

- Sub:** (i) Credit Policy
(ii) Debtors Management Policy
(iii) Debt Recovery Management Policy

Ref: Circular no. CWC-CD/II-Credit Facility/08-09 dated 14thOct (Annexure-I), Debtor balance October, 2019 (Annexure – II)

1.0 CWC is operating 435 warehouses, with a total operational capacity of 101.85 Lakh MT. It provides following type of services to customers:

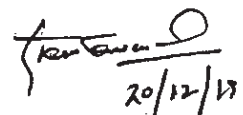
- (i) Warehousing for food grains to FCI on reservation basis @ storage charges rates fixed by Ministry of CA, F & PD.
- (ii) Warehousing for food grains to FCI and other depositors at public tariff
- (iii) Warehousing for Fertilizers
- (iv) Warehousing for notified commodities other than food grains and fertilisers
- (v) Warehouses provided to various depositors on dedicated warehousing basis
- (vi) Warehousing and MF services in ICD, CFS, AFS and ICPs
- (vii) Warehousing for custom bonded goods
- (viii) Containers rail transportation operations
- (ix) Pest control services

2.0 CWC is dealing with diverse nature of customers, like:

- (i) Food corporation of India (FCI)
- (ii) State Civil Supplies Corporations (SCSCs)
- (iii) NAFED
- (iv) Customs
- (v) Public sector undertakings, like, GAIL, MMTC, National seeds corporation
- (vi) Other Government depositors and their agencies i.e. Customs, CMSS,
- (vii) Co-operative societies
- (viii) Private depositors
- (ix) PCS customers such as Railways, Airport Authority of India, Govt institutions and some private customers

3.0 **Credit allowed to customers:** CWC raises bills / issue invoice / demand note for the services rendered, in accordance with the agreement / arrangements with each customer.

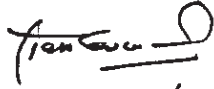
3.1 Government customers, FCI, NAFED, State Civil Supplies Corporations, Customs, PSUs, large co-operative societies and some of the large government institutional customers have been provided the credit facility. CWC raise monthly bill whereas customers make due payment within 30 days of receipt of the bill. (Refer circular no. CWC-CD/II-Credit Facility/08-09 dated 14thOct 2009) Annexure -I.


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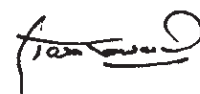
- 3.2 CWC also extends credit facility to large private institutional customers. CWC raise monthly bill whereas customers make due payment within 15 days of receipt of the bill. (Refer circular no. CWC-CD/II-Credit Facility/08-09 dated 14th Oct 2009) Annexure -I.
- 3.3 In case of small private customers, bills are raised at the time of delivery of stocks and their stocks are released upon making due payment as per the bills raised.
- 3.4 Some of the regular private customer maintains Security Deposit (SD) against which credit facility is allowed to them to the extent of Security Deposit.

Note: CWC does not allow credit of more than 30 days to any customer.

- 4.0 **Current status of debtors:** CWC is having a total debtor of Rs.682.82 crore as on 31.10.2019, out of which Rs.43.80 crore is outstanding for more than 10 years and Rs.138.62 crore is outstanding for more than five years but less than ten years. Balance Rs.500.40 crore is outstanding for less than five years. Customer-wise age-wise debtor details are placed at **Annexure-II**.
- 4.1 Major outstanding dues are against FCI, State Civil Supplies Corporations & Customs.
- 4.2 One of the reasons for outstanding against FCI is deductions by FCI offices, without following extant instructions issued by FCI Headquarters, New Delhi or laid down procedures of deductions. At times the FCI offices makes recoveries after several years which makes it difficult for CWC to analyse correctness of such recoveries ,as retrieval of old records is very difficult.
- 4.3 In some of the cases, the storage and transit losses incurred above the norms prescribed by the Ministry / FCI are not acknowledged/ accepted by Warehouse and Regional Managers of CWC. They continue to show such losses to be recovered from depositors in debtors, instead of investigating and taking appropriate action against the defaulting officials. They also delay in writing off such bad debts.
- 4.4 In case of State Civil Supplies Corporations (SCSCs), major outstanding is due to deduction for storage losses beyond 0.35 % (as allowed to them by the Ministry in the cost sheet for DCP states). SCSCs do not follow the storage loss norms prescribed by Ministry of CAF&PD for FCI. Further, SCSCs do not make the payment of storage charges as per bills raised. CWC raises bill as per rates applicable for FCI as fixed by the Ministry. However some SCSCs do not pay as per the FCI rates and they take considerable time to approve storage charges / tariff. At times the revision in rates is from prospective dates as well as at lower rate than the storage charges at which CWC has levied SCSCs particularly.
- 4.5 Bills against Customs are raised as per the public tariff revised by CWC from time to time (generally from 1st April every year). However, the Customs office takes their own time in revision of the rates and thus the debtors against Customs keeps on mounting.

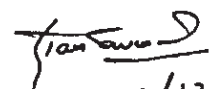

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- 4.6 **Lack of monitoring and follow up:** Majority of outstanding, other than the government customers, FCI, SCSCs, NAFED, etc, is due to lack of pursuance and decision making at Regional level. There is also lack of co-ordination among the regional officers, like, warehouse manager, accounts in charge, business and technical heads. Investigations are carried out very late.
- 5.0 CWC has made provision for bad and doubtful debts of Rs.271.45crore (cumulative) as on 31stMarch'2019 against aforesaid debtors. Such huge provisioning is mainly due to the reason that RMs are not processing writing off/writing back the amount which is not recoverable due to genuine storage losses and damages beyond norms, wrong billing, debtors referred to BIFR, genuine claims made by customers, etc.
- 6.0 Provisions for bad and doubtful debts are created at the time of closing of Accounts as per internal guidelines and accounting policies of the CWC. But the organization which has policy of declaring bad debt and writing off/writing back, will definitely become sick and finally closed, if it does not have the policy of debt recovery management policy in place. Though provisions exist at places, all these require to be made part of the policy for the knowledge and seriousness of one and all involved in the process.
- 7.0 In order to ensure that debtors are converted to cash within the permitted credit period, as per extant agreement and policies, like, (i) Credit Policy, (ii) Debt Management Policy and (iii) Debt Recovery Management Policy placed at Appendix- I, II and III respectively have been prepared.
- 8.0 Key personnel of region, i.e. Warehouse Manager, Business and Technical head, Accounts-in-charge of the region shall be jointly accountable and responsible for compliance of aforesaid policies. Regional Manager will closely monitor the status of debtor position, say at each week end. RM will take appropriate administrative action against the defaulting staff and officer, who fail to take action as per aforesaid policies.
- 9.0 HODs at Corporate office will monitor the debtor position and review the action taken by regional officer including of RM. They will ensure that defaulting officers are served show-cause notice and responsibility is fixed up at appropriate level.
- 10.0 Relevant clauses of credit policy, Debt Management Policy and Debt Recovery Management Policy will be inserted at appropriate say footnote of bill/invoice document, agreements, ISO document, MTD, circulars, Delegation of Power, etc, so as to implement these policies in right perspective.
- 11.0 The Ministry has fixed a MOU target of 69 days for trade receivable. As of now, it is 105 days. CWC suffers from delayed payments as well crores of rupees due to various defaults and inaction at CWC and customers level.



