

# **CONTRACT NOTE FOR AUCTION SALE**

## **DAIRY PRODUCTS**

### **Contents**

CHAPTER 1 - AUCTION PARAMETERS	2
Authority	2
Unit of Trading	2
Bid and Offer Parameters	2
Trade Parameters	2
Quotation Price and Tick Size	2
Unit for Quantity Quotation and Quantity Tick	3
Auction Calendar	3
Pre-Requisites for Bidding	3
Auction Method (Auction Sale)	3
Margin Requirements	4
Contract Period	4
Penalty for default and Cancellation of trade	5
Arbitration	5
Force Majeure	6
CHAPTER 2 - DELIVERY PROCEDURES	7
Delivery Size	7
Delivery and Payment	7
Quality Standards and Specifications	7
Packaging	7
Quality Assurance	8
Transaction Charges	8

## **CHAPTER 1 - AUCTION PARAMETERS**

### **Authority**

Auction Initiators authorized by NCDFI may put up Auction Sale when Dairy Commodities are available for sale with them.

### **Unit of Trading**

The unit of trading shall be in Metric Ton (MT).

### **Bid and Offer Parameters**

Initiators are allowed to offer the dairy commodities for sale on the NCDFI portal. The initiator will specify values of the parameters for the stock to be sold. The initiator is not allowed to sell Dairy Commodities that does not meet the standards mentioned in product specifications.

### **Trade Parameters**

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

Product Type

Brand Name

Details of Manufacturing Plant

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, initiator will have an option to offer either fixed or pro-rata price. In case of fixed 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 and Quantity Tick**

The unit of quantity quotation for Dairy Commodities shall be in Metric Ton and Quantity Tick shall be 1 MT.

## **Auction Calendar**

Initially, the auctions will be conducted on Mondays from 1430 hours onwards. The auction session will consist of 30 minutes apart from each extension of 5 minutes each.

Initiators have to specify the product, quantity and quality parameters by previous Thursday evening to enable the portal to display the auction details on the NCDFI eMarket.

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

## **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 (Auction Sale)**

- a) Quantity and other parameters of the products offered for auction by respective initiators shall be provided atleast 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 bidder in the last 3 minutes before end of the session round. Likewise in total three such extensions of 5 minutes are provided. The bidder will have to bid for the required quantity and accepted ex-factory price during the session.
- c) The bidder may modify the bid multiple number of times till the closure of the auction session when no allocation is made for required quantity and offered price.
- d) During an auction session, a bidder may modify his price upwards in the auction to get more allocation of quantity.

- e) No cancellation of Bids shall be allowed once the auction session is concluded. During the session timings, bidders cannot modify their bids if allocation is made and last bid shall be final.
- f) The bids shall be valid for a period of 2 days from the date of auction or as may be communicated in the auction notice.
- g) 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 Margin money.
- h) Any bid placed for quantity and price using the bidder's username and the password shall be deemed to be an unconditional binding of the bidder to whom such username and the password has been allotted, inter-alia, for the purpose of the eAuction and the bidder 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.

### **Margin Requirements**

EMD defined as Rs/MT as mentioned in Fee Schedule would have to be deposited for intended bid quantity by the bidder.

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

In case the successful bidder fails to lift the stocks or fails to pay within the stipulated contract period the initiator will be free to rescind the contract and dispose off the stock. In this case, the margin deposited by the bidder will stand forfeited and passed on to the initiator 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 Initiator/Bidder 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 fulfil 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 bidder and initiator 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 payment, margins of the bidder will be released. In case no intimation is received from bidder and initiator 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 bidder would be released.

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

### **Quality Standards and Specifications**

Dairy Commodities 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 Commodity) Rules, 2011
- Other conditions as may be specified in product page of [www.ncdfiemarket.com](http://www.ncdfiemarket.com)

The quantity offered for sale by respective initiators will be published and provided to all prospective bidders at least 1 day prior to the auction date.

### **Packaging**

Packaging shall be as defined in the Product Data uploaded by Initiator at [www.ncdfiemarket.com](http://www.ncdfiemarket.com).

### **Quality Assurance**

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

### **Transaction Charges**

NCDFI shall collect transaction charge of the contract value from the Bidder as per transaction charge schedule published and in force at [www.ncdfiemarket.com](http://www.ncdfiemarket.com). These transaction charges shall be deducted from margin money / advance transaction fee of the bidder.

Unsuccessful bidders will not be charged with any transaction charges.