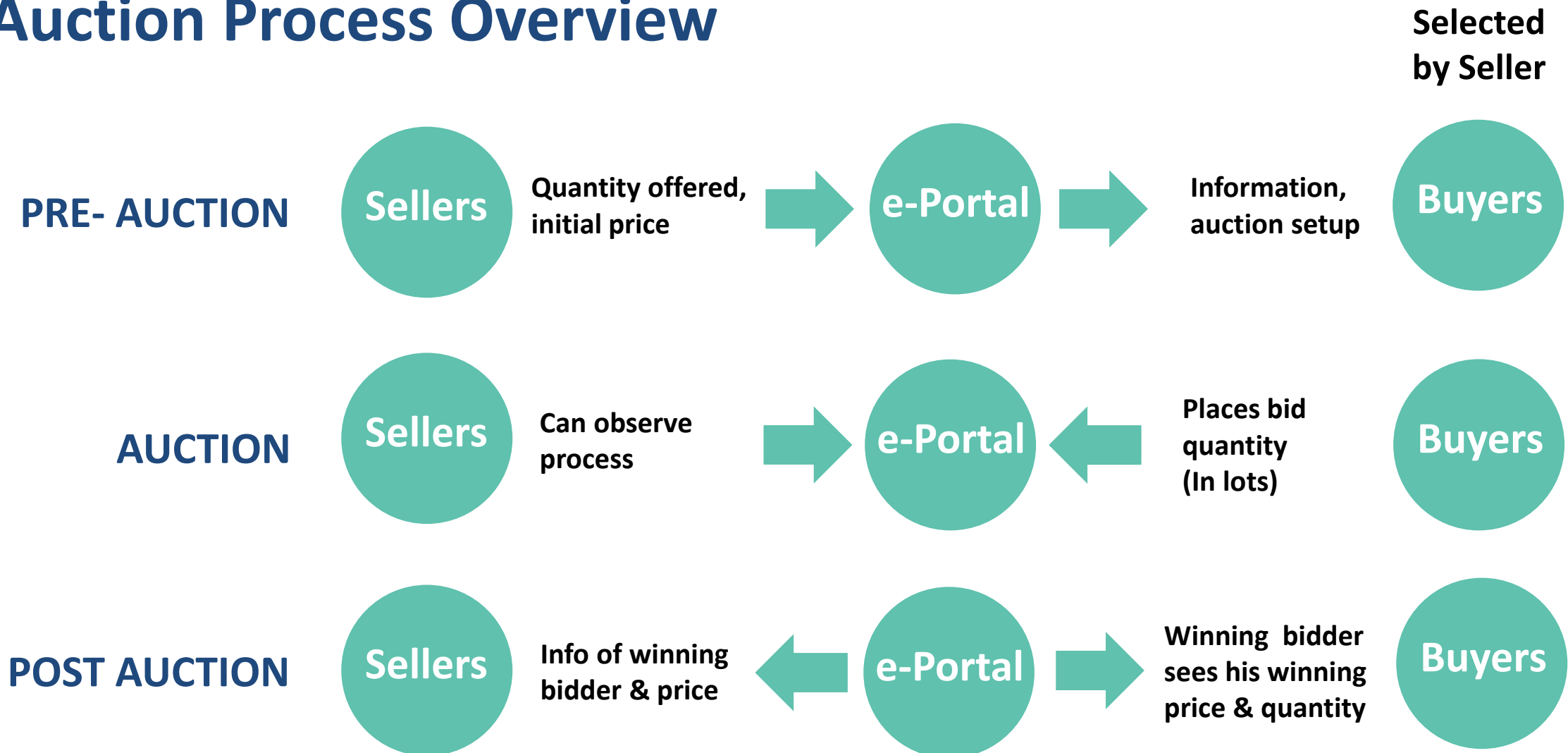




Forward Auctions



Auction Process Overview



How does auction work?



