

**COTTON ASSOCIATION OF INDIA  
(CAI)**

**BYLAWS**

***Cotton Association of India***

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**By-Laws**

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Registered Office:

**THE COTTON EXCHANGE BUILDING  
2<sup>ND</sup> FLOOR  
OPP. COTTON GREEN RAILWAY STATION  
MUMBAI 400 033**

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As amended on 29<sup>th</sup> February 2024

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# COTTON ASSOCIATION OF INDIA

## BY-LAWS

### GENERAL

Definitions	1.	In these By-laws unless there be something in the subject matter or context inconsistent therewith -
		<b>Association</b> or <b>CAI</b> means Cotton Association of India;
		<b>Authorised Representative</b> of a Member means a person registered as such under Article 18 of the Articles of Association of the CAI;
		<b>Nominated Representative</b> means a person who has been appointed by a Member as his or its nominated representative and whose appointment has been communicated to the Secretary. A Member shall appoint a maximum of two Nominated Representatives;
		<b>Burst Bale</b> means a bale, which cannot be stacked or loaded, provided that the Board shall have power from time to time to define a Burst Bale;
		<b>Board</b> means the Board of Directors of the Association;
		<b>By-laws</b> shall mean these by-laws as may be amended by the Association from time to time;
		<b>Controller</b> shall mean a CAI approved individual or organisation engaged to draw samples of cotton and deliver such sample to a CAI approved laboratory for the determination of quality disputes;
		<b>Closing Out the Contract</b> by the buyer shall mean when the buyer accepts the Spot Rate of the cotton for the day on which he closes out the Contract and receives or pays the difference between such Spot Rate and the Contract rate as provided in the By-laws.
		And in the case of a seller shall mean when the seller accepts the Spot Rate of the cotton for the day on which he closes out the Contract and receives or pays the difference between such spot rate and the Contract rate as provided in the By-laws;
		<b>Chairman</b> means the Chairman or in his absence the Vice Chairman or in his absence the Additional Vice Chairman or in his absence the Acting Chairman of the Board as the case may be;
		<b>Secretary</b> means and includes an Officiating Secretary, a Deputy Secretary, an Assistant Secretary, and an Officiating Deputy or Assistant Secretary;

		<b><i>Classes or Grades</i></b> of cotton include Extra Superfine, Superfine, Fine, Fully Good, and Good;	
		<b><i>Contract</i></b> shall mean a contract which shall be in writing and signed by the buyer and the seller, and such contract shall contain a provision that it is subject to these By-laws or words to a similar effect. A Contract shall also include a contract which shall have been deemed to have been confirmed and accepted under the provisions of such contract. A Contract shall also include a contract in electronic form in accordance with the Information Technology Act, 2000 as amended from time to time and shall contain a provision that it is subject to these By-laws or words to a similar effect;	
		<b><i>Delivery Period</i></b> means the period during which cotton can be tendered in fulfilment of a Contract under these By-laws;	
		<b><i>Due Date</i></b> means the last date of the Delivery Period. In the case of Delivery Contracts, it is the last day of the period of delivery specified in the Contract. A due date which would otherwise fall on a Non-Working Day, shall in every such case be deemed and taken to be the immediately succeeding Working Day;	
		<b><i>Forward Contract</i></b> means a contract for the delivery of goods at a future date, not being a ready delivery contract;	
		<b><i>Delivery Contract</i></b> means a <i>non-transferable specific delivery contract</i> as defined under the Securities Contracts (Regulation) Act, 1956;	
		<b><i>False or Fraudulent Packing</i></b> means a bale containing:	
		i	Substances which are not cotton; and/or
		ii	damaged cotton; and/or
		iii	good cotton on the outside and inferior cotton on the inside; and/or
		iv	pickings or linters instead of cotton.
		<b><i>Full Pressed Bale or a Standard Bale</i></b> in the case of Indian cotton means a standard metric bale weighing 170 kg. nett, (with a permitted variation of 10 kgs. plus or minus), fully covered with hessian, cotton cloth or any other material approved by the Board, on all six sides, bound with hoops of iron, PET strap or other materials, as approved by the Board from time to time;	

		<b>Godown</b> means a structure having a plinth, roof and continuous external walls and includes any other structure approved in this behalf by the Board;
		<b>Hours</b> refer to Indian Standard Time;
		<b>Invoice Back:</b> If for any reason a Contract or part of a Contract has not been, or will not be, performed (whether due to a breach of the Contract by either party or due to any other reason whatsoever) it will not be cancelled. The Contract or part of a Contract shall in all instances (other than instances of force majeure making the performance of the Contract impossible) be closed by being Invoiced Back in accordance with the By-laws in force at the date of the Contract.
		Where a Contract or part of a Contract is to be closed by being Invoiced Back, then the following provisions will apply:
		i. Neither party shall Invoice Back on the same date as the date of the Contract entered into between the parties.
		ii. A buyer may Invoice Back only prior to the cotton being dispatched from the seller's Godown. It is clarified that in such case the written intimation to Invoice Back must be received by the seller prior to dispatching the cotton.
		iii. When a party Invoices Backs, the party Invoicing Back shall accept the Spot Rate or such other rate as may be prescribed in these By-laws in specific cases for the appropriate day and shall pay or receive, as the case may be, the difference between such Spot Rate or such other rate as may be prescribed in these By-laws in specific cases and the rate given in the Contract.
		iv. If a party Invoices Back at a time after the working hours of the Association, then the Spot Rate to be accepted shall be that of the next Working Day. For the purpose of Invoicing back, the working hours of the Association on a Working Day shall be deemed to be before 5 pm (17:00 Hours).
		v. The Spot Rate to be calculated for invoicing back shall be the difference between the Spot Rate on the date of receipt of notice for Invoice Back by the receiving party and the Spot Rate on the Due Date. The Spot Rate on the Due Date shall be decided by the 6E Committee.
		<b>Spot Rate of the Day</b> means the Spot Rate registered in the daily rates register and published on the Association's website;

			<p><b>Member</b> means a Person, Proprietorship concern, Partnership Firm, LLP, Company, Corporate Body, Hindu Undivided Family, Co-operative Society, Federation, Trust or Institution duly elected to membership of the Association;</p>
			<p><b>Non-Working Day</b> means a day other than a Working Day or a Public Holiday;</p>
			<p><b>Notice</b> means an intimation in writing, which includes by electronic means;</p>
			<p><b>Notice Board</b> means each and every notice board of the Association, on the premises at its registered office;</p>
			<p><b>Cotton Year</b> means the period from the 1<sup>st</sup> of October to 30<sup>th</sup> September;</p>
			<p><b>Public Holiday</b> means Sunday or any other day declared as holiday by the Board;</p>
			<p><b>Ready Transaction</b> means a <i>ready delivery contract</i> as defined in the Securities Contracts (Regulation) Act, 1956.</p>
			<p><b>Spot Rate</b> means, the market rate of the day for ready cotton as fixed by the Daily Spot Rates Committee based upon the terms decided by the Board from time to time.</p>
			<p><b>Unfulfilled Award</b> means an award passed by an arbitrator appointed under these By-laws that has not been complied with by the defaulting Member and which award has not been stayed by an appellate authority.</p>
			<p><b>Working Day</b> means a day on which all transactions, matters and things authorised by these By-laws (including the sale and purchase of cotton) are permitted.</p>
	2.		<b>MEMBERSHIP</b>
			Every candidate eligible for membership of the Association, shall sign and submit an application in the form as set out in the Appendix hereto. A copy of the form may also be obtained from the Secretary.
	3.		<b>NOTICES</b>
		(i)	Any notice required to be issued whether by the Association to a Member or between Members or between Members and non-Members may be either hand delivered or served by sending it by registered post



			A.D. or by speed post A.D or by recognised courier service to such person's registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Association for serving documents or notices on him. Service by email is also permitted at the email address provided by the Member to the Association.	
		(ii)	In no case shall refusal to take delivery of the Notice affect the validity of its service.	
	4.	EXPULSION, SUSPENSION AND FINES		
Expulsion, Suspension and fines.		A.	Every Member shall be liable for expulsion, suspension and/or payment of a fine, for any of the following acts or omissions on the part of such Member:-	
Refusal to abide by awards			(i)	Neglecting or refusing to comply with any award or decision or order of any arbitrator/s or any Committee or of the Board, made in conformity with these By-laws or the Articles of Association of the CAI or Rules of Arbitration of the Association.
Unbecoming conduct			(ii)	Acting in any manner detrimental to the interests of the Association or unbecoming of a Member.
Misconduct			(iii)	Any misconduct in its dealings with the Association or any Member or Members thereof, or for carrying out any disreputable or fraudulent transaction with any person whether a Member or not, of which a complaint is made to the Board by one or more Members.
Violation of By-laws, order, etc.			(iv)	For knowingly violating, disobeying or disregarding any By-law of the Association in respect of trading in cotton or any notice issued by the Board in that regard.
Publication of misstatements			(v)	Knowingly publishing or permitting to be published in any newspaper, circular of whatsoever nature or otherwise, any misrepresentation relating to the cotton trade calculated to mislead the Members and/or the public.

<b>Refusal to comply with requests.</b>			(vi)	Non-compliance with any notice given or request made by the Board pursuant to the By-laws requiring the Member to attend any meeting of the Board; produce any books, documents, correspondence or other papers in its possession, power or control; or for refusing or neglecting to answer any question put forth by any member of the Board being relevant to any business before the Board at any meeting.	
<b>Non-payment of differences</b>			(vii)	Failure to pay:	
				a)	arbitration or appeal fees when due; or
				b)	any fine imposed pursuant to these By-laws; or
				c)	any other amount due under these By-laws or under any order of the Board within 10 (ten) days after the same has become due and payable.
<b>Misconduct in dealings with allied Association</b>			(viii)	Any misconduct of any Member in its dealings with or relations to the Association or any of its Members or any association or exchange or corporation or public body with which the Association shall have entered into an arrangement or undertaking for the purpose of safeguarding the cotton trade or for upholding cotton contracts or protecting those interested therein.	
				The following shall be deemed to be misconduct within the meaning of these By-laws:-	
				(1)	Willful or intentional non-fulfillment of a Contract or fraudulent/flagrant breach of Contract;
				(2)	frivolous repudiation of Contract;
				(3)	refusal or neglect to abide by and carry out any award whether in arbitration or on appeal;

				(4)	directly or indirectly disclosing any information prohibited by these By-laws or by any rule or regulation made thereunder or by any order of the Board made in conformity therewith, to any arbitrator/s;
				(5)	any act or omission taking place in relation to any arrangement or undertaking between the Association and any association or exchange or corporation or public body above mentioned tending to obstruct or defeat such arrangement or undertaking or the object thereof;
				(6)	generally any conduct towards the Association or as between members of the Association which is subversive of these By-laws or the objects and purposes of whether expressed/ implied by the Association's Memorandum and Articles of the Association.
				(7)	If the Member's name appears on the List of Unfulfilled Awards maintained by the CAI and / or maintained by any other association with whom the CAI shall have entered into an agreement / arrangement for the purpose of safeguarding the cotton trade and upholding cotton contracts and protected those interested therein.
<b>Mitigation</b>			(ix)	Whenever a majority of members of the Board present and voting at any meeting shall be of opinion that there is sufficient reason to inquire as to whether there has been any act or omission on the part of a Member rendering him liable to expulsion, suspension and/or payment of a fine and a majority of the members of the Board present and voting as aforesaid are of opinion that the said act or omission is or may be capable of remedy or mitigation by some act or thing which it is in the power of such Member to do or provide, the Board shall embody such opinion in a resolution ordering such Member to do such act or provide such thing within a time to be specified in the resolution.	

				<p>A resolution under this By-law requiring any Member to do such act or provide such thing as aforesaid may be passed at any meeting of the Board after providing to such Member an opportunity to show cause as to why such resolution should not be passed by the Board.</p>
				<p>In considering whether a resolution for the expulsion, suspension and/or fining of such Member should be passed pursuant to these By-laws, and the nature of the penalty (if any) to be inflicted by the Board, the Board may take into consideration whether such act has been done or such thing has been provided by such Member either within the time granted by such resolution or at all.</p>
<b>Inquiry into allegations of misconduct</b>			(x)	<p>Whenever the Board or the President of the CAI, shall consider that there is sufficient cause for inquiring into whether there has been any act or omission on the part of a Member rendering him liable to expulsion, suspension and/or payment of a fine, the Board or the President of the CAI, shall give notice in writing to such Member or to any other Member requiring them to appear before the Board or the President of the CAI as required, at the time stated therein, which time shall not be less than 24 (twenty four) hours but not later than 30 (thirty) days from the date of service of the notice. Such Member may be required to produce any books, documents or correspondence in his possession, power or control. Any Member served with notice as aforesaid shall submit such information / documents as required for examination to the Board or the Chairman as required, and shall, if directed make a sworn declaration of the truth of any statement made by him.</p> <p>Any notice given under this By-law shall contain a specific statement of the nature of the inquiry.</p> <p>Any notice given under this By-law shall be without prejudice to the Board's rights/powers under these By-laws. In the case of a partnership firm, limited liability partnership, Hindu undivided family, company or any other entity a person duly authorised by the constitutional documents of such entity shall appear as aforesaid.</p>

Resolution for expulsion suspension or fine.			(xi)	Whenever a majority of the Members of the Board present and voting at any meeting of the Board, shall be of the opinion that a Member has become liable for expulsion, suspension and/or payment of a fine, the Board shall, by a resolution passed by a majority of its Members present and voting at such meeting:	
				a)	expel such Member; or
				b)	suspend such Member for any term not exceeding 6 (six) calendar months. In the event such suspension takes place, then and in such event the suspended Member shall be suspended from exercising any and all rights of membership, which includes but is not limited to the right to act as an arbitrator, save and except the right of such Member to invoke arbitration; and/or
				c)	in lieu of or in addition to suspension levy a fine not exceeding Rs.1,00,000/- (Rupees One Lakh only) on such Member; and/or
				d)	administer a severe reprimand or warning to such Member.
				However, it is clarified that any Member expelled may re-apply to the Association for reinstatement of his membership by providing reasons. The Board may thereafter at its sole discretion, either accept or reject such application for reinstatement after considering the same.	
Notice of meetings to pass resolution.			(xii)	Before passing any resolution for expulsion, suspension and/or fining of any member in pursuance of By-Law 4A(xi) above, the Board shall issue a show cause notice to such member calling upon such member to show cause as to why any action under the proposed resolution should not be taken. It is clarified that such show cause notice shall be issued atleast 21 (twenty-one) days in advance before passing of the proposed resolution.	

