

Commercial Contract

BUYING / SELLING AGENCY AGREEMENT



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

HEAD OFFICE

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road,
Lahore

Tel: (92 42) 111 111 456, Fax: (92 42) 36304926-7
helpdesk@smeda.org.pk

REGIONAL OFFICE PUNJAB	REGIONAL OFFICE SINDH	REGIONAL OFFICE KPK	REGIONAL OFFICE BALOCHISTAN
3 rd Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road Lahore, Tel: (042) 111-111-456 Fax: (042) 36304926-7 helpdesk.punjab@smeda.org.pk	5 TH Floor, Bahria Complex II, M.T. Khan Road, Karachi. Tel: (021) 111-111-456 Fax: (021) 5610572 helpdesk-khi@smeda.org.pk	Ground Floor State Life Building The Mall, Peshawar. Tel: (091) 9213046-47 Fax: (091) 286908 helpdesk-pew@smeda.org.pk	Bungalow No. 15-A Chaman Housing Scheme Airport Road, Quetta. Tel: (081) 831623, 831702 Fax: (081) 831922 helpdesk-qta@smeda.org.pk

February 2007

1. INTRODUCTION OF SMEDA

The Small and Medium Enterprise Development Authority (SMEDA) was established with the objective to provide fresh impetus to the economy through the launch of an aggressive SME development strategy. Since its inception in October 1998, SMEDA had adopted a sectoral SME development approach. A few priority sectors were selected on the criterion of SME presence. In depth research was conducted and comprehensive development plans were formulated after identification of impediments and retardants. The all-encompassing sectoral development strategy involved overhauling of the regulatory environment by taking into consideration other important aspects including finance, marketing, technology and human resource development.

After successfully qualifying in the first phase of sector development SMEDA reorganized its operations in January 2001 with the task of SME development at a broader scale and enhanced outreach in terms of SMEDA's areas of operation. Currently, SMEDA along with sectoral focus offers a range of services to SMEs including over the counter support systems, exclusive business development facilities, training and development and information dissemination through a wide range of publications. SMEDA's activities can now be classified into the three following broad areas:

1. *Creating a Conducive Environment*; includes collaboration with policy makers to devise facilitating mechanisms for SMEs by removing regulatory impediments across numerous policy areas
2. *Cluster/Sector Development*; comprises formulation and implementation of projects for SME clusters/sectors in collaboration with industry/trade associations and chambers
3. *Enhancing Access to Business Development Services*; development and provision of services to meet the business management, strategic and operational requirements of SMEs.

SMEDA has so far successfully formulated strategies for sectors, including fruits and vegetables, marble and granite, gems and jewellery, marine fisheries, leather and footwear, textiles, surgical instruments, transport and dairy. Whereas the task of SME development at a broader scale still requires more coverage and enhanced reach in terms of SMEDA's areas of operation.

Along with the sectoral focus a broad spectrum of services are now being offered to the SMEs by SMEDA, which are driven by factors like enhanced interaction amongst the stakeholders, need based sectoral research, over the counter support systems, exclusive business development facilities, training and development for SMEs and information dissemination through wide range of publications.

2. ROLE OF SMEDA LEGAL SERVICES CELL

The Legal Services Cell (LSC) is a part of Business Development Division of SMEDA and plays a key role in providing an overall facilitation and support to SMEs. The LSC provides guidance based on field realities pertaining to SMEs in Pakistan and other parts of the world. LSC believes that information dissemination among the SMEs on the existing regulatory environment is of paramount importance and it can play a pivotal role in their sustainable development.

In order to facilitate SMEs at the Micro Level LSC has developed user-friendly systems, which provide them detail description of the Laws, and Regulations including the process and steps required for compliance.

The purpose of this document is to provide SMEs, Service Providers, Companies and Firms with information pertaining to requisite format and content of a business to business commercial contract. Entrepreneurs interested in enhancing their understanding about the nature and form of a Buying / Selling Agency Agreement can also use this template.

3. DISCLAIMER

Form of this document and the contents therein are provided only for general information purpose and on an "as is" basis without any warranties of any kind. Use of this document is at the user's sole risk. SMEDA assumes no responsibility for the accuracy or completeness of this document, its form and any of the information provided therein and shall not be liable for any damages arising from its uses.

Buying / Selling Agency Agreement

This Agreement is made on this _____ day of _____ (year)

Between

A B C (**Give Name of the firm / company etc.**), having registered office at _____ (**place of office**) through its authorized partner / representative namely _____ (herein after called the “Principal” which expression shall mean and include its successors and assigns) of the one part.

And

X Y Z, etc. (**Give Name of the firm / company etc.**), having registered office at _____ (**place of office**) through its authorized partner / representative namely _____ (herein after called the “Agent” which expression shall mean and include its successors and assigns) of the second part.