The trading event managed by NCDFI

The trading process is an “Ascending Price Forward Auction”

Base price and offered quantity is announced

Bidders bid the volume, bidders do not bid price

The system increases price round by round if demand exceeds supply



Forward Auctions

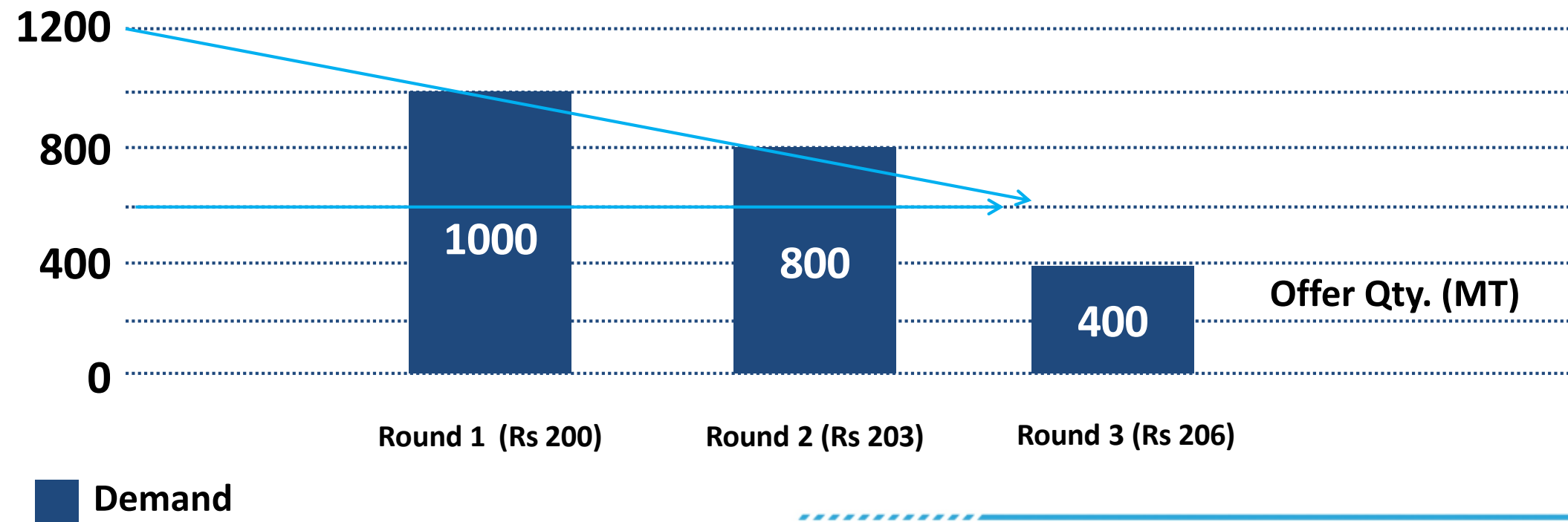
**Price Discovery
Mechanism**

How price would be discovered?