<b>Adjournment to Inquiries</b>			(xiii)	The Board or the Chairman of the meeting, may from time to time adjourn any meeting which a Member shall be required to attend. In the event of an adjournment of such meeting, such Member shall then be required to attend the immediate next meeting and notice of this next meeting shall be given as in the case of an original meeting. It is clarified that adjournment of a meeting shall not form grounds for raising any objection to the resolution proposed to be passed at such meeting.
<b>Member's right to lead evidence before being suspended or fined.</b>			(xiv)	The Member under inquiry as aforesaid, may require the Board to accept any documentary evidence or hear oral statements of anyone present on his behalf at any such meeting fixed by the Board. It is clarified that the Board shall have power and discretion to decide the time and place when it will accept/hear such evidence or statements.
<b>Obligation to give evidence and produce documents.</b>			(xv)	The Board may issue notice in writing to any Member, directing such member to attend a meeting at which a resolution for the expulsion, suspension and/or fining of a member is under consideration and give evidence, make statements and/or produce any books, documents, correspondence or papers as may be directed in the notice. It is clarified that such notice shall be issued atleast 21 (twenty-one) days in advance.
<b>Gradation of penalties.</b>			(xvi)	For the purpose of these By-laws, suspension shall be deemed a lesser penalty than expulsion and a fine of any amount shall be deemed a lesser penalty than suspension and expulsion.
<b>Reprimand and warning.</b>			(xvii)	A severe reprimand shall be deemed to be a lesser penalty than expulsion, suspension and a fine.
<b>Posting notice of fine, reprimand or warning</b>			(xviii)	In the event that the Board fines or reprimands or warns a Member then and in such event the Board may post a notice thereof on the notice board.

<b>Consequences and obligations during suspension.</b>			(xix)	During the period of suspension, a suspended Member shall be deprived of and excluded from all rights and privileges of membership. It is clarified that all rights and obligations of such Member of whatsoever nature, subsisting in respect of Contracts outstanding at the time of his suspension, and he shall be bound to fulfil the same and in regard to which he shall be subject to all the obligations and have all the rights thereof under these By-laws including but not limited to the right to invoke arbitration. Further it is clarified that such suspended Member shall continue to be liable to pay any and all fines, calls, subscriptions and other moneys due and payable from him during his suspension in the same manner as if he had not been suspended.
<b>Consequences of expulsion.</b>			(xx)	A Member expelled by a resolution of the Board shall forfeit all rights and privileges of membership including rights in respect of any room(s) that may have been allotted to him by the Association and all rights and privileges conferred by these By-laws. From the date of the resolution, an expelled Member shall cease to be a Member and his name shall be stuck off from the Register of Members. It is clarified that an expelled Member shall continue to be liable for and fulfil all his outstanding obligations to the Association or to any other Member as on the date of his expulsion, and in that regard, such Member shall have the right to invoke arbitration under these By-laws in respect thereof, as may be required.
	<b>5.</b>	<b>EXPORT / IMPORT COMMITTEE</b>		
		<b>A.</b>	<b>Constitution</b>	
			The Board shall constitute from time to time an Export/Import Committee consisting of the Chairman and the Vice-Chairman of the Board and of Members in the export trade for purposes of this Committee and recorded as such with the Association; of Members engaged in the export/import trade in cotton. The Chairman of the Board (and in his absence the Vice-Chairman of the Board shall be ex-officio Chairman of	

			the Committee) shall have power to co-opt members, provided such members qualify as above, but within the upper limit as may be decided by the Board from time to time.	
		<b>B.</b>	<b>Functions</b>	
			The functions of the Export/Import Committee will be to make recommendations to the Board on -	
			(i)	sponsoring delegations abroad to promote cotton exports and/or imports when required;
			(ii)	arranging and participating in trade fairs and exhibitions abroad;
			(iii)	undertaking publicity campaigns, which includes but is not limited to the distribution of catalogues, brochures and advertisements through Indian/foreign media etc.;
			(iv)	undertaking research and development;
			(v)	appointing correspondents in India and abroad;
			(vi)	collecting statistical and other relevant data relating to export/import;
			(vii)	organising quality control and pre-shipment inspection;
			(viii)	holding seminars in connection with export/import; and
			(ix)	undertaking any other activity for furtherance of the above objects as the Board may direct.
	<b>6.</b>	<b>FIXATION OF RATES</b>		
<b>Daily Rates Committee</b>		<b>A.</b>	<b>i)</b>	The Board shall from time to time appoint a Daily Rates Committee consisting of a maximum of 44 (forty-four) persons, to be divided into 4 (four) panels of upto 11 (eleven) people each, who shall be selected from:
			<b>a)</b>	the Members of the Association or their duly Authorised or Nominated Representatives; or



				b)	any other person to be decided by the Board as invitees.
			(ii)		50% (fifty percent) of the members of a panel of the Daily Rates Committee shall form a quorum whether through physical or virtual presence or via teleconferencing.
			(iii)		Each member of the Daily Rates Committee present at a meeting for the purpose of fixation of rates shall be entitled to receive out of pocket expenses for attending the meeting as may be decided by the Board from time to time.
			(iv)		A Panel of the Daily Rates Committee shall meet on all Working Days at such hour as the Board may decide for the purpose of fixing and registering the market rates at upcountry centres of different growths of cotton permitted for trading in Delivery Contracts.
			(v)		While fixing the market rates in respect of any description / growth of cotton in which there has been no trading, the Daily Rates Committee will take into consideration the prices of cotton of similar descriptions / growths in upcountry markets.
					The Board may, at any time and for such period as it may think fit, supersede the Daily Rates Committee and fix and register rates as aforesaid, vide a resolution to be passed by it to that effect and posted on the Notice Board.
<b>Appeal against Daily Rates</b>		B.			
			(i)		The Board shall constitute an Appeal Committee consisting of the Chairman, Vice-Chairman and 5 (five) Directors from the Board who are well conversant with ready cotton markets to hear appeals against the rates fixed by the Daily Rates Committee. 3 (Three) members of the Appeal Committee shall form quorum.
			(ii)		Any member dissatisfied with the rates fixed by the Daily Rates Committee may lodge an appeal in writing to the Association before 3 p.m. (15:00 Hours) on the next Working Day, against the rate/s so fixed for the previous

				Working Day, on payment of a fee of Rs.1000/- (Rupees One Thousand only) per rate, 50% of which shall be refundable in the event of the appeal being successful.
			(iii)	The Appeal Committee will dispose of the appeal within 2 (two) Working Days from the date of receipt thereof. The decision of the Appeal Committee shall be final and binding and shall be published on the CAI website.
<b>Co-ordination Committee.</b>		C.	(i)	The Board shall also constitute a Co-ordination Committee consisting of four Chairmen of the Daily Rates Committees and the Chairman of By-law 6E Committee as its Chairman to co-ordinate the working of the Daily Rates Committees.
			(ii)	Three members of the Co-ordination Committee shall form a quorum. In the absence of the Chairman of By-law 6E Committee, any member of that Committee can be called to Chair the meeting of the Co-ordination Committee.
			(iii)	The Co-ordination Committee shall meet at least once a month either physically or virtually, or so often as required by the Board.
<b>Rate to be binding</b>		D.	(i)	The rates fixed and registered in pursuance of By-law 6C above, shall be binding on all parties entering into Contracts for sale or purchase of cotton in pursuance of these By-laws where the Board itself has not fixed a rate which is subject to appeal and such appeal is lodged in accordance with By-law 6B(ii).
			(ii)	A rate fixed and registered by:
			a)	the Board; or
			b)	a Panel of the Daily Rates Committee; or
			c)	the Committee appointed under By-law 6E;

				shall not be open to objection on the ground that some or all of the members of the Board or any Panel or Committee were themselves interested in Contracts for some or more of the descriptions of cotton for which such rate was fixed and registered save and except in the case where the person raising such objection can prove that there were irregularities in fixing the rate.
<b>Official Rates</b>		E.	(i)	The rates fixed and registered as aforesaid are ex-sellers' godown and are exclusive of GST (IGST, CGST and SGST).
			(ii)	The Board shall appoint a Committee consisting of not less than 5 (five) persons chosen from the Members of the Association or their duly Authorised Representatives or Nominated Representatives to fix :-
			(a)	On the application of either of the parties to a Contract-
			(i)	special rates for invoicing back cotton sold on private types or sealed samples or stamped bales of any description;
			(ii)	special rates for invoicing back cotton permitted to be traded in Delivery Contracts under By-law 8;
			(iii)	the difference in value between the staple length and/or grade and/or micronaire and/or strength (g/tex) of the cotton contracted for and the staple length and/or grade and/or micronaire and/or strength (g/tex) of the cotton tendered as provided under an award.
			(iv)	On an application forwarded through the Secretary, any rate which is required to be fixed under By-law 6, but not fixed;

					(v)	On an application forwarded through the Secretary, any other rate or rates;
					(vi)	any other rate or rates which the Board may direct the Committee to fix;
					(vii)	value of cotton awarded as country damaged, watered or water patched, False or Fraudulently Packed, or containing extraneous matters etc.
					(viii)	value for variations in mechanical tests beyond contracted terms in respect of cotton contracted on such terms.
				(b)	3 (Three) members of the Committee shall form a quorum.	
				(c)	On an application to fix special rates under By-law 6E (ii) (a) (i) to (viii) above the applicant (except the Secretary) shall pay a fee as the Board may from time to time fix per sample or per rate and for each date as the case may be.	
					If an application made under By-law 6E (ii) (a) (i) to (viii) is successful then 50% of the fees shall be refunded to the applicant in respect of appeals concerning Indian growths.	
				(d)	The Committee in fixing such rate for Indian cotton, shall take into account the then prices at which cotton was sold in the spot market. In fixing any such rate for international cotton, the Committee shall take into consideration the then prices at which such cotton or cotton of an equivalent growth was sold in the international market.	

				(e)	<p>A rate fixed under this By-law is subject to a right of appeal to the Board, provided it be lodged with the Secretary within 7 (seven) days following the date of fixation of the rate appealed against and on payment of an appeal fee :</p> <table><tr><td>i)</td><td>as the Board may from time to time fix in the case of Indian growths; or</td></tr><tr><td>ii)</td><td>as the Board may from time to time fix per sample for every rate and for each date in the case of foreign growths.</td></tr></table> <p>The decision of the Board shall be final and binding on the parties concerned. In the event of an appeal to the Board, as provided by this By-law being allowed, one half of the fees shall be refunded to the applicant in respect of appeals concerning Indian growths.</p>	i)	as the Board may from time to time fix in the case of Indian growths; or	ii)	as the Board may from time to time fix per sample for every rate and for each date in the case of foreign growths.
i)	as the Board may from time to time fix in the case of Indian growths; or								
ii)	as the Board may from time to time fix per sample for every rate and for each date in the case of foreign growths.								
Upcountry quotations.		F.	The Daily Rates Committee shall also record approximate upcountry quotations for such growth as may be directed by the Board from time to time.						
	7.	ARBITRATION							
Arbitrations and Appeals in disputes as to quality		A.	(i)	All disputes involving the quality of cotton, arising between the parties to a Contract, shall be referred to arbitration in manner herein after mentioned.					
			The party invoking the quality arbitration shall hold the onus of proving that the quality of cotton delivered differs from the quality of cotton agreed under the Contract.						
			(ii)	In any testing conducted on cotton tendered the Arbitrator/s shall direct to have the grade, staple length, micronaire and strength tests of the same sample conducted. The Controller shall draw the sample from the cotton which is in dispute for its quality and have the same tested at the Association's Laboratory at Mumbai. Further, any samples tendered shall be properly sealed after the necessary testing and until the appeal, if any, is disposed off.					

					<p>The result of the tests carried as aforesaid shall be deemed to be the value of the quality of the cotton. The Arbitrator/s shall provide the parties with a copy of the laboratory report prepared from such test. Where it is not possible to determine the grade of the sample in Laboratory Testing, owing to the non-availability of any facility or until such time the grade testing facility becomes available, the grade shall be determined by a Controller with reference to the standards maintained by the Association.</p>
					<p>An appeal against the award of the Arbitrator/s, may be preferred by any of the parties to the Contract under dispute. The same shall be preferred on any ground except on any grounds concerning the instrument tests carried out in the Laboratory as aforesaid. An appeal shall be dealt by the Board and the Board shall pass an award in the matter. The Board may also take the assistance of a Panel of individuals (who have experience in the cotton trade for a minimum of 5 (five) years if it so desires. The Panel of individuals appointed by the Board shall provide its observations to the Board and the Board shall pass an Award in the matter.</p>
			(iii)		<p>The quality dispute shall also include disputes relating to:</p>
				(a)	country damaged cotton;
				(b)	watered or water-patched cotton;
				(c)	Presence of extraneous matters including oil-stains in the bales not noticeable or visible under customary examination,
				(d)	False or Fraudulently Packed Cotton;
				(e)	in respect of domestic sales, cotton bales not bearing the Indian Standard Mark of IS 12171:2019 as per the Cotton Bales (Quality Control) Order, 2023 (when in force) as may be amended from time to time.

