



Indian Institute of Technology
Hauz Khas, New Delhi-16
Store Purchase Section

Ref. IITD/SPS/2011/

Dept. S & P SECTION

Ref. No.: 20.11.....ISPS.....70



INDIAN INSTITUTE OF TECHNOLOGY DELHI
GOLDEN JUBILEE

Date : 20-Jan-2011

Sub : Import on FOB (Frigh on Board) in place of CIF (Cost Insurance Freight Prepaid)

A committee was constituted by the Dy. Director (Admin) to evaluate the performance of Customs Clearing Agent and also examine the pros and cons of importing items on FOB mode in place of CIF Mode under the chairmanship of Prof. S. K. Gupta, Ex- Professor In-charge Store Purchase Section. On the recommendation of the committee it has been decided by the Competent Authority to start importing on FOB mode (Freight On Board) since the institute was paying heavy demurrage on the imports on CIF (Cost Insurance Freight) basis. It has also been observed by the Competent Authority that there is substantial economical advantage for the Institute if imports are done on FOB basis and there will be no demurrage charge on account of delay in customs clearance.

The major advantage of importing on FOB are as under :

- Institute will bear the actual freight charge as per IATA rate (International Air Transport Association) with 42% discount from the Customs Clearing Agent.
- Additional Insurance charge will be paid by the institute which will cost around 0.125% of the item cost (Approx.)
- The Imported Items will be cleared from the Airport immediately without any demurrage charge.

In view of above all faculty members are requested to start importing on FOB basis in place of CIF. In case any Supplier insists for import on CIF, the same will be entertained but it will have the risk of demurrage on account of delay in customs clearance.

It has also been decided by the Competent Authority to evaluate the actual benefits of importing goods on FOB mode over CIF mode after a gap of 6 months.

Kalyan K. Bhattacharjee
Kalyan Kr. Bhattacharjee
Asst. Registrar (Stores)

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