CREDIT POLICY

- 1.0 Central and State Government customers i.e. Railways, Customs, SCSCs, Airport Authority of India, FCI, MMTC, CCI, GAIL, etc and co-operative societies i.e. NAFED, KRIBHCO, IFFCO, etc, may be allowed the monthly billing facility, with a credit period upto 30 days. Such customer shall make payments within 30 days of receipt of bill.
- 2.0 Large private institutional customers shall be allowed monthly billing facility with a credit period upto 15 days. Such customer shall make payments within 15 days of receipt of bill.
- 3.0 Monthly bill shall be made and forwarded to respective customer, strictly as per terms and conditions of agreement/ arrangements / ISO document and billing cycle.
- 4.0 Regional Manager shall be the competent authority to allow monthly billing facility /change in credit period, to any customer based on their specific request, after recording reasons.
- 5.0 Small private customer shall be allowed to take delivery of stocks upon payment of the due bill. However, they may be allowed credit facility against Security Deposit to the extent of SD. Where the credit is allowed against SD, the same shall not be adjusted against any bill. Such SD shall be refunded only after due fulfilment of the agreement or otherwise forfeited as per the case.
- 6.0 Where monthly billing facility is not allowed, the bill shall be raised on delivery of stocks or renewal of warehousing receipts. All bills shall be realised before renewal of warehousing receipts or delivery of stocks. No warehousing receipt shall be renewed without realisation of previous bill.
- 7.0 Where stocks are sold by the depositor to another party while stock is still in the storage, such stock shall be transferred in the name of the buyer only after up-to-date payment of warehouse charges of such stock transfer.
- 8.0 As part of KYC (Know Your Customer) initiatives, necessary documents shall be obtained from all customers, except Govt. organization. No credit facility shall be allowed to a customer who has not complied with KYC requirements, as per their applicability, i.e. (a) PAN (b)TAN (c) GST Number (d) Cancelled cheque (e) Address proof (f) Aadhaar (g) photo identity proof (Voter Id, driving license or any other photo identity card issued by Govt. Organizations or statutory authority.)

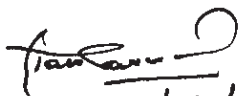

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- 9.0 Warehouse Manager, Business Head, Technical Head and Accounts-in-charge, all shall ensure that bills are raised as per the laid down schedules in the agreement/ arrangement with the depositor. Booking of income is done as per accounting standard/accounting policy of CWC. Timely raising of bill is necessary keeping in view the provisions of GST Act and Income Tax Act, which otherwise is a punishable offence. Aforesaid officers and in- charges shall be held responsible for wilful delay/default, in raising due bill against the customer (Circular No. CWC/FD/Rec/Outstanding/2019-20 dated 08.11.2019 - Annexure - III).
- 10.0 Bills shall be raised at the rates as agreed by the customers, based on agreement/arrangement with the customers. Where higher rates are under negotiations/pursuance/not decided with customers, only a demand note shall be issued for the differential amount. Tax invoice for the differential amount should be raised & accounted in books of account, only after finalisation of the revised rates.
- 11.0 No credit facility shall be allowed beyond the agreed credit period against any stocks under storage except as otherwise approved by Regional Manager with recording specific reason.
- 12.0 In case of delay in payment, simple interest @12% per annum shall be realised from all customers, beyond the permitted credit period. A demand note, for the accrued interest amount along with applicable GST shall be raised against all defaulting customers for the delayed period on monthly basis. The Interest amount shall be accounted in the books, only after realisation of the interest amount.
- 13.0 Payments shall be accepted through digital mode only. In exceptional circumstances, payment can be accepted through demand draft or pay order.
- 14.0 Regional Manager shall review billing and credit policies, periodically. RM shall ensure that there is neither any wilful delay nor default of any officials in billing nor there is any deviation in implementation of these policies. Failure to monitors aforesaid matter may attract appropriate disciplinary action at defaulting level.

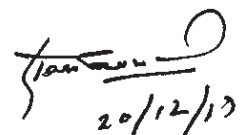
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DEBT MANAGEMENT POLICY

