

CONTRACT NOTE FOR PRICE VALIDATION FORWARD AUCTIONS (DAIRY PRODUCTS)

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CHAPTER 1 - AUCTION PARAMETERS

Authority

Sellers authorized by the NCDFI may put Price Validation Auction when buyer have offered a price for a given volume of Dairy Products (SMP, Butter, Ghee, Cheese and Dairy Whitener) and are available for sale with them.

Unit of Trading

The unit of trading shall be in Metric Ton.

Bid and Offer Parameters

The Dairy Products manufactured by the sellers / their Units are allowed to sell on the NCDFI portal. The seller will specify values of the parameters for the stock to be sold. The seller is not allowed to sell Dairy Products that does not meet the mandatory standards.

Trade Parameters

The following Parameters of the product need to be provided by the seller.

Product Type

Brand Name

Details of Manufacturing unit

Delivery Location

Delivery Mode (Ex-Factory/Warehouse mode allowed at present)

Contract Period Date

Date of Produce (Oldest stock)

Packaging Size

Quotation Price and Tick Size

Unit of Price Quotation shall be Rs./Kg. The tick size of the price of Dairy Products shall be Re.1/Kg.

In case of Butter, seller will have an option to offer either fix or pro-rata price. In case of fix price, minimum fat of 82% is guaranteed and no extra charges are payable for additional fat, if any. In case of pro-rata price, proportionate price hike is applicable for fat higher than 82%.

Unit for Quantity Quotation

The unit of quantity quotation for Dairy Products shall be in Metric Ton.

Auction Calendar

The auction would be initiated on receipt of the willingness from the Buyer and Seller for a predetermined quantity and price.

The auction session will consist of 30 minutes apart from each extension of 5 minutes each.

The sellers have to specify the quantity, base price and quality parameters for the auction at least one calendar day in advance to enable the portal to display the auction details on the NCDFI eMarket.

All the prices mentioned on the portal would be on ex-godown basis and exclusive of applicable taxes, transportation, insurance, etc.

The auction calendar may be changed at the discretion of NCDFI. All timings are as per Indian Standard Timings (IST).

Pre-Requisites for Price Validation Auction

Buyer approaches the NCDFI eMarket with his requirement and offer price.

The NCDFI eMarket finalizes the potential seller in consultation with the buyer.

Buyer deposits the required EMD.

NCDFI eMarket approaches the seller with the details and offer price. The seller may accept or reject the offer. If acceptable, the seller need to deposit the required EMD and the auction will be floated with undisclosed Reserve Price (one rupee higher than the Offer Price).

All registered members of the NCDFI eMarket are eligible to Bid. Bidders may contact NCDFI for any clarifications regarding membership & terms and conditions of NCDFI eMarket.

Pre-Requisites for Bidding

All registered members of the NCDFI eMarket are eligible to Bid. Bidders may contact NCDFI for any clarifications regarding membership & terms and conditions of NCDFI eMarket.

Auction Method (Price Validation Auctions)

- a. Quantity and other parameters of the products offered for auction by respective buyers shall be provided minimum 1 day prior to the auction date.
- b. The auction consists of a single session round. While duration of session round is for 30 minutes followed by 5 minutes of extension each for any bid received from buyer in the last 3 minutes before end of the session round. Likewise in total three such extensions of 5 minutes are provided. The buyer will have to bid for the total offered quantity and ex-factory price during the session. The buyers may modify the bid multiple number of times till the closure of the auction session when no allocation is made for offered quantity and offered price.
- c. During an auction session, a buyer may modify his price upwards in the auction to get allocation of quantity.
- d. No cancellation of Bids shall be allowed once the auction session is concluded. During the session timings, buyers cannot modify their bids if allocation is made and last bid shall be final.
- e. The bids shall be valid for a period as mentioned in Auction Notice.

- f. The final results of the eAuction are binding on all bidders and any requests for cancellation received after the allocation in an auction session shall result in the forfeiture of the Bid Bond.
- g. Any bid placed for quantity and price using the buyer's username and the password shall be deemed to be an unconditional binding of the buyer to whom such username and the password has been allotted, inter-alia, for the purpose of the eAuction and the buyer shall be solely and fully responsible for all the activities that occur under such username and password. The user is therefore advised to check the username and the password before the eAuction and is advised not to reveal it to anyone else so as to prevent misuse of the same.

