



COCONUT DEVELOPMENT AUTHORITY FRESH COCONUT AUCTION RULES

1. These rules shall be cited as the Coconut Development Authority Fresh Coconut Auction Rules. This supercedes all rules, sub rules issued earlier in connection with Fresh coconut auction.
2. All Fresh Coconut Auctions shall be conducted under these rules by the Coconut Development Authority, hereinafter quoted as 'CDA'.
3. **AUCTION DAYS**
 - (a) The Chairman of CDA shall decide the dates and the location of the auction and it will be held under the strict supervision of the CDA.
 - (b) CDA will hold regional auction efficiently and effectively with a view to providing a better service to the industry.

AUCTION PARTICIPATION

4. Fresh Coconuts shall be auctioned by an employee / officer nominated by the CDA.
5. Buyers and Sellers at these auctions shall hold registrations with the CDA in any one or more of the following categories:
 1. Suppliers / Planters ;
 2. Buyers ;
 - i. Desiccated Coconut millers ;
 - ii. Coconut oil miller and shippers ;
 - iii. Copra manufactures and shippers ;
 - iv. Fresh Coconut shippers ;
 - v. Dealers in fresh coconuts and copra;
 3. Brokers
6. Fees, qualifications, terms and conditions and the procedure to be followed in respect of the above said registrations shall be as determined by the CDA, under the annual registration scheme of the CDA.
7. **SELLER'S CATALOGUE**
 - (a) **As the Coconut Auction is held on every Thursday of the week (except if it falls on a holiday), the Seller's catalogue giving particulars of coconuts for sale which are mentioned below should be forwarded to the CDA not later than 4.30 p.m. on every Monday of the week (except when it falls on a holiday).**
 - a) Date of sale ;
 - b) Name & address of seller;
 - c) Address where the coconuts are lying for collection;
 - d) Total quantity offered for sale, giving separately, the quantity of fallen nuts, if any ; Lot number and estate / mark / unit / division;
 - e) The dates of picking started and finished;
 - f) With or without husk;
 - g) Any other relevant information and

This information could be sent by post or by fax (No. 2447602) or telephone (No. 2323947/2421027-8) followed by written confirmation. If Monday is a holiday, the catalogue shall close at 12.30 p.m. on the next working day.

(b) Any Seller's catalogue received after the above time limit will not be listed for sale on the Thursday of that week, but could be reserved for cataloging for sale on the next sale date on seller's confirmation. No supplementary catalogue will be printed.

(c) The official sale catalogue could also be faxed or E-mailed on request

8. LOT SIZE

Minimum lot size shall be 5,000 coconuts.

9. INSPECTION OF COCONUTS PRIOR TO PURCHASE AT THE AUCTION

1. Every supplier shall produce 10 coconuts as a fair representative sample before commencing the auction for the inspection and assessment of the buyers who participate at the Auction. (Five numbers of coconuts will be retained at the CDA after the auction and those will be released after the completion of the transaction)

2. The seller of any lot of Coconuts put up for sale at the CDA Fresh Coconut Auction, shall permit any prospective Buyer / Broker to inspect such coconuts at the place where they are lying for collection between 9.00 a.m. and 5.00 p.m. **on any working day or as mutually agreed upon between the Seller and the prospective Buyer/Broker.**

10. CONDUCT OF AUCTIONS

The auction shall be open to the public. CDA will reserve the rights to take all decisions concerning matters relating to the auction.

11. AUCTION BIDS

(a) Bids for the purchase of coconuts at the auction shall be on the basis of SL. Rs. per 1,000 nuts.

(b) Each lot shall be the subject of separate bidding.

12. i. The auction shall be conducted by officers of the CDA.

ii. The auctioneer of the Fresh coconut auction shall be an officer of the CDA.

iii. Any rise in bids shall be on the basis of a price per 1,000 nuts and such rise shall be in multiples of Rs.10/- only

13. (a) The minimum selling price of each lot shall be indicated by the Seller to the Auctioneer before the commencement of the auction.

