of 'on Account of the concerned' teas purchased by Buyers in relation to the purchase qualifications.
- (vii) Quantum of samples actually received by Buyers.

The Committee deliberated upon these issues and its decisions/ recommendations are given in the following paragraphs :-

- (e) Minimum Number of Sales Operation :

In Calcutta the Rule was that no Buyer shall be eligible for samples who has operated in less than 20 sales every season and whose purchases during any season (previously entitlement was on 3 years aggregate purchase basis) fell below 25% of the requisite qualification limits. In Siliguri the rule was that no Buyer shall be eligible for samples who has operated in less than 25% of the sales every season.

The Committee, recommends that over and above the minimum percentage purchase qualification, each buyer shall have to operate in at least 25% of the sales held for the category concerned for the purchase year to be

eligible for free trade samples in the immediate succeeding sampling year.

(f) Restricted Sampling of Expensive Teas

The following rule is common in all the 3 centres of North India. Samples of expensive teas valued at more than twice the price of common Broken Pekoes will be restricted to selected Buyers at the discretion of the selling Brokers.

The Committee is of the view that tippy orthodox teas should be deemed as 'speciality teas'. As such sampling of such teas should be restricted only to genuine buyers and this would be at the discretion of the respective brokers. However to ensure proper utilisation of the limited availability of such 'speciality teas', no broker may draw more than 2 kgs, as samples for any lot of such teas for distribution for general buyers. In order to define a tippy tea the Committee recommends that at the beginning of each year, the Sample Sub-Committee of the Auction Organisers will prepare standard samples of such tippy teas and a small portion of these samples will be given to all brokers as a guideline.

(g) Power of Sample Committee :

In Calcutta the Sampling Committee has the overriding power to grant or to withhold free trade samples to any Buyer even though such Buyer or Buyers may or may not qualify for samples under the Rules. The Sampling Committee is not liable to assign any reason for granting or withholding of samples and its decision cannot be questioned even by the General Committee of the Association. The Committee noted that the main reason for vesting absolute authority with the Sampling Committee was to check misuse of samples by sister concerns or a Buyer who is entitled to samples.

The Committee after consideration of all aspects, therefore, recommends that the Sampling Committee may continue to have the powers to grant or withhold samples to any special category of buyers or other in the overall interests of the trade. It is expected that the Sampling Committee would use the discretion, in unprecedented situation to safeguard the interests of genuine small buyers.

However, in the event of any buyer/ seller/ broker feeling aggrieved by any decision or act on the part of the Sampling Committee, he may prefer an appeal with supporting information in the first instance to the Sample Committee, he may also make a reference to the Licensing Authority stating out the full and necessary details and the decision of the Licensing Authority shall be final and binding in this regard.

(h) Power of General Committee/ Governing Body to stop Sampling to Defaulting Buyers :

The following Rules are common in all three North Indian Centres - The issue of samples will be stopped immediately to any Buyer who defaults or fails to meet the Prompt on due date or who is expelled or suspended by the General Committee/ Governing Body and there will be no right or appeal or renewal in such cases.

The above practice may continue but the aggrieved party will have the right to prefer an appeal before the Licensing Authority whose decision will be final and binding.

Till such time the Licensing Authority gives his verdict the decision of the General Committee/ Governing Body will prevail and the aggrieved party will have no right to claim for any compensation for the intervening period.

(i) 10% Service Charges to the Brokers :

There is a system in Calcutta that the Brokers are eligible to get service charges at the rate of 10% of the amount deposited by the Buyers with the Auction Organiser towards purchase of samples.

The Committee accepts continuation of this system in Calcutta and its introduction in Siliguri and Guwahati.

(j) Status of 'On Account of Concerned' Teas :

The Rule common to 3 centres is - Purchases for the purpose of qualification for trade samples shall be understood as meaning purchases only of teas on Garden account in the auctions.

(k) A question was also raised whether the teas printed 'On Account of the concerned' can be taken into account to determine the purchase qualification of a Buyer.

The Committee is of the view that teas purchased from 'On Account of the concerned' in the auction concerned shall not be taken into account for determining the purchase qualification. Similarly no seller of this tea should be allowed to buy his own teas.