					Explanation :-
				(i)	Watered cotton shall mean and include cotton in a bale that has been damaged by penetration of water during or before baling process.
				(ii)	Water-patched cotton shall mean and include cotton in a bale that has been damaged by penetration of water subsequent to the baling process.
				(iii)	Extraneous matter shall be deemed to mean and include any substance or matter (other than cotton) not found in grade standard box.
			(iv)		Except in the case of disputes referred to in clause A (iii) above all arbitrations and appeals with reference to quality shall be held in the office of the Association.
			(v)	(a)	Any party(ties) desiring arbitration under this By-law shall, within the time allowed for arbitration, send to the Secretary samples drawn under By-law 8P and if the Contract is on sealed sample, the sample so drawn along with such sealed sample together with a form requesting for Arbitration duly filled in and signed by both parties, or signed by any one party if the other party refuses or neglects to sign the card, together with the fees as prescribed under By-law 7D stating:
				(i)	the growth of cotton,
				(ii)	the standard box against which the cotton is to be tested and in case no standard box is maintained by the Association for the growth mentioned that the parties agree to the classification by the arbitrator/s according to their conception, or that it is to be tested against the sealed sample, and

				(b)	The arbitrator/s shall cause the sample for testing the sealed sample as the case may be, to be handed over to Controller without disclosing to them the names of the parties to the arbitration, marks on the bales etc. so that the testing is conducted in a completely blind and impartial manner.
				(c)	On receipt of the samples, the arbitrator/s shall, after safely retaining in their custody a sufficient part of the samples for using in appeal if any, arrange to carry-out the quality testing of the samples under their strict supervision in the Laboratory carry-out the testing for determination of the quality of the cotton as provided in By-laws. The arbitrator/s shall reduce their decision to writing and sign the same and shall forward such decision to the Secretary, who shall, thereafter communicate such decision to the parties.
				(vi)	When any party desires to invoke a quality arbitration under this By-law, such party shall intimate the same to the other party in writing.
				(vii)	An appeal shall lie from the award of an arbitrator/s provided such appeal is lodged with the Secretary within 7 (seven) days of receipt of the decision from the Secretary under By-law 7A(v)(c).
					Such appeal from the decision of the arbitrator/s shall lie to the Board whose decision shall be final and binding on the parties.
				(viii)	In case of an appeal against cotton tendered where the samples pertaining to the dispute are to be tested in the laboratory, the Board shall arrange for the re-testing to take place twice in the same manner as set out in By-law 7A(ii) above for grade, staple length, micronaire and strength. The Board may take the assistance of a panel of individual/s to supervise the re-testing if it so desires. The average value of the two results will be declared and treated as final. No further appeal shall be permitted.



			(ix)	a) The award of the arbitrator/s where no appeal is preferred shall be final and binding on the parties.
				b) The award passed by the Board in appeal shall be final and binding on the parties.
			(x)	In arbitrations and appeals on quality, no person shall disclose to the Arbitrator/s -
			(a)	whether the applicant for arbitration or the appellant, as the case may be, is the buyer or seller,
			(b)	the names of the parties,
			(c)	the marks on the bales of cotton submitted to arbitration or appeal or any other indicia by which the identity of the parties may be ascertainable to the Arbitrator/s.
			(xi)	In all quality disputes, where a sample is to be drawn, the arbitrator/s shall appoint a Controller from amongst the panel of controllers constituted by the Board. The fees payable to such controllers by the parties, shall be paid in accordance with the fees fixed by the Board from time to time, for such purpose. Samples shall be drawn in pursuance of this By-law, only after due notice to all the parties to the dispute and in the presence of such parties or their appointees as the case may be.
<b>Arbitration and Conciliation in respect of disputes on issues other than quality related issues</b>		B.	(i)	All unpaid claims whether admitted or not, and all disputes and differences (other than those relating to quality) arising out of or in relation to a Contract -
			(a)	made subject to these By-laws or subject to arbitration of the Association and the Association's Rules of Arbitration, or containing words or abbreviations to a similar effect including any dispute as to the existence of such Contract made between Members, a Member and a non-Member or between two non-Members, or

				(b)	the rights and/or responsibilities of commission agents, and or brokers not parties to such Contracts; or
				(c)	commission agency agreement entered into subject to these By-laws or subject to arbitration of the Association and its Rules of Arbitration or containing words or abbreviations to a similar effect; or
				(d)	Contracts covered by any such arbitration, agreement; shall be referred to the arbitration as per provisions contained in the Rules of Arbitration of the Association as approved by the Board from time to time.
				(e)	The arbitrator(s) shall make their awards as expeditiously as possible but within the time limit of 12 (twelve) months from the date on which the Arbitral tribunal enters upon the reference i.e. the date on which the arbitrators are notified in writing of their appointment in accordance with Rules of Arbitration of the Association and the provisions of Arbitration and Conciliation Act, 1996 as amended from time to time. This time limit of 12 (twelve) months for making an award in an arbitration reference can be extended for a further period not exceeding 6 (six) months.
				(f)	Before making reference to Arbitration provided in sub-clauses (a) to (e) above, the parties may agree to refer the dispute or differences for Conciliation as per the Rules of Conciliation of the Association as approved by the Board from time to time and the settlement arrived at the Conciliation proceedings shall have a force of award as per Arbitration and Conciliation Act, 1996 as may be amended from time to time. The conciliator(s) shall dispose off the conciliation proceedings expeditiously but within the time limit specified in sub-clause (e) above.

			(ii)	(g)	Power of Board : The Board shall have power to modify, as and when such need arises, the Association's Rules of Arbitration and the Rules of Conciliation by a resolution passed by a simple majority of the Directors present and voting (a fraction being counted as an integer).
				(h)	In deciding the jurisdiction of the institutional arbitration of the Association to adjudicate on a dispute, the following amongst other grounds shall be taken into account:-
				(i)	In the case of a Contract entered through a broker, if the Contract is delivered to that broker by a party, and the broker has confirmed the transaction made therein for and on behalf of the other party, it shall be deemed to have been accepted by the other party (his principal) also.
				(ii)	If the Contract containing words or abbreviations to the effect that it is made subject to the By-laws of the Association and/or rules made thereunder and that if the signed copy of the said Contract has been delivered by one party to the other party or his broker and a proper acknowledgement has been obtained, the said Contract will be deemed to have been made subject to the By-laws of the Association even if the other party or his broker has not returned the duly signed copy of the said Contract.
				(iii)	The acceptance of the Contract can be either expressed or implied. An example of an implied Contract would be in a scenario where a Contract between two parties is for 1000 bales which is not signed by the

						seller but he delivers 500 bales out of the entire quantity of the said Contract, the seller cannot take shelter under the fact that he has not signed the said Contract.
				The award of the arbitrator(s) shall be final and binding on both parties, subject (on payment of an appeal fee as laid down by Association) to a right of appeal to the Board within 60 (sixty) days from the date of publication of the award. The appeal to be filed is to include the grounds of appeal and all supporting documents of the appellant/s. The Board may at its sole discretion condone the delay in filing an appeal.		
				(iii)	After the appellants have submitted their grounds of Appeal as hereinbefore provided, a copy thereof shall be forwarded to the Opposite Party i.e. the Respondent along with a notice requiring the Respondent/s to file his/their Reply to the said Statement of grounds of Appeal within a period of 21 (twenty one) days. Both the parties shall file such relevant papers as they deem fit in the form of an Appeal Papers Book (as many copies as required by the Association) with the Board. In the event the Opposite Party/(ties) / Respondent/s file/files, the Reply as hereinbefore provided, a copy thereof will be forwarded to the Appellant/s within 7 (seven) days.	
				(iv)	On the expiry of the aforesaid period/s, notices to both the parties will be issued specifying the date on which the Board will proceed to take up the Appeal for hearing and disposal and calling upon the parties to appear before the Board by themselves and/or by their duly appointed representatives on the said date. On the failure of either party to so appear on the said date or such other date as the Board in its discretion may adjourn the hearing and fix another date or the Board will proceed to consider and dispose off the Appeal based on such materials and in such manner as it may think fit. The Board shall dispose of the appeal within a period of 3 (three) months from the date on which the respondent/s is directed to file his / their reply to the statement of grounds of appeal.	

			(v)	The award made by the Board shall be in writing and shall be signed on behalf of the Board by the Chairman of the meeting or meetings of the Board at which the Appeal was heard and by no other member and shall be countersigned by the Secretary.
			(vi)	The Association will have a right to publish a list of Unfulfilled Awards in order to caution its Members and promote fair market practices as per the norms to be laid down in this regard by the Board of Directors of the Association from time to time.
<b>Interested members</b>		C.	(i)	No member of the Board having any interest in any particular matter in dispute shall vote on the question of the appointment of arbitrators and no Member of the Association having an interest in a particular matter in dispute shall be competent to sit on any arbitration panel or appellate body or to vote on any Committee or Sub-Committee.
			(ii)	Brokers and intermediate parties to the Contract under consideration are not necessarily to be considered interested parties.
<b>Fees in Arbitrations, Conciliations and Appeals</b>		D.	(i)	The fees in Arbitration & Conciliation and appeals in respect of disputes relating to quality or disputes relating to issues other than quality shall be decided by the Board from time to time and provided in the Rules of Arbitration and Rules of Conciliation of the Association and notified to all concerned by displaying it on the Notice Board of the Association.
			(ii)	The Board shall have power to modify from time to time any of the fees payable under these By-laws.
			(iii)	The party calling for an arbitration under By-law 7A shall pay the fees in full prior to arbitration and shall be entitled to recover one-half of the fees from the opposite party.
			(iv)	It shall be a condition precedent to the hearing of any appeal that the appeal fees shall have been paid to the Association by the Appellant. It is clarified that in the event of the Appellant

				failing to pay the appeal fees, his appeal shall not be heard by the Board till such time the appeal fees are fully paid.
			(v)	All fees payable under By-law 7D shall be paid to and collected by the Association. It is clarified that Fees once paid shall not be refunded under any circumstances whatsoever.
			(vi)	The Association shall be responsible only for the fees actually collected but the Board shall deal, as it thinks fit, with failure promptly to pay in fees.
<b>Operation of contracts</b>		E.	(i)	Every Contract entered into between Members and every Contract made subject to these By-laws or subject to arbitration of the Association, or containing words or abbreviations to a similar effect and every arbitration agreement to which these By-laws apply, shall be deemed in all respect to be subject to these By-laws and the parties to such transactions, contracts or agreements shall be deemed to have submitted to the jurisdiction of the Courts in Mumbai for the purpose of giving effect to the provisions of these By-laws.
			(ii)	The death of any party to a Contract shall not discharge the right of any other party to such Contract or the legal representative of the deceased, to refer any dispute or claim whether as to quality or otherwise to arbitration under these By-laws and in such event such right shall be exercisable by or against the Legal Representative of the deceased.
			(iii)	Where a party to an arbitration dies during the pendency of an arbitration before an award is made and published by the arbitrator/s, and/or the Board, the arbitration shall not thereby be revoked but the proceedings shall be continued by or against the Legal Representative of the deceased.

