

Additional Notes on Payment Terms

Payment Terms

- Payment terms must be consistent with the terms of Delivery
- Payment must be released when title of goods passes to the purchaser
- Else it becomes advance payment and B/G to be taken

Domestic Purchases

- Payment to be made by PAO of the Purchaser
- 70/80/90% Payment after Provisional receipt certificate from consignee within 30 days after supplier's submission of specified documents
- Balance 10/20/30% on acceptance of goods by consignee

Domestic Purchases – cont'd

➤ Documentation

- Invoice
- Pre despatch Inspection certificate
- Provisional Receipt certificate from consignee as per terms of contract
- Packing list
- Warranty Certificate

International Purchases

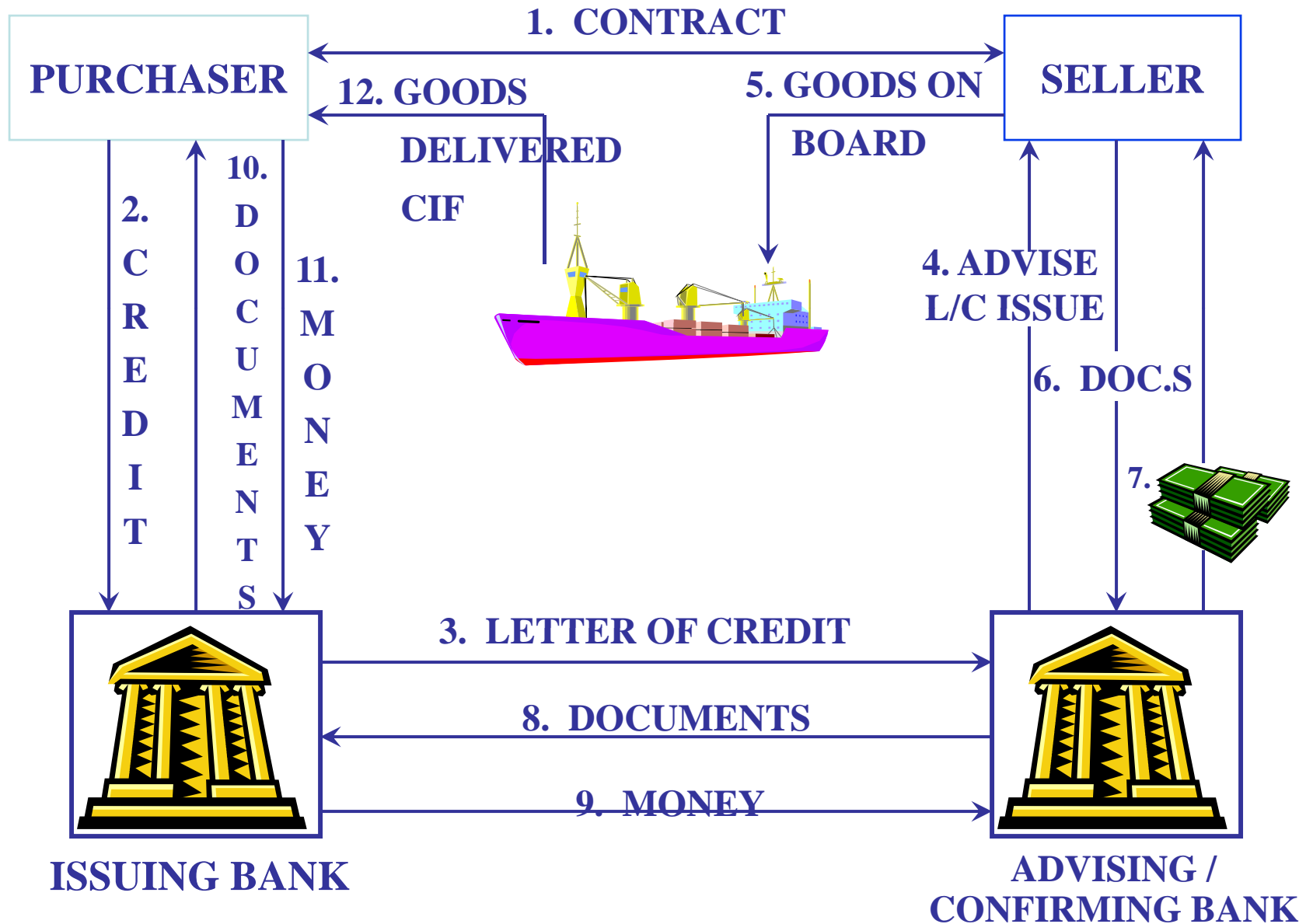
- Payment to Foreign Supplier to be made through Bank by Letter of Credit
- 70/80/90% Payment immediately after Proof of Despatch (Bill of Lading/ Airway Bill) after supplier's submission of specified documents
- Balance 10/20/30% on acceptance of goods by consignee

International Purchases

➤ Documentation

- Invoice
- Non Negotiable Bill of Lading/ Airway Bill
- An undertaking that negotiable copy has been sent to the purchaser by courier
- Insurance Certificate in favor of Purchaser
- Pre despatch Inspection/ In house Test Certificates
- Packing list
- Warranty Certificate

Letter of Credit



Letter of Credit

- UCP 600 Rules
- LOC agreement different than purchase contract Agreement
- Provisions to be properly stipulated
- Some of the important provisions
 - ✓ Irrevocable
 - ✓ Confirmed
 - ✓ Payment Terms
 - ✓ Documents to be submitted
 - ✓ Trans Shipment
 - ✓ Part Shipment