

A Specimen of an Agency Contract

The following specimen may serve as a model for drafting agency contracts, which may be adopted according to the requirements of each case.

An agreement made this..... day of..... between..... (principal) (hereinafter called "the principal") of the one part and..... (agent) (hereinafter called "the agent") of the other part.

Whereby it is agreed between the parties as follows:

1. That the agent is hereby appointed the sole agent of the principal for the town..... (in the district of) (hereinafter called "the agency town") for the purpose of making sales of the principal's goods for a term of..... years commencing from the date hereof on the terms and conditions set forth hereunder.
2. That the agent shall not, while selling the principal's goods make any representation in the trade or give any warranty other than those contained in the principal's printed price list.
3. That the agent shall be allowed to deduct and retain as his agency commission with himself..... per cent of the list price of all goods sold on behalf of the principal. The agent shall keep a record of all sales and shall regularly remit to the principal on each Saturday all sums received by the agent in respect of such sales less..... per cent his agency commission. All sales shall be made for cash against delivery of goods unless the principal's consent in writing to give credit to any particular purchaser be in any case first obtained and in the case of such credit sales the principal may direct for such increase in the price of his goods over and above the current list price of the principal.
4. That the agent shall not make purchases on behalf of nor in any manner pledge the credit of the principal without the consent in writing of the principal.
5. That the agent shall, at the expense of the principal, take on rent and occupy for the purpose of the agency, suitable premises with prior approval of the principal and shall keep insured for full value against all available risks, all the goods entrusted to his custody by the principal under this agreement and on request, shall produce to the principal, receipts, for the rent, rates and taxes of the said premises and for the premiums on insurance policies showing that the same have been paid on or about their respective due dates. That the agent shall bear all expenses relating to or incidental to the said agency.
6. That the agent, while selling to persons in the trade, shall obtain the purchaser's signature to an agreement to the following effect:
 - (i) That the said principal's goods shall not directly or indirectly be re-sold outside the agency district.
 - (ii) That the said principal's goods shall not be re-sold to the public below the list price for the time being.
7. That the agent shall, in all his commercial dealings and on documents and on the name-plate or letter-head indicating his place of business, describe himself as selling agent for the principal.
8. That a breach of the condition in clause 6 hereof shall entitle the principal to put an end to this agreement forthwith and also to recover from the said agent by way of liquidated damages the sum of Rs..... for each such article sold in breach of such clause. The agent undertakes that all purchasers to whom he may sell the principal's goods shall duly enter into, and carry out the aforesaid agreement referred to in clause 6 hereof for the purposes of this agreement be deemed to be a breach of clause 6 of this agreement by the agent and give the principal the rights and remedies against the agent for breach by the agent of this agreement.

9. That the principal shall keep with the agent a stock of his goods free of all expenses of delivery to the value of Rs..... according to the principal's current price list and the principal further undertakes to replenish such stock on the close of each month so as to keep it at the agreed value. Provided always that the agent shall have no right of action against the principal for delay resulting from shortage of stock, delays in transit, accidents, strikes or other unavoidable occurrences in replenishing such stock. The principal shall always have the right, without any prior notice, to cause a stock checking of the said goods and on any shortage or deficiency found on such stock-taking the agent shall on demand pay to the principal the list price of such shortage or deficiency less the deduction by way of commission or rebate receivable by the agent. The agent shall not alter, remove, or tamper with the marks or numbers on the goods so entrusted into his custody.
10. That the agent shall not sell the goods of the principal to any purchaser except at current price list of the principal conveyed by him from time to time. The agent may, however, allow a discount or rebate of..... per cent.
11. That in the event of any dispute arising between the agent and a purchaser of the principal's goods, the agent shall immediately inform the principal of the same and shall not without the principal's approval or consent in writing take any legal proceedings in respect of or compromise such dispute or grant a release to any purchaser of the principal's goods.
12. That either party may terminate this agreement at his option at any time after the expiration of..... years by giving the other one month's notice in writing.
13. That the benefits under this agreement shall not be assignable to any other person.
14. That the agent shall always, during the existence of this agreement, devote his whole business time and energy for pushing the sale of the principal's goods and shall in all such dealings act honestly and faithfully to the principal and shall carry out orders and instructions and shall not engage or be interested either directly or indirectly as agent or servant in any other business or trade without the prior consent in writing of the principal.
15. That on the termination of his agreement for any reason whatsoever, the agent shall not for the period of one year solicit trade orders from the persons who had been purchasers of the goods of the principal any time within..... years immediately preceding the date of such termination and the agent shall not for a period of one year engage or be interested as agent or servant in any business, firm or company manufacturing, selling or dealing in goods similar to those of the principal.
16. That all goods shall be sold by the agent for delivery at agent's place or business but the agent shall, at his own expense, have the right to deliver goods to purchasers at their places of business.
17. That without prejudice to any other remedy he may have against the agent for any breach or non-performance of any part of this agreement, the principal shall have the right summarily to terminate this agreement:
 - (i) on the agent being found guilty of a breach of its provisions or being guilty of misconduct or negligence of his duties; or
 - (ii) on the agent absenting himself from his business duties entrusted to him under this agreement for..... days without the principal's prior permission in writing; or
 - (iii) on the agent committing an act of bankruptcy.
18. That in the event of any dispute arising out of or in relation to or touching upon the agreement, the same shall be decided by arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996.
19. That the principal shall be entitled to terminate this agreement by one month's notice in writing to the agent in the event of his ceasing to carry on the said business of the principal.

20. That on the termination of this agreement for whatever reason, the agent shall forthwith deliver to the principal all the unsold stock of goods and shall pay to the principal for the shortages of deficiency of stock at list price less commission and rebate allowable to the agent. The agent shall also deliver to the charge of the principal all books of account and documents of the agency, cash, cheques, bills of exchange or other securities he may have received during the normal course as a result of sales of the principal's goods and shall transfer, assign or negotiate in favour of the principal all such securities on demand.

IN WITNESS WHEREOF the parties have signed this deed.

Witness:

Principal

Witness:

Agent