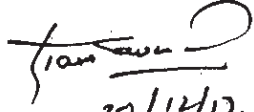
- 1.0 Warehouse Manager, Business Head and Accounts-in-charge of the region and Regional Manager shall be jointly as well as individually, say, directly responsible for Review of debt position, Monitoring, coordination, meeting & communication with depositors and realisation of debts in time.
- 2.0 Officers at S.No. 1.0 above shall ensure that storage losses beyond norms or damages during storage recovered by depositors, wrong billing, debtors referred to BIFR, genuine claims made by the customers for deficiency in service, etc, are analysed and written off as per delegation of powers. In all such cases, RM shall ensure that responsibility is fixed as per the prevailing rules and instructions, for the default which caused such loss of Income.
- 3.0 Officers at S.No. 1.0 above shall ensure that no excess bill is made which cannot be realised, because it entails financial outgo on account of GST, income tax, dividend, etc. otherwise recovery shall be made from officers/staff, who has made wrong bills.
- 4.0 Each warehouse manager shall issue statement of outstanding amount to his/her debtors on monthly basis and follow up deposit of the due amount on regular basis by way of email and letters.
- 5.0 Officers at S.No. 1.0 above shall maintain full and accurate records of all recovery related action taken report (ATR) and details of communications with debtors with regard to the outstanding debtors for verification at the time of inspection /internal audit, etc.,
- 6.0 RM shall submit bill wise details of action taken for realisation of any debt outstanding for more than three months, on monthly basis to CO.
- 7.0 The Accounts in-charge shall ensure that the reasons for non-recovery/balance against each outstanding bill, which is more than three months old is recorded in Tally-ERP without fail in unambiguous manner on monthly basis, on the basis of the information provided by the Business head/RM.
- 8.0 It shall be the Joint responsibility of RM, Business head and the Accounts in charge to ensure that amount received from the customer is not kept as "On Account" for more than one month. Amount remitted by the customers should be accounted against relevant invoice, without fail.


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- 9.0 The Accounts in-charge of RO shall submit bill wise outstanding statement every month on or before 7th of the subsequent month to the Business head and RM.
- 10.0 RM shall ensure fortnightly or monthly bilateral meetings are held with the major customers. Agenda of such meeting are submitted to the customer, with a copy to the corporate office at least one week in advance. Minutes of Meeting (MOM) are issued and action is taken accordingly.
- 11.0 Wrong or inappropriate recoveries on account of storage losses, transit losses, less gain etc., by the depositor should be investigated, analysed and findings thereof shall be recorded in Tally ERP as per clause 7.0 above against each such bills, by clearly indicating the reference no. of the statement of storage losses (29.10 statement) Transit Loss statement in support of CWC stand against such recoveries. Such statements/ documents should be kept ready at all times for checking by the inspection squad/internal audit.
- 12.0 Responsibility, for losses beyond the norms, should be fixed against the defaulting officials immediately on its finding under intimation to CO.
- 13.0 Where any recovery is made by the depositor for the losses within the norms agreed with the respective depositors, the due action should be taken by the concerned official including RM; to recover the amount as per "Debt Recovery Policy" shall be taken.
- 14.0 If any recovery has been made by the depositor on account of failure of obligations of any CWC contractor e.g. transit losses, demurrage, wharfage, diversion charges, etc., the Regional Manager shall issue a "Show Cause Notice" to the contractor immediately and deduct the amount as per the terms and conditions of the contract from bills of the contractor. Such amount shall be immediately adjusted in the debtor ledger against the deductions made by the depositor. In case, it is found at any subsequent stage that the deductions made by the depositor was not due to the fault of the contractor, the amount refunded by the depositor should be refunded to the contractor.
- 15.0 Duties and Responsibilities of Officers in the Recovery Cell of CO, New Delhi
- 15.1 Recovery Cell at CO would be responsible for monitoring of outstanding dues and make all efforts that the outstanding is within the MOU norms.
- 15.2 Recovery Cell of the CO shall compile the region wise/ bill wise debtor's position from ERP-Tally every month and submit the same to Head of Recovery Section, Head of Commercial Division, Director (Finance), Director (M&CP) and Managing Director or before the 7th of the subsequent month.
- 15.3 Recovery Cell shall review the debtors outstanding for more than three months and pursue for the reasons for outstanding with the Regional Managers.


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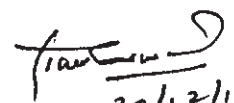
- 15.4 They shall ensure that the warehouse manager and the concerned officers of Regional Offices have taken adequate steps as per the debtor policy and debt recovery policy to realise the dues where the outstanding is more than three months. The cases of non-compliance of any of the item in the debtor policy and debt recovery policy shall be brought to the notice of the management by them on monthly basis.
- 15.5 They shall ensure that a uniform accounting system of recording accounting entries in the books is followed by all the regions in respect of debtors and the books of accounts reflects correct picture of the outstanding dues.
- 15.6 The Status of debtor indicating age-wise and depositor-wise details, action taken for their realisation and status of debts written off during the quarter shall be placed before the Audit Committee in every Audit Committee Meeting.
- 15.7 Recovery Cell shall coordinate with all regional Offices for review of the amounts which are unrealisable and required to be written off as per the Revised DOP and Guidelines for Write off of Doubtful Debts dated 12.12.2018. (Annexure –IV)
- 16.0 The Corporate office shall randomly select five (05) outstanding bills per month per region and send the inspection squad or internal audit to check the reason for such outstanding, veracity of reason stated in the ERP Tally, action taken for recovery, etc., based on documents to be produced by the RO to such inspection team and shall initiate appropriate action required, if any.
- 17.0 Heads of Recovery Section and Commercial Division shall be, jointly as well as individually, responsible to monitor debtor's position at the Corporate Office level.
- 18.0 Wherever officers at S.No. 1.0 fails to raise and realise bills as per the credit policy, debt management policy and debt recovery management policy, requisite administrative action shall be initiated against the defaulting officers for recovery of financial loss suffered by CWC.
- 19.0 Status of debtors, indicating age-wise and depositor-wise details, action taken for their realisation and status of debts written off / written back, during the Quarter shall be placed before the Audit Committee in every Audit Committee Meeting.
- 20.0 Reporting officers, cited at Clause 1.0 above, should fix the targets / KRA, for realisation of debts, as part of their Annual performance evaluation in APAR.


