



# Need for Reverse Auctions



# Dairy Commodities

- **Skimmed Milk Powder**
- **Whole Milk Powder**
- **Butter**
- **Ghee**
- **Cheese**
- **Dairy Whitener**



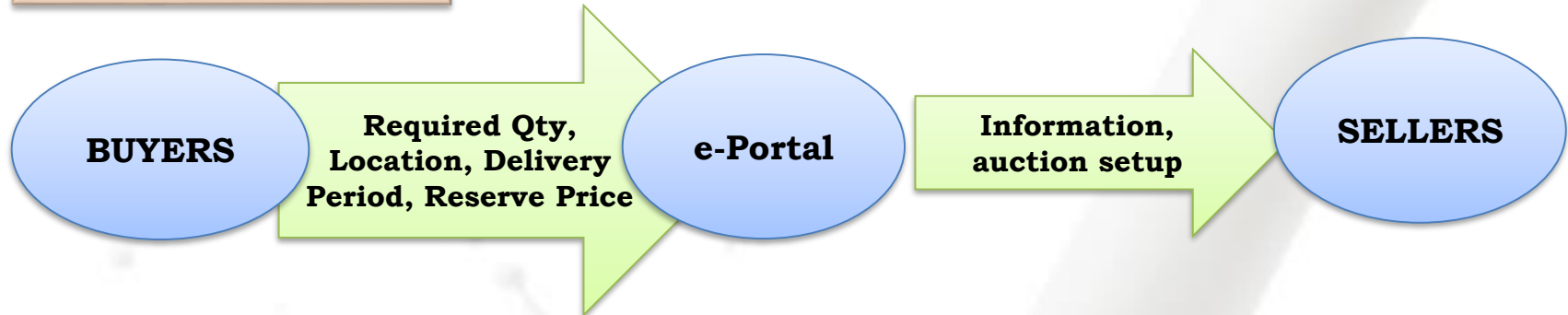
# Reverse Auctions (Dairy)



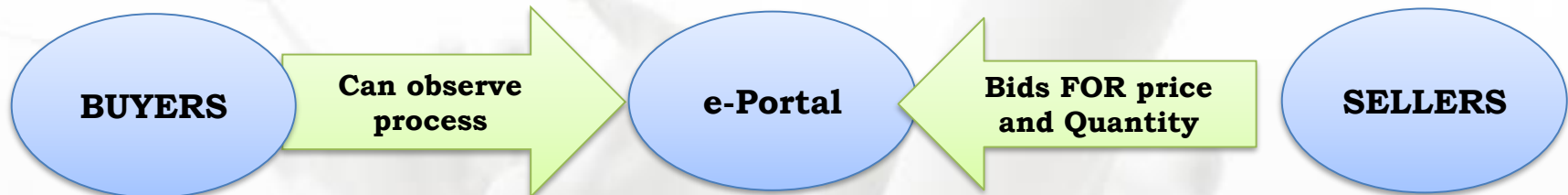
**How Reverse Auctions would function**

# Reverse Auction Process Overview

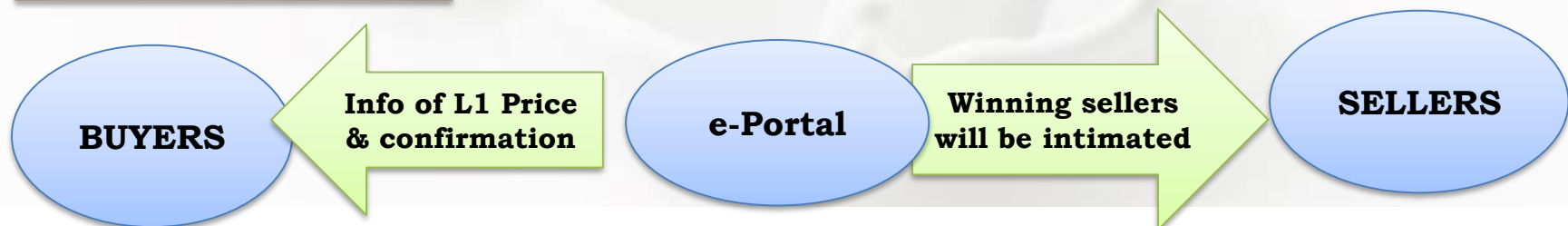
## PRE- AUCTION



## AUCTION



## POST AUCTION



# How does auction work?

- **The trading event is managed by NCDFI.**
- **The trading process is “Yankee Reverse Auctions”.**
- **Required quantity, specifications, place of delivery and delivery period will be entered by the Buyer.**
- **Seller bid FOR price by mentioning the sell quantity.**