			(iv)	<b>Legal Representative</b> in this By-law means a person who in law represents the estate of the deceased party and includes any person who intermeddles with the estate of such deceased party, and where a party acts in a representative character, the person on whom the estate devolves on the death of the party so acting.
			(v)	The office of a member of any Committee or Sub-Committee under these By-laws shall be vacated <i>ipso facto</i> :-
			a	If such member becomes the subject of a voluntary arrangement under the applicable insolvency laws (other than an arrangement for the purposes of a solvent re-organisation), has a receiver, manager, resolution professional, administrator or administrative receiver appointed over all or any part of its undertaking, assets or income, which has a material adverse effect on the member's ability to fulfil its obligations, or has passed a resolution for its winding up (other than an arrangement for the purposes of a solvent re-organisation of that Party), or has a petition admitted to any court for its winding-up;
			b	If such member is be adjudged a lunatic or of unsound mind or incapable of efficient attention to business;
			c	If such member absents himself/herself from the meetings of the Committee beyond the time-limit prescribed by the Board in this regard from time to time without obtaining leave of absence from the Board or the concerned Committee;
			d	If such member is suspended or expelled from membership, reprimanded or fined by the Association;
			e	Upon ceasing to be qualified for the office of membership of the Committee whether by ceasing to be the authorised or nominated representative of a member or otherwise.

				f	If member's name appears in list of Unfulfilled Award published by the Association or its allied member associations.
	<b>8.</b>	<b>DELIVERY CONTRACTS</b>			
<b>Classes of Delivery Contracts</b>		A.	(i)	Delivery Contracts between Members or between a Member and a non-Member, for Indian cotton subject to these By-laws shall be at fixed prices or on prices of government recognised commodity exchanges (as per the rules decided by the Board from time to time) in respect of the description and terms provided in the Contract.	
<b>Outstation Delivery Contracts</b>		B.	Delivery Contracts of any staple or class as well as on private types or on samples or on stamped bales may be made between Members or between a Member and non-Member, subject to these By-laws.		
<b>Delivery Contracts for foreign cotton.</b>		C.	(i)	Delivery Contracts may be entered into between two parties whether Members or not, for delivery of foreign cotton subject to these By-laws or subject to arbitration of the Association or containing words or abbreviations to a similar effect.	
			(ii)	In the case of Delivery Contracts for cotton "Fine" with a specific staple stipulation and containing the term "Buyer's Selection" or for cotton "Equal to sealed or type sample" containing the term "Buyer's Selection", made subject to the By-laws of the Association, the term "Buyer's Selection" will not confer any additional right on the Buyer except those mentioned under the By-laws.	
<b>Conditions of Valid Tender</b>		D.	(i)	In respect of Delivery Contracts the following condition shall be requisite for a fair tender:-	
				a	The cotton sold shall be as per the descriptions laid down in the Contract.



				b	On failure to fulfil the above condition set out in the By-law 8D, a tender shall not be held to be a fair tender and will be liable for consequences provided under these By-laws.
<b>Time of Tendering</b>		E.	(i)	All Cotton contracted for under a Delivery Contract shall be ready and the delivery order shall be tendered on the Due Date specified in the Contract.	
			(ii)	Time for delivery in Delivery Contracts shall be as per the Contract terms and it may be extended from time to time beyond the stipulated period of delivery by mutual consent of both the parties.	
<b>Unit of tender</b>		F.	(i)	If the Contract is for 100 (One Hundred) bales or less, only one tender shall be made; if the Contract is for more and in multiples of 100 (one Hundred) bales the tender shall be made in multiples of 100 bales or as agreed between the buyer and seller.	
			(ii)	With the consent of the buyer, should only a part of a lot be tendered and such part be arbitrated upon, the arbitration shall refer only to that part, and the balance of the lot shall be considered as a separate lot for arbitration.	
<b>Delivery order or Railway Receipt or Sampling Order cannot be passed on.</b>		G.	(i)	A Delivery Contract or the rights or responsibilities under such Contract shall not be transferable.	
			(ii)	<i>Havalas</i> in respect of Delivery Contracts are not permitted.	
<b>Substitution of one variety by another.</b>		H.	(i)	Substitution either partly or wholly of any variety for which a Delivery Contract is entered into shall not be allowed except when both the buyer and the seller agree to such variation in writing.	
			(ii)	Settlements or substitution of one variety partly or wholly by another when made, shall be duly reported to the Association by both the parties concerned within 6 (six) days and shall be examined by a Committee of the Board. If on a consideration of the report made by the Committee, the Board considers that a	

				particular settlement or substitution as the case may be, was not warranted by the circumstances, the Board may take such disciplinary action as they may deem proper against the parties concerned.
<b>Time allowed for arbitration regarding quality</b>		I.	(i)	The arbitration invoked (if any) on cotton tendered against a Delivery Contract must be invoked within a period of 15 (fifteen) days from the Due Date.
			(ii)	If on the tender by the seller to the buyer of a delivery order against a Delivery Contract the buyer shall refuse to accept the same, the seller shall give notice to the buyer placing on record such non acceptance and if the buyer shall not take up the delivery order on the day following delivery of such notice the seller shall close out the Contract at the market rate of the day following the day of delivery of the notice to the buyer.
<b>Failure to hold arbitration.</b>		J.	(i)	If owing to the neglect of the buyer, no arbitration is held within the period specified in By-law 8I(i) on cotton tendered against a Delivery Contract, the buyer must take the cotton without allowance, provided it is of the description sold.
			(ii)	In cases where an arbitration is demanded by the buyer, if the seller refuses or neglects to participate in such arbitration within the time specified in By-law 8I(i) the buyer may, provided samples have been provided by the seller, apply for arbitration and the award in such arbitration shall be binding on both parties subject to the usual right of appeal.
			(iii)	If, however, samples have not been provided by the seller, the buyer shall have the right to refuse the cotton and may after giving notice in writing to the seller act as if there had been a failure to tender, the buyer has the option to close out the contract.
<b>Notice of appeals</b>		K.		In the case of Delivery Contracts the appellant, under By-law 7A, shall give notice of appeal to the opposite party within 5 (five) working days from the day on which the award was passed.

Buyer's rights if tender not approved		L.	(i)	Cotton will be considered "not a fair tender" if it is declared not to be of the description sold, or if it is found to be False or Fraudulently Packed, or is awarded an allowance exceeding 2.5% on the ground of its being watered or water-packed cotton or containing extraneous matters in each of which case the cotton shall be deemed to be rejected and the buyer shall either -		
				Invoice it back at the Spot Rate of the day following that on which the final award is given under By-law 7A.		
				Such a tender in the event of the buyer electing to exercise his right of invoicing back shall also be liable to such penalty not exceeding Rs.14 per quintal as may be fixed and imposed by the Board.		
			(ii)	In an arbitration for inferiority of quality, the buyer shall be entitled to demand the value difference of the inferior quality but cannot reject the inferior cotton provided it is under the tolerance limit as per Value Difference Circulars as issued by the Committee/ Board from time to time. Such demand must be made in writing to the Secretary.		
				Allowance shall mean the discount to be provided when the quality of cotton is inferior to the contracted parameters. If, when an Allowance has not been demanded in time by the buyer and if the cotton is not declared "not a fair tender", the final award -		
a	exceeds the difference between the class contracted for and the class immediately below it, or					
b	the cotton tendered is awarded as being below the staple length contracted for or below the staple length of sealed or type sample, or					
	c	exceeds such difference (if any) as is specified in the Contract as justifying rejection, the buyer shall -				

					(i)	take the cotton with the Allowance fixed in arbitration in which case he shall so intimate to the seller by 1.30 p.m. (13:30 Hours) on the day following the date of the final award, or		
					(ii)	Reject the cotton in which case he shall -		
					(a)	invoice it back to the seller at the spot rate of the cotton contracted for fixed for the day following the date of the final award.		
					(iii)	In an arbitration for inferiority of quality, the arbitrator/s shall have power to fix the difference in value between the grades according to the rate at which such cottons are sold in spot when no grade difference is fixed by any authority competent under these By-laws to do so and also difference in value, for less than 1mm "Off" in staple. The difference in value for 1mm "Off" in staple and for more than 1mm "Off" in staple awarded in arbitration in respect of Delivery Contracts shall be fixed by the Committee under By-law 6E, on application of either of the parties.		
					(iv)	In the event of the Buyer not intimating to the seller his election to -		
					(a)	take the cotton with the allowance		
					(b)	reject the cotton		
					(v)	Whenever used in this By-law the expression final award means the award in arbitration if there is no appeal.		
Payment of differences when invoicing back, etc.		M.	(i)	Notwithstanding that the seller fails to tender or notwithstanding that the buyer may under the By-laws become entitled to reject cotton tendered by the seller against the Contract, the buyer shall, when invoicing back pay to or receive from the seller the differences which - by reason of the fixing of rates under the By-laws, arise in terms of the definition in the By-laws of invoicing back within a period of 21 (twenty one) days.				

			(ii)	In the event of the seller invoices back the Contract under By-law 8I(ii), the buyer shall pay to or receive from the seller differences which - by reason of the fixing of rates under By-laws, arise in terms of the definition in the By-laws of closing out.
<b>Forms for Delivery Contracts</b>		N.		Form 'A' in the Appendix may be used in respect of Delivery Contracts between Members. Form 'B' in the Appendix may be used in respect of Delivery Contracts between a member and a non-Member.
<b>Contracts not to be cancelled</b>		O.		No Contract entered into under these By-laws shall be cancelled by any of the parties except by way of closing out/invoicing back as provided in these By-laws.
<b>Sampling for inspection and arbitration in Delivery Contracts</b>		P.		For the purpose of inspection in respect of Delivery Contracts the buyer shall have the right of opening 4% (four per cent) of the bales. For the purposes of arbitration a maximum of 4% (four per cent) and a minimum of 2% (two per cent) of the bales shall be opened (1 per cent may be opened outright). The samples are to be drawn conjointly by parties representing buyers and sellers from both sides of the bales, the buyer selecting the bales to be opened; and all samples drawn shall be used for determining the question of quality. Due allowance shall be made for the change in appearance of the hard side of the bale owing to cross packing.
				No re-pressing charges shall be payable to the buyer for bales thus opened.
<b>Burst and Re-pressed bales.</b>		Q.		Buyers shall not refuse to take delivery of any burst bale or re-Pressed Bale, if duly repaired or re-pressed before or at the time of weighment and no allowance or re-pressing charges shall be payable by the sellers to the buyers. In the event of there being any Burst Bale, which is not repressed or repaired (i.e. burst portion of the bale is not fully covered with hessian/cloth as well as loose iron band/plastic strip is not retightened by affixing nail) the buyer shall be entitled to re-pressing charges at Rs.500/- (Rupees Five Hundred only) per bale or at such higher charges as may be determined by the Board from time to time for unrepaired or unpressed bale/s only. No charges shall be payable by the sellers for bale/s which are opened by the buyers at the time of selection.

<b>Payment.</b>		R.	(i)	In the absence of an agreement to the contrary between the parties, in all Contracts for the delivery of cotton, payment may be demanded in cash against delivery in the sellers godown, for the whole or any portion of the bales sold, but the fact that the seller has not insisted on payment at the time of delivery shall not imply or be construed or be deemed to mean that the seller has given credit to the buyer. The seller in respect of any such delivery shall have a lien on all the bales delivered and/or on all bales in his possession under the Contract until payment for the same has been made in full, including all charges there against and which payment can be demanded at any time.
				This lien on such cotton shall, wherever delivery has been given and payment not received, also extend to cover any goods including cloth, yarn etc. produced and/or processed, and/or goods in process in the hands of and/or also on assets of the buyer and/or his successors.
			(ii)	In no case, shall the buyer and/or his successor have the rights to take possession of and/or to dispose off and/or to deal with such raw cotton in any form, which forms the subject matter of any Contract between the seller and the buyer until the payment is actually made in full there against, to the seller, in terms of the aforesaid clauses hereof.
			(iii)	The right of possession and/or utilisation of the goods shall not vest in the buyer in any form until the actual payment is made there against and/or if for any reason not made, shall be subject to the provisions of the clauses mentioned herein in respect thereto and subject to the general By-laws of the Association as existing or as may be amended from time to time.
			(iv)	Unless otherwise agreed to, in the event of any Government taxes including GST imposed, increased, decreased or remitted in respect of cotton, after the making of Contract for the sale or purchase of cotton, the same shall be to the buyers' account.

			(v)	Unless otherwise agreed to between the parties, the interest chargeable under the provisions of the By-laws shall not exceed the rate/s prescribed by the Board from time to time. While prescribing the rates, the Board may allow compound interest at monthly, quarterly, half-yearly or yearly rests as it may deem proper.
			(vi)	In the event of delay on the part of the buyer to take delivery of cotton on the agreed due dates, the buyer shall be liable to pay the carrying charges from the due date till the date of actual delivery at rates agreed to between the parties and in the absence of such agreement, as may be prescribed by the Board from time to time.
			(vii)	Further, in the event of default or delay in making payment on the agreed due date, the buyer shall be liable to pay interest at rates agreed to between the parties and in absence of such agreement, as may be prescribed by the Board from time to time. Such interest shall be payable from the date of delivery till the date of actual receipt of the payment and/or realisation.
			(viii)	In the absence of an agreement to the contrary, in the event of buyer paying the dues before the agreed due date, he shall be entitled to a rebate of interest for the number of days he pays in advance.
<b>Responsibility of Muccadums or commission agents</b>		S.		If arbitration samples are drawn by a muccadum or commission agent, who is not the buyer of the cotton, the arbitration should ordinarily be held in the name of the buyer. If the muccadum or commission agent holds the arbitration, giving his own name as the buyer, then he shall be liable to the seller for all the incidents of and following upon the Contract, provided the buyer shall not thereby be relieved of responsibility thereof to the seller. But the seller, although entitled to recover from either or both the muccadum and the buyer shall not recover more than the total value to which he is justly entitled under the Contract.