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DEBTS RECOVERY MANAGEMENT POLICY

1.0 Officers responsible for realisation of debts should pursue with customers for timely payment of the bills. They will take following actions positively, in case of a delay in payment by any defaulting customer:-

- (i) They shall ensure that there is no dispute between CWC and the customer. Correct bills are raised. Regional officer will, at the same time, analyse and take appropriate action to resolve the genuine concern, if any, of the customer.
- (ii) In case intervention of the Corporate Office is required for resolution of a genuine concern of any customer, the issue shall be referred to HOD of the Commercial Division who in turn shall analyse the issue / problem and communicate the decision of the Corporate Office, within 15 days of receipt of issue, with the approval of the competent authority.
- (iii) In case, a payment is delayed by any customers beyond the credit period allowed to them, a notice / reminder shall be issued to the customers on expiry of the credit period, with specific instructions to make due payment within **10 days** alongwith interest @12% per annum.
- (iv) In case of non-payment even after the first notice, **a second notice** shall be issued after **10 days of first notice period**, for making due alongwith interest @12% per annum upto the date of payment. The said notice shall clearly indicate that if the payment is not made, CWC would exercise its Bailee rights, including stoppage of delivery transaction or auction of goods to recover storage charges.
- (v) Where the payments are not received even after the Second Notice, **a third and final notice** shall be served after **10 days of date of second notice**, clearly stating that delivery of stocks of the defaulting customer shall be stopped exercising Bailee rights and the stocks shall be released only upon payment of due amount, alongwith interest. Bailee rights shall be exercised by the concerned Warehouse Manager. No stock shall be released to the defaulting customer, if their payment is overdue for more than 30 days from the schedule date of payments, even after three reminders / notice.
- (vi) A show-cause notice for eviction under Public Premises (Eviction of Unauthorised Occupants) Act-1971 shall be issued by the Estate Officer, in case the amount is due


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for more than sixty days. If the amount is not remitted even after the show cause notice, the requisite action to evict the occupant from the warehouse and dispose off the goods left by the occupant as per the procedure prescribed in the Act.

- (vii) In case the amount realised from the goods left by the occupant is not sufficient to cover the debts against the depositor, a civil suit should be filed in the appropriate Court, NCLT/Civil Court of competent jurisdiction for realisation of the outstanding amount.
- (viii) All concerned officer shall follow "Zero Tolerance" policy in the matter of debt recovery and ensure timely action in realisation of the outstanding dues.
- (ix) RM may permit delivery of stocks, under special circumstances and in the overall business interest of CWC but only after positive response of the customers. RM can allow delivery upto a maximum default of another 30 days. Thereafter, CO permission will be required. All such cases shall be intimated to corporate office in the monthly report.
- (x) Where the debts are not realised as per the due process stipulated in credit policy, debt management policy and debt recovery management policy, action will be taken against the defaulting officers and staff. Regional Manager shall fix up responsibility for the same at appropriate level, i.e. Warehouse Manager, Business Head and Accounts-in-charge of the region,

Note-1: Relevant action shall be taken in case of all bills raised w.e.f. 1st April'2019 onwards of the currency financial year.

Note-2: All old genuine bills shall be identified for issue of three reminders @10 days each.

Note-3: All bills, which need to be reviewed for revision / write off for raising wrongly, due to any reasons whatsoever shall be reviewed and set right within the next 30 days of issue of the wrong bills if any.

- 2.0 Where the customers have a grievance against the decision of warehouse manager or regional manager for exercising the Bailee rights, the customer can raise his grievance to the Head of Commercial Division of Corporate Office who may permit the delivery of stocks, pending a decision on the grievance of the depositor and in the overall business interest of the CWC.
- 3.0 However, Warehouse Manager, Business Head and Accounts-in-charge of the region and Regional Manager shall not stop delivery of stocks, if the customer has made recovery on

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account of wrong billing, storage / transit losses beyond norms, damages, etc. necessary action shall be taken to set right the bill.

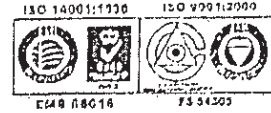
- 4.0 In all such cases, where it is established that customers have made recovery from bills or withheld part of bill for reasons attributable to CWC, appropriate administrative action would be taken against the erring officers.
- 5.0 Adequate provisions for bad and doubtful shall be made in the respective financial year where a dispute has been raised by a customer, for the amount which can neither be realised nor written off due to pending conciliation process with the depositor.
- 6.0 In case any customer has invoked the dispute resolution mechanism for resolution of any dispute, the regional office and corporate office shall make every effort to ensure that dispute is resolved expeditiously by following the process laid down in the agreement.
- 7.0 All out efforts shall be made to get outstanding dues realised in backward directions, i.e. outstanding amount of 2019-20 upto last month, then, dues of F.Y. 2018-19, and thereafter in descending order i.e. 2017-18, 2016-17, ... etc.
- 8.0 The above policy shall be applicable to all customers.

Sanjay
20/12/19



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CENTRAL WAREHOUSING CORPORATION
(A GOVT. OF INDIA UNDERTAKING)



SPEED POST

No.CWC-CD/II-Credit Facility/08-09

14th Oct., 2009.

The Regional Manager
Central Warehousing Corporation
Regional Office
~~AHMEDABAD/BANGALORE/BHOPAL/BHUBANESWAR/~~
~~CHENNAU/CHANDIGARIH/DELHI/GUWAHATI/HYDERABAD/~~
~~JAIPUR/KOCHI/KOLKATA/LUCKNOW/MUMBAI/NAVI~~
MUMBAI/PATNA/PANCHKULA.

Sub: Credit facilities to the depositors and acceptance of cheque - regarding.

Sir,

The credit facility for payment of storage and other charges on the bill basis has been allowed to the Govt. and Govt. sponsored organizations and bulk depositors earlier and delegation had been given to the RMs alongwith the guidelines. The same has been reviewed, as the Corporation is facing competition from private warehouses. It has been decided that for this purpose the depositors may be classified in two categories:-

- R. Singh
18/10/09
- Government Depositors i.e. Central and State Govt. Deptt., Govt. sponsored organization, Central and State Govt. Undertakings and Cooperative Societies.
 - Private Depositors i.e. Bulk depositors, shipping lines and custom house agents.

However, the credit facility should not be extended to small/petty depositors. In this regard, the guidelines are as under:-

A. GOVERNMENT DEPOSITORS

Depositors such as Govt. Agencies/Public Sector Undertakings (PSUs), Cooperative Societies (IFFCO, KRIBHCO, NAFED etc.) may be allowed billing/credit facilities and payment may be collected through cheque.

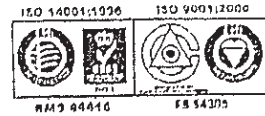
B. PRIVATE DEPOSITORS

There should not be any credit facility to small private depositors and payment should be collected through local demand draft/pay order only.

