

NCDFI eMarket Rules for Price Discovery

Reverse Auction Methodology

1. Introduction

The Business Rules framed hereunder shall be known as NCDFI eMarket Rules for Price Discovery Auctions (Reverse Auction Methodology) being conducted by the National Cooperative Dairy Federation of India Limited (referred herewith as the NCDFI) for procurement of cattle feed ingredients, sugar, and packing materials by the NCDFI eMarket approved buyers.

These Business Rules shall be in addition to Commodity-wise Contract Note(s) issued by NCDFI for the conduct of eAuctions as amended by the NCDFI from time to time which shall be applicable to respective participants (buyers/sellers/brokers).

2. Applicability

These NCDFI eMarket Rules in conjunction with Commodity-wise Contract Note(s) shall be applicable to all the constituents/participants (i.e registered buyers/sellers/brokers) who participate or intends to participate in the NCDFI eMarket. The participants who have participated in the NCDFI eMarket auctions i.e buyer by initiating auction and sellers/brokers by bidding will adhere to the eMarket Rules and Commodity-wise Contract Note(s) provisions.

3. Participation/Membership Rules

3.1 Registered Buyers/Sellers/Brokers

All the participants will have to register themselves with the NCDFI eMarket for participating in the auctions conducted on the NCDFI eMarket.

4. NCDFI eMarket Methodology and Rules

The NCDFI eMarket will adopt Reverse Price Auction Methodology where price decreases with a minimum tick size or in multiples of tick size. The bidder would bid for the entire quantity/partial quantity as the type of the auction. eAuction terminates or clearing price is declared with the conclusion of eAuction time.

4.1 Reverse Price Auction Basic Process

- 4.1.1 Only approved buyers / sellers can take part of this auction.
- 4.1.2 Buyer will have an option to provide Seller whitelist.
- 4.1.3 Auction is conducted for a specified time period. The schedule of the same will be communicated minimum 1 day prior to the eAuction date.
- 4.1.4 Members will be provided with unique user id and password to start participation.
- 4.1.5 Bidders have to deposit predefined EMD (margin money) prior to participation into their respective escrow account provided to be eligible for participation.
- 4.1.6 Anonymous price bidding would continue till completion of auction time for entire quantity.
- 4.1.7 Brokers can also participate in the bids provided the buyer is willing to procure the material through Brokers. In such a scenario, payment of EMD/Security Deposit/Transaction charges will be the responsibility of the Broker. Further, Broker will also be responsible for timely supplies.
- 4.1.8 The bidders need to quote FOR price of product. This is the maximum FOR price at which seller/broker is willing to supply the commodity. All the quoted prices on the portal are on FOR basis and inclusive of applicable taxes, transportation, insurance, etc. unless specified otherwise.
- 4.1.9 Auction will be considered as successful and Bid Evaluation Result of the NCDFI eMarket will be issued when L1 price bid is acceptable to the buyer.
- 4.1.10 In case of bid by broker, broker need to provide the details of seller(s) and quantities to the buyer.

4.2 Auction Parameters

4.2.1 Quality

For a given commodity relevant quality parameter and their values will have to be defined in the product specification provided by the buyer before the schedule auction. The buyers have to correctly specify or populate such quality parameters while initiating the auction in the NCDFI eMarket.

4.2.2 Delivery

For each auction a contract period date and location has to be specified while initiating the auction. Contract period date determines the lifting or delivery period based on pre-defined delivery time.

4.2.3 Bidding Rounds

First bidding eAuction time is pre-configured as 15 minutes or as mentioned in the newsletter while all subsequent extensions are pre-configured as 5 minutes. Any price bid prior to 3 minutes of eAuction time conclusion will result in extensions. Maximum numbers of bidding extensions are pre-defined as 5. Bidding extensions will not exceed this number under any circumstances.

4.2.4 Price Decrements

Minimum price decrement as mentioned in the auction notice would be maintained.

4.2.5 eAuction Price

This is the final clearing price at which entire quantity needs to be delivered at the buyer location. This is discovered based on the lowest quoted price.

4.3 Failed Auction

If the lowest quoted price bid is not acceptable to the buyer, then the auction will fail.

5. Group Auctions

5.1 NCDFI approved buyers are allowed to put up group auctions for multiple commodities for multiple locations as required.

5.2 The bidders participating in group auction are required to bid for all the commodities listed for group auctions.

5.3 The contract for group auction would be allocated on the basis of total contract value of the group auction.

e.g. Three commodities A, B and C are listed for group auctions.

Suppliers X and Y participating in the auction are required to bid for all the three commodities A, B and C.

Time	Bidder	Commodity	Bid Price (₹ per kg)	Bid Qty (MT)	Total Contract Value
09:00	Y	A	₹ 10	10	7,10,000
		B	₹ 11	20	
		C	₹ 13	30	
09:05	X	A	₹ 11	10	6,50,000
		B	₹ 9	20	
		C	₹ 12	30	

All the three commodities will be allocated to Supplier X as his total contract value is lower than supplier Y even though supplier Y is the L1 bidder for commodity A.

6. Bidding Rules

6.1 Bid Modification

Bidders may modify their bids any number of times during a session subject to price decrement rules. Only the latest bid in eAuction session will be considered.

6.2 Non-Repudiation

Any bid placed using the bidders 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 so as to prevent misuse of the same. It is further suggested that bidders are requested to change the password frequently to protect from misuse.

6.3 Buyer EMD and Advance Transaction Charges

Buyer EMD will also include advance transaction charges defined in Fees Schedule as a % of transacted value. The EMD is refundable and does not carry any interest payment.

Seller EMD will be checked during bidding as margin from the bidders' cash or non-cash margins and if adequate margin is not available, bids would be rejected.

7. Pre-Auction Rules

7.1 Auction Schedule Publication

The buyer shall provide list of auction to be conducted for various units by entering quantity to be purchased within the NCDFI prescribed days i.e. minimum 1 day prior to the auction date.

7.2 Product Specification

The buyer shall provide product specifications. All the commodities traded on NCDFI eMarket shall be in conformance with the requirements of the: Food Safety and Standards Act, 2006 and the Regulations thereunder.

7.3 Buy Details

The buyer shall enter details pertaining to the location, date of delivery and delivery period etc. before the NCDFI prescribed days i.e. at least 1 day prior to the auction date.

7.4 Registration and Trading Credentials for NCDFI eMarket

All participants shall register with the NCDFI eMarket and procure their valid trading credentials from NCDFI eMarket.

7.5 Seller/Broker Margin Requirement

EMD/Security Deposit will also include advance transaction charges defined as a % to transacted value specified in Fees Schedule. The above mentioned amount of advance transaction charges and EMD will be checked at the time of bidding as margin from the bidders' cash or non-cash margins and if adequate margin is not available, bids would be rejected.

EMD will be released after deducting transaction charges on completion of auction from successful seller.

8. **Disclaimer**

These auctions are to discover the market prices only.

NCDFI eMarket does not take any responsibility on completion of subsequent events i.e. order placement, delivery and payment. NCDFI eMarket exercise due diligence to ensure that only serious members take part in these auctions. However, both buyers and sellers need to check other member's credentials before entering into the financial transactions.

In case the buyer fails to issue contract to the seller and notifies the NCDFI eMarket, transaction charges of the seller would be refunded.