<b>Country damage</b>		T.		If at the time of weighment, any bales are found to be damaged by mud, water, ants, etc., the buyer shall have the right to call for an arbitration, and shall have the right to reject any bales which are declared to be damaged by final award, to the extent of more than 4 kg. per bale, but the buyer must weigh over the balance with the Allowances awarded.
<b>Cotton containing extraneous matters etc.</b>		U.	(i)	If, at the time of weighment, cotton bales are found to contain extraneous matters or watered or water-patched cotton, the buyer shall have a right to reject such bales which are declared to be so to the extent of more than 1.5 per cent per bale by a final award so passed, but the buyer shall weigh and take over the balance with the Allowance awarded; provided that if the buyer when demanding such arbitration shall have called for an Allowance, he shall be obliged to take all the bales with the Allowance awarded.
			(ii)	If the buyer rejects any bales, he shall -
				Invoice Back the rejected bales at the spot rate of the day following that on which the arbitration under this By-law or appeal has been disposed of.
			(iii)	The time allowed for invoking arbitration under this By-law is 5 (five) Working Days from the time of completion of weighment or such time as may be extended by the Board by providing sufficient reasons.
<b>Loss or damage by fire</b>		V.	(i)	In the event of a fire, which results in the loss or damage of cotton tendered against a Forward Contract, which has been approved and stamped by the buyer, but is still located in the seller's godown awaiting delivery, the following procedure shall be adopted: -
				For all such cotton as may be totally destroyed or rendered un-merchantable, the difference between the Contract price as the case may be and the market rate of the cotton on the day following that of the fire shall be paid to or received from the buyer. On all such cotton as may, though damaged, be still merchantable an adequate allowance for damage shall be



				mutually fixed by the buyer and the seller and the cotton shall then be taken by the buyer who shall pay for it at the price named in the delivery order, less:		
				(a)	the allowance fixed for damaged cotton;	
				(b)	the allowance (if any) which may, before the fire, have been fixed for quality.	
						Provided always that in the event of any dispute arising either in regard to the value of the cotton on the day following that of the fire or in regard to the allowance to be paid for any damaged but merchantable cotton, the matter shall be referred to arbitration as provided by By-law 7B.
			(ii)		In the event of a fire, which results in the loss or damage to cotton set aside by the seller for tender against a Contract, for which a delivery order has been given to the buyer and in respect of which cotton a dispute as to quality has arisen, but which has not been finally arbitrated upon under By-law 7A, the buyer shall invoice the cotton back to the seller at the market rate of the day following that on which the fire occurred. No penalty shall be allowable in such an event.	
			(iii)		In none of the cases provided for under this By-law, shall either party cancel the Contract, but should the seller under a Delivery Contract elect to make a fresh tender under clause (ii) the rights and obligations of both buyer and seller shall be the same as they would have been, had no delivery order been previously passed against the Contract.	
						Explanation.- Cotton not damaged by fire shall be deemed merchantable under this By-law if the damage by water does not exceed 3% (three percent) of the market rate of the cotton on the day following that of the fire.
	9.	SAMPLING AND DELIVERY				
Liability for bales once weighed		A.	In no case shall any claim be made by a buyer on bales which have passed the scale, except on the ground of fraud, false packing, or the presence of foreign substances in the bales. Provided that any such claim on the ground of fraud, false packing or the presence of			

			foreign substances in the bales shall be made within a period of 1 (one) year from the date of weighment of the cotton or after 30 <sup>th</sup> September of the next cotton season whichever is earlier.	
Sample Cotton.		B.	All samples or loose cotton taken by the buyer and/or his representative whether for inspection and approval or after approval shall be duly weighed and a receipt shall be given for the same to the seller before removal of the cotton from the godown.	
Tare.		C.	The weight of tare shall be settled at the seller's godown at the time of delivery and the allowance fixed shall be entered by the buyer or his representative in the invoice granted by him for the bales delivered.	
			In the event of the lot purchased consisting of bales from more than 1 (one) press, the tares of the bale from each different press shall be separately ascertained.	
			In case of delivery at upcountry centres, the buyer shall ascertain the tare from the present factory and shall accept the normal tare of the factory concerned. When or where this is not possible, the buyer and the seller may mutually settle the tare or may ascertain the same by weighing the actual tare after fully opening any 4 (four) bales (two of which are to be selected by the buyer and the remaining two by the seller) and the average tare shall be the tare of each bale for the whole lot. The Controller shall mention the tare in his certificate and in case of retender of the lot the same shall be accepted.	
		D.	DELIVERY CONTRACTS	
			(i)	Notwithstanding anything to the contrary contained in these By-laws 9D(ii) to 9D(ix) (both inclusive) shall apply to Delivery Contracts under which delivery is to be made in any place in India.
			(ii)	If the Contract is for delivery by tender of a railway receipt (which includes a motor transport receipt) or a bill of lading the seller shall be entitled to the full payment of the invoice value of cotton consigned on presentation to the buyer of the receipt or bill of lading.

			(iii)	Weighment shall be completed within 2 (two) days of the arrival of goods at such place as may be stipulated in the Contract or if no place is so stipulated, at the destination shown in the railway receipt or bill of lading or as may be mentioned in the Contract. If weighment shall not be so completed the invoice weights shall be taken as final.
			(iv)	If the Contract is for delivery outside Mumbai, without a railway receipt or Bill of Lading, the weighment shall be completed within 1 (one) week of tender and payment shall be made against completion of weighment.
			(v)	Unless the Contract provides that the quality shall be passed by the buyer before dispatch or delivery of cotton, any dispute as to quality shall be intimated by the buyer to the seller within 7 (seven) days of the arrival of the cotton at the destination named in the railway/truck receipt or bill of lading. In the case of a dispute as to the quality, the buyer shall be bound to take delivery of cotton if it is adjudged in the final award as not more than 1 1/2 Grade "Off" and not more than 2mm "Off" in staple than the contracted grade and staple or from the approved sample. If the final award exceeds either of the deficiencies stated above, the buyer may take the cotton with Allowance or Invoice Back the cotton at the spot rate of the cotton contracted for, fixed for the day following the date of the final award.
			(vi)	For the purpose of testing, the buyer shall draw samples in the presence of the seller from 2 (two) bales out of every 50 (fifty) bales tendered. Such samples shall be sealed by the buyer and the seller and shall be forwarded by the buyer to the Secretary of the Association along with the basic type or basic sample, if any, by railway parcel not later than the 3 <sup>rd</sup> (third) day following the day upon which the samples were drawn. The Secretary shall arrange for holding the testing as soon as may be convenient after receipt of the samples. In the event of either party to the Contract refusing or neglecting to attend the drawing / sealing of samples, the party to the Contract who is present shall draw and seal the samples and send the samples so

				sealed to the Secretary of the Association who shall arrange for the holding of the testing. An appeal shall lie from the decision of the arbitrator/s, as the case may be, provided that such appeal is lodged with the Secretary of the Association before 12.30 p.m. (12:30 Hours) on the 5 <sup>th</sup> (fifth) day following the date of the decision and such award passed in appeal shall be final and binding on the parties.
			(vii)	Interest from the due date of payment shall be charged as per provisions of By-law 8R(V).
			(viii)	The buyer shall not take delivery except upon presentation to the carrier of the railway receipt (which includes a motor transport receipt) or Bill of Lading and in the event of any contravention of this By-law, then and in such event, action under the disciplinary By-laws may be taken against the defaulting party.
			(ix)	Where the Contract is D.A.P (Delivered at Place), the seller shall be responsible for all risk of the goods until they shall have been delivered into the custody of the carriers and shall provide at his expense (but to the account of the buyer) an insurance cover against fire for the transit risks until the goods reach the place named in the railway receipt (which includes a motor transport receipt).
			(x)	Where the Contract is D.A.P (Delivered at Place) the seller shall be responsible for all risks of the goods until they shall have been delivered into the custody of the carriers and the transit risks shall thereafter be the responsibility of the buyer; it being the duty of the seller to advise the buyer promptly of the loading to enable the buyer to arrange cover for the transit risks.
			(xi)	Where in the case of Indian cotton, the Contract is on C.I.F. terms, the seller shall provide marine insurance cover on warehouse to warehouse terms as may be currently available.

	10.	READY TRANSACTIONS	
<b>Definition of a Ready Transaction.</b>		A.	Contracts in Ready cotton are made on the basis of bales approved by the buyer and the cotton sold is understood to be equal in quality to and of the same description as that contained in the bales approved and to be ready in the seller's godown at the time of sale.
<b>Delivery.</b>		B.	Immediate delivery against cash is contemplated unless as otherwise agreed between the parties, and the buyer shall in all cases complete taking delivery of the cotton within 11 (eleven) days from the date of purchase.
<b>Pucca sampling</b>		C.	For the purpose of final inspection and/or approval (pucca sampling), the buyer shall be entitled to sample upto 5% (five per cent) of the bales offered for sale.
<b>Stamped bales.</b>		D.	All bales sampled and approved by the buyer at the time of pucca sampling shall be immediately stamped by the buyer and shall remain in the seller's possession in trust until all the bales sold shall have been finally delivered or rejected. The buyer shall then immediately take delivery of the stamped bales.
<b>Refusal to give or take delivery.</b>		E.	Should the seller neglect or refuse to give delivery as provided in these By-laws the buyer may, after giving 3 (three) days' notice in writing to the seller, Invoice Back at the prevailing price.
<b>Refusal to arbitrate.</b>		F.	If arbitration is invoked under the By-laws of the Association, the seller shall allow samples to be drawn from the bales stamped by the buyer for inspection by the arbitrators. Should the seller refuse to allow such samples to be drawn, the arbitration shall be held on the basis of samples drawn from bales which may have already been delivered to the buyer out of the lot, or should no bales have been delivered then on samples drawn by the buyer at the time of approval. Should no such samples be available, the arbitrator/s shall decide the question by taking the difference between the price at which the original purchase was made and the rate (on the day of the original purchase) of the official standard which may most nearly represent the quality bought or of which the price can be most nearly ascertained.

<b>Applicability of the By-Laws to Ready transactions.</b>		G.	By-laws 8L [Buyer's right if tender not approved] clause (i), 8Q [Burst and re-pressed bales], 8T [Country damage], 8V [Loss or damage by fire], 9A [Liability for bales once weighed], 9B [Sample Cotton] and 9C [Tare] apply also to ready Contracts.
<b>Rights and Obligations in regard to bales of inferior quality.</b>		H.	If the cotton bales are of inferior quality, a suitable price difference allowance will be payable as per the Value Difference Circulars issued by the Association from time to time.
<b>Refusal to arbitrate on quality.</b>		I.	Should the seller neglect or refuse to participate in any arbitration that is invoked the buyer:
			i) may take delivery of the bales without allowance; or
			ii) may after giving 3 (three) days notice to the seller in writing, cancel the purchase in respect of the undelivered bales and Invoice Back at the prevailing rate as per the By-laws of the Association.
			Should the buyer neglect or refuse to invoke arbitration the seller may after giving 3 (three) days notice in writing, invoice it back.
<b>Penalty for undue delay in weighing.</b>		J.	In the case of purchases of ready cotton, the buyer shall 7 (seven) days from the day after date of purchase, lose his right to object to the quality of bales not yet weighed by him (provided such bales are of the description sold) and shall take delivery of the same without allowance though they may be inferior to the bales stamped by him. It is clarified that the aforesaid period of 7 (seven) days shall exclude the date of purchase and/or any extension which is permissible under these By-laws).
<b>Weights to be accepted in ready transactions.</b>		K.	The buyer of a ready lot shall not be bound to accept any bale, the nett weight of which is less than 155 Kg. or more than 200 kg. unless other weights have been specified in the memoranda of sale and purchase.

	11.	STANDARDS		
Fixing of Standards		A.	(i)	A Committee appointed by the Association hereinafter referred to as the “ <b>Standards Committee</b> ”, shall prepare or cause to be prepared by such agency or at such time as the Board of Directors of the CAI may from time to time decide or approve of two sets of standards, viz:-
			a	The Working Standards; and
			b	The Reference Standards,
				of various grades of cotton of the respective growths tenderable against Delivery Contracts and report the same to the Standards Committee referred to in clause (iii).
				The minimum number of grades for which standard samples shall be prepared shall be Extra Superfine, Superfine, Fine (Basis), Fully Good and Good.
			(ii)	The Standards Committee shall consist of not more than 11 (eleven) persons chosen by the Board of the Association from its Members or their Authorised or Nominated Representatives for the purpose of passing these standards prepared or cause to be prepared by the Standards Committee. The quorum for the meeting of the Standards Committee shall be six members. If there is no quorum on the meeting day, the meeting shall stand adjourned and a fresh meeting would be taken place to meet the quorum.
			(iii)	The Secretary shall, after the standards have been passed by the Standards Committee report to the Board -
			a	the number of standards prepared and passed,
				and
			b	the reason for not preparing or passing any other standard or standards.

			(iv)	The Secretary shall from time to time notify the Members of the Association of the passing of standards by the Standards Committee.
			(v)	The complete sets of standards shall be kept in the custody of the Secretary in the office of the Association.
			(vi)	The Working Standards shall be available to the Board of the Association for inspection at any time.
<b>Revision of Standards.</b>		B.	(i)	The Working and Reference Standards shall be examined and/or revised by the Standards Committee from time to time and if at any time, in their opinion, any Standard has changed from its original condition, they may with the prior permission of the Board, take necessary steps to revise or replace it subject to the provisions of By-law 11A in order to bring it into accordance with the corresponding Reference Standard.
			(ii)	New Standards for any growth of grades of cotton for which there have been no Standards previously, shall come into use with effect from such date as the Board may from time to time determine.
			(iii)	In the event of any Standard in use for the year being destroyed or damaged by fire or through any other cause whatsoever, the Board shall have power to instruct the Standards Committee to prepare or to cause to be prepared a new set of Standards to replace such as have been so destroyed or damaged subject to the provisions of By-law 11A.
	<b>12.</b>	<b>MAINTENANCE OF RECORDS</b>		
		Members shall maintain a record of all their Contracts and books of accounts relative to the same for a period of a minimum of the last 3 (three) years, for production whenever required.		