However, bulk depositors, shipping lines, custom house agents and reputed public/pvt. limited companies may be extended with credit facility on reservation basis only as mentioned below:-



CENTRAL WAREHOUSING CORPORATION
(A GOVT. OF INDIA UNDERTAKING)



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B.1 Regular Private Depositor

The regular bulk depositors who have always made payment on time and never defaulted and their cheques have not been dishonoured/defaulted in the past.

B.2 New Private Depositors

Before allowing any credit facility, the credit worthiness of the depositor should be obtained from their bankers in writing. The personal assessment of the depositor relating to their reputation be done by the RM.

B.3 Reputed Limited Companies/Firms:

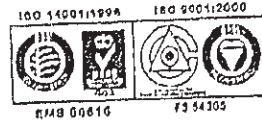
The credit facilities may be extended to reputed Limited Companies. The personal assessment of the party may also be done by RM on the basis of their annual accounts.

The credit facility to the depositors is subject to following conditions:-

1. The credit facility limit for each depositor may be fixed by RM on case to case basis. However, this limit should have the ceiling of 10% of value of depositors stock holding or Rs.10 lakh in case of ICD/CFS and Rs.5 lakh in case of general warehouses, whichever is less, limited to maximum of one month billing. However, the value of stocks in the warehouse of such depositors should not be less than billing amount.
2. The credit facility should be reviewed at the end of each financial year to ensure that the party has never defaulted in making timely payment of their dues or in realization of their cheques.
3. The credit worthiness may be verified by obtaining necessary solvency/credit worthiness certificate from depositor's Bank.
4. It should be ensured that full dues of the Corporation are realised before the final delivery is affected. The payment should be taken through local DD/pay order before allowing final delivery.
5. The post-dated cheques should not be accepted from any depositor except upto the period of credit facility extended to them. Outstation cheques should not be accepted at any cost.



CENTRAL WAREHOUSING CORPORATION
(A GOVT. OF INDIA UNDERTAKING)



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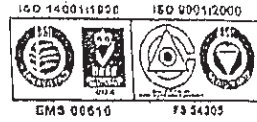
6. In case of sole proprietorship firm, cheques should be signed by the proprietor. Specimen signature of the proprietor should be available on record of the concerned warehouse and signature on cheque should be verified before accepting the cheque.
7. Credit facility should be withdrawn in those cases where the payment is not received within the permitted credit period after giving proper notice.
8. Where the cheque received from depositor has been dishonoured, proper and prompt notice is to be served on depositor. The subsequent payment from such depositor should be realized only by cash or local DD. Besides, credit facility should be withdrawn immediately and this facility should not be extended to the party in future.
9. In case the depositor availing of credit facility fails to make the payment within the stipulated period, the interest should be charged @ 18% per annum for the period of delay. This shall be made clear to the depositor concerned well in advance in writing while conveying terms of credit facility at the time of depositing stocks.
10. While allowing the credit facilities, there should be adequate reasons and justification to be recorded in file by RM.
11. **CREDIT PERIOD**
 - 11.1 **Govt./PSUs/Cooperative Societies**

Credit period to the Govt./PSUs/Cooperative Societies may be extended upto maximum period of one month.
 - 11.2 **Private Depositors**

Credit period to the Private Depositors may be extended upto maximum period of 15 days.
12. Proper order should be issued by RM informing the detailed terms of the credit facility to the depositor and copy to concerned Warehouse Manager and RO Accounts Head.
13. Proper records of credit facility should be maintained by RM in a separate register with details as per Annexure-I.



CENTRAL WAREHOUSING CORPORATION
(A GOVT. OF INDIA UNDERTAKING)



:4:

14. RM should ensure routine monitoring of the realization of dues in respect of the credit facilities being extended by him to various depositors to safeguard the interest of the Corporation.

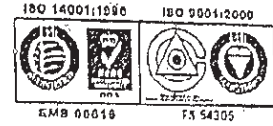
With a view to avoid loss to the Corporation on account of bouncing of cheque etc., it may be ensured that:-

- i) The name, address and phone/mobile number of depositor should be written at the back of cheque as well as in the Register being maintained at Warehouse/RO level.
- ii) Strict monitoring be done by WHM and RM for receipt of cheques.
- iii) In case of bouncing of cheque, no credit facility be allowed to any user, whose cheque has bounced for whatsoever may be the reason.
- iv) In case of bouncing/dishonouring of cheques, strict, prompt & appropriate action as envisaged in the Negotiable Instruments Act may be initiated by the Warehouse Manager/Regional Manager within time limit including presentation of cheque to the bank once again if so requested by the party as required under the Negotiable Instruments Act. Necessary documents such as copy of the confirmation of storage arrangements/bill raised, cheque return memo from Bank etc. may be preserved/kept under safe custody for providing evidence in the Court of Law, if required.
- v) Warehouse Manager should forward copy of the above documents alongwith necessary details to the Regional Manager by speed post/courier to avoid delay in lodging claim.
- vi) The name, address, area, activity e.g. Bonded/CFS/General use and other particulars of the depositors whose cheques have been dishonoured, besides withdrawing the credit facility should also be immediately circulated by the concerned Regional Manager to all other Regional Managers with a copy to Corporate Office for stopping delivery of the defaulting depositor in other Regions.

Please acknowledge the receipt and advise all concerned within the Region under your control for information and strict compliance.



CENTRAL WAREHOUSING CORPORATION
(A GOVT. OF INDIA UNDERTAKING)



:5:

This supersedes our earlier letter No.CWC-BD/XVI-Credit Facility/72 dated 23.6.79 and 10.10.87 as well as CWC-CD/II-Credit facility/07-08 dated 21.8.07, 19.9.07 and 10.10.07.

Yours faithfully

(O.P. BHARATI)
GENERAL MANAGER(COM.0)

Copy to:-

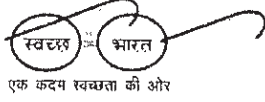
1. All HODs, CWC, C.O., New Delhi.
2. DGM(Inspection), CWC, C.O., New Delhi.
3. AGM(IA), CWC, C.O., New Delhi.
4. PS to MD/D(Fin)/D(Per.)/D(MCP), CWC, CO, New Delhi.