NCDFI follows fundamental concept of economics: Supply vs. Demand

If Demand > Supply, price increases

If Demand < Supply, price does not increase



Auction Terminology



Base Price: Minimum price seller willing to sell

Maximum Offer Quantity (MOQ): Maximum quantity seller willing to sell

Minimum Match Quantity (MMQ): Minimum quantity seller needs to sell in auction

Scenario 1

Round 1 Price : Rs 200 per kg

MOQ = 2500 MT

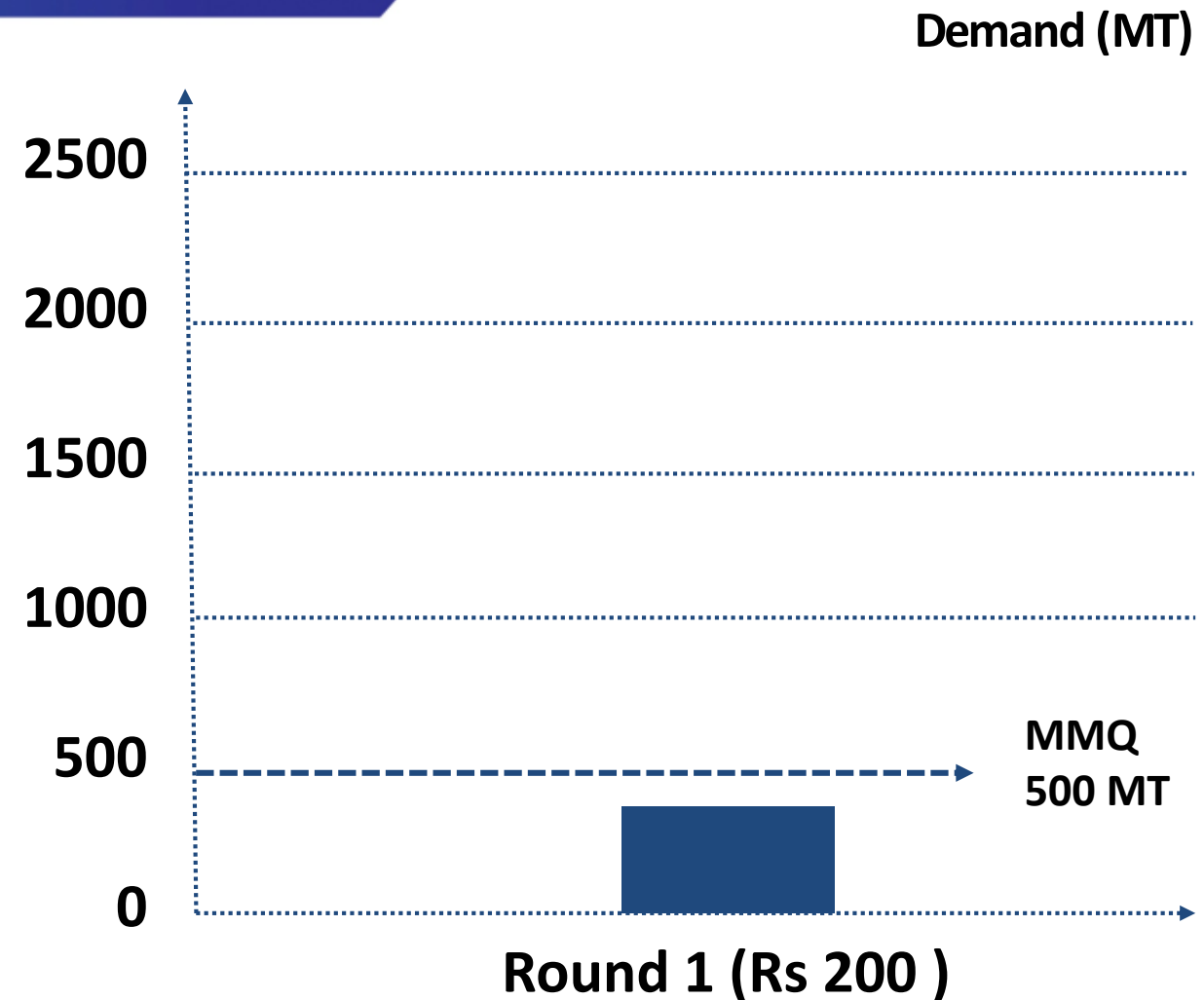
MMQ= 500 MT

Demand = 400MT in Round 1

Demand < MMQ

Auction Failed

■ Demand



Scenario 2

Demand = 1000 MT in Round 1

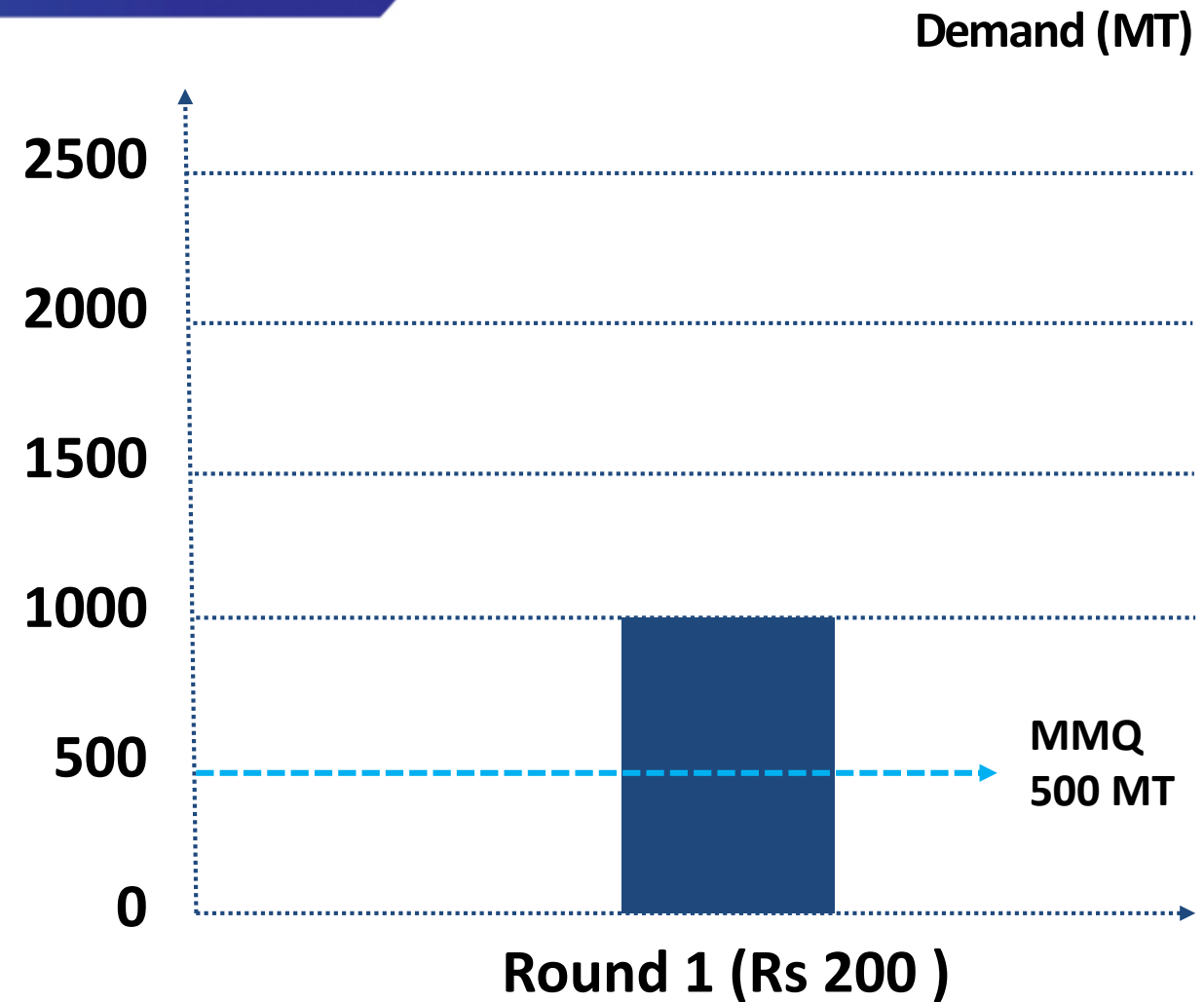
Demand > MMQ

Demand < MOQ

Clearing price Rs 200

Clearing Qty 1000 MT

■ Demand



Scenario 3

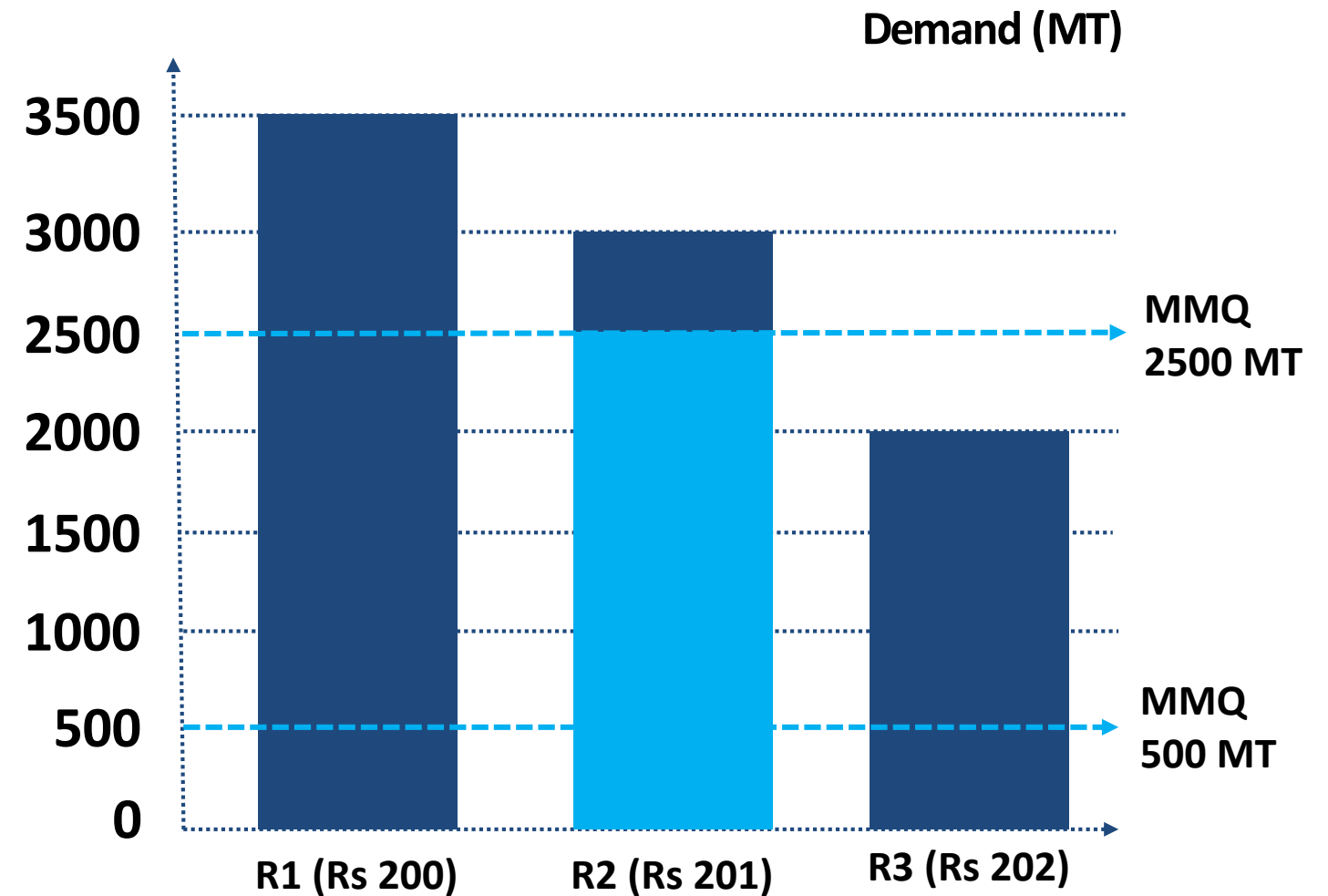
Demand = 2000MT in Round 3
Demand < MOQ

Value R3 2000MT* Rs 202 =
4,04,000/-

Value R2 2500MT* Rs 201 =
5,02,500/-

Clearing price Rs 201 & 2500 MT Qty
In Round 2

 **Demand**



Rules for Bidder

1.

Bidder have to join from round 1.

2.

When price increase in next round bidder can only maintain or reduce his bid volume.

Formula for Price Increase

Tick amount proposed to be in nearest 50 paise.

Demand/Supply Ratio	Number of ticks for price increase