Preferential Allocation

Initial buyer who offered quantity and price for validation will be given preferential allocation if he matches the highest bid price on real time basis during the auction time.

Margin Requirements

EMD defined as Rs/MT as mentioned in Fee Schedule would have to be deposited for the quantity to be offered for sale by the seller and intended bid quantity by the buyer.

- a. The bidders shall be allowed by the NCDFI to bid only if the requisite EMD amount is available with the NCDFI. The amount deposited as Bid Bond would determine the bidding capacity of the bidder.
- b. Only the Margin of the successful bidders and sellers would be blocked by NCDFI. Margins of the unsuccessful Bidder(s), including those whose bid(s) are not accepted due to non-fulfillment/not meeting the conditions attached to the bid(s), shall be returned by the NCDFI.

Contract Period

The contract period for effecting delivery and payment shall be within the specified Contract Period Date mentioned for the auction.

Penalty for default and Cancellation of trade

In case the buyers and sellers mutually agree to cancel the trade and provide a written consent to NCDFI, the trade will be annulled. NCDFI annulment charges of 0.1% of the trade value i.e. quantity x price will be applicable to both bidder and seller.

In case the successful bidder fails to lift the stocks or fails to pay within the stipulated contract period the seller will be free to rescind the contract and dispose off the stock. In this case, the margin deposited by the buyer will stand forfeited and passed on to the seller after recovering the applicable transaction fees.

In case seller fails to supply the quantity within the stipulated contract period, the margin deposited by the seller shall be forfeited and passed on to the bidders after recovering the applicable transaction fees.

Arbitration

Any dispute or difference in respect of any matter relating to or arising out of the Contract would be first brought to the Market Oversight Committee of NCDFI eMarket. If the parties do not agree to the resolution proposed by Market Oversight Committee, the parties are free to appeal to the National Dairy Development Board (NDDB). The decision of the NDDB shall be final and binding on all parties.

Subject to the aforesaid, the Courts at Anand alone shall have jurisdiction in respect of any matter arising from or related to the present agreement including any matter arising from or related to the arbitration referred to hereinabove.

Force Majeure

Should any of the force majeure circumstances, namely act of God, natural calamity, fire, Government of India Policy, restrictions (excluding any stock limits), strikes or lock-outs by workmen, war, military operations of any nature and blockades preventing the Seller/Buyer from wholly or partially carrying out their contractual obligations, the period stipulated for the performance of the Contract shall be extended for as long as these circumstances prevail, provided that, in the event of these circumstances continuing for more than three months, either party shall have the right to refuse to fulfill its contractual obligations without title to indemnification of any losses it may thereby sustain.

The party unable to carry out its contractual obligations shall immediately advise the other party of the commencement and the termination of the circumstances preventing the performance of the contract. A certificate issued by the respective Chamber of Commerce shall be sufficient proof of the existence and duration of such circumstances.

CHAPTER 2 - DELIVERY PROCEDURES

Delivery Size

A quantity variation of +/- 5% is permitted as per contract specification.

Delivery and Payment

Delivery and payment will be handled between buyer and seller directly within the contract period. However, NCDFI shall be intimated of the fulfilment of the contract obligations through the Post Trade system.

Only on successful intimation of the delivery and payment, margins of the buyer and seller are released. In case no intimation is received from buyer and seller within one month of specified contract period mentioned for the auction, it will be presumed that the contract obligations were fulfilled and accordingly margins of seller and buyer would be released.

The Seller's responsibility shall cease once the goods leave the warehouse premises and no claim of quality, quantity and or any other nature, from the buyer will be entertained thereafter.

Quality Standards and Specifications

Dairy Products traded on this e-platform shall be in conformance with the requirements of the:

- ✓ Food Safety and Standards Act, 2006 and the Regulations thereunder, and
- ✓ Legal Metrology (Packaged Product) Rules, 2011

The quantity offered for sale by respective sellers will be published and provided to all prospective buyers 1 day prior to the auction date.

Packaging

Packaging shall be as defined in the Product Data uploaded by Seller at www.ncdfimarket.com.

Quality Assurance

Sellers would maintain the quality certificate for stocks being sold and copies of the certificates shall be made available to the buyer on demand.

Transaction Charges

NCDFI shall collect transaction charge of the contract value from the buyer, as per transaction charge schedule published and in force at www.ncdfimarket.com. These transaction charges shall be deducted from margin money / advance transaction charges of the buyer.