(l) Quantum of Samples :

In its First Interim Report the Committee had recommended that the Brokers should ensure delivery of proper quantum of samples to the Buyers. However complaints were received subsequently that the Buyers are getting less than the specified quantity.

In order to streamline the system it was recommended that Brokers while sending trade samples to the Buyers must clearly indicate in the accompanying challans the number of large, medium and small samples (category-wise) sent in each bag/ consignment as also its total net weight.

The Committee would also recommend that where a buyer submits his complaint in writing to the Auction Committee about regular and systematic shortage in the quantum of samples delivered to him by a particular broker over a period of time, the respective Auction Committee should take necessary action in this matter and in case no improvement is noted, the matter may be referred to the Licensing Authority for remedial measures.

(m) Supplement Teas :

Considering that the supplement catalogue comprises largely if not entirely of damaged tea, repacked teas and some shutout teas, the Committee recommends that purchases wholly and exclusively in the supplement category shall not be acceptable for minimum purchase qualifications for any category and in order to qualify, the buyer shall have purchased in atleast seven sales in the main catalogue for the respective category.

(n) Purchase Samples :

The Committee considered the representation that current limit of Purchase Sample is inadequate and now recommends that for large breaks, the purchase sample may be increased to 300 grams so that each of the three buyers entitled to divide a large lot may get at least 100 grams each. However, the size of purchase samples for small lots must remain unchanged at 100 grams.

12. BIDDING RATES :

Present System:

	Price Range	Rate of Advance of Bidding
(a) Calcutta	Upto Rs.7.99	Not less than 05 paise/kg.
	Rs.8.00 to 14.99	10
	Rs.15.00 to 26.99	20
	Rs. 27.00 to 49.99	50
	Rs.50.00 and above	100
(b) Siliguri	Upto Rs. 29.99	20
	Rs.30.00 and above	50
(c) Guwahati	Upto Rs. 29.99	20

	Rs.30.00 to 49.99	50
	Rs.50.00 and above	100
(d) Cochin	Upto Rs. 9.99	5
	Rs. 10.00 to 14.99	10
	Rs. 15.00 and above	20
(e) Coonoor & Coimbatore	Upto Rs. 14.99	10
	Rs.15.00 and above	20
(f)	However, in all these centres the General Committee/ Managing Committee/ Governing Body have the discretion to change the scales whenever necessary.	

Observation & Recommendations of the Committee :

- (a) The Committee with a view to improve auctioning efficiency recommends that the following scales for bidding should be introduced in Calcutta, Siliguri and Guwahati auction centres :

Upto Rs.26.99	20 paise/ kg.
Rs. 27.00 to 49.99	50 paise/ kg.
Rs. 50.00 to 99.00	1 Re. per Kg.
Rs. 100 and above	5 Rs per kg.

13. CLAIMS FOR SHORT PACKING :

Present System :

- (a) Calcutta :

No claim for short weight will be admissible in respect of any package unless the shortage in net weight exceeds 0.400 kg.

- (b) Cochin :

Previously it was like Siliguri and Guwahati, but from 29.6.87 the Rule has been changed from 0.200 kg. per package to 0.200 kg. per lot.

- (c) Siliguri & Guwahati :

Same as Calcutta, but the limits is 0.200 kg. per package.

- (d) Coonoor & Coimbatore :

Same as Calcutta, but limit is 0.100 kg. per package.

- (e) In addition, there are certain principles laid down for rounding off the fractions for tare and gross weights for calculating the short weights.

Observations and Recommendations of the Committee :

- (a) The Committee strongly recommends that no sellers anywhere in India should try to pack lesser quantity of tea intentionally by taking advantage of the concession granted under the Rules.
- (b) Subject to the above, the Committee further recommends that in Calcutta, Siliguri and Guwahati the Rules should be amended as follows - No claim for short weight will be admissible unless the shortage exceeds 0.1% of the declared net weight per lot purchased by any buyer.

14. Non Delivery, Damaged Teas & Short Weights :

(a) Compensation for non delivery :

Representations had been made by the buyers that on some occasions teas purchased were not delivered either wholly or in part. This matter was considered in detail by the Committee and it recommends that where lots purchased by buyers were not to be found in warehouses at all either wholly or in part a compensation amounting to 30% of value of such teas not delivered should be payable to the buyers alongwith the refund of the amount of prompt paid together with interest on the prompt payment at the prevailing Bank rate from date of prompt until the date of actual refund.