	<b>13.</b>	<b>PLATFORM</b>		
		The Association may either through itself or by engaging a third party develop, publish, operate and maintain software solutions and applications accessible to the Members and third parties through various digital modes including websites, mobile applications, etc. (" <b>Platforms</b> ") on such terms and conditions as decided by the Association from time to time. Further, to permit the authorised users to carry out transactions permitted under these By-laws through such solutions and Platforms on terms and conditions prescribed by the Board from time to time.		
	<b>14.</b>	<b>BROKERS</b>		
<b>Definition</b>		A.	<b>"Broker"</b> shall mean a person or entity who has submitted himself or itself to the provisions of these By-laws and who has been nominated by a buyer or seller or both to initiate business and facilitate a Contract between a buyer and seller who have submitted themselves to these By-laws, and to whom brokerage fees are payable by the buyer and/or the seller as the case may be.	
<b>Liability</b>		B.	A Broker is not liable for weight shortages, quality allowance and/or any financial liability including interest on delayed payments.	
<b>Brokerage</b>		C.	i.	The buyer or the seller as the case may be shall pay brokerage to the Broker. All payments payable to the Broker must be paid to him at the end of each quarter of the financial year.
			ii.	Brokerage fees to be paid to a broker shall be a matter to be mutually decided by the parties to the Contract and the Broker, but where such brokerage fees shall not be less than Rs.75/- per bale.
			iii.	The Broker will also be paid brokerage for all Contracts which have been Invoiced Back when the Contract is settled or when there is settlement of the claim in the event of any dispute.
<b>Taxes &amp; Deductions</b>		D.	i.	Broker has to pay the GST amount on his Brokerage Bill and provide valid proof of such GST payment to the seller and/or buyer and the Seller and/ or buyer shall then release the GST amount to the Broker immediately.

			ii.	No other deductions, other than those prescribed by the Government shall be deducted from the brokerage bill and collected from Broker.
<b>Duties and Responsibilities</b>		<b>E.</b>	<b>Duties and Responsibilities of the Broker:</b>	
			i.	The Broker shall assist the Buyer and the Seller to fulfil the Contract;
			ii.	The Broker shall assist the parties to complete the passing and approval of the cotton bales;
			iii.	The Broker shall forward the Seller's invoices and related documents to the Buyer;
			iv.	Once the seller provides all necessary GST documents to the buyer, the Broker will provide all assistance to ensure that the buyer makes payments to the seller;
			v.	In case of failure of a buyer to make any payment to a seller, the broker shall take all reasonable efforts to collect the payment but he is not financially liable for such payments.
			vi.	In case of the failure of a seller/buyer to deliver the goods/take delivery of the goods, the broker shall take all reasonable efforts to have the seller/buyer fulfil his obligations under the Contract but the Broker shall not be financially liable for non-delivery of the goods.
			vii.	The Broker engaged by the buyer and/or seller shall provide all cooperation and participation for providing necessary evidence during arbitrations proceedings held between the buyer and the seller.
<b>Rejection of Lot</b>		<b>F.</b>	If any lot is rejected, the broker shall extend full cooperation to amicably resolve the matter between buyer and/or seller but shall have no legal obligation <i>qua</i> the same.	
<b>Arbitration Proceedings</b>		<b>G.</b>	A Broker shall have the right to initiate arbitration proceedings against the buyer and/or seller as the case may be in accordance with the provisions of these By-laws for recovering of any outstanding amounts payable to him.	

	<b>15.</b>	<b>FORCE MAJEURE</b>	
<b>Force Majeure Event.</b>		In the absence of a clause providing for a force majeure event in the Contract, the parties may Invoice Back the Contract on the happening of a force majeure event. However, in the event of a force majeure clause being provided for in the Contract, then on the happening of a force majeure event, the provisions of such clause are to be followed for closing out the Contract.	
	<b>16.</b>	<b>MEDIATION</b>	
		<b>A.</b>	<b>Initiation of Mediation</b>
			Prior to initiating any legal proceedings or arbitration proceedings relating to any dispute arising under or in connection with a Contract, the Buyer and Seller may attempt to resolve their disputes through mediation. Mediation may be initiated by either Party by providing written notice to the other Party of its desire to mediate the dispute. The Parties shall then promptly select a mediator from the panel of mediators published by the CAI.
		<b>B.</b>	<b>Mediation Process</b>
		(i)	The Parties agree to participate in good faith in the mediation process and to cooperate with the mediator in an effort to reach a mutually acceptable resolution of the dispute.
		(ii)	The Parties shall equally share the costs of the mediation, including the mediator's fees, unless they mutually agree otherwise.
		(iii)	The mediation shall be confidential, and any communications made during the mediation process shall not be admissible in any legal proceedings.
		(iv)	The Parties that have initiated mediation shall endeavour to arrive at a written settlement within a period of 3 (three) months from the date of the first mediation meeting.

		C.	Settlement Agreement:	
			During the course of the mediation, if an agreement is reached between the parties with respect to all of the issues involved in the dispute or with respect to only some of the issues, the terms of such agreement shall be reduced to writing accordingly, and signed by the parties to such dispute or their authorised representatives. The mediator shall prepare a settlement report of the settlement and forward the signed agreement along with such report to the Board who shall pass its award on the signed agreement.	
	17.	LIST OF UNFULFILLED AWARDS		
Inclusion of the name of a party in the CAI's List of Unfulfilled Awards		A.	(i)	If a party to an arbitration (" <b>Reporting Party</b> ") intimates to the Association in writing that the other party to the award (" <b>Other Party</b> ") passed in the arbitration has not complied with the award and requests for inclusion of the name of the Other Party in the CAI's List of Unfulfilled Awards, the Secretary shall inform the Other Party about the allegation made by the Reporting Party against him and provide the Other Party an opportunity to show sufficient reasons as to why his name should not be included in the list of Unfulfilled Awards within a period of 7 (seven) days from the date of the receipt of intimation by him.
			(ii)	The Secretary shall place before the Board such intimation together with the reasons if any provided by the Other Party for not including his name in the CAI's List of Unfulfilled Awards. The Board after taking into consideration the request made by the Reporting Party and the reasons if any provided by the Other Party will take a decision within a period of 5 (fifteen) days from such intimation as to whether the name of the Other Party be included in the CAI's List of Unfulfilled Awards.
			(iii)	If the Board comes to a conclusion that the name of the Other Party is to be included in the CAI's List of Unfulfilled Awards, they shall accordingly direct the Secretary to carry out the same.

			(iv)	Upon receipt of direction from the Board, the Secretary shall forthwith include the name of the Other Party in the CAI's List of Unfulfilled Awards and notify the same to the Members for their information.
<b>Circulation of the CAI's List of Unfulfilled Awards to the Members</b>		B.		The Association shall be at liberty to circulate the CAI's List of Unfulfilled Awards amongst the Members for their information. The Association shall also be at liberty to share the CAI's List of Unfulfilled Awards with the Committee for International Co-operation between Cotton Associations (CICCA) and/or such other similar body and/or publish the same on the Platform in the restricted section meant to be accessed only by the members of the Association.
<b>Removal of the name of a party from the CAI's List of Unfulfilled awards</b>		C.	(i)	A party whose name appears in the CAI's List of Unfulfilled Awards may make a request to the Association in writing for removal of his name from the CAI's List of Unfulfilled Awards, intimating the steps taken by him in discharge of his obligations under the concerned Contract entered into by him and the Reporting Party.
			(ii)	Upon receipt of such a request, the Secretary shall intimate to the Reporting Party about the request received by the Association from the Other Party for deletion of his name from the CAI's List of Unfulfilled Awards and seek his comments on the actions taken by the Other Party in fulfilment of his obligations under the concerned Contract within a period of 7 (seven) days from the date of the receipt of intimation by him.
			(iii)	Thereafter, the Secretary shall place the request of the Other Party and the response if any received by the Association from the Reporting Party before the Board for consideration and if the Board after considering such request and the response if any received from the Reporting Party comes to the conclusion that the name of the Other Party be removed from the CAI's List of Unfulfilled Awards, they shall accordingly direct the Secretary to remove his name.

		(iv)	Upon receipt of such a direction from the Board, the Secretary shall forthwith remove the name of the Other Party from the CAI's List of Unfulfilled Awards and notify the same to the Members for their information.
<b>Indemnity to the Members of the Board</b>		D.	The Reporting Party and/or Other Party as the case may be shall be responsible for the accuracy of the information furnished by it to the Association and shall indemnify the Association and its Board against any losses, damages, cost and expenses incurred by them due to the inaccuracy of the information furnished by the Reporting Party and/or the Other Party. The Reporting Party shall also be responsible to inform the Association about any amicable settlement of the award to enable the Association to remove the name of the Other Party from the CAI's List of Unfulfilled Awards.
	<b>18.</b>	<b>BY-LAWS RE. C.I.F., C &amp; F AND F.O.B. CONTRACTS AND CONTRACTS FOR COTTON IMPORTS TO ARRIVE AND FOR FORWARD DELIVERY</b>	
			Notwithstanding anything to the contrary contained in these By-laws but to that extent only, the following By-laws Nos.18 to 54 inclusive, shall also apply to -
		(a)	Contracts for cotton imports to arrive and for Forward Delivery entered into subject to the By-laws of the Association and under which delivery is to be made either in Bombay or at any place outside Bombay;
		(b)	Delivery Contracts for Indian cotton entered into subject to the By-laws of the Association on C.I.F. terms under which delivery is to be made at any place outside Bombay or to a mill anywhere in India.
<b>Definitions</b>	<b>19.-</b>	Universal Standards means Standards for grade and colour which may be promulgated from time to time under the Agreement between the Association and the Department of Agriculture, Washington, D.C., U.S.A.	
		To ship means to load On Board a ship.	
		Shipment means according to the context the loading of cotton as provided in this By-law or any number of bales so loaded.	
		Prompt or Immediate Shipment or Sailing means shipment or sailing not earlier than date of contract but not later than 14 days after.	

		Shipping or Shipped means loading or loaded on board a ship.
		Shipping Documents means documents of title required by the contract corresponding to the form of shipment contemplated thereunder.
		A On-Board Bill of Lading, Shipped or On-Board Bill of Lading means a Bill of Lading which is signed on behalf of the ship by the Captain or duly authorised Agent of the ship, declaring that the cotton has been actually received On-Board the ship for shipment.
		A Port Bill of Lading means a Bill of Lading which is signed on behalf of the ship by the Captain or duly authorised Agent of the ship, both vessel and cotton being in port and the cotton itself having been actually delivered to the Captain, the shipowner or the authorised Agent in port of shipment.
		A Custody Bill of Lading is a Bill of Lading which is signed when the cotton is in the port and duly delivered to the Captain, the shipowner or the authorised Agent and a Master's or Agent's receipt must be furnished proving that the cotton has been actually shipped within three weeks from the date of Bill of Lading. Substitution of another vessel of different ownership for the one named in the Bill of Lading is only permissible in case the named vessel is lost or in case of accident or other unforeseen event of force majeure.
		Marine Insurance means insurance against the risks accepted in an ordinary form of Lloyd's Policy, together with risk of particular average and country damage and risks mentioned in By-law 41, but excluding war risk.
		Invoice Cost in connection with marine insurance means the invoice cost of goods including additional charge for differences in freight and war risk.
		Any amount over the invoice cost and stipulated percentage shall be for seller's account in case of total loss only.
		Total Loss means the loss of the whole or part of a shipment, admitted as such by the underwriters. In case of a portion of the shipment being so admitted any excess in amount of the policy beyond the amount stipulated shall be dealt with pro rata.
		About in connection with the number of bales or the weight of cotton means 5 per cent. more or less.

		The Last Day of Landing means the last free day as allowed by the Bombay Port Trust and the respective Port Authorities at other landing ports.		
		A Lot of cotton is a number of bales placed under one mark.		
		A Dispute or Difference touching or arising out of any contract shall include any dispute, difference or question with regard to the construction, meaning or effect of such contract or the rights or liabilities of any person or persons thereunder.		
<b>Jurisdiction to be in India.</b>	<b>20.</b>	Every C.I.F., C. & F. and F.O.B. contract for sale or purchase of cotton and contracts for cotton imports to arrive and for Forward Delivery made subject to these By-laws or subject to Cotton Association of India arbitration or subject to Bombay arbitration, or containing words or abbreviations to a similar effect, shall be construed and shall take effect as a contract made in India and in accordance with the laws of India and shall be deemed in all respects to be subject to these By-laws, including in respect to arbitration, and the parties to such contract shall be deemed to have submitted to the jurisdiction of the Bombay High Court for the purpose of giving effect to the provisions of these By-laws.		
<b>C.I.F. Contract how performed.</b>	<b>21.</b>	<b>A.</b>	<b>(1)</b>	<p>The Seller under a C.I.F. contract shall, unless otherwise agreed-</p> <p>(a) ship cotton of the description contained in the contract within the period mentioned in the contract ;</p> <p>(b) procure a contract of affreightment evidenced by a Bill of Lading under which the cotton is to be delivered at the destination contemplated by the contract ;</p> <p>(c) arrange for marine insurance upon the terms common to the trade as per By-law 41 unless otherwise specified in the contract, which will be available for the benefit of the Buyer ;</p> <p>(d) make out an invoice debiting the Buyer with the agreed price ; and</p> <p>(e) tender these documents to the Buyer or the Buyer's representative at the place named in the contract as soon as reasonably possible after shipment.</p>



				Against tender of such documents the Buyer shall pay the price agreed upon.
			(2)	The incidents of a C. & F. contract shall be the same as of a C.I.F. contract except that the seller shall not be obliged to arrange for marine insurance.
			(3)	The Buyer under a F.O.B. contract must name the ship upon which the cotton is to be delivered and the Seller must put them safely On-Board, pay the charge of doing so, and give possession of them to the ship upon the terms of a reasonable and ordinary Bill of Lading or other contract of carriage. When the Buyer does not so name the ship the Seller shall ship during the contracted period as in case of a C.I.F. contract. In the case of American cotton the Seller may ship on a Conference Vessel if it is legally compulsory for him to do so under a Conference Agreement even in the case of an F.O.B. Contract.
			(4)	Sudan and Egyptian cottons shall not be shipped in the same hold with American cotton.
<b>Date of shipment not to precede Import Licence date.</b>			(5)	In the case of cotton shipments to India the date of shipment should not precede the date of Import Licence.
		B.		In respect of foreign cottons all purchases and sales will be with NO REJECTION Clause unless otherwise specified. The buyer shall pay the full invoice amount to the seller for the cotton and shall not withhold any moneys pending settlement of disputes or retain any moneys pending results of arbitration for quality, etc. As soon as the award on quality or any other matter is finalised, the parties shall settle differences forthwith.
		C.		In the case of contracts for foreign cottons resold on terms other than C.I.F., C. & F. and F.O.B. such as Dock Delivery or F.O.R. Station, all the rights and the liabilities and the remedies to be adopted by the parties in any contingency shall be the same as in the case of C.I.F. Contracts.

