APPENDIX D

ANDHRA PRADESH SMALL SCALE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

GENERAL TERMS AND CONDITIONS FOR SUPPLY OF MACHINE(S) ON HIRE PURCHASE

Objectives:

1. The object of this scheme is to provide educated unemployed persons with facilities for acquiring indigenous machine(s) and machine(s) tools of standard type on Hire Purchase basis for setting up of Small Scale Industrial Units.

Scope of the Scheme:

2. The value of the machine(s) to be supplied under this scheme to one single unit will be over Rs. 1,000/- and will not exceed Rs. 2.00 lakhs.

3. Only Small Scale Industrial Units which are registered with Director of Industries, Andhra Pradesh and have a registration number will be entitled to get benefit of this scheme. Applications from units not so registered will not be entertained.

4. Under this scheme, indigenous machine(s) of the following categories only will be supplied.
   (i) Machine(s) of 1st Grade, i.e., certified as Grade-1 by the DGS&D. Government of India.
(ii) Machine(s) manufactured in Andhra Pradesh and carrying guarantee of After-Sale-Service for 18 months.

(iii) Machine(s) not covered under (i) and (ii) above, but certified by the Director, Small Industries Services Institute, Hyderabad as 'Quality machine(s)'.

**How to Make an Application:**

5. Applications under the scheme must be made on the prescribed form which can be obtained from the Registered Office of the Andhra Pradesh Small Scale Industrial Development Corporation Limited, Hyderabad-500 004 or from the Asst. Director of Industries of the District concerned on payment of Rs. 2/- per set.

6. The application must contain full particulars of the machine(s) required by the applicant, including specifications, size, maker's name and wherever possible, the source of supply (Agents, distributors etc.).

7. The applicant shall prepare the application in triplicate and submit the original copy to the Assistant Director/Deputy Director of Industries of the District concerned. The applicant will submit the second copy direct to the Corporation accompanied with application fee Rs. 5/- by a Demand Draft in
favour of the APSSIDC Ltd. which is non-refundable. An application for the supply of the machine(s) will not be entertained unless accompanied with the application fee.

8. The Assistant Director/Deputy Director of Industries, after scrutiny of the application, will forward the same with his recommendations to the APSSIDC. Applications recommended by the Asst. Director/Dy. Director of Industries, General Manager, Self Employment Schemes will only be considered.

9. Acceptance or rejection of the application will ordinarily be communicated to the applicant within a period of 30 days from the date of receipt of the application by the Corporation from the Industries Department.

10. Acceptance of an application, ipso facto shall not create any contractual obligation on the Corporation to supply the machine(s) asked for by the applicant. It would only mean that the applicant has tentatively been considered as a unit eligible to receive assistance or help under the hire purchase scheme from the Corporation.

11. The Corporation reserves the right to refuse the supply of machine(s) at any stage without assigning any reasons, whatsoever.
12. (i) Supply of machine(s) will be subject to the Corporation being able to obtain the same from the source specified by the applicant after the quotations are opened. In case the machine(s) applied for cannot be secured from the said source for any reason, the Corporation, without any obligation, will try to obtain machine(s) comparable specifications from other sources, if possible, while the Corporation will make all efforts to supply machine(s), sustained by the applicant on account of non-supply of machine(s) or delay in their supply.

(ii) Whereas the Corporation will make all efforts to supply the required machine(s) as promptly as possible, it shall not be responsible for losses, if any, incurred by the applicant on account of non-supply of machine(s) partly or wholly or delay in the supply. The Corporation also will not be responsible to supply all the machine(s) at a time and the applicant must take delivery of the machine(s) as and when offered.

(iii) The Corporation does not take any responsibility as regards the suitability, specification and quality of the machine(s) and their receipt in good condition and the Corporation shall not, therefore, be responsible for any damages and
or losses which may be incurred on these grounds
by the hirers. Before making application, the
applicant shall satisfy himself about the quality
and suitability of the machine(s) selected by
him. Subsequent complaints from the applicant
about the quality of the goods on the ground
that the machine(s) received by them are defective
or damaged or are not suitable for their
requirements shall not be entertained and for
that reason non-payment or delay in the payments
of instalments shall not be permitted. The
Corporation will however take prompt action on
any complaint without prejudice to its interest.