(b) Damaged Teas :

However, if the original short delivered chests can be traced in the warehouse and the delivery has been withheld due to their being in a damaged condition, buyers will be refunded the amount of prompt paid on such chests together with interest thereon at the prevailing Bank rate from the date of prompt until the date of the actual refund. It is expected however, that the Brokers will carry out presale inspection to ensure that such instances are extremely rare.

(c) Short weights :

Where the buyer has been delivered less than the contract weight he will be refunded the full amount of the prompt paid together with interest thereon at the prevailing Bank rate from the date of prompt until the date of the actual refund.

It will be clearly understood that compensation for non-delivery and refunds in respect of short delivered or short weight will be payable by tea brokers to the buyers on submission of appropriate non-delivery, short delivery or short weight certificate from the warehouse keeper.

15. OTHER MATTERS

Reference was received from the Siliguri Tea Traders Association dated 7.3.88 raising certain issues with respect of the Order issued by the Chairman, Tea Board being the Licensing Authority on 24th September, 1987.

- (a) The Committee has carefully considered all the points and would like to revise its earlier recommendation only in so far as it relates to para-3(c) of the directive which states that the bidder shall be liable to the Broker for payment of prompt and sales tax declaration forms in case the principal buyer fails to make such payment. The Committee now recommends that the Principal buyer must exercise great care in appointing a bidder in the auction since all commitments made by the bidder on behalf of the Principal buyer will be binding on the latter as the former continues to hold written general authority from the latter. Should the principal buyer wish to rescind the authority given by him earlier to the bidder, his responsibility will cease only if there is documentary evidence of such withdrawal having been intimated to all brokers of the centre concerned at least 24 hours before the day of the auction.
- (b) In regard to the other point of permitting sale of privately purchased teas in the auction, the Committee is of the view that auctions are primarily the forum for bulk sale of first hand teas and not of secondhand teas except under special circumstances when permission may be given by the Auction Committee/ or its Authorised Sub-Committee on the basis of applications made explaining the special circumstances necessitating the sale of privately purchased teas through the auction system. Auction Committee will report such cases to the Licensing Authority from time to time.

16. At the present juncture the Auction Committees are required to renew their Licences issued under Tea (Marketing) Control Order, 1984 in the month of December every year. However, there is no systematic filing of Reports by the respective Licenced Auction Committees as to the quantity and quality of teas offered and sold, the average prices realised, the quantity of samples drawn, the names of the free trade samples holders etc. It is recommended that the Licensing Authority may frame a proforma for the purpose which should be filed by the Licensed Auction Committee before the Licensing Authority each year.

17. It has been reported to the Committee that the delays and problems are arising in preparation of the free trade samples list as also from last minute amendment of sale contracts. Therefore, it strongly recommends that a rule

should be made and incorporated in the Rules of the Auction Committees whereby the buyers name must be declared in the auction room with no change being acceptable thereafter except in very special circumstances.

18. The Committee considered that way back in 1978, the P.L. Tandon Committee strongly favoured the public auction of teas as the best means of bulk marketing and also desired that infrastructure of the Tea Board should be strengthened for the proper supervision and co-ordination of the public auction system. Owing to various financial and other aspects, this has possibly not been given effect to so far. Tea (Marketing) Control Order, 1984 issued by the Government under the Tea Act, 1953, provides that 75% of the tea production is to be routed through the public auctions thereby clearly indicating the mind of the Government of India in this respect. The Committee, therefore, after carefully reviewing the situation recommends that the Tea Board should devise ways and means of strengthening the infrastructure for proper supervision and coordination of the public auction system in North and South India to subserve the Government policy and the larger public interest.

Sd/-
(S. S. AHUJA)

Sd/-
(D. Atal)

Sd/-
(K. Kapoor)

Sd/-
(P. BARUA)

Sd/-
(H. P. BAROOAH)

Sd/-
(R. K. KRISHNA KUMAR)

Sd/-
(G. K. JAUHAR)

Sd/-
(R. R. RUPARALIA)

Sd/-
(O. R. M. PRABHU)