(b) **If there are any bids above the minimum seller's price as declared to the Auctioneer, the Auctioneer shall sell at the highest bid. The sale will be concluded by the fall of the hammer. In the event the minimum price had not been realized the Auctioneer may withdraw the lot with the consent of the Seller.**

14. The decision of the Auctioneer shall be final in respect of any bid in dispute.
15. Before accepting a bid any Seller may demand immediate payment, even in cash of the whole or part of the purchase proceeds thereof.
16. **WITHDRAWALS**
The Auctioneer on the request of the Seller shall have the right to withdraw a lot before the Auction or to reject a bid while the sale is in progress.
17. **CERTIFIED CATALOGUE**
The CDA officer shall certify all sales in the CDA's copy of the sale catalogue at the end of each auction. Each Broker shall sign the CDA's copy of the sale catalogue against each of his lots therein as confirmation of the sale/purchase.
18. **DECLARATION OF MARKET PRICES**
On each auction day, the Director / Marketing Development & Research, CDA shall declare the highest, lowest and the average price per 1000 nuts obtained at that Auction and shall cause such declarations to be published in the newspapers and **sent to all Sellers by fax, along with any other relevant details.**
19. **CONTRACT NOTE OF SALE / PURCHASE**
(a) Every sale should be made legally binding by the Broker who issues two separate but identical contracts in duplicate (one to the Seller and one to the Buyer) and both parties shall return one copy duly signed to the Broker.
(b) The Buyer's and Seller's contracts shall include the name, N.I.C. No., postal address and telephone numbers for the information of both Buyer and Seller.
20. **BROKERAGE**
(a) Any Broker who functions as an agent per rule 5(g) shall be entitled to a brokerage of 1% of the final value of Coconuts he purchases at the auction and such brokerage shall be payable by the Seller.
(b) Any buyers purchase the coconut in cash at direct participation auction on the spot. Above (a) will be in applicable.
21. **LOT FEES**
i. Any Seller of coconuts at the CDA auctions shall pay to the Director / Marketing Development & Research, CDA, a lot fee at the rate of Rs.10/= per 1,000 coconuts or part thereof.
ii. **Lot fees are payable by the Seller for all coconuts catalogued.** Any Seller may be required to keep a refundable cash deposit against Fresh Coconut Auction lot fees as determined by the Director / Marketing Development & Research, CDA.
22. **PAYMENT MODE**
All Brokers/Buyers/Sellers may make payment under these rules in cash, or by a bank draft or by a cheque drawn by him on a bank that participates in the one day clearing at the Sri Lanka Automated Clearing House.

23. **PAYMENT TERMS**

Any Broker shall make payment as follows : -

- a) Initial deposit – A minimum of 25% of the total value of coconuts purchased at the auction within 14 calendar days of the sale. **If payment is not made within 14 calendar days of the sale extensions may be allowed with the consent of seller and interest will be charged at the rate of 21%p.a. for the period of delay from the due payment date.**
- b) Second payment - 75% of the total value of coconuts purchased at the auction within 30 calendar days irrespective of the quantity.(Within 16 days after payment of 25% advance)

The Buyer shall be liable to be levied with an interest at the rate of 21% per annum for each day of delay in effecting payments to obtain delivery order as stipulated in Rule no. 23(b). If seller is agreeable to extend the payment period.

Any Seller in receipt of both payments from any Broker, as per rule 23, shall immediately issue a delivery order to such Broker. Part delivery orders shall be issued at the sole discretion of the Seller.

24. **HUSKING AND REMOVAL**

- (a) Husking and removal shall be completed within a period of 5 weeks from the date of sale.
- (b) The Seller or his agent should be present when the Buyer counts the Seller's coconuts and loads them into the Buyer's vehicle.
- (c) **An extension of fourteen calendar days will be granted after the lapse of the contractual period 24(a), after which the buyer shall be liable to pay a penalty of 21% per annum of the total value paid calculated on a daily basis.**
- (d) **If there is a shortage of more than 5% of the contracted quantity at the time of collection, the Buyer is entitled to claim interest at the rate of 21% per annum from the Seller for the excess payment already made to the Seller at the time of collection of the delivery order.**
- (e) **During estate labour strikes and adverse weather conditions, the Buyer shall request for an extension to remove the Coconuts from the Seller.**
- (f) **The Seller should make the full quantity sold as per sales catalogue, available to the Buyer for husking and collection and no replacement of rejects at a later date would be accepted by the Buyer.**

- (g) The estate superintendent shall provide adequate shelter for the huskers to stay overnight on the estate.
- (h) **The Crop should be placed in a motorable area and if it is not possible the seller should transport it to a motorable area or pay for the transport.**

25. REJECTIONS

- (a) Rejections subject to rule 24 (a) shall be confined to tender, rotten, empty, waterless and germinated coconuts. The right of rejections shall be exercised before removal.
- (a) Husked coconuts of 9" girth and below to a limit of 5% of the sold quantity - if any such small coconut exceeds 5% any buyer / broker may refer such matter to the Director – Marketing Development & Research, CDA as per Rule No. 26.