≥ 5	10
≥ 4 and < 5	8
≥ 3 and < 4	6
≥ 2 and < 3	4
< 2	2

Seller Activities

1

- Registration
- Upload product specification subject to minimum parameters set by NCDFI
- Product specification should comply with BIS and FSSAI

2

- To enter Minimum and Maximum offered quantity, base price and all relevant details 1 day prior to auction date
- To select participant bidders

3

- Invoice to winning bidder
- Delivery of goods

Bidder Activities

1

- Registration
- View product specification of the offered product
- Verify the additional charges such as freight charges, insurance, taxes, etc.

2

- Select lot size
- Enter the Bid quantity for each round or Auto bid
- Bidder can modify their bids any number of times during round. Only latest bid considered

3

- After auction make payment to seller
- Take delivery of goods within specified time

Post Auction



Seller contact bidders after the trading event to confirm the deal.

Payment will be released by the buyers while seller will deliver the commodities.

eAuction results shall be final and cannot be renegotiated.

Continuous Markets



From the next day of the auction date, sellers will have an option to offer the declared commodities till next auction date.

Sale price for the products would be highest of offered Base Price or Concluded Price at previous auction.

Buyers will have an option to buy the offered commodities on any working day (Monday to Friday between 1100 to 1700 hours).

Sellers will have an option to withdraw, increase or decrease the quantities any time without altering other parameters.

Sellers will also have an option to increase the prices at any time.

Security Deposit



	Bulk Trade	Normal Trade
Quantity	> 300 MT	< 300 MT
Seller's EMD	Rs. 1,000 / MT	Rs. 4,000 / MT
Buyer's EMD to NCDFI	Nil	Rs. 4,000 / MT
Buyer's Deposit to Seller	5% of Trade Value*	Nil

***Adjusted against payment of final consignment**

Note: Sellers need to deposit additional Rs. 3,000/- per MT towards TDS.

Registration & Transaction Fees

Registration	Rs 5,000	
Annual Maintenance Fees	Rs 5,000	
Transaction Charges	Upto Rs 30 Crores	0.30%
(SMP, Butter, Ghee & Cheese)	Rs 30 to Rs 50 Crores	0.20%
	Above Rs 50 Crores	0.10%

These fees are excluding applicable taxes.

Fees on Dairy Commodities are on combined transaction value of all commodities during a financial year and payable by Sellers only.



Thank You

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