CENTRAL WAREHOUSING CORPORATION
(A GOVT OF INDIA UNDERTAKING)

STATEMENT SHOWING DEPOSITOR WISE AGE WISE OUTSTANDING AS ON 31-10-2019
(RS IN LAKHS)

(All)

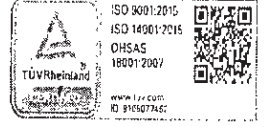
DEPOSITORS	Opening Balance	Billing During the Month	Bills Realised During the Month	Amount Written back/ Written off during the month	Total OIS at the End of the Month	UR Adjusted Ad hoc	F.Y. 19-20	F.Y. 18-19	F.Y. 17-18	F.Y. 16-17	F.Y. 15-16	F.Y. 14-15	More than five years but less than 10 years old	More than 10 Yr Old
FCI	36422.75	5808.54	6480.26	0	35751.03	1060.55	9152.27	2374.92	2099.45	3554.02	2887.88	3200.87	10047.72	2433.92
State.civil supp.corpn.	13286.17	1622.32	1393.66	0	13514.83	0	4324.46	2295.54	2277	1271.03	769.95	558.26	1905.58	112.99
pvt.parties others	3672.37	6006.29	5904.95	0	3773.71	0	1792.73	349.98	496.03	188.6	216.96	52.64	317.98	358.78
Strategic alliances	3414.98	230.74	202.3	0	3443.42	0	122	153.95	952.38	910.32	558.39	163.55	356.58	226.25
Central Govt. others	2907.59	687.2	665.6	0	2929.19	0	1453.2	472.83	207.36	162.94	152.29	77.59	163.68	239.31
Customs	2770.5	107.03	198.07	0	2679.46	0	434.44	441.4	431.63	318.38	252.27	238.02	222.04	341.28
NAFED	2521.73	607.28	798.11	0	2330.9	0	1583.95	299.86	333.94	46.14	2.14	9.44	14.63	40.8
State Govt.-Others	2054.05	274.82	117.54	0	2211.33	0	847.56	285.73	247.53	337.37	82.03	154.06	158.11	98.94
BIFR/Court referred	838.32	0	0	0	838.32	0	4.47	0	0.8	12.43	4.96	0	481.66	334
IFFCO	508.79	95.73	38.21	0	566.31	0	255.94	25.65	38.83	21.58	13.04	11.53	100.1	99.63
CMSS	442.74	87.53	69.03	0	461.24	0	238.54	63.19	13.29	79.29	22.68	44.25	0	0
RCFL	274.33	66.09	39.05	0	301.37	0	98.17	22.46	42.81	33.11	14.16	15.44	57.98	17.24
CCI	312.48	126.75	178	0	261.23	0	154.38	59.9	7.14	7.2	18.93	0.75	8.62	4.29
GOVT.FERT.-Others	170.26	27.62	11.2	0	186.68	0	92.47	7.62	12.3	9.68	2.36	7.31	18.84	36.12
NFL	53.22	6.84	8.35	0	51.71	0	8.06	0.03	2.35	0.46	0.01	0	8.55	32.25
MMTC	49.68	0.33	8.18	0	41.83	0	0.95	10.87	4.52	19.48	0.3	0.01	0.88	4.82
Grand Total	69699.96	15755.11	16112.51	0	69342.56	1060.55	20563.59	6863.93	7167.36	6972.03	4998.35	4533.72	13862.95	4380.62



केन्द्रीय भण्डारण निगम

(भारत सरकार का उपक्रम)

Central Warehousing Corporation
(A Government of India Undertaking)



No.CWC/FD-Rec/Outstanding/2019-20

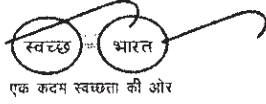
Dated: 08.11.2019

Sub: Raising of bills for Warehousing & Insurance Charges – Reg.

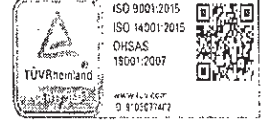
Reference is made to GM (Fin) letter No. CWC/FD-Rec/CMSS/2019-20 dated 16.9.2019, Dir (Fin.) letter No. CWC/FD/REC/OUTSTANDING/2018-19 dated 26.09.2019 and MD letter No. CWC/Sr.PA-MD/2019 dated 03.10.2019 on the issue of billing and realization. Now, it is learnt that bills regarding warehousing (storage) / insurance charges are not being issued / raised by the Regional Offices / Warehouses on regular basis in certain locations. Raising bills irregularly is also not in accordance with agreement between Corporation and Customer. Non-issuing of bill in time, leads to incorrect financial picture of the Corporation.

2. Many services provided by the Corporation, fall in the category of taxable services under the Goods & Services Tax Act, 2017. As per the provisions of Sec 31(2) & 31(5) of the GST Acts, 2017 read with Rule 47 of the Central Goods & Services Tax Rules, 2017 (the Rules), the services provided by the Corporation is continuous supply of service for which invoices / bills must be issued on monthly basis / as per periodicity (or on completion of the supply of services) as per the agreements / contracts. Non-compliance of these provisions amount to financial indiscipline and attract penal action under the provisions of Sec-122(1) & 150 of the GST Acts, 2017. This kind of omission is also inconsistent with the provisions of Income Tax Act, 1961 and may also invite stringent penalties.

3. In view of the above, all the Regional Managers are once again advised to review the billing system in their Region and ensure that the bills are raised in time for the supplies/services by the Corporation as per agreement with the depositors. Raising of correct bill on the due date is the primary responsibility of the concerned WHM, However, Business Head, Accounts Incharge and the




केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)
Central Warehousing Corporation
(A Government of India Undertaking)



- 2 -

RM's are also equally responsible to ensure that the bills are raised on the due date for the correct amount and are realized in time. Raising of bill and booking of income should be as per accounting standard/accounting policy of the Corporation.

Issued for strict compliance.