WHEREAS the Principal is a firm / company registered under the laws of _____ (**Give name of the country**) and is engaged in the business of manufacturing of _____ (**Give nature of the business**).

AND WHEREAS the Agent is a firm / company registered under the laws of _____ (**Give name of the country**) and is engaged in the business of brokerage services.

AND WHEREAS the Principal intends to hire the services of the Agent to act as a selling / buying agent for the principal in (**Give name of the country or countries**) subject to the terms and conditions set forth herein.

AND WHEREAS the Agent has signified his consent to act as a buying / selling Agent for the principal in (**Give name of the country or countries**) subject to the terms and conditions set forth herein.

NOW THEREFORE the parties have set forth their hands as follows:

1. Term of Engagement

The term of engagement of the parties as a Principal and Agent shall be for a period of _____ years commencing from the date of signing if this agreement.

2. Payment for Services

As a consideration of the services, the Principal shall pay to the Agent _____% (**give percentage of the commission**) commission on each transaction of sale / purchase materialized through the Agent. This amount of commission shall become due immediately on conclusion of the sale / purchase transaction between the Principal and the Seller and be payable by the Principal on demand by the Agent.

3. Expenses incurred by Agent

All the expenses including but not limited to traveling, maintenance of office equipment, entertainment, clerical etc. that may be incurred by the Agent shall be borne exclusively by the Agent and the Principal shall not be liable for such expenses.

4. Surety Bond

The Agent shall furnish a surety bond to the Principal from a company acceptable to the Principal to ensure due performance of the duties by the Agent as listed in the agreement.

5. Duties of the Agent.

The Agent shall be responsible to perform following duties under the agreement viz the Principal:

- i. To compile particular market information as per instructions of the Principal,
- ii. To promote the best interest of the Principal,
- iii. To gather samples of the products required by the Principal,
- iv. Inform the Principal of the desires of the seller / buyer,
- v. To place orders based on the interest and requirements of the Principal,
- vi. To assist the Principal in negotiating the procurement / sales,
- vii. To ensure packaging and inspection of the merchandise in accordance with the agreement,
- viii. To make arrangement for shipment and payments
- ix. To do the translations, wherever required,
- x. To make proper and effective liaison,
- xi. To fully disclose to the Principal all facts that might effect or influence the Principal's decision to tender an offer to purchase / sale,
- xii. Not to disclose information to third parties regarding transactions of the Principal.

6. Duties of the Principal

The Principal shall be responsible to perform following duties under the agreement viz the Principal:

- i. To make timely payments of agreed Commission to the Agent,
- ii. To keep proper and effective liaison with the Agent,
- iii. To issue clear and legible instructions to the Agent for purchase or sale of Products,
- iv. To fully disclose to the Agent all facts that might effect or influence the Principal's decision to tender an offer to purchase / sale.

(In addition to the above you can list out any other duties of the principle as agreed)

7. Covenants by the Agent

- i. To devote the whole of his time, attention and energies to the performance of the duties as enumerated above,
- ii. Not to be either directly or indirectly connected with or engaged in any business competing the business of the Principal,
- iii. To give true and proper account of the information required by the Principal,
- iv. Not to disclose any information to third parties pertaining to transactions of the Principal.
- v. Not to convey any consent or refusal regarding a particular transaction without approval in writing by the Principal,
- vi. To pass on all or any information desired by the Principal promptly and without fail.
- vii. To make itself available to the Principal through any means of communication during the business hours.
- viii. Not to engage in un-fair business practices detriment to the business or reputation of the Principal.

8. Correspondence

All correspondence or communication between the parties shall be in writing either or in combination through e-mail, fax, or courier addressed to the mutually agreed places of business of both the parties.

9. Remittances by the Agent

The agent shall promptly remit the payment received through any means for the Principal to the designated account of the Principal. The Agent shall in no manner utilize such amount to defray its own expenses.

10. Examination of documents

The Principal shall have the right to examine the documents and accounts of the agent to ascertain as to whether the business of the Agent is being conducted in accordance with the provisions of this agreement.

11. Dispute Settlement

If any dispute arises between the parties regarding the understandings expressed in this agreement, the same shall be settled amicably through bilateral negotiations.

12. Non-Disclosure

The Agent hereby expressly undertakes not to disclose any information regarding purchases / sales by the Principal or its customers or any other information that may be passed on by the Principal regarding business thereof to any third party.

13. Modification of the Agreement

This agreement may be modified and or amended by the parties through mutual understanding.

14. Termination of Agreement

Either party hereto may at any time terminate this agreement by giving to the other three calendar months notice in writing. Provided that in case of willful neglect or refusal or failure of the Agent to perform his duties under this agreement without any justifiable cause or of any other act of misconduct on the part of the Agent, the Principal may terminate the agreement without giving such notice.

IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed and delivered as of the day of year first above written.

A B C

X Y Z

Witness

Witness