	<b>22.</b>	The time of shipment or sailing should be stated in the contract. The Bill of Lading as defined in By-law 19 duly signed shall be accepted as evidence of the date of shipment stipulated for in the contract. The date of sailing shall be that when the ship actually sails from the port of embarkment. The seller has the right to ship on any day of the contracted shipping period.	
	<b>23.</b>	It shall not be a breach of the contract if the cotton, or any portion is shut out from the vessel or vessels named provided the Bill of Lading conforms with the definitions in these By-laws. This shall apply only to contracts for shipment and not to contracts for sailing or clearance.	
	<b>24.</b>	Unless otherwise provided for in the contract, the Seller shall effect the shipment with a Port Bill of Lading or with an On Board Bill of Lading. However, for cotton to be shipped from United States Ports, the Seller has the option to ship on "Custody Bill of Lading" subject to prior consent of the Buyer.	
	<b>25.</b>	In case of any dispute regarding delayed shipment or delayed fulfilment of the contract it shall be referred to arbitration according to the procedure laid down in By-laws 7B.	
<b>Delay in shipment.</b>	<b>26.</b>	In any dispute arising out of delayed fulfilment of a contract, if evidence is produced -	
		(a)	by the seller to prove that the delay in fulfilment ;
		(b)	by the buyer to prove that the delay in taking delivery; was caused by unforeseen obstruction to traffic, strike, lockout, riot, quarantine or some other unforeseen contingency which was completely outside the control of the party at fault, then Arbitrators appointed to determine a dispute arising therefrom shall consider such evidence when deciding what allowance (if any) shall be awarded in respect of the failure to complete the contract within the time limits laid down.
<b>Force Majeure.</b>	<b>27.</b>	If the Seller can furnish sufficient proof that he could not execute his contract because purchase or sale of the relative cotton was prevented by unforeseen stoppages in communications, strikes, lockouts, riots, quarantine or by other circumstances of force majeure or by any act on the part of Government or if Buyer cannot take delivery of the cotton as a result of such unforeseen circumstances, and should the two contracting parties fail to come to an agreement, then the arbitrators shall take these facts into consideration in giving their decision.	

<b>Failure to perform other than Force Majeure.</b>		If owing to any circumstances whatsoever other than those mentioned above, any such contract has not been or is not to be performed, it shall not be treated as cancelled, but shall be closed by being invoiced back to the seller in accordance with the provisions of By-law 51.
	<b>28.</b>	Should the documents contain some irregularity in form or omissions not pertaining to essential requisites, the buyer shall nevertheless provide for the payment of the seller's invoices, provided the seller assumes full responsibility that the said irregularities or omissions shall in no way alter regular execution of the contract.
	<b>29.</b>	<b>ARBITRATIONS AND APPEALS</b>
<b>General.</b>		C.I.F., C. & F. and F.O.B. contracts for the sale or purchase of cotton and contracts for cotton imports to arrive and for Forward Delivery made subject to these By-laws or subject to Cotton Association of India arbitration or subject to Bombay arbitration or containing words or abbreviations to a similar effect, shall be in writing.
		Every such contract shall be deemed to provide as one of the terms thereof that any dispute or difference arising between the parties thereto touching or arising out of such contract shall be referred to arbitration in accordance with the By-laws of the Association and that the holding of such an arbitration and obtaining of an award thereunder shall be a condition precedent to the right of any party to such contract to commence legal proceedings against the other party in respect of any such difference as aforesaid, and that neither party under such contract shall have any right of action against the other touching or arising out of such contract, except to enforce the award in any such arbitration.
		Whenever any dispute or difference arises between parties arising out of any such contract, it shall be referred to arbitration under the following By-law in regard to quality. In regard to disputes other than those relating to quality the provisions of By-law 7B shall apply to such arbitration as regards the procedure, and of By-laws 7D as regards fees.
	<b>30.</b>	<b>QUALITY</b>
<b>General</b>		Whenever any dispute or difference as to quality shall arise in respect of C.I.F., C. & F. and F.O.B. contracts and contracts for cotton imports to arrive and for Forward Delivery, entered into subject to these By-laws or subject to Cotton Association of India arbitration or subject to Bombay arbitration or containing words or

		abbreviations to a similar effect, such difference shall be referred to arbitration under this By-law, and the provisions of By-laws 7A shall apply to such arbitration save as herein expressly provided.
<b>Separate arbitration for each shipment</b>		When cotton shall arrive by more than one vessel there shall be a separate arbitration for each shipment unless otherwise agreed.
<b>Appeal (i) in respect of U.S.A. &amp; Mexican Cottons</b>		In respect of U.S.A. and Mexican Cottons, an appeal shall lie from the Arbitrators' or Umpire's Award to an Appeal Committee constituted of three Surveyors appointed under the By-laws and a representative nominated by the American Cotton Shippers Association who is ordinarily resident in Bombay. If no such nomination is made or the nominee so appointed is not present, then the appeal shall be disposed of by the Panel of three Surveyors appointed under By-law 35, provided such appeal is lodged with the Secretary before 12.30 p.m. on the seventh day following the date of survey award.
<b>(ii) in respect of East African and Pakistan Cottons</b>		In respect of East African and Pakistan Cottons an appeal shall lie from the Arbitrators' or Umpire's Award, to an Appeal Committee constituted of three Surveyors appointed under By-laws and a person who shall be called upon from the relevant panel of the two panels of three persons each nominated by the Board from time to time from amongst the Importers of Uganda cotton and Pakistan cotton respectively, in Bombay, provided such appeal is lodged with the Secretary before 12.30 p.m. on the seventh day following the date of survey award. If no such panel is nominated or the person called from the panel is not present, then the appeal shall be disposed of by the Panel of three Surveyors appointed under these By-laws.
<b>(iii) in respect of other cottons</b>		In respect of all other cottons, appeal shall lie from the Award of the Surveyors as per provisions of the By-laws, provided such appeal is lodged with the Secretary before 12.30 p.m. on the seventh day following the date of survey award.
		The Award of Surveyors where no appeal is preferred and the unanimous or majority Award of the Appeal Committee or Panel, shall be final and binding on the parties.
<b>Time for arbitration</b>	<b>31.</b>	Unless otherwise agreed to between the parties concerned for extension of time an application for arbitration on quality in respect of all cotton shall be made within 30 days after the last date of landing of the consignment contracted for, but, if the cotton is to be fumigated, shall be made within 30 days from the date of the last landing.

		Samples for arbitration from outside Bombay must be despatched to the Association within 50 days after the last date of landing, but if the cotton is to be fumigated, samples from such cotton must be despatched within 60 days from the last landing date.
	<b>32.</b>	The time for applying for or holding an arbitration or the time for the submission of samples may be extended at the discretion of the Board, provided an application in writing, on grounds considered satisfactory by the Board, is made within a reasonable time by either of the parties to the contract. In the event of extension of time by the Board for holding arbitration, the Buyer shall immediately inform the Seller of the extension of time by a cable.
	<b>33.</b>	<b>MUTUAL ALLOWANCES</b>
		When cotton is sold with Mutual Allowance in grade and staple, if the grade is equal to and the staple better than or the staple equal to and the grade better than the contract quality, the Seller or the Buyer (as the case may be) shall be entitled to an allowance, as hereinafter mentioned.
	<b>34.</b>	When cotton is sold without Mutual Allowance either on sample or on grade with a specified length of staple, any deficiency in staple shall not be counter balanced by the grade of the cotton tendered being above the grade contracted for, nor shall any extra length of staple be set off against a deficiency in grade.
		When cotton is sold with Mutual Allowance and the grade is equal to and the staple better than, or the staple equal to and the grade better than what is called for under the contract, the Seller shall be entitled to an allowance.
<b>Special provisions re. U.S.A. and Mexican Cottons.</b>		In contracts for U.S.A. and Mexican cottons sold on grade, unless "average" has been expressly stipulated in the contract, cotton shall be required to be even running, but bales of a better grade may be set off to the extent of 15 per cent. of the whole quantity of each grade, submitted for arbitration, against bales of inferior grade, provided that such inferior bales are not more than a half grade below the quality specified. Credit shall not be given for more than a quarter grade.
		In arbitrations based on Universal Standards, "full grade" shall be read in place of "half grade" and "half grade" in place of "quarter grade".

	<b>35.</b>	Arbitration upon U.S.A. and Mexican cottons sold to "average" any particular grade shall be settled by classing the different lots, placing grades or fractions of grades above, against grades or fractions of grades below, and passing whatever part turns out an average of the grade guaranteed, making an allowance on the remainder.	
<b>Determination of differences</b>	<b>36.</b>	Except when fixed differences in value between grades and between staples for arbitration purposes have been agreed between the parties to the contract, the arbitration shall proceed on the basis of the ruling differences in value between grades and between staples as quoted in the market appropriate to the country of origin of the cotton on :	
		(1)	the eleventh day after the last date of landing unless the cotton is fumigated in which case it shall be the 21st day after the last date of landing ;
		(2)	where arbitration on quality has been held before the tenth day after the last date of landing or in the case of cotton fumigated before the 21st day after the last date of landing, the arbitration shall proceed on the basis of the ruling difference in value between grades and between staples as officially quoted in the market appropriate to the country of origin of the cotton on the day previous to the date of arbitration ;
		(3)	where quotations for the appropriate day are not available for any reason, the quotation available for the next business day thereafter, shall be taken into consideration.
<b>As regards East African Cotton.</b>		In respect of East African Cotton, the award in arbitration as regards quality shall state the grade difference between the cotton contracted for and the cotton tendered. Such grade difference in value shall be as prevailing in Bombay on the date of shipment i.e., on the date of Bill of Lading or if that happens to be a holiday on the working day immediately following it. The grade differences in value shall be fixed by a Committee to be constituted by the Board from time to time for the purpose, subject to a right of appeal to the Board, as provided in By-law 6E except that the appeal may be lodged within twenty-one days. Such grade differences in value that may be fixed by the Committee or the Board on appeal, shall be fixed taking into consideration the lower staple according to such grade difference.	

<b>Classification of U.S.A. Cotton.</b>	<b>37.</b>	On a contract made with any party in the United States of America for shipment from any place in the United States of America, if an Appeal Award is made which does not state the classification, the Appeal Committee shall, upon request of either of the parties to the contract and the payment of the prescribed additional fee, issue a certificate showing in detail the true classification for grade and colour of such cotton based upon a comparison of the samples with the Universal Standards or with a type or other sample on which the cotton has been sold, as the case may be. Requests for classification must be made to the Secretary not later than noon on the fifth business day following the date of the Appeal Award.
	<b>38.</b>	<b>SAMPLING AND WEIGHMENT</b>
<b>General</b>		The Buyer shall not be entitled to draw samples before weighing without the consent of the Seller. The Buyer may draw samples at the port of discharge. If he draws samples before weighing with the consent of the Seller, then he shall pay for the samples at the invoice price. Sampling expenses shall be at Buyer's charge. Samples for arbitration shall be drawn in the presence of the Seller's Controllers or Representatives and sealed by them. The Controllers' fees for supervision of drawing of samples shall be payable by the Seller.
<b>American Cotton</b>		In respect of American cotton, samples for arbitration shall be drawn separately from each bale for purposes of arbitration on quality. The weight of samples shall be equivalent to not less than 170 grams per bale.
<b>Egyptian and Sudan Cotton</b>		In respect of Egyptian and Sudan cottons, samples for arbitration shall be drawn from a minimum of three bales and a maximum of five per cent of the bales. The weight of samples shall be equivalent to not less than .8 kg per bale.
<b>Other Cottons</b>		In respect of all other cottons, samples shall be drawn from a maximum of 4 per cent and a minimum of two bales. The weight of the samples shall be equivalent to not less than 2 kg per bale sampled.
<b>Weighing and sampling to be at port of discharge</b>	<b>39.</b>	Weighing and sampling shall take place at the port of discharge on arrival in presence and under control of Buyer's and Seller's representatives. The name of Seller's representative for this purpose i.e. the Controller shall be given to the Buyer on or before tendering of invoice. If the Seller fails to give the name of Controller, then on application of the Buyer, the Association shall appoint a Controller on behalf of the Seller.

	40.	DELIVERY	
General		Cotton sold under C.I.F., C. & F. and F.O.B. Contracts as well as contracts for cotton imports to arrive and for Forward Delivery shall be taken delivery of by the Buyer, without undue delay. Any portion not taken delivery of by the third day after the last day of landing shall, for the purpose of the contract, be considered to have been taken that day and charges for watching and quay rent, if any, shall be for the account of the Buyer.	
		Where bales are short delivered for reasons other than those usually cover by marine and war risks, they shall be settled for according to the provisions of By-law 45.	
	41.	INSURANCE	
		(1)	Marine Insurance may be provided for either by means of a Policy or a Certificate of Insurance, and the expression "Policy of Insurance" shall be deemed to include a Certificate of Insurance; such Certificate shall be tenderable as one of the requisite shipping documents and no exception shall be taken to such Tender on this ground and such Tender shall be deemed a good Tender.
		(2)	Marine insurance ordinarily shall -
		(i)	provide cover in ordinary course of transit for 30 days upto final warehouse in India at Invoice value plus 10 per cent.;
		(ii)	cover all risks of physical loss or damage from the external cause irrespective of percentage including country damage;
		(iii)	in case of American Cottons, in addition, cover loss or damage while in process of fumigation.
		(3)	In the case of sales C. & F., F.O.B., etc. shippers are to furnish clean bill of lading without they or their forwarding agents indemnifying the carriers in any way and the Buyers may call for a declaration by the shippers that no indemnity has been furnished to obtain clean bill of lading by stipulating in the letters of credit or otherwise.