# Auction Terminology

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- **Base Price: FOR price seller willing to sell.**
- **Maximum Required Quantity (MRQ):**  
**Maximum quantity buyer willing to buy**
- **Minimum Bid Quantity (MBQ):** **Minimum quantity seller needs to bid in auction**

# Bidding Rules

- **Sellers can bid their sale quantity & FOR Price.**
- **Sellers can view tentative quantity allocated to them & their quoted FOR price.**
- **Sellers can revise their bid quantity subject to maintaining the tentative quantity allocated to them.**
- **Sellers can revise their price bids downwards and only latest bid will be considered.**
- **In case a bid is received 3 minutes prior to the auction closing time, the auction schedule shall be extended for 5 more minutes. There shall be maximum 3 such extensions.**



# Scenario 1

- Required Quantity: 1,000 MT

Time	Bidder	FOR Bid Price ( ₹ per kg)	Bid Qty (MT)
09:00	A	₹ 138	1,000
09:05	B	₹ 137	700

Bidder B would be awarded 700 MT at a price of ₹ 137

Bidder A would be awarded 300 MT (1,000- 700 MT) at a price of ₹ 138

**(Subject to buyer's acceptance)**

# Scenario 2

- Required Quantity: 1,000 MT

Time	Bidder	FOR Bid Price ( ₹ per kg)	Bid Qty (MT)	Bidders can view their allocation & price		
				A	B	C
09:00	A	₹ 140	1,000	1,000	-	-
09:05	B	₹ 139	700	300	700	-
09:27	C	₹ 138	600	-	400	600
09:29	A	₹ 137	700	700	-	300

Bidder A would be awarded 700 MT at a price of ₹ 137

Bidder C would be awarded 300 MT (1,000-700 MT) at a price of ₹ 138

**(Subject to buyer's acceptance)**

# Auction Process Flow

Activity	NCDFI eMarket	Seller	Buyer
<b>Trade Day -3</b>			
Data entry of Required Quantity, Minimum Quantity, Location, Delivery period, Reserve price etc.			✓
Initiating the auction and circulation of newsletter	✓		

# Auction Process Flow

Activity	NCDFI eMarket	Seller	Buyer
<b>Trade Day</b>			
Depositing required EMD		✓	
Bidding ( Qty & Price )		✓	
Communication of Bid details to Buyers	✓		
Releasing EMD of unsuccessful Sellers	✓		

# Auction Process Flow

Activity	NCDFI eMarket	Seller	Buyer
<b>Trade Day + Validity Period</b>			
Acceptance or Rejection of full or partial Bids			✓
Communication of acceptance or rejection of bids to Seller(s)	✓		
Releasing EMD of unsuccessful Seller	✓		

# Auction Process Flow

Activity	NCDFI eMarket	Buyer	Seller
Issuing Contract Note	✓		
Testing of products		✓	
Delivery of products to Buyer			✓
Payment to Seller as per Invoice		✓	
Confirmation of Material receipt		✓	
Release EMD of Seller on supply confirmation by Buyer	✓		

# Registration & Transaction Fees

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- Registration** **Rs. 5,000/-**
- Annual Maintenance Fees** **Rs. 5,000/-**
- Buyer Transaction Fees** **Nil**
- Seller Transaction Fees** **Flat 0.30% of the transaction value**

**These fees are excluding applicable taxes.**

# Security Deposit

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**Security Deposit for Buyers**

**Nil**

**Security Deposit for Sellers**

**0.5% to 5%**

**(As specified by Buyer)**





# Payment Gateway

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- **All the payments are routed through ICICI Bank on real time basis.**
- **Members will make the payments using virtual account number confirmed to them through RTGS/NEFT.**
- **Trading limit will be assigned to the members on receipt of payment.**
- **Refunds will be made immediately on completion of the auction/delivery.**

# Help Desk

- **NCDFI eMarket helpdesk has been set up to support bidders prior to and during a trading event.**



*Thank You*

