

TO ALL LIFE/PRIMARY/ AGENT & DISTRIBUTOR MEMBERS OF THE ASSOCIATION:**Dear Sir,**

In these difficult times, recovery of dues has become a huge headache to all. Litigations in Indian Courts for minor Commercial disputes are time consuming and costly and many refrain from filing Court Cases. Arbitration is a process of Alternate Dispute Resolution (ADR) between the parties through an Arbitral Tribunal, and is less expensive, quicker, secure and offers more privacy to the parties.

To provide an Institution approach to Alternate Dispute Resolution (ADR) Mechanism in the Apparel and allied Industry CMAI has launched its Arbitration Cell on 23rd November 2021 at a specially organised Arbitration Seminar.

Members desirous of making reference to arbitration by CMAI in future must mandatorily print on all Invoices/Contracts/Purchase Orders the following Arbitration Clause:

CMAI ARBITRATION CLAUSE -

“All disputes, or differences arising between the Parties out of or relating to this contract shall be resolved under “Arbitration Rules of CMAI” and the Award made in pursuance thereof shall be binding on the Parties.”

If the Invoice/ Contracts/Purchase Orders contains the above Clause then, if the goods sent vide this Invoice are accepted by the Buyer, then it is deemed that the Terms and Conditions of the Sales are also accepted by him, and hence the dispute can be referred to CMAI to be resolved under these **“Arbitration Rules of CMAI”**.

If the Clause is not printed on the Invoices, then the dispute arising can only be referred to CMAI for resolution, only if, both the parties agree in writing to resolve their dispute under the “Arbitration Rules of CMAI”. No Arbitration can take place If any one party refuses to agree to resolve the dispute through these Rules.

Further please find attached CMAI Advisory (in English and Hindi) to our Members to minimise Risks of Defaults.

This is for your Information and kind action.

Thanking you,

Yours truly,

P. Chandrasekharan
Secretary

The Clothing Manufacturers Association of India

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CMAI ADVISORY

In the recent difficult times when defaults have increased and we find fly by night operators who purchase huge amount of Goods and then vanish. The Association advises its Members to follow the following Advisory to protect oneself against such Frauds and to minimize Risk of Defaults.

- (1) Register yourself as MSME under MSME Act 2006 (if within the MSME criteria's as per latest notification dated 1st June 2020)
- (2) **CMAI ARBITRATION CLAUSE** (Mandatory to print on all Invoices/Contracts/Purchase Orders for those desirous of making reference to arbitration by CMAI)
*"All disputes, or differences arising between the Parties out of or relating to this contract shall be resolved under **"Arbitration Rules of CMAI"** and the Award made in pursuance thereof shall be binding on the Parties."*
- (3) Do not delay filing of Complaints in CMAI or in Courts –
 - a. **Filing Complaints with CMAI for Mediation/Conciliation** – Complaint needs to be filed within **18 Months** from the Date of Invoice or Date of Last Payment Received from the said Party whichever is later.
 - b. **For Cheque Bounce Cases** - First Legal Notice has to be sent within **30 days from the Date of Banks Return Memo** and Subsequently Case has to filed in Court of Law within **30 days from the Date of Receipt of Notice** by the Other Party.
 - c. **For Civil Complaints** – Case has to be filed in Civil Court within **3 years of Invoice Date** or Date of Last Payment Received from the said Party whichever is later.
- (4) While Signing on a New Client It is advised to collect following Documents/ Information from the New Buyer
 - a. Google search of his Store.
 - b. Last GST Return Filed Date,
 - c. KYC of Firm,
 - d. KYC Documents of all Partners and/or Authorised Person– Aadhar Card, Pan Card
 - e. Mobile Number of Buyer/s
 - f. Address of Buyer/s
 - g. References from 3 Manufacturers,
- (5) Always ask for Purchase Order if not then create Sales Order, which needs to be signed off by the Buyer.
- (6) Collect 2 Post Dated Cheques covering the Maximum Sales Amount from all new Buyers. Credit Period needs to be decided based on Payment History.
- (7) Take written Confirmation (Letter, WhatsApp, Email) of delivery of Goods from Buyer.
- (8) After Due Date is over always demand your outstanding dues **in writing** and keep the same in file. Atleast 2 Written Demand Letters to be sent by Regd. Post. This is mandatory while filing Legal Proceedings.
- (9) Bank RTGS/NEFT details to be mentioned on the Invoice.
- (10) **Invoices to clearly mention Term & Conditions of Sales**

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TERMS & CONDITIONS FOR SALE

(To be printed on Invoice/Contracts/ Purchase Orders)

1. CMAI ARBITRATION CLAUSE (MANDATORY FOR THOSE DESIROUS OF MAKING REFERENCE TO ARBITRATION BY CMAI)

*“All disputes, or differences arising between the Parties out of or relating to this contract shall be resolved under “**Arbitration Rules of CMAI**” and the Award made in pursuance thereof shall be binding on the Parties.”*

2. Payments of the bill should be made by A/c Payee Cheque/Draft/RTGS or NEFT in favour of “_____” only.
3. Payment within _____ days from date of this Invoice.
4. Interest will be charged @ ____% on the Outstanding Amount after due date.
5. Goods are despatched at Buyer’s risk.
6. Packing and forwarding is very carefully done from our part. Our Risk and responsibility in case of shortage, loss or breakage ceases on delivery of goods to carrier.
7. Objection, if any, in this Bill should be raised in writing within _____ days of receipt of goods.
8. Goods once sold will not be taken back or exchanged.
9. All Registered MSME must mention “Note – We are Registered under MSME Act 2006 having UAM No. _____”

Bank RTGS / NEFT details to be mentioned on the Invoice

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