		(4)	The cost of stamping documents presented for payment in Indian Union, if incurred, shall be borne by the Seller. In all other cases the cost shall be borne by the Buyer.
		(5)	Deleted.
	<b>42.</b>	<b>TARE</b>	
		Unless otherwise stipulated in the contract all cotton shall be sold with actual tare which shall be ascertained by the Buyer in the presence of Seller's Controller at the port of discharge at the time of delivery in the manner following, unless declared and guaranteed by the Seller.	
		The actual tare shall be ascertained by taring 5 per cent. of the bales or a minimum of 4 bales taken indiscriminately, stripped of their canvas and tared as follows :-	
		For American Cotton the tare shall be ascertained by weighing the canvas separately and also collectively, but the allowance for canvas made on the invoice shall in no case exceed the rate as ascertained by the latter mode. The allowance shall be calculated at the exact relative proportion of the weight of the bales stripped to the total weight of the whole lot. The allowance for canvas must be calculated on the weight of the bales after the weight of the bands has been deducted. In other growths the tare shall be ascertained by weighing the canvas, bands, ropes or wires separately and also collectively, but the tare allowed in the invoice shall in no case exceed the rate as ascertained by the latter mode. The allowance shall then be calculated on the whole lot in the exact relative proportion of the number of bales stripped to the number of bales.	
		Mended bales of all descriptions shall be tared separately.	
	<b>43.</b>	If actual tare has been demanded by the Buyer and it shall prove not to exceed the allowance for tare the whole expense (including supervision charges, if any) of taring shall be borne by the Buyer, otherwise such expense shall be borne by the Seller.	
<b>Arbitration, Conciliation, Appeal and Super Appeal Fees</b>	<b>44.</b>	1.	The Fees in arbitration and conciliation and appeals and super appeals in respect of quality or other than quality shall be as decided by the Board from time to time and as provided in the Rule Books and notified to all concern by displaying it on the Notice Board of the Association.
		(2)	It shall be a condition precedent to the hearing of any appeal that the fee for the appeal shall have been paid to the Association by the Appellant.

		(3)	The Association shall be responsible only for the fees actually collected but the Board shall deal, as it thinks fit, with failure to pay any fees.
	<b>45.</b>	<b>CLOSURE OF CONTRACTS IN SPECIAL CASES AND ARBITRATION THEREON</b>	
		<p>If either party to a contract for the purchase or sale of any foreign cotton made subject to these By-laws or subject to Cotton Association of India By-laws or subject to Bombay Arbitration or containing words or abbreviation to a similar effect, shall suspend payment or be declared insolvent or enter into any arrangement or composition with or assignment for the benefit of his creditors generally or if a Receiver of his assets or property shall be appointed by any Court or if the Directors pass a resolution that they are satisfied and any such party, if carrying on business alone has become incapable of managing his affairs owing to illness or other physical or mental infirmity or has died without leaving executors or others willing or able to take over his liabilities under the contract or in case either party shall being a company goes to liquidation, or if a Receiver shall be appointed on behalf of the holders of debentures issued by the company then either party to such contract may send to the Chairman a written statement of such facts as he deems to be material with a request to take steps to have the contract closed and the Chairman shall be entitled but the Chairman shall be entitled but shall be under no obligation to appoint two Arbitrators (with power to appoint an Umpire) whose duty it shall be to decide whether such contract shall be closed or not and if they so decide that such contract shall be closed they shall fix the prices and terms of such closure subject nevertheless to appeal to the Board by notice in writing to the Secretary before noon on the third business day following the date of the award in arbitration.</p>	
	<b>46.</b>	<b>WEIGHT</b>	
		<p>Unless otherwise stipulated in the contract, the average gross weight per 100 bales for all descriptions of U.S.A. and Mexican Cottons shall be 22,680 kg. In each case a variation of 5 per cent. shall be allowed. If it be found that the delivered weight is under or above the 5 per cent. variation, a settlement shall be made for the differences in the market value on such deficiency or excess between the invoice price and the value in the country of origin at the date of shipment. Any weight adjustment shall be made on each invoice.</p>	

		In the case of Egyptian cotton, the variation in landing weight is permitted upto 2 per cent. from the contract weight. If it be found that the delivered weight is under or above the 2 per cent. variation, a settlement shall be made for the difference in market value of such deficiency or excess between the invoice price and the market value in Alexandria at the date of shipment.	
		If no variation in weight is expressed in the contract then the permitted variation shall be 3 per cent. with the exception of contracts for Egyptian and Indian cotton in which case the permitted variation shall be 2 per cent.	
	<b>47.</b>	Gross landing weight shall be ascertained by weighing the cotton at Port of Discharge on arrival, before sampling (or if already sampled an allowance to be made for the samples drawn) :-	
		(1)	In case of sea or country damage, the condemned bales shall be accounted for at the average gross invoice weight, but bales that will mend shall be weighed and the customary allowances deducted from gross landing weight for water in pickings and rags.
		(2)	(a) Any bale condemned or not delivered shall be calculated as delivery at the average gross invoice weight in respect of guaranteed weight and at the average quality of the remainder of the shipment.
			(b) A "No Mark" bale accepted in lieu of a bale short tendered from the ship shall be calculated as delivery at the average gross landing weight and at the average quality of the "marked bales".
			(c) The weight of missing bands and missing tops shall be added to the landing weight.
		(3)	When 95 per cent. of the cotton contracted for has arrived, claims for loss in weight may be made subject to a final weight adjustment upon arrival of the balance of the cotton.
	<b>48.</b>	Should the Buyer (1) in case of interior Shipments within six weeks of arrival of cotton (2) in case of Shipment from a Port within four weeks of arrival of cotton, be able to prove that the particulars as stated in the Bill of Lading are incorrect and/or not in accordance with the terms of the contract, the matter shall be referred to arbitration and it shall be at the discretion of the Arbitrators to decide either that the Buyer shall accept the cotton with an allowance as fixed by the Arbitrators, or that the Buyer	

		shall have the option of closing the contract under the provision of By-law 51.
	<b>49.</b>	<b>FALSE PACKING</b>
		Disputes as regards false-packing shall be referred to arbitration according to the provisions contained in By-law 7A. Samples for arbitration shall be drawn by the Controller appointed by the Association from all the bales suspected to be false-packed and submitted to the Association. An Appeal shall lie against the award of the Surveyors to the respective Appeal Committee, whose decision shall be final and binding on both parties. In respect of falsely packed or unmerchantable cotton, the Seller shall be entitled to call upon the Buyer, within a period of fifteen days from the date of receipt by him of the Controller's certificate or the award, as the case may be, substantiating the claim, to have the cotton returned to the Port of Discharge at the Buyer's expense. If the Seller shall have exercised such right, the Buyer shall be entitled to the full value of sound cotton on the day of the return of the cotton provided the claim shall have been originally made by the Buyer within three months from the last date of the landing of the cotton complained of by him. If the Seller shall not have exercised the right of return within the time aforesaid, the Buyer shall be entitled to sell out such cotton with all faults at the Seller's risk, account and expense.
	<b>50.</b>	<b>SALES "ON CALL"</b>
		If the cotton is sold on C.I.F. or C.& F. or similar terms "on call" on a month or months of delivery of a Futures Delivery Contract the call must be made not later than the last working day preceding the delivery month. In respect of "on call" cotton based on New York or New Orleans the "call" shall be made not later than the day before the first notice day for the delivery month. In default thereof, the price for the uncalled cotton shall be fixed on the highest price paid in the closing range for the relevant delivery on that day. Should however the Seller agree, the call may be extended at the request of the Buyer in which case the Buyer shall undertake to pay to the Seller the insurance premium necessary to cover any increased value from that day to the date of call. The extension of call shall in no case extend beyond the date of shipment. Cotton sold "on call" based on a double month delivery period must be called or transferred before the close of the last business day but one of the first named month.

	<b>51.</b>	<b>INVOICING BACK</b>
		<p>In all cases where a contract or part of a contract is to be closed by being invoiced back to the Seller, the Buyer shall give written notice to the Seller (or if non-resident in Bombay, the Buyer may give such notice telegraphically) and the invoicing back price, unless agreed upon between Buyer and Seller, shall be the price fixed on application by either of the parties by the Committee constituted by the Board under By-law 36. The Committee in fixing the invoicing back price shall take into account the ascertained value of the cotton contracted for on the appropriate date in the Market appropriate to the country of origin of such cotton translated to the value at the port of destination and subject to any relevant variation that may have taken place in the costs of freight and insurance and in the rate of Exchange, Import and Export Duty or Tax or any other charges.</p>
		<p>The value of the month or months of delivery (on which if the Arbitrators have decided that the cotton is to be invoiced back) shall be fixed by mutual agreement between Buyer and Seller not later than the second business day following the date of Arbitration Award or Appeal Award and if the Buyer and Seller shall not have come to an agreement then the invoicing back price shall be the price fixed by the Committee constituted by the Board under By-law 36 subject to a right of appeal to the Board at the request of either of the parties as on the day following the date of the final Award. The fees for fixing such rates and appeal fees shall be as provided in By-law 6E.</p>
		<p>In all cases where the Buyer has the option of taking the cotton at an allowance or of invoicing it back, such option shall be declared not later than the next business day following the date of the final award; otherwise he shall forfeit his option and shall be obliged to take the cotton at the allowance.</p>
		<p>In cases when a specific growth is declared against a contract for shipment from "any port" the price of invoicing back must follow the declaration, i.e., that of the growth specified.</p>
	<b>52.</b>	<b>STANDARDS</b>
		<p>Complete sets of current Universal Standards of American growth shall be kept in possession of the Secretary in the Arbitration and Appeal Rooms. They shall be available in the settlement of Arbitrations and Appeals and open to the inspection of Members on condition of not being touched.</p>

		The Standards shall be examined regularly by the Appeal Committee, and if at any time in their opinion any standard has changed from its original condition, the Committee shall take the necessary steps to replace the same.
		Universal Standards means Standards for grade and colour which may be promulgated from time to time under the Agreement between the Association and the Department of Agriculture, Washington, D.C., U.S.A.
	<b>53.</b>	The grade standards shall be prepared and maintained by the Association as per provisions of By-law 11 (except that a separate Standards Committee for East African Cotton shall be appointed by the Board from time to time) for adjudication of quality on imported Kenya and Uganda Cottons:
		Provided that in the event of an agreement between the Cotton Association of India, and the East African Cotton Exporters Association, Kampala, the standard prepared by the L.M.B. Kampala viz. UNWE (Extra Superfine), UNUG (Superfine), Selling Standard (Fine) and UNFA (Fully Good to Fine) shall be adopted subject to the approval of the said Standards by the Association. The Standards for other Descriptions and Grades of East African Cotton may be prepared and maintained by the Association.
		The Board shall have power to adopt from time to time Standards prepared by the appropriate authorities in other countries for use in arbitrations on cottons imported from those countries.
	<b>54.</b>	The Standards for other Foreign Cottons may also be prepared and maintained by the Association as per provisions of By-law 11, but in duplicate (one set of which shall be designated the Reserve and the other Working Standard) for adjudication of quality.
		The Working Standards shall be available in the settlement of Arbitrations and Appeals and open to the inspection of Members on condition of not being touched.
		The Working Standards shall be examined regularly by the appropriate Appeal Committee with Reserve Standard and if at any time in their opinion any standard has changed from its original state, the Committee concerned shall take the necessary action for restoration subject to the provisions of By-law 11.

		A week's notice should be given to members by posting notices on the Notice Boards of the Association of any proposed alteration and the Standard so altered shall not come into use until a fortnight from the date of its confirmation.	
		New Standards for growths or grades of cotton for which there have previously been no Standards shall come into use as soon as they have been confirmed.	
		In the event of any Standard or Standards except the Universal Standards of American Cotton in use for the year being destroyed or damaged by fire or through any other cause whatsoever, the Board shall have power to instruct the Surveyors to prepare or to cause to be prepared new sets of Standards to replace such as have been so destroyed or damaged subject to the provisions of By-law 11.	
<b>Miscellaneous.</b>	<b>55.</b>	(i)	The Board shall have the power to vary suitably from time to time as may be found necessary the provisions of the By-laws relating to units of trading, units of price quotations, weighment, measurement, surveys, the terms of contract, forms and other related matters, for the purpose of switching over from the existing system to the metric system of weights and measures, in respect of contracts already entered into or to be entered into. The decisions of the Board in this behalf shall be final and binding upon all the members of the Association and also on all persons dealing with the Association and/or the members of the Association.
		(ii)	In the event of any dispute or difference arising regarding interpretation of the By-laws as amended from time to time whether between two members, or between one member and one non-member or between two persons, whose contract stipulates that they will be governed by the rules and regulations of the Cotton Association of India, such dispute or difference shall be referred to the Board, whose decision in the matter shall be final and binding.
		(iii)	The unit for price quotations be one quintal (100 kg).

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