

# CONTRACT NOTE FOR DAIRY COMMODITIES REVERSE AUCTION (YANKEE)

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## **CHAPTER 1 - AUCTION PARAMETERS**

### **Authority**

Initiators authorized by NCDFI may put up Dairy Reverse Auctions (Yankee) when they intend to procure Dairy Commodities.

### **Unit of Trading**

The unit of trading shall be in Metric Ton (MT) or as mentioned in the newsletter.

### **Bid and Offer Parameters**

Initiators are allowed to procure the dairy commodities on the NCDFI portal. The initiator will specify values of the parameters for the stock to be procured. The initiator is not allowed to buy Dairy Commodities that does not meet the standards mentioned at NCDFIeMarket.com.

### **Trade Parameters**

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

Product Type  
Quality Parameters  
Delivery Location  
Contract Period Date  
Date of Produce (Oldest Stock)  
Packaging Size  
Payment Terms

### **Quotation Price and Tick Size**

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

### **Unit of 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**

The auctions will be conducted as per the requirement of the Initiator with advance notifications.

The auction session will consist of 15 minutes apart from each extension of 5 minutes each.

Initiators have to specify the product, quantity and quality parameters for the auction at least 2 days prior to the auction date 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 for Dairy Reverse Auctions (Yankee)**

- a. Quantity and other parameters of the products offered for auction by respective initiators shall be provided 2 days prior to the auction date.
- b. The auction consists of a single session round. While duration of session round is for 15 minutes followed by 5 minutes of extension each for any bid received from initiator in the last 3 minutes before end of the session round. Likewise in total five such extensions of 5 minutes are provided. The bidder will have to bid for the offered quantity and FOR/Ex-Dairy price (as mentioned in the auction notice) during the session. The bidder 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 bidder may modify his price downwards in the auction to get more allocation of quantity.
- d. 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.
- e. 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.
- f. 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 percentage to the trade value as mentioned in Fee Schedule or in the auction notice 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. 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 initiators and bidders 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 bidder.

In case the successful bidder fails to supply the stocks within the stipulated contract period the initiator will be free to rescind the contract and procure 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 Bidder/Initiator/Broker 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**

The delivery, payment and supply terms will be circulated by the NCDFI eMarket while initiating the auction.

Delivery and payment will be handled between initiator and bidder 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 product delivery, margins of the bidder will be released. In case no intimation is received from initiator and bidder 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 initiator would be released.

### **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 required quantity by respective initiators will be published and provided to all prospective bidders atleast 2 days prior to the auction date.

### **Packaging**

Packaging shall be as defined in the Terms and Conditions of the Initiator.

### **Quality Assurance**

Bidders would maintain the quality certificate for stocks being sold and copies of the certificates shall be made available to the initiator 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.