26. QUALITY / QUANTITY DISPUTES

Should any dispute arise between the Buyer and the Seller on the matter of quality / quantity of the coconuts, such dispute shall, in the first instance, be brought to the notice of the Broker and the CDA within 7 days of the incident. If the Broker fails to resolve such dispute, the parties in dispute shall refer the dispute to the Director / Marketing Development & Research, CDA. **The Director / Marketing Development & Research, CDA, will be resolve such dispute.**

27. EXCESS PAYMENT ACCOUNT

- (a) Within 14 calendar days after the collection of the coconuts by the Buyers, the Seller/ Buyer/ Broker shall settle any difference between the actual sales/ purchase proceeds and the total of the sums paid under Rule 23 and also excess brokerage if any Seller should refund to the Broker within 14 days.
- (b) If any Seller fails to refund any excess payment made by any Buyer, as stipulated in (a) above inclusive of any interest levied by any Seller under rule 29 (b) he shall be liable to pay to the Buyer interest of 21% p.a. pro rata for each day of delay.

28. PAYMENT DEFAULT

- (a) If any Buyer / Broker defaults on payment as per rule 23 any Seller/Broker may cancel the contract of sale with due notice to the Buyer / Broker. The Seller / Broker may report such payment default to the Director/ Marketing Development & Research, CDA, who being satisfied after due inquiry, shall debar the Buyer from participating at the auction and may also take any suitable action deemed necessary against such defaulting buyer, with the concurrence of the Broker/ Seller.
- (b) If any Buyer defaults on payment after making the initial deposit of 25% of the value of the contract, the Seller reserves the right to re-sell or convert to copra the said coconuts setting off losses from the 25% deposit, and balance should be

refund to the buyer immediately. The valid documents involved in this exercise should be produced to the Director Marketing Development and Research CDA.

- (c) In the event of any Buyer/Seller failing to settle any shortfall referred to (b) above, the Broker shall report such failure to the Director/ Marketing Development & Research, CDA, who being satisfied after due inquiry, shall debar the Buyer/Seller from participating at the auction and shall also take any suitable action deemed necessary against such Buyer/Seller, with the concurrence of the Broker.
- (d) In an event of any nett gain arising out of any transaction referred to (b) above, it shall be the responsibility of any such Seller to refund a reasonable share of such quantum from the nett gain to the Buyer who had paid 25% advance as per Rule 23 (a).

29. DELIVERY DEFAULT

- (a) If any seller refuses to permit any Buyer to collect the coconuts after such Buyer has presented the delivery order, the Buyer may cancel the contract with notice thereof to the Seller/ Broker. The Buyer/ Broker may obtain written evidence of such refusal by the Seller and shall report to the Director/ Marketing Development & Research, CDA.
- (b) The Seller/Broker shall refund to the Buyer all payments made, together with interest thereon at the rate 21% p.a. pro rata from the date of such payment by the Buyer.
- (c) If the crop is not removed within 8 weeks of the date of sale, the buyer shall be charged an additional penalty of 2.5cts per nut per day for the remaining stock of coconuts.

30. GENERAL

Monitoring Committee

- (a) CDA, shall appoint a Monitoring Committee, consisting of **four** representatives each from registered Sellers and Buyers, and Brokers that committee will continually exchange views as and when necessary matters relating to the Fresh coconut auction.

31. Special close

- (a) The Chairman of the CDA reserves the rights to add, amend or cancel any rules in time to time if he feels necessary to do so.
- (b) Please note that the decision of the chairman of the CDA will be final with regard to any problems associated with this rules.

Chairman
COCONUT DEVELOPMENT AUTHORITY