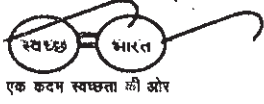

(S. Charles)
Director (Finance)

Distribution:

1. All Regional Managers, CWC, Regional Offices
2. All Accounts Incharges / Business Head, CWC, Regional Offices
3. All HODs, CWC, CO, New Delhi

Copy to:

1. PS to MD / PS to Director(Personnel)
2. GM(System) – with a request to place this Circular on CWC's Website.



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)

Central Warehousing Corporation
(A Government of India Undertaking)



No.CWC/FD-Rec/Outstanding/18-19

12.12.2018


All Regional Managers
Central Warehousing Corporation
Regional Offices

Subject: Revision of Delegation of Power (DOP) for write off and policy framework/ guidelines for write off of bad debts.

Sir

Enclosed please find the revised Delegation of Power for write off (Annexure-I) and the Policy framework/guidelines for write off of bad debts (Annexure-II) for your perusal and necessary actions.

2. You are, therefore, requested to write off the bad and doubtful debts as per the policy approved by BoDs within your revised DoP. In case the debts exceed your DOP, the case should be referred to the concerned division of the Corporate Office alongwith the specific recommendation for obtaining the approval of the competent authority.


(R R Aggarwal)
GM (Finance)

Encl: as above.

Copy to:

GGM (Personnel) : For information and necessary action please.

Annex - I

REVISED DOP FOR SANCTION OF WRITE OFF OF BAD AND DOUBTFUL DEBTS

S.No.	Subject Matters	DIR	GM	DGM	Remarks
21.0	Write off of Debts/ Claims payable by customers in respect of storage charges, marketing facilitation charges or any other dues including BIFR cases, which is due to the Corporation but not able to recover, in respect of: (i) Central Government/ State Government or their agencies (ii) Cooperative Societies (iii) Private undertaking, institutions, individuals	Up to Rs. One Crore in each case Upto Rs. Thirty Lakh in each case Upto Rs. Twenty Lakh in each case	Up to Rs. Fifty lakhs in each case Upto Rs. Twenty Lakh in each case Upto Rs. Five Lakh in each case	Up to Rs. Twenty lakhs in each case Upto Rs. Ten Lakh in each case Upto Rs. One Lakh in each case	Each case means the amount to be written off in respect of a depositor in respect of any one warehouse during a period of one year.
21 A	Compensation to depositors on account of storage losses/ transit losses/ damages etc. (i) Where responsibility has been fixed but whole amount could not be recovered. (a) Central Government/ State Government or their agencies	Full Powers	Up to Rs. Fifty Lakh in each case	Up to Rs. Twenty Lakh in each case	-Do-

[Signature]
12/12/18

	(b) Co-operative Societies	Upto Rs. Thirty Lakh in each case	Upto Rs. Twenty Lakh in each case	Upto Rs. Ten Lakh in each case	
	(c) Private undertakings, institutions and individuals	Upto Rs. Twenty Lakh in each case	Upto Rs. Five Lakh in each case	Upto Rs. One Lakh in each case	
	(ii) Where responsibility cannot be fixed				
	(a) Central Government/ State Government or their agencies	Upto Rs. Fifty Lakh in each case	Upto Rs. Thirty Lakh in each case	Upto Rs. Twenty Lakh in each case	
	(b) Co-operative Societies	Upto Rs. Thirty Lakh in each case	Upto Rs. Twenty Lakh in each case	Upto Rs. Ten Lakh in each case	-do-
	(c) Private undertakings, institutions and individuals	Upto Rs. Twenty Lakh in each case	Upto Rs. Five Lakh in each case	Upto Rs. One Lakh in each case	
21 B	Compensation to depositors on account of losses due to flood, fire, theft etc.:- (i) Where insurance claim has been lodged and concluded. (Difference of claims paid to depositors and amount realised from insurance)				
	(a) Central Government/ State Government or their agencies	Full Powers	Up to Rs. Thirty Lakh in each case	Up to Rs. Twenty Lakh in each case	

[Signature]
12/12/10

	(b) Co-operative Societies	Upto Rs. Thirty Lakh in each case	Upto Rs. Twenty Lakh in each case	Upto Rs. Ten Lakh in each case	-do-
	(c) Private undertakings, institutions and individuals	Upto Rs. Twenty Lakh in each case	Upto Rs. Five Lakh in each case	Upto Rs. One Lakh in each case	
	(ii) Where no insurance claim has been lodged.				
	(a) Central Government/ State Government or their agencies.	Upto Rs. Fifty Lakh in each case	Upto Rs. Thirty Lakh in each case	Upto Rs. Twenty Lakh in each case	
	(b) Co-operative Societies	Upto Rs. Thirty Lakh in each case	Upto Rs. Twenty Lakh in each case	Upto Rs. Ten Lakh in each case	-do-
	(c) Private undertakings, institutions and individuals	Upto Rs. Twenty Lakh in each case	Upto Rs. Five Lakh in each case	Upto Rs. One Lakh in each case	
21 C	Compensation to depositors on account of deficiency in MF services/ PCS services etc.: -				
	(i) Where responsibility has been fixed but whole amount could not be recovered.				
	(a) Central Government/ State Government or their agencies	Full Powers	Upto Rs. Thirty Lakh in each case	Upto Rs. Twenty Lakh in each case	-do-

(Signature)
12/10/16

<p>(b) Co-operative Societies</p> <p>(c) Private undertakings, institutions and individuals</p>	<p>Upto Rs. Thirty Lakh in each case</p> <p>Upto Rs. Twenty Lakh in each case</p>	<p>Upto Rs. Twenty Lakh in each case</p> <p>Upto Rs. Five Lakh in each case</p>	<p>Upto Rs. Ten Lakh in each case</p> <p>Upto Rs. One Lakh in each case</p>	
<p>(ii) Where responsibility cannot be fixed</p> <p>(a) Central Government/ State Government or their agencies</p> <p>(b) Co-operative Societies</p> <p>(c) Private undertakings, institutions and individuals</p>	<p>Upto Rs. Fifty Lakh in each case</p> <p>Upto Rs. Thirty Lakh in each case</p> <p>Upto Rs. Twenty Lakh in each case</p>	<p>Upto Rs. Thirty Lakh in each case</p> <p>Upto Rs. Twenty Lakh in each case</p> <p>Upto Rs. Five Lakh in each case</p>	<p>Upto Rs. Twenty Lakh in each case</p> <p>Upto Rs. Ten Lakh in each case</p> <p>Upto Rs. One Lakh in each case</p>	<p>-do-</p>

POLICY FRAMEWORK/GUIDELINES FOR WRITE OFF OF THE BAD AND DEBTS

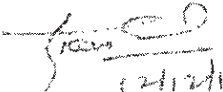
The Corporation is having very high level of outstanding dues which is a cause of concern. It is imperative on all incumbents in the Corporation to ensure that the bills raised by the Corporation on the depositors is realized with utmost priority as there is no earning till the bills are converted to cash. All the warehouse managers and Regional offices should endeavor to ensure that the bills are realized within the credit period allowed to the customers. In case of a delay in payment by the customers' efforts should also be made to realize interest for the delayed period as per the terms of the agreement or term mentioned in the Invoice/Bill.