(iv) In respect of hire purchase applications under
which more than one machine have been applied for
and each individual machine forms a part of a
complete plant in a separate agreement to be
entered into by the hirer in respect of each
individual machine as and when delivered. The
agreement will at the option of the Corporation
be replaced by a consolidated agreement hereinafter
described as the 'ultimate agreement' at the
time of delivery of the last item of machine(s)
applied for. In the ultimate agreement, an
amount representing the interest on investment
of capital towards the cost of the individual
items of machines delivered earlier will be added.
The first instalment in respect of the plant would fall due on the expiry of the grace period of 12 months from the date of delivery of the last item. The subsequent instalments in such cases will be payable every six months after due date of the first instalment. The decision whether the machines applied for constitute a complete plant or not will be taken at the time of acceptance of the application by the Corporation and shall be final and binding on both the parties.

(v) In case the Corporation agrees to supply a complete plant comprising more than one machine and the applicant’s requirement is not satisfied in full, for any reasons whatsoever beyond the control of the Corporation, the Corporation may grant such postponement or other facility in payment of instalments of hire by the party as they may at their sole discretion deem fit, subject nevertheless to the provision laid down in clause IV above. In such cases where the Corporation decides to permit postponement of payment of instalment/s of hire or grants any other concession, such act would not in any way prejudice or effect the hire purchase agreement/s already entered into between the hire and the Corporation in respect of machine(s) already
procured and delivered by the Corporation and the hire purchase agreement(s) shall continue to remain in full force and effect and shall be binding on both the parties. The hirer shall not claim any damages or loss, charges or expenses any kind due to non-supply of any of the machine(s) pertaining to the said plant.

(vi) The Corporation is at liberty to ask for execution of a separate hire purchase agreement for each individual machine shall be executed between the hirer and the Corporation before the Railway or Transport Receipt of the machine is despatched/delivered to the hirer.

**Earnest Money Deposit:**

13. Within 15 days from the date of receipt of a letter of offer from the Corporation, specifying therein the machine(s) offered, the applicant must communicate his final selection about the machine(s).

Simultaneously with this the applicant should remit the earnest money which is calculated at 10% of the F.O.R. cost of machine(s) (5% his Share and 5% Industries Department Share). This deposit of earnest money shall be tendered in the form of a demand draft drawn in favour of APSSIDC Ltd., Hyderabad-4. In case of failure on the part of the applicant to remit the earnest money as stipulated
above, the Corporation shall have the right to treat
the offer made to the applicant as withdrawn.

Fee for Accepting Changes in Specifications:

14. (i) The earnest money should be remitted only after
careful selection of the machine(s). The
applicant has to exercise care while selecting
the machine(s) from amongst those offered by
the Corporation, as any subsequent change in his
selection will not entitle him to a refund or
adjustment of earnest money paid by him.

(ii) The Corporation may consider requests in specific
cases for change in specifications etc. on payment
of non-refundable fee of Rs. 100/- per machine
within 15 days from the date of receipt of letter
of offer by the applicant, but before the
remittance of EMD. In case the amendment in
specification is opted, the applicant will have
to deposit the earnest money within 10 days from
the date of decision communicated relevant to
the amendment.

Service Charges:

15. The applicant will be required to pay service charges
at 5% of the F.O.R. cost of the machinery.
16. In calculating the instalments, interest at the rate of 16% per annum in respect of industries set up in backward districts and 17% in other cases will be charged and recovered from the applicant. A rebate of 1% in the rate of interest will be given in case of prompt payment.

17. a) Penal interest at the rate of 2% per annum will be charged on delayed payments of instalments.

b) The rate of interest i.e. regular & penal are subject to variation from time to time. The decision of the Corporation will be final and binding on the hirer.

Repayment:

18. The earnest money so paid by the applicant will be credited towards the hire purchase price of the machinery. The balance of the price which will be treated as a loan carrying interest at the rate mentioned in Clause 16 below will be payable by the applicant by six monthly instalments spread over a maximum period of 7 years depending upon the life of the machine(s). The first six-monthly instalment will be payable at the end of 12 months from the date of supply of machine(s).
19. The date of despatch of the relevant Railway Receipt or a similar documents shall be taken as the date of supply of the goods.

20. Hire purchase price of the machine(s) will be computed taking into consideration the cost of the machine, packing and forwarding charges, sales tax, transit insurance, administrative charges, interest, insurance and such other expenses that may be incurred by the Corporation on these accounts.