In cases where the dues cannot be realized and debtors are considered doubtful of recovery, the following policy framework is to be followed for write off of the bad and doubtful debts.

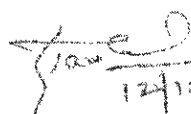
1. As and when a debt is considered doubtful of recovery, a provision for bad and doubtful debts should be made in books of accounts as per the accounting policy of the Corporation. While making a provision, the internal guidelines of the corporation on provisions for doubtful debts should also be kept in mind i.e.

Provision for doubtful debts and to be created in the following cases:

- (i) Debts from government depositors which are more than five years old.
 - (ii) Debts from private depositors which are more than three years old.
2. The regional managers shall ensure that a dispute resolution mechanism exist for each customer.
 3. In case of a dispute with any customer on the realization of dues, the regional manager shall invoke the dispute resolution mechanism with the respective customers. In all cases, where the debts are outstanding for more than six months, the dispute resolution mechanism should be invoked invariably.
 4. Besides invoking the dispute resolution mechanism, the Regional Manager should also ensure to take all necessary action to secure the realization of dues under the contract of bailment including exercising a lien on the goods deposited by the customers.


12/12/18

5. As soon as it is decided that the debts are not recoverable/ recovered, the process of reversal/ write off of the debts should be initiated by the regional managers as per DOP.
6. The write back of debts relating to warehousing operation, MF charges due to excess/wrong billing etc. should be made by way of credit note after the approval for the competent authority as laid down in the DoP 20.0 (Appendix - I) on the recommendation of a committee consisting of three officers which should include in charge of Finance Division and Commercial Division at RO level. The committee should provide complete details of the case in their report and state if the write back is due to excess/wrong billing, clerical mistake/oversight/application of wrong rates etc. The committee should also indicate the steps taken to avoid recurrence of such mistakes.
7. In case debts are required to be written off in accordance with the DOP, an investigation should be carried before write off to ascertain if the losses are due to theft, fraud or negligence of any employee since the debts are mostly secured as Corporation is having a lien on the stocks for realization of dues.
8. The Regional Manager should constitute a committee of three officers which should include in charge of Finance Division and Commercial Division at Regional office level to examine the write off proposal and give their recommendations. The recommendations of the investigating officers should be included in the committee report.
9. The committee should also report the process of the dispute resolution mechanism and its conclusion, if any in their report.
10. Where it is found in the investigation that the losses are due to theft or fraud, the Details of FIR and insurance claim lodged including the present status of the FIR and insurance claim should be included in the report.
11. In case the losses are due to negligence of any employee the details of disciplinary action taken against the employee and amount recovered if any, should also be indicated in the report.
12. The Committee report should be submitted as per the template enclosed as appendix -II.


12/12/18

13. The Regional Manager should write off the bad and doubtful debt/losses as per his delegation of powers. In case the debts/ losses exceed the DOP of Regional manager, the case should be referred to the concerned division of the Corporate Office along with specific recommendation of the Regional manager for obtaining the approval of the competent authority.
14. The Managing Director may constitute a committee for examination of the write off proposals at Corporate Office level. The committee at CO level should give their specific recommendation for write off by the competent authority.
15. It shall be ensured that the outstanding dues are written off within three years from the date on which it was considered doubtful of recovery.
16. All the cases which have been considered as doubtful of recovery but not written off within three years should be reported to the Standing Committee on Finance.
17. The Standing Committee on Finance will keep a watch on realization of debtors and the write off of the doubtful debts.

[Handwritten signature]
12/1-12

EXTRACT OF EXISTING DOP FOR SANCTION FOR WRITE BACK

S.No.	Subject matters	DIR	GM	DGM	AGM	Mgr.
20.0	Write back of amount outstanding includes Storage & Pest Control and other misc. claims relating to Warehousing Operations, MF charges due to excess/wrong billing		Subject to reporting to CO cases exceeding Rs. 3 lakhs in each case	Subject to reporting to CO cases exceeding Rs. 2 lakhs in each case	1 Lakh	50,000

for 12/1/17

Appendix - II

PROPOSAL FOR WRITE OFF OF RUPEES _____ FOR _____ (CASE DETAILS)

S. No.	Particulars	Findings of the Committee (along with supporting document)
1.	Name of the Depositors (whether Central Govt. and State Govt./PSUs/ co-operative society/ Private Party)	
2.	Amount involved: a. Outstanding in the books of Accounts b. Claims which are out of books of accounts	
3.	Complete details of the proposal for write off (enclosing therewith the correspondence with the depositor/party).	
4.	Details of investigation and recommendation of investigating officer (whether due to theft, fraud or negligence alongwith copy of investigation report.	
5.	Details of Bilateral meetings/dispute resolution mechanism alongwith outcome of the same.	
6.	In case the losses are due to theft or fraud: - (a) Whether any FIR lodged and present status of FIR (b) Whether any insurance claim lodged and present status of insurance claims	
7.	In case the losses are due to negligence of any employee, the details of action taken against the employees.	
8.	Details of legal action taken against the depositor, if any.	
9.	Details of withholding of stocks, if any, and if not withheld, reasons thereof.	
10	Remedial action taken if any to avoid recurrence of such incidence.	
11	Whether provision for doubtful debts exists and amount of provision already made.	
12.	Amount recommends to be written off	
13.	Recommendations of the Committee	
14.	Recommendations of the Regional Manager	

[Signature